

**AN INVESTIGATION OF THE EFFECT OF LABOUR LAW CONCESSIONS
ON STAKEHOLDERS IN KENYAN GARMENT EXPORT PROCESSING
ZONES**

BY

SIMON MWANGI KARIUKI

**A THESIS SUBMITTED TO THE DEPARTMENT OF BUSINESS
MANAGEMENT**

FOR

THE DEGREE OF DOCTOR OF COMMERCE IN BUSINESS MANAGEMENT

FACULTY OF COMMERCE AND ADMINISTRATION

UNIVERSITY OF ZULULAND

SUPERVISOR: PROFESSOR N. J. SMITH

2004

DECLARATION

I declare that this study “An investigation of the effect of labour law concessions on stakeholders in Kenyan garment Export Processing Zone (EPZs)” except where specifically indicated to the contrary in the text is my own original work. It has not been presented for the award of any degree at any other university. All the information used has been acknowledged both in the text and in the references.



.....

Simon Mwangi Kariuki

10th May 2004
.....

Date

DEDICATION

This work is dedicated to my family for not giving up on me especially during the tough and rough times when it seemed the best thing to do.

ACKNOWLEDGMENTS

I would like to express my sincere gratitude to my supervisor Professor N. J. Smith for his patience, commitment, critical thoughts and comments throughout this study.

I would also like to express my appreciation to the staff in the Department of Business Management for their helpful comments and suggestions.

Special thanks also go to the staff of the Kenyan Export Processing Zones Authority (EPZA) at both their headquarters and zone offices for all the assistance they gave me. I would also like to thank the companies that participated in this study and their staff.

Finally, I would like to acknowledge the support of my fellow Kenyan colleagues for their constructive criticism, guidance and support during this study.

Above all, I would like to thank God the Almighty for making everything flow smoothly throughout the study period.

ABSTRACT

At the moment Kenya is experiencing high unemployment rates, over-reliance on unprocessed commodity exports, few foreign direct investment inflows and low technological capacities. The establishment of Export Processing Zones (EPZs) has been seen as a way of helping the country overcome some of these challenges. However, the incentives that have accompanied the EPZ scheme, particularly the ceding of labour legislation by the Kenya government to EPZ investors, has created EPZ employer-employee labour relations hostilities (a labour relations gap).

The purpose of this study was to establish the state of employer-employee labour relations in Kenyan garment EPZs. This was done by establishing the factors that influence the perceptions of EPZ workers towards the state of their working conditions. This study further explored the effect of labour law exemptions on EPZ investors, their employees and the Export Processing Zones Authority (EPZA). It further explored the effectiveness of existing communication and dispute settlement structures in the EPZ workplace.

The survey method was largely used to collect both qualitative and quantitative data. The respondents of the survey included EPZ employers, their employees and the EPZA. Three sets of questionnaires were used to collect data. One questionnaire was distributed to EPZ employers; the second to EPZ employees and the third was distributed to the EPZA. The collected data was then analyzed using the Statistical Package for the Social Sciences (SPSS) program.

The study found that the factors that significantly affected Kenyan EPZ employers and their employees' attitudes towards the state of their working conditions were: age, gender, marital status, employment status, work section, leadership position in a company, salary scale and the location of an EPZ company in a public or private zone.

The study also found that employment discrimination and the state of the working relationships in Kenyan garment EPZs had big employer-employee labour relations' gaps. Besides, the working facilities in Kenyan EPZs were relatively of high quality. The EPZ employer-employee training gap was found not to be large, while the employer-employee remuneration and interpersonal relationship gaps were found to be slightly above the acceptable levels.

In addition, the study also found that employee strikes and negative publicity were the main problems EPZ investors encountered for being exempted from the minimum wage act and the factories act. Unions, politicians and Non-governmental Organizations (NGOs) were the major groups/organizations that censured EPZ operators for being exempted from labour laws. The closer EPZ investors are located to each other, the more they influenced each other's employer-employee labour relations.

The findings of the study also revealed that EPZ employees found unions, the EPZA and codes of conduct as ineffective employer-employee regulatory instruments, although some employers found these three regulatory instruments to be effective. Apart from the existing EPZ employer-employee regulatory structures the three groups also consulted the ministry of labour, when they found it difficult to resolve employer-employee working conditions' related problems amongst themselves in the zones.

Furthermore, the findings established that the majority of employee-employer communication in the zones revolves around wages. The majority of the EPZ employees channelled their working conditions' grievances to their employers via workers committees and strikes/go slows, while the majority of employers use workers committees and open meetings to address their workers. Regarding the effectiveness of their communication channels, the majority of the sampled employees indicated that their communication channels were effective. This is a view that their employers also concurred with.

Finally, the study found that the three groups (employers, their employees and the EPZA) suggested that the use of general alternative EPZ employer-employee regulatory instruments (the government, NGOs, unions and institutions of higher learning), trade instruments (preferential trade agreements and codes of conduct) and other instruments (existing laws, arbitration and unions) could ensure that EPZ working conditions improved.

The majority of workers indicated that their employer-employee working relationships could be improved with a better EPZ employment structure; improvement of employer-employee communication structures. Employees also felt that educating them on their labour rights, on the roles unions play, along with more EPZA support and better remuneration structures were required as basic working conditions that would be deemed satisfactory to them.

To minimize employer-employee hostilities (reduce the employer-employee labour relations gap) the study has recommended that EPZ employers, their employees and the EPZA adopt a compliance measuring instrument, to constantly evaluate their labour relations gaps, adopt a step by step dispute resolution approach/system to solve their working conditions' problems and a higher productivity code of conduct.

TABLE OF CONTENTS

List of tables	viii
List of figures	xxi
List of abbreviations and acronyms	xxii
Chapter layout	xxiv

LIST OF TABLES

Table	Page
2.3.2.1	The distribution of EPZs around the world by region (1997)38
2.9.1.1	Exports from Kenyan EPZs 1993-2001.....50
3.2.1	Industry Statistics - The Maquila industry in Mexico 1994- 199958
3.2.1.1	Employment in EPZs in Kenya 1993 – 200159
3.3.1	Cumulative employment figures in Latin American EPZs.....60
3.3.2	Cumulative employment figures in EPZs in the Caribbean61
3.3.3	Cumulative employment figures in Asian EPZs61
3.3.4	Cumulative employment figures in African EPZs.....62
3.4.1	The distribution of EPZ employment by major export sectors in selected EPZ host countries in Latin America: 1994.....63
3.4.2	The distribution of EPZ employment by major export sectors in selected EPZ host countries in the Caribbean: 199464
3.4.3	The distribution of EPZ employment by major export sectors in selected EPZ host countries in Asia: 199465
3.4.4	The distribution of EPZ employment by major export sectors in selected EPZ host countries in Africa: 1994 (Kenya - 2001)65
7.1.3.1	The length of time a company had operated as an EPZ202
7.1.3.2	Nationality of EPZ investors of the surveyed companies.....203
7.1.4.1	Age of EPZ workers204
7.1.4.2	The gender of EPZ workers.....205
7.1.4.3	EPZ workers marital status.....205
7.1.4.4	The academic qualifications of EPZ workers.....206
7.1.4.5	The technical qualifications of EPZ workers.....206

7.1.4.6 EPZ employees work sections.....207

7.1.4.7 Leadership status of EPZ employees.....207

7.1.4.8 The length of service of EPZ workers.....208

7.1.4.9 EPZ respondents by their employment status.....208

7.1.4.10 EPZ respondents by their salary scales.....209

7.2.2.1 Analysis of the Variance for Age and the EPZ Workers
Perceptions towards their Working Conditions.....212

7.2.2.2 The Mean Scores and Standard Deviations of EPZ Workers
Ratings of their Working Conditions by Age Groups.....213

7.2.2.3 Analysis of significant differences of the mean attitudes
between male and female EPZ workers on their working
conditions.....214

7.2.2.4 Analysis of Variance for Marital Status and the EPZ workers
Perceptions towards their Working Conditions.....215

7.2.2.5 The Mean Scores and Standard Deviations on EPZ Workers
Attitudes towards their Working Conditions by Their Marital
Status Group216

7.2.2.6 Analysis of the Variance for Educational Qualifications and the
EPZ workers attitudes towards their working conditions.....217

7.2.2.7 The Mean Scores and Standard Deviations of EPZ workers
attitudes towards their working conditions by education
qualifications217

7.2.2.8 Analysis of the Variance for Technical Qualifications and the
EPZ workers attitudes towards their working conditions.....218

7.2.2.9 The Mean Scores and Standard Deviations on EPZ Workers
attitudes towards their Working Conditions by their Technical
Qualifications Group219

7.2.2.10 Analysis of the Variance for Work Section (Department) and
the EPZ workers attitudes towards their working conditions.....220

7.2.2.11 The Mean Scores and Standard Deviations on EPZ Workers attitudes towards their Working Conditions by their Work Section (Department) Group.....221

7.2.2.12 Analysis of Significant Differences of the Mean Perception Scores between Section Heads and Non-section heads on their working conditions222

7.2.2.13 Analysis of the Variance for Length of Service and the EPZ workers attitudes towards their working conditions.....223

7.2.2.14 The Mean Scores and Standard Deviations on EPZ workers attitudes towards their Working Conditions by their Length of Service Group223

7.2.2.15 Analysis of the Variance for employment status and the EPZ workers attitudes towards their working conditions.....225

7.2.2.16 The Mean Scores and Standard Deviations on EPZ Workers Attitudes towards their Working Conditions by their Employment Status Group225

7.2.2.17 Analysis of the Variance for salary scales and the EPZ workers attitudes towards their working conditions.....226

7.2.2.18 The Mean Scores and Standard Deviations on EPZ Workers Attitudes towards their Working Conditions by their Salary Scales Group.....227

7.2.2.19 Analysis of Significant Differences of the Mean Perception Scores between EPZ workers employed in the private and public zones on their working conditions 228

7.2.2.20 Analysis of Significant Differences of the Mean Perception Scores between EPZ workers employed in Unionized and Non-unionized EPZs on their working conditions.....229

7.2.2.21 Analysis of Significant Differences of the Mean Perception Scores between young (18-23) and older (24-29) EPZ workers on their working conditions231

7.2.2.22	Analysis of Significant Differences of the Mean Perception Scores between Publicly and Privately located EPZ enterprises and their investors on their working conditions	232
7.2.2.23	Analysis of Significant Differences of the Mean Perception Scores between unionized and non-unionized EPZ investors on the working conditions they expose their workers to.	233
7.2.2.24	Analysis of Significant Differences of the Mean Perception Scores between the length of time a company has operated as an EPZ and investors attitudes towards the nature of working conditions they expose their workers to.	234
7.2.2.25	The Mean Scores and Standard Deviations on the Length of Time a Company had Operated as an EPZ and its Perceptions towards the Working Conditions it Exposed its Workers to	235
7.3.2.1	The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the importance of education at the EPZ work place.....	240
7.3.2.2	The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards the treatment of education and experience at the EPZ workplace	241
7.3.2.3	The Mean Perception Scores and Standard Deviations of EPZ males and Females towards the treatment of education and work experience at the EPZ workplace	242
7.3.2.4	The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the treatment of education and work experience at the EPZ work place.....	243
7.3.2.5	The Mean Perception Scores and Standard Deviations of EPZ workers from Publicly and Privately located EPZ companies towards the importance of education and work experience at the EPZ workplace	244

7.3.2.6	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards the treatment of education and experience at the EPZ workplace.....	245
7.3.3.1	The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the various forms of employment discrimination at the EPZ work place.....	247
7.3.3.2	The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards discrimination at the EPZ workplace.....	249
7.3.3.3	The Mean Perception Scores and Standard Deviations of EPZ males and Females towards discrimination at the EPZ workplace	250
7.3.3.4	The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards discrimination at the EPZ work place	251
7.3.3.5	The Mean Perception Scores and Standard Deviations of EPZ workers from Publicly and Privately located EPZ companies towards discrimination at the EPZ workplace.....	252
7.3.3.6	The Mean Perception Scores and Standard Deviations of investors from Companies located in the Public and Private Zones towards discrimination at the EPZ workplace	253
7.3.3.7	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards discrimination at the EPZ workplace.....	253
7.3.3.8	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards discrimination at the EPZ workplace.....	254
7.3.4.1	The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing remuneration structures at the EPZ work place	256

7.3.4.2 The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards their remuneration structures at the EPZ workplace.....258

7.3.4.3 The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their remuneration structures at the EPZ workplace259

7.3.4.4 The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their remuneration structures at the EPZ work place260

7.3.4.5 The Mean Perception Scores and Standard Deviations of Employees from Publicly and Privately located EPZ companies towards their remuneration structures at the EPZ workplace.....260

7.3.4.6 The Mean Perception Scores and Standard Deviations of Investors from Publicly and Privately located EPZ companies towards their remuneration structures at the EPZ workplace.....261

7.3.4.7 The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their remuneration structures at the EPZ workplace262

7.3.4.8 The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their remuneration structures at the EPZ workplace263

7.3.5.1 The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing working facilities at the EPZ work place.....265

7.3.5.2 The Mean Perception Scores and Standard Deviations of 18-23 year olds towards their working facilities at the EPZ workplace267

7.3.5.3 The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their working facilities at the EPZ workplace268

- 7.3.5.4 The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their working facilities at the EPZ work place.....269
- 7.3.5.5 The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private Zones towards their working facilities at the EPZ workplace.....270
- 7.3.5.6 The Mean perception scores and Standard Deviations of Investors located in Public and Private EPZs towards their working facilities at the EPZ work place271
- 7.3.5.7 The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their working facilities at the EPZ workplace272
- 7.3.5.8 The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their working facilities at the EPZ workplace.....273
- 7.3.6.1 The mean scores and Standard Deviations of EPZ Investors and their workers perceptions towards the existing interpersonal relationships at the EPZ work place275
- 7.3.6.2 The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards their interpersonal relationships at the EPZ workplace.....276
- 7.3.6.3 The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their interpersonal relationships at the EPZ workplace.....276
- 7.3.6.4 The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their interpersonal relationships at the EPZ work place277
- 7.3.6.5 The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private Zones towards their interpersonal relationships at the EPZ workplace.....277

7.3.6.6	The Mean Perception Scores and Standard Deviations of EPZ investors of companies located in the Public and Private zones towards their interpersonal relationships at the EPZ workplace	278
7.3.6.7	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their interpersonal relationships at the EPZ workplace	279
7.3.6.8	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their interpersonal relationships at the EPZ workplace	280
7.3.7.1	The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing employer-employee working relationships at the EPZ work place	281
7.3.7.2	The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards their working relationships with their employers at the EPZ workplace.....	283
7.3.7.3	The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their employee-employer working relationships at the EPZ workplace	284
7.3.7.4	The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their employer-employee working relationships at the EPZ work place	285
7.3.7.5	The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private EPZs towards their working relationships at the EPZ workplace	286
7.3.7.6	The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private EPZ towards their working relationships at the EPZ workplace.....	287
7.3.7.7	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their working relationships at the EPZ workplace.....	288

7.3.7.8	The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their working relationships at the EPZ workplace	289
7.4.2.1	The Mean Perception Scores and Standard Deviations of investors from unionized and non-unionized EPZs towards the effect of various exemptions at the EPZ workplace	293
7.4.2.2	The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private Zones towards the effect of various exemptions at the EPZ workplace.....	293
7.4.3.1	The problems encountered by EPZ investors for being exempted from applying the factories act.....	295
7.4.4.1	Organizations that censure EPZ firms for being exempted from the factories act.....	296
7.4.5.1	The influence of EPZ operators in close proximity.....	297
7.5.2.1	Percentage of unionized and non-unionized EPZ workers.....	300
7.5.2.2	The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing role and effectiveness of unions at the EPZ work place.....	301
7.5.2.3	The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards the existing role and effectiveness of unions at the EPZ work place.....	303
7.5.2.4	The Mean Perception Scores and Standard Deviations of EPZ males and Females towards the existing role and effectiveness of unions at the EPZ work place.....	303
7.5.2.5	The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the existing role and effectiveness of unions at the EPZ work place	304
7.5.2.6	The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private	

	zones towards the existing role and effectiveness of unions at the EPZ work place.....	304
7.5.2.7	The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private Zones towards the existing role and effectiveness of unions at the EPZ work place.....	305
7.5.2.8	The Mean Perception Scores and Standard Deviations of unionized EPZ workers towards the existing role and effectiveness of unions at the EPZ work place.....	306
7.5.2.9	The Mean Perception Scores and Standard Deviations of unionized EPZ investors towards the existing role and effectiveness of unions at the EPZ work place.....	307
7.5.3.1	EPZ employees' perceptions towards the existing role and effectiveness of the EPZA as an employer-employee regulator at the EPZ workplace.....	308
7.5.3.2	Does the EPZA resolve employees working condition problems.....	309
7.5.3.3	EPZ investors' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace.....	310
7.5.3.4	Comments from the EPZA on various working condition issues that affect EPZ employees and employers at the EPZ workplace.....	311
7.5.3.5	Male and Female EPZ employees' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace.....	312
7.5.3.6	18-29 year old EPZ employees' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace.....	312
7.5.3.7	Section head and non-section head EPZ employees' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace.....	313

7.5.3.8	Unionized and Non-unionized EPZ employees' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace	314
7.5.3.9	Unionized and Non-unionized EPZ investors' perceptions towards the existing role and effectiveness of the EPZA at the EPZ workplace.....	314
7.5.4.1	EPZ employees' perceptions towards the suggestions of alternative regulation with the use of trade instruments.....	316
7.5.4.2	EPZ investors' perceptions towards the existing role and effectiveness of codes of conduct at the EPZ workplace	317
7.5.4.3	Unionized and Non-unionized EPZ employees' perceptions towards the existing role and effectiveness of codes of conduct at the EPZ workplace.....	318
7.5.5.1	Higher levels of dispute settlement structures available to EPZ workers	319
7.5.5.2	Higher levels of dispute settlement structures available to EPZ investors.....	320
7.6.2.1	Employee-Employer consultation on working condition issues that affect them	323
7.6.3.1	The channels EPZ employees use to express their working condition grievances.....	324
7.6.3.2	The communication channels EPZ investors use to communicate with their workers	325
7.6.4.1	How effective are EPZ employees' communication channels?	326
7.6.4.2	The mean perception scores and standard deviations of investors from companies located in the public and private zones towards the effectiveness of their communication channels at the EPZ workplace.....	326
7.6.4.3	The mean perception scores and standard deviations of unionized and non-unionized investors towards the	

	effectiveness of their communication channels at the EPZ workplace.....	327
7.7.2.1	EPZ employees' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	331
7.7.2.2	EPZ investors' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.	332
7.7.2.3	Unionized and Non-unionized EPZ employees' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	334
7.7.2.4	Unionized and non-unionized EPZ investors' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	334
7.7.2.5	Male and Female EPZ employees' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	335
7.7.2.6	18-29 year old EPZ employees' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	336
7.7.2.7	Section head and Non-section head EPZ employees' perceptions towards the suggestions of using a general set of alternative regulation instruments in the EPZ workplace.....	337
7.7.3.1	EPZ employees' perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.....	338
7.7.3.2	EPZ investors' perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.....	339

7.7.3.3 Male and female EPZ employees’ perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.....340

7.7.3.4 18-29 year old EPZ employees’ perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.....340

7.7.3.5 Section head and non-section head EPZ employees’ perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.341

7.7.3.6 Unionized and Non-unionized EPZ employees’ perceptions towards the suggestions of alternative regulation with the use of trade instruments in the EPZ workplace.....342

7.7.3.7 Unionized and Non-unionized EPZ investors’ perceptions towards the suggestions of alternative regulation with the use of trade agreements in the EPZ workplace342

7.7.4.1 The way Investors would like to approach EPZ labour issues in the EPZ workplace.....343

7.7.5.1 Employees suggestions on how the current EPZ employer-employee working relationships can be improved in the EPZ workplace.....344

7.7.5.2 Investors suggestions on how the current EPZ employer-employee working relationships can be improved in the EPZ workplace.....345

7.7.6.1 How can existing EPZ employer-employee communication channels be improved in the EPZ workplace?.....346

9.1 EPZ employer-employee labour relation gaps395

LIST OF FIGURES

Figure

7.3.8.1 The employer-employee labour relations gap in Kenyan garment EPZs.....	290
9.1 Step by step employee protection ladder	401

LIST OF ABBREVIATIONS AND ACRONYMS

- ACP: African Caribbean Pacific agreement
- AFL-CIO: American Federation of Labour and Congress of Industrial Organizations
- AGOA: African Growth and Opportunity Act
- ASEAN: Association of South East Asian Nations
- CBI: Caribbean Basin Initiative
- COMESA: Common Market of East and Southern Africa
- COVERCO: Commission for the Verification of Codes of Conduct
- DEIC: Dutch East India Company
- EAC: East African Community
- EPU(s): Export Processing Units
- EPZ(s): Export Processing Zone(s)
- EPZA: Export Processing Zones Authority
- EU: European Union
- FDI: Foreign Direct Investment
- FTA: Free Trade Area
- GAL: Guaranteed Access Level
- GMIES: Salvadoran Independent Monitoring Group
- GSP: Generalized System of Preference
- H-O: Heckscher-Ohlin
- ICFTU: International Confederation of Free Trade Unions
- IDZ(s): Industrial Development Zone's
- ILO: International Labour Organization
- IRC: International Research Centre
- ITGLWF: International Garment and Leather Workers Federation

ITS: International Trade Secretaries
IUF: International Union of Food and Agricultural workers
MECUSOR: Southern Cone Common Market/Mercado Comun del Sur
MNE/TNC: Multinational Enterprise or Transnational Corporation
MNU: Maquila Network Update
MSN: Maquila Solidarity Network
NAFTA: North America Free Trade Area
NGO: Non-Governmental Organization
NLC: National Labour Committee
ODC: Offshore Development Company
OECD: Organization for Economic Cooperation and Development
PTA: Preferential Tariff Arrangement
UN: United Nations
UNCTC: United Nations Centre for Transnational Corporations
UNIDO: United Nations Industrial Development Organization
USA/US: United States of America
USAID: United States Agency for International Development
VAT: Value Added Tax
WB: World Bank
WEPZA: World Export Processing Zones Association
WRC: Workers Rights Consortium
WTO: World Trade Organization

Chapter One: Introduction and Background to the Study

1.1 Introduction and Conceptual framework.....	1
1.2 Contextual framework.....	6
1.3 Statement of the problem.....	8
1.4 Goal of the study.....	10
1.5 Objectives of the study.....	10
1.6 Hypothesis.....	11
1.7 Research Questions.....	12
1.8 Scope and limitations.....	12
1.9 Motivation of the study.....	13
1.10 Significance of the study.....	14
1.11 Research Methodology.....	15
1.11.1 Methodology.....	15
1.11.2 Research Design.....	16
1.11.3 Target Population.....	16
1.11.4 The Sample Size and Selection.....	17
1.11.5 Research Instruments.....	18
1.11.6 Instrument reliability.....	21
1.11.7 Instrument Validity.....	23
1.11.8 Data Collection Procedure.....	24
1.11.9 Data Presentation and Analysis.....	25
1.11.10 Layout and contents of Literature Review.....	28
1.11.12 Citation.....	28
1.12 Organization of the Study.....	28
1.13 Summary.....	30

Chapter Two: An Overview of Export Processing Zones (EPZs) Around the World

2.1 Introduction.....	31
2.2 Definition.....	32
2.3 Origin of EPZs.....	34
2.3.1 Many names one concept.....	36
2.3.2 The distribution of EPZs around the world.....	36
2.4 The establishment and growth of EPZs in the 1960s.....	38
2.4.1 The establishment and growth of EPZs in Kenya.....	39
2.5 Reasons behind the establishment of EPZs.....	39
2.5.1 Kenya's objectives.....	40
2.5.2 The gains governments wish to derive from EPZs.....	40
2.5.3 The major investors in EPZs.....	43
2.5.4 The major factors attracting investors to EPZs.....	43
2.6 Incentives on offer in EPZs.....	45
2.6.1 Incentives offered by the Kenyan government.....	46
2.6.1.1 Fiscal Incentives.....	46
2.6.1.2 Procedural Incentives.....	46
2.7 EPZs and local industry linkages.....	47
2.7.1 Linkages in Kenyan EPZs.....	48
2.8 Access to International markets by EPZ based firms.....	48
2.8.1 Access to foreign markets by Kenyan EPZ based firms.....	49
2.9 Foreign Exchange and Exports from EPZs.....	49
2.9.1 Foreign Exchange and Exports from EPZs in Kenya.....	50
2.10 The demand and future of EPZs.....	50
2.10.1 The demand and future of EPZs and a change in incentives offered.....	52
2.10.2 The concept of licensing EPZs to operate outside zones.....	52
2.10.3 The demand and future of EPZs and a change in incentives offered by Kenya.....	53
2.11 Summary.....	53

Chapter Three: Export Processing Zones (EPZs) and Employment

3.1 Introduction.....	55
3.2. EPZs and Employment	56
3.2.1 Employment in Kenyan zones.....	59
3.3 Cumulative employment figures in EPZs around the world	60
3.4 The distribution of EPZ employment by major exports sectors.....	62
3.5 Women Employees in EPZs	66
3.5.1 Why women workers?.....	67
3.6 Technology transfer, Training and Skill development in EPZs	69
3.6.1 High Technology producing firms.....	70
3.6.2 Characteristics of Science parks	71
3.6.3 Technology Transfer in Kenyan EPZs	71
3.7 Social and labour issues in EPZs.....	72
3.7.1 Remuneration.....	72
3.7.2 Terms and conditions of employment	73
3.7.2.1 Safety and health issues	73
3.7.2.2 Employment status.....	74
3.7.2.3 Working conditions	74
3.7.2.4 Hours of work.....	74
3.7.2.5 Recruitment.....	75
3.7.2.5.1 Age.....	75
3.7.2.5.2 Sexual harassment	75
3.7.2.5.3 Education	75
3.7.2.5.4 Marital status	76
3.7.3 Living conditions.....	76
3.7.4 Career prospects and job satisfaction.....	76
3.7.5 Industrial relations	76
3.8 Industrial Relations in EPZs	77
3.8.1 Industrial Relations in the Kenyan Zones.....	79
3.9 Summary.....	80

**Chapter Four: A Historical Perspective of Labour Relations and Labour Law
Concessions between 1400 and the 1950s**

4.1 Introduction.....	81
4.2 The birth of the entrepot (EPZ) concept in the South East Asia	81
4.3 The need for labour concessions and the role played by governments and investors	82
4.4 Working conditions	83
4.5 Labour law concessions in the Far East.....	84
4.5.1 The Dutch and Forced labour	85
4.5.2 Existing regulatory codes	85
4.5.3 The success brought about by labour concessions	87
4.5.3.1 Growth of Multi-National Enterprises (MNEs) through labour law concessions	87
4.5.4 Effects of the law concessions on labour.....	88
4.6 The Spanish and labour law concessions in the Far East	88
4.6.1 Existing regulatory codes	89
4.6.2 Success and effects of the use of labour law concessions by the Spanish... 89	
4.7 The Portuguese and labour law concessions in Latin America.....	90
4.7.1 Recruitment.....	90
4.7.2 Regulatory code.....	90
4.7.8 Success and effects of the use of labour law concessions in Latin America	92
4.8 The Spanish and labour law concessions in Latin America	92
4.8.1 Regulatory code.....	92
4.8.2 Success and effects of the use of labour law concessions in Spanish Latin America.....	93
4.9 The British and labour law concessions in the Caribbean.....	93
4.9.1 Regulatory framework	94

4.10 The British, French and Portuguese and labour law concessions in Africa 1880-1935	95
4.10.1 Working conditions	95
4.10.2 Regulatory framework.....	96
4.10.3 Success and effects of the use of labour law concessions in Africa	97
4.11 Summary.....	98

Chapter Five: Labour Law Concessions in the 1960s

5.1 Introduction.....	100
5.1.1 Background to EPZ formation and labour concessions in the 1960s	100
5.2 The South East Asian Region.....	103
5.2.1 Thailand.....	103
5.2.1.1 Working Conditions.....	104
5.2.1.2 The regulatory framework in Thailand EPZs.....	104
5.2.2 Malaysia.....	105
5.2.2.1 How EPZ manufacturers use labour in Malaysia	105
5.2.2.2 Recruitment.....	105
5.2.2.3 Working conditions	106
5.2.3 Indonesia.....	108
5.2.3.1 Investor's strategy and working conditions.....	108
5.2.3.2 Recruitment.....	109
5.2.3.3 Regulatory frameworks and workers action.....	110
5.2.4 Singapore	111
5.2.4.1 Labour concessions and the Regulatory framework.....	111
5.2.5 Korea.....	113
5.2.5.1 Regulatory frameworks	113
5.2.6 China.....	114
5.2.6.1 Regulatory framework.....	115
5.2.7 Philippines	116
5.2.7.1 Regulatory framework.....	117

5.2.8 Bangladesh.....	118
5.2.8.1 Regulatory framework.....	118
5.2.9 Sri Lanka.....	118
5.2.9.1 Regulatory framework.....	119
5.2.10 Burma (Myanmar).....	119
5.2.11 Pakistan.....	120
5.2.11.1 Regulatory framework.....	120
5.2.12 Cambodia.....	121
5.2.12.1 Regulatory framework.....	121
5.3 The Americas.....	121
5.3.1 Colombia.....	122
5.3.1.1 Regulatory framework.....	122
5.3.2 The Dominican Republic.....	123
5.3.2.1 Regulatory framework.....	124
5.3.3 Guatemala.....	125
5.3.3.1 Regulatory Framework.....	126
5.3.4 Honduras.....	127
5.3.4.1 Regulatory Framework.....	128
5.3.5 El Salvador.....	129
5.3.5.1 Regulatory Framework.....	129
5.3.6 Nicaragua.....	130
5.3.6.1 Regulatory framework.....	131
5.3.7 Mexico.....	132
5.3.7.1 Regulatory framework.....	133
5.3.8 Panama.....	135
5.3.8.1 Regulatory framework.....	135
5.3.9 Costa Rica.....	136
5.3.9.1 Regulatory framework.....	136
5.3.10 Jamaica Belize & Barbados.....	136
5.4 Africa.....	136
5.4.1 Namibia.....	137

5.4.1.1 Regulatory framework.....	137
5.4.2 Malawi.....	139
5.4.2.1 Regulatory framework.....	140
5.4.3 Mozambique.....	140
5.4.4 Madagascar.....	140
5.4.4.1 Regulatory framework.....	141
5.4.5 Liberia.....	141
5.4.6 Ghana.....	141
5.4.7 Cameroon.....	142
5.4.7.1 Regulatory framework.....	142
5.4.8 Lesotho.....	142
5.4.9 South Africa.....	142
5.4.10 Mauritius.....	143
5.4.11 Kenya.....	143
5.4.11 Regulatory framework.....	144
5.5 Summary.....	145

Chapter Six: Conflicts between the State, Existing Regulatory Frameworks and the Demands of International Trade

6.1 Background.....	147
6.1.1 Introduction.....	148
6.2 Multinational Enterprises (MNEs) and international trade.....	149
6.2.1 Definition.....	149
6.2.2 MNEs and developing countries.....	150
6.2.3 MNEs and their operations in developing country EPZs.....	151
6.2.4 The EPZ labour relations' gap and MNE home country laws.....	153
6.3 The Lima Declaration and its support for the state as the principle determinant of its own course in the process industrial development.....	156
6.4 The EPZ labour relations' gap and the ILO conventions and agreements.....	159

6.4.1 Areas these conventions conflict with the demands of international trade	163
6.5 The EPZ labour relations' gap and the ICF TU/ITS Basic Code of Labour Practice	165
6.5.1 Areas these code conflicts with the demands of international trade	167
6.6 The EPZ labour relations' gap and the OECD Guidelines for MNEs	171
6.6.1 Areas these code conflicts with the demands of international trade	172
6.7 The EPZ labour relations' gap and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy	176
6.7.1 Preamble section	178
6.7.2 General polices section	178
6.7.3 Employment section	178
6.7.4 Conditions of work section	179
6.7.5 Industrial relations section	179
6.7.6 Areas these Declaration conflicts with the demands of international trade	179
6.8 The EPZ employer-employee labour relations' gap, ethics and corporate codes of conduct/ethics	183
6.8.1 What are ethics?	183
6.8.2 Why Ethics?	183
6.8.3 Definition	184
6.8.4 The growth in the use of corporate codes of conduct	185
6.8.5 The content of company codes of conduct/ethics	186
6.8.6 Why codes of conduct/ethics are not effective EPZ labour regulatory instruments	187
6.8.7 Ethical theories and their conflicts with the demands of international trade	190
6.8.8 Codes of conduct and the ethics concept	190
6.9 The EPZ labour relations' gap and Preferential trade Agreements	191
6.9.1 Generalized systems of preferences (GSPs)	191
6.9.2 North America Free Trade Area (NAFTA)	193

6.9.3 World Trade Organization (WTO).....	195
6.10 The EPZ employer-employee labour relations' gap and Non – Governmental Organizations (NGOs).....	196
6.11 Summary.....	200

Chapter Seven: An Empirical Analysis of the Employer-Employee Labour Relations Gap in Kenyan EPZs

7.1 The Profiles of employers and their employees in Kenyan EPZs	202
7.1.1 Introduction.....	202
7.1.2 The questionnaire return rate.....	202
7.1.3 The characteristics of Kenyan garment EPZ investors.....	202
7.1.4 The demographic and employment characteristics of EPZ employees	204
7.1.5 The profile of Kenyan garment EPZ investors and their employees.....	210
7.1.6 Summary.....	210
7.2 Factors that significantly affect employer-employee labour relations in Kenyan EPZs	212
7.2.1 Introduction.....	212
7.2.2 Testing the hypotheses.....	212
7.2.3 Summary.....	237
7.3 The scope of the employer-employee labour relations' gap in Kenyan EPZs...238	
7.3.1 Introduction.....	238
7.3.2 Education and Training facilities.....	239
7.3.3 Employment discrimination.....	247
7.3.4 Remuneration structures.....	256
7.3.5 Nature of working facilities	264
7.3.6 Nature of interpersonal relationships.....	275
7.3.7 Nature of employer-employee working relationships	281
7.3.8 Summary.....	289
7.4 The impact of labour law exemptions on EPZ operations in Kenyan EPZs.....291	
7.4.1 Introduction.....	291

7.4.2 The effect of labour law exemptions on employer-employee labour relations in Kenyan EPZs.....	292
7.4.3 The problems encountered by EPZ investors for being exempted from applying the minimum wages and factories acts'	294
7.4.4 The Organizations that censure EPZ firms for being exempted from the factories act.....	295
7.4.5 Do EPZ operators in close proximity influence each other's employer-employee labour relations in the zones?.....	296
7.4.6 Summary.....	297
7.5 An analysis of the effectiveness of existing EPZ employer-employee labour relation regulating structures in Kenya.....	299
7.5.1 Introduction	299
7.5.2 Unions.....	299
7.5.3 The EPZA.....	308
7.5.3.1 The EPZAs evaluation of its performance.....	315
7.5.4 Codes of conduct	315
7.5.5 The government.....	318
7.5.5 Summary.....	320
7.6 An analysis of existing employer-employee communication structures in Kenyan EPZs.....	322
7.6.1 Introduction	322
7.6.2 The nature of employer-employee communication.....	323
7.6.3 Employer-employee communication channels.....	324
7.6.4 An evaluation of the effectiveness employer-employee communication channels	325
7.6.5 Summary.....	327
7.7 Suggestions on how the employer-employee labour relations gap in Kenyan EPZs can be reduced.	329
7.7.1 Introduction	329
7.7.2 General alternative regulatory instruments.....	329
7.7.3 Trade instruments	337

7.7.4 Other instruments.....	343
7.7.5 Improving working relationships.....	344
7.7.6 Improving employer-employee communication channels.....	345
7.7.7 Summary.....	346

Chapter Eight: Summary Conclusions

8.1 Introduction.....	348
8.2 Summary and Conclusions	348
8.2.1 Factors that significantly affect employer-employee labour relations in Kenyan EPZs.....	350
8.2.2 The scope of the employer-employee labour relations' gap in Kenyan garment EPZs.....	352
8.2.2.1 Importance of Education, Training and Work Experience.....	353
8.2.2.1.1 EPZ workers and Investors.....	353
8.2.2.1.2 18-23 & 24-29 year olds.....	353
8.2.2.1.3 EPZ Males and Females	354
8.2.2.1.4 Section heads and Non-section heads.....	354
8.2.2.1.5 EPZ workers from companies located in Public and Private EPZ firms	354
8.2.2.1.6 Unionized and non-unionized EPZ workers.....	355
8.2.2.2 Employment Discrimination.....	355
8.2.2.2.1 EPZ workers and Investors.....	355
8.2.2.2.2 18-23 & 24-29 year olds.....	355
8.2.2.2.3 EPZ Males and Females	356
8.2.2.2.4 Section heads and Non-section heads.....	356
8.2.2.2.5 EPZ workers from companies located in Public and Private EPZs	356
8.2.2.2.6 Investors from companies located in Public and Private EPZs.....	357
8.2.2.2.7 Unionized and non-unionized EPZ workers.....	357

8.2.2.2.8 Unionized and non-unionized EPZ investors’	357
8.2.2.3 Remuneration structures.....	358
8.2.2.3.1 EPZ workers and Investors.....	358
8.2.2.3.2 18-23 & 24-29 year olds.....	358
8.2.2.3.3 EPZ males and Females.....	359
8.2.2.3.4 Section heads and Non-section heads.....	359
8.2.2.3.5 Employees from companies located in Public and Private EPZs.....	359
8.2.2.3.6 Investors fom companies located in Public and Private EPZs.....	359
8.2.2.3.7 Unionized and non-unionized EPZ workers.....	360
8.2.2.3.8 Unionized and non-unionized EPZ investors’	360
8.2.2.4 Working facilities	360
8.2.2.4.1 EPZ workers and Investors.....	361
8.2.2.4.2 18-29 year olds	361
8.2.2.4.3 EPZ males and Females.....	362
8.2.2.4.4 Section heads and Non-section heads.....	362
8.2.2.4.5 Employees from companies located in the Public and Private EPZs	362
8.2.2.4.6 Investors fom companies located in Public and Private EPZs.....	362
8.2.2.4.7 Unionized and non-unionized EPZ workers.....	363
8.2.2.4.8 Unionized and non-unionized EPZ investors’	363
8.2.2.5 Interpersonal relationships.....	363
8.2.2.5.1 EPZ workers and Investors.....	363
8.2.2.5.2 18-23 & 24-29 age groups, males and females, section heads and non-section.....	364
8.2.2.5.3 Employees from companies located in Public and Private EPZs.....	364
8.2.2.5.4 Investors fom companies located in Public and Private EPZs.....	364

8.2.2.5.5 Unionized and non-unionized EPZ workers.....	365
8.2.2.5.6 Unionized and non-unionized EPZ investors’	365
8.2.2.6 Working relationships.....	365
8.2.2.6.1 EPZ workers and Investors.....	365
8.2.2.6.2 18-23 & 24-29 age groups, males and females, section heads and non-section heads.....	366
8.2.2.6.3 Employees from companies located in Public and Private EPZs.....	366
8.2.2.6.4 Investors from companies located in Public and Private EPZs.....	367
8.2.2.6.5 Unionized and non-unionized EPZ workers.....	367
8.2.2.6.6 Unionized and non-unionized EPZ investors’	367
8.2.3 The impact of labour law exemptions to EPZ investors.....	368
8.2.3.1 Investors from unionized and non-unionized EPZs.....	368
8.2.3.2 Investors from companies located in the Public and Private Zones	368
8.2.3.3 The EPZA	369
8.2.4 EPZ stakeholders’ perceptions towards the effectiveness of the existing problem-solving (regulation) frameworks.....	369
8.2.4.1 Unions.....	369
8.2.4.1.1 EPZ workers and Investors.....	369
8.2.4.1.2 18-23 & 24-29 year olds, males and females, section heads and non-section heads, employees from companies situated in public and private zones, unionized workers.....	370
8.2.4.1.3 Investors from companies located in Public and Private Zones.....	370
8.2.4.1.4 Unionized and non-unionized EPZ investors’	371
8.2.4.2 The effectiveness of the EPZA	371
8.2.4.2.1 EPZ employees’ (public & private).....	372
8.2.4.2.2 EPZ investors’	372

8.2.4.2.3 18-29 year olds, Male and Female, Section and Non-section heads, Unionized and Non-unionized EPZ employees'	372
8.2.4.2.4 Unionized and Non-unionized EPZ investors'	373
8.2.4.2.5 The EPZAs evaluation of its performance.....	373
8.2.4.3 Other dispute settlement structures available to EPZ stakeholders	
.....	373
8.2.4.3.1 Codes of conduct as regulation instruments.....	373
8.2.4.3.1.1 EPZemployers'	373
8.2.4.3.1.2 Unionized and Non-unionized EPZ investors'	
.....	373
8.2.4.3.1.3 The EPZA.....	374
8.2.5 The effectiveness of existing communication structures.....	374
8.2.5.1 Employee – employer communication.....	374
8.3. Summary.....	375

Chapter Nine: Recommendations towards better employee-employer labour relations in Kenyan garment EPZs

9.1 Introduction.....	377
9.2 RECOMMENDATIONS.....	377
9.2.1 Factors that affect employer-employee labour relations	377
9.2.2 Minimizing the labour relations' gap in Kenyan EPZs	381
9.2.2.1 Nature of EPZ Training and Work Experience	382
9.2.2.1.1 EPZ workers and Investors.....	382
9.2.2.1.2 18-23 & 24-29 year olds.....	382
9.2.2.1.3 EPZ Males and Females	382
9.2.2.1.4 Section heads and Non-section heads.....	383
9.2.2.1.5 EPZ workers from companies located in Public and Private EPZs	383
9.2.2.1.6 Unionized and non-unionized EPZ workers.....	383
9.2.2.2 Employment Discrimination.....	383

9.2.2.2.1 EPZ workers and Investors.....	383
9.2.2.2.2 Section heads and Non-section heads.....	384
9.2.2.2.3 EPZ workers from companies' located in Public and Private Zones.....	384
9.2.2.3 Remuneration structures.....	384
9.2.2.3.1 EPZ workers and Investors.....	384
9.2.2.4 Working facilities.....	384
9.2.2.4.1 EPZ workers and Investors.....	384
9.2.2.4.2 EPZ males and Females.....	384
9.2.2.4.3 Section heads and Non-section heads.....	384
9.2.2.4.4 Employees from firms located in Public and Private zones.....	384
9.2.2.4.5 Unionized and non-unionized EPZ investors'.....	384
9.2.2.5 Interpersonal relationships.....	386
9.2.2.5.1 EPZ workers and Investors.....	386
9.2.2.5.2 Employees from firms located in Public and Private Zones.....	386
9.2.2.5.3 Unionized and non-unionized EPZ workers.....	386
9.2.2.6 Working relationships.....	386
9.2.2.6.1 EPZ workers and Investors.....	386
9.2.2.6.2 Employees from companies' located in Public and Private Zones.....	387
9.2.3 The impact of the various labour law exemptions.....	387
9.2.3.1 Investors from unionized and non-unionized zones.....	387
9.2.3.2 Investors from companies located in the Public and Private zones	387
9.2.3.3 The EPZA.....	388
9.2.4 The effectiveness of the existing problem-solving (regulation) frameworks	388
9.2.4.1 Unions.....	388
9.3.4.1.1 EPZ workers and Investors.....	388

9.3.4.1.2 Investors from companies' located in the Public and Private Zones	388
9.2.4.2 The effectiveness of the EPZA	389
9.3.4.2.1 EPZ employees' (public & private).....	389
9.2.4.3 Codes of conduct as regulation instruments	389
9.2.5 The effectiveness of existing communication structures	389
9.2.5.1 Employee – employer communication	389
9.3 Model.....	390
9.3.1 Review of existing models.....	390
9.3.1.1 Multi-National Enterprise (MNE) home country laws.....	391
9.3.1.2 Lima Declaration	391
9.3.1.3 International Labour Organization (ILO) conventions and agreements	391
9.3.1.4 ICFTU/ITS Basic Code of Labour Practice.....	392
9.3.1.5 OECD Guidelines for MNEs.....	392
9.3.1.6 ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy	392
9.3.1.7 Codes of conduct/ethics.....	393
9.3.1.8 Preferential Trade Agreements (PTAs).....	393
9.3.1.9 Non-Governmental Organizations (NGOs).....	393
9.3.2 Variables of a model	394
9.3.2.1 Primary	394
9.3.2.2 Secondary	394
9.3.3 Determining a companies employer-employee labour relations gap	395
9.3.3.1 Measuring a country's or an EPZ company's labour relations gap	395
9.3.3.2 Calculating the employer-employee labour relations' gap in Kenyan garment EPZs	397
9.3.4 The step-by-step EPZ employee protection ladder.....	398
9.3.4.1 EPZ firms' internal structures.....	398
9.3.4.2 EPZ level structures.....	399

9.3.4.3 National level structures	399
9.3.4.4 International structures	400
9.3.5 An EPZ higher productivity code of conduct	401
9.6 Conclusion	404
9.7 Suggestions for further research	405

Bibliography

Bibliography	406
--------------------	-----

Appendices

Appendix A: Work plan.....	418
Appendix B: Map of Kenya showing towns where EPZs are located.....	419
Appendix C: Map showing South East Asian trading towns between 14 and 1600	420
Appendix D: Map showing Portuguese involvement in Atlantic trade in the 1500s	421
Appendix E: Map showing the French, Belgian and Portuguese presence in Africa in the 1930s.....	422
Appendix F: Questionnaire for EPZ employees.....	423
Appendix G: Questionnaire for EPZ investors.....	428
Appendix H: Questionnaire for the EPZA.....	433

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction and Conceptual Framework

“The four newly industrializing countries – Hong Kong, Singapore, Taiwan and Korea have been among the most spectacular performers in the world economy. Over the past 25 years they have been able to quadruple their shares of world production and trade. This phenomenal economic growth has been achieved with a low wage economy exporting labour intensive manufactures” (the Export Processing Zones concept) (Noland, 1990:15). These countries attained their developed country status by pursuing strategies based on EPZs adds the World Export Processing Zones Association (WEPZA)¹ (1996, para. 38).

The Heckscher-Ohlin (1924) (H-O) theory is an important general framework for thinking about Export Processing Zones (EPZs) and a good point of departure for this study as it raises some important issues concerning investment in EPZ host countries. The general framework of the theory gives insight into the investment attraction methods that EPZ host countries employ when seeking Foreign Direct Investment (FDI) and the effects these methods have had specifically on EPZ employees. The H-O theory explains the rationale behind the establishment of EPZs in developing countries with the use of fiscal, infrastructural, and procedural as well as labour law concessions. The effects of these concessions have been damaging especially to EPZ employees, as the reviewed authors in the sections that follow below show.

The EPZ model is derived from the H-O theory on the patterns and determinants of international trade. The theory states that: a country will be able to produce at lower cost (and therefore have comparative advantage in) those products whose production requires relatively large amounts of the factors of production, (also known as factor endowments e.g. land, labour, capital, natural resources) with which that country is relatively endowed (Husted & Melvin, 2001:86). Labour abundant developing countries should therefore specialize in labour-intensive products adds Sloman (2000:748).

With the use of EPZs Hong Kong, Singapore, Taiwan and Korea also known as the Newly Industrialized Countries (NICs) increased their total share of manufactured exports (as a percentage of all exports from developing countries) from 13.5 per cent in 1965 to 45 per cent in 1980 rising to over 60 per cent in 1990. They also accounted for 61 per cent of manufactured exports from developing countries in 1990 says the International Confederation of Free Trade Unions (ICFTU) (1996, Globalization section, para. 2).

Many developing countries have or are in the processes of adopting the EPZ concept by setting up industrial complexes and designating specific areas as EPZ centres. These countries aim to achieve an equally impressive export oriented economic growth rate steered by manufactured products as that of the four NICs mentioned above.

In Kenya the EPZ program was established in 1990 with the enactment of the EPZ act (CAP 517, Laws of Kenya) (EPZA, 2002:1). The scheme managed by the Export Processing Zones Authority (EPZA)² promotes export oriented industrial investment within designated zones similar to those found in the NICs. By 2001 cumulative investment since inception in the EPZ operational enterprises amounted to over US\$560 million. There were 33 operational enterprises located in 23 zones (See map in appendix B) with 239 new inquiries received, while 41 additional projects had been approved. Over 13,500 immediate new jobs had been created. Cumulative exports from inception amounted to over US\$240 million (EPZA, 2002).

Most EPZ host governments have come up with investment packages aimed at attracting investors into their zones. These packages mainly consist of fiscal and procedural exemptions. However, due to the similarity of incentives offered in EPZs around the world and the heavy worldwide competition in EPZ promotion the need for more incentives has become necessary, as the fiscal and procedural incentives on offer have not been as competitive as they were before. This is because all EPZ establishing countries

¹ WEPZA – the umbrella international EPZ body that individual country EPZs are affiliated to

² EPZA – the authority that runs the EPZ program in Kenya

have the ability to grant them. EPZ operators therefore drafted new investment attraction policies to compliment the existing fiscal and procedural exemption ones. As EPZs thrive on cheap labour the best policy measure that could help keep labour cheap and attractive to investors is the ceding of labour laws to investors. Most EPZ host governments have done this or are in the process of doing so.

Though the ceding of labour laws to investors is necessary for industrial and economic growth as it gives investors opportunities to profitably blend their capital with labour, there should be a framework defining how investors should handle and treat labour. The absence of such a framework in the EPZ environment seems to have created hostilities between EPZ employer and their employees (or a labour relations gap/problem).

Incidents such as sexual harassment, industrial injury and sometimes death, physical and verbal abuse and the denial of access to various essential services such as bathrooms and permission to seek medical aid coupled with the exposure to poor working conditions, are some of the incidents that fall within the EPZ employer-employee labour relations gap that has been created by the ceding of labour laws in EPZs to investors.

These incidents do not seem to have an economic value and do not seem to have any value added effect on the EPZ production process. They also do not make production cheaper but foster the building of resentment, bitterness, distrust and anger amongst EPZ employees which when released through alternative redress seeking avenues, ends up with expensive and damaging repercussions on EPZ employers (e.g. illegal strikes) and host governments (e.g. the denial of access to preferential markets).

Various studies on EPZ employer-employee labour relations around the world have documented a variety of the above mentioned labour injustices.

- According to a report by a Honduran based Non Governmental Organization (NGO) National Labour Committee (NLC) (1998, para.1-3) in the free trade zones and maquila³ factories in the Choloma region in Honduras, young women were being injected with the contraceptive Depro Provera, which blocks pregnancy for up to three months. The women workers were deliberately misled

³ Maquila (Maquiladoras) – refer to the EPZ concept in the Americas

about what they were being injected with, as many believed they were receiving tetanus shots. Employers did this to ensure consistent production in their factories in order to meet their supply deadlines.

- In Bangladesh a fire swept through an EPZ based firm killing 47 employees. As the metal gates at the entrance of each factory floor in the factory were usually padlocked during office hours the security guard could not find the keys during the fire (Grumiau, 2000, para. 1).
- In the Dominican Republic a female EPZ worker was attacked by her supervisor who twisted her arms and neck. A complaint was made to management who forced her to withdraw the complaint (ICFTU, 1996, physical abuse section, para.1).
- In a Lesotho EPZ garment factory a supervisor beat workers with lengths of knotted fabric because he did not speak the local language and became frustrated when workers could not understand his instructions (Khan, 2002, para. 21).
- In Swaziland a Chinese EPZ investor operating a textile factory beat up one of his employees for demanding a salary increase. The employee suffered injuries that required him to be admitted to hospital (Matsebula, 2002: 22).

The labour injustices mentioned above seem to take place more in EPZs than in other industries in EPZ host countries. This may be attributed to the methods EPZ promoting agencies use when trying to attract investors into their zones. In Swaziland the Swaziland Investment Promotion Agency (SIPA) could be held responsible for labour unrest in one of the EPZ factories due to the information they gave a Chinese investor. SIPA told the investor not to pay his workers more than R300, which stirred a strike where workers were demanding for an increase in their wages but the investor's defence was that he had been told by SIPA not to pay more than R300 (Matsebula, 2002: 22). Other EPZ employers consider themselves to be omnipotent and untouchable while governments reinforce this feeling in investors by boasting in their publicity brochures of their union free environments (ICFTU, 1996, Anti union repression section, para. 4-5). On the other hand, EPZ host governments show great indifference in handling labour complaints as labour inspectors are slow and investigate workers complaints with a lot of apathy

(ICFTU, 1996, government indifference section, para. 4) which has made investors feel that they can always count on the EPZ host government's sympathy should anything go wrong when dealing with their workers.

Since non-EPZ industries in the EPZ host countries are subject to national labour laws and are under constant monitoring by relevant labour authorities, incidents of labour law violations may be few as both employers and employees have a labour relations framework guiding their working relationship and both know the consequences of violating it. However the situation is different in EPZs. Prospective investors as the reviewed authors above indicate take advantage of both their powerful position and importance, as determinants of the success or failure of a host country's EPZ program to negotiate for concessions that include labour laws. They at times deliberately violate the rights of labour knowing that they can count on the sympathy of their host governments or can invoke their power (mostly using the threat to relocate) if any action is taken on them. This is further discussed in the next chapters.

The hostilities emanating from the concession of labour laws to investors in EPZs and the resultant employer-employee labour relation's gap (problem) has generated a lot of debate around the world amongst consumers, human rights organizations, scholars, international organizations, EPZ operators and governments.

Alternative sources of regulation have been sought in an effort to narrow down EPZ employer-employee labour relations' gap (problem). Self-regulation has been sought as an alternative but the selective development and application of various regulatory models (e.g. international NGO codes of conduct such as the ILO conventions among others) has rendered them ineffective as a number of EPZ stakeholders always legitimately find reasons (e.g. sovereignty, poverty and comparative advantage) as to why they cannot abide by such frameworks. This has led to the call for EPZ investors to apply business-social ethics in their operations, to help narrow down the EPZ employer-employee labour relations' gap (problem) in Kenyan EPZs and those around the world.

1.2 Contextual framework

In Kenya the ministries of industry & trade, labour and health (assisted by the judiciary when the need arises) are the three bodies responsible for the formulation, implementation and enforcement of government policy in industry.

The ministry of industry presents the industrial focus for the nation. The ministry of health ensures that healthy working condition standards in industry are maintained while the ministry of labour ensures that industrial working relationships between EPZ employers, employees and the government remain healthy. The judiciary assists these three ministries to enforce their various agendas when called upon to do so.

After the Kenyan government exempted EPZ investors from parts of existing labour laws, a conflict resolution gap between the government (through the EPZA), EPZ investors and their employees emerged which lacked proper regulatory instruments to handle. In the long run an employer-employee labour relations gap (problem) emerged due to the absence of a proper regulatory code. Incidents of conflict that would/might in future occur in the course of EPZ operations such as disruptive employer-employee actions that would require conflict prevention and resolution structures for intervention may present the victim(s) (government, investors, employees) with a dilemma as to where to seek legal or other redress from. This is because there might be no clear place to turn to (for all parties) or a lot of duplication and conflicting courses of action might be proposed by the different parties that would be involved in resolving the conflict.

This study's principal focus shall be on the EPZA (that falls under the authority of the ministry of trade & industry), EPZ employers and their employees.

The EPZA is the organization that manages EPZ activity in Kenya. It has the responsibility of ensuring that:

- Trade in manufactured exports increases;
- The generation and attraction of foreign exchange occurs;
- Improved technical and management skills takes place;

- The transfer of technology occurs;
- The construction of linkage effects with the local economy takes place;
- International markets become accessible;

The above have to be achieved at income exceeding:

- Net costs of infrastructure;
- Net costs of running the EPZ (minus receipts from rents);
- Costs in the form of government revenue foregone in incentives given to the firms
(Glendy & Ndi, 2000:10-13 & Currie, 1985:6).

The above listed operating conditions reveal the high pressure the EPZA operates under and it is only by attracting large numbers of foreign investors into the Kenyan zones that the above conditions can be fulfilled.

To achieve the above objectives the EPZA requested for the ceding of the factories act of 1951 (which sets forth detailed health and safety standards in industry). In 1994, the Kenyan labour minister ceded this act as an investment attraction instrument meant to compliment the existing fiscal and procedural incentives on offer (National Trade Data Bank (NTDB), 1999, para.2).

The concession of the factories act led to the further growth of the EPZ employer-employee labour relations' gap. In an effort to narrow down this gap the EPZA and EPZ employers indicate that they have adopted an employer self-enforcement regulatory framework that addresses the issues of minimum wages (wages are said to be self regulating) and factory inspection (health and safety inspectors are not allowed to inspect EPZ firms since they have been exempted from the factories act which provides for inspection) among other issues (NTDB, 1999, para.2). The EPZA also indicates that counters that Kenyan EPZ workers are treated well as EPZA industrial relations officers educate and monitor employers for compliance and that though wages remain self-regulating they are higher than those outside the zones. However, the NTDB (1999, para.2) indicates that the above statements cannot be verified as unions have limited access to the zones and employers are very hostile towards them.

The above situation shows the complexities involved in EPZ labour law application, supervision and enforcement. The adoption of a self-regulatory framework applied by the EPZA and EPZ employers does not seem to have sufficiently narrowed down the EPZ employer-employee labour relations gap given the criticism directed towards them from various sources and the mystery surrounding the framework and the 2003 strikes that hit the Kenyan EPZ sector.

An open and more comprehensive all-inclusive EPZ employer-employee labour relations' model may be more accommodative and acceptable to all Kenyan EPZ stakeholders and may help narrow down the existing EPZ employer-employee labour relation's gap.

1.3 Statement of the problem

The exemption of Kenyan EPZ firms from the factory's act of 1951 (which sets forth detailed health and safety standards in industry) and from paying the minimum wage among other conditions and exemptions means that employees working in Kenyan EPZ based firms may work under health and safety standards that are different from those outside the zones. The possibility that zone investors may therefore compromise workers health and safety standards and wages due to these exemptions may arise.

Despite the exemption of EPZ investors from applying the factory's act and the minimum wage act EPZ workers and their supporters have turned to international laws, conventions and codes of conduct in an effort to reduce the negative effects that have and continue to occur as a result of the above-mentioned exemptions. Some of the codes EPZ workers and their supporters have tried using include the International Labour Organization (ILO) conventions, the ILO tripartite declaration of principles concerning Multinational Enterprises (MNEs) and social policy, the United Nations Centre for Transnational Corporations (UNCTC) code of conduct for Transnational Corporations (TNCs), the United Nations (UN) declaration on human rights, United Nations Industrial Development Organizations (UNIDO's) lima declaration, the ICFTU model code, World Trade Organization (WTO) labour guidelines, Organization of Economic Cooperation and Development (OECD) guidelines for MNEs, the North America Free Trade Area

(NAFTA) labour side agreement and the WEPZA members code of conduct among many others.

Consumer rights groups such as the Ethical Trading Action Group (ETAG) in Canada and human rights organizations like Amnesty International (AI); religious organizations like the Christian Aid and humanitarian Non-Governmental Organizations (NGOs) such as Oxfam have also come up with their individual codes as instruments of employer-employee regulation in the absence of government enforced regulatory structures. Other EPZ workers' supporters like the united students against sweatshops' Worker Rights Consortium (WRC) also have their individual codes while most MNEs have codes of conduct like those of Nike, Levi Strauss and Reebok among others, which they prescribe to their EPZ contractors in order to ensure proper EPZ employee treatment.

The above codes of conduct and international agreements have had their own drawbacks. As international laws work through or are implemented via governments, the concession of any domestic laws by EPZ host governments therefore amounts to the concession of international laws, which in many cases are not binding. This shows the weakness of international law as a regulatory medium for labour in EPZs. On the other hand, the countries that benefit most from EPZs do not seem to take international specialist organizations seriously. The United States (US) a major beneficiary of both investment through its MNEs and imports from EPZs, has only ratified 10 of the 180 ILO conventions (ICFTU, 1996, trade union organizing section, para. 4). While the UNCTC was closed down without ever formulating a code of conduct for TNCs due to pressure and interference from TNCs (Madeley, 1992:92-94 & Addo, 1999:274). Numerous violations of individual MNE codes of conduct have been documented in various forums such as the Maquila network update (2001 & 2002), the ICFTU (1996) and the ILO (1998) among many others.

Despite the existence of alternative regulatory instruments, injustices to EPZ workers' operating in labour law conceded environments' still remain. Given the rapid growth and expansion of EPZs there seems to be an emerging labour relations' gap between EPZ

employers and their employees, which is also confirmed by the incidences of labour injustices like sexual harassment, violence, death as well as physical and verbal abuse (mentioned above).

An analysis into the perceptions of employers and their employees in Kenyan garment EPZs towards the state of their working conditions is necessary. This would determine the extent to which the exemption of EPZ investors from applying the factory's act and the minimum wage act in their operations has affected employer-employee labour relations.

1.4 Goal of the study

The goal of this study is to develop an EPZ employer-employee regulatory model using concepts from diverse areas such as business ethics, economics, law, international trade, business organization, management and planning among many others that can be used to reduce the existing EPZ employer-employee labour relation's gap created by the government conceded labour laws in Kenyan garment EPZs.

1.5 Objectives of the study

The broad aim of the study was addressed by the following specific objectives: these were to:

1. Investigate the factors that significantly affect employer-employee labour relations in Kenyan garment EPZs.
2. Investigate the scope of the employer-employee labour relations' gap (problem) in Kenyan garment EPZs.
3. Assess the impact of the various labour law exemptions on Kenyan garment EPZ operations.
4. Assess the perceptions and attitudes of EPZ employers and their employees towards the effectiveness of the existing problem-solving (regulation) frameworks at the Kenyan garment EPZ workplace.
5. Investigate the perceptions of the EPZA, EPZ employers and their workers towards the effectiveness of their existing communication structures and the

extent to which they may have contributed to the existing employer-employee labour relations' gap (problem) in Kenyan garment EPZs.

6. Elicit data from EPZ investors, their employees and the EPZA suggesting how the existing EPZ employer-employee labour relations' gap can be reduced.

1.6 Hypothesis

This study was based on the following hypotheses:

- H₁. The age of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₂. The sex of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₃. The marriage status of EPZ employees do not affect their attitudes towards the state of their working conditions.
- H₄. The educational qualifications of EPZ employees do not affect their attitudes towards the state of their working conditions.
- H₅. The technical qualifications of EPZ employees do not affect their attitudes towards the state of their working conditions.
- H₆. The work section of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₇. There are no significant working conditions' differences between EPZ section heads and non-section heads.
- H₈. The length of service of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₉. The employment status of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₁₀. The salary scales of EPZ employees does not affect their attitudes towards the state of their working conditions.
- H₁₁. There are no significant working conditions' problems between employees working in EPZ companies located in the public or private zones.
- H₁₂. There are no significant differences in the perceptions of unionized and non-unionized EPZ employees towards the state of their working conditions.

H₁₃. There are no significant differences in the perceptions of young (18-23) and older (24-29) EPZ employees towards the state of their EPZ working conditions.

H₁₄. EPZ investors located in private zones view the working conditions they expose their employees to, as different from those of investors located in the public zone.

H₁₅. Unionized EPZ operators view the state of the working conditions that they expose their workers to, as different from those of non-unionized operators.

H₁₆. The length of time a company has operated; as an EPZ does not influence its perceptions towards the state of the working conditions it exposes its workers to.

1.7 Research Questions

To realize the above objectives the following research questions were addressed:

1. What is the scope of the employer-employee labour relations' gap in Kenyan garment EPZs?
2. What is the impact of the various labour law exemptions on Kenyan garment EPZ operations?
3. What are the perceptions and attitudes of EPZ employers and their employees towards the effectiveness of the existing problem-solving (regulation) frameworks at the EPZ garment workplace?
4. How effective are the existing employer-employee communication structures and to what extent have they contributed to the existing employer-employee labour relations' gap in Kenyan garment EPZs?
5. How can the existing EPZ employer-employee labour relations' gap (problem) be reduced?

1.8 Scope and limitations

The study covered garment based export-oriented industries in the public and private zones in Kenya. It concentrated on EPZs specializing in garments, which had at least three export-oriented enterprises operating and interacting in them. This was done as it was assumed that enterprises operating in the zones face similar influences and interactions which shape their operations; as was deduced from various works such as those of the ILO (1998), the ICFTU (1996), Hall (1981), Miller (1980) and Townson

(1977) among many others who showed that enterprises or city states⁴ that operated close together shared the same experiences and needs unlike those that did not. Demands by employees in one company in most cases were influenced by those of others in the zone while an investor's actions in one company in most cases were influenced by those of others operating within the same zone. At the same time the study intended to develop an interactive EPZ labour regulatory model, which could only be done by evaluating variables that were in close interaction.

Single EPZ based enterprises were therefore not part of the study.

Participants were selected from the zones and included the EPZA and EPZ investors and their employees.

The subject coverage was from a general business, economic and ethics perspective though a legal perspective was adopted where and when it was deemed necessary to support the study.

As this is an emerging and relatively new concept in Kenya, current documented information resources were limited at the same time since the issue of labour relations is a very sensitive one in Kenya; political, economic as well as social suspicions often arose.

1.9 Motivation of the study

The globalization of the world economy and the move towards free trade has exerted a lot of pressure on the state and its trade regulating structures. The creation of EPZs to enable developing countries participate in this phase of international trade further compounds the state's problem as it finds itself in a dilemma as to whether to restructure its trade regulating policies or to use them as tools to attract investment. EPZs in Kenya were introduced in the face of this dilemma

EPZ labour has found itself in the midst of the different forces of globalization and as a weak power compared to the influence of investors and the state in international trade. It

⁴ City-State - Island or port cities that between the 15 & 18th centuries that had self government

finds itself challenged by the incentives EPZ investors have negotiated for from the state. Occupying a weak position in the EPZ relationship exposes the EPZ worker to labour injustices particularly from investors.

The researcher was of the opinion that by carrying out this study some of the negative effects these concessions have had on labour may be reduced. A position also supported by the ICFTU which asks whether we should close our eyes to the situation, in the same way as some in the 1980s asked human rights organizations to close their eyes to torture in Chile or disappearances in Argentina "*because countries could not be compared*". Accepting this reasoning that social rights are relative, the ICFTU says, amounts to calling into question the most important international conventions on human rights, which uphold the principle of equality between persons, and to agreeing to the views of those who believe that exploitation is an inevitable step along the road to development in developing countries (ICFTU, 1996, which in reality means section, para. 2).

1.10 Significance of the study

Cheap, unskilled or semi-skilled labour is one of the major factors that attract manufacturing investors to EPZs. However poor employer-employee working relations between EPZ workers and foreign investors can jeopardize EPZ operations.

The findings of this study seek to create a more conducive working relationship in Kenyan EPZs by trying to ensure that all EPZ stakeholders get a fair deal from their input even in a labour law conceded environment.

As EPZs involve a large number of stakeholders the findings of this study are intended to benefit the following interested groups:

1. **Policy makers.** EPZ host governments, consumer organizations, human rights groups, women's groups and other EPZ policy makers shall find this study to be of significance to them especially as they try to balance the economic development needs of EPZ host countries and the rights and needs of their EPZ workers.

2. **EPZ employers and workers.** As this study intends to come up with a framework that will act as a guide for EPZ operations in labour law conceded environments, it would be deemed useful to EPZ employees and employers, as they would have been exposed to an alternative labour relations' approach that might be beneficial to their operations.
3. **Researchers.** Since global trade is emergent in nature, new ideas need to be generated regularly to keep up with these changing trends. The findings of this study would therefore be useful to future researchers in this field.
4. **International trade and preferential trading agreements.** The growth of international trade through Preferential Trade Agreements (PTAs) has played a part in the growth of EPZs and the existing EPZ employer-employee labour relations' gap. The findings of this study would therefore be important to all those involved in international trade and trade agreements as the findings set out to minimize some of the employer-employee labour relations problems caused by the growth of international trade.
5. **Sensitize research on other international trade related problems.** The international trading system is broad and complex. Various studies show that developed countries participate and benefit more from the current system of international trade than developing countries do, due to various factors. To overcome this and other related challenges more research needs to be done in these areas.

1.11 Research Methodology

1.11.1 Methodology

Methodology refers to a carefully considered way of approaching a problem so that one could understand it better (Sayer, 1992:12).

The study took both a quantitative and qualitative design and solicited information from EPZ employees, employers and the EPZA using slightly different questionnaires.

The quantitative approach seemed to be the most reasonable and appropriate one in trying to answer the study's research hypotheses and questions as Garbers (1996:283) says that the quantitative approach lends itself to the description of opinions, attitudes and gauges the effect of one event or variable against another.

Qualitative methods were also used as the problem that was being investigated concerned issues of the human behaviour, attitudes, feelings, reactions, beliefs and perceptions of EPZ stakeholders. Qualitative methods also allow people to express their opinions, their experiences and their demands, rather than their knowledge, says Boelaert (2000:17), which this study intended to bring out.

1.11.2 Research Design

This study was conducted as an ex post facto research. An ex post facto research design according to Leedy (1997) provides the means by which a researcher can examine how specific independent variables (in this study's case: age, sex, marital, educational, employment and salary status among others) affect the dependent variable(s) (working conditions) of interest. The researcher looks at conditions that have already occurred (in this case the prevailing state of the EPZ working conditions) and then collects data to investigate the relationship of these varying conditions to subsequent behaviours, concludes Leedy (1997:226).

1.11.3 Target Population

The target population of this study consisted of all garment EPZ employees and investors in EPZs that had a minimum of three operating enterprises in them. When this study was carried out (in 2002) there were 23 gazetted EPZs in Kenya, 15 of which were in operation housing, 33 export processing firms 23 of which were dealing with garments employing 18,995 employees, which accounted for 95% of all EPZ employment in Kenya (EPZA, 2002:19-25). Six zones housed at least three enterprises. The largest zone was the publicly owned and operated Athi River EPZ which housed 16 export enterprises while Rafiki EPZ was the largest private EPZ and housed seven export enterprises.

Out of the 16 companies in the Athi River zone eight firms dealt with garments, these eight firms were all selected for the study. Kingorani (3), Rafiki (4) and Sameer (1) were the only private EPZs that housed both garment and non-garment export firms in their zones. These three zones were selected for the study as they are a mixed composition of garment and non-garment manufacturing firms which provided a diverse industrial interaction atmosphere needed for the study. In total the three zones housed eight garment manufacturing firms.

The total garment firms available for the study's selection were 16 {(8) in the public sector and (8) in the private sector} spread across the four largest zones in terms of firms operating inside them employing 14,817 employees.

The target population thus consisted of 16 investors (employers) and 14,817 employees from the 16 EPZ companies.

1.11.4 The Sample Size and Selection

In planning this research study the Krejcie and Morgan's 1970 configuration table that determines sample sizes for research activities cited in Leedy (1997:211) was used to determine the number of employees that were to be randomly and purposefully selected from each of the 16 selected EPZ enterprises. According to the Krejcie and Morgan table cited in Leedy (1997:211) a sample of 375 cases should be selected from a population of 15,000 cases. Since the target population of this study comprised of 14,817 employees, the researcher selected 376 employees from the 16 companies as the ideal sample size for the study. For each of the selected EPZ Company's the Personnel/Administrative/Human resource manager was required to take part in the study. A pilot study was conducted in one of the Athi River based EPZ firms where 15 employees who were randomly and purposefully selected and their human resource manager participated.

For the main study purposeful and simple random sampling was used to select a representative number of participants for the study. Neuman (2000:198) says that purposive sampling uses the judgment of an expert in selecting cases with a specific purpose in mind. Robson (1997:142-143) adds that under purposive sampling a sample is

built up which enables a researcher to satisfy his specific needs in a project. Purposive sampling was used to select section heads, employees with different education backgrounds, employees' sexes and employment status. Once employees had been identified in these categories they were then randomly selected for the study. Leedy (1997:213) adds that when a population is homogeneous a sample can be derived by means of a simple randomization process.

1.11.5 Research Instruments

For this study, research instruments consisted of questionnaires, clarification interviews and company observation visits. However questionnaires were the main data collection instruments. Three different questionnaires were used for the three different groups that the study targeted.

The first group comprised of EPZ employees. The questionnaire used to gather data from this group comprised of six sections. Section (A) to (E) consisted of structured questions while section (F) contained one open-ended question.

Questions in section (A) were aimed at identifying the demographic status of the respondents and included data on age, sex, marital status, education and technical qualifications, the working section employees worked in, leadership status of employees, the length of service as well as employment status of employees and their remuneration structures.

Section (B) of the instrument aimed at identifying the working conditions EPZ workers are exposed to. The section had 18 items where respondents were required to indicate their response by means of a tick (✓) against a variety of given choices.

Section (C) of the instrument consisted of 16 structured questions aimed at finding out the views of the EPZ workers on the existing alternative EPZ regulatory structures. Respondents were required to respond to each question by ticking (✓) against a variety of choices that had been given.

Section (D) of the instrument consisted of four questions whose aim was to find out the state of the working relationship between EPZ workers and their employers and each respondent was required to tick (✓) against a variety of choices that had been given.

Section (E) of the instrument consisted of six questions, which aimed at identifying the effectiveness of the commonly used communication channels between EPZ employers and their workers. Respondents were required to respond to each question by ticking (✓) against a variety of choices that had been given.

Section (F) of the instrument had one open ended question whose aim was to elicit information from the respondents on how the EPZ employer-employee working conditions and relations could be improved.

The second group of respondents comprised of EPZ investors (employers). The questionnaire used to gather data from this group comprised of six sections. Section (A) to (D) consisted of structured questions while section (E) contained one open-ended question.

Section (A) of this instrument consisted of seven structured questions whose aim was to gather general information such as the length the company had operated as an EPZ, its total number of employees, its remuneration structures, the nationality of its owners, its principle export markets, the effect of its location environment on its operations as well as the effects of the various labour law exemptions it enjoys. Respondents were required to respond to each question by ticking (✓) against a variety of choices that had been given.

Section (B) of this instrument consisted of nine structured questions all of which aimed at identifying the working conditions EPZ investors (employers) expose their workers to. Respondents were required to indicate their response by means of a tick (✓) against a variety of given choices.

Section (C) of the instrument comprised 13 structured questions aimed at finding out the views of EPZ investors (employers) on the existing alternative EPZ regulatory structures. Respondents were required respond to each question by ticking (✓) against a variety of choices that had been given.

Section (D) of the instrument consisted of five structured questions whose aim was to establish the effectiveness of the commonly used communication channels between the EPZ investors (employers) and workers. Respondents were required to respond to each question by ticking (✓) against a variety of choices that had been given.

Section (F) of the instrument had one open ended question whose aim was to elicit information from the respondents on how the EPZ working conditions and relations could be improved.

The third group the study targeted was the EPZA the authority that runs the EPZ program in Kenya. The questionnaire used to gather data from this group consisted of six sections (A, B, C, D, E, and F).

Section (A) of this instrument comprised of six structured questions whose aim was to establish the way in which the EPZA operates as a link between EPZ investors and their employees. Each respondent was required respond to each question by ticking (✓) against a variety of choices that had been given.

Section (B) of the instrument contained 23 structured questions whose aim was to identify the number of working condition violations that the EPZA receives/had received from EPZ investors and their workers. The respondent was required respond to each question by ticking (✓) against a variety of choices that had been given.

Section (C) of the instrument consisted of 12 structured questions whose aim was to identify what remedial measures the EPZA takes to solve EPZ investors (employers) and

their workers problems raised in section (B). The respondent was required respond to each question by ticking (✓) against a variety of choices that had been given.

Section (D) of the instrument contained eight structured questions whose aim was to establish the effectiveness of alternative regulatory structures between the EPZ investors (employers), their workers and the EPZA. Each respondent was required to respond to each question by ticking (✓) against a variety of choices that had been given.

Section (E) of the instrument contained two structured questions whose aim was to establish the available employer-employee communication channels. Each respondent was required respond to each question by ticking (✓) against a variety of choices that had been given.

Section (F) of the instrument contained one open-ended question whose aim was to get the respondent to supply information on how the EPZ working conditions and relations could be improved.

1.11.6 Instrument reliability

According to Wegner (2000:89) reliability refers to the consistency of the measuring instrument in producing similar results across groups of individuals or for the same individuals at a different time. In order to obtain an indication of the reliability of the questionnaire that was used to find out the EPZ employer-employee labour relations gap (problem) a pilot study was conducted. Wegner (2000:95) says that a pilot study identifies shortcomings, which can be resolved before the full study. Mulusa (1988:79) suggests that about ten cases, which represent the target population in all the major aspects, should be used in a pilot study to determine the reliability of an instrument. The pilot study was administered to 30 employees (15 of whom responded to the questionnaire) from one EPZ company and one employer in the Athi River EPZ.

The reliability of the pilot study was obtained through the split half technique. Wegner (2000:89) says that the split half technique requires that a sample be divided into equivalent sub-samples and compared for similarity of responses on similar items.

A method proposed by Tull & Albaum (1973:96-97) involves obtaining one score for the even numbered items and one score for the odd numbered items. The two scores for each subject are then correlated and the resulting value provides a measure of internal consistency. The higher the correlation the more reliable the measure is because a high correlation indicates that the items are associated in some way (Shao, 2002:244). The split half-technique reliability coefficient represents the degree to which two halves of the test are equivalent or consistent in terms of its items.

The initial step towards testing the reliability of the instrument was to number the 55 statements of the employee questionnaire from 01-54. In calculating the scores for each respondent from the questionnaire, the items were weighed with integers, which ranged from 1-4 reflecting the positively and negatively stated terms. After scoring the odd and even numbers separately the following Pearson Product Moment formula was applied.

Formula

$$r = \frac{NXY - (X)(Y)}{n \sqrt{[NX^2 - \frac{(X)^2}{n}][NY^2 - \frac{(Y)^2}{n}]}}$$

Where

X = Sum of numbered scores

Y = Sum of odd numbered score

X*2 = Sum of squared even numbered scores

Y*2 = Sum of squared odd numbered scores

XY = Sum of the products of paired even and odd numbered scores

N= Number of paired even and odd numbered scores

$$r = \frac{732975 - \frac{(887 \times 828)}{15}}{\sqrt{\frac{701010 - \frac{(828)^2}{15}}{15} \frac{792195 - \frac{(887)^2}{15}}{15}}} = 0.98$$

Where

$$X = 887$$

$$Y = 828$$

$$X^2 = 701010$$

$$Y^2 = 792195$$

$$XY = 732975$$

$$N = 15$$

The computation yielded a correlation of $r = 0.98$

Boelaert (2001:36,268) has defined the Pearson Correlation Coefficient (r) as the measure of degree of linear association between two variables each of which has been measured on a scale with units. It takes values only within the range of -1 to $+1$ inclusive. A perfect correlation arises where the Pearson correlation takes a value of ± 1 .

Since the Pearson Correlation Coefficient obtained ($r = 0.98$) represented half of the reliability coefficient of the instrument, the Spearman-Brown prophecy formula was used to obtain the full reliability of the instrument. Thus the Spearman-Brown formula is applied. According to Wegner (2000:624) the Spearman Brown Prophecy Formula:

$$\text{Reliability of the entire test} = \frac{2 \times 0.98}{1 + 0.98} = 0.99$$

This computation yielded a reliability coefficient of $r = 0.99$ for the entire test. The questionnaire was therefore found to be a reliable tool capable of establishing the existing employer-employee labour relations' gap in Kenyan garment EPZs.

1.11.7 Instrument Validity

In trying to establish whether the questions in the questionnaire adequately related/covered the research problem (content validity) validation of the instrument was done before and during the pilot study with 15 EPZ workers and one EPZ employer in the Athi River EPZ. During the construction of the questionnaire expert advice was sought from statisticians as well as from industrial psychology and business management specialists.

During the pilot study after each respondent completed filling in the questionnaire each questionnaire item was discussed with him or her. This was to determine whether the items were correctly worded and, therefore, not open to misinterpretation when administered to the respondents in the main study. The pilot study revealed that the 'words' 'marital', 'gender' and 'maternity status' were not clear to the respondents. The researcher substituted the word 'gender' with 'sex', 'marital status' with 'marriage status' and 'maternity status' with 'pregnancy status'.

1.11.8 Data Collection Procedure

After permission to conduct the study in the Kenyan EPZs was granted by the Kenyan Ministry of Education Science and Technology and the EPZA Headquarters and its Zone offices, the researcher made arrangements with the selected EPZ companies on the most suitable time to administer the questionnaires to their staff, as well as the *Personnel/Administrative/ Human resource officers*. Out of the 16 selected firms 6 for various reasons refused to participate in the study. The researcher decided to work with the remaining 10 companies. Once this was done the researcher then visited each of the selected 10 firms and administered the questionnaires to the respective respondents.

Before the questionnaires were administered to the respondents the *Personnel/Administration/Human resource officers* introduced the researcher to the employees and explained the nature of the study to them. The researcher then personally distributed the questionnaires to the respondents but before the participants responded to the questionnaire items, the researcher assured them that their responses would be kept strictly confidential. Each respondent then filled in the questionnaire individually. The researcher then collected the questionnaires immediately. *Personnel/Administration/Human resource managers* requested for and were given a week to respond to the questionnaire though some had not responded by the end of the agreed week. This required the researcher to make several trips to the company to collect the questionnaires.

1.11.9 Data Presentation and Analysis

For the purposes of analyzing the data each of the items on the two questionnaires (employees and investors) were assigned scores using the Likert scale. It was Likert's finding that for practical reasons, scores should have arbitrary weights consisting of consecutive integers, given that the levels of agreement to disagreement have been scored in such a way as to consistently reflect positive and negative attitudes (Likert in Schuessler 1971:325).

Thus using the Likert scaling technique the frequencies for rating EPZ working relationships of employees and employers were assigned scales as follows:

Scale negatively	Scores for positively stated items	Scores for negatively stated items
Always, Strongly agree, Very good	4	1
Often, Agree, Good	3	2
Sometimes, Disagree, Fair	2	3
Never, Strongly disagree, Poor	1	4

The data was then analyzed using the computer Statistical Package for Social Sciences (SPSS). Data analysis consisted of the calculations of frequency distributions, means and standard deviations. According to Wegner (2000:134) a frequency distribution is the most commonly used method to summarize a large number of observations (raw data values) on a random variable into table format to identify the profile of responses of the random variable. Thus frequency tables were important in helping the researcher condense the EPZ employee demographic data and data collected from the open ended questions.

The calculation of the mean was useful for measuring the central tendency. Boelaert (2001:25) says that the mean locates the centre of gravity of a distribution as it takes into account the value of each score of each individual case and can be calculated for any kind of qualitative data. Boelaert also adds that although some precision is lost in the manipulation of the mean, it remains the most reliable average when making inferences from a sample to a population. Wegner (2000:201) adds that the arithmetic mean should

be preferred rather than the median and the mode as it is the most reliable and widely used central location measure (both in descriptive as well as inferential statistics) because it includes all data values in its calculation and is an unbiased statistical measure since the sum of the deviations of each data value from the mean equals zero which means that the mean neither overestimates nor underestimates the central value.

The means of each questionnaire item were thus used for general analysis. It (the mean) was also used for further arithmetic computations such as the t-test and analysis of variance (ANOVA).

According to Wegner the standard deviation is a relatively stable measure of dispersion across different samples of the same random variable. As the standard deviation is a measure based on deviations about the mean which implies that whenever the mean is used as the valid measure of central location, the standard deviation must be quoted as the appropriate measure of spread (Wegner, 2000:264). The standard deviations were therefore calculated and were found to be useful in indicating alongside the means how much the score per item spread from the mean.

To test null hypothesis H_2 , H_7 , H_{11} , H_{12} , H_{13} , H_{14} and H_{15} the appropriate means were calculated and the independent samples t-test was used to determine whether there was a statistical significance in the means of each of the independent groups.

Wegner (2000:516) states the formula for independent samples as:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1)(s_{d1})^2 + (n_2)(s_{d2})^2}{n_1 + n_2 - 2}} \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

Where

n_1 = the number of subjects in group 1

n_2 = the number of subjects in group 2

s.d.₁ = the Standard deviation of group 1

s.d.₂ = the Standard deviation of group 2

For this study the t-test was considered appropriate for finding out whether the respondents' means were significantly different. If the calculated t-value was greater than the t-value in the statistical tables for a particular degree of freedom, the difference between the respondents' means was considered to be significant, and the null hypothesis was rejected. However, if the calculated t-value was less than the corresponding t-value in the statistical table, the differences in the respondents' means were considered to be significant and the hypothesis was not rejected. The 0.05 level of significance was used to reject or not to reject a null hypothesis.

In testing the null hypothesis $H_1, H_3, H_4, H_5, H_6, H_8, H_9, H_{10}$ and H_{16} the analysis of variance (ANOVA) also called the f-test, was used. According to Johnson & Wichern (1997:468) the analysis of variance (ANOVA) is a statistical computation that breaks up the total variation in a data set into separate pieces that are attributable to the sources of the variation that are present. This is done to establish whether the variance of each sample mean is really different or whether the difference is only within the samples of the same population. For this study the analysis of variance (ANOVA) was considered appropriate for finding out whether the respondents mean scores were significantly different or whether the significance was due to chance alone. Johnson et al (1997:475) sum up the analysis of variance as follows:

$$F = \frac{\text{Treatment Mean Square or MS between (Variance between group)}}{\text{Error Mean Square or MS within (Variance within a group)}}$$

Where

Treatment Mean Square or MS within = estimate of the population variance based upon the deviations of scores about their respective group means.

Error Mean Square or MS between = estimate of the population variance based upon the deviations of group means about the grand mean.

If the calculated f-ratio was greater than the corresponding f-value in the table, the differences in the respondents' means were considered significant and could not be attributed to the basis of chance alone, consequently the null hypothesis was rejected.

However, if the calculated f-ratio was less than the corresponding f-value in the table, the difference in the respondents' means was considered non-significant and could be attributed to the operation of chance alone. Consequently the null hypothesis was rejected. The level of significance was set at 0.05.

1.11.10 Layout and contents of Literature Review

Desk research was used to review existing literature. Reviewed literature covered, the history of EPZ's, their success, the origins of labour concessions and their successful use in world trade and development around the continents.

The researcher also referred to books, economic journals and periodicals, conference proceedings, publications from international organizations (ILO, ICFTU, WB, IMF, and UNCTAD) and other electronic sources.

1.11.12 Citation

The American Psychological Association (APA) style of citation was used through out the study.

1.12 Organization of the Study

Chapter One presents the introduction and background to the study. It consists of the conceptual framework, contextual setting, statement of the problem, the study's hypotheses, goal of the study, motivation of the study, aim of the study, scope and limitations, objectives of the study, research questions, significance of the study, research methodology, organization of the study and the definition of terms.

Chapter Two consists of literature review of EPZs around the world. It reviews the origins of EPZs, the growth of EPZs in the 1960s. It further explores the reasons why countries are establishing EPZs, incentives on offer in EPZs, EPZs and industrial linkages, foreign exchange and exports derived from EPZs, the demand and future of EPZs and ends with the researcher's conclusions.

Chapter Three reviews literature on EPZs and employment. It consists of reviewed literature on EPZs and employment around the world, the distribution of employment by the major export sectors in EPZs, women employees in EPZs, technology transfer in EPZs, social and labour issues in EPZs, industrial relations in EPZs and ends with a summary.

Chapter Four is a literature review on labour law concessions between 1400 and the 1950s. The traditional EPZ concept, the role played by governments and investors in the granting and use of labour law concessions, the working conditions, labour concessions in the Far East, Africa and Latin America are all reviewed in this section. Existing regulatory frameworks and the economic successes realized with the use of labour law concessions are also reviewed in this chapter, which ends with a summary.

Chapter Five focuses on literature review specifically on labour law concessions during the 1960s. It reviews labour law concessions in the South East Asian region, the Americas and Africa and ends with the summary.

Chapter Six reviews literature on conflicts between the state, existing regulatory frameworks and the demands of international trade. The chapter first explores MNEs and the roles they play in international trade and in EPZs. It then reviews the Lima Declaration, looks at the EPZ employer-employee labour relations' gap and the following codes of conduct: the ILO conventions and agreements, the ICFTU/ITS Basic Code of Labour Practice, the OECD Guidelines for MNE's, ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, ethics and corporate codes of conduct/ethics, Preferential trade Agreements, and Non – Governmental Organizations (NGOs). It then concludes with the summary.

Chapter Seven is An Empirical Analysis of the Employer-Employee Labour Relations Gap in Kenyan EPZs.

Chapter Eight consists of the summary of the study, conclusions and recommendations. It summarizes the study by reviewing the stated hypotheses, objectives and provides recommendations for further studies.

Chapter Nine presents the new or improved EPZ Employer-Employee Labour Relations Model.

The bibliography and appendices is provided at the end of the study.

1.13 Summary

This chapter presented an overview of the conceptual and contextual setting of the EPZ employer-employee labour relations' gap. It also presented the problem statement, hypotheses, objectives, research questions; motivation, the aim of, scope and the methodology the researched followed.

Under the conceptual framework this chapter has discussed the significance and success of the EPZ concept as an economic development tool whose adoption has led to the emergence of an employer-employee labour relations gap (problem) that existing labour regulatory frameworks have failed to adequately address.

The Kenyan EPZ employer-employee labour relations' gap (problem) has been discussed under the contextual framework where self-regulation and the Kenyan EPZ regulatory system were discussed. However, concepts on EPZ labour regulation and codes of conduct are broadly discussed in chapters four, five and six.

The next chapter reviews literature on the broad concept of EPZs.

CHAPTER TWO

AN OVERVIEW OF THE EXPORT PROCESSING ZONE (EPZ) CONCEPT AROUND THE WORLD

“When you buy a pair of sports shoes, a toy, a television set or a calculator, chances are that the item was made in an Export Processing Zone (EPZ). These are just some of the many goods that are made by enterprises operating under a special legal regime governing the establishment and running of certain export-oriented companies” (Romero, 1995, para. 1).

2.1 Introduction

The International Confederation of Free Trade Unions (ICFTU) says that EPZs cannot be ignored, as they are a rapidly developing international phenomenon affecting an increasing share of international trade flows and employ a growing number of workers. They are based on the principle of international segmentation of the production process. Production is segregated into different stages whereby each stage can be carried out by a different enterprise in a different country to benefit from the comparative advantages that each offers which reduces costs to a minimum. The comparative advantages investors seek include low wages and the banning of trade unions in EPZs (ICFTU, 1996, part 2, para. 3-5).

The ICFTU views above thus explain why most EPZs are located in developing countries with investors coming from developed countries. Wages in developing countries are said to be lower than those in the developed countries (Soto, 1999, Maladey, 1992) while the banning of union activity can easily be done in developing countries.

The EPZ concept has generated a lot of controversy over the years. On one hand there are those who support the concept (e.g. the World Export Processing Zones Associations (WEPZA) while on the other, there are those who feel that EPZs have not contributed significantly to the development of the countries that have established them (e.g. ICFTU). This chapter reviews the growth of the EPZ concept in different countries around the world and their EPZ experiences highlighting the contributions that they have made in

industrial relations and employment creation, technology transfer and linkages, incentives offered, exports and foreign exchange earned.

2.2 Definition

Different organizations, scholars and institutions define EPZs differently. However, the aspect of having particular industries situated in specific areas and enjoying favourable industrial conditions always prevails.

The International Labour Organization (ILO) (1998, section 9, para.1) says that EPZs are usually purposely built industrial parks with dedicated infrastructure designed to suit the needs of foreign investors, where investors are attracted with a variety of tax and procedural incentives as well as an ample supply of relatively cheap labour.

Romero (1995, endnote1, para.1) supports the ILO definition as he defines an EPZ as a delimited geographical area or an export-oriented manufacturing or service enterprise located in any part of the country, which benefits from special investment-promotion incentives, including exemptions from customs duties and preferential treatment with respect to various fiscal and financial regulations.

Warr (1989, para.1) says that EPZs are special enclaves outside a nation's normal customs barriers. The firms inside them are mostly foreign and enjoy favoured treatment with respect to imports of intermediate goods, taxation and infrastructure. These privileges are subject to the conditions that almost all imported intermediate goods are used within the zones or are re-exported.

Madani (1999, para. 2) says an EPZ is a specialized industrial estate located physically and/or administratively outside the customs barrier, oriented towards export production. He further distinguishes between modern and traditional EPZs. Traditional EPZs he says are fenced-in industrial estates specializing in manufacturing for export. Modern EPZs are different from traditional ones as they follow flexible rules, because at times they

have limited access to domestic markets. He concludes by saying that modern EPZs provide a free trade and liberal regulatory environment for the firms involved.

Soto (1999, section 2.1, para.1) says that EPZs are special enclaves, outside a nation's normal customs barriers, within which investing firms, mostly foreign, enjoy favoured treatment with respect to imports of intermediate goods, company taxation, provision of infrastructure and freedom from industrial regulations applying elsewhere in the country.

Defining EPZs from a developmental perspective WEPZA says that an EPZ is an industrial sector or geographical area subject to an alternative set of development policies designed to encourage export-oriented industries (WEPZA, 1996, para. 56).

Jauch's (2002) definition points out common characteristic of EPZs. He says that EPZs are characterized by the provision of special incentives to attract (mostly foreign) investment for export production. The incentives range from tax holidays, duty-free export and import, free repatriation of profits to the provision of infrastructure and the exemption from labour laws. He concludes by saying that there are differences in the way countries set up and operate their EPZs. Some operate as fenced-in zones, others are single factories that are awarded EPZ status (Export Processing Units – EPU) and others are part of industrial parks or special economic zones (Jauch, 2002, section 2 para. 1).

The ICFTU defines an EPZ as a clearly demarcated industrial zone, which constitutes a free trade enclave outside a country's normal customs and trading system where foreign enterprises produce principally for export and benefit from certain tax and financial incentives. The ICFTU continues to say that there are exceptions as in some cases, entire countries, such as Singapore, Hong Kong and Mauritius, are virtually EPZs in themselves. In others, such as China's "special economic zones", they are on such a vast scale that they do not seem to fit the definition. In fact, the term EPZ, in the sense of an enclave with clear geographical borders, does not cover all aspects of the phenomenon: individual firms have been granted zone status (ICFTU, 1996, part 1, para 44).

The last two definitions are the most suitable for this study though all the others share the same concept in their definitions, as they indicate that EPZ based companies enjoy a variety of fiscal, legal and procedural exemptions. These exemptions particularly the labour related ones have contributed in the emergence of an EPZ employer-employee labour relations gap.

Each of the definitions above view EPZs from a different angle. Some of the authors define EPZs by their location and the nature of activities that happen in them while others by the policies that enterprises in them operate under. The definitions are also shaped by the status of the authors. The ILO, ICFTU and Jauch's definitions are labour inclined since these authors are mostly concerned with labour issues. The other authors are more economic and trade inclined in their definitions.

However, all the above definitions from the different authors point out two elements that essentially make up EPZs,

- Industries located in specific enclaves with the exception of Island EPZ countries
- Favourable incentives offered to companies investing in these locations

2.3 Origin of EPZs

It is not quite clear the exact origin of EPZs. Different authors cite different origins.

In a special, report on "EPZs in the 1980s," Currie (1985:1) traces the origins of EPZs back to the 18th century. An EPZ, she says, is an adaptation for the purposes of modern export oriented industrialization programs of the 18th century concept of a commercial free trade zone. Its original purpose was to speed re-exports and the victualling of ships and a major later aim was to stimulate entrepot trade⁵. Goods were permitted to enter and leave a port without customs duties being levied.

Jauch (2002) quoting the ILO says that EPZs are not a new phenomenon as the first zone was set up in 1929 in Spain (Jauch, 2002, section 2, para. 2).

⁵ Entrepot trade – export trade where traders were allowed to buy as well as sell goods without having to pay taxes

According to WEPZA (1996, forward section, para. 2) between 1947-1951 on the Island of Puerto Rico the government developed the first modern EPZs as duty-free industrial parks with standard buildings ready for occupancy for export industries. Puerto Rico provided full promotion support including tax incentives and operated overseas sales offices. The second zone was in Colombia when in December 1958 the Barranquilla EPZ was established which allowed for manufacturing in the Free Zone. The third zone was established in 1959 in a town called Shannon in Ireland.

The ICFTU on its part traces the origins of EPZs from both a traditional and modern perspective.

Traditionally, the ICFTU says that under the Roman Empire free trade, zones were set up along commercial routes. They were used for storing duty-free goods before re-exporting them. The free towns of the Middle Ages and the duty-free ports of the British Empire (Singapore, Gibraltar and Hong Kong) continued with the free trade zone tradition. In China, the ICFTU says that at the end of the last century, free trade zones were used not only for trade but also for production. These zones were emerging in the wake of the industrial revolution, colonial expansion and the internationalization of liberal economics. In the banana-growing regions of Central America and the Caribbean, the "enclaves" of the United Fruit Company already had many of the characteristics found today in an export-processing zone. In Asia, the first zone was created in Kandla, near Bombay in India (ICFTU, 1996, the history of EPZ's section, para. 1-5).

On the other hand, the modern phenomenon of the EPZ was born in 1960 in Ireland, around Shannon airport. With its future threatened by the advent of the transatlantic jet, the airport was turned into a duty free production zone for goods with a high value added. (The Shannon airport had been used as a stop over and refuelling point for transatlantic flights linking Europe and America).

By 1970, less than ten countries had set up export processing zones (ICFTU, 1996, part 1, para. 34).

The differences in the origin of EPZs may be due to the constantly changing trading and economic terms and trends whereby EPZ's between the 14th – 18th centuries may not have been referred to as EPZs because the modern concept of EPZs had not yet been born. In the early days especially along sea trading ports as Currie above points out the modern EPZ concept was applied but without the aims and objectives current EPZs have been set up to achieve.

However, most authors cite the Shannon EPZ as the first to be established. It may be due to the success it had in turning around the area from a stop over service sector to a successful manufacturing centre that generated considerable employment opportunities and export revenues.

2.3.1 Many names one concept

As countries around the world have different cultures, they also have different names for their EPZs. Romero (1995, para.5 box 1) lists the different names used around the world to refer to the EPZ concept. These names include: Free zones, maquiladora, special economic zones, industrial free zones, industrial free zones for goods and services, free trade zones, export free zones, free trade and industrial zones, special export processing zones, export processing free zones, tax free factories, bonded zone, free zones and special, processing zones, free economic zones, industrial estates, "points francs" (special industrial free zones).

2.3.2 The distribution of EPZs around the world

EPZs can be found in many developing countries around the world. Romero (1995, para.5, box 1) lists the countries where EPZs have been established. These include: Costa Rica, Honduras, Jamaica, Trinidad and Tobago, Costa Rica, and Fiji all in the Caribbean while in Europe EPZs can be found in Turkey, Ireland, Bulgaria and the Russian Federation. In Asia the United Arab Emirates, Syria, Jordan, Iran, Philippines, China, Indonesia and Thailand have all established EPZs while Uruguay, Peru, Venezuela, El Salvador, Guatemala, Honduras, Mexico, Panama, Colombia, Chile in Latin America have them. In Africa EPZs can be found in Ghana, Madagascar, Cameroon, Togo, Kenya, Zimbabwe, Namibia and Mauritius.

According to WEPZA (2002, June) the total number of EPZs around the world is unknown (most countries do not give data on their EPZs) though they estimate that there are about 1339 EPZs around the world. A study WEPZA conducted in 1987 on EPZs listed about 839 but WEPZA estimated that there were between 300-500 other EPZs omitted from the study. Khan (2000, para.1) quoting the ILO says that there are over 850 EPZs employing over 30 million mainly women workers in Asia, Africa, Central and South America.

Jauch et al (1996: introduction para. 3) in their study "EPZs in Southern Africa: economic, social and political implications" found that there were about 200 EPZs in 60 countries. 50% of them were in Asia, 40% in Latin America and the Caribbean, and 10% in Africa. Their study also established that 3 Asian EPZs accounted for 71% of all EPZ workers in the world, while less than 1% were employed in Africa. In 1990, there were 22 EPZs on the African continent with Mauritius, Tunisia and Egypt accounting for almost 97% of EPZ employment in Africa.

A report by the ILO (1998, para. 11-13) says that the most of the zones are found in North America (320) followed by Asia (225). The report also said that the concentration of EPZs in the developing regions was also rising with the Caribbean having 51 zones Central America (41) and the Middle East (39) with these figures likely to increase.

The Dominican Republic (35), Honduras (15), Costa Rica (9), China (48) and Kenya (14) are some of the countries with large numbers of EPZ's while Mauritius, Singapore and Sri Lanka have declared their entire territories EPZ's.

Table 2.3.2.1 below sums up the above information as it shows the number of EPZs around the world and their regional distribution.

Table 2.3.2.1 The distribution of EPZs around the world by region 1997

Region	No. of zones	Key countries
North America	320	Mexico, USA
Central America	41	Honduras, Costa Rica, Honduras, El Salvador, Guatemala, Ecuador, Nicaragua
Caribbean	51	Dominican rep.
South America	41	Colombia, Brazil
Europe	81	Bulgaria, Slovenia
Middle East	39	Turkey, Jordan,
Asia	225	China, Philippines, Indonesia, Singapore, S. Korea, Bangladesh, Sri Lanka, Pakistan, India, Vietnam, Cambodia, Burma
Africa	47	Kenya, Egypt, Mauritius, Namibia, Zimbabwe, Lesotho, Mozambique
Pacific	2	Australia, Fiji
Total	847	

Data source: WEPZA and ILO (ILO, 1998, Global growth in EPZ's section, para. 1-4)

From table 2.3.2.1 above, North America has the largest number of zones followed by Asia. Africa, Central and South America have relatively the same number of EPZs.

From the above authors it is impossible to clearly state the exact number of EPZs around the world. But table 2.3.2.1 above indicates that EPZs tend to be concentrated close to the world's largest markets North America and Asia. EPZ investors from the developed countries in these regions may have invested next to the large markets in order to take advantage of EPZ incentives on offer in the neighbouring developing countries and export the goods back cheaply to their developed country markets.

2.4 The establishment and growth of EPZs in the 1960s

Since the 1960s, many less developed countries have implemented policies designed to encourage exports of non-traditional manufactured goods. One form of export promotion taken was the establishment of EPZs.

Initially EPZs were concentrated in a few countries but during the 1980s, there was a proliferation of EPZs due to the following factors put forward by Soto (1999, section 2.2, para. 3 and Abeywardene (1994:3) :

- a) The location of industrial enterprises in the industrialized countries was becoming less profitable, both because of high wage costs and because of environmental

protection measures. Wages are considered 10-18 times higher in a developed country when compared with wages in a developing one.

- b) The development of production techniques enabling complex production processes to be broken down into components meant that they could be entrusted to workers who were relatively unskilled or needed only a little training.
- c) The development of transport techniques (air freight, containers), telecommunications, information technology, etc., made industrial location and production control less and less dependent on geographical distance.
- d) Multinational Enterprises (MNEs) also wanted to relocate labour-intensive production processes to developing countries with low cost surplus labour.
- e) These efforts coincided with the effort of some developing countries to adopt a strategy of export led industrialization for accelerating industrial growth and development.

2.4.1 The establishment and growth of EPZs in Kenya

Apart from Mauritius other African nations were slow in adopting the EPZ concept as at this time (1960s) they were either fighting for their independence or adopting policies that encouraged import substitution.

The Kenya EPZ program commenced in 1990 with the enactment of the EPZ act (CAP 517, Laws of Kenya). By March 2002 23 zones had been designated, with 15 in operation (EPZA, 2002:1, 6-7).

2.5 Reasons behind the establishment of EPZs

Countries have different expectations on the benefits they wish to derive from EPZs.

Currie (1985:6) points out some of these differences when she examines the different aims of a few countries,

- Mauritius and Singapore – the development of an export oriented sector
- Colombia – regional development
- Jamaica – generating income for port development
- India – to reduce smuggling in specific regions

A study by Jauch et al (1996, introduction section, para. 2) on “EPZs in Southern Africa: Economic, Social and political implications” points out characteristics of Southern Africa countries adopting EPZ programs which, in the researcher’s opinion, are also applicable to East African countries, these characteristics include:

- High rates of unemployment in urban areas, as well as hidden underemployment in the 'informal' sectors;
- High proportions of their populations engaged in agricultural work with heavy national dependence on primary exports;
- Import-substitution strategies focusing on domestic markets where industrialization is attempted;
- Low levels of foreign investment mainly focused in mining and other modern industrial enclaves;
- Declining incomes from unprocessed primary commodity exports, and dwindling foreign exchange reserves;
- Low levels of technological know-how and general economic stagnation.

Jauch’s (2002) study concludes by saying that the introduction of an EPZ is regarded as a signal of a country’s departure from import substitution strategies toward an export-oriented economy. EPZs have been appropriately described as “one aspect of the integration of national economies into the global economy.”

2.5.1 Kenya’s objectives

According to Glenday and Ndi (2000:10-13) and EPZA (2002:1) in their study “Export platforms in Kenya” Kenya’s major objectives for establishing EPZs in 1990 included:

- To increase manufactured exports;
- To create employment;
- To increase export oriented investment.

2.5.2 The gains governments wish to derive from EPZs

According to Madani (1998, para.1) low income developing countries view EPZs as a tool that can help them overcome their inability to generate an industrial export economy and provide them with immediate employment as well as foreign exchange earnings by

inducing Foreign Direct Investment (FDI). This view is supported by the International Tailoring and Garment and Leather Workers Federation (ITGLWF), which says that for developing countries the idea of establishing EPZs is not bad as it may be a possible route to development because they need to attract FDI and improve their growth rates which in turn will increase job opportunities (Khan, 2000, para.7-8).

Kusago et al (1998, para. 1) say that EPZs are seen as instruments that can be used to expand and modernize host economies through additional investment/capital formation, technology transfer and employment generation. The ILO (1998, para. 3,4,6) supports this view as it says that for developing countries, EPZs act as an entry point into the global manufacturing economy. It continues to say that EPZs are important engines of industrialization as they provide developing countries with foreign direct investment, employment and technological know-how.

Currie (1995:6) lists the benefits most host countries wish to gain. These include:

- Employment;
- The generation of additional foreign exchange;
- Attraction of foreign capital.

Indirect benefits include:

- Improved technical and management skills;
- Transfer of technology;
- Construction of linkage effects with the local economy;
- Improved access to international markets.

Benefits from the above will need to exceed:

- The net costs of infrastructure
- The net costs of running the EPZ (minus the receipts of rents)
- The costs in the form of government revenue foregone in incentives given to the firms

Abeywardene et al (1994:12-19) lists slightly different expectations as those of Currie (1995) above. These include:

- Increasing foreign exchange by
 - Exporting new products
 - Finding new markets
 - Improving quality of exports
 - Establishing a shop window for a countries products
- Providing jobs for the educated unemployed
 - Raising the standards of living
- Upgrading the skills of local manpower in
 - Production management and
 - Work techniques
- Creating linkages with the hinterland by stimulating
 - The flow of local materials
 - Subcontracting
 - Growth of support industries
 - Ancillary services
- Technical transfer by
 - Training local people both in zone and abroad
- Developing underdeveloped regions in the country

As indicated above different countries have different needs and when establishing their EPZs they do so with the intention of fulfilling these needs. Some of the most pressing needs in many developing countries as the reviewed authors indicate include the attraction of FDI, the creation of employment, the generation of foreign exchange, and technology transfer. EPZ models around the world are built upon these themes. The success of an EPZ is measured against these four criteria. An EPZ may be regarded as having succeeded if it meets one of the four needs, although the most visible and important one among them, is the employment generation need, as it is considered that once employment takes place most of the other needs are in the process of being met.

2.5.3 The major investors in EPZ

The ICFTU says that Multi-National Enterprises (MNEs) have a strong presence in EPZ's either because they have direct investment there, or often because they subcontract to local firms in the zones (ICFTU, 1996, coalitions section, para. 1).

Quoting the ILO, the ICFTU says that local entrepreneurs may be active in the EPZs, but without the multinationals, there would not be any EPZs. In 1986, more than two thirds of the 1.5 million jobs in the EPZs were provided by the multinationals. Both big and medium sized enterprises are found in EPZs (ICFTU, 1996, multinationals section, para. 1). WEPZA justifies the existence of MNEs in the zones when it says that there would be little need to import investors from abroad if local entrepreneurs were already exporting to the global market. But in all developing countries, local commercial enterprises are import-related and vastly ignorant of the wide world of exporting. EPZs are therefore meant for foreigners until local firms develop an ability to export (WEPZA, 1996, para. 59).

From the above statements, it is thus clear that MNEs are the principle investors in EPZs. Though, some small and medium local enterprises can be found in the zones. The EPZ concept clearly favours MNEs as they are in a better position to fulfil most of the EPZ investment requirements.

2.5.4 The major factors attracting investors to EPZs

According to the ICFTU for investors instead of having to explore unknown territory, adapting to inadequate infrastructure and often very complex legislation, EPZs provide a modern, predictable, environment, with ready-to-use infrastructure (ICFTU, 1996, multinational section, para. 2). WEPZA supports the ICFTU when it adds that there are also many culture-shock absorbing services provided by modern EPZs, which, in the long run, are even more important than buildings and infrastructure (WEPZA, 1996, para. 60).

Rhee (1994, para.1) in his article "Free-trade status for exporters" says that investors need to have easy access to inputs at world market prices to be internationally

competitive. The ideal policy goal is free trade with no tariffs, no indirect taxes, and no import or foreign exchange restrictions according to Rhee (1994).

Most investors exploit the above-mentioned favourable conditions in EPZs to establish production bases in them, though there are certain specific things that attract investors to the zones, Currie's (1995:11-44) study lists them in order of their importance to the various investors her study interviewed. These include:

- Political stability;
- Preferential access to export markets for products from particular origins;
- Cheap labour;
 - Differences in labour productivity transport costs;
- The financial consequences of bureaucratic delays;
- Protection of property rights.

Soto (1999, section 3.1-3.6) argues that what makes EPZs more attractive to investors includes,

- The low level of capital goods in the establishment of industries in the zones such that enterprises can break off their activities and repatriate their capital any time;
- Duty free importation of raw materials;
- Company income tax holidays;
- Streamlined administration – streamlined customs documentation;
- Superior physical infrastructure and subsidized utilities;
- Cheap source of labour.

To reinforce Currie's (1995) view, on the preferential access to foreign markets above, the ICFTU says that a large number of EPZ's have been created in countries situated on the fringes of the industrialized world Mexico, Central America and the Caribbean around the United States; Philippines, Indonesia, Malaysia and Indonesia around Japan and Australia; and North Africa towards Europe (ICFTU, 1996, workers rights in EPZs, section, para. 8).

Special trade agreements exist between the above-mentioned countries. For Mexico there is the North America Free Trade Area agreement (NAFTA), which allows it access to North American markets. For Africa, there are the African Caribbean Pacific (ACP) and African Growth and Opportunity Act (AGOA) trade agreements. These allow African countries access to European Union (EU) and United States (US) markets respectively, while North African countries also have the EU-Mediterranean trade agreement. Other countries have various regional agreements such as Southern Cone Common Market/Mercado Comun del Sur (MECUSOR) in Latin America and Association of South East Asian States (ASEAN) in South East Asia. These markets only allow products manufactured within areas covered by these agreements to be traded within these regions at preferential tariff rates. Other Generalized System of Preference (GSP) agreements from various European countries are also open to developing countries.

Political stability (the absence of war), access to export markets and cheap labour as Currie (1985) puts them, seem to be the three key issues investors consider when choosing an investment location before considering other incentives on offer. Without these three components, a location may not be attractive to investors. Political instability does not provide security to investors, while a location that lacks access to preferential export markets makes profitable exporting difficult. Cheap labour as previewed before is the reason why most investors are relocating from industrialized to developing nations. Other incentives as listed by Soto (1999), in the researcher's opinion, are secondary to the above three.

2.6 Incentives on offer in EPZs

Incentives offered in EPZs around the world are quite similar but a few differences emerge where some countries eager to attract more investors into their zones have offered more incentives than competing countries.

The most common incentives include:

- Tax holidays;
 - Exemption from tax of expatriate salaries;
 - Exemption from import duties;

- Exemption from taxes on royalties dividends, share transfers;
- Exemption from applying existing labour and environmental laws;
- Unrestricted foreign ownership;
- “One stop shops” which handle all EPZ paperwork quickly helping reduce any bureaucratic procedures;
- High quality infrastructure such as airports accesses roads, harbours, telecommunications, water and electrical services.

In almost all zones a range of tax and procedural incentives have been offered though lately labour laws are being modified to suit EPZ needs. The need (as noted elsewhere in this paper) for these incentives is in order to make investment and production for international investors as cheap, smooth and efficient as possible.

2.6.1 Incentives offered by the Kenyan government

Incentives offered by the Kenya EPZ Authority Act are classified into two broad categories i.e. fiscal and procedural.

2.6.1.1 Fiscal Incentives

The fiscal incentives offered are classified as follows:

- 100% Investment Deduction over 20 years on expenditure on buildings and machinery;
- 10-year Corporate Tax Holiday and 25% tax rate thereafter;
- 10 year Withholding Tax Holiday on Remittance of Dividends;
- Duty and Value Added Tax (VAT) Exemption on inputs (except vehicles, spare parts and all fuels other than those used to make Bitumen products);;
- Stamp Duty Exemption on legal instruments.

2.6.1.2 Procedural Incentives

These include:

- Rapid project approval under essentially one license;
- Unrestricted Investment by Local and Foreign Investors;

- Access to Offshore Borrowing;
- Operation of Foreign Currency Accounts and no exchange controls;
- Autonomous Control of Investment Proceeds;
- Exemption from Industrial Registration Act, Factories Act, Statistics Act, Trade Licensing Act, Import Export, Essential supplies Act;
- Work Permits for Senior Expatriate Staff;
- On site Customs Inspection;
- One Stop Shop Service by the Export Processing Zones Authority (EPZA) for facilitation and aftercare (EPZA, 2002: 1).

As at February 2002, only two of the 23, EPZs were run (and developed) by the public sector the other 21 are being run (and developed) by the private sector. By February 2002, 15 of the 23 zones were in operation. Eight of the other zones were either available for development or under construction, among the eight one had completed constructing the buildings but had not yet been occupied. By February 2002, in the 17 zones, there were about 50 operational enterprises in both the public and private zones (EPZA, 2002: 1).

2.7 EPZs and local industry linkages

Host countries consider it important for companies in EPZs to link up with local firms. Through the local purchases of raw materials, components, and semi-finished goods a foreign firm can directly or indirectly help to upgrade and develop the technical skills of its local suppliers.

According to Abeywardene (1994:30-40), the possibility of firms in EPZs to forge backward linkages with local industries is heavily influenced by the overall level of industrial development in the host country. Romero (1995, section 1, para.12-13) adds that the pace at which linkages develop depends to a large extent, on the ability of local firms to become efficient as regards the cost, quality and delivery of raw materials, intermediate goods and producer services. However, in most cases EPZ based firms tend to import most of their intermediate goods and services. Romero concludes by saying that

there are exceptions as in Mauritius, local suppliers supply up to 30% of inputs to EPZ based garment and textile firms, while in Korea, producers of electronic goods buy as much as 50% of their components from the local market. In Malaysia, EPZ firms buy less than 5% of their components from local firms.

The varying levels of linkages may occur due to the incentives available to EPZ enterprises as they are allowed to import raw materials for processing without paying any duty on them. At the same time, where countries have industries that are relatively well developed, the need for foreign sourcing diminishes, thus enabling linkages with local industries to be established.

2.7.1 Linkages in Kenyan EPZs

According to Glenday and Ndi (2000:23), linkages between EPZs and local companies have been rare. This they say could be due to the low level of industrial development in Kenya and other factors such as the provision for duty free imports by EPZ firms. As a result of this the propensity to use imported components remains high.

Compared to the East Asian countries Kenyan industries are relatively young and EPZ investors may find it risky to totally rely on them for supplies. In countries like Mauritius where EPZs were established in the 1960s, local companies have had a long time to adjust and produce for EPZ based enterprises.

2.8 Access to International markets by EPZ based firms

EPZs are considered to be important avenues that enable countries to access foreign markets, as they are established specifically to promote manufactured exports. According to Currie (1985:11-44), most EPZ host countries have been able to access foreign markets in this direction:

- Mauritian firms have been able to access a large part of EU markets.
- Mexican firms have been able to access the North American markets.
- Indian firms have been able to access Eastern European markets.

2.8.1 Access to foreign markets by Kenyan EPZ based firms

According to EPZA (2002, inquired information), Kenyan firms have been able to access American and European union markets especially due to the GSP, ACP and AGOA agreements. Firms located in the zones have also been successful in accessing other foreign markets e.g. Common Market for East and Central Africa (COMESA).

2.9 Foreign Exchange and Exports from EPZs

Due to the heavy exports from EPZs foreign exchange, increases have been observed. According to Currie (1985:11-44), foreign exchange earned from:

- Mexico zones accounted for around US\$ 1446 million in 1982, in foreign exchange. Mexico has also become the number one apparel and textile supplier to the USA while in Canada apparel imports from Mexico have risen 754% since 1993, and it ranks sixth in Canadian apparel sourcing behind China and Hong Kong adds the (Maquila solidarity network, 2001, para. 14)
- Mauritian zones accounted for around US\$ 106 million in 1982, in foreign exchange
- Indonesian zones accounted for around US\$ 11 million in 1982, in foreign exchange
- Philippine zones accounted for around US\$ 76 million in 1978, in foreign exchange

Currie's views above are opposed by a study carried out by the ICFTU, which says that currency earnings are not particularly high. In six Asian countries (Bangladesh, China, India, Malaysia, Philippines and Sri Lanka), the study established that in 1995 export income was often exaggerated in official figures. The statistics often ignored the large-scale importation of the products that were used to assemble goods in the zones. (e.g.) Sri Lanka: while in one year the country recorded a gross export income of 250 million dollars from its EPZs. On closer examination, it appeared that at the same time its imports amounted to the equivalent of 174 million dollars. The ICFTU study showed that the net export income amounted to barely one third of their gross value; and from this,

profits sent home by the companies had to be deducted (ICFTU, 1996, balance sheet section, para.7, 8).

Regardless of the methods used to calculate foreign exchange and exports, from the above statements it is evident that there have been substantial exports from EPZs. The ICFTU argument does not seem strong enough because countries can argue that the zones generate exports that have not been and would not have been generated by other sectors of their economy. In other words without these zones, these exports would not be there however small that they may be.

2.9.1 Foreign Exchange and Exports from EPZs in Kenya

Exports from Kenyan zones initially did not grow as fast as earlier expected. According to Glenday and Ndi (2000:10-13) exports from Kenyan zones accounted for about US\$ 23 million in 1997. The EPZA attributed the slow take off in EPZ exports to the establishment of EPZs when the Kenyan economy was not doing well. However, exports have been steadily growing as indicated in table 2.9.1.1 below.

Table 2.9.1.1 Exports from Kenyan EPZs 1993-2001

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Sales US\$ (millions)	15	12.5	17.4	20.5	22.7	31.8	49	56.4	83.4
Export sales US\$ (m)	7	6	9.2	14.1	16.2	23.2	40	46.7	76.5
Domestic sales US\$ (m)	7.8	5.7	8	6.5	6.5	8.4	9.1	9.7	6.9

Source: (EPZA, 2002)

2.10 The demand and future of EPZs

According to studies such as those of Currie (1985:11-44) and Abeywardene (1994:30-40) electronic and garment manufacturing is dominant in most EPZs. The demand and future of EPZs seems unclear. On one hand, there are protection policies (e.g. the multifiber agreement) that may hinder the demand for EPZs while on the other, there is the liberalization of the global economy and the formation of regional organizations which may boost the demand for EPZs (e.g. NAFTA, COMESA, East African Community (EAC) and ASEAN).

Currie (1985:11-44) says that there has been faltering demand from the electronic sector as heavy automation is forcing electronic firms back to the developed world as automation is reducing the need for labour, which is one of the major attractions that EPZs in the developing countries have been offering.

However, in the clothing and garment sectors automation has been slow though it may not be preferred. The demand for EPZ facilities in this sector will continue but at the same time protectionist policies (quota restrictions, although some of which are soon ending e.g. the multifiber agreement) in developed countries tend to protect jobs threatened by exports. This therefore, makes it difficult to determine the demand for EPZ facilities in future.

The ICFTU is of the view that with the advent of globalization, the EPZ phenomenon is being called into question by the aspects of trade liberalization and the deregulation of economies. The transnationalisation of the economy, which includes the opening up of economies, could push EPZs out of the picture. Since their competitiveness is based on quotas, subsidies and exemptions, which in addition to lower costs, particularly in terms of labour, have made such investments very profitable. However, with the approval of free trade agreements, whole regions are turning into free trade zones, with no room for special preferential systems. The global market will thus lead to global laws of supply and demand, with equal World Trade Organization (WTO) regulations for all. In this new context, the zones will have a low profile, retaining the only advantage of being able to provide cheap labour, given that the free circulation of goods will be guaranteed by trade agreements (ICFTU, 1996, decline predicted section, para1- 2).

WEPZA disagrees with the ICFTU's view on the future of EPZs as it says that the EPZ concept is an investment attraction and management device based on comparative advantage and not on illegal trade or investment subsidies. Quotas, (such as the multifiber agreement which operated for many years are now being phased out), were available to all manufacturers in a country not just in EPZs. Because EPZs provide low industrial costs, quality infrastructure, services, security, and speed to companies, they are unlikely

to be eliminated by the extension of Free Trade Areas (FTAs) or Preferential Tariff Arrangements (PTAs). On the contrary, the increasing complexity of FTAs and PTAs (e.g. 200 pages of complex rules of origin in NAFTA) will lead the manufacturer to zones for guidance and support (WEPZA, 1996, para. 69).

From the views expressed above, the argument that the demand for EPZs will continue to grow seems to be quite strong. As quota restrictions come to an end especially with the strengthening of the WTO, the demand for EPZs is bound to grow. The growth of regional organizations on other hand, that give preferential trade treatment to member countries means that MNEs seeking to enter into regional markets will have to locate in EPZs in these regions. The demand for EPZs is thus bound to grow. At the same time developing countries will continue creating EPZs and offering incentives that are more attractive to investors. Wages being one part of the comparative advantages EPZs offer are still lower than those in developed countries (Soto, 1999). The complexities involved in setting up businesses especially in developing countries may also lead most investors to EPZs. The demand for EPZs is thus unlikely to falter.

2.10.1 The demand and future of EPZs and a change in incentives offered

In an effort to attract investors into their zones, countries are offering new incentives. Currie (1985:11-44) says that, these new incentives include:

- More concessions on labour;
- More access to the local market – initially most EPZ firms were supposed to export almost all their produce. However later firms were given permission to sell a small portion of their produce in the local market;
- Growth in the demand for bonded warehouse facilities;
- Greater local equity contributions.

2.10.2 The concept of licensing EPZs to operate outside zones

According to Currie (1985:11-44) investors seeking lower labour costs were deeply in favour of bonded warehouses and licensed manufacturing houses. This allowed them to move into the interior where labour was cheaper and more available. Some governments

also encourage investors to move into the interior to encourage interior development while at the same time it has also become expensive to put up EPZ enclave structures.

2.10.3 The demand and future of EPZs and a change in incentives offered by Kenya

According to Glenday and Ndi (2000:23), the establishment of EPZ facilities and infrastructure in Kenya has been higher than investment in EPZs. The rate, at which EPZ facilities have grown, largely out-numbers the number of firms investing in these zones. This has not been favourable, as a situation whereby more investment occurs than the EPZ facilities can hold would be more preferable.

The demand for EPZ facilities has been low but on the other hand, the demand for bonded warehouses though falling at the moment was considerably high.

However, Kenya faces unique problems in that its regional markets are closed to exports from EPZs, thus making production especially in EPZs unattractive to foreign investors keen to take advantage of the regional market. Under COMESA rules of origin EPZ goods from the region are treated as foreign goods and are thus subject to normal import duties. It also does not have strategic trading agreements (apart from GSP, ACP and AGOA) with international bodies and markets such as the European Union like Mauritius does.

2.11 Summary

During the last few years, the EPZ concept has been evolving. It started with enclave manufacturing meant only for export but this has evolved into a stage whereby EPZs are being established outside enclaves with permission to sell limited quantities in host country local markets.

Almost all the reviewed authors above indicate that EPZs have done more good than harm wherever they have been established. Most of the countries that have established them seem to be in the process of achieving the objectives they set out to achieve though at varying speeds. There has been a positive difference however small it may seem to be in areas such as employment creation, technology transfer, foreign exchange generation and the establishment of linkages with the local economy. However, social and labour

issues specifically industrial relations, employment and work conditions have raised some concern in almost all the previewed EPZs.

Over the past few years, various changes in international trade have been taking place. Restrictive trade practices such as quotas and tariffs are slowly being abolished. Free trade areas such as NAFTA and ASEAN have been formed, while the WTO has been expanding especially with the recent entry of China. With such a large diverse world market, the demand for EPZs around the developing world is thus bound to grow. In the meantime solutions addressing potential areas of conflict such as industrial, employment and working conditions should be sought in order to make EPZs more attractive areas of production and investment.

The next chapter reviews employment trends and practices in EPZs around the world.

CHAPTER THREE

EMPLOYMENT TRENDS AND PRACTICES IN EXPORT PROCESSING ZONES (EPZs) AROUND THE WORLD

3.1 Introduction

Many developing countries around the world today are experiencing a multitude of economic challenges. At the moment they are experiencing high unemployment rates, over-reliance on unprocessed commodity exports, few Foreign Direct Investment (FDI) inflows and low technological capacities. The establishment of Export Processing Zones (EPZs) has been seen as a way these countries can overcome these challenges since they have succeeded in helping some countries in Asia and Latin America rise above these challenges.

Studies conducted by the International Confederation of Free Trade Unions (ICFTU) on employment in EPZs show positive employment growth trends. This has been observed in Mauritius where the EPZ program started with 600 employees in 1970, and by 1990, the sector had employed over 90,000 workers, which cut the unemployment rate from 20% to 3% during this 20, year period (ICFTU, 1996, Africa section, para. 1-3). In China over 20 million people are employed in subcontracting firms in the EPZs (ICFTU, 1996, China section para 1). Other positive changes in employment have been observed in El Salvador where 50,000, had been employed in 1994, while employment figures grew from 6,500, in 1986, to 70,000, in Guatemala in 1994 (ICFTU, 1996, balance sheet section, para 4). The study concluded with the observation that every one job created in an EPZ leads to the creation of one job outside the zones (ICFTU, 1996, balance sheet section, para. 5).

The above figures show the effect of the EPZ concept on employment and also indicate that EPZs have enabled their host nations to create considerable employment opportunities within short periods of time. The success of some countries in reducing

their employment rates to very low levels such as Mauritius seems to have inspired other countries to establish EPZs with the hope of achieving similar results.

This chapter reviews the use of EPZs as a source of employment. It then looks at the trends and employment practices of EPZ employers, the nature of jobs created by EPZs and their distribution by the major export sectors. Cumulative employment figures, the position of women workers in EPZs, technology transfer, social and labour issues as well as industrial relations in EPZs are the other issues this chapter explores.

3.2 EPZs and Employment

One of the major objectives of creating EPZs is the immediate jobs they generate due to the labour-intensive nature of enterprises investing in the zones. At a national level employment figures may change less, but at regional levels the difference may be noted almost immediately.

Romero (1995, section 1, para. 2) confirms this when he says,

“...if there is one area in which EPZs have had indisputable positive effects on some host economies it is in employment. However, while in absolute terms the number of jobs created may be quite impressive, the impact on joblessness at national level has been much less so...with the exception of Mauritius where the EPZ program had incontestably contributed to the attainment of almost full employment in the 1990s after an unemployment rate of around 20 per cent in 1970, EPZ's have hardly made a dent in the general level of joblessness elsewhere...many host countries are still plagued by double-digit levels of unemployment. Though, it could be argued that without the zones which have had noticeable, immediate employment effects, particularly at the regional level, the situation in a number of countries might have been much worse. Consequently, the successes of certain "star performers" in terms of direct employment in EPZs, continues to stir hopes of replicating those experiences elsewhere.”

As the above statement indicates employment created by EPZs has, therefore, to be viewed both from a national and regional perspective. At a national level, the jobs created in the zones may be few when compared with the general levels of unemployment in a country. However, the jobs created at regional levels may be quite significant while in some cases full employment may be realized.

Quoting ILO figures, the ICFTU (1996, part 1, para. 7) says that employment in EPZs around the world grew by 9% between 1975 and 1986, and by 14% between 1986 and 1990. There were 1.2 million Latin American and Caribbean workers, 250,000 Africans and three million Asians employed in them. There were also between 14 to 40 million Chinese employed in the special economic zones.

In terms of employment, the Shannon EPZ (the first EPZ to be established in the 1960s) in Ireland was a success. In the first year, nearly 440 jobs were created. Ten years later, the zone employed 4,750 people, giving a new lease of life to the airport, whose staff grew from 1,250 in 1960, to 2,200 in 1975 (ICFTU, 1996, part 1, para. 34).

Romero's (1995, EPZs and job creation section, para. 2-9) study also reveals the absolute employment figures in the countries listed below:

- In Mexico in 1966, there were 24 in-bond enterprises with a workforce of 6,107. By 1974, 75,974 persons had jobs in the 455 operational enterprises, and in November 1994, there were over 2,000 plants with a total staff of 608,101. Jobs in maquiladoras grew at an average annual rate of 13 per cent between 1983 and 1993, and they accounted for about 18 per cent of all jobs in manufacturing. By the end of 1995, it was estimated that about 200 new enterprises generating an additional 50,000 jobs would be established. The ICFTU adds that each direct job in Mexico's EPZs generates between two and three indirect jobs in the services and housing industries (ICFTU, 1996, the effects section, para. 3).

Table 3.2.1 below compliments Romero's view on the current employment situation in Mexico's EPZs.

Table 3.2.1: Industry Statistics - The Maquilar⁶ (EPZ) industry in Mexico 1994-1999.

Maquilas	Employees	Maquilas	Employees
Jan-94	Jan-94	Jan-99	Jan-99
822	111,728	1,090	217,366
182	43,670	252	85,646
305	116,134	379	274,988
185	47,830	268	99,604
239	100,027	351	152,276
1,787	469,389	2,340	829,890
370	77,044	803	230,327
2,157	546,433	3,143	1,060,217

Source: Coalition for justice in the Maquiladoras annual report 1999. (Maquila network update, 2002)

- In the Dominican Republic between 1970, when two firms started operations in the first EPZ, and 1980, when there were 76 enterprises located in three zones, the workforce soared from 126 to 16,440 within this ten-year period. By the end of 1994, there were over 476 firms and the workforce had increased tenfold. More than three-quarters of all workers in manufacturing can be found in the free zones.
- In Mauritius 600 persons were employed in 1971 when production in the first nine EPZ firms came on stream. One decade later there were 107 enterprises with a workforce of 23,600. Employment in EPZ firms reached its peak in 1991, when the workforce numbered 91,000. This represents at least one-third of total employment and 80 per cent of all jobs in industry.
- In Madagascar (which is likely to attract more investors from Mauritius where labour is scarce and wages are high), in 1990, one year after the law concerning industrial free zones was passed, the newly established EPZ companies employed 5,861 people. By the end of 1994, the number had reached 25,816.
- In the Philippines in 1986, employees numbered 23,651, while in 1994, there were about 70,000 workers employed in the country's zones.

⁶ Maquilar – refers to the name given to EPZs in Mexico, the Caribbean and the America's region

- In Malaysia, where seven zones were created between 1972 and 1990, jobs grew from 21,000 in 1973 to 123,000 in 1994.
- In Sri Lanka's three zones the workforce multiplied eight-fold over the period 1980-1994.
- In China in Guangdong alone, the fourth largest province in terms of population the workforce was said to be about 10 million at the end of 1994.

Abeywardene (1994:23) says that employment in EPZs is quite substantial in regional areas but at a national level, it remains very low though she says that in future the steady growth of EPZs is likely to make a noticeable difference in the creation of employment.

The ILO (1998, section 9, para.13) also says that Malaysia and Mauritius are two EPZ operating countries that have managed to achieve full employment.

The above figures, therefore, show that EPZs have made a significant contribution in the creation of employment in the above-mentioned countries. In some cases full employment in the regions where EPZs are situated has been realized, while in countries such as Mexico people have had to migrate into EPZ located regions to fulfil the shortage of labour caused by the heavy EPZ investment. The above figures can be used to conclude that EPZs over a given period of time can be used as employment creation policy tools.

3.2.1 Employment in Kenyan zones

In Kenya despite the establishment of 17 zones with nine in operation, employment figures have not been as encouraging as those in other countries. According to Glenday and Ndi (2000:10-13), EPZs contribution to employment remains far below initial expectations. However, the EPZA counters this by saying that employment in EPZs is picking up at a satisfactory rate as indicated in table 3.2.1.1 below.

Table 3.2.1.1: Employment in EPZs in Kenya 1993 - 2001

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001
No. of Employees	1,594	2,632	2,718	2,950	2,855	3,645	5,077	6,487	13,444

Source: (EPZA, 2001)

3.3 Cumulative employment figures in EPZs around the world

In absolute terms the number of employment opportunities created by EPZs has been quite large.

As indicated in other sections of this paper, EPZs have helped to considerably reduce the unemployment gap in some countries such as Mauritius. Though other regions may not have fully achieved their employment creation objectives, the available employment figures show that EPZs have contributed to the creation of significant proportions of employment opportunities.

This section reviews employment figures in EPZs on a regional basis around the world.

The Latin American region, being the host to the largest number of EPZs around the world also has equally impressive employment figures as shown in table 3.3.1 below.

Table 3.3.1: Cumulative employment figures in Latin American EPZs

Year	Country	Zone/No. of zones	No. of Employees	No. of Companies
Jan. 1999	Mexico		1,060,217	3143
Dec. 1993	Guatemala		118,457	
Dec. 1994	El Salvador	N/A	50,000	
Jan. 1994	Honduras	17	49,477	175
Mar. 1995	Panama	1	14,383	
Dec. 1994	Chile	1	9,975	

Source: Romero, 1995 & (Mexico statistics - Maquila network update, 2002)

Mexico, which houses the largest number of EPZs, also has the highest number of employees in the Latin American region. The other smaller countries in this region such as Guatemala, Honduras and El Salvador also have a large share of employees in their EPZs.

The Caribbean region, which hosts a sizable number of EPZs also boasts of large employment figures as indicated in table 3.3.2 below.

Table 3.3.2: Cumulative employment figures in EPZs in the Caribbean

Year	Country	Zone/No. of zones	No. of Employees	No. of Companies
Dec. 1994	Dominican Republic	31	176,311	476
Dec. 1992	Costa Rica		75,000	251
June 1995	Jamaica	3	16,846	
Mar. 1994	Haiti		5,000	30
Mar. 1993	St. Lucia		2,820	17
May 1995	Trinidad and Tobago		550	13

Source: Romero, 1995

The Dominican Republic and Costa Rica which host a large number of EPZs also benefit from the large number of employment opportunities which come with enterprises investing in their zones.

EPZs in the Asian region also generate substantial employment opportunities. This is shown in table 3.3.3 below.

Table 3.3.3: Cumulative employment figures in Asian EPZs

Year	Country	Zone/No. of zones	No. of Employees	No. of Companies
Dec. 1992	China	5	3,340,000	
Dec. 1994	Thailand	27	305,373	1278
Dec. 1994	Sri Lanka	Whole country	134,572	451
Dec. 1993	Malaysia		123,204	164
Dec. 1994	Indonesia		95,000	145
Jan. 1994	Philippines	4	70,000	
Dec. 1994	United Arab Emirates	1	24,000	735
Dec. 1991	Korea	2	21,910	
Feb. 1994	Bangladesh	1	19,996	
Sep. 1994	India		16,390	148
Dec. 1994	Pakistan		5,914	72

Source: Romero (1995)

The Asian region which houses the second largest number of EPZs around the world has also benefited from the large number of employment opportunities generated by these EPZs. China and Thailand have the highest number of workers employed in the zones though all the other countries have a sizable share of employment generated from their EPZs.

In Africa Tunisia and Mauritius are the countries with the highest number of jobs from their EPZs. Other countries, which adopted the EPZ concept late such as Kenya, have modest but growing figures of employment as indicated in table 3.3.4 below.

Table 3.3.4: Cumulative employment figures in African EPZs

Year	Country	Zone/No. of zones	No. of Employees	No. of Companies
Dec. 1991	Tunisia		93,377	
Dec. 1994	Mauritius	Whole country	82,200	494
Dec. 1994	Madagascar		25,816	138
Dec. 2001	Kenya	23	13444	33
Dec. 1992	Lesotho		11,000	
Dec. 1994	Togo	1	4173	57
Dec. 1994	Cameroon		2,419	17

Source: Romero, 1995 & (Kenya statistics - EPZA, 2001)

3.4 The distribution of EPZ employment by major exports sectors

Textiles, footwear, food processing, data entry/processing, sports goods, electronics, electronic components and accessories, scientific measuring equipment and other light manufactures are some of the common export items processed in EPZs around the world. These EPZ export manufactures, comfortably fit into the EPZ concept, as their operations are all labour intensive but not skill intensive. Most of these processes also involve routine functions in their processing and production, which can be performed by a non-skilled or semi skilled labour force. The ICFTU also adds that EPZs mainly concentrate on the production of textiles, clothing and electronics for the mass markets because these products are relatively light and usually ensure a high value added content and are produced with a relatively unskilled workforce (ICFTU, 1996, textiles section). WEPZA

adds that most countries start with textiles before diversifying into other sectors (WEPZA, 1996, para. 58).

This section reviews the distribution of EPZ workers in the different export sectors EPZ host countries have adopted.

The Latin American region which hosts the largest number of EPZs as indicated in the previous chapter also hosts a variety of industries ranging from textiles to electronics as indicated in table 3.4.1 below which shows the percentage workforce involved in producing export manufactures in different sectors in selected countries in this region.

Table 3.4.1: The distribution of EPZ employment by major export sectors in selected EPZ host countries in Latin America: 1994

Country	Sectors	% age of workforce
El Salvador	Textile and clothing	78.0
Guatemala	Textile, clothing and footwear	68.0
	Other light manufactures	18.0
Honduras	Textile and clothing	97.0
Mexico	Electronic components & accessories	35.0
	Transport equipment	25.0
	Textile and clothing	11.0

Source: (Romero, 1995, Table 2 section)

Table 3.4.1, above indicates that the textile and clothing sectors in the Latin American region employ the largest number of people in three of the four listed countries, while the electronic and transport sectors in Mexico account for the highest number of workers in Mexico's EPZs. The textile sector in this region seems to account for a large number of employees as the region benefits from various GSP trading agreements which allow countries in this region preferential access to the EU, USA and Canadian markets while electronic, electric and accessory manufactures take prominence in Mexico due to its proximity to the north American market and the NAFTA trading agreement.

It could therefore be concluded that employment in this region is generated by the availability of trading agreements and the proximity to the North American markets.

A trend similar to that of Latin America where textiles dominate EPZ employment is also evident in the Caribbean region as indicated in table 3.4.2 below.

Table 3.4.2: The distribution of EPZ employment by major export sectors in selected EPZ host countries in the Caribbean: 1994

Country	Sectors	%age of workforce
Jamaica	Textile and clothing	90.0
	Data entry/data processing	8.0
Saint Lucia	Textile and clothing	72.0
	Data entry/data processing	3.0
Dominican Republic	Textile and clothing	66.0
	Leather and footwear	7.0
	Other light manufactures	15.0

Source: (Romero, 1995, Table 2 section)

Table 3.4.2 above shows that in the Caribbean region textiles dominate EPZ employment. Data entry and processing are also present in EPZ operations in this region unlike in Latin American EPZs. This region is also a beneficiary of preferential market access via the Caribbean Basin Initiative (CBI).

In the Asian region EPZ employment lies in both the textile and electronic sectors as indicated in table 3.4.3 below. The textile sector also seems to generate more jobs than the electronic one as the data of the countries reviewed below indicates.

Table 3.4.3: The distribution of EPZ employment by major export sectors in selected EPZ host countries in Asia: 1994.

Country	Sectors	% age of workforce
Bangladesh (Chittagong)	Textile, clothing and leather	66.5
	Sports goods	20.0
	Electrical and electronic goods	5.0
Malaysia	Electronics	65.0
	Textile and clothing	11.0
	Scientific and measuring equipment	9.0
Sri Lanka	Textile, clothing and leather	66.0
	Chemical, petroleum, coal, rubber and plastic products	11.0
	Other light manufactures	16.0

Source: (Romero, 1995, Table 2 section)

The data table 3.4.3 above indicates that the textiles generate the bulk of employment opportunities in Asian EPZs. The electronics sector also generates a sizable share of jobs in this region.

In Africa the textile and clothing sectors also offer the largest number of employment opportunities in the regions EPZs as indicated in table 3.4.4 below.

Table 3.4.4: The distribution of EPZ employment by major export sectors in selected EPZ host countries in Africa: 1994 (Kenya - 2001).

Country	Sectors	% age of workforce
Mauritius	Textile and clothing	88.0
	Leather and footwear	1.7
Madagascar	Textile and clothing	82.0
	Food processing	5.0
	Data entry/processing	0.87
Togo	Chemical products	26.0
	Textile and clothing	24.0
	Food processing	21.0
Kenya	Textile and clothing	89.3
	Other light manufactures	10.7

Source: (Romero, 1995, Table 2 section)

In Kenya the textile and clothing sectors offer the bulk of EPZ jobs. Other industries are involved in light manufacturing in a variety of areas such as veterinary, pharmaceutical products, petroleum products and agricultural processing.

From the selected countries reviewed above it is evident that the major source of employment in EPZs is in the textile and clothing sectors. The sector that follows the textile and clothing sector in terms of job creation varies depending on the regions reviewed. The electronic sector is the second largest employer in Asia, data processing in the Caribbean and food processing industries in Africa, while the Latin American region seems to fully rely on the textile sector for job creation in their EPZs. This is apart from Mexico whose EPZs bulk of employment opportunities fall in the electronic sector.

The clothing and textile sectors where manual skills are heavily utilized are, therefore, the largest source of employment opportunities in EPZs around the world. The electronic sector is the second largest employer in EPZs. However, this sector requires a relatively skilled workforce although the activities involved do not require heavy skill, as they are mostly assembly type jobs, which require some training. As for data entry and processes these jobs only require employees to feed data into computers, which can be done by an unskilled or semi skilled workforce.

The works of the above authors, therefore, confirm that EPZs generate unskilled, semi skilled and labour-intensive jobs.

3.5 Women Employees in EPZs

Various studies on EPZs and employment indicate that the majority of workers employed in EPZs are women. Currie's (1995:11-44) study shows that most jobs created by EPZ investing firms have been mainly low-level jobs for females. Romero (1995, section 1, para.14-15) concurs with Currie's study above when she says that EPZ's have given women a chance to earn a living while the ICFTU says that at least two out of three workers in the maquilas, particularly in the textile, clothing and electronics sectors, are women. In Panama, 90 to 95 per cent of employees in the maquiladoras are women. Their

age varies in general between 18 and 25 years, the age at which they are considered the most productive for the type of tasks performed in the maquilas says the (ICFTU, 1996, women's labour section, para. 1).

From the above studies it is evident that most of the workers in EPZs are women although it is hard to tell why this is the case. However, Romero (1995) below sheds some light on why a large number of women workers are employed by EPZs.

3.5.1 Why women workers?

Romero's study on "EPZs: Addressing the social and labour issues", indicates that gender characteristics give women an advantage, as it is believed that manual dexterity, patience and other "gender-specific attributes" make them more suitable than men for carrying out tasks that are repetitive and demand painstaking attention to detail.

They are also preferred because they are considered less likely to press demands for better pay and working conditions (Romero 1995, section 1, para.14-15).

Jauch (2002) supports these views as he says that EPZ enterprises regard women as better able to perform monotonous repetitive work. Since most EPZ women workers are young they are considered to be docile and cheap possessing nimble fingers that are suitable for the variety of EPZ functions EPZ based firms are involved in (Jauch, 2002, global experiences section, para. 4).

Hillary (1999) in her study on women in Mexico's Maquiladoras concurs with both Romero's (1995) and Jauch's (2002) views above as she found that the Mexican Maquiladoras had a tradition of employing young women and girls since they were assumed to have:

- The dexterity and patience for repetitive and monotonous detailed manual work;
- The ability to tolerate poor and abusive working conditions (Hillary, 1999, a strategy to exploit women section, para1-2).

Abbott (1997) also made similar observations in his study on EPZs and the developing world as he says that in Taiwan although women form the pillars of EPZ operations, they

are hired at wage levels that are below their male counterparts (Taiwan wages for females are set 10-20% below those of males). Managers of EPZ firms argued that female workers were more docile and less unruly and possessed greater manual dexterity (nimble fingers) than their male counterparts. Females were further preferred because they often lived either in the parental home or in dormitories and were less likely to demand for higher wages (Abbott, 1997, EPZs and the developing world, para. 5-7).

In their case study on gender and EPZs in the Mactan EPZ (MEPZ) in the Philippines, Chant, Sylvia, McIlwaine, Cathy (1995) found that like in other South-east Asian countries and other parts of the developing world, firms in the MEPZ showed a strong preference for female labour, as they constituted (80%) of workers in the companies surveyed, the highest proportions (81%) being employed in the garments sector (Chant et al, 1995, Sex and gender section).

Chant et al's (1995) study also revealed that that gender formed a primary basis of recruitment as women were said to have a patient disposition and capacity for high levels of concentration, which in turn, equipped them to carrying out monotonous, repetitive tasks. Women were also deemed to possess passive and docile natures, which, in combination with social norms of subordination and/or subjugation to men, meant that they were likely to accept existing working practices and to eschew making demands or instigating 'subversive' behaviour (Chant et al, 1995, the role of gender stereotypes in occupational segmentation section, para. 1-2).

The Asian Labour Update says that the main attraction for investors in Sri Lanka was an educated, intelligent and submissive work force consisting of young women whose labour could be exploited with overwork and low wages (Asian labour update, 2001, Sri Lanka: problems women face in EPZs, para. 4), while the majority of EPZ workers in Jamaican EPZs are women (Leith, 1999: Introduction section, para.7-8).

From the above reviewed works there are a variety of reasons as to why most EPZ employers prefer to hire women to men.

3.6 Technology transfer, Training and Skill development in EPZs

One of the motives of attracting foreign investment is the enhancement of the technological capability of the EPZ host countries in the areas of production and management. Improved capabilities would help to strengthen the position of domestic firms wishing to foster linkages with enterprises in the zones.

However, Abeywardene's (1994:30-40) study revealed that technology and skills transfer rarely occurs as the short task specific training given, does not provide workers with skills that would give them better career prospects either within or outside of the particular enterprise.

This view is also supported by ICFTUs research, which shows that the goal of transferring technologies has not been met, as the zones are physical, economic and social enclaves, and there is no real motive to associate with local producers or establish links that would result in an increase in local technological capacity. The ICFTU (1996), quoting the ILO, also adds that the zones' record in terms of workers' training and the transfer of technologies tends to be negative. Working conditions illustrate this as the zone enterprises, are very much cost-oriented, and are more interested in keeping labour costs to a minimum than improving the productivity of labour (ICFTU, 1996, balance sheet section, para. 5,10).

However, WEPZA is of the view that technology transfer usually takes place as it gives the examples of Malaysia and Taiwan. In Penang EPZ (Malaysia) WEPZA says the transfer of technology from the pioneering sewing and electronics assembly industries was considerable.

In Taiwan at the Kaohsiung EPZ, there are 50,000 workers, all quite highly skilled, in three EPZs. They started sewing in the early 1960s (at wages of US\$0.16 per hour) and grew out of it in the mid-1980's (wages at \$3.00 per hour). Since then, they have been requiring high levels of education to qualify for the high-tech factories in the zones (wages at \$5.00 per hour). Each year the zones import US\$2 billion worth of components and export \$4 billion worth of products or value added, where exports per worker amount to \$40,000/year. The nature of garments is that value added and exported per year is closer to \$5000/year per worker (WEPZA, 1996, para. 78).

From the above statements, it is evident that in some cases technology transfer takes place in EPZs, while in others it does not. It seems that the transfer of technology depends on the type of products that are produced within a zone. In zones that produce electronics, technology transfer tends to take place due to the fact that constant changes keep on occurring in the electronic sector than in garment sectors. Computers, televisions, radios and other electronic products keep on changing and improving which then forces workers to keep on improving their skills to adopt to the production of the new products. As for the garments sectors not much technology transfer takes place, as the tasks involved are more manual than technical. Thus garment manufacturers in EPZs should not be blamed for not transferring technology in this sector, as there is no technology to be transferred.

3.6.1 High Technology producing firms

High quality technology is one of the benefits developing countries wish to gain by attracting high technology producing firms into their zones. Some countries have succeeded in attracting such firms.

Electronic investments (the assembling of hi-tech computer, airline and other electric components) have been high in some Asian zones.

In the Philippines 74% of zone, investment was in the electronic sector in 1997 up from 61% in 1996, while in 1997, 164 of the 743 plants were in the electrical and electronic sectors in Malaysia. Of the S\$8.5 billion invested in Singapore in 1997, 46% went to the electronic sector (ILO, 1998, para.2).

After reaping the benefits of EPZs during the 1960s and 70s, some Asian countries (the NICs) redesigned their priorities to emphasize more on higher technology investments rather than job creation (Currie, 1985:11-44).

Taiwan was the first developing country to establish a science park. The intention was to attract high technology firms, with the added incentive of local market sales for firms located in this park. In 1982, Singapore also established a science park similar to the one

established by Taiwan with the aim of being an applied research centre for the South East Asian region. Singapore also added an academic component to its science park by linking it up with the University of Singapore (Currie.1985: 11-44).

Given the arrangement being pursued by the Singapore government of linking high technology oriented industries with institutions of higher learning, technology transfer is more likely to occur in this kind of set up. The attraction of high tech firms has also called for additional incentives. Host governments have ceded parts of their local markets and have contributed more capital in order to establish these science complexes to attract high technology firms.

3.6.2 Characteristics of Science parks

According to Currie (1985:11-44) science, parks were established to attract high technology investment firms by offering various incentives these include:

- Permission to sell in the local market;
- Tax concessions;
- Government participation in capital investment through:
 - Long-term low interest loans
 - Investment risk share by government.

3.6.3 Technology Transfer in Kenyan EPZs

From both the EPZA (2002) and Glenday and Ndii (2000:10-13), it is difficult to establish whether any transfer of technology is taking place in Kenyan EPZs while at the same time no previous studies have been done or are available on this aspect.

If only three out of the 54 firms located in Kenyan EPZs deal with electronic equipment, it can be said that the amount of technology being transferred in Kenyan EPZs is minimal, considering that the electronic sector has higher chances of transferring technology than the garment sector.

As for the garments sector Abeywardene's et al (1994) observation above may apply to Kenyan EPZs as she points out that the task specific aspects of training in EPZs may not

be useful to the EPZ worker outside the zone. Electronic and high tech equipment manufacturing may be the solution to technology transfer problem in Kenyan EPZs.

3.7 Social and labour issues in EPZs

According to Leith (1999) the social and labour issues EPZs face include:

- Low wages and limited opportunities for promotion;
- Occupational safety and health hazards which include limited information to workers on materials being handled, blocking of exits from factories;
- Ergonomic problems linked to the work positions for the garment or IT sectors;
- Environmental problems that affect health and reproduction that are linked to exposure to chemicals, heat, light, space within the workshop, and air pollution caused by the traffic associated with having large concentrated workforces;
- Social problems caused by conflicting demands of women in fulfilling their roles and responsibilities as women, as mothers and as industrial workers;
- Long working hours required to meet production deadlines and targets;
- Lack of access to trade unions, which denies workers their right to freedom of association and the right to organize;
- Sexual harassment to which some women are exposed in order to secure and maintain their jobs;
- Lack of job security and employment protection as employment depends on fluctuations in global trade and cost competitiveness;
- Limited opportunities for training and advancement (Leith, 1999, challenges for EPZs section, para. 2).

The Maquila Network Update (20001, 2002) concurs with Leith's (1999) views above as it says that the major social and labour issues that constantly cause conflict between EPZ employees, employers and the host government include:

3.7.1 Remuneration – Wages, gratuity payments and benefits and promotions (Maquila Network Update 2001, 2002). The issue of remuneration has generated a lot of debate especially from EPZ workers campaigners who complain that EPZ employers do not pay

their workers fair wages. The ICFTU says that in most EPZ host countries wages have been lower than the minimum legal requirement (ICFTU, 1996, wages section). This view is also supported by, among others, Hunter, R (2001) and the NLC (undated). They all agree that wages have been quite low and do not meet the needs of EPZ workers. This view is denied by WEPZA, which says that wages in EPZs are in most cases higher than in similar industries across the EPZ host country (WEPZA, 1996 wages section). Chant et al's (1995) case study on the Mactan EPZ in the Philippines revealed that women seemed to be better protected and provided for, in terms of payment of above minimum wages, social security affiliation and company fringe benefits but were exposed to a strict nature of daily work routines and the setting of challenging production quotas to achieve maximum productivity (Chant et al, 1995, Conditions of work at MEPZ section, para. 1-2).

3.7.2 Terms and conditions of employment

3.7.2.1 Safety and health issues – Romero (1995) observes that some firms block their emergency exits either because of lack of storage space or to prevent theft which turns buildings into virtual fire traps thus the high number of casualties when industrial accidents occur (Romero, 1995, safety and health: mixed record section, para. 4). This has also been observed in Grumiau (2000) who reports on a fire incident where 47 EPZ workers were killed in Bangladesh. In China the ICFTU notes that employers in a factory insisted that their workers go into a factory where there had been a fire. 93 of them died when the remainder of the building collapsed on them (ICFTU, 1996, China section, para. 6).

Hillary (1999), in her study on women in Mexico's EPZs also found that women workers in the EPZs worked under intolerable working conditions as they were exposed to unsafe working equipment, a poor workstation design and unreasonably high production quotas (Hillary, 1999, workers health is endangered at work and at home section).

According to the Asian Labour Update the health and safety measures at some Sri Lanka factories are not adequate and there have been several cases of industrial accidents, while most companies provide no transport for women who finish the night shift at 10 or 11 PM

when public transport is scarce. Many women encounter trouble when returning along ill-lit roads to their crowded boarding places (Asian labour update, 2001, Sri Lanka: problems women face in EPZs, para. 8).

3.7.2.2 Employment status – Employment status has been an issue of contention amongst EPZ employees and employers. Marther (1988:148-149) in her study on EPZs in Indonesia says that many workers were employed on a seasonal casual basis or on probation for many years so that they could be laid off at a moment's notice. Hillary's study also revealed that the Maquiladora workers were further exposed to high levels of stress due to job insecurity, inconsistent pay, forced resignations and arbitrary firings (Hillary 1999, stress section, para. 2).

3.7.2.3 Working conditions – Hunter's, R. (2001, Meeting with the Doall workers section, para.5-7) and Abeywardene's (1994:30-40) research shows that EPZ working conditions around the world are poor. Romero (1995) adds that a large number of EPZ firms worldwide have been found to have poor lighting and ventilation and inadequate first aid facilities. Complaints in other factories consist of excessive heat, noise and dust especially in textile, garment and leather processing. The lack of adequate sanitary facilities also poses a problem especially to the EPZ employees (Romero, 1995, safety and health: mixed record section, para. 5). Hillary (1999) in her study on women in Mexico's Maquiladoras also found that women were exposed to excessive heat and cold as well as poor lighting and ventilation (Hillary, 1999, workers health is endangered at work and at home section). Abbott (1997) also adds that squalid working conditions do occur in most EPZs but workers cannot complain because complaining will lead to automatic dismissals (Abbott, 1997, EPZs and the developing world, para. 6).

3.7.2.4 Hours of work (working time) – both Hunter, R (2001, Meeting with the Doall workers section, para. 5-7) and Abeywardene (1994:30-40) point out from their studies that employees work more than the agreed (legally required) hours and are at times forced to work over time. According to the Asian Labour Update EPZ workers in Sri Lanka workers are exposed to working long hours including compulsory overtime and

almost impossible hourly targets so as to complete orders in time. They are scolded in abusive language and sometimes hit by supervisors and managers (both local and foreign) for the slightest mistake (Asian labour update, 2001, Sri Lanka: problems women face in EPZs, para. 4-5).

3.7.2.5 Recruitment – There are various issues that accompany most EPZ recruitment processes. Some of these issues include pregnancy testing, age, sexual harassment, education and marital considerations, among many others.

3.7.2.5.1 Age - A study by Chant et al, (1995) revealed that there was a bias towards young operatives. Most employers only consider employing workers under the age of 25 although there was an upper age limit set at 32 in one garment factory. The study says that young workers are thought to be more productive, to have better health, and be more malleable in terms of adhering to the company ethos, or are able to be moulded into the company way (Chant et al, 1995, age section).

3.7.2.5.2 Sexual harassment – During recruitment in some countries, women recruits are required to take pregnancy tests and are not hired or are fired if found to be pregnant (Hunter, R., 2000, Meeting with the Doall workers section, para. 10). Mexican Maquiladora owners also refused to hire pregnant women and tested new recruits to ensure that they were not pregnant while those who fell pregnant were fired adds Hillary (1999, a strategy to exploit women section, para. 2). According to Abbott (1997) in Taiwan EPZs sexual harassment does occur in most EPZs, but workers cannot complain because complaining will lead to automatic dismissals, while the management distributes contraceptive pills and forces pregnant workers to have abortions (Abbott, 1997, EPZs and the developing world, para. 6).

3.7.2.5.3 Education - Chant et al's (1995) study showed that most employers prefer their workers to be educated, usually up to high school level. The main reason for this kind of recruitment is that a certain degree of intelligence was required to understand machine operations and/or to undergo training programs. Moreover, high school graduates were

more likely to have an understanding of English, the usual lingua franca of training schemes and main medium of communication between employees and foreign managers (Chant et al, 1995, Education section).

The study further revealed that young school leavers with little or no experience were also thought to accept lower pay to be more easily dissuaded from participating in union activity, and to have fewer 'bad habits' such as tardiness or slacking while minimal experience of other work practices was also likely to be conducive to the ready acquisition of new skills. Companies also tended to favour nurturing workers from an early and 'uncorrupted' age (Chant et al, 1995, Education section).

3.7.2.5.4 Marital status - On marital status Chant et al's (1995) study revealed that there seemed to be a preference for younger people especially young female workers. Single women were seen to be more productive, to be less prone to absenteeism, and to be more disposed to work overtime. The basic assumption was that they had fewer responsibilities in the home but few employers expressed objections to existing female workers getting married or having children, which sounded quite contradictory as the belief is that women workers in EPZs are virtually always single, and that upon marrying, they may be dismissed or voluntarily leave the labour force (Chant et al, 1995, Education section).

3.7.3 Living conditions - These are considered poor given the low wages these employees earn and the high rent charged by landlords close to the zones. Romero (1995, safety and health: mixed record section, para. 4) observes that some employers use their buildings for multiple purposes ranging from warehouses to production plants, dormitories and kitchens all in one.

3.7.4 Career prospects and job satisfaction - Abeywardene's (1994:30-40) study shows that up to 70% of EPZ employees find their work either tiring or monotonous or both.

3.7.5 Industrial relations - the ILO (1998) and ICFTU (1996) list the banning of trade union activities and the freedom to bargain collectively as the most contentious issues in

EPZs. Hillary's (1999) study also revealed that unions have not been sufficiently autonomous from the government to be of any help to the Mexican Maquiladora workers, while some workers said that the unions were not of help to them but were their worst enemies (Hillary 1999, From agonizing to organizing section) while in Sri Lanka, since trade union organizing is not allowed, those who try to organize are usually discouraged through intimidation, demotion, and dismissal from the zones. This aggravates the EPZ workers problems as they lack a structure to enable them fight for their labour rights. The alternative government introduced workers' councils are a weak alternative to trade unions and in several factories they consist of worker representatives chosen by the employers and not elected by workers independently. (Asian labour update, 2001, Sri Lanka: problems women face in EPZs, para. 10-11).

Industrial relations and conditions of employment are the most highlighted labour issues in EPZs among other EPZ issues. As trade unions derive most of their membership from enterprises similar to those operating in EPZs, they have been the major organizations highlighting the plight of EPZ workers. Human rights and labour groups have also been vocal on the state of the existing EPZ working conditions. Most authors mentioned above claim that the conditions of work in EPZs are poor and that workers are not exposed to poor working conditions while the government does nothing or little to protect them. These views are further expanded in the section below.

3.8 Industrial Relations in EPZs

Industrial relations in most EPZs have always raised concern from various union, human rights and political groups. Some countries have opted to suspend the application of national labour laws on firms operating in EPZs. In other zones although labour laws apply violations do occur but are ignored by the relevant government authorities.

According to Romero (1995: section 2, para.1) some countries have adopted laws that helped to create industrial relations difficulties reported in EPZs. However, most of the problems in EPZs stem from undesirable practices on the part of certain employers and the failure of a number of governments to sanction those practices before they became

deeply rooted. When the practices in question and the friction that they spark, are multiplied in factories in different zones around the world, then the situation inevitably leads to a stigmatization of EPZs as a whole.

In Zimbabwe and Namibia national labour laws were suspended for EPZ investors (Jauch, 2002, section 2, para.1). Other countries that have suspended the application of national labour laws on EPZs include Pakistan, Bangladesh, and the Philippines, among others (ILO, 1998, The law of the zone versus the law of the land section, para.3-6). Abeywardene (1994:30-40) says that the restriction on organized labour in Sri Lanka and most other countries is due to the fact that organized labour can make demands for higher wages and take industrial action, which would lead to a decline in the production levels and competitiveness of enterprises within the zones.

There are also cases in some countries where though labour laws are supposed to cover EPZ operations they are rarely applied or are totally disregarded by EPZ investors and are not enforced by the government. The ICFTU reports one such case in the Philippines where it says that although labour laws may apply in the zones, no action is taken against firms violating them as fines foreseen by law are not collected while complaints filed by the trade unions are ignored (ICFTU, 1996, government indifference section, para. 1). On the other hand, there are some countries that would like to enforce their labour laws but due to their desire to attract and keep investors, a weak trade union movement as well as pressure from external sources such as the World Bank, they find themselves in weak positions when it comes to enforcing their own labour laws (Jauch, 2002, section 4.)

WEPZA supports the above views but for different reasons as it says that lax social regulations should not be classified as an EPZ incentive. The reason why some social legislation has been different from the domestic economy is precisely because the domestic economy has not been working and the government is attempting to find policies that will work (WEPZA, 1996, para. 19).

The above views are all correct when viewed from various perspectives. From a trade union and human rights perspective the suspension of existing labour laws in EPZs seems to be wrong as workers may be vulnerable to many forms of exploitation by their employers. However, from an economic and government perspective the suspension of labour laws for EPZ investors should be seen as an economic and development policy aimed at changing an economic situation that has not been working. Governments may argue that existing industries in other parts of the country enjoying existing national laws have not produced enough exports and foreign exchange and have not created enough employment opportunities thus the need for a new economic policy (the creation of EPZs).

Where trade unions have been banned in EPZs other forms of labour organization have been used to cater for workers needs in the zones. These include in-house unions, company codes of conduct and social audits among others. Some of these tools have been effective in addressing labour-related issues while others have not.

3.8.1 Industrial Relations in the Kenyan Zones

Information available on industrial relations and EPZs in Kenya is sketchy. The EPZA says that local labour laws apply but in practice, exemptions and conditions have been granted within the zones (the latest being the factory's act of 1951 that details health issues in industry), which have encountered some public criticism. In 1998 the InterPress service (1998, para. 1) quoted the ICFTU Nairobi-based secretary general as saying that there were incidents where Kenyan EPZs violated workers rights which contravened international law.

Issues related to industrial relations in Kenyan EPZs have not been fully documented although complaints have been raised through various forums such as ILO and ICFTU seminars, but it is possible to compare Kenya's situation with those Romero (1995, section 2, para 24) assesses when he says that due to ignorance, fear, and poverty on the part of EPZ workers, as well as corrupt labour officers and weak unions, most EPZ

employers take this opportunity to exploit their employees while there were also employers who did not respect existing labour laws aggravating the problem further.

3.9 Summary

The works of the various reviewed authors on EPZ and employment creation in this chapter reveal that a large number of EPZ host countries have managed to generate considerable employment opportunities from their EPZs though at varying degrees and speeds.

The nature of employment opportunities created has been manual and routine in nature while the textile and electronic sectors generated most EPZ employment though data entry and processing is taking place in EPZs in the Asian and Caribbean regions.

The majority of jobs created in EPZs have attracted more female than male employees. Reviewed studies have indicated that this was because of the docile nature of females and the dexterity required in performing some of the jobs on offer.

Technology transfer seems not to be taking place at the required pace and levels by EPZ host governments. Numerous complaints of social and industrial relations problems were identified as the most pressing issues in almost all EPZs by most of the reviewed authors.

The reviewed employment figures indicate that EPZs have been successful in generating employment but the major concerns raised by most authors were the poor working conditions and deteriorating industrial relations these jobs are performed under.

The next two chapters review the issues of industrial relations and working conditions first from the 14th to the 19th centuries then from the 1960s.

CHAPTER FOUR

A HISTORICAL PERSPECTIVE OF LABOR RELATIONS AND LABOUR LAW CONCESSIONS BETWEEN 1400 AND THE 1959s (BEFORE THE OFFICIAL ESTABLISHMENT OF MORDAN EPZs)

4.1 Introduction

This chapter lays the foundation for the review of the next chapter that deals with labour law concessions in modern EPZs from the 1960s. The chapter traces the origin of labour law concessions in export-oriented trade between the 14th and 19th centuries. It looks at the origin of labour law concessions and procedures tailored to suit export trade in Europe, the Far East, Africa, Latin America and the Caribbean.

In this chapter, the roles played by government, labour, investors, consumers, NGOs, the church/religious bodies and existing codes of conduct are reviewed to determine the contribution each group made in encouraging or discouraging the use of labour law concessions. A general comparison is also made, where the general economic successes investors realized the variety of effects these labour law concessions had on the workers who were involved in export oriented trade, at this particular time are compared.

4.2 The birth of the entrepot (EPZ) concept in South East Asia

As the number of ships, traders and merchants calling on the trading towns and city-states⁷ in the Far East increased; competition, rivalry and tensions began to rise both among the Far East city-states and also among the western traders. Individual city-states wanted to attract more business than their neighbours while western traders wanted to monopolize the most lucrative trading city-states.

The eastern city state leaders (kings, governors) and city state trade officials felt that there was a need to keep many traders calling onto their ports.

To do this they reduced various taxes on the merchant ships calling into their ports and at times allowed western ships to unload and trade their goods in their ports without paying

taxes to the king. In other cases to speed up the unloading and reloading of a ship, city state customs and trade officials boarded incoming ships for customs clearance before they unloaded their cargo as the unloading of cargo alone in some big western ships would take up to three months (Miller, 1980: 15-16). These concessions that traditional traders enjoyed seem to be similar to the fiscal and procedural incentives in modern EPZs. Miller (1980:22) also states that as a way of marketing their city-states the city-state leadership would lavishly fete the western traders to entice them to keep calling on the city-state.

Initially as Currie (1985:1) points out the original purpose of entrepot (EPZ) trade was to speed up re-exports and the victualling of ships and later the major aim was to stimulate entrepot trade where goods were permitted to enter and leave a port without paying customs and other duties.

At this time it was also not uncommon for city-states to be bitter trade rivals. One city-state would collude and fight with a group of western traders against another city-state or western trader in order to attract more trade at the expense of other city-states/traders.

The prominent eastern towns involved in this trade include Macassar, Batavia, Malacca, Java, Bantam and Ambonia among others (Tarling, 1992:501). (See map in appendix C) This was thus the beginning of entrepot trade the traditional form of the modern more organized EPZ trade. Economic concessions on export trade can thus be traced back to the 14th century.

4.3 The need for labour concessions and the role played by governments and investors

The Dutch seem to have been the first traders in this entrepot (EPZ) trade to use labour law concessions and incidentally, they received concessions from their own people.

According to Miller (1980:15) in 1594 nine Amsterdam merchants set up the Dutch East India Company (DEIC) to finance a voyage to the Far East for spices. Four ships set out from Amsterdam in 1594 and three years later returned with almost three quarters of their

⁷ City-State - Island or port cities that between the 15 & 18th centuries that had self government

sailors' dead. However, the cargo brought covered the costs of the expedition and left a healthy profit. On returning to Amsterdam the expedition was greeted with ringing church bells and celebration from the towns' people.

The reception by the church and the people seemed to act as a symbol of encouragement to the government, merchants, voyage leaders and sailors of Amsterdam to continue in their pursuit of trade in the East. This was regardless of the dangers involved as most men in the ships had died of various causes the most common being diseases and poor working conditions among many others.

As the merchants, sailors and voyage leaders heeded the calls of the Holland people to continue trading in the east the need for labour concessions was bound to arise.

According to Miller (1980) most sailors fit for such voyagers felt that the risks involved in the Far East trade were far too high for them to bear. (The onboard death rates were a testimony to their fears). They thus choose to work on fishing or European trade routes leaving the Far East merchants in great need of scarce sailing labour. To solve this critical labour problem they turned to the under-privileged and helpless of Amsterdam. A large number of drunks, derelicts, out of work slum dwellers and backward peasants were among those recruited as sailors (Miller, 1980:16).

4.4 Working conditions

The sailing job for these novice sailors proved to be tough.

“Any men who showed any reluctance were beaten with a rope’s end. Both living and working conditions onboard were bad. The sailors were so cramped together such that a candle could not light because of a lack of oxygen” wrote one writer on board one of the ships who continued to say that *“their living conditions were miserably uncomfortable, smelly and verminous; their food was very low both in terms of quality and quantity. Most men suffered from various diseases and died at sea”* (Miller, 1980:62-64).

The choice of the sailor recruits seems to have been organized to attract the disadvantaged members of society. However, it can be argued that it gave the new

recruits something to do and some income for those who returned alive while the wealth they brought back to Holland was important for the state.

The state also played an important role in encouraging the merchants and the voyage organizers as permission to travel to new lands had always to be sought from the state. For Far East trading merchants it was always granted and topped up with gifts for the city-state leaders in the east (Miller, 1980:12,14).

The state's support for the traders was high as it also needed to involve itself in the Far East trade for strategic reasons such as, to avoid exploitation and to stabilize prices in its domestic markets, control of the Far East trade and nationalistic reasons. These reasons may have played a significant role in the state's support for the labour law concessions involved in this trade.

It is also not clear as to whether there were any regulatory measures that had been put in place to prevent labour's mistreatment. The labour recruits, on the other hand, due to their disadvantaged backgrounds, seemed not to have been enlightened enough to demand for better working conditions. The church as an avenue that could have been used by labour to demand for better working conditions seemed to have been silent but tends to lean more to the side of the merchants.

4.5 Labour law concessions in the Far East

Having benefited from labour law concessions from their own people the Dutch sought to and succeeded in extending the use of labour law concessions on the people of the Far East.

On realizing that the spice market in Europe was limited the Dutch knew that competition among western merchants would force prices up in the Far East and down in Europe causing them heavy losses. They therefore had to devise a strategy to control production of spices in the Far East. Forced labour and the cultivation of other crops were seen as quick solutions to this problem (Hall, 1981:321 & Townson, 1977:17).

4.5.1 The Dutch and Forced labour

Forced labour was one among the many methods employed by the Dutch in the Far East in their quest to stabilize spice prices in Europe and to increase their export earnings.

The DEIC with the help of the Dutch government succeeded in violently conquering a few of the city-state islands. It then subdivided the land for its employees to cultivate export crops with forced labour (Hall, 1981:333 & Townson, 1977:17).

Similarly, in 1864, in Bantam, the company encouraged the planting of export crops. The Chinese who were under the Dutch leased about 1800 Javanese⁸ labourers who performed the *corvee*⁹ they were held to owe the aristocracy. In Vietnam (which was also involved in this trade) between 15-1800, the landowners prevailed upon the government to control the guilds and artisans, which it did, putting many of their members out of work. In Manila capitalistic exploitation in the privately owned plantations with compulsory cultivation for the government, continued with the widespread exploitation of the poor. In 1782, a tobacco factory was built in Manila where 5000 women cut and rolled tobacco into cigars. This was the single largest export enterprise in the region. The Dutch also used force to make people submit and concede their labour rights. In 1621, the DEIC depopulated Banda and repopulated the area rich in nutmeg with forced labour (Tarding, 1992:499-502 & Townson, 1977:19).

From the reviewed works above export trade merchants seemed to have an advantage over labour. Labour laws to protect workers were violently conceded to the export trade Dutch merchants by the residents of the Far East city-states.

4.5.2 Existing regulatory codes

There were two regulation codes existing between 15-1800, the Dutch church (in the Far East) made its own observations while the Dutch constitution was also used as an employer-employee regulation tool. The media also tried to highlight the plight of labour.

⁸ Javanese – refers to the residents of Java (one of the Islands in the far east) (modern Indonesia)

⁹ Corvee – refers to a debt that poor citizens owed their Kings/leaders/governors/chiefs

The clergy spoke against the poor treatment meted out on the local labour. In Townson (1977:19,31) a Dutch preacher in one of the voyages speaks of the bad behaviour of the Dutch traders and officials in the Far East and the negative attitude towards them by the city-state citizens.

At the same time the Dutch media through its voyage travelling journalists would report in the media back in Holland how corrupt and suppressive the Dutch officials in the East were against the local people (Hall, 1981:613).

In 1848, the Dutch constitution was amended where a regulation that became effective in 1856, was passed. In this regulation, the governor general of the colony was instructed to see that the Far East cultures did not interfere with the production of an adequate means of subsistence and that the oppression connected with it was removed (Hall, 1981:613).

The DEIC as an early multinational seemed to have total and full authority on the territories and areas where it operated. The company (DEIC) seemed to disregard the Dutch constitution and the church's complaints during its operations, as it at times used military force to induce concessions on labour in the Far East, which helped it succeed in expanding its trade and in stabilizing its European markets.

The works of Hall and Townson, reveal that labour heavily suffered. The combination of starvation, exploitation and the military might of the Dutch left labour with no choice or alternative available to change their situation. The use of armed force to compel labour into submission often left large numbers of labour dead as was the case in Bantam. The living labour feared the armed force used to suppress them, which subsequently hindered any attempts to call for improved working conditions (Hall 1981 & Townson 1977).

The local leadership did not seem helpful to the workers. In some cases the local leadership was responsible for their suffering as they concluded agreements with the DEIC, which led to labours' mistreatment. Some leaders signed protection agreements

with the DEIC for protection against their local enemies or rival city-states or other western traders in return for large concessions in the form of land and labour.

Thus between 1500-1800, the Far East workers engaged in export trade seemed to be helpless as no employer-employee regulatory forums were accessible to them.

4.5.3 The success brought about by labour concessions

The Dutch government and its merchants managed with the use of labour concessions to obtain more revenue and huge profits respectively. The growth of industry was also achieved as a result of these concessions on labour.

The growth of the shipping industry in Amsterdam and Rotterdam can be attributed to both the concessions given to merchants and shippers on the recruitment and treatment of sailors and the production of export goods from the Far East. Labour law concessions in the Far East enabled labour to produce more for export. The increased commodity and mineral produce from the Far East thus increased the demand for shipping services.

4.5.3.1 Growth of Multi-National Enterprises (MNEs) through labour law concessions

Labour law concessions also formed the basis for the foundation of some industries in Europe and the Far East. According to Hall (1981) the (multinational) companies formed in Holland included:

- Billiton tin company – 1851
- Netherlands steam navigation company – 1870
- Rotterdam Lloyds – 1875
- Deli tobacco company – 1883
- Singkep tin company – 1889

The services that were developed in the East included:

- The telegraph – 1856
- The railway line – 1875

Exports (to Holland) also grew:

- 1856 – 100 million guilders (mg)
- 1870 – 107.7 (mg)
- 1875 – 172.1 (mg)
- 1885 – 1850 (mg).

Export trade more than doubled between 1870-1900, while import trade quadrupled. Exports (to Holland) increased from 107.57(mg) (in 1870) to 258.23 (mg) (in 1900). Imports (from Holland) increased from 44.5(mg) (in 1870) to 176.07 (mg) (in 1900). Exports to Holland included commodity goods such as tin, coffee, sugar, spices, pepper, cinnamon, and cloth while imports from Holland consisted of capital goods that included fertilizer, iron, steel, machinery and tools (all statistics from) (Hall, 1981:616-624).

From the works of the reviewed authors above it can be concluded that labour law concessions either voluntary or through force seemed to have contributed to the growth of industries in the west and the establishment of services in the East. At the same time capital and capital goods flowed from the capital abundant economy (Holland) to the capital deficient Far East. It is thus evident that labour law concessions brought about economic as well as the general development, both in the Far East and in Europe (as modern EPZs have done incidentally in the same South East Asian region today).

4.5.4 Effects of the law concessions on labour

The concession of labour law seemed not to have any positive effects on labour. The works of Miller (1980:62-64), Townson (1977:10) & Hall (1981:276) show that apart from the few who may have benefited from the menial jobs of supervision, the majority of workers were unlucky as working conditions were usually poor. Workers worked against their will with no rights and under heavy deprivation. The results under these conditions were diseases, maiming injuries and death. Large numbers of Far East workers and Dutch sailors suffered these consequences.

4.6 The Spanish and labour law concessions in the Far East

According to Hall (1981:276) in the Philippines labour was heavily exploited. The Spanish used pool labour where all people with the exception of the local chief and his

eldest son were supposed to serve. Hall continues to say that the working conditions were poor, wages were rarely paid, starvation due to forced sale of food crops to the government was common and diseases took a great toll on the people.

4.6.1 Existing regulatory codes

Three regulatory codes were available to the Filipino labour through which they could demand for their rights. These included the local leadership, the church and the Spanish law. However, all these codes had their own deficiencies.

The Clergy according to Hall (1981:276) owned big farms. They together with the Spanish local administration were using the local chiefs as their agents to run these farms.

Under the Spanish law (Hispano Roman law), the council of Indies was the highest court in Spain where Filipino labour could seek legal redress from, though no cases from Manila ever reached there, while the Clergy also opposed and criticized the application of Spanish legal laws on the Filipinos fearing that the spread of Roman ideas of law would reduce their own influence (Hall, 1981:278).

Labour in Spanish Philippines therefore had no accessible forum to voice their working condition problems. Their local leadership was at the service of both the clergy and the Spanish and thus assisted in their exploitation. The clergy was even opposed to any forum available for the local workers to address their working condition problems.

Although the Spanish government had offered Filipino employees an avenue to voice their grievances; the avenue was too far away from the poor and oppressed Filipino worker such that it was an ineffective tool to seek remedy from or with.

4.6.2 Success and effects of the use of labour law concessions by the Spanish

On the success and effects of labour law concessions Hall (1981:276,613) says that the large plantations produced sugar and coffee for export to Spain though poor working

conditions such as forced labour, denial of all rights and starvation were prevalent. These labour injustices eventually led to the death of many workers.

4.7 The Portuguese and labour law concessions in Latin America

According to Lang (1979:26-27) the use of Indian forced labour in this region was prevalent. In the Brazilian sugar plantations sugar production required plenty of labour. The Portuguese plantation owners turned to the local Indian people to provide the required labour. The Portuguese thus used Indian labour to make the early sugar industry productive. They also used forced Indian labour for the dual role of cutting and loading dry-wood and in the sugar plantations. In 1548, about 3000, forced Indian labourers were working in Portuguese owned sugar mills. (Appendix D shows Portuguese expansion in the Atlantic in the 1850s).

4.7.1 Recruitment

Indian labour did not volunteer itself to the service of the Portuguese. Lang says that almost all-Indian labour in the Portuguese owned sugar mills that were seized in either defensive wars, licensed expeditions or illegal raids into the interior by the Portuguese (Lang, 1979:29).

4.7.2 Regulatory code

In Portuguese-Brazil, a court system existed where local labour could air their views or claim redress on negative labour related issues that affected them. The Portuguese government as well as the local church played an important role in helping labour address important work related issues.

Lang (1979) narrates the events that occurred in a case that involved the church, Indian labour, the Portuguese plantation owners, the local government and the Portuguese government who were all pitted against each other. The labour dispute was brought before the high court in the 1950s, sitting in Brazil. This dispute centred on how planters acquired their labour. The Jesuit church, which was representing the Indians against the planters in this case, was opposed to both forced labour and the brutal recruitment methods used by the Portuguese plantation owners. The Indians won the case and in

1609, the Portuguese crown prohibited forced labour under any circumstances. The Jesuit church was the only group that was allowed to bring labour from the interior to the plantations while planters were supposed to pay wages for it. Planters protested and the town council threatened to throw the Jesuit church out of the town. On realizing that their mission and church was threatened the Jesuit church gave in to the planters and thus forced labour in the plantations continued. The local governor supported planters as he argued that expeditions to bring Indians to the coast were essential and beneficial and their prevention would lead to a shrinking labour force. The crown on its part due to heavy opposition from the planters had to give in. Forced labour and recruitment were allowed under certain conditions while the Jesuit church villages could continue to produce a cheap source of labour (Lang, 1979:43-44).

The Portuguese king initially encouraged forced labour in Brazil as he allowed large-scale sugar plantation owners to import up to 120 workers from Angola (to work as forced labour) at one-third the normal customs duties while in 1522, he (the Portuguese king) sent a large contingent of African labourers to Salvado to be sold on his behalf as labour for the sugar plantations (Lang, 1979:29,31).

In Portuguese-Brazil, the situation seemed to differ from that in the Far East. The church here recognized its role and played an important part in trying to help the local labour force address its working conditions problems. At the same time the Portuguese government had set up a forum that was available and fair to the local labour force although without the help of the church the labour force, it may not have been in a position of channelling their grievances through this forum.

The power of the investors is also evident which is indicated by the reversal of the court case in their favour.

The Jesuit church case illustrates that labour, even with the technical assistance it required to exploit the existing legal framework, still failed to achieve its goal. At the same time capital used its strong influence to lobby both the host and home governments for conditions that suited it. This seems also to happen in modern EPZs. The church

being a member and subject of the local government also finds that it does not have enough influence to advance labours' cause. This case therefore highlights the weaknesses of the church as a regulatory framework for workers.

The king, on the other hand, was also involved in the whole trade set up and was a major recruiter and exploiter of labour in the plantations. He also played an important part in granting his planters concessions on labour. As each party ranging from the church, investors to host and home governments could have justified their actions, labour seems to hold the weakest position in this relationship.

4.7.8 Success and effects of the use of labour law concessions in Latin America

Sugar production and plantations experienced phenomenon growth due to the availability of labour law concessions. Around the 1500s, there were 60 sugar mills producing and exporting about 180,000 arrobas of sugar to Portugal while between 1502 and 1515, about 1500 tons of Brazil-wood were exported to Portugal (Lang, 1979:24,29,75).

The success in the exploitation of labour law concessions came in an environment that contained poor working conditions, exploitation, violence, diseases and death of a large number of the labour force (Johnson, 1969:43-49,104-105).

The increase in exports indicates the success of the investors and the government export trade policies. However, it also shows the weak position of labour in this relationship even after heavily contributing to this success.

4.8 The Spanish and labour law concessions in Latin America

In Bolivia, the Spanish tin barons exploited the Indian Bolivian miners. The miners worked under miserable, poor and unhealthy conditions that life expectancy fell to about 30 years while wages were also low (Johnson, 1969:104-105).

4.8.1 Regulatory code

There seemed to be a law that prohibited worker organization in the mines. The government seems to have been supporting the tin investors (barons).

In 1942, miners at the Catari tin mine rioted. The government sent in troops to quell the strike. The troops opened fire on the striking workers killing 19 (some say more) of the striking mine workers (Johnson, 1969:104-105).

4.8.2 Success and effects of the use of labour law concessions in Spanish Latin America

Terminal illnesses because of exposure to tin in the mines and death were among the negative effects on labour. However, there was significant economic success as Johnson (1969:104-105) says that at one time Bolivia became the world's third largest producer of tin.

Labour in Bolivia seems not to have a forum to seek redress from especially regarding the life threatening working conditions that existed in the mines. Labour in Bolivia like in other areas seems to occupy the weakest position in the government, capital and labour relationship.

4.9 The British and labour law concessions in the Caribbean

Coerced, induced or freely migrating labour was used in the sugar export plantations in this region.

In Jamaica forced labour was what kept the sugar industries running. To control the local labour the British would constantly introduce African forced labour to work in the estates to show the local workers that labour was plenty in other British territories and could be imported to replace the local labour force if the need arose. The Africans were preferred, as they were considered "*not yet having acquired the bad habits*" of Jamaican labour. They thus performed the difficult fieldwork and after they learnt the "bad habits", the recruitment process was repeated again. In Puerto Rico and the Dominican Republic, labour from Haiti was imported to undermine the power of local labour (Cross & Heuman, 1988:5-6).

In Jamaica, plantations were set up as specialized export oriented agricultural manufacturing units of 200-600 workers, which were supervised by their owners. They had been set up to cut sugar production costs and to generate a surplus necessary for the colonial economy (Turner, 1988:14).

Employment discrimination/segregation was also common. Coloured workers claimed by custom a right to differentiated functions such as skilled and domestic work as opposed to working in the fields, which was done by the blacks (Hart, 1988:19).

4.9.1 Regulatory framework

Prior to 1918, trade unions were illegal in all British colonies in the Caribbean area. Participation in union activity in the colonies was considered criminal.

Law 15 of 1839, in Jamaica's preamble states:

"...all combinations for fixing the wages of labour and for regulating and controlling the mode of carrying on manufacture, trade or business, or the cultivation of any plantation ... are injurious to trade and commerce, dangerous to tranquillity of the country and especially prejudicial to the interest of all who are concerned in them..." (Hart, 1988:72-73).

This legal warning seems to be aimed at workers with the intention of preventing them from organizing themselves into units that would be strong enough to seek and utilize avenues that would help them to improve their working conditions and wages.

In Haiti, the political leadership gave the following stern warning to unions:

"The country...is undergoing an acute crisis. Capital is fleeing the country for more hospitable shores. We ought to do everything to keep this capital. All popular movements will be repressed with the utmost vigour. The repression will be total, inflexible and exorable" (Lundahl, 1988:107).

The Haitian government seems to have been concerned about the plight of investors. It blames labour for frightening investors away from the island.

The success and effects of the labour law concessions in the Caribbean do not come out clearly, though the large sugar plantations must have exported large amounts of sugar to Britain. Apart from the powerlessness of labour both over government and capital, incidences similar to those reported in other areas seem not to have occurred here, although they may have, but on a smaller scale.

4.10 The British, French and Portuguese and labour law concessions in Africa 1880-1935

In Africa, labour law concessions were also used to support European export-oriented sectors mainly in agriculture and mining. These were the areas where heavy manual labour was required and later in the construction of communication infrastructure as most of the African wealth was found in the interior and thus needed proper infrastructure to enable it to be exported. (Appendix E, shows European influence in Africa during the 1930s).

Freud (1988:37) says that colonial rule in Africa was marked by the prevalence of forced labour as cultivators were forced to pay taxes and participate in an extremely low cash wage economy. He continues to say that African labour was used to construct roads and engage in other public works while private enterprises also used it. Freud concludes by saying that employers liked African labour as it enabled workers to be hired at lower wages and without the provision of services and infrastructure that an urban working class would have demanded.

4.10.1 Working conditions

The working conditions in Africa were comparable to those in Asia and the Americas. Rodney (1985:338) observes that whipping and physical abuse was common while the termination of a contract by an African was considered as desertion (with all the militaristic implications). Wages were kept very low; while purchasing power was eroded as wages were depressed or allowed to lag behind commodity prices. Europeans combined to keep labour semi feudal through the issuing of work cards, which severely limited the freedom to shift labour from one employer to another. The right to withhold

labour became a criminal offence while in mining a mine owner could not leave the mine under the charge of an African regardless of his qualifications.

On employee organization, Rodney (1985:343-344) says that employers remained hostile to workers organizations, which if successful would have had the effect of raising wage rates. Workers received no benefits for sickness, disability, unemployment or old age. The constant mobility of the largely migratory labour force, its low-level of skill and the pervasiveness of racism all added to the disadvantage of the African worker in confronting the capitalist over wages and working conditions.

On the issue of labour organization it may have been considered both dangerous and unprofitable to allow labour to get organized. By allowing the organization of labour they risked work boycotts as well as other demands, which they may or may not have been ready to meet.

African labour, on the other hand, may not have been in a position to organize due to lack of experience, interest and fear of the European military force.

4.10.2 Regulatory framework

Vidrovitch (1985) says that the French and English both applied their home country laws on their external territories, as between (1914-1935) forced labour had been banned internationally. Thus, home country laws and international law became available as tools for seeking remedy for the African labour force.

The French federation officially sanctioned unpaid labour for projects that were of local or colonial interest, for a period of seven days then twelve days then fifteen days. Later there was a possibility for individuals to purchase similar exemptions at a determined rate. However, forced and unpaid labour for railway construction was also sanctioned (Vidrovitch, 1985:360).

Vidrovitch (1985:363-364) further observes that between 1928-29, the European employers felt that there was a need for labour regulations. The first form of regulation that they introduced was the use of contracts. The Belgians in Congo introduced a fixed

duration contract of three years in the mines while the Portuguese and French introduced a two-year contract. These contracts, however, were not compulsory.

In 1930 at the Geneva international conference a code on the banning of indirect coercion of labour was passed. Portugal rejected it using the following argument as justification

“...they found it to oblige if necessary, force the Africans to work to improve themselves through labour in order to improve their means of existence”
(Vidrovitch, 1985:363).

Forced labour took place occasionally in the islands of Sao Tome and Principe, which they held even when this had been banned.

From the works of the reviewed authors above the application of home country law in the African region seemed always to have worked in favour of the Europeans. The introduction of an international code in Geneva was still not enough as countries had the liberty of accepting or rejecting the codes or proposals put forward as Portugal did. This shows the weaknesses of international law as an employer-employee regulating framework.

4.10.3 Success and effects of the use of labour law concessions in Africa

Rodney (1985:339) observes that the Europeans appreciated whatever came from Africa at this particular time. Since the world at this time was coming out of an economic recession, any additional export item was of great value for the European countries. For the British,

- In 1913, coffee and maize exports to Britain amounted to 6,4991 British Pounds (BP) shooting up to 2,429,655 (BP) in 1930.
- In 1927 exports of un-manufactured tobacco to Britain amounted to 1,254,000 (BP).

The effects on labour were in most cases disastrous. With the poor working conditions prevalent during this time most of the workers usually lost their lives.

From the above statistics the high growth of commodity exports and revenues seemed to justify the use of labour law concessions by the Europeans in Africa.

4.11 Summary

The use and abuse of labour law concessions has coexisted with world export trade for many centuries. Trade during the early centuries was exploratory in nature and did not have a well-developed infrastructure. Both industrial mechanization and technology were at their infant stages of development at this time. Most industrial tasks therefore had to be performed manually. Health technology had slightly been left behind world trade, which compounded labours' problems as it was faced with the prospects of both poor working conditions and limited medical relief (in some cases none) for injuries and diseases sustained and contracted at the work place.

Labour law concessions were granted by host countries both willingly and unwillingly as sometimes western traders had to violently fight to gain them. Governments in Europe played a significant role in obtaining and using labour law concessions. Some governments in host countries collaborated with western export traders to exploit labour while others unsuccessfully tried to resist. Labour in the regions reviewed was not well exposed to enable it demand for better working conditions, which gave investors the opportunity to take advantage of its disorganization. Consumers seemed not to play a significant role in this phase of export trade but expressed nationalistic feelings once they saw their countries merchants succeeding in the export trade. Churches and NGOs both played a small but significant role in the early export trade in the regions reviewed. Some churches collaborated with capital and government to exploit labour while others fully supported labour in its quest for better working conditions in the regions previewed above. Though codes of conduct existed they were selectively applied to suit and meet the needs of both government and capital and did not seem to address the plight of labour.

From an economic perspective the use of concessions on labour laws steered economic growth in areas where they were applied and in the west where the export markets were located. Exports increased, industries grew and infrastructure developed in the regions reviewed.

The effects of the labour law concessions on the workers involved were many. Although economically it may have profited them largely or some, the working conditions were poor; workers suffered discrimination, physical and verbal abuse while the death rates were also high.

Although at this time there were various forums through which labour could seek redress from, when faced with workplace related issues these forums proved ineffective in addressing these issues. This was due to factors such as government interference, lack of exposure on the part of labour and poor government and organizational structures with regard to environment locally and internationally. The next chapter reviews the position of labour from the 1960s when better organizational structures to regulate both export oriented trade and labour had been put in place.

CHAPTER FIVE

LABOUR LAW CONCESSIONS IN THE 1960s AFTER THE OFFICIAL ESTABLISHMENT OF EPZs

5.1 Introduction

This chapter explores the position of labour in modern EPZs as from the 1960s. At this particular time global trade regulating structures had been put in place at both international and national levels. The chapter reviews the place and treatment of labour in the new look EPZs; it further reviews existing labour regulatory frameworks in countries that host EPZs. The roles played by the government, consumers, labour, NGOs and investors in implementing and or violating labour laws are also highlighted. The chapter does not review the economic success or contribution made by EPZs in the various host countries as the varying objectives adopted by countries in establishing EPZs makes such kind of a review beyond the scope of this study.

5.1.1 Background to EPZ formation and labour concessions in the 1960s

During the 1960s, there were a variety of economic development policies available for developing countries to follow. One group of countries chose to follow an inward oriented industrial development (import substitution) strategy while another group, comprising a few countries chose an export oriented industrialization strategy.

The countries that chose to follow the export-oriented industrialization strategy (Singapore, Taiwan and Korea) adopted EPZs (Noland, 1999).

The EPZ propelled an export-oriented strategy has proved successful as most inward oriented industrialization strategy that adopting countries are now changing over to the EPZ led export-oriented strategy.

Though the EPZ concept has proved to be a successful export promotion policy its successful implementation meant that host governments have had to sacrifice some of their industrial procedural, fiscal and labour regulatory policies.

These three factors have become important competing factors for countries that are in the process of establishing EPZs. They offer investors the flexibility they need to invest in these countries at competitive rates. However, the ILO has criticized this flexibility and has done so by categorizing EPZs into two groups. One group the ILO says comprises enterprises which are generally characterized by inefficient practices and low standards and which take advantage of lack of regulation to:

- Avoid issuing regular contracts in order to evade minimum industrial standards and to permit arbitrary hiring and firing;
- Avoid paying minimum wages;
- Impose overtime work or double shifts;
- Ignore health and safety requirements.

The other group the ILO says, comprises enterprises that compete in a high value-added segment on the basis of speed and quality as well as price and seek to improve through innovation in their working methods and their products (ILO, 1998, section 9, para. 8-10).

From the reviewed literature below EPZs in the Americas seem to fall into the first group. Asian EPZs fall into the two groups while those in Africa seem too young to be classified in either of the two groups but seem to fit more into the first group.

Another ILO (undated) study mapped out three phases that EPZ based firms followed in their development. The first stage is quite relevant to this study. During this stage as enterprises have an ample supply of cheap labour, they often treat it like a renewable resource where workers are made to work “harder and harder” until they burn out or leave. Shifts get longer with workers being forced to put in substantial amounts of voluntary or forced overtime. The work place is oppressive, intimidating and unfulfilling. Workers are not consulted nor are their needs taken into consideration. This leads to a deteriorating quality of work and labour unrest (ILO, undated, phase one section). This starting stage seems to be a stage where most labour law violations take place in EPZ operations.

Other criticisms of the EPZ concept have come mainly from labour related organizations. An ICFTU survey conducted on EPZs around the world showed that

“...the human cost of the EPZ experiment was high as ... behind the concentration camp style fences in many countries, unscrupulous employers were abusing the basic rights of a predominantly female workforce while in some countries basic legislation and core workers rights were set aside in the zones... which allowed zone managers to use a system of pass controls to exclude union organizers and members” and concluded by saying that *“many of the zones allowed employers the freedom to exploit without restraint but restricted the workers rights to freedom of association”* (ICFTU, 1996, Foreword section, para. 6).

The findings from this survey contradict ICFTU principles and the ICFTU course. It (the ICFTU) has been demanding for the respect, particularly in EPZs, of the internationally recognized workers' rights, which include: the freedom of association, the right to organize and to bargain collectively, the prohibition of all forms of forced labour, the establishment of a minimum working age and the respect of acceptable working conditions in terms of a minimum wage, working hours, and health and safety (ICFTU 1996, workers rights in EPZ's section, para. 7).

The EPZ concept and its style of implementation and operation, therefore, conflicts with the demands of the ICFTU and other labour rights campaigners.

The ICFTU's sentiments have had no effect on EPZ host governments, as the international competition for EPZ investors has been quite stiff. EPZ operators have had to out compete with each other for the scarce foreign investors available. Fiscal, procedural and labour law concessions have been used as investment attraction tools. Where the zones are young such as in Africa, labour law concessions are proving to be an attractive investment attraction tool.

This section reviews labour law concessions in the Asian, Latin American and African regions, where most of the violations resulting from these concessions tend to take place and are similar to the ones highlighted by the ILO above.

5.2 The South East Asian Region

During the last two decades (1970-90), the South East Asian region has seen a rapid increase in the growth of industrialization particularly in manufacturing. Taylor (1988:69) attributes this rapid growth to cheap transport costs, low wages (wages are one tenth of those in the industrialized countries) and manufacturing in stages, many of which are elementary and easily movable from one location to another.

As transportation costs have become cheaper manufacturing investors have been identifying attractive areas where they can exploit their resources. Areas offering cheap wages have been quite attractive. Manufacturers from the west have been transporting their product components to the cheap labour abundant South East Asian countries for assembling into finished products. The finished products are then transported back ready for sale in the western markets.

In South East Asia as Taylor (1988:71) puts it, the state has played a crucial role in the process of developing an attractive manufacturing base.

5.2.1 Thailand

According to Hewson (1988:80) Thailand today, has become less dependent on the export of primary commodities. The relaxing of laws that restricted the movement of international capital has attracted many Multi-National Enterprises (MNEs) interested in taking advantage of the various attractive investment schemes on offer in Thailand. These include cheap labour, generous tax concessions, bans on organized labour, and the growing domestic market.

Like Thailand, other developing countries during the 1960s and 70s relied heavily on exporting primary products (minerals and agricultural produce). As the markets for these primary products became unreliable due to factors external to the exporting countries, manufacturing was seen as an alternative as it provided the required stability, as the production and exporting of manufactures gives exporters more control over their production and sales.

5.2.1.1 Working Conditions

In 1971, reports of gross exploitation of workers became common, as about 500,000 workers were being paid wages that were barely adequate for food, which forced others to sleep over in their work places. Little or no compensation was made for overtime, holidays, sickness, and accidents. There was no guarantee for employment and the working conditions were unsafe and unhealthy while child labour was common. Under these labour conditions investors continued to make huge profits (Hewson, 1988:80-81).

The reviewed works show that the Thai government's priority was to attract foreign investors. However, the methods employed to attract these investors seem to have had a negative effect on EPZ workers.

5.2.1.2 The regulatory framework in Thailand EPZs

According to Hewson (1988) the Thai government denied labour the right to form and join unions. However Thai labour, at times, benefited as it was allowed to organize in return for political support but ended up using this freedom in organizing strikes demanding for better wages and conditions of work. In 1976, as a result of the industrial instability caused by union activity, unions were banned, their leaders arrested and strikes were absolutely forbidden. Workers were furthermore threatened with imprisonment if they demanded their rights (Hewson, 1988:80-81).

Where labour resisted or opposed the government's ban on unions, force was used. The Thai government at this particular time seemed to support capital over labour. Its priority seems to have been to provide an environment that was conducive for investment by using available policy measures to control labour adds Hewson (1988:82-83).

5.2.2 Malaysia

In Malaysia Rigg (1991:114) states that the expansion of the tin industry in the 1950s, led to a considerable demand for cheap labour that could not be satisfied domestically. This forced Malaysia to turn to Chinese immigrants for cheap labour. Though initially Chinese immigration was voluntary as the demand for labour increased 'coolie brokers'¹⁰ would pay for the expenses of an immigrant but would hold the labourer on arrival in Malaysia until the debt so incurred, was paid off by an employer in exchange for the labour lieu of the immigrant's services for a specific period.

Conditions in the coolie broker ships were so appalling that suicide and mutiny were common and on arrival conditions of work could be extremely hazardous and death rates were as high as 50% in the tin mines (Rigg, 1991:114).

This shows that labour was poorly treated both in transit and in the workplace. The results of this were high death rates in the tin mines. The high death rates in the mines do not seem to have alarmed the investors; and this could be attributed to the fact that labour was in plentiful supply as it could be fetched from nearby China.

5.2.2.1 How EPZ manufacturers use labour in Malaysia

A study carried out by Yun in some rural based EPZ companies in Malaysia says that attempts to contain labour are often already put in place before workers join the production line. To ensure that only certain types of workers are taken in, larger corporations have set a criterion for the age, sex, work experience and marital status in their choice of applicants (Yun, 1988:97).

5.2.2.2 Recruitment

Yun's (1988) study showed that the large firms sent recruiting teams to the rural areas to recruit more educated females in the poor wage areas¹¹. Cheap accommodation and transport, which were rear commodities in these poor rural areas, were offered as

¹⁰ Coolie brokers – refers to Malaysian and Chinese brokers who specialized in immigrant labour

incentives to lure them. Rural workers were preferred because they had little social contact and were more willing to take shift work for some additional allowances.

Small firms which could not afford such kind of recruitment were thus left with “less desirable” workers i.e. married females who tended to be less stable due to their role as mothers, wives and workers. To solve their problem the small firms relocated (as they are footloose¹²) to rural areas, where they were able to recruit the young. As the young employees grow older and bolder the company retrenched them and employed a new group of workers at the same time. For the women who got married they were advised to leave or in the end had their contracts terminated (Yun, 1988:97).

From the works of Yun the measures set out by employers to control their employees are gender and age based, as rural young men and women were recruited into Malaysian zones. Employers then took advantage of their disadvantaged backgrounds to regulate and contain them.

5.2.2.3 Working conditions

Yun’s (1988) study further revealed that strict and countless rules and procedures regulated work behaviour. Penalties for poor performance and rewards for proper behaviour were spelt out. In some companies’ departure and arrival clocking devices were set and printed to the nearest minute, the time a worker crossed the factory gates. A worker who turned up five minutes late could have his pay reduced by an hour, in addition to getting a stern warning. To prevent loitering and unnecessary socializing workers had to obtain a pass to cross sectional boundaries within the manufacturing premises and since the toilets were situated at the far end of a building in some companies, it would be embarrassing to be frequently seen asking for a pass to go to the toilet. Canteens were closed five minutes before the siren signalling the start of the working day and security guards were posted around the compounds to take down names of loitering workers. Thus, the tendency was towards multiplication

¹¹ Poor wage areas – areas (rural) in Malaysia that had low wages compared to those of other (urban) parts of the country

¹² Footloose – word used to describe companies which have the ability of investing and divesting in a country in a very short time (MNEs)

of rules and increasingly strict rules, which resulted in limiting the physical mobility and social interaction at the working place (Yun, 1988:98).

Employers as Yun's (1988) works indicate use strict rules and regulations to regulate the behaviour of their workers in EPZ workplaces. These rules and regulations seem to be set without the input of labour.

The working conditions as described by Yun's (1988), study continues to say, are made even worse by supervisors who she says are rude, highhanded, arbitrary, temperamental, unsympathetic, abusive and in some cases violent. Union activity is not possible as leaders may be co-opted by the company (Yun, 1988:102-104).

Malaysian employers use their supervisory staff to complement their rules and regulations. From Yun's (1988) study the supervisors in Malaysian EPZs seem unsympathetic to the local workers. At the same time the lack of unions or organized workers bodies makes it difficult for workers to find avenues to air their views concerning their workplace.

Yun's study (1988) also shows that as labour became unreliable and its costs increased, investors introduced machines that needed minimum labour to run.

The machines Yun observed dictated the pace at which a task was supposed to be performed. Unlike the human supervisor, machines could run non-stop. Workers were also helpless when it came to the pace of the machine. These machines in most cases did not allow for any form of social interaction in the workplace (Yun 1988:102-104).

The integration of capital and labour at the production level made workers work harder but also acted as regulators of the pace at which workers toiled and socialized at the EPZ workplace.

In Malaysia labour laws have been set aside for the sake of industrial development while labour and capital do not have a healthy working relationship. Capital seems to

be mistreating labour while the government seems to be protective of capital. Labour, on the other hand, has had no avenue to seek redress from and the only option available for it was to leave. Labour seems to have suffered from the concessions that the Malaysian government has given to investors and have silently suffered as all redress seeking avenues seem to be blocked.

5.2.3 Indonesia

In Indonesia a study by Marther (1988:147) says that the availability of cheap compliant labour was a major element of the Indonesian government's attempt to attract foreign investors and to strengthen a weak domestic capital base for its industrialization program.

The Indonesian government in its bid to attract foreign capital has made labour its selling and advertising tool. Cheap compliant labour is a product of government policy as poverty and policy tools are used to make it cheap and compliant.

5.2.3.1 Investors' strategy and working conditions

Marther's (1988) study revealed that investors in Indonesia had a short-term strategy where low-tech equipment with low productivity was used. The firms then specialized in simple manufactured products, which they sold at low prices. To achieve profits under this conditions they kept unit costs per worker as low as possible, paying very low wages and not paying labour any additional extras such as paid holidays or sick leave and because many of these firms were susceptible to capital fluctuations, they insisted on the right to lay off workers during a crisis which they usually did. Many workers were employed on a seasonal casual basis or on probation for many years so that they could be laid off at a moment's notice. Many who accepted to work under these conditions were in the 13-20 year age-group and were often uneducated (Marther, 1988:148-149).

The Indonesian government policy seems to favour capital (employers) more than employees. The prevalence of low wages, poor medical cover and child labour are features of Indonesian export industries.

Marther's (1988) furthermore reveals that adults found the wages to be too low both to survive on and to work for. They opted to do other income generating activities and opted to send their younger relatives (and children) to the work in the EPZ factories, where they entered into a tacit agreement with factory managers to allow them to use their sons and daughters. These young workers were also very timid, young and fearful to engage in industrial action to improve their wages and other working conditions where state repression on organized labour was also common (Marther, 1988:149).

The community's reaction to the employment conditions is confusing. When adults discovered that wages were low they sent their children to work in the industries and colluded with their employers to have them paid poor wages. Here EPZ employers took advantage of an illiterate and poor rural society to mistreat labour with the consent of society. Again by employing the young who were inexperienced capital was able to get a consistent labour force that it could manipulate and exploit which it actually did.

5.2.3.2 Recruitment

On recruitment the study revealed that by recruiting young girls from rural areas into the factories industrialists were able to make use of traditional forms of subordination of women to men and youth to age to create a labour force that was relatively cheap and easy to dominate. Inside the factories the young employees felt so different from their superiors, who were usually older men that confronting them, individually or in-groups was almost unthinkable. The young labourers said that they were shy, embarrassed and afraid to complain and would rather leave the factories than make trouble. They showed unwillingness based on their experiences, to organize together

and it was thus easy for the management to isolate them from one another and to dismiss the troublemakers (Marther, 1988:155).

Capital in Indonesia as indicated above takes advantage of societal organizational structures and community values to maintain a submissive and management receptive workforce. This it does by utilizing the community hierarchical structure where women are supposed to respect men and the young are supposed to respect the elderly. This is both discriminating to the youth and women.

To protect their interests, employers made use of rural community power structures. They (investors) entered into alliances with local community leaders to help them pre-select their labour as well as to protect their factories in the villages where they were located by detecting and defusing any potential trouble from within the villages aimed at the factories (Marther, 1988:156).

Capital in Indonesia uses the local community leadership for both recruitment and security. Because leadership at the local level is powerful external influences who may want to educate labour or check on the working conditions in the factories may not get access to the factories as a result of the pact between the local leadership and the factory owners. Labour thus remains oppressed by both its local leadership and capital.

5.2.3.3 Regulatory frameworks and workers action

The study further revealed that in some factories when workers became upset about their work conditions or after an accident, protests took the form of weeping or mass hysteria. Mass weeping or rumours that dangerous spirits infected the machinery or site of factory when an accident occurred could hold up production. Islamic clergy could be called in to calm them down while government officials in the village areas were supposed to ally themselves with capital (Marther, 1988:156).

To absolve itself from blame where industrial accidents occurred capital again exploits traditional beliefs and values as well as religion. Since religion and beliefs are powerful tools in society, making use of them to cover up for capitals' misdeeds in industry is a strategy that Indonesian employers used.

In Indonesia capital has been able to successively negotiate for a generous share of concessions from the government. Capital has also been selective in its recruitment, preferring to employ young poorly educated rural people in order to avoid labour organization in industry. Capital in Indonesia makes use of government policy and the traditional cultural and religious set up, to maintain a dominant position over labour in the EPZ workplace. Labour on its part due to inexperience and lack of exposure finds it best to leave employment rather than demand for its rights. The existing labour regulatory framework seems to be weak.

5.2.4 Singapore

Apart from tax incentives to foreign MNEs the Singapore government offered MNEs other concessions that were necessary to compliment the tax concessions for the establishment of a successful export base. Labour laws thus accompanied the already ceded tax laws.

5.2.4.1 Labour concessions and the Regulatory framework

In 1968, the Singapore government amended its labour legislation. The amendments were meant to transform labour confrontation into cooperation in order to provide an attractive climate for investment. The aim of amending the law was to curb labour disputes and increase productivity. Earlier in 1965 while opening parliament, the government had warned labour that, "*... the excesses of irresponsible trade unions...are luxuries which we can no longer afford.*" (Turnbull, 1989:295)

The amended labour laws enacted in 1969,

- Lengthened the standard working week;
- Reduced the number of holidays;
- Placed various restrictions on the payment of retirement benefits, paid leave, overtime, promotions, transfers, firings and work assignments;

- Restrictions were also placed on collective bargaining;
- Lengthened the minimum and maximum duration of labour contracts.

(Rigg, 1992:23)

To further create an investor friendly environment the government also sought to control wages arguing that MNEs would not be attracted to a country full of labour unrest as was prevalent in Singapore in the 1950s (Rigg, 1988:191).

As the Singapore government initiated policy measures amid at controlling labour it managed transfer bargaining power from workers to employers (Rigg 1991:191).

Surprisingly, the relationship between labour and government has been one of cooperation rather than confrontation. The Singapore labour situation differs slightly from that of Malaysia and Indonesia in that the control of labour in order to attract capital is an initiative from the government not from capital. Capital does not play a significant role in negotiating for concessions as the state establishes labour controls to attract capital.

The policy instruments used by the Singapore government are on one side harmful to labour but at the same time labours' input has been sought in the implementation of some parts of government policy. However, most of the labour policy reforms favour capital and the government, as it (the government) seems to be in control of labour.

It can also be argued that labour seems to have forced the government to take such strong measures on it. The disruption of production systems due to labour unrest creates uncertainty in industry. It was therefore important for the Singapore government to reduce this uncertainty by regulating labour for the sake of investment. Labour in this case had to lose some of its freedom for the sake of economic development. Capital thus benefited from labour's loss.

However, the relationship between capital, labour and government in Singapore seems to be less confrontational than in Thailand, Malaysia and Indonesia. The government has not left capital to mistreat labour. It has also acted as a link between labour and capital though its policies have tended to favour capital.

5.2.5 Korea

In 1985, Korea's trade policy was being reformed towards the establishment of an export-oriented regime (Noland, 1990: 52-53).

Like in the other South East Asian countries Korean labour has had to suffer for the sake of foreign investment.

According to Abbott (1997) when EPZs were being established between 1962 and 1979 draconian measures employed by the government forced people not to express their working conditions' problems. Strikes and unions were outlawed while the labour movement was repressed through intimidation, torture, imprisonment and even assassination (Abbott, 1997, EPZs and the developing world, para. 8).

Women have suffered discrimination in the zones as the ICFTU says that the "*feminization*" of employment in South Korea has been accompanied by a deterioration in pay levels, at the end of the 1980s. Here women earned on average one half of what their male colleagues in the same sector earned and were confined to repetitive tasks in production, while men usually moved on fairly quickly to better paid supervisory or maintenance jobs. The managers are exclusively male (ICFTU, 1996, women's labour section, para. 2-3).

5.2.5.1 Regulatory frameworks

In 1963, government revised labour laws in an effort to discourage the organization of unions within a central framework. This was followed in 1971, by the introduced of legislation banning strikes and making virtually any form of collective bargaining or action illegal (Rigg, 1990: 52-53).

The banning of unions occurred, since their organizational power may have posed a threat to the government, which also wanted to attract investors with the incentive of a more organized labour force. Labour, therefore, had to suffer for both political and economic reasons.

After banning unions, the Korean government established its own unions. However, union membership fell 20% in 1980 to 15% in 1985, as workers became increasingly dissatisfied with the officially approved unions (Rigg, 1990: 52-53).

Between 1986-87, labour laws were partially revised in the context of political democratization. This gave rise to an explosion of dissent and an increase in labour disputes. In 1986, there were 276 strikes increasing to 3479 in 1987, then fell to 1873 in 1988, and 1166 in 1989 (Rigg, 1990: 52-53).

In Korea, labour reforms in the late 1980s, have given labour an avenue to express itself. However, the new freedom labour seems to be enjoying has made capital and the government uncomfortable. When labour action makes the government and capital uncomfortable, the government turns to policy measures to regain control over it. This seems to be what has happened in Korea. The revision of laws has opened up avenues for labour to express its dissatisfaction with capital and in extension the government. As a quick solution is always required in such kinds of situations the government uses policy measures to contain labour and their demands, which in most cases may or may not be justifiable. In the end labour is forced to submit to both the government and capital.

5.2.6 China

In China, the country's labour code is supposed to cater for labour in the special economic zones¹³ (EPZs). The labour code covers virtually all employment areas such as working hours, wages, trade union activity, occupational health and safety standards. Where exemptions on the labour code have to be made by employers, the labour code is designed in a way that enables it to cater for these changes (Maquila solidarity network (MSN), undated, Labour law in China, para. 1).

However, although the labour code covers labour practices in China, it has at times been violated. A report by the MSN (2000, Huffy bikes / Baoan factory section, para.

¹³ Special Economic Zones – refers to the Chinese version of EPZs

1) says that in some MNE company factories in China violations such as forced labour, forced overtime, poor and unsafe working conditions, strict harsh rules, poor living conditions and illegal dismissals do occur.

The ICFTU (1996, China section, para.3-5) supports the above view citing a study by the All China Federation of Trade Unions (ACFTU) which confirms that wages in most cases were below the legal minimum. A worker, who made a mistake in clocking in, was punished by having two days wages deducted, while spending more than 15 minutes in the toilet meant a loss of one day's pay. Some companies chose to pay their staff in kind usually in the form of unsold or rejected stock. Overtime was common while employers heavily neglected health and safety conditions.

Quoting the statistical yearbook of China in 1993 the ICFTU says there were 38,000 fires in the EPZ factories in China killing about 2,496 employees and injuring around 5,997 others. In November 1993, 87 workers were killed in an EPZ factory in the Shenzhen zone, where the owners of the company had installed a faulty electric system. They had blocked the emergency exits and had not separated the workshops and warehouses. Another company in the zone insisted that workers should go into a factory where there had been a fire. 93 employees died when the remainder of the building collapsed on them concludes the ICFTUs report on China.

5.2.6.1 Regulatory framework

Though the China labour code applies in the country's EPZs, violations such as those mentioned above still occur. The regulatory framework closest to the EPZ workers is the government formed trade unions the All China Federation of Trade Unions (ACFTU).

The ICFTU (1996, China section, para. 6) says that the official trade unions obey government orders and impose government policy on the workers as the trade unions representatives are said to be corrupt and are often bribed to conceal labour violations in EPZ based enterprises and sometimes co-opted into management positions.

The EPZ laws are different in China unlike in other Asian zones as the national labour law applies in its zones. However, from the incidents reported above the laws seem to be violated by most investors. Workers' representatives do not seem to be effective. Although there are legal channels for labour in China to seek legal redress from, labour finds numerous obstacles placed in its way, which render the legal system ineffective. Those given the responsibility to monitor for labour rights violations collude with capital thus rendering the system more ineffective. Chinese EPZ labour, therefore, continues to suffer not because it lacks a regulatory framework but due to capital's ability to influence the frameworks enforcers.

5.2.7 Philippines

In the Philippines, the labour laws allow EPZ workers to form and join unions. However, investors with the support of the government seem to have the final say when it comes to labour (union) activities in EPZs.

According to the Associated Labour Unions (TUCP) of the Philippines although national labour legislation covers the whole territory, enforcement is poor. The government in most cases chooses not to apply the law. No action is taken against the enterprises, the fines foreseen by law are not collected, and complaints filed by the trade unions are ignored. This forces workers to take "illegal" wildcat strikes and sudden stoppages, as they are not allowed to form unions (ICFTU, 1996, Government indifference section, para. 1).

A report on the Cavite EPZ by the Maquila Network Update (MNU) (2001, para. 1-8) says that though there is freedom to join and form unions investors have not respected this freedom. The report says that illegal firing of union members usually occurs, while bribing of union leaders often takes place. The report goes on to say that illegal lock outs of union members does occur while contract workers are at times used to displace regular unionized workers. Union members are also denied overtime while physical and verbal abuse is also said to occur. To avoid and or delay negotiations with unions the report says that investors temporary close their factories. In some

cases investors often set high production quotas, which they insisted had to be met and workers who failed to meet them were dismissed. Forced overtime was also common.

5.2.7.1 Regulatory framework

A variety of labour organizations are available to workers including a zone wide movement created to defend workers rights. However, the workers complain that most of their grievances are never fully dealt with by the Philippines Economic Zones Authority (PEZA) and the Philippine department of labour and employment (MNU, 2001, para. 1-8).

The local government tries to influence union leadership to end their activities. Some union leaders are even abducted, tortured by armed men and even killed. Employers also exert psychological pressure on unionized workers by assigning them the most dangerous or lowest paid jobs, and openly favour the creation of house unions. According to a report by Trade Union Congress of the Philippines (TUCP) one zone set up a Labour Centre (which actively promotes the formation of house unions) to deal with "all industrial disputes and the welfare of workers in the zone" to prevent union organizing in the zone. To counter this TUCP also opened offices at the zone exits to help workers who needed assistance.

The zone's guards prevent inspectors from the Philippine Labour Ministry from carrying out independent inquiries and holding private interviews with the workers (ICFTU, 1996, Repression section, para. 3, House union section, para. 1 & At the national level section, para. 2).

In the Philippines, though EPZ workers have the right to form and join unions' investors feel uncomfortable with union activities within their zones and do all that they can including temporarily closing down their factories to avoid the possibility of having their employees unionize. This shows the extent to which investors will go to make labour work under terms determined by capital and also reveals the inflexible stand capital takes when confronted with labour related issues. The house-union

regulatory framework in the Philippines seems not to be a fair tool which workers can utilize to address issues affecting them. Zone managements have also established labour offices near the zones, which seem not to be fully addressing workers problems. The NGO sector has also tried to assist labour where possible through lobbying and offering consultancy.

The government and capital seem to be in one camp while labour is in a different one.

5.2.8 Bangladesh

In Bangladesh poor working conditions, low wages and child labour are said to be common in the EPZs. These poor working conditions in some EPZ factories have also caused accidents. An accident where 47 people died when a fire spread through a garment factory was attributed to poor electrical installations. At the same time exit doors were locked and the security guard could not find the keys during the fire (Grumiau, 2000, para. 1-2). Situations like this could have been avoided had better working conditions been put in place. Labour in this situation dies as a result of neglect and improper company operations.

5.2.8.1 Regulatory framework

EPZs are excluded from the scope of the countries industrial ordinance act, which provides for organizing and bargaining rights in other sectors though some EPZ employment issues such as minimum wages, holiday, leave etc, are covered by labour regulations (ILO cited in Jauch, 2000, The law of the zone versus the law of the land section, para. 5).

In Bangladesh labour seems to be partly covered by national legislation although this has not been enough as the parts of national legislation left for them do not seem to be enough to address labour issues concerning them.

5.2.9 Sri Lanka

In 1992, the government declared the whole country a free trade zone (FTZ). However, EPZ workers have not been at ease with the working conditions in the

zones. They expressed this depressing position on the 20th anniversary celebrations since the establishment of the first zone and were quoted as saying that “*the past 20 years had brought them employment but not prosperity*” as poor wages, bad working conditions, forced overtime, high work intensity, cramped housing, and sexual harassment were some of the problems that they faced as EPZ workers (MSN, 1998, Sri Lanka 20 years of hell section, para. 1, 2, 3).

5.2.9.1 Regulatory framework

Although the government in 1994, was elected on the platform of allowing workers to form and join trade unions, it backed down on this promise under heavy pressure from foreign investors but allowed for the formation of workers councils in the zone enterprises (MSN, 1998, Sri Lanka 20 years of hell section. Para. 4-5).

In Sri Lanka, the workers have expressed their feelings of dissatisfaction with the poor conditions they are exposed to. While the government was initially was pro labour it seems to have moved its support to capital but gave labour the option of some organization in the form of workers councils. Although these worker councils have been available to workers the above-mentioned labour violations have still occurred signifying that the workers councils have not been strong enough to address their EPZ working condition problems. Politicians in Sri Lanka have used labour to get them to power and once they attained power they have discarded labour in favour of capital.

5.2.10 Burma (Myanmar)

Burma is a country that has been under international economic sanctions for the last twelve years. However, this has not prevented international companies from sourcing and subcontracting from Burmese firms.

Quoting the ILO the MSN, Vol. 5(3). (2000, Wal-Mart caught buying from Burma again section, para. 2, 8) says that Burma persistently used forced and prison labour in its EPZs. The EPZ workers have no alternative as the country is ruled and

governed by the military who find it to be in order to use prison labour for export production in its EPZs.

In Burma MNEs have disregarded international economic sanctions against the country and have continued doing business with it. Workers in Burma are in an oppressed environment politically and economically, such that it becomes difficult for them to access avenues to address their working condition problems.

5.2.11 Pakistan

In Pakistan, the government in its quest for international investment has fully supported capital against labour. The government suspended all labour laws in the zones and banned zone workers from forming and or belonging to trade unions.

5.2.11.1 Regulatory framework

The EPZ ordinance adopted in 1980, totally suspends national labour legislation in the Pakistani zones. The ordinance says, “*no employee has the right to refuse work, hold up work or go on strike. No employee may begin, continue, instigate, incite or force others to take part in a strike or to support one*” (ICFTU, 1996, anti union repression section, para. 8). In 1982, the government was quoted as saying that it was willing to exchange union rights for foreign investment (ICFTU, 1996, anti union repression section, para. 9).

The Pakistani government has been clear to international bodies on the issue of trade unions and the violation EPZ workers rights. At one point the Pakistani government told the ILO that it was not in a position to correct major legal violations of trade union rights in the country. This is a result of the repressive laws in question, which represented a precondition set by foreign companies for investment (ICFTU 1991 cited in Jauch 2002, global experiences section, para. 8).

In Pakistan, the government has been open in its support for capital against labour. The government’s priority is to attract international capital using policy tools to make

labour cheap and attractive. Labour, on the other hand, seems not to have any avenues left where it can address working condition problems that affect it.

5.2.12 Cambodia

Labour in Cambodian EPZs has had its rights violated by capital. A report by the MSN cites incidences where Cambodian EPZ workers have been dismissed for forming and joining trade unions. Immigrant workers are locked inside factories until they finish paying the immigration fees, factory owners paid for their transportation. The immigrants are initially recruited on the promise of high wages only to arrive and be paid minimum wages in these factories (MSN, Vol. 5(2). 2000, slave like conditions in Cambodian factories section).

5.2.12.1 Regulatory framework

Human rights groups have been active in highlighting labours' plight in Cambodia, while the government machinery has been used by labour to fight some injustices (MSN, Vol. 5(2). 2000, slave like conditions in Cambodian factories section).

Union membership seems to be a problem in Cambodian EPZs though the government and human rights groups unite when necessary to address labour injustices when they occur within the zones.

5.3 The Americas

Unlike other regions, the Americas appeared to have a lot to offer EPZ investors. Investors can enjoy a cheap labour force watched over by a strong police force and army, relatively modern infrastructure and management systems. Governments are also prepared to go to almost any length to make any concessions to attract foreign investors (ICFTU, 1996, Abdicating responsibility: the Central American case section, para. 7-8).

The region has the largest number of EPZs in the world (over 320) (ILO, 1998, global growth in EPZs section, para. 1-4). A large number of EPZs tend to be located in this

area because it is closer to the North American markets. Investors from North America shift their labour-intensive production bases into this region to take advantage of the non-unionized cheap labour and other EPZ incentives available.

The countries reviewed here are; Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama.

5.3.1 Colombia

According to the MNU the Colombian EPZs are amongst the leading suppliers of cut flowers to the North American markets. They supply 47% of Canada's cut flower imports amounting to over US\$40m while 92% of carnations imported into the US and Canada come from Colombia. However, the working conditions in the flower plantations are said to be poor, as workers are exposed to hazardous toxic chemicals amid insufficient protection, which has left many of them sick whilst wages in the flower firms are low and union activities have been banned by employers in their farms (MNU, 2002, flowers are a health hazard for workers section, para. 1-5).

5.3.1.1 Regulatory framework

Although workers are allowed to form trade unions, most employers do not allow their workers to exercise this right.

The MNU says that a proposal for an international code of conduct for cut flower production has been used by NGOs to put pressure on Colombia flower EPZs, which has forced them to draw up their own codes of conduct, but NGOs consider them insufficient as they usually omit workers rights and third party monitoring. (MNU, 2002, flowers are a health hazard for workers section, para. 6-11).

In Colombia NGOs from North America and Europe have spearheaded the campaign for better working conditions for EPZ flower farm workers. The government on its part is silent but seems to support capital as it is in a difficult position because the Colombia flower industry has generated large employment and is a major foreign exchange earner. Capital seems to have taken advantage of its dominant position in

the labour, capital, and government relationship as it denies labour some of the rights legally available to it such as union organizing.

5.3.2 The Dominican Republic

In the Dominican Republic EPZ workers have the right to form trade unions but employers do not usually respect this right.

Among the violations that do often occur include workers being fired for joining unions, long hours of forced overtime, employment with no contracts and the restricted visits to health facilities (MNU, 2002, Student/worker alliance scores another victory par. 1 & union drive section, para. 2).

The ICFTU adds that trade unions in the zones are victims of serious harassment and at times are arbitrarily dissolved. Investors use unemployment as a form of blackmail, since they have an almost inexhaustible reserve to choose from. Enterprises use various means such as blackmail, attempted corruption, discrimination, isolation of trade unionists, and dismissal of workers who are in favour of the unions and the threat of moving to union free environments to prevent unions organizing in their companies (ICFTU, 1996, House unions section, para. 6 & We are closing section para. 2-3).

A study conducted by a human and trade union rights project, showed that workers in the zones were exposed to conditions that failed to meet the minimum industrial, health and safety standards. The heat and noise exceeded tolerable levels while no space had been provided for meals forcing workers to eat on pavements. Employers also monitored the number of times workers used the bathrooms by requiring them to ask for tickets and delivered reluctant authorizations for medical visits during working hours. The study also said that supervisors and employers often colluded to force employees to work overtime and to deny them overtime pay. Physical abuse where supervisors assaulted other workers also occurred in the Dominican Republic zones. Large companies did not have first aid kits and required workers to provide their own. Sexual harassment was also common but if reported led to the dismissal of

the complainant (ICFTU, 1996, working hours section, child and women's labour sections & health and safety section, para. 2-3, 10-11).

5.3.2.1 Regulatory framework

The state has both suppressed and helped labour in its pursuit for better working conditions. On the one hand, the state has assisted capital bar trade union activity in the zones as it has intimidated trade union activists with frequent unexplained arrests and detentions (ICFTU, 1996, Repression section, para. 4), on the other hand, government labour authorities seem to work above the influence of capital. They have followed the law when called upon to do so by labour, although capital uses its power to influence labour in the form of corrupting sections of it before it (labour) moves to the labour authorities.

A report in the MNU confirms the independence of the Dominican labour authorities. Quoting a case where workers in a firm were fired as they waited for the certification of their union, the labour authorities intervened on labours behalf as the law stated that workers could not be fired while awaiting certification of their union. However, the management of the affected company bribed some of the union members to leave the union before it was registered which forced the labour authorities to deny the union certification as it lacked the required minimum number of employees to be registered.

The report goes on to say that international pressure from North American NGOs has also been applied on EPZ based companies. EPZ companies fearing that the negative publicity generated may make them lose supply and subcontracting contracts with North American companies have implemented labour reforms (MNU, 2002, union drive launched section, para. 2).

A multinational trade union campaign has supported the efforts of EPZ workers when called upon to do so. Trade unions from North America such as the American Institute for Free Labour Development (AIFLD), International Ladies Garment Workers' Union (ILGWU), Latin America, InterAmerican textile workers' Union

(FITTVCCORD) and Europe, International textile workers' federation (ITWF) have been called upon to assist EPZ workers in their disputes with capital (ICFTU, 1996, at the international level section para. 3).

Workers have also used the US and EU Generalized System of Preferences (GSP) preferential trade access agreements to lobby for the withdrawal of their country's access to these GSP privileges because of its violations of their rights. The government fearing the suspension of these rights has had to enforce its labour legislation. Workers have also exerted pressure on EPZ client companies abroad to suspend their buying contracts if violations continued (ICFTU, 1996, Solidarity section para. 1-4).

In the Dominican Republic, although workers have the right to organize capital in most cases violated this right. The government authorities seem to have done their job independently though their power to enforce their findings over capital seems to be limited. The regulatory framework although in place has not been strong enough to address EPZ workers problems. International pressure has been successful in forcing EPZ employers to address workers problems although this avenue seems to be too far from the ordinary EPZ worker. Labour has suffered in its attempts to unite as capital has played a role in causing division among workers as signified in the above-mentioned case.

Labour, therefore, turns against itself and thus fails to exploit the regulatory framework(s) made available by the government.

5.3.3 Guatemala

While union activities are permitted in Guatemalan EPZs most employers are opposed to them.

According to the MNU (2001, union members in Guatemala assaulted section, para. 1-6) employers incited their non-union employees against unionized employees to force them to resign with the use violence and if they failed to achieve this they threatened to close down their factories. Union members and officials also reported

receiving anonymous death threats. When the workers succeeded in organizing themselves, investors moved to other countries or union free zones (ICFTU, 1996, We are closing section para.1).

The MSN, Vol. 5(2). (2000, break through with Del Monte in Guatemala section, para. 1) also adds that companies also dismissed workers who joined unions and in some cases sent heavily armed gangs to attack union members while the ICFTU says that cases of disappearance and murder of union activists are common (ICFTU, 1996, Repression section, para. 5). Other maquilas distributed contraceptive pills to prevent their women employees from getting pregnant (ICFTU, 1996, Health and safety section, para. 6).

5.3.3.1 Regulatory Framework

The Guatemalan government seems to be silently supporting capital, which has left labour with limited options in which to fight for better working conditions.

Labour has turned to NGOs and codes of conduct belonging to MNEs in the North (which contract local firms for supplies) to fight for better working conditions in the EPZs as the use of unions has failed to help them achieve their goals.

One local NGO the Commission for the Verification of Codes of Conduct (COVERCO) approached MNEs in the North seeking permission to audit the activities and particularly the working conditions of their contractors and suppliers in Guatemala using their (MNEs) codes of conduct. Its reports are sent to the MNEs in the North who either make the decision to continue or discontinue sourcing from particular contractors. This to a certain extent has been effective as contractors and suppliers have grudgingly implemented recommendations from their contracting MNEs to avoid losing their business. Other NGOs have exerted pressure in the buying and contracting MNEs home markets which has forced the Guatemalan government to persuade EPZ firms to respect local labour laws to avoid losing its GSP status from the USA (Fuentes & Smith, 2000, Independent monitoring in Guatemala) & (MNU Vol. 5(2), 2001, who's responsible? section, para.1)

According to a survey conducted by COVERCO a large number of employers and workers of the firms that were subcontracting for MNEs in the North did not know anything about the MNEs' codes of conduct (Fuentes & Smith, 2000, how does this work in practice section, para.1).

International organizations have also played a role in helping labour settle disputes with capital in Guatemalan EPZs. The International Union of Food and Agricultural workers (IUF) has played an important role in mediating disputes between agricultural based EPZ enterprises and their workers (MSN Vol. 5(2), 2000, break through with Del Monte in Guatemala section, para. 1)

NGOs in Guatemala seem to have been the strongest avenue that EPZ labour has used to highlight its plight in its quest for better working conditions. Some NGO initiatives have succeeded amidst great difficulty but capital has turned to the use of other means such as violence, which it is able to disassociate itself with, in a country that is healing from the wounds of war.

5.3.4 Honduras

In Honduras sexual harassment and discrimination especially against women are some of the common violations of EPZ workers rights. According to the National Labour Committee (NLC) a Honduran NGO, women were forced to receive contraceptive injections and those who refused were suspended, at the same time EPZ firms had their factories secured with locked gates, barbed wire and armed guards all used to shut out visitors thus enabling these violations to occur (National Labour Committee, 1999, Young women in free trade zones injected with Depro Vera: NLC calls for investigation).

While soliciting for investors the Honduran government promises a union-free environment and flexible enforcement of the labour code.

These incentives make enterprises aware of their privileged status, which makes them openly violate the law. They also deny labour inspectors entry into their factories. Other enterprises use violence to get their way against labour while death threats against trade union activists are not unusual. Employers also use security guards to harass union organizers (ICFTU, 1996, Government indifference section, para. 4 & House union section 6-7).

5.3.4.1 Regulatory Framework

Honduras ratified ILO Conventions 87 and 98 which both give workers the rights to organize. It is also illegal for a group of unorganized workers to sign a collective agreement in a firm where a legally formed union already exists. However, since employers know they can count on the government's sympathy they encourage the formation of house unions after the expulsion of the members of legitimate trade unions. The Honduran authorities are hostile towards any social protest and consider enterprises in the zones as strategic industries (ICFTU, 1996, Anti-union repression section par. 7).

The National Labour Committee (NLC) recommends that a group made up of independent religious, human rights and women rights groups should be allowed to investigate the violation of the rights of EPZ women workers (National Labour Committee, 1999, Young women in free trade zones injected with Depro Vera: NLC calls for investigation).

The Honduran government has been open in its support of capital against labour in its EPZs. It has acted both against its own laws as well as against the international laws it has ratified.

EPZ women workers in Honduras have turned to NGOs in their pursuit for a fair working environment. The government seems to be silent and its omission from the group recommended by the NLC to investigate labour injustices in the EPZs could signify that it is on the side of capital. Labour, therefore, uses NGOs as the only

avenue available for it to fight for better working conditions, as both local and international laws have become weak avenues for their use.

5.3.5 El Salvador

Like in other Latin American countries labour violations in EPZ firms also occur in El Salvador.

According to the Maquila Network Update some EPZ companies have dismissed workers for forming and joining unions. The workers also complain of forced overtime and pregnancy testing, verbal and physical abuse, unreasonable production quotas and restrictions on access to bathroom facilities (MNU, Vol. 5(1), 2000, Doall workers await reinstatement). The ICFTU adds that private enterprises draw up and circulate the lists of dismissed union workers among zone firms, while the Salvadorian labour ministry issues "certificates of good conduct" which signify that the person in question does not have a record as a trade union organizer. This enables EPZ firms to avoid employing dismissed union workers, which makes it impossible for them to find employment in other firms in the zones (ICFTU, 1996, government indifference section para. 7).

5.3.5.1 Regulatory Framework

Article 47 of the El Salvador Constitution grants workers in the private sector the right to associate freely in order to defend their respective interests by forming trade unions. This right is reinforced by article 248 of the labour code under the terms of the "fuero sindical" which bans the dismissal of trade union officials (unless on legal grounds determined by a judge) at the time of their election, during their mandate and for the year following their mandate (ICFTU, 1996, government indifference section para. 2). The ICFTU continues to say that the government supports capital in its disputes with labour as it highlights an incident whereby the government and employers refused to ratify ILO Convention 156 on workers with family

avenue available for it to fight for better working conditions, as both local and international laws have become weak avenues for their use.

5.3.5 El Salvador

Like in other Latin American countries labour violations in EPZ firms also occur in El Salvador.

According to the Maquila Network Update some EPZ companies have dismissed workers for forming and joining unions. The workers also complain of forced overtime and pregnancy testing, verbal and physical abuse, unreasonable production quotas and restrictions on access to bathroom facilities (MNU, Vol. 5(1), 2000, Doall workers await reinstatement). The ICFTU adds that private enterprises draw up and circulate the lists of dismissed union workers among zone firms, while the Salvadorian labour ministry issues "certificates of good conduct" which signify that the person in question does not have a record as a trade union organizer. This enables EPZ firms to avoid employing dismissed union workers, which makes it impossible for them to find employment in other firms in the zones (ICFTU, 1996, government indifference section para. 7).

5.3.5.1 Regulatory Framework

Article 47 of the El Salvador Constitution grants workers in the private sector the right to associate freely in order to defend their respective interests by forming trade unions. This right is reinforced by article 248 of the labour code under the terms of the "fuero sindical" which bans the dismissal of trade union officials (unless on legal grounds determined by a judge) at the time of their election, during their mandate and for the year following their mandate (ICFTU, 1996, government indifference section para. 2). The ICFTU continues to say that the government supports capital in its disputes with labour as it highlights an incident whereby the government and employers refused to ratify ILO Convention 156 on workers with family

responsibilities or Convention 103 on maternity protection, as they believed that any specific protection for women workers was bound to result in lower productivity and higher production costs (ICFTU, 1996, women's labour section, para.4-5).

The Labour Ministry has not been a source of help to the EPZ workers as they claim that it is riddled with corruption, bureaucracy and inefficiency. Corrupt labour inspectors are appointed as personnel directors in the enterprises they were supposed to be inspecting wrote two Salvadorian researchers, Garcia and Ruiz cited in (ICFTU, 1996, Government indifference section para. 8).

Labour has also turned to NGOs for help. A body similar to COVERCO in Guatemala also exists in El Salvador. This body the Salvadoran Independent Monitoring Group (GMIES) monitors contractors of Northern MNEs in El Salvador. However, its recommendations are not promptly adopted by contractors who only do so at the height of public and MNE pressure. Workers have also formed unions but employers remain anti-union (MNU, Vol. 5(2), 2000, Doall workers await reinstatement).

The government in El Salvador seems to have left labour and capital to fight for supremacy in the zones, as it seems to be distant from the two groups. The NGO sector has taken labours' fight to the Northern MNEs who have responded by insisting that their contractors should follow the local laws and their (MNE) codes of conduct. EPZ investors have at times been forced to cede to labours demands, but have at times chosen to use other means such as inciting one group of labour against another, sometimes encouraging the use of violence to ensure that they reign over labour. Labour's position in the zones thus remains weak. International conventions seem not to be purposefully ratified especially those concerning women, who compromise the largest part of the EPZ workforce. The government seems to have selectively chosen what to ratify and what not to, after consultation with capital.

5.3.6 Nicaragua

Labour law violations in Nicaragua are similar to those in other Latin American countries.

The MNU, Vol. 5(2), (2000, 200 union workers fired, section, para. 1) says that although unions are allowed in the Nicaraguan zones most employers are absolutely against them and they at times sponsor anti-union campaigns in the zones. Harassment of union officials is common and labour protests are broken with brutal force by the government. EPZ investors also make use of court processes to intimidate and threaten labour.

LaCroix quoting research by the Network of Central American Women adds that EPZ workers are exposed to hot, unventilated workplaces, verbal abuse, sexual harassment, unpaid overtime, and dismissal for pregnancy (LaCroix, 1998, Improving workplace conditions in the Maquilas of central America, para. 1).

5.3.6.1 Regulatory framework

The MNU, Vol. 5(2), (2000, 200 union workers fired, section, para. 1) says that though unions are allowed in the zones workers may not be in a position to make use of them, as they fear losing their jobs. This renders them ineffective as tools that they can use to better their working environment. Capital uses the government and the Nicaraguan judicial system as an intimidation tool to subdue labour by laying criminal charges against workers in the courts during labour uprisings.

An NGO the Network of Central American Women developed a code of ethics that the Nicaraguan minister of labour signed into law. The code includes basic guarantees such as a safe working environment, the right for pregnant women to retain their jobs, and payment for overtime work. The network further said that it chose this approach as it saw that the confrontational approach used by unions was not going to work as women were afraid of losing their only source of income and because factory owners were very anti-union. Follow up research into the effect and implementation of this code showed that although most factory owners complied with it labour violations

such as beatings, sexual harassment and firings due to pregnancy still occurred but less frequently than before (LaCroix, 1998, major success section, para. 1-3).

The regulatory framework in Nicaragua is mixed in nature, as unions, NGOs, and the country's judicial system are all involved. Neither the judicial system, which has been used against labour, nor the confrontational approach of unions has been helpful to labour. NGOs have been successful in lobbying both government and EPZ enterprises to adopt a code of conduct that aims at improving the working conditions of EPZ workers. While some violations continue to occur the NGO approach seems have succeeded where other methods had failed before as its framework has gained approval from both government and EPZ investors. This is in the face of the weaknesses of the confrontational union approach which has been exposed. Labour thus benefits from this new framework drawn with the help of the NGOs, which also seems to harmonize the three parties involved in EPZ operations i.e. the government, labour and capital.

5.3.7 Mexico

According to a study by the ILO (1998) Mexico houses the largest number of EPZs in the world.

Most of the investors in Mexican zones are the United States' (US) MNEs. This the ICFTU says is because US investors in Mexico enjoy considerable comparative advantages which include the proximity to the US and Canadian markets, assembly costs at only 10 to 30 per cent of US prices, the reduced cost of managerial staff in that the same person can manage a factory on either side of the border, the high performance and productivity of the Mexican workers. In addition to this there is also a relatively stable political and trade union environment, low wages, the availability of industrial sites with all the necessary services, exemption from direct and indirect taxes, as well as the removal of customs duty (ICFTU, 1996, Mexico section, para. 9). Labour law violations are also many and are similar to those in the other Latin American states.

According to the MSN, unsafe working conditions have been a major complaint by maquila workers in Mexico, though company owners in most cases do not take these complaints seriously. Union leaders and members together with pregnant women are often dismissed. Management often harassed workers and restricted union members from interacting with non-union members. During strikes, sections of workers were prevented from joining their striking colleagues by being locked up in the factories. Where EPZ managements allowed union formation they intimidated and rigged elections in favour of their preferred candidates. In other companies workers were not allowed to participate in any union activity (MSN 2002, Custom Trim update) & (MSN, 2001, Alcoa fires 186 workers in Ciudad Acuna, Mexico to eliminate workers committee).

Child labour is also common in some Maquila factories the MSN (2001, Tehuacan, Puebla section, para.1) adds.

5.3.7.1 Regulatory framework

There are many avenues available for labour to address their EPZ workplace problems. There are a number of NGOs that have been fighting for improved working conditions for the maquila workers, inter-governmental, religious, worker and labour organizations.

According to the ICFTU Mexican maquilas and trade unions have never had a good relationship. Until 1970, the maquiladoras were exempt from labour laws, and nothing was done about the violation of workers' rights. By 1990, most workers were not unionized and some zones had been declared union free mainly due to employer hostility.

However, some maquila workers in various regions were almost all members of a trade union affiliated to the ruling party. As Singapore did, the Mexican government through the ministry of labour, in an attempt to regulate wages, set up a body, the Minimum Wage Commission in the maquilas. This body was assigned the task of carrying out research to estimate the cost of living per region, but the levels it

established were in reality not genuinely representative (ICFTU, 1996, Trade union organizing section, para. 1-3).

The NAFTA labour side agreement is a regulatory instrument formed to protect workers from the negative consequences of free trade. It allows workers and interested third parties in the USA, Canada and Mexico to file complaints when a government fails to enforce its own labour legislation. However, the shortcomings of this agreement is that it does not allow workers to file complaints against corporations for their labour rights violations nor does it address the problem of weak and deteriorating labour standards in national legislation. Mexican workers complain that even if the agreement has given them a forum to publicize issues affecting them, they complain that it tends to be too torturous and slow and has no enforcement mechanism while issues raised through the agreement seem not to be taken seriously (MSN, 2001, No effective protections section, para.1).

There is also a government-affiliated union that maquila workers are encouraged to join. EPZ unions affiliated to this union in some cases have been rigged into leadership by maquila company owners, adds the MSN (2001, No to the FTAA section, para.1).

Religious organizations are also involved in the fight for better working conditions in the Maquilas the MSN, Vol. 5(3), (2000, custom trim workers threatened section, para. 1-3) also adds. Business and maquila associations have used sections of the Mexican media to accuse workers and NGOs of destabilizing the maquila industry says the MSN (2001, Alcoa fires 186 workers in Ciudad Acuna Mexico to eliminate workers committee, para. 9).

The Mexican military forces have been used to violently disperse protesting workers in the Maquilas (MSN, Vol. 5(3), 2000, Duro struggle continues section, para.1).

Mexico EPZs seem to have many avenues available to express their working conditions' concerns. However, most of these avenues do not seem to be yielding the desired results. Intergovernmental agreements such as the North America Free Trade

Area (NAFTA) labour side agreement have proved to be considerably slow and too far away from the ordinary EPZ workers and seem not to address issues that directly concern workers as it bars them from addressing company specific issues. The media has not been helpful either as it has been used by capital to castigate the behaviour and demands of labour, while the government has been fully behind capital by providing it with some of its machinery such as the police force to curb workers demands in EPZ firms. Unions have not been helpful either as employers have used their influence to infiltrate them. Even though Mexican workers have many avenues open to them the effect of these avenues has not yielded any tangible benefits for labour.

5.3.8 Panama

Panama hosts the second largest zone in the world, the Colon zone at the Atlantic end of the canal. At an international conference on EPZs, in October 1991, the representative of Panama distributed brochures, which highlighted the limitations imposed on trade union activities in the zones.

Governments bear much of the responsibility for this anti-union repression as they not only exonerate enterprises from paying taxes and customs duties, but also exempt them from applying the host country's labour legislation, said the representative from Panama (ICFTU, 1996, Anti-union repression section, para. 6).

5.3.8.1 Regulatory framework

Panama has adopted a special labour code of conduct for its EPZs, which has replaced the national labour code. Though initial legislation sought to bar trade unions from the zones, a compromise was reached and trade unions are now free to participate in the zones but unionization levels have been low (Jauch, 2002, the law of the zone versus the law of the land section, para. 6).

The case in Panama is unique as the government has set aside its labour legislation and in its place has set up a labour code specifically meant for the EPZs. This means that although the government has taken away from labour its own laws, it has,

nonetheless, given them another set of laws under which to operate. Labour in Panama, therefore, seems to be catered for by the government.

5.3.9 Costa Rica

In some maquilas, in Costa Rica, workers must buy their own first aid kit while pregnancy is a cause for dismissal (ICFTU, 1996, Health and safety section, para. 2-5).

5.3.9.1 Regulatory framework

National labour laws cover EPZs in Costa Rica although unionization levels are said to be low (ILO cited in Jauch, 2002, the law of the zone versus the law of the land section, para. 3).

The *Solidarismo*, a movement sponsored by the employers and conservative circles and supported by the official US development aid agency (USAID), is openly favoured in the Costa Rican zones where workers who belong to these associations, almost outnumber the trade union membership in the whole country. A document from the US Labour department shows that 90 per cent of workers from US firms operating in Costa Rica are members of solidarist associations (ICFTU, 1996, House unions section, para. 2).

In Costa Rica although the zones are covered by national legislation unionization levels are low, this can be attributed to the infant trade union movement (ILO cited in Jauch, 2002, the law of the land versus the law of the jungle section, para. 4). This has made the *Solidarismo* organization sponsored by employers a strong body but not an independent forum, as the employer's agenda may always prevail over that of labour.

5.3.10 Jamaica, Belize and Barbados

Trade union activity is discouraged in Jamaica and Belize, although in Barbados, a Social Partnership between trade unions, government, and the private sector attempts

to ensure workers' rights to freedom of association and the right to organize (Leith, 1999: Introduction section, para.7-8).

5.4 Africa

There is a lot of regional competition among nations to attract foreign investors. The wage incentive has often been invoked among these competitors. For example the Namibian government while trying to attract South African investors into its zones has cited that its wages have been a third those of South Africa.

Most of the countries in Africa compete for the same investors by offering greater concessions, which produces poor working conditions in EPZs where the benefits accrued go to the investors and the costs incurred to the host countries.

In Zimbabwe unions argue that poor working conditions result in lower productivity while in South Africa unions have set minimum standards for work conditions, while other union sections totally reject the formation of EPZ's (Jauch, 2002).

5.4.1 Namibia

In suspending the labour regulatory framework the government argued that local and foreign investment in the past five years (1990-1995), had not generated substantial economic activity such that EPZs were seen as the only solution that would spar the Namibian economy. The government said that it was excluding labour laws so as to assure investors that there would be no industrial unrest but promised to put some regulatory framework in place to ensure labours' safety and security. In the mean time the non-application of Namibia's code was seen to be necessary to achieve the larger goal of job creation (Jauch, 2002, Section 3, the case of Namibia, para. 1).

However, even with the above government assurances labour in the Namibian zones has still encountered problems. The EPZ workers have complained of low salaries, poor working relationships with EPZ company managements and poor working conditions in the zones (Endresen & Jauch, undated, EPZs labour relations today section, para 1-6 & wages section, para. 1-3)

5.4.1.1 Regulatory framework

In Namibia two ministries are responsible for the drafting of EPZ legislation. These are the labour and the trade and industry ministries (Endresen & Jauch, (undated), Early conflicts: EPZs and labour, para 1) After the suspension of the labour regulatory framework by the government unions challenged the EPZ act in the courts and a compromise was reached whereby the labour code would apply, but strikes and lockouts would be outlawed for a period of five years (The Namibian cited in Jauch, 2002, Section 3, the case of Namibia, para. 2).

Jauch (2002) continues to say that unions feel that the suspension of local law contravenes international law, (which in extension can be taken to mean that the suspension of local law amounts to the suspension of international law). They also say that employers do not respect trade union rights and regard unions and their members as inciters. Employers are said to often dismiss union members and exercise control over unions in their companies by using threats to prohibit workers from joining them. Jauch (2002) further contends that employers do not allow external unions into their companies for monitoring purposes. Unions on their part have expressed their helplessness in this situation as they say that the government protects investors as they break the labour act. Investors, on the other hand, threaten to quit if unions are formed as they say they need the "*no strike clause*" to enable them to meet their export deadlines (Jauch, 2002, Section 3, the case of Namibia & Endresen & Jauch, undated, Early conflicts: EPZ labour relations today section, para 1-6).

The Namibian government, the zone management company and the investors all take different initiatives as they try to foster interaction between investors and their workers. According to Jauch (2002) the government on its part, is not willing to renegotiate its stance on the concession it made regarding labour laws.

The Namibian EPZ management company plays a mediating role between EPZ enterprises and labour in crisis situations. It also sets up forums whereby EPZ companies and unions interact though unions feel that these forums are not taken seriously by EPZ investors who merely send junior staff to the meetings. EPZ

enterprises on their part try to interact with their workers by holding meetings, allowing worker committees to be formed and at times having open discussions directly with them (workers) (Endresen & Jauch, undated, strikes section, para 1-3).

The Offshore Development Company (ODC) that promotes Namibian EPZs internationally claims not to be aware of the ill-treatment of EPZ workers but maintains that Namibian EPZ workers should first build a work culture where wages would then be regulated by the market (Endresen & Jauch, undated, wages section, para 5).

Namibian unions, on the other hand, find themselves trapped in a tricky situation, as they own part of the EPZ mining enterprises that have been kept open for their members own benefit. Thus they cannot challenge the viability of EPZ concept (Jauch, 2002, Section 3, the case of Namibia, para, 13, 14).

The Namibian situation is a unique one, as, on one hand, some union activities have been suspended in EPZs while, on the other hand, the same unions have been co-opted into EPZ operations by the same government especially on projects that aim to keep workers in employment. In the long run unions may fail to find a solid negative or positive position regarding the EPZ concept as on one side they are oppressed and on the other they benefit from EPZs.

5.4.2 Malawi

Malawi enacted EPZ laws in the 1990s.

In Malawi EPZs trade union rights are restricted as EPZs are regarded as essential industries. This has resulted in anti-union discrimination in the zones pitting groups that want to have unions in the zones and employer backed groups which do not want to (ICFTU, 2002, ICFTU report condemns deplorable conditions for workers in Malawi section, para.1).

The state has been supportive of capital, as it has used its machinery to suppress labour and their organizing into unions as the police occasionally detain union leaders

without charges in order to intimidate and threaten labour (ICFTU, 2002, ICFTU report condemns deplorable conditions for workers in Malawi para.6).

5.4.2.1 Regulatory framework

Malawi has ratified the eight ILO conventions that deal with core labour standards but continues to flout them (ICFTU, 2002, ICFTU report condemns deplorable conditions for workers in Malawi para.6).

5.4.3 Mozambique

Like Malawi, Mozambique enacted EPZ its laws in the 1990s.

In Mozambique labour laws do apply while minimum wages are supposed to be observed.

However, observers and researchers feel that it may be extremely difficult to enforce these kinds of laws due to the poor state of the Mozambique economy and the government's will to attract and keep foreign investment. Other factors such as a young and weak trade union movement which may not be in a position to monitor EPZ operations, extreme poverty, high unemployment and International Monetary Fund (IMF) and World Bank (WB) conditions, are all likely to influence the government not to impose strict investment conditions on foreign investors (Jauch 2002, section 4, generous incentives and low wages).

5.4.4 Madagascar

In Madagascar differences in the wages earned by expatriates of European origin and Madagascans for the same type of work exist, which frustrates Madagascan nationals. Employers defend this wage structure by saying that Madagascans do not have the "same needs as those of the expatriates." Although such discrimination is looked down upon in labour legislation, it is not explicitly prohibited (ICFTU, 2001, Madagascan workers have been excluded from the economic boom in EPZs section, para. 4-7).

Although the national labour legislation is applicable even in the zones it is often disregarded by EPZ firms.

Forced unpaid overtime is common while other investors import workers from their home countries and pay them on a piecework basis in an effort to “boost” production. They place their countrymen at the beginning and at the end of their production line to ensure maximum production by the local employees (ICFTU, 2001, 56-hour work weeks section, para, 1-3).

5.4.4.1 Regulatory framework

Associations of businessmen threatened by those violating labour laws have called upon the government to close down enterprises found to be violating labour laws as they feel that the continued labour law violations may jeopardize their preferential markets, such as the GSP and AGOA markets which EPZ workers campaign groups have been targeting (ICFTU, 2001, 56-hour work weeks section, para, 3).

5.4.5 Liberia

Liberia Free Zone Authority (LIFZA) workers have been denied their salaries as a result of poor management within the zones. Infighting within the zone management plus a poor management structure, coupled with the absence of a zone management board, have all contributed to a poor working relationship between workers and management (The News (Monrovia), 2002, Zone Workers Want 10-Month Pay).

5.4.6 Ghana

According to Hunter, M. (1996: EPZs in Ghana: A dismal success story, para. 1-7) in Ghana arbitrary firings, a seven-day working week, no unions and a remuneration structure below the minimum wage are some of the common features in the EPZs. This Hunter (1996) argues is due to the high unemployment rates in Ghana where investors have taken the opportunity to exploit labour. Though unions tried to fight for the inclusion of trade union rights in EPZs the government refused, but said that the basic ILO principles would be upheld. When the labour minister visited the zone,

workers complained to him about the violation of their rights but he told them to keep quiet, as there were no jobs in Ghana.

5.4.7 Cameroon

In Cameroon there are restrictions on the right to organize, regular interference by the government in trade union activities, blatant discrimination based on gender and ethnicity, and widespread use of prison labour (ICFTU, 2001, Cameroon: New international report points to labour violations, para.1).

The ICFTU report also notes that the government interferes in trade union activities at many levels, beginning with the restrictive conditions imposed by the Labour Code on the right of workers to form a trade union, such as mandating separate procedures for private and public sector workers. Neither does the law provide for any restitution, in the form of reinstatement or compensation, for wrongfully dismissed workers (ICFTU, 2001, Cameroon: New international report points to labour violations, para. 4-5).

5.4.7.1 Regulatory framework

According to the ICFTU (2001, Cameroon: New international report points to labour violations, para. 11) Cameroon does not respect ILO conventions and WTO agreements, which cover freedom of association, the right to collective bargaining, discrimination, the use of child and prison labour.

5.4.8 Lesotho

In a Lesotho garment factory a supervisor at a plant beat workers with lengths of knotted fabric. This is because he did not speak the local language and became frustrated when workers could not understand his instructions (Khan, 2002, para. 21). Police stations were also set up at the entrance of the zones to prevent the access of trade union organizers into the zones (ICFTU, 1998, The Africa of EPZs and SAPs, para. 1).

5.4.9 South Africa

South Africa has just established EPZs, but according to Jauch (2002) some policies had been introduced by the apartheid government during the 1980s, that resembled those of modern EPZs.

The incentives offered were similar to those found around the world. The aim was to prevent immigration of people from poor areas to areas of high economic activity. The EPZ program was not implemented due to the 1994, general elections.

Jauch (2002) concludes by stating that new forms of EPZs have sprung up as Industrial Development Zone's (IDZs), which are being promoted, by the South African Department of Trade and Industry. These are geographically defined areas where incentives are offered to manufacturing firms to invest in. In addition to national incentives local governments can grant special incentives such as subsidized rates on, electricity and land among many others (Jauch, 2002, section 5, South Africa's EPZs: Through the back door).

5.4.10 Mauritius

In Mauritius, whose zones have long been cited as an example for the region, many employers victimize and intimidate workers who wish to join trade unions. This was noted by the ICFTU Survey (ICFTU, 1998, The Africa of EPZ's and SAPs, para. 1).

5.4.11 Kenya

In Kenyan EPZs, although labour legislation does apply, many exemptions have been granted and, many violations of trade union rights have been reported (ICFTU, 1998, The Africa of EPZs and SAPs, para. 1). In 1994 the minister for labour exempted EPZ enterprises from the factories act which sets forth detailed health and safety standards (National trade data bank, 1999, Kenya foreign labour trends, para. 2). The ICFTU Nairobi based secretary general also adds that EPZ workers are made to work long hours and are not allowed to form trade unions (InterPress service, 1998, who is to blame for negative impacts of globalization, para. 4-5). This has left EPZ workers with limited channels to address their work place problems. Strikes are one way they have chosen to do this. In January and February 2003, striking EPZ workers in the public owned Athi River EPZ paralyzed operations in all EPZ based firms (Mulaa &

Gathaiga, 2003, Chaos rock EPZ firms). The workers at the largest private zone in Nairobi about 50km away (from the government owned Athi River Zone) after failing to agree with their management on re-employment were sacked for an unlawful strike. The workers went on the rampage hurled stones at motorists and smashing windscreens of several vehicles as they pressed for better wages and terms of service (Odula, 2003, Sacked EPZ workers cause chaos in city section, para. 1). The workers stated the following as their grievances:

- Better wages and better terms of service;
- Late payment (overtime and other arrears);
- Non-remittance of salary deductions to relevant provisional funds;
- Casual employment for too long;
- End of harassment;
- Sexual harassment;
- Sexual exploitation;
- Gender discrimination;
- Insufficient medical care;
- Lack of trade union rights;
- Ineffective dialogue and communication channels;
- Corrupt labour officials;
- Poor/slow problem solving structures in ministry;
- Violation of international laws;
- Lack of transport and security after night shifts;

(Bosire 2003, Mulaa & Gathaiga, 2003, Nation 2003, Munene 2003 and Miring'uh, 2003).

5.4.11 Regulatory framework

EPZ enterprises are not required to pay workers the minimum wage, as wages in the zones are self-regulatory between investors and their employees. Critics say that the government does not inspect EPZ enterprises and relies on self-regulation by employers. The EPZA also educates employers whose backgrounds vary on Kenyan

laws and regulations and also monitors whether investors are complying with labour laws (National trade data bank, 1999, Kenya foreign labour trends, para. 2).

The ICFTU Nairobi based secretary general also states that EPZs in Kenya have ever since violated workers rights which contravenes international law which has subsequently violated the universal declaration of Human rights and the ILO's 87th convention both ratified in 1948 (InterPress service, 1998, who is to blame for negative impacts of globalization, para. 4-5).

In trying to resolve the issues raised in the January and February strikes the Export Processing Zones Authority (EPZA)¹⁴ held discussions with workers and investors while at the same time workers and their representatives held consultations with their employers (Daily Nation, 2003, Give negotiations a chance) the government also met with employers and workers representatives (Daily Nation, 2003, employers worried by strikes).

After the discussions the government responded by making a few concessions, which included;

- Allowing EPZ workers to join trade unions (Munene, 2003, Give Narc time, COTU tells unions).
- Directed EPZ firms to pay the government set minimum wages (Ouma, 2003, Hike minimum wage government orders EPZ firms).

Even after making these concessions workers still continued to strike which made the government suspicious of external forces to the tripartite labour agreements (Nation 2003). Unions, human rights groups (Munene, 2003, Give Narc time, COTU tells unions) as well as NGOs (Ouma, 2003, Hike minimum wage government orders EPZ firms) were said to have had a hand in the strikes.

5.5 Summary

In the 1960s, labour, due to the influence of technology, education, exposure, networking and organization, has fared much better than the preceding period in

¹⁴ EPZA – the body that runs the EPZ program in Kenya

terms of advocating for its work place rights. Labour has both, through its own initiative and that of governments, been able to put up different protective structures for workplace protection.

Governments have been both supportive and repressive of labour. Labour's rights have frequently been sacrificed to attract investors. This has caused some suffering to labour, incidents such as sexual harassment and discrimination, physical and verbal abuse, poor wages; job insecurity, forced overtime and death have been reported in EPZs around the world. Abbott (1997) blames government inefficiency as he contends that it has caused this labour relations problem by not providing enough law enforcement mechanisms because of insufficient government funds (Abbott, 1997, EPZs and the developing world, para. 13).

However, workers have sought various alternatives to address this employer-employee labour relation's gap (problem). The alternative channels they have used have led them both to success and failure. These avenues include international laws, lobbying, trade agreements, MNE codes of conduct, human rights groups, NGOs, the press, home country laws, private agreements, consumer groups, unions and house committees.

The changing international trading environment has affected labour both negatively and positively. It has negatively affected labour in the sense that some of its rights have had to be sacrificed for the sake of investment and development, in a positive manner, in that workers, their supporters and campaigners have been able to put up strong support structures to cushion themselves against injustices occurring at the EPZ work place.

The effectiveness, strengths and weaknesses of these structures i.e. international laws, lobbying, trade agreements, MNE codes of conduct, human rights groups, NGOs, the press, home country laws, private agreements, consumer groups, unions and house committees are reviewed in the next chapter.

CHAPTER SIX

CONFLICTS BETWEEN THE STATE, EXISTING REGULATORY FRAMEWORKS AND THE DEMANDS OF INTERNATIONAL TRADE: LITERATURE REVIEW

“Every state has the primary responsibility to promote the economic, social and cultural development of its people. To this end each state has the right and the responsibility to choose its means and goals of development fully mobilize and use its resources to implement progressive economic and social reforms to ensure that full participation of its people in the process and benefits of development. All states have the duty, individually and collectively to cooperate in eliminating obstacles that hinder such mobilization and use” (United Nations (UN) charter of economic rights and duties of states, article 7, resolution 3202 cited in Mangoldt: 271).

6.1 Background

The state has played an influential role in world business activities for a very long time. Although its involvement in business has been diminishing, it has played and continues to play varying vital roles in world trade. It has been a trader, a regulator and of late a promoter of international trade.

With the development of organization and regulation structures in international trade, the state is finding itself with less trading, but more regulatory and promotion responsibilities as it finds itself co-opted into the regulatory structures of international regulatory bodies. However, it is finding itself in an uncomfortable position as it tries to promote investment and regulate investors at the same time. A large number of states in the developing world have instead opted to convert trade regulatory tools into investment promotion incentives. This has weakened international trade regulatory frameworks such as the UN system and its specialist organizations and their associates such as the International Labour Organization (ILO) and the International Confederation of Free Trade Unions (ICFTU) among many others. The dynamic nature of international trade has also not helped regulatory bodies as the rapid changes occurring in global business steered by technological innovations have been too fast for regulatory bodies to cope.

Workers in the developed world are losing their jobs to workers in developing countries due to cheap wages in developing countries (Soto, 1999 & Madaley, 1992). Developing countries continue to encourage this, as they seem to have shelved their protective responsibilities to assume promotional functions instead. Where states would like to apply their regulation on trade, the speed at which global business changes, makes it difficult for them to cope legislatively. Regulation under the different trading agreements has been found unsuitable, as developing countries fear that it can be used as an export-import protection tool by developed countries. Codes of conduct involving individual companies and various other players have, therefore, been proposed by various international trade stakeholders as they are able to cope with this dynamic nature of international trade.

6.1.1 Introduction

This chapter reviews the conflicts between the state, existing regulatory frameworks and the demands of international trade.

The chapter first takes a brief overview of Multinational Enterprises (MNEs), as they are the principle group of actors in international trade and EPZ operations. Their importance and methods of doing business especially in EPZs are also briefly reviewed. The chapter then briefly reviews the application of MNE home country laws in host EPZ operations and their shortcomings. Furthermore the chapter reviews the sections of international regulatory bodies such as the ILO, the Organization of Economic Cooperation and Development (OECD), the UN, the United Nations Industrial Development Organization (UNIDO) and the ICFTU that conflict with the needs of the state and international trade. It then reviews briefly trade agreement regulatory frameworks such as the North America Free Trade Area (NAFTA), the World Trade Organization (WTO) and Generalized System of Preferences (GSP), (Caribbean Basin Initiative (CBI), Africa Caribbean Pacific (ACP) and African Growth and Opportunity Act (AGOA)). It then looks at the contribution of Non Governmental Organizations (NGOs) and finally individual MNE codes in relation to business ethics. In analyzing the conflict between the various codes and needs of the state and international trade an approach that looks at their origin,

purpose and area they are in conflict with the state and the demands of international trade is followed.

6.2 Multinational Enterprises (MNEs) and international trade

Whether by accident of economic policy making or by design, it is difficult to deny that MNEs exercise considerable influence and perhaps some power over the direction of economic and social policy (Addo, 1999:3-4). According to Root (1994:547) MNEs have become a decisive force in shaping the patterns of trade investment and technology flows among nations and it is impossible to understand the world economy without appreciating the many roles they play as producers, investors, traders and innovators on a global scale. Bhagwati (1989:6) further reinforces this views with his contention that MNEs have become responsible for a sizable share of world trade as they possess the market power that makes them independent actors in the international economic system, where their actions force changes in national economies and compel governments to respond to them. MNEs, as the above writers reveal are strong and powerful players in the international area of global trade. Their considerable influence on policy issues around the world has been used to exert pressure especially on developing countries to change their economic development policies to suit their needs. The EPZ concept seems to be one such adjustment made in order to accommodate the needs of MNEs and the demands of global trade.

6.2.1 Definition

MNEs have many definitions. Some scholars define them in terms of their operations while others in terms of their ownership, their staff, their registration and listing on the various stock exchanges around the world. There is, therefore, no single agreed upon definition of what an MNE is.

Bhagwati (1989:7) defines an MNE in terms of its operations. He says that a firm becomes an MNE when it expands its production and organization into foreign countries. The MNE system, he says, will include the parent company and its affiliates and the flows of products, services, capital, technology, management and funds among them. The aim of this expansion Bhagwati concludes is to search for markets and lower costs.

An MNE denotes a headquarter or parent company that engages in foreign production through its own affiliates located in different countries and strives to design and implement business strategies in production, marketing, finance and other functions across countries (Root, 1994:577).

Madeley (1992:86) defines MNEs in terms of their impact as he says that MNEs are large companies with subsidiaries in different countries, which have considerable impact on the economies of trade and the people of developing countries. By 1991, he says worldwide, MNEs employed 65 million people. In their headquarters they had about 43 million employees. In subsidiaries and other developed countries they employed 15 million people while in developing countries they employed seven million workers.

All the above definitions of an MNE seem suitable definitions in the context of this study as they all mention a parent company, their subsidiaries around the world and the flow of products and management among them and the search for lower production costs. The EPZ concept can be fitted into the above definitions.

6.2.2 MNEs and developing countries

Bhagwati (1989:85) is again of the view that MNEs have the ability to move into developing countries because of the decreasing transportation costs, which enable them to both transport components for assembly in labour abundant developing countries and export them back to the developed countries at affordable transport costs. Root (1994:659) says that MNEs are able to move to developing countries as a result of favourable production and incentive initiatives in both the developed and the developing countries. He argues that American companies receive incentives such as insurance and investment guarantees from their government as well as fiscal, procedural and labour law exemptions from developing countries.

Madeley (1992) adds that MNEs are considered to be important partners in developing countries as they offer capital, investment and job creation, all which are of necessary help in the development process of these countries. He, however, points out the bad side of MNEs in his description of the way they operate. He says that they operate with trickery, treachery, undemocratically and with little or no government control, where they have no effective responsibility to the developing countries and leave few, if any, benefits

through their presence or activities (Madeley, 1992:87-88). Bhagwati (1989) is of the view that MNEs move into the developing world due to the international immobility of some factors of production particularly labour. He says that if labour, among other factors of production, could freely move among nations in response to opportunities for economic gain, they would move freely until the supply of each factor was everywhere fully adopted to demand and the price for each factor was the same in every country and in every use (Bhagwati, 1989:123).

The complexities of global trade and the different levels of development and factor endowments in different countries seem to be the driving force behind the global location and relocation of MNEs and the growth of EPZ activities around the world. The gains are spread among the developed and developing countries. Where developed countries lose in terms of disinvestments, developing countries gain by attracting this investment while developed country consumers also gain, as they are able to purchase the inexpensive re-exported goods.

6.2.3 MNEs and their operations in developing country EPZs

Citing an ILO report the ICFTU (1996) says that EPZs are closely linked with the multinationalization of the economy. It says that although local entrepreneurs may be active in EPZs, without MNEs there would not be any EPZs. The report says that in 1986, more than two thirds of the 1.5 million jobs in EPZs were provided by MNEs. EPZs, the report says, are preferred as they provide a modern, predictable, environment with ready to use infrastructure (ICFTU, 1996, multinational section, para. 1-2). The World Export Processing Zones Association (WEPZA) adds that the many culture-shock absorbing services provided by modern EPZ management are even more important in the long run than the buildings and infrastructure that they offer (WEPZA, 1996, para, 59). Madeley (1994:89) says that MNEs that produce consumer goods are attracted to developing country EPZs by the low rates of pay that prevail in most developing country zones and the frequent absence of organized labour unions, where they are also offered fiscal, procedural and labour law concessions.

EPZs are a response to the globalization of the economy and the relocation into them by MNEs seems to be a response to the demands of global trade while the concessions

offered by developing countries seem to reflect the needs of developing countries and their desire to effectively participate in international trade.

On the issue of operations, MNEs work differently in developing country EPZs' around the world. Electronic firms such as Hewlett Packard, Sony and Texas Instruments, among many others, tend to own factories in developing countries while firms dealing with garments such as Nike, Liz Claiborne and Reebok, among many others, tend in most cases to subcontract their operations to developing country producers (Fuentes and Smith, 2000) & (ICFTU, 1996, multinational section, para. 1-2).

Electronic firms tend in most cases to own operations in developing countries due to quality concerns as well as to guard against the theft of technology among other concerns. Garment firms, on the other hand, tend to subcontract their operations to producers in developing countries, as there is nothing that they can lose by doing so. The ICFTU says that MNEs subcontract to local firms in the zones in most cases to hide their identification as they do not want to "*get their hands dirty*" with the complexities of local operations and prefer just to buy goods from them. Their role only emerges when a dispute breaks out (ICFTU, 1996, multinational section, para. 1-2).

The works of the reviewed authors above reveal that MNEs play an important role in international trade and development. Their dominant position in international trade and their ability to quickly move into new environments has given them a strong bargaining position against governments and labour. In this position they have been able to negotiate for better business terms and incentives from both home and host governments. They have also been able to influence trade and other policies that are important to their operations. In their EPZs operations in developing countries they have used their dominant bargaining position to make labour to operate under their terms. These terms in some cases have been unjust and in others disastrous to labour as the reviews in preceding chapters have revealed.

International organizations, NGOs and workers advocacy groups have forced their way into the MNE, EPZ and global trade environment and have had some success in

advocating for improved working conditions and the recognition of the rights of the workers involved in this trade though a lot more needs to be done.

6.2.4 The EPZ employer-employee labour relations' gap and MNE home country laws

The application of MNE home country laws in their EPZ operations in developing countries has been proposed by various non-governmental workers rights groups and their supporters. MNE home country laws in most cases are of higher standards than those of host countries. Issues that MNEs find illegal in their home countries may not be illegal in their host countries and may be part of the incentives that they demand for, and are offered especially in developing countries.

Some scholars hold the opinion that both home and host country laws have not been as dynamic as international business.

As a process by which corporations are to be regulated the law has been heavily overwhelmed by the demands of global trade, which has made it inadequate in regulating MNE behaviour at a time of expanding MNE power and influence. The law has also been slow and reactive in its development, which sharply contrasts with the swift, and dynamic development of MNE corporate policy for which control by the law is already inadequate says Addo (1999:9-10). Werner (1992:63) supports Addo's views on the inadequacy of the law as he maintains that laws have been inadequate in keeping MNEs within socially desirable bounds, as they are the result of a slow reactive process as lawmakers only react after problems have become public issues. This time lag has a negative effect as it leads managers to believe that until the law tells them otherwise, they have no responsibilities beyond the law and their impulses.

With the globalization of the economy and the reduction of trading and investment barriers, MNEs operating internationally are likely to apply only the standards defined in the laws of the host countries, MNEs may, therefore, apply low standards in their host country operations, which may be illegal in their home country. However, the extra

territorial application of home country laws in host country jurisdictions is often outlawed in the MNE host countries and is unlikely to be tolerated says Addo (1999:11).

As Addo (1999) has put it above, it is quite difficult to enforce MNE home country legislation on MNE operations in developing country EPZs. First, with the dynamic nature of international trade it is difficult to identify which country an MNE belongs to due to the numerous countries an MNE can be identified with. It may have a different home from its headquarters due to its listing in another country's stock exchange while it may have another home as a fully-registered independent subsidiary in another country and a foreign joint venture relationship overseas and may also have the majority of its share holders from yet another country. It may also have a partnership or franchise with a host country company such that the identification of its home proves an impossible task to establish. This is further emphasized by Meeran (1999) who says that a parent company of a wholly-owned subsidiary is on the face of it, no more responsible legally for the unlawful behaviour of the subsidiary than would be for example a member of public for the negligence of a company in which he owns a single share. He continues to hold the view that MNEs use confusing corporate structures to distance and separate the parent company from the local operating subsidiaries to protect the MNE from any legal liability (Meeran, 1999:161-162).

Another method that MNEs use to avoid identification of both their headquarters and their homes in EPZs is that of subcontracting, licensing and franchising where production operations are carried out on its behalf by a local company which enables it exploit EPZ incentives by proxy using a local company. A host country subcontractor or franchise holder cannot be fully linked to the MNE, as its relationship with the MNE could only be that of supplying. The MNE has thus been able to stay away from the spot light by using modern global business anti-disclosure mechanisms.

The major hindrance to the application of MNE home country laws in their EPZ operations in developing countries lies in the issue of sovereignty. The independence of states to determine what cause they wish to take on a variety of issues has been a value

that has been respected internationally and has often been invoked by many countries especially developing ones to defend their economic policies and choices among many other actions that they choose to take. The right for a state to exercise its independence is fully supported by the United Nations (UN) in its resolution 3281 in its charter of economic rights and duties of states, article 1, which states that:

“Every state has the sovereign and alienable right to choose its economic system as well as its political, social cultural systems in accordance with the will of its people without outside interference, coercion, or threat in any form whatsoever” cited in (Mangoldt, 1997:269).

Most developing countries have thus turned to international conventions and laws to defend themselves especially against external bodies, which feel that some actions taken by the state especially when they support MNEs in their EPZ operations have been unfair and unjust to sections of its citizens.

Article 2, of the same resolution above reinforces article 1, as it states:

“Every state has and shall freely exercise full permanent sovereignty, including possession, use and disposal, over all its wealth, natural resources and economic activities” cited in (Mangoldt, 1997:269).

The state therefore seems to have total control over its choices and may, therefore, not be in a position to accommodate the application of MNE home country law in its territory.

Consequently the application of MNE home country law in its host country EPZ operations is an option that may not to be accepted by the host country which finds itself in a position where it has been forced by both the power of MNEs and the changing global business practices to manipulate its own laws in order to attract MNE investment in their zones to steer it to economic growth. A large number of developing countries have successively manipulated sections of their laws and turned them into investment attraction tools such as the ASEAN four, the Asian tigers, Mauritius and Mexico, among many others, which may not have been possible had MNE home country laws been applicable in these regions EPZs.

The proposal to apply MNE home country laws to fill in the EPZ employer-employee labour relations gap seems difficult as it is likely to encounter a lot of resistance from

EPZ host countries more specifically with the claim that the state and its people have chosen to follow an export oriented economic system that enables them to employ the resources at their disposal to fight poverty and raise their citizens standards of living. MNEs, on the other hand, may not support such a proposal as it neutralizes their advantage seeking initiatives as the relaxed laws in developing countries provide them with opportunities that they can profitably exploit.

The UN system seems to fully support the state's right to make the choices it desires to follow in its economic development process. Another UN body, the United Nations Industrial Development Organization (UNIDO), in its 1975 Declaration in Lima came out strongly in support of the state as the supreme authoritative organ on issues related to industry and development. Sections of the Lima Declaration that are of relevance to this study are reviewed below with the aim of emphasizing the supreme authority of the state on issues pertaining to investment and economic development in their territories.

6.3 The Lima Declaration and its support for the state as the principle determinant of its own course in the process industrial development

In March 1975, the Second General Conference of the United Nations Industrial Development Organization (UNIDO), meeting in Lima, issued a Declaration and World Plan of Action which called for the redistribution of world industry so that developing countries would have 25% of it by the year 2000. This declaration recommended radical changes in traditional concepts and practices. It also set forth the main principles for industrialization and defined the means by which the international community as a whole would take broad action to establish this new economic order. The Declaration also called upon the developed countries to eliminate barriers to trade with developing countries and encourage their manufactured exports. They were asked to restructure their industries in order to deploy production capacity to developing countries and to expand technical assistance programs to them (UN, 1975:22-23).

Although this declaration was adopted by both developing and developed countries, the development of industry in developing countries has been slow and by the year 2000. It is

doubtful whether the declaration had achieved its objectives since in 1992. It had reached only 14.9% of the envisaged 25% having been at 11.6% at the inception of the declaration in 1975, adds Madeley (1992:55). Since the declaration also called for the opening up of developed country markets for manufactured products from developing countries some action seemed to have been taken towards doing this, with the establishment of certain preferential market access structures for developing country manufactured exports. These structures include the Generalized System of Preferences (GSP) provided by the United States (US) and the European Union (EU). The US and the EU administer their GSPs through the Caribbean Basin Initiative (CBI) - US, the African Caribbean Pacific (ACP) - EU and lately the African Growth and Opportunity Act (AGOA) - US. However, it should be noted that other occurrences in the global trading environment have also had their influence in the establishment of these preferential market access structures.

EPZs in some developing countries had been established before this declaration {e.g. Ireland 1959, Puerto Rico 1947-1951, Colombia 1958, (WEPZA, 1996, forward section, para. 2)} while a large number of EPZs today do not trace their origins to this declaration and neither does the transfer of the labour intensive parts of MNEs manufacturing processes to developing countries emanate from this declaration but from the fiercely competitive nature of international trade and the need for more efficient production at cheaper rates. Other factors such as the improvement in transport and communication infrastructure are also said to have contributed to this.

The Lima Declaration strongly emphasizes the role of the state and western MNEs as the key players in the establishment of industry in developing countries around the world. This section, therefore, reinforces the state's responsibility and its role in the industrialization process by highlighting a few articles from the Lima declaration. It tries to show that the state will do anything it considers necessary to support the establishment of industry in its territory in line with this declaration.

Article 23, of the declaration states, that those adopting the Lima declaration declare:

“Their firm conviction of the role of industry as a dynamic instrument of growth essential to the rapid economic and social development of the developing countries, in particular of the least developed countries” (UNITAR, 1977, 635).

This article points out the importance of industry as a tool for economic development especially for developing countries. Since most high-income countries have industrialized, developing countries are thus being encouraged to industrialize, as this seems to be the only way to achieve economic growth and development. Developing countries are thus encouraged to cut their reliance on exporting primary products and adopt policies that encourage industrial exports. Gillis (1992:30) reinforces this by saying that developing nations are in a position to learn from the experience of already advanced nations in the fields of science and technology, the management of enterprises, national economic policy making and the different kinds of economic systems that are in existence today.

One of the ways developing countries have responded to this challenge is by establishing EPZs. Though EPZs have had their critics many developing countries often support their choice to establish them by following section 32, of the same Declaration, which states:

“That every state has the inalienable right to exercise freely its sovereignty and permanent control over its natural resources, ... and over all economic activity for the exploitation of these resources in the manner appropriate to its circumstances, ... in accordance with its laws as an expression of this right, and that no state shall be subjected to any forms of economic, political or other coercion which impedes the full and free exercise of that inalienable right” (UNITAR, 1977, 640).

Although the Lima Declaration has not been quoted by many developing countries as an EPZ workers rights violation defence, the actions they take while establishing EPZs seem to indirectly invoke this declaration. As most developing countries have an abundance of cheap human resources, they tend to exploit this resource as per their own laws, which are amended where considered necessary to suit industrial requirements. Under the Lima declaration they can thus claim to do all that is within their powers to facilitate the establishment of industry in their territories. This is further supported by article 37, of the same declaration that states:

“ That special emphasis should be laid on the need of the least developed countries for the establishment of production facilities involving a maximum utilization of local human resources, the output of which meets identified material

and social requirements, thus assuring a convergence between local resource use and needs as well as offering adequate employment opportunities” (UNITAR, 1977, 639).

The EPZ concept fits into this description as the various works reviewed in chapter two of this work show that the production process in most zones revolves around the utilization of intensive manual labour. They thus act as a converging point where the demand for the available local resource (labour) is fulfilled through the provision of employment opportunities. The zones thus act as a link between local and external resources.

The Lima declaration thus supports the state as the body responsible for setting its own investment and economic development agenda. It recognizes the state as the facilitator of industrial growth a role that suits it most as it has all the necessary tools at its disposal to mould an environment conducive for industrial economic development.

As the growth of industry supported by the UN and its various specialist bodies continues, industrial workers particularly those working in EPZs have had their rights violated, first by their labour law conceding governments then by foreign MNE investors. Various workers rights groups, human rights campaigners, the UN and its specialist bodies have called for a resolution to employer-employee labour relation hostilities particularly in EPZs.

The ILO the UN specialist organization on the subject of labour issues has been granted the responsibility of regulating labour issues in both UN member and non-member countries. Below the role of the ILO as a labour regulator is reviewed where particular reference is made to its role as a regulator of individual state and MNE behaviour in developing country EPZs.

6.4 The EPZ employer-employee labour relations’ gap and the ILO conventions and agreements

The ILO was created in 1919, with the main purpose of adopting international standards to cope with the problem of labour conditions involving injustice, hardship and privation.

The ILO standards take the form of labour conventions and recommendations. The conventions are international treaties, subject to ratification by ILO member states while its recommendations are non-binding instruments. To date it has adopted 180 and 185 conventions and recommendations, respectively. Occasionally the ILO and its related bodies also adopt other less formal documents such as codes of conduct, resolutions and declarations (ILO, undated, mandate-their arrangement sections).

The ILO constitution requires that international labour standards be set with due regard to those countries in which climatic conditions, the imperfect development of industrial organization or other special circumstances that make industrial conditions substantially different. The setting of these standards is done through a unique legislative process involving governments, employers and workers representatives from around the world, which are then agreed upon under democratic principles, by these representatives.

Its system of supervision involves the ratification of a labour standard and an obligation of regular, periodic reporting on measures taken to give effect to provisions of the ratified instrument. The purpose of these standards has been to contribute to the possibility of lasting peace, to mitigate potentially adverse effects of international market competition and to help in the development process (ILO, undated, The characteristics – How are international labour standards used sections).

The ILO as an international body set up to regulate the treatment of labour in industry has often had to fight for workers rights both in the developed and in the developing countries. However, with the development of stronger regulatory structures in the developed world, most of the ILOs efforts have been concentrated on developing countries.

In developing countries the ILO has encountered some difficulties in trying to push for the adoption of the internationally recognized core labour standards. With the proliferation of EPZs international labour standards are being sacrificed for the sake of international investment and economic development. The freedom of association and the right to collective bargaining, forced labour, employment discrimination and the use of

child labour, are some of the ILO standards that seem to conflict with the expansion of international trade and development, especially in developing countries.

This section first reviews the ILO core labour standards, which include the two key ILO conventions on freedom of association. These are Conventions 87 and 98. It tries to expose some weaknesses in these two conventions in modern day international trade before highlighting the areas that they conflict with the demands of international trade.

From the reviews in the last two chapters labour in EPZs has in most cases been denied the right to organize both by the EPZ host government and the EPZ based foreign investors. Where the government has not denied them this right employers have adopted measures that act as barriers to the organization of labour. Under the ILO convention 87, which concerns the freedom of association and protection of the right to organize, it is illegal to deny workers these rights.

Article 2, of this convention (87) states:

“Workers ... shall have the right to establish ... and join organizations of their own choosing without previous authorization” cited in (Mangoldt, 1997:1086).

Many EPZ operating governments in all the reviewed regions in the preceding chapters have violated this right. They have even amended their labour legislation to this effect. In some EPZ operating countries like Mexico, workers have had to seek authorization from their employers first before forming and joining labour organizations or have been influenced by management on which organizations to join. In one of Mexico's Maquila's, a foreign firm signed a secret agreement with the affiliate of a different union in order to prevent their workers from forming an independent union, with the knowledge that the Mexican legislation only allowed for only one union to exist in any enterprise and went as far as threatening its workers with the closure of the firm should they vote for the formation of an independent union (ICFTU, 1996, House unions section, para, 5).

Article 3, of the same convention reinforces this when it says that:

“Workers ... organizations shall have the right to draw up their own constitutions ... elect their representatives in full freedom ... the public authorities shall refrain

from any interference which would restrict this right or to impede the lawful exercise thereof" cited in (Mangoldt, 1997:1086).

This article has also been violated in a large number of EPZs. Some EPZ operators have used threats and sometimes force to have their own hand-picked representatives elected into office to ensure that they are in a position to control the labour union by proxy. In Guatemala in one EPZ based firm, the management encouraged anti-union workers to identify union members and pressurize them to resign. During a lunch break groups of anti-union workers armed with rocks and bottles surrounded union members and threatened to kill them if they did not resign. While some union members were forced to flee the factory, seven were forced to sign resignation papers (MNU, Sept 2001, who's responsible section). In yet another Guatemalan EPZ firm an armed attack on strike leaders by armed thugs forced them at gunpoint to resign as the executive leadership of the company's union (MNU, Sept 2000, vol. 5 (3), Guatemalan banana conflict drags on).

Article 4, of the same convention says that:

"Workers ... organizations shall not be liable to be dissolved or suspended by administrative authorities" cited in (Mangoldt, 1997:1087).

The suspension and dissolution of workers organizations has been the major EPZ incentive that has been offered by developing country EPZ programs. Countries such as Malaysia, Sri Lanka, Pakistan, Namibia, Zimbabwe and Malawi among many others have suspended the right for EPZ employees to organize (Jauch, 2002, sections, 2-3). This also contravenes article 8, of the same convention, which says that:

"In exercising the rights provided for in this convention workers ... and their respective organizations ... shall respect the law of the land" it also adds that *"The law of the land shall not be such as to impair, nor shall it be so applied as to impair guarantees provided for in this convention"* cited in (Mangoldt, 1997:1087).

This also shows that the state has been the major violator of the same ILO conventions it has ratified. It has done this by amending its legislation to bar the formation of workers organizations in EPZs. EPZ workers have obeyed their part of this convention as they have tried to operate within the existing legal framework as they fight for their rights. The state has used its power over labour to deny them their organizing rights by amending

their own labour legislation to this effect and in extension denying labour the same right from international organizations.

The ILO Convention 98, which concerns the application of the principles of the right to organize and to bargain collectively in article 1, states,

“Workers shall enjoy adequate protection against the acts of anti-union discrimination in respect of their employment” While article 2 continues to say that *“such protection shall apply more particularly in respect of the acts calculated to (a) make the employment of a worker subject to the condition that he shall not join a union or relinquish a trade union membership and (b) cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities ...”*

This convention has been heavily violated in EPZs around the world. According to the MNU (Feb 2002) & (Sep & Oct 2001) EPZ workers have been dismissed for joining unions in the Dominican Republic, Mexico and Guatemala among many other EPZ operating countries.

6.4.1 Areas these conventions conflict with the demands of international trade

The aspect of speed in international trade can determine the success or failure of a firm in the current global economy. Economic stability and consistency especially in export-oriented trade are considered to be important features for a company to increase its production and sustain its global markets in modern international trade. As EPZs in developing countries are being used as production centres for the developed country markets, EPZ operators pay a lot of attention to production inconsistencies and delays taking into consideration that goods produced in the zones have to be transported back to the developed country markets for sale and/or further production. They, therefore, seek to avoid any uncertainties by ensuring that any potential barriers to quick and consistent production are eliminated before they invest or start production in a specific zone or country.

Unions and any forms of organizations are seen as potential risks in EPZ operations. EPZ operators consider them potential production uncertainties that they should cushion themselves against by ensuring that they are eliminated before the investment process

begins. WEPZA defends investors when they demand for union free environments by saying that the high risks and difficulties of doing business in developing countries force investors to seek incentive packages that can cushion them against these risks (WEPZA, 1996, para. 3).

These union uncertainty risk arguments, therefore, force governments to cede both national and international labour laws.

On the other hand, unions are often said to act as monopolists always striving to improve their wages and working conditions at the expense of capital holders, consumers and unorganized labour. They have also been known to use their political power to oppose reforms and win high wages, which either reduce business profits or are passed over to consumers (World Bank, 1995, negative effects section, para. 1-3). The union risk uncertainty factor, therefore, conflicts with the demands of modern trade, which demand for operations under the lowest risks possible.

Armed with these facts, EPZ investors approach developing country governments desperate for foreign investment to have these impediments removed to enable them set up flawless operations. This is where a state is forced to cede both its national labour laws and the ILO conventions of which it is the custodian of, on behalf of the larger ILO and its citizens in general. An incident that brings this out is one where the Pakistani government told the ILO that it was not in a position to correct major legal violations of trade union rights in its EPZs because the repressive laws in question represented a precondition set by foreign companies for investment (ICFTU cited in Jauch, 2002, section 2, para. 7). In support of this view Indian EPZ investors have been quoted as saying that among the many EPZ incentives on offer, they chose to invest in EPZs to take advantage of the anti-union climate that enabled them to reduce production costs and multiply their added value which helped them stay competitive in the international market (ICFTU, 1996. anti union repression section, para. 2).

The violation of the above-mentioned ILO conventions shows that the ILO as an international labour regulatory body has had a minimal impact on EPZ operations. Some of the cases previewed above and in previous chapters indicate an outright violation of

these conventions not only by EPZ companies but also by EPZ host governments many of which have ratified these conventions.

WEPZA sums up this section by saying that most of the countries of the world are opposed to ceding to an international body their sovereign right to set and enforce labour regulations (WEPZA, 1996, para.7). Thus the ILO conventions and resolutions seem not to be strong enough to help reduce the EPZ employer-employee labour relations gap as part of this labour relations gap seems to emanate from the ceding of ILO conventions and resolutions by their custodians at national levels (EPZ host governments).

Other ILO related organizations have tried to tackle the growing EPZ employer-employee labour relations' gap from a different perspective. One such organization is the ICFTU, which seeks to bind MNEs, and their associates into an agreement to apply some minimum work related standards in their EPZ operations around the world in an effort to reduce the growing EPZ employer-employee labour relations' gap in the zones. Below the ICFTU initiative is reviewed.

6.5 The EPZ employer-employee labour relations' gap and the International Confederation of Free Trade Unions (ICFTU)/International Trade Secretaries (ITS) Basic Code of Labour Practice

"Universal respect of the seven key ILO conventions would prevent the most extreme forms of exploitation and fierce competition. It would not put an end to the comparative advantages of the developing countries but it would establish a process whereby working conditions can be steadily improved as trade develops, in particular by concentrating on an improvement in productivity" (ICFTU, 1996, social clause section, para.5).

The 111th meeting of the ICFTU Executive Board in December 1997 adopted a text for a Basic Code of Conduct covering Labour Practices. The ICFTU/ITS Working Party on MNE's developed the text of the code. The aim of the code was to establish a minimum list of standards that ought to be included in all codes of conduct covering labour practices. The code together with others is meant to apply to the international operations of MNEs. It is aimed at limiting the worst forms of abuse and exploitation caused by the

international competition to attract investment as governments are increasingly failing to observe the basic internationally recognized standards with respect to working conditions and the rights of workers (ICFTU, 1997, para. 1-2).

The purpose of the ICFTU code is to promote the primacy of international labour standards and the inclusion of trade union rights in codes of conduct covering labour practices as labour exploitation and abuse cannot be separated from the repression of workers. It thus emphasizes that codes of conduct must incorporate freedom of association and the right to collective bargaining (ICFTU, 1997, para. 3).

The scope and extent to which the code will apply to the labour practices of a company's contractors, subcontractors and principal suppliers, will have to be determined in each case (ICFTU, 1997, para. 5).

This section reviews the ICFTU/ITS Code of Labour Practice taking into consideration the bias of the ICFTU towards the preference of unions as part of the regulatory process of MNE behaviour in EPZs. Specific attention is paid to two of the eight provisions in article 5 and articles 6 & 7 in the closing section that are of particular relevance to labour relations in EPZs, where some limitations in its application as a labour regulatory tool are highlighted.

The ICFTU (1997, provisions section) summarizes the contents of the ICFTU code under eight provisions, which in summary, oblige every adopting company and its associates to ensure that:

- Employment is freely chosen;
- There is no discrimination in employment;
- Child labour is not used;
- Freedom of association and the right to collective bargaining are respected;
- Living wages are paid;
- Hours of work are not excessive;
- Working conditions are decent;

- The employment relationship is established.

6.5.1 Areas these code (ICFTU/ITS) conflicts with the demands of international trade

The provisions of the ICFTU code that are in conflict with international business and or are regularly violated by companies involved in EPZ activities include most provisions in the employment section of article 5. This section states:

“Employment is freely chosen - There shall be no use of forced, including bonded or involuntary prison, labour ... Nor shall workers be required to lodge "deposits" or their identity papers with their employer” (ICFTU, 1997, article 5).

A report in the MNU (Oct 2001, Alcoa fires 186 workers in Ciudad Acuna, Mexico to eliminate workers committee, para. 10) indicates that workers in Mexico dismissed for union activity, find it difficult to get other jobs as the maquiladora owners and the city government circulated blacklists with names of the dismissed workers involved in union activities. This makes them easy to identify because when they are in the process of seeking employment, their names are crosschecked with those in the blacklist to clear or reject them for employment. This has also happened in El Salvador where the government issues anti-union “*certificates of good conduct*” (ICFTU, 1996, government indifference section, para. 7), which has also been mentioned the previous chapter. While in Burma prison labour is used in EPZ operations adds the MNU (Sept 2001, Vol. 5(3), Wal-Mart caught buying from Burma section).

The other provision in article 5 that has often been regularly violated is the one that provides for the freedom of association and the right to collective bargaining in the work place. The provision states:

“Freedom of association and the right to collective bargaining are respected - The right of all workers to form and join trade unions and to bargain collectively shall be recognized (ILO Conventions 87 and 98). Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions ... Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organizational activities” (ICFTU, 1997, article 5).

This provision has been heavily violated by both EPZ host governments and firms involved in EPZ operations. These violations have been reviewed in previous chapters and in other sections of this chapter.

In its closing section articles 6 and 7 of the ICFTU code, the ICFTU tries to bind MNE associates in the zones to the provisions mentioned in this code. Article 6, states:

“Contractors, subcontractors, principal suppliers and licensees (franchise-holders) shall undertake to support and co-operate in the implementation and monitoring of this code by ... informing, verbally and in writing, the workers concerned of the provisions of this Code; and, refraining from disciplinary action, dismissal or otherwise discriminating against any worker for providing information concerning observance of this code” (ICFTU, 1997, article 6).

The first problem this article may encounter is that of disclosure as the disclosure of MNE contracting parties in developing country EPZs has been an issue NGOs have been campaigning to have MNEs accept. However, MNEs have been resisting the pressure thrust upon them by various workers rights campaigners to force them to disclose their contracting partners in developing country EPZs. An incident where a group of students at the university of Toronto campaigning for workers rights under the “No Sweat” campaign, forced their university to sign a code which, among other demands, compelled it to disclose MNE subcontracting factories where it sourced its apparel from is recorded in the MNU (Sept 2001, Vol. 5(3), MSN launches “No Sweat” Campaign section).

Campaigners are also lobbying the US federal government to sign a policy of disclosure whereby any firm selling garment items to it, must disclose the developing country EPZ factory where the item was made (MNU, Sept 2001, Vol. 5(3), Starting your own “No Sweat” Campaign section).

Campaigners are doing this as it has become hard due to the many disguises available in modern business that enable MNEs to cover themselves and their activities in their overseas operations. MNEs, on their part, worry that disclosure could jeopardize their developing country operations and home country markets considering that labour legislation in developing countries may be (purposefully) inferior in their home countries.

Most worker rights groups capitalize upon this fact, to discredit MNE operations and engineer consumer boycotts of their products. Companies that have suffered such fates include Wal-Mart Canada which in 1999, was awarded the “Sweatshop retailer of the year” award by the Stop Sweatshops activists after a heavy press campaign discrediting the company for the constant labour rights violations by its associate companies in developing country EPZs (MNU, June 2000, Vol 5(2), Wal-Mart nominated section). The associates of Liz Claiborne have also been accused of mistreating their workers in Honduras, though the accusations happen in the US, Liz Claiborne’s major market (ICFTU, 1996, working hours section). Disclosure, therefore, endangers the image of the MNE and its home country markets.

Article 7, acts as an enforcement tool for the whole code. It states,

“Contractors, subcontractors, principal suppliers and licensees (franchise-holders) found to be in breach of one or more terms of the code shall lose the right to produce or organize production of goods for (name of company) or to provide services for (name of company)” (ICFTU, 1997, article 6).

This article tries to enforce the application of the above provisions among MNE associate partners operating mostly in developing country EPZs. A shortcoming of this section is that it mainly relies on the goodwill of MNEs for implementation. However as an interested party and the principle violator of labour regulations MNEs seem to be weak labour law enforcement structures entrusted with the responsibility of enforcing labour regulations on their partners. If a company like Wal-Mart can buy goods from Burmese EPZ producers considering that the country has been under international economic sanctions for the last 12 years and that prison labour is used in the Burmese EPZs as stated in the MNU (Sept 2001, Vol. 5(3), Wal-Mart caught buying from Burma section) then it can be concluded that MNEs are not in any position to regulate their contracting partners.

Another shortcoming of this code is that it aims at promoting the freedom of association and the rights to collective bargaining MNEs subcontractor operations in EPZs. This has been a controversial and contentious issue in EPZ operations. MNEs have used labour

rights as bargaining tools while EPZ host governments, on the other hand, have supported them in handling EPZ workers by repressing any form of organization labour demands. Such incidents have been recorded in an ICFTU article, which sums up the EPZ workers plight when it says that, in most EPZ labour conflicts, governments choose not to apply the law. No action is taken against labour rights violating enterprises, the fines imposed by the law are not collected and complaints filed by the trade unions are often ignored. The report continues to say that, the repression of trade union movements not only comes from employers but also from public authorities too, as protest movements are regularly repressed by the police while trade union activists are also at the mercy of paramilitary groups and security guards working in collusion with enterprise owners (ICFTU, 1996, government indifference section, para 1 & repression section, para. 1-2).

Considering the importance attached to foreign investment as an economic development tool by developing countries, MNEs seem to have thus set the labour rights agenda and EPZ host countries have submitted to it.

Thus when the state and MNEs form a coalition against labour, the coalition is quite formidable such that opposition from outside tends not to have any effect. This, therefore, calls for the exploration of an alternative approach if labour rights issues are to be addressed by both MNEs and EPZ host governments, as the ICFTU basic code of labour practice seems to have failed to penetrate this relationship. A new approach, therefore, needs to be explored in an effort to reduce this growing employer-employee labour relations' gap.

As a large number of MNEs investing in developing country EPZs are from developed countries a multilateral organization in the developed countries drew up a framework that has often been invoked as a tool that can possibly help reduce the employer-employee labour relations gap in developing country EPZs. Below the Organization for Economic Corporation and Development (OECD) guidelines for MNEs are reviewed.

6.6 The EPZ employer-employee labour relations' gap and the Organization for Economic Corporation and Development (OECD) Guidelines for MNEs

The OECD Guidelines for MNEs are recommendations to enterprises made by the governments of OECD member countries. Their aim is to ensure the operations of MNEs are in harmony with the policies of their host governments. These guidelines are part of the Declaration on international investment and MNEs adopted in 1976 by OECD member countries although they are not binding (Karl, 1999:89).

Their basic approach is built upon the premise that internationally agreed guidelines can help prevent misunderstandings and build an atmosphere of confidence and predictability between business, labour and governments. The OECD countries also support the positive contributions of MNEs and try to resolve the problems that arise as a result of their activities, with the hope of improving the welfare and living standards of all the people involved (Karl, 1999:90).

The OECD guidelines are divided into several chapters that cover the range of MNE activities. The chapters deal with: general policy, information disclosure, competition, financing, taxation, employment and industrial relations, environment and science and technology (Karl, 1999: 90-91).

This section reviews the OECD guidelines for MNEs bearing in mind that they were initially drawn up to regulate MNE behaviour within the OECD region. With the call from various forums for their application in MNE operations worldwide this section explores this possibility, paying particular emphasis to their application on MNE operations in EPZs. As the OECD code covers a broad range of issues concerning MNE activities this section dwells specifically on the chapter dealing with employment and industrial conditions.

In the OECD chapter that addresses employment and industrial relations MNEs are encouraged to:

- Respect the right of their employees to be represented by trade unions ... and engage in constructive negotiations with them on employment issues;
- Provide assistance and information to employee representatives;
- Provide information for a true and fair view of the performance of the enterprise;
- Observe standards of employment and industrial relations not less favourable than; those observed by comparable employers in the host country;
- Utilize, train and prepare for the upgrading of their labour force;
- Provide reasonable prior notice of changes in operations in particular on intended closures and collective layoffs;
- Refrain from discriminatory practices in their employment policies;
- Not exercise unfair influence over bona fide negotiations with employee's representatives;
- Enable authorized representatives of their employees to conduct negotiations on collective bargaining or labour management relations with management representatives authorized to take decisions on matters at hand (Karl, 1999:91-92).

6.6.1 Areas these code (OECD) conflicts with the demands of international trade

Considering that the OECD guidelines for MNEs were compiled with intra-OECD investment and industry in consideration as mentioned above, their application in developing countries and specifically in EPZs, as some human rights activists such as Karl (1999) in his works on "The OECD guidelines for MNEs" have claimed, would demand for a review of some of the guidelines. The differences in developing and developed country economic systems and levels of participation in international trade call for a differentiated set of policy guidelines, rules and regulations for the two different participating players. Developing countries have difficulties participating in international trade as indicated by Madeley in his book "*Trade and the poor*" where he says that developing countries earnings from merchandise trade especially during the 1980s fell steeply in real terms, presenting a disastrous picture for the resource-poor African and Latin American regions as they continue to have less for their developmental purposes. These falls in earnings for Africa, he argues have been severe, as schemes to compensate

for them such as the Lome Convention and development aid have proved to be inadequate (Madeley, 1992:2).

Due to their weak economic systems and low levels of participation in international trade developing countries have been encouraged to increase their levels of participation in international trade. They have responded by establishing EPZs and have granted them a variety of incentives, which include concessions on labour laws.

OECD and non-OECD, MNEs, on the other hand, have taken advantage of the desperate position developing countries find themselves in as they try to attract foreign investment. This has led campaigns by various workers and human rights groups for the application of the OECD guidelines on MNE operations around the world. However, if the guidelines were to be applied on a worldwide basis then a conflict would arise between international trade and the application of the OECD, MNE guidelines.

Reviewed below are some sections of the employment and industrial relations chapter in the OECD code that seem to conflict with the demands of international trade and particularly with MNE activities in developing country EPZs.

The first article in the employment and industrial relations chapter states that: MNEs should:

“...respect the right of their employees to be represented by trade unions ... and engage in constructive negotiations with them on employment issues” (Karl, 1999:91).

This has been a right that has been heavily violated. This has been highlighted in both the preceding chapters and other sections of this chapter.

Article 6, of the same chapter seems also to conflict with the demands of international trade operations as it states that: MNEs should:

“...provide reasonable prior notice of changes in operations in particular on intended closures and collective layoffs” (Karl, 1999:92).

This, although a very reasonable requirement especially on the side of employees, has its limitations too. International trade is rather dynamic in nature. Markets can be created in one moment and closed in another. Where a country may have its preferential markets closed due to issues that are political in nature, exporters in such kind of a country may have to immediately relocate to more favourable areas to maintain their markets and their relationships with their associates. For example, MNEs that were located in Burma before its international economic isolation would defiantly have to relocate to more favourable regions as soon as the isolation began, the speed at which they may require to move may prevent them from providing prior notice to employees.

The other issue that may hinder the effectiveness of this provision is the volatility of international capital. This unpredictability may force a firm to relocate its operations almost overnight to a more capital stable environment without enough time to abide with this section of this code. The 1999, Asian financial crisis is an example of this kind of a situation. In Indonesia many small MNEs insist on the right to lay off workers during a crisis, which they usually do because a large number of them are susceptible to capital fluctuations (Marther, 1988:148-149). Where production also becomes expensive due to country specific factors MNEs have been forced to shift to cheaper locations such as the case of Madagascar, which is attracting more investors from Mauritius where labour is scarce and wages, are high (Romero, 1995, EPZs and job creation section, para. 2-9).

Article 9, of the same section clashes with the dynamic nature of MNE interaction, investment and ownership as it states that: MNEs should

“...enable authorized representatives of their employees to conduct negotiations on collective bargaining or labour management relations with management representatives authorized to take decisions on matters at hand” (Karl, 1999:92).

MNEs or their associates producing in developing countries have violated this clause. In Namibia, the Namibian EPZ management company which manages the zones, sets up forums whereby EPZ companies and unions interact although unions feel that these forums are not taken seriously by EPZ investors who merely send junior staff to the meetings (Endresen & Jauch, undated, strikes section, para 1-3).

On the other hand, this provision first poses a problem due to the difficulty and inability of the authorized workers representatives to identify the decision making body of the MNE and the ability of the MNE to hide behind its complex corporate structure as stated by Meeran (1999) in his article "*The unveiling TNCs*" where he says:

"...using complex and confusing corporate structures, MNEs have been able to distance and separate the parent company from the local operating subsidiaries, thereby protecting the MNE from legal liability" (Meeran, 1999:162).

This is also reinforced by the various existing international business relationships that allow MNEs to form various associations and their subsidiaries with others, which proves quite difficult to determine their real ownership, and is further, compounded by the raising developing country MNE partnerships with those in developed countries. The aspect of first trying to establish the decision making branch of management of a company proves to be the most challenging task for workers representatives considering that the management of an MNE subsidiary in one country may not even know the location of the real parent body of their company. Addo (1999:10) adds that it is often difficult to identify the controlling mind of a MNE because responsibilities are dissipated widely across the organization.

Most MNEs, on the other hand, are not also ready to disclose their ownership and management structures for competition and stability reasons among many others while it is not also a legal requirement in some countries to do so.

An OECD study on "*Employment and labour standards*" cited by Karl (1999:95) concluded that the OECD guidelines had a role to play as a voluntary instrument in promoting responsible MNE behaviour, a role which could be enhanced by MNE home and host countries making it known, that they expected them (MNEs) to follow the guidelines worldwide. However, this role when applied internationally may encounter some limitations such as those of sovereignty and comparative advantage as well as the constantly changing patterns in the global trading environment.

Critics also say that the guidelines do not go far enough in ensuring that MNEs comply with national law and practice, while others say they go beyond national standards in some areas (Karl, 1999:94).

The articles reviewed in this section create the impression that the OECD guidelines go beyond national standards and, therefore, may not fully redress the EPZ employer-employee labour relations gap. Consequently to minimize this employer-employee labour relation's gap alternative regulatory frameworks need to be investigated.

The ILO Tripartite Declaration of Principles concerning MNEs followed the OECD guidelines on MNEs in 1977, with the aim of working with individual states and MNEs to stabilize labour relations amongst the state, labour and MNEs.

Below, the ILO Tripartite Declaration of Principles concerning MNEs is reviewed.

6.7 The EPZ employer-employee labour relations' gap and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

The ILO declaration of principles concerning MNEs is a reaction to the changing state of international trade and the rise of MNEs as powerful global players in this trade. The emergent nature of international trade has exerted pressure on existing ILO regulatory instruments, which in some cases have been abandoned in the quest for investment and economic development. As MNEs and their host and home governments have taken the central role in determining trends in international trade, weaker participants in this process such as their EPZ workers, their organizations and campaigners have become disenfranchised.

The Tripartite Declaration has five broad sections, each covering a specific workplace related issue.

In 1972, the ILO convened a Tripartite Meeting of Experts on the relationship between MNEs and social policy, which recommended an ILO program of research and study. In 1976, it convened a Tripartite Advisory Meeting on the relationship of MNEs and social policy for the purpose of reviewing the ILO program of research and suggesting

appropriate ILO action in the social and labour field. These two and subsequent tripartite related meetings of experts finally came up with the Tripartite Declaration of Principles covering all areas of ILO concern, relating to the social aspects of MNE activities which was adopted in 1977. However, the declaration is not binding (ILO, 1977, preamble section).

The ILO then invited member countries, concerned employers' and workers' organizations and the MNEs operating in their territories to observe the principles embodied in the Declaration (ILO, 1977, preamble section).

This section reviews the ILO Declaration of Principles covering MNEs considering that the ILO's position is an extension to that of the workers. As most of the provisions are almost similar to those of other already reviewed codes such as the OECD and the ILO agreements arguments similar to those earlier presented may inadvertently appear but shall be supportive of each other.

The section first summarizes sections of the provisions before exploring the areas and articles that appear to be in conflict with international trade.

The Declaration has five broad sections each covering a specific workplace related issue. These sections include:

- Preamble
- General policies
- Employment
 - Equality of employment
 - Security of employment
 - Training
- Conditions of work and life
 - Wages, benefits and conditions of work
 - Safety and health
- Industrial relations
 - Freedom of associations and the right to organize collective bargaining

- Examination of grievances
- Settlement of industrial disputes

6.7.1 Preamble section

The preamble section recognizes the contribution MNEs make and have made in the economic growth of developing countries in terms of human and social aspects. But it warns that MNE activities may lead to abuse or concentration of power and conflicts with workers interests. It further calls for all governments' support, action and assistance in upholding and enforcing their laws. The stakeholders as mentioned above, are governments, employers and workers organizations as well as MNEs. The section concludes by stating that its aim is to guide stakeholders by adopting ILO principles in their operations though the Declaration is voluntary.

6.7.2 General policies section

This section starts by reaffirming the sovereignty of individual states emphasizing the respect for national laws and international UN and ILO standards. It encourages governments to implement ILO conventions while appealing to MNEs to act in harmony with local law and consult with local labour where necessary.

6.7.3 Employment section

This section starts by emphasizing the need for governments to promote employment creation while highlighting the need for MNEs to consult with employers and workers organizations before starting operations in host countries. It also stresses the need for MNEs to adopt employment-generating technologies in their operations and calls on them to give employees reasonable notice should they decide to close down or relocate. It also calls for MNEs to develop employment related training policies.

6.7.4 Conditions of work section

The section calls upon MNEs to provide adequate healthy and safe working conditions and try to observe the highest industrial standards possible in their operations.

6.7.5 Industrial relations section

This section underscores the need for MNEs to observe standards not less favourable to those existing in their host countries and allow workers the rights to collective bargaining and the rights to form and join unions without any undue interference.

6.7.6 Areas this Declaration conflicts with the demands of international trade

As with all the other codes of conduct reviewed above, parts of the ILO Tripartite Declaration of Principles concerning MNEs conflict with the operations of MNEs and the development objectives of the state in this dynamic phase of international trade.

Articles 10 and 13 compliment each other and reinforce the state's role as the principle determinant of what economic system to follow and what adjustments to make in their efforts to achieve their economic objectives. By establishing EPZs the state sets out to accomplish its export oriented economic development objectives, while making the required favourable industrial establishment adjustments by offering MNE investors' special incentives.

Article 10, of the Declaration states:

"MNEs ... activities should be in harmony with the development priorities and social aims and structure of the country in which they operate..." (ILO, 1977, article 10).

On the other hand article 13 states:

" ... governments should declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment..." (ILO, 1977, article 13).

These articles seem also to be supported or support similar ones in the Lima Declaration previewed elsewhere in this chapter.

The selected articles that are in conflict with the demands of international trade include articles 16, 26, 45 and 48.

Article 16, poses a dilemma to EPZ host governments and MNEs. This article states:

“MNEs, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments ...” (ILO, 1977, article 16).

Considering that MNEs are attracted to developing countries due to the low wage rates available they are thus in conformity with the first part of article 16. However, the second part of the article usually stirs controversy since it emphasizes the respect of host country employment policies. In the EPZ sector national employment policies particularly regarding labour legislation often favour MNEs. EPZ host governments usually set lower labour standards than those of home country MNEs or suspend them altogether. This has caused an EPZ employer-employee labour relations gap, as the ceding of labour legislation to investors or the refusal by host country EPZ and labour structures to enforce labour legislation contributes to the abuse of labour rights in the zones.

An ICFTU survey on labour legislation in EPZs noted that although only a few countries have enacted laws explicitly restricting trade union rights, violations of trade union rights still occur. This has been attributed to the difficulties of monitoring and enforcing national legislation as obstacles such as physical demarcation, heavy security and entry permit requirements limit trade unions in their efforts to reach and organize EPZ workers (Jauch, 2002, section 2, para. 6).

On the other hand, the impact of EPZs on job creation is also high as estimates show that for every one job created in an EPZ, one job outside the zone is also created, adds the ICFTU (1996, balance sheet section, para. 5). This aspect makes it hard for the government to ignore the demands made by MNEs against the plight of labour considering their high levels of unemployment and underemployment. They, therefore, prefer to disregard labours' predicament and instead choose to accommodate the benefits generated by EPZ investors. They even use this as an investment attraction tool adds the ICFTU (1996, anti union repression section, para. 6).

MNEs, on the other hand, demand union free environments without which they threaten not to invest or even pull out of a host country zone. One such incident is reported in the ICFTU (1996, we're closing section, para. 2) where an EPZ firm threatened to move

from the Dominican Republic to a union free zone in Mexico when workers made an attempt to form and join a union

This shows the nature of conflict that exists between the EPZ host governments labour and MNEs, all in their quest to participate in export oriented international trade.

Article 26 of the ILO declaration seems to replicate article 6 (employment and industrial relations section) of the OECD guidelines for MNEs, which also has the same provision. The ILO version is contained in article 26 and states:

“In considering changes in operations (including those resulting from mergers, takeovers or transfers of production), which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers” (ILO, 1977, article 26).

This provision conflicts with international business as technological and other innovations, capital market fluctuations, sudden closure or erection of export/import market barriers, mergers; acquisitions and global political events may very suddenly render the production of an export item either expensive or obsolete. This may, therefore, call for an equally rapid adjustment by the affected firms such that many may fail to adhere to this provision. The 1999 Asian financial crisis is such an example and the (2001) bombing of the World Trade Centre in the USA that affected a large number of airlines among other businesses around the world where many had to adjust by cutting jobs to avoid closing down. This section, therefore, is in conflict with demands of international trade and in the long run may not be adhered to. (N.B. The same arguments under the OECD guidelines article 6 also apply here).

Article 41 of the ILO Declaration is also a replicate, though with slight variations of ILO conventions 87 and 98, as well as the ICFTU code article 5, under the provisions section bearing the heading freedom of association and the right to collective bargaining and the OECD guidelines under the employment and industrial relations chapter article 1.

Articles 41, 45 and 48 of the ILO Declaration seem also to conflict with the demands of international trade. Article 41 states:

“Workers employed by MNEs... should, without discrimination whatsoever, have the right to establish and, ... to join organizations of their own choosing without previous authorization. They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment” (ILO, 1977, article 41). Article 45 urges governments “not to offer special investment-promotion incentives that include limitations on the right of workers to join trade unions of their choice and to organize and bargain collectively” (ILO, 1977, article 41). While article 48 states: “Workers in MNEs should have the right, in accordance with national law and practice, to have representative organizations of their choice, recognized for the purpose of collective bargaining (ILO, 1977, article 48).

These articles fall into the same category, as article 16, where the place of trade unions in EPZ based firms has been a contentious one. Since MNEs, the principle players in EPZ activities in developing countries have rejected the formation of unions in their firms EPZ host governments have turned the call for a union free EPZ operating environment, into an investment attraction promotional tool. A large number of MNEs have moved or threatened to move into union free zones should their employees decide to organize, as indicated in the ICFTU (1996, we’re closing section).

EPZ host countries have, therefore, legislated against unions, as they cannot afford to lose investors and thus face the dilemma of becoming more sensitive to the needs of MNEs than to those of its workers adds the ICFTU (1996, Globalization section, para. 4). (NB. The arguments in related sections in the ILO conventions and the ICFTU code also apply here).

Although the ILO Tripartite Declaration of Principles concerning MNEs is a response to the international cry for a guiding code on labour practices, a more credible follow-up procedure to the Tripartite Declaration is long overdue adds Justice (undated, a role for the ILO section, para.1). This statement sums up the inadequacy of the ILO Tripartite Declaration as a regulatory tool that can be used to reduce the EPZ employer-employee labour relation’s gap.

The dynamic nature of international business, competition and promotion has given impetus to the concept of self-regulation with the use of codes of conduct as part of the MNE regulatory tools in the many spheres of their operations including labour relations.

Below some selected MNE codes of conduct/ethics are reviewed with particular emphasis put on their application in EPZs as employer-employee labour regulatory frameworks.

6.8 The EPZ employer-employee labour relations' gap, ethics and corporate codes of conduct/ethics

With the suspension of national legislation on EPZ operations and the swift and unpredictable changes in international trade, coupled with a stagnant and static legislative environment and an increase in labour abuses, a regulatory framework that could keep up with these changes in EPZ operations was therefore required. MNEs, therefore, introduced codes of conduct/ethics as regulatory frameworks so as to be seen to be operating within certain moral rules and regulations.

6.8.1 What are ethics?

Ethics are a network of personal concepts, which vary according to persons and their experiences. It is the study of conduct and moral judgment where moral judgment is the ability to distinguish right from wrong (Carland, J.A., Carland, J.W. & Aby: 1992:65).

6.8.2 Why Ethics?

Carland, et al., (1992:65) say that the fast pace, constant competition, global interests and relentless demands for excellence have taken their toll on the moral fabric of society which is a single gradual process through which ethical standards can be eroded. The greatest threat to ethical behaviour they say is indifference. They conclude that the belief that individual actions or inactions and personal methods to succeed are unimportant and do not matter is the first step to moral decay.

In response to these changes self-regulation with the use of corporate codes of conduct/ethics was adopted by some MNEs especially those involved in manufacturing, subcontracting or purchasing from developing country EPZ based firms.

A large number of MNEs involved in EPZ operations drew up codes of conduct/ethics to guide their operations and involvement in international trade.

A survey conducted in 1984 by the centre for business ethics at Bently College on a poll of the 1984 Fortune listed 500 industrial and 500 service companies revealed that most MNEs favoured self-regulatory subsystems. The survey revealed that:

- 80% of the largest industrial and service companies had taken steps to incorporate ethical values in their organizations;
- 93% of the surveyed companies had written codes of ethics;
- 44% had social audits covering diverse areas including MNE overseas conduct.

On the basis of the survey the centre for business ethics concluded "*corporations are much more concerned with ethics than in the past and have taken positive steps to incorporate ethics into their activities*" (Werner1992: 65).

This shows that codes of conduct/ethics have gained wide recognition, as they seem to suit the dynamic nature of MNE activities and have been proposed as instruments that can help regulate MNE activities internationally, especially where legal instruments have been unable to keep up with the dynamic nature and demands of international trade.

Initially corporate codes of conduct/ethics were adopted as a result of a negative experience a company had gone through. Justice (undated, something is new section, para. 6) supports this view but Zadeck & Forstarter (1999:69-70) disagree as their research showed that although companies responded to civil campaigns these campaigns did not affect their share prices and dividends.

6.8.3 Definition

Corporate codes of conduct/ethics are policies that set out principles for corporate behaviour in a company's social and labour practices. Despite the fact that most companies have internal codes that govern their operations, the most prominent ones are those drawn up by companies operating on a regional or global basis, which cover a wide range of issues such as labour-related questions involving equality of opportunity and treatment, safety and health at the workplace, training and labour relations says Romero (1995, box 6, para. 1-3).

According to Otapski & Isaacs (1992: 232) codes of conduct/ethics are tools for moral action, which MNEs have formulated, outlining their standards for moral conduct. They conclude by saying that if these codes are properly formulated and implemented they can become useful in reinforcing the MNEs moral responsibilities, which they say should spring from within the company.

The US apparel industry defines corporate codes of conduct as voluntarily developed policy statements that define ethical business operating standards for companies and are mainly directed to consumers to inform them about the principles that they follow in their business operations (Codes of conduct in the US apparel industry, undated, section B, para. 1).

The three definitions above compliment each other as they express the same views although from different perspectives. They emphasize that codes are drawn up with the intention of guiding companies on how to carry out their business operations.

6.8.4 The growth in the use of corporate codes of conduct

The US apparel industry says that most US MNEs have adopted codes of conduct for a variety of reasons. These reasons include; social responsibility, pressure from competitors, labour unions, the media, consumer groups, shareholders, worker rights advocates and the encouragement from the US government to adopt model business principles for their overseas operations (Codes of conduct in the US apparel industry, undated, Rationale for adopting codes of conduct section, para. 1).

The recent development of new codes and the improvement of old ones is attributed to the changing trends in international trade although most companies adopting new codes are responding to negative publicity generated by reports of dangerous working conditions, inhumane working hours, starvation wages, brutality and widespread use of child labour involved in the production process of labour intensive manufactures. These codes are intended to protect all workers associated with a company's production process especially at the international level where workers are more vulnerable to exploitation by MNE contractors adds Justice, (undated, Something is new section).

There seems to be an agreement from the views expressed by the three authors above that MNE corporate codes of conduct/ethics were a response to the negative publicity generated especially from their overseas operations. The ceding of national labour laws by developing countries and the use of contractors in developing country EPZs, contributed to the creation of an employer-employee labour relations gap, which unions and other worker campaign groups were quick to expose.

In response to this employer-employee labour relations gap MNEs drafted codes of conduct/ethics to guide their overseas operations and extended their application to their contractors.

The demands of international trade seem to have influenced the application of MNE codes of conduct/ethics on an international basis.

6.8.5 The content of company codes of conduct/ethics

Most corporate codes of conduct/ethics seem to contain the same provisions the only difference is the way they state them. A review of some MNE corporate codes of conduct drafted by prominent MNEs associated with EPZ operations listed below reveals this. These companies include:

Gap, Wal-Mart, Kmart, Sara Lee, Phillips-Van Heusen, Sears, Roebuck & Co., Hudsons Bay, Jones Apparel Group Inc, Levi Strauss, Liz Claiborne, Nike and Reebok among many others.

The core provisions found in all the codes include:

- The respect for national laws;
- No discrimination;
- No forced labour;
- No child labour;
- Reasonable wages and working hours (the legally required minimum wage or the industrial standard wage);
- Legally required safe and healthy working conditions;
- Freedom of association and the rights to collective bargaining (except Sara Lee Inc).

These conditions, the codes state, should also be adopted by their international contractors and or suppliers in their operations especially those based in developing country EPZs.

To ensure that their contractors and other associates implement these codes MNEs use a monitoring system where their own monitors or contracted monitors make surprise compliance inspection visits.

Warnings are given where violations are observed and if they persist contracts are terminated.

6.8.6 Why codes of conduct/ethics are not effective EPZ employer-employee labour regulatory instruments

Many EPZ workers campaigners, regard corporate codes of conduct/ethics as public relations instruments as most EPZ workers never get to know of their existence.

Some workers campaign groups have referred to them as public relations stunts for consumers in the west as EPZ workers in developing countries never hear of these codes adds Slattery (2002, para. 8). Justice (undated, giving codes effect section, para. 1) supports this view when he contends that most codes of conduct are public relations exercises and companies adopting them appear to have little intention of doing anything to implement and monitor compliance with them.

However, even with the application of corporate codes of conduct/ethics violations abound. Various violations of the above listed MNE codes of conduct/ethics have been observed.

Gap Inc. contractors in various regions were reported to be ordering mandatory pregnancy testing, obligatory overtime, limited access to health care, poor working conditions verbal harassment while freedom of association (the right to organize) was totally prohibited. The Gap code of conduct was totally unknown by almost all contracting company employees interviewed. Where it existed it was posted away from workers (in the managements' offices) and was written in a language they did not

understand (NLC, undated, Newtex: Olocuilta, El Salvador), (Lin, 1999, in other words money talks section) & (The news Gazette, 1999, protestors march on Gap store).

Wal-Mart contractors were found to have violated the Wal-Mart code as forced overtime, poor working conditions, verbal abuse, denial of permission to seek medical advice, no freedom of association and the denial of the right to use essential facilities were all observed, while the Wal-Mart code of conduct had never been heard of by the contractors employees (NLC, undated, Wal-Mart Sweatshops in Honduras). Its (Wal-Mart's) contractors and those of Kmart have also sacked employees for forming and or joining unions adds the MNU Vol. 5(2) (2000, 200 union members fired at Mil Colores section).

Phillip Van Heusen closed down one of its plants where its workers had won a six-year battle to have a union registered which amounted to the violation of its own code of conduct (Sweatshop watch, 1998, Phillips Van Heusen closes unionized Guatemalan plant). It then shifted its sewing operations to non-union contractors adds the MNU Vol. 5(3) (2000, who wants to be a millionaire? section).

Liz Claiborne's contractors in Guatemala denied their employees permission to seek medical assistance and also dismissed those who formed and or joined unions. The contractor's employees had also never heard of the Liz Claiborne code of conduct (Fuentes & Smith, 2000, How does this work in practice section). Union members in Liz Claiborne's El Salvador contractor factories have also been fired adds MNU Vol. 5(3) (2000, Doall workers win reinstatement section, para. 4). Pregnancy test was common in Liz Claiborne contractor factories where workers were also exposed to unhealthy working conditions adds Hurter (2001, Meeting with Doall workers section, para. 10-12).

On the issue of monitoring, various bodies have criticized MNEs for their laxity.

Levi Strauss & Co. acknowledged that some of its inspectors did not carry out their inspections as thoroughly as expected as they (the inspectors) did not wish to offend factory managers while in Guatemala EPZ firm owners said that inspectors from J. C.

Penney Co. and Leslie Fay did not ask them any labour related issues (Romero 1995, monitoring poses problems section, para. 2).

In other cases inspection visits are known in advance and workers were warned to be more presentable during the visits, although, they were not allowed to speak to the inspectors alone but only in the presence of contactors adds Hunter (2001, meeting with Doall workers section, para. 15).

Other companies chose to contract commercial firms and NGOs to monitor whether their contractors complied with their codes of conduct/ethics.

A confidential audit on Nike's operations in Vietnam prepared by an accounting firm (Ernst & Young) revealed that workers in the Nike factory had been exposed to illegal levels of toxic chemicals without protective clothing or safety training and were made to work excessive hours in violation of the Vietnamese law. However, the auditing firm inexplicably concluded that the site complied with the Nike code of conduct which contractors were obliged to obey (Hammord, 1997, Leaked Audit: Nike factory violated worker laws, para. 1-5).

The findings by the auditing firm in the above case raise questions on the competence and independence of third party auditors hired by MNEs, who Justice dismisses by saying that engaging a commercial firm or NGO as corporate code monitors, is tantamount to having the monitoring work done by company (MNE) personnel (Justice, undated, monitoring, verification and impact assessment section, para. 5).

These codes of conduct/ethics as many authors say fall more into the public relations realm as most companies and their EPZ based associates constantly violate them. Were these codes effective and under constant monitoring EPZ labour violations may have been considerably reduced or eliminated altogether.

Corporate codes of conduct/ethics, therefore, are not sufficient EPZ employer-employee labour regulatory tools though it is encouraging to note that MNEs have laid down principles precisely defining their international business approach especially in developing country EPZs, which they can be held accountable to. Corporate codes of

conduct/ethics, therefore, do not sufficiently fill in the existing EPZ employer-employee labour relation's gap.

6.8.7 Ethical theories and their conflicts with the demands of international trade

EPZ workers campaigners have often invoked the concept of business ethics as a concept that MNEs can apply in their operations in labour law conceded environments. One such theory, the utilitarian ethical theory, recommends as morally good whatever action maximizes the net good or if all alternatives have harmful consequences minimizes the net harm (O'Boyle & Dawson 1992:924).

The utilitarian ethical theory also argues that moral absolutes are ethical principles that should not be violated (e.g.) 'Thou shall not steal' is a moral absolute. When circumstances and or consequences are used to justify a departure from a moral absolute, ethical decision-making becomes utilitarian (i.e.) it begins to follow the rule that the end justifies the means. However, violating moral absolutes may be justified when they conflict with a higher order ethical principle (e.g.) breaking the speed limit to protect public safety (O'Boyle & Dawson 1992:924).

This, therefore, gives nations and MNEs the right to violate labour laws as they do so with the intention of providing jobs to workers who would otherwise have been jobless and increasing their industrial base and exports. This certainly super-cedes the laws the EPZ host governments cede as the long-term returns are projected to be higher both for the EPZ workers and for the EPZ host governments.

6.8.8 Codes of conduct and the ethics concept

- Under moral absolutism because human beings are capable of making judgments that objectively speaking are morally wrong thus codes of conduct are, therefore, meaningful.
- Under moral relativism because all values are relative to specific situations and the worth of any value depends on the situation at hand, it is impossible to determine objectively what is right and what is wrong, thus codes of conduct are, therefore, meaningless (O'Boyle & Dawson 1992:924)

These two viewpoints both have some truth in them. Under moral absolutism, decisions and judgments made in EPZ operations could turn out to be morally wrong which, therefore, calls for the need for a guide in the form of a code of conduct/ethics to guide decision makers. However, under moral relativism where values are said to be relevant to specific situations a code of conduct is, therefore, required to act as a general guide for decision makers. Thus the call to disregard codes of conduct by relativists seems to be weak, as codes of conduct are also flexible instruments that can be drawn with specific situations in consideration.

Ethics, as an EPZ employer-employee labour regulatory framework although useful, do not seem to be a strong tool that can stand on their own as they seem to contain loopholes that can be exploited by the powerful EPZ stakeholders to the detriment of the weaker ones.

As EPZs and MNEs are beneficiaries of the numerous international preferential trade agreements, EPZ workers, their supporters and sympathizers have been campaigning for the introduction of enforceable labour regulating structures in trade agreements.

Below the place of labour regulation in international trade agreements is reviewed.

6.9 The EPZ employer-employee labour relations' gap and Preferential trade Agreements

Preferential trade agreements are meant to promote the financial and economic development of developing countries by encouraging them to adopt export oriented economic growth.

6.9.1 Generalized systems of preferences (GSPs)

The European Union (EU) introduced its General System of Preferences (GSP) scheme in 1971, while the United States (US) introduced its GSP scheme in 1976. In Africa the EU's GSP scheme works through the African Caribbean Pacific (ACP) (also called the Lome Convention and also the Cotonou agreement) while the USA in 1994, introduced the African Growth and Opportunity Act (AGOA) as part of its GSP scheme to Africa

(EU, undated, Generalized System of Preferences) & (US treasury, undated, what is GSP?).

Under the EUs, ACP agreement, ACP member countries may export certain goods to the EU duty free and without quota restrictions (Trade agreements, Lome Convention, undated).

The US also has a GSP agreement with the Caribbean region known as the Caribbean Basin Initiative (CBI). This agreement was established under the law for economic recovery of the Caribbean Basin of 1983; it then became effective in 1984. Its aim was to revitalize and expand the private sector in the Caribbean Basin Region with the help of commercial and tariff measures. The program provides for 20 percent tariff reductions and duty free entry of certain products as well as the possibility of negotiating quotas for others (e.g. apparel, footwear and electronic goods) under the Guaranteed Access Level (GAL) Program into the USA (Caribbean Basin initiative, undated) & (Romero, 1995, Addressing the social and labour issues section, para. 4).

The US, GSP scheme has a clause that provides for trade penalties for businesses that fail to guarantee workers rights (Fuentes and Smith, 2000, who do we work like this section, para. 2). Fines and or sanctions are imposed against countries, which do not take steps to ensure that certain minimum labour rights are respected. US trade unions may call on the US trade representative in a specific country and ask for a country to be put to test on labour rights issues. This was done in Guatemala in 1992 (ICFTU, 1996, solidarity section, para.2). The threat or actual suspension of preferences because of violations of standards relating to trade union rights, forced labour, child labour and working conditions has pushed some governments towards some reforms adds Romero (1995, amending the applying legislation section, para. 5).

In 1994, the Dominican Republic was the subject of the GSP sub-committee hearings whose task was to determine whether its eligibility for preferential trade access to the US should be withdrawn because of its workers rights violations. The Dominican

government at this particular time was under heavy criticism for its failure to protect workers rights and feared that the pressure could close down its preferential US GSP and CBI markets. It thus responded by taking action against firms that had been implicated in labour rights violations, in some cases it suspended many companies export licenses reinstating them after they accepted to comply with the law (ICFTU, 1996, solidarity section, para.1).

In 1995, the EU also introduced in its GSP scheme, conditions that aimed at temporary withdrawing preferences from countries that used forced labour (ICFTU, 1996, solidarity section, para. 3). In its revised GSP scheme the EU starting from 1998, would grant additional preferences to beneficiaries that applied ILO conventions 87, 98 and 138 Romero (1995, amending the applying legislation section, para. 5).

The GSP scheme seems to be quite effective as an EPZ employer-employee labour regulatory framework especially against developing countries. The closing down of preferential markets under the GSP scheme seems to elicit a positive response from the EPZ host governments.

However, this arrangement seems only to work against developing countries with little reciprocal trade with the developed country imposing the GSP sanctions. Where both the developing country and the GSP sanctions imposing developed country have equally reciprocal levels of trade (e.g. the USA and China), it would be hard to introduce this tool as it may jeopardize the trade relations between the two countries as both would heavily lose.

This GSP sanctions are also harmful especially to developing countries, their industries and their employees as they may be open to abuse as tools of protection by developed country markets.

6.9.2 North America Free Trade Area (NAFTA)

Another trade agreement that has an explicit labour agreement is NAFTA. It has a trade agreement containing a labour provision referred to as the NAFTA labour side agreement. The agreement contains 11 labour principles that include; the right to

organize, strike and bargain collectively, it prohibits discrimination, child and forced labour and calls for the respect of minimum wages and working conditions (Compa, 1999, How the NAALC works section, para.1).

The agreement has its critics. Research by the Human Rights Watch (2001) shows that the lack of political support for this code has hindered its effectiveness, a position also supported by Constatini (1997), who argues that it lacks an enforcement mechanism, a view also supported by among others Yanz (2001) and the MNU (2002, Mexico: Custom trim update) who term it a long, slow and torturous process that is far away from workers who cannot sue the corporations they work for, but their own countries which fail to enforce their own labour laws. The International research centre (IRC) says that the failure of the agreement to establish minimum standards allows companies to favour investing in countries with weak laws and regulations (e.g. Mexico) (IRC, undated, para. 7).

Complaints filed under NAFTA include favouritism towards employer-controlled trade unions, firing workers who try to organize, denial of collective bargaining rights, forced pregnancy testing, life threatening health and safety conditions among other violations, though not a single one has resulted in the sanctioning of any labour rights violators (Human Rights Watch, 2001, para, 7).

Workers have also been threatened for filing complaints under this labour side agreement.

The MNU Vol. 5(3) (2000, custom trim workers threatened section, para. 4) sums up Mexican workers feelings about the NAFTA labour side agreement by saying that *“even lodging a complaint under the virtually unenforceable NAFTA labour side agreement has become a dangerous and subversive act for Mexican workers.”*

The NAFTA labour side agreement seems to have been tailored to show concern for labour rather than to protect it from the forces of globalization especially in an area that has a strong influence in determining and shaping the emerging trends in global trade.

Its complicated tri-national procedures and its failure to provide a forum where complaints regarding individual violators of workers rights can be filed, makes it an avenue far away from the workers, which it is supposed to protect and, therefore, not a protective tool in reducing the EPZ employer-employee labour relations gap.

6.9.3 World Trade Organization (WTO)

The General Agreement on Tariffs and Trade (GATT) established the WTO in 1995. Its main task was to enforce international trade rules. WTO decisions are binding and can be enforced by withdrawing trade benefits from a country that has violated the WTO rules (What is the WTO?, undated, para. 1).

Unlike in environment and public health where domestic laws have been used as trade distorting protection tools, which have been challenged under the WTO trade dispute settlement system, the WTO did not set guidelines on workers rights. The only provision it makes is the ban on the use of prison labour for international trade. Under WTO rules countries may not withdraw trade preferences from each other even where one egregiously violates its workers rights (What is the WTO?, undated, para 4-5).

International labour bodies such as the ILO and the ICFTU, have been pushing for the inclusion of a social and labour clause in the WTO with the aim of entrenching the worldwide respect for basic ILO standards. They argue that the growth of world trade holds the potential for increased employment and improved working conditions which may not reach millions of workers if gross exploitation, repression and discrimination is allowed to continue and spread (ICFTU 1996, forward section, para.8).

With the backing of the British government, the ILO and its associate organizations tried to introduce a social and labour clause in the 1948 Havana charter, but the charter was never ratified and the social and labour aspect has always been left out in all other international trade agreements despite the insistence of the ILO and its associates for such a clause to be considered (ICFTU, 1996, social clause section, para. 2).

The differences in trade, development, labour and legal standards between developing and developed countries presents a dilemma as to what standards can be agreed upon internationally as fair.

The strongest opposition to the introduction of a labour and social clause in international trade agreements comes from developing countries who have had their export preferences and markets blocked under the guise of unconvincing health and environmental concerns which raises the possibility that developed countries can turn the issue of fair labour standards into protection tools.

This, therefore, hinders the effectiveness of trade agreements as EPZ, employer-employee labour regulatory frameworks.

6.10 The EPZ employer-employee labour relations' gap and Non-Governmental Organizations (NGOs)

The EPZ employer-employee labour relation's gap has attracted a large number of NGOs both from developed and developing countries.

According to Madeley (1992:86) developing countries usually give MNEs a warm welcome although developing country NGOs are fiercely critical of them as they usually see them at work.

NGOs have played an important role specifically in highlighting the plight of EPZ workers around the world. Organizations such as the Human Rights Watch, Amnesty International, Oxfam, Workers Rights Consortium (WRC), National Labour Committee (NLC), Stop Sweatshops and the Maquila Solidarity Network (MSN), among many others, have voiced the concerns of many EPZ workers.

While some NGOs have played an important role as monitors and highlighters of labour violations in EPZs others, especially those based in the developed countries such as the MSN, students against Sweatshops (WRC) and Global exchange, among many others, take advantage of the lack of proper information and exposure and with the use of emotional appeals persuade developed country consumers to boycott products produced by companies violating labour rights in developing countries.

In as much as they support or use EPZ workers to support their course in some cases, they have ended up driving EPZ workers out of their jobs after pressurizing MNE companies to unionize, which they eventually do before closing down and relocating. Such an incident happened in Guatemala where the MNE Phillips-Van Heusen closed its plant there after workers with the help of an NGO succeeded in establishing a union (US/Guatemala education project, 1998, Phillip Van Heusen closes Guatemala plant, para. 1-4). It then shifted its sewing to non-union contractors adds the MNU vol.5 (3) (2000, who wants to be amillionaire section?).

Other NGOs have used western students to campaign against the violation of EPZ labour laws in developing countries, which has ended up costing their institutions millions of dollars worth of sponsorship money from affected companies. A student-led movement, the Worker Rights Consortium (WRC), campaigning for universities to join in the fight against EPZ labour violations led Nike, to terminate various sponsorship agreements of universities that joined it (WRC). Brown university lost the final year of sponsorship for its hockey teams while Nike withdrew a US\$ 30 million sponsorship package for the renovation of the University of Oregon's Football stadium. Nike also cut off negotiations on a US\$ 24million licensing agreement with the University of Michigan. The United Students against Sweatshops alleges that Nike's heavy-handed tactics were intended to intimidate cash starved-universities and cripple the WRC (MNU vol.5 (3) (2000, Nike empire strikes back section).

The issues of controversy between Nike and the WRC revolve around the WRCs approach, which emphasizes public access to information and independent investigations of worker and third party complaints. Nike on the hand, disagrees with the students on the issues of defining minimum labour standards and the monitoring of these standards as they feel that they should have a role in the WRC but the movement has refused to give it any. Nike sums up the argument with the university student-led movement on a superior note by warning the universities and the students thus *"we're not going to give out a blank cheque to dictate our business and our financial terms without us having a seat at the table"* (MNU vol.5 (3) (2000, Revenge of the swoosh section).

This shows the global nature of business operations and identifies the powerful players in this trade. Western NGOs that use students to fight distant EPZ battles have ended up disenfranchising the universities as well as the educational interests of the students involved as the Nike case illustrates.

The interests of NGOs have often been questioned. The ICFTU (1996, government indifference section, para.5) reports an incident where NGOs from the USA were alleged to have given money to Honduran trade unions with a view of destabilizing the EPZ sector in order to send back clothing jobs to the USA. WEPZA (1996, para. 50) reinforces this view when it cites the example of a western-based NGO (the American Federation of Labour and Congress of Industrial Organizations AFL-CIO) that led a publicity campaign against the United States Agency for International Development (USAIDs) help to poor countries creating EPZs, saying that the USAID was "*stealing American jobs with American tax payers money*" which succeeded in closing down USAIDs help to EPZs around the world.

This AFL-CIO campaign creates doubts as to whether western NGOs are really interested in improving the EPZ labour conditions in developing countries. Other motives may be behind the assistance given to developing country NGOs and EPZ workers.

Another problem NGOs face is that of acceptance, especially in developing countries. The confrontational, emotional and alarmist choice of words and phrases when commenting on EPZ issues by NGOs, seems to have contributed to their lack of acceptance at national levels in EPZ host developing countries. NGOs have adopted the use of confrontational, alarmist and extremist language to create strong emotional impressions on their various audiences and to attract the attention of new ones. Examples of such alarmist statements include the following extracts from various sources:

- "This report shows the human cost of the EPZ experiment" (ICFTU 1996, forward section, para.6).
- "A confidential audit of a Nike factory in Vietnam reveals a toxic sweatshop" (Hammond, 1997).

- “Many factories are reminiscent of workshops from the last century where rows of adolescents worked side by side twelve hours a day” (ICFTU 1996, workers rights in EPZ’s section, para.3).
- “Going into these factories is like entering prison, where you leave your life outside... the factory owners do not want to let their workers think for themselves ...they want them to be stupid” (NLC undated, Para.1)
- “Behind the concentration camp style fences in many countries unscrupulous employers are abusing the rights ... of female workers” (ICFTU 1996, forward section, para.6).
- “Wal-Mart squeezes Honduras for tax subsidy” (NLC, undated)
- “The metal covered buildings lie under a laden sky. Nothing in their appearance suggests that there is a human being inside. They look like giant warehouses. Inside the only noise is that of machines” (ICFTU 1996, workers rights in EPZ’s section, para.3).
- “In the small countries of the Caribbean basin, the proliferation of EPZs is simply an extension of the bad economic development model inherited from the colonial era” (ICFTU 1996, abdicating responsibility: the central American case section, para.1).
- “The EPZs are worse than a concentration camp” (ICFTU 1996, workers rights in EPZs section, para.2).
- “Sri Lanka Twenty years of hell” (MNU, 1998).

The use of statements such as the ones listed above portrays a negative image and one of confrontation. Most developing countries and some MNEs (e.g. Nike) have often turned defensive or totally defiant when such statements are used to campaign against the development and business policies they have chosen to follow respectively.

Other available NGO control tools such as the banning or restricting of some of their activities are at times employed by developing countries.

The choice of alarmist and confrontational language also makes their works too hostile and negative to warrant or stir discussions and negotiations with the governments and EPZ-based firms that they are directed to. This makes it difficult and in some cases

unnecessary for governments and EPZ based firms to discuss the content of these NGO statements. WEPZA (1996) also condemns the extreme language NGO's use in the course of their campaign operations.

Western NGOs have also turned to the use of EPZ workers as witnesses of labour violations committed in their countries in an effort to have their country GSP schemes suspended. An ICFTU article reports a few cases where NGOs would ferry EPZ workers to the west to testify against their own governments so as to have them suspended from trading under their preferential trade agreements (ICFTU, 1996, working hours section, para. 2), (women's labour section, para. 6) & Lin (1999). This approach seems wrong as the same testifying workers may end up losing their jobs, while their government's will lose revenue arising from disinvestments due to the suspension of these preferential trade agreements.

NGOs and consumer groups can, therefore, not be trusted as EPZ regulators as they put EPZ workers in a tricky situation considering some of the sinister intentions these two groups might possess.

Where their loyalty lies is quite hard to determine, which casts doubts over their genuineness. They, therefore, cannot be trusted as EPZ employer-employee labour regulators and codes of conduct may be needed to regulate them too.

6.11 Summary

The changing nature of international business and the slow reaction of labour regulatory structures to these changes have contributed to the growth in the EPZ employer-employee labour relations gap. The complexities behind this employer-employee labour relations gap are far apart and emergent in nature. Aspects such as globalization, competition, poverty alleviation, development, comparative advantage and technological innovations, among many others, are all behind the growth of this employer-employee labour relations gap. As these phenomena are emergent in nature configuring a lasting solution (regulatory framework) to this problem has been difficult, as these emerging events have in most cases always overtaken proposed solutions (regulatory frameworks). However,

this should not be cited as an excuse by EPZ host governments and investors as some measures aimed at reducing this employer-employee labour relations gap need and can be employed without doing much or any damage to the objectives of the parties' involvement in EPZ operations.

The next chapter is an empirical analysis of the employer-employee labour relations' gap in Kenyan garment EPZs with data gathered from EPZ stakeholders.

CHAPTER SEVEN

AN EMPIRICAL ANALYSIS OF THE EMPLOYER-EMPLOYEE LABOR RELATIONS GAP IN KENYAN EPZs

(Presentation of data and analysis from the questionnaire)

7.1 The Profiles of employers and their employees in Kenyan EPZs

7.1.1 Introduction

This section contains five subsections. The first section presents data on the questionnaire return rate of the respondents. The second section profiles Kenyan garment EPZ investors using, the length of time they have operated in the zones, their nationality and their major export markets. This is assumed that these three factors influence EPZ investors' attitudes and perceptions towards the type of working conditions that they expose their workers to. The third section profiles EPZ employees using demographic and employment characteristics of the sampled EPZ employees. It was assumed that these factors influence EPZ employees' attitudes and perceptions towards the state of their working conditions. The fourth section provides a profile of Kenyan garment EPZ investors and their employees while the last section summarizes the findings from this section.

The findings from this section were meant to lay the foundation for the formulation of a model capable of reducing the employer-employee labour relations' gap in Kenyan EPZs by taking into consideration all the characteristics of the Kenyan EPZ investors and their employees.

7.1.2 The questionnaire return rate

According to Welman & Kruger (2001) a low response rate restricts the usefulness of a survey because it is not known to what extent a biased and consequently unrepresentative sample has been obtained. Thus a response rate of less than 50% of a selected sample presents an entirely incorrect picture of the population (Welman & Kruger, 2001:147). A total of 376 questionnaires were issued to the EPZ employees in the selected 10 firms. Responses were received from 302 respondents, which represented an 80 per cent return.

Out of the 10 questionnaires handed out to the investors (Personnel/Administrative/Human resource officers) 10 responses were received from them, which represented a 100 per cent return. The overall response rate stood at 80.8 per cent. This indicates that there was a relatively high rate of return of the questionnaires. Uhl & Schoner (1969:150) say that a response rate of at least 75% should be achieved although beyond this there is little gain in accuracy.

7.1.3 The characteristics of Kenyan garment EPZ investors

One of the aims of the study was to devise a strategy that would help minimize the employer-employee labour relations' gap in Kenyan garment EPZs. Data on the length of time EPZ investors had operated in the zones, their nationality and their major export markets was meant to identify the characteristics of the study's research subjects. The findings from this section were meant to lay the foundation for the formulation of a model capable of reducing the employer-employee labour relations gap in Kenyan EPZs by taking into consideration all the characteristics of the Kenyan EPZ investors.

This section presents data on the above mentioned three items, which are: the length of time the sampled EPZ investors had operated in the Kenyan zones, their nationalities as well as their major export markets.

Table 7.1.3.1 below presents data on the length of time the sampled EPZ investors had operated in Kenyan zones.

Table 7.1.3.1: The length of time a company had operated as an EPZ

The length of time a company had operated as an EPZ	N	%
>1 year	3	30.0
1- 2 years	5	50.0
< 7 years	2	20.0
Total	10	100.0

Table 7.1.3.1 above indicates that 50% of the sampled companies had operated as EPZs for between one and two years while 20% had operated as EPZs for a period of over seven years. 30% of the sampled companies were relatively new in the zones.

Table 7.1.3.2 below, presents data on the nationality of EPZ operators in Kenya.

Table 7.1.3.2: Nationality of EPZ investors of the surveyed companies

Nationality	N	%
Indians	6	60.0
Sri Lanka	2	20.0
American – British – Kenyan	2	20.0
Total	10	100.0

Table 7.1.3.2 above indicates that 60% of the garment EPZ firms surveyed were operated by Indians while 20% of the companies were operated by Sri Lankans and another 20% of the surveyed firms were operated by an American – British – Kenyan partnership.

All the surveyed Kenyan garment EPZ manufactures indicated that they exported their garments into the United States (US) market using the African Growth and Opportunity Act (AGOA) preferential trading agreement.

7.1.4 The demographic and employment characteristics of EPZ employees

One of the aims of the study was to identify the factors that significantly affected the perceptions of EPZ employers and their employees towards the state of their working conditions. In order to identify the factors that significantly affected EPZ employees' attitudes towards the state of their working conditions it was considered important to understand their demographic and employment characteristics. The sampled EPZ employees were therefore classified into various demographic and employment categories. These are: age, gender, marital status, academic qualifications, employees working sections, leadership positions, length of service, employment status and salary scales.

Since the study also sought to establish precisely the determinants of the Kenyan garment EPZ employer-employee labour relations' gap, the demographic and employment data of the sampled EPZ employees was classified into various categories. These are: employees located in the public and private zones; and employees located in unionized and non-unionized zones. This enabled the study to identify the size of the EPZ employer-employee labour relations' gap in these different zones.

Frequencies and percentages were used to describe the demographic and employment characteristics of the study's sampled EPZ employees.

In table 7.1.4.1 below data regarding the age groups the surveyed EPZ workers belonged to is presented.

Table 7.1.4.1: Age of EPZ workers

Age	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
18-23	68	22.5	45	26.9	23	17.0	32	32.3	36	17.7
24-29	168	55.6	97	58.1	71	52.6	53	53.5	115	56.7
30-35	47	15.6	21	12.6	26	19.3	11	11.1	36	17.7
36-41	13	4.3	4	2.4	9	6.7	3	3.0	10	4.9
> 41	6	2.0	-	-	6	4.4	-	-	6	3.0
Total	302	100	167	100	135	100	99	100	203	100

The data in table 7.1.4.1 above indicates that the highest number of EPZ workers in the population sample 55.6% fall into the 24-29 age group category followed by the 18-23 age group category which accounts for 22.5% of the sampled EPZ workforce. This indicates that the majority of Kenyan EPZ employees fall in the 24-29 age group category.

Table 7.1.4.2 below presents data regarding the gender of the sampled EPZ employees.

Table 7.1.4.2: The Gender of EPZ workers

Gender	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Male	151	50.0	70	41.9	81	60.0	34	34.3	117	57.6
Female	151	50.0	97	58.1	54	40.0	65	65.7	86	42.4
Total	302	100	167	100	135	100	99	100	203	100

The population sample of EPZ workers in table 7.1.4.2 above indicates that the sample consisted of an equal number of male (50%) and female (50%) respondents.

Table 7.1.4.3 below presents data on the marital status of the sampled EPZ workers.

Table 7.1.4.3: EPZ workers marital status

Marital status	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Married	152	50.3	70	41.9	82	60.7	36	36.4	116	57.1
Single	139	46.0	93	55.7	46	34.1	61	61.6	78	38.4
Separated	6	2.0	4	2.4	2	1.5	2	2.0	4	2.0
Divorced	2	.7	-	-	2	1.5	-	-	2	1.0
Widowed	3	1.0	-	-	3	2.2	-	-	3	1.5
Total	302	100	167	100	135	100	99	100	203	100

The marital status of the population sample in table 7.1.4.3 above revealed that the majority of the sampled EPZ workers in Kenyan EPZs were married (50.3%). Single workers made up the second largest group in the zones as they accounted for 46% of the sampled population.

In table 7.1.4.4 below data on the academic qualifications of the sampled EPZ workers are presented.

Table 7.1.4.4: The academic qualifications of EPZ workers

Education qualifications	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
University	2	.7	1	.6	1	.7	1	1.0	1	.5
College	130	43.0	87	52.1	43	31.9	57	57.6	73	36.0
Secondary	148	49.0	70	41.9	78	57.8	39	39.4	109	53.7
Primary	22	7.3	9	5.4	13	9.6	2	2.0	20	9.9
Total	302	100	167	100	135	100	99	100	203	100

The data in table 7.1.4.4 above indicates that 49% of the sampled respondents had received secondary school education while a slightly lower number of respondents (43%) had received college education. Two (0.7%) of the respondents had received university education.

Table 7.1.4.5 below presents data on the technical qualification of the sampled EPZ workers.

Table 7.1.4.5: The technical qualifications of EPZ workers

Technical qualification	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Diploma	41	13.6	33	19.8	8	5.9	22	22.2	19	9.4
Certificate	204	67.5	107	64.1	97	71.9	65	65.7	139	68.5
Apprenticeship	20	6.6	7	4.2	13	9.6	4	4.0	16	7.9
No training	37	12.3	20	12.0	17	12.6	8	8.1	29	14.3
Total	302	100	167	100	135	100	99	100	203	100

From the data presented in table 7.1.4.5 above, the majority of the sampled EPZ workers (67.5%) hold certificate level technical qualifications. 13.6% hold diplomas while 12.3% have no technical qualifications.

Table 7.1.4.6 below presents data on the working sections (departments) the sampled EPZ employees worked in.

Table 7.1.4.6: EPZ employees work sections

Work section	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Production	178	58.9	82	49.1	96	71.1	62	62.6	116	57.1
Finishing	91	30.1	73	43.7	18	13.3	30	30.3	61	30.0
Washing	9	3.0	5	3.0	4	3.0	3	3.0	6	3.0
Merchandising	23	7.6	6	3.6	17	12.6	4	4.0	19	9.4
Other	1	.3	1	.6	-	-	-	-	1	.5
Total	302	100	167	100	135	100	99	100	203	100

From table 7.1.4.6 above 58.9% of respondents in the population sample worked in the production department while 30.1% of the population sample worked in the finishing department.

In table 7.1.4.7 below data indicating whether the sampled respondents held any positions of leadership within their companies is presented.

Table 7.1.4.7: Leadership status of EPZ employees

Section head	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Yes	66	21.9	26	15.6	26	15.6	17	17.2	49	24.1
No	236	78.1	141	84.4	141	84.4	82	82.8	154	75.9
Total	302	100	167	100	167	100	99	100	203	100

The data in table 7.1.4.7 above indicates that 21.9% of the sampled respondents in the population sample held a leadership position in the company while the majority (78.1%) did not hold any leadership positions in their companies.

The data in table 7.1.4.8 below indicates the length of service respondents in the population sample had worked as EPZ workers.

Table 7.1.4.8: The length of service of EPZ workers

Length of service	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
> 1 year	38	12.6	29	17.4	9	6.7	26	26.3	12	5.9
1-2 years	188	62.3	78	46.7	110	81.5	58	58.6	130	64.0
3-4 years	47	15.6	33	19.8	14	10.4	9	9.1	38	18.7
5-6 years	20	6.6	19	11.4	1	.7	3	3.0	17	8.4
6-7 years	9	3.0	8	4.8	1	.7	3	3.0	6	3.0
Total	302	100	167	100	135	100	99	100	203	100

From table 7.1.4.8 above the majority of EPZ workers from the population sample (62.3%) have worked in the EPZs for a period of between 1-2 years. The same table shows that 15.6% have worked in the zones for between 3-4 years.

Table 7.1.4.9 below presents data on the employment status of the population sample respondents.

Table 7.1.4.9: EPZ respondents by their employment status

Employment status	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
Contract	69	22.8	16	9.6	53	39.3	5	5.1	64	31.5
Permanent	93	30.8	71	42.5	22	16.3	40	40.4	53	26.1
Casual	140	46.4	80	47.9	60	44.4	54	54.5	86	42.4
Total	302	100	167	100	135	100	99	100	203	100

The data in table 7.1.4.9 above shows that the majority of the sampled EPZ workers (46.4%) were casual employees while permanent employees accounted for (30.8%) of the sampled respondents.

Table 7.1.4.10 below presents data on the remuneration structures of the population sample respondents.

Table 7.1.4.10: EPZ respondents by their salary scales

Salary scales (Ksh*.)	Total respondents		Public EPZs		Private EPZs		Non-unionized EPZs		Unionized EPZs	
	N	%	N	%	N	%	N	%	N	%
< 999	2	.7	2	1.2	-	-	1	1.0	1	.5
1000-1999	5	1.7	5	3.0	-	-	2	2.0	3	1.5
2000-2999	24	7.9	11	6.6	13	9.6	3	3.0	21	10.3
3000-3999	118	39.1	99	59.3	19	14.4	60	60.6	58	28.6
> 4000	153	50.7	50	29.9	103	76.3	33	33.3	120	59.1
Total	302	100	167	100	135	100	99	100	203	100

*Ksh - Kenya shillings

The data in table 7.1.4.10 above indicates that 50.7% of the sampled respondents fell into the Ksh. < 4000 (and above), remuneration category while 31.1% of the sampled respondents fell in the Ksh. 3000-3999 remuneration category.

7.1.5 The profile of Kenyan garment EPZ investors and their employees

The majority of Kenyan garment EPZs had operated for between one and two years. Indians operated the majority of the EPZ garment firms, while the entire surveyed Kenyan garment EPZ manufactures exported their garments into the United States (US) market using the African Growth and Opportunity Act (AGOA) preferential trading agreement.

On the other hand, the majority of EPZ employees were found to be between the ages of 25 to 29. The majority of them were married, had secondary school education and certificate level technical qualifications. The majority of Kenyan garment EPZ workers worked in the production sections and had worked in the zones for not more than two years. The majority of Kenyan garment EPZ employees were found to be on casual employment and earned more than Ksh. 4000¹⁵.

7.1.6 Summary

This section presented data whose aim was to identify the characteristics of the study's two principle subjects, the EPZ employers and their employees. The findings from this

section revealed the characteristics of the study's principle subjects. This was done in order to expose these characteristics to further tests. This was to enable the study formulate a model capable of reducing the employee-employer labour relations' gap in Kenyan garment EPZs. In the next sections these data were exposed to various statistical tests to establish their effect on the employer-employee labour relations gap.

¹⁵ Ksh. – Kenya Shillings - (1 (one) South African Rand =10 Ksh. / 1US\$ = 78 Ksh.)

7.2 Factors that significantly affect employer-employee labour relations in Kenyan EPZs

7.2.1 Introduction

The study's first objective was to investigate;

1. The factors that significantly affected Kenyan EPZ employer-employee labour relations.
2. How these factors affected employer-employee labour relations in Kenyan EPZs.

To identify the factors that significantly affected employer-employee labour relations in the zones, sixteen-research hypotheses composed of the profile of EPZ investors and their employees (as identified in section 7.1) were formulated and then exposed to the appropriate (t) or (f) test.

Identifying the factors (derived from the profiles of EPZ employers and their employees) that significantly affected employer-employee labour relations in Kenyan EPZs exposed the factors that contributed to employer-employee labour relation problems in Kenyan garment EPZ. At the same time, identifying the extent to which these factors significantly affected employer-employee labour relations in the zones, precisely determined how a specific factor contributed to the EPZ employer-employee labour relations gap Kenyan garment EPZs.

The data from this section helped draw conclusions and make recommendations on the factors that significantly affected employer-employee labour relations in Kenyan garment EPZs in the next chapter.

7.2.2 Testing the hypotheses

The data presented in this section are the results of analyzing the EPZ employers (investors) and their employees' perception scores towards the state of their EPZ working conditions. The attitudes and perceptions of both EPZ employers and their employees towards the state of their working conditions were analyzed in relation to nine selected variables from the profiles of EPZ employers and their employees, solicited by the

research instrument. These variables are; (1) age, (2) sex, (3) marital status, (4) educational qualifications, (5) company working section, (6) length of service in a company, (7) employment status and the (8) private/public (9) unionized/non-unionized status of a company. In analyzing the differences of EPZ employers and their employees, attitudes and perceptions towards the state of their working conditions, the t-test and analysis of variance (ANOVA) were used to test for significant differences. To test null hypothesis $H_2, H_7, H_{11}, H_{12}, H_{13}, H_{14}$ and H_{15} the appropriate means were calculated and the independent samples t-test was used. In testing the null hypothesis $H_1, H_3, H_4, H_5, H_6, H_8, H_9, H_{10}$ and H_{16} the analysis of variance (ANOVA) also called the f-test, was used. The 0.05 level of confidence was used to reject or not to reject each of the hypotheses. The researcher restates these hypotheses and presents evidence linked to their testing separately in the sections that follow.

Age as a factor that determines EPZ employees' perceptions towards the state of their working conditions.

The first task of analysis was concerned with determining whether there was a significant difference in the age of EPZ employees that affected their attitudes towards the state of their EPZ working conditions. The first hypothesis predicted that:

H_{01} The age of EPZ employees does not affect their attitudes towards the state of their working conditions.

The results of testing hypothesis one are presented in table 7.2.2.1 below.

Table 7.2.2.1: Analysis of the Variance for Age and the EPZ Workers Perceptions towards the state of their Working Conditions

Source of Variation	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	444.945	4	111.236	4.940
Within Groups	6687.929	297	22.518	
Total	7132.874	301		

(Critical Value = 2.37)

The F-ratio as table 7.2.2.1 above indicates is 4.94, which is greater than the critical value (2.37). This revealed that there was a significant relationship between EPZ workers attitudes towards the state of their working conditions and their age. The null hypothesis was therefore rejected.

To determine how each age group among the EPZ workers rated the state of their working conditions, their mean perception scores are presented in table 7.2.2.2 below, which presents the mean scores and standard deviations of the EPZ workers attitudes towards the state of their working conditions by their age group.

Table 7.2.2.2: The Mean Scores and Standard Deviations of EPZ Workers Ratings of the state of their Working Conditions by Age Groups

Age (In years)	N	Mean	SD
18-23	68	29.0882	4.6864
24-29	169	30.1716	4.6445
30-35	47	31.0426	5.2954
36-41	12	32.5000	4.8711
<41	6	37.0000	4.8990

Although the perceptions of the EPZ workers did not significantly differ, it is evident in table 7.2.2.2 above, that EPZ workers perceptions towards the state of their working conditions varied. The data indicates that employees, who belonged to the 41 and above age group category, rated their working conditions as favourable (mean 37.0). Employees in the 18-23 age group category rated the state of their EPZ working conditions lowest (mean 29.1). A trend seems to emerge from the data in table 7.2.2.2 above whereby, the older the employees the better they perceive their working conditions.

A possible explanation for this finding was thought to be that older employees were more exposed and experienced than the young ones, who probably had not been employed before and expected perfect working conditions on their first employment. Chant et al (1995) in their study, revealed that younger EPZ employees may experience more

problems because their employers recruit them with the intention of moulding them into the company way of doing things, while older and more experienced workers did not need any more moulding thus less exposure to many or new rules and regulations.

Gender as a factor that determines EPZ employees’ perceptions towards the state of their EPZ working conditions.

After establishing a significant relationship between age and working conditions, the next task was to determine whether there was a significant relationship between EPZ workers perceptions towards the state of their working conditions and their gender. This hypothesis states that:

H₀: The gender of EPZ employees does not affect their attitudes towards the state of their working conditions

The results of testing hypothesis two are summarized in table 7.2.2.3 below.

Table 7.2.2.3: Analysis of significant differences of the mean attitudes between male and female EPZ workers on the state of their working conditions

	Males			Females			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	151	31.05	4.49	152	29.51	5.16	2.896

300 D.F (Critical Value $t = 1.645$)

As table 7.2.2.3 above indicates the t-value obtained from the analysis was 2.896, which was greater than the critical value (1.645). This shows that there was a significant difference in the perceptions of males and females towards the state of their working conditions. On the basis of these results the null hypothesis was rejected. The means from the same data in table 7.2.2.3 above indicate that males (31.05) rated the state of their working conditions higher than females (29.51).

A possible explanation to this finding may be based on various EPZ employment characteristics. This could be related to studies by Chant et al (1995), ICFTU (1996), Yun (1988) and Marther (1988) which indicate that the majority of EPZ workers are females, while majority of the management and supervisory staff are male who tend to use their supervisory and management positions to mistreat their female juniors for their own selfish interests.

Marital status as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

The third hypothesis tested whether there is a relationship between EPZ workers perceptions to their working conditions and the state of their marital status. The hypothesis states that:

H₀₃ The marriage status of EPZ employees does not affect their attitudes towards the state of their working conditions.

Table 7.2.2.4 below summarizes the results of this analysis.

Table 7.2.2.4: Analysis of Variance for Marital Status and the EPZ workers Perceptions towards the state of their Working Conditions

Source of Variance	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	355.502	4	88.876	3.895
Within Groups	6777.372	297	22.819	
Total	7132.874	301		

(Critical value $f=2.37$)

The F-ratio obtained in table 7.2.2.4 above of 3.895, is greater than the critical value (2.37). This shows that there is a significant relationship between EPZ workers attitudes towards the state of their working conditions and their marital status. The null hypothesis is thus rejected.

To determine how each marital status group among the EPZ workers rated the state of their working conditions, their mean perception scores are presented in table 7.2.2.5 below, which presents the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their marital status group.

Table 7.2.2.5: The Mean Scores and Standard Deviations on EPZ Workers Attitudes towards the state of their Working Conditions by Their Marital Status Group

Marital Status	N	Mean	SD
Married	151	31.0397	4.7158
Single	140	29.2429	4.9252
Separate	6	32.1667	5.3448
Divorced	2	33.0000	.0000
Widowed	3	34.6667	4.6188

Table 7.2.2.5 above indicates that single EPZ employees lowly rated the state of their working conditions (mean 29.2), while widowed employees highly rated the state of their working conditions (mean 34.6). A trend also emerges whereby after marriage the nature of marital status one finds him/herself in, influences his/her perception towards his/her working conditions. The less stable a worker's marital life/status is, the higher the worker rates his/her working conditions. A possible explanation for this finding could be that as a single parent the (separated, divorced and widowed) worker's focal point shifts from focusing on working conditions (working conditions cease to matter) to stability in employment, so as to be in a position to remain employed and provide for him/her-self and family.

Educational qualifications as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

The following hypothesis tests the relationship between EPZ workers perceptions towards the state of their working conditions and their educational qualifications. The hypothesis states that:

Ho₄ The educational qualifications of EPZ employees does not affect their attitudes towards the state of their working conditions

Table 7.2.2.6 below summarizes the results after testing this hypothesis.

Table 7.2.2.6: Analysis of the Variance for Educational Qualifications and EPZ workers attitudes towards the state of their working conditions

Source of Variation	D.F	Sum of Squares	Mean Squares	F- Ratio
Between groups	3	90.900	30.300	1.282
Within groups	298	7041.974	23.631	
Totals	301	7132.874		

(Critical Value $f = 2.60$)

The F-ratio in of 1.282 in table 7.2.2.6, above reveals that there is no significant relationship between the EPZ workers attitudes towards the state of their working conditions and their educational qualifications, as it is less than the critical value 2.60. The null hypothesis is thus not rejected.

To determine how each education qualification group among the EPZ workers rated their working conditions, their mean perception scores are presented in table 7.2.2.7 below, which presents the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their educational qualifications group.

Table 7.2.2.7: The Mean Scores and Standard Deviations of EPZ workers attitudes towards the state of their working conditions by education qualifications

Educational Qualifications	N	Mean	SD
University	2	34.0000	.0000
College	131	29.9313	4.3979
Secondary	148	30.6757	5.5159
Primary	22	29.4091	2.7370
TOTAL	302		

From table 7.2.2.7 above, the mean scores for workers with university education (34.0) reveals that university educated workers highly rated the state of their EPZ working conditions, while employees with only primary education lowly rated the state of their working conditions (mean score 29.4). A possible explanation for this finding could be that employees who had high education qualifications worked in areas that were less exposed to factory floor conditions such as administrative, management and supervisory sections unlike their less educated co-workers. These results partially agree with those of Chant et al (1995), who found that workers with higher education worked in areas that were less strenuous such as administration and management and enjoyed better working conditions and pay.

Technical qualifications as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

Hypothesis five tests the relationship between EPZ workers perceptions towards the state of their working conditions and their technical qualifications. The hypothesis states that:

Ho₅ The technical qualifications of EPZ employees does not affect their attitudes towards the state of their working conditions

The results of testing this hypothesis are summarized in table 7.2.2.8 below.

Table 7.2.2.8: Analysis of the Variance for Technical Qualifications and EPZ workers attitudes towards the state of their working conditions

Source of Variance	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	86.683	3	28.894	1.222
Within Groups	7046.191	298	23.645	
Total	7132.874	301		

(Critical Value $f = 2.60$)

The F-ratio in table 7.2.2.8 above is 1.222, which is lower than the critical value (2.60), which shows that there is no significant relationship between EPZ workers attitudes towards the state of their working conditions and their technical qualifications. The null hypothesis is thus not rejected.

To determine how each technical qualifications group among the EPZ workers rated the state of their working conditions, their mean perception scores are presented in table 7.2.2.9 below, which presents the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their technical qualifications group.

Table 7.2.2.9: The Mean Scores and Standard Deviations on EPZ Workers attitudes towards the state of their Working Conditions by their Technical Qualifications Group

Qualification	N	Mean	SD
Diploma	41	30.1951	4.2616
Certificate	204	30.5245	4.7524
Apprenticeship	20	30.1500	6.2262
No Training	37	28.8649	5.2660

The perceptions of the EPZ employees by their technical qualification as indicated in table 7.2.2.9 above, did not differ significantly as three out of the four groups had a mean score of about (30). However, those employees with no technical training had a lower mean score than the other groups (28.6), which means that they lowly rated the state of their working conditions. A possible explanation is that having no technical qualifications meant that these workers did not understand and enjoy the kind of work that they were assigned to do and their working environment. This finding partially supports those of Yun (1988), which state that some employers preferred recruiting young inexperienced workers who once employed found their working conditions to be poor.

Employees working section (department) as a factor that determines their perceptions towards the state of their EPZ working conditions.

The next hypothesis tests the relationship between EPZ workers perceptions towards the state of their working conditions and their work section (department). The hypothesis states that:

Ho₆ The work section of EPZ employees does not affect their attitudes towards the state of their working conditions

Table 7.2.2.10 below, summarizes the results obtained after testing hypothesis six above.

Table 7.2.2.10: Analysis of the Variance for Work Section (Department) and EPZ workers attitudes towards the state of their working conditions

Source of Variance	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	428.610	4	107.152	4.747
Within Groups	6704.264	297	22.573	
Total	7132.874	301		

(Critical value $f=2.37$)

The F-ratio in table 7.2.2.10 above is 4.747, which is greater than the critical value 2.37, which shows that there is a significant relationship between EPZ workers attitudes towards the state of their working conditions and their work sections (departments). The null hypothesis is thus rejected.

To examine how employees in each work section rated the state of their working conditions, the mean perception scores of the workers of each work section are presented in table 7.2.2.11 below.

Table 7.2.2.11: The Mean Scores and Standard Deviations on EPZ Workers attitudes towards the state of their Working Conditions by their Work Section (Department) Group

Work section	N	Mean	SD
Production	178	30.48	4.89
Finishing	91	29.23	4.48
Merchandising	9	27.56	5.08
Washing	23	33.61	4.61
Other	1	30.00	.

Other - security

The mean scores in table 7.2.2.11 above indicate that workers in the merchandising sections rated the state of their working conditions lowest (mean 27.56) while those in the production section highly rated (mean 30.48) the state of their working conditions. This finding is different from those of Hunter, R (2001), Abeywardene (1994), Romero (1995), Hillary (1999) Khan (2002) and the Asian labour update (2001), who all state that the workers affected most by poor working conditions are those working in the production sections.

Employees' leadership position as a factor that determines their perceptions towards the state of their EPZ working conditions.

Hypothesis seven investigates whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and their leadership positions.

The hypothesis states that:

H₀₇ There are no significant working conditions' differences between EPZ section heads and non-section heads

In table 7.2.2.12 below the results obtained from testing this hypothesis are summarized.

Table 7.2.2.12: Analysis of Significant Differences of the Mean Perception Scores between Section Heads and Non-section heads on the state of their working conditions

	Section Head			Non-section			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	66	31.7424	4.8399	236	29.8347	4.8036	2.847

300 D. F. (Critical Value $t = 1.645$)

As table 7.2.2.12 above indicates the t-value obtained from the analysis was 2.847, which was greater than the critical value (1.645). This shows that there was a significant difference in the perceptions of EPZ section heads and non-section heads towards the state of their working conditions. On the basis of these results the null hypothesis was rejected. The means from the same data in table 7.2.2.12, above, indicate that section heads (31.7424) rated the state of their working conditions higher than non-section heads (29.8347). A possible explanation emanates from the fact that section heads hold some privileged positions within the company and are not exposed to as much work as their non-section head colleagues. This means that they have less exposure to the company's factory floor working conditions. This finding supports those of ICFTU (2001, 1996, and 1998), Yun (1988) and Khan (2002) who all found that section heads in most cases misused their privileged positions in their companies to the disadvantage of non-section heads, which, in extension, affected non-section heads perceptions towards the state of their working conditions.

Employees' length of service as a factor that determines their perceptions towards the state of their EPZ working conditions.

The next hypothesis examines whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and their EPZ length of service. The hypothesis states that:

H₀₃ The length of service of EPZ employees does not affect their attitudes towards the state of their working conditions

Table 7.2.2.13 below gives a summary of the results obtained from testing hypothesis eight above.

Table 7.2.2.13: Analysis of the Variance for Length of Service and EPZ workers attitudes towards the state of their working conditions

Source of Variance	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	177.037	4	44.259	1.890
Within Groups	6955.837	297	23.420	
Total	7132.874	301		

(Critical Value $f = 2.37$)

The F-ratio in table 7.2.2.13 above is 1.890, which is less than the critical value (2.37). This shows that there is no significant relationship between EPZ workers attitudes towards the state of their working conditions and their length of service. The null hypothesis is thus not rejected.

To determine how each 'length of service' group among the EPZ workers rated the state of their working conditions, table 7.2.2.14 below, presents the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their 'length of service' group.

Table 7.2.2.14: The Mean Scores and Standard Deviations on EPZ workers attitudes towards the state of their Working Conditions by their Length of Service Group

Years	N	Mean	SD
> 1	39	30.5385	4.1980
1-2 year	187	30.4706	5.0729
3-4 year	47	30.5957	4.6282
5-6 year	20	27.7500	4.7559
< 7	9	28.3333	3.6056

From table 7.2.2.14 above, there does not seem to be much of a difference between the mean scores of EPZ workers based on their length of service in the EPZ companies. Employees who had served for between three to four years highly rated (mean score 30.59) the state of their working conditions, while those who had served for five to six years lowly rated (mean score 27.75) the state of their working conditions. A possible explanation could be that older employees may face adjustment difficulties to the constantly changing ways of doing things in the EPZ firms such as styles of management, quotas and wages. Other sections of this chapter have revealed that most EPZ workers were employed for very long periods as casual or short contract workers. This increased their uncertainty regarding their employment futures, which may have contributed to their dissatisfaction with the state of their working conditions. If employment status is assumed to be the major cause of their dissatisfaction with the state of their working conditions, then this finding supports those of Marther (1988), Hewson (1988), Yun (1988), Hunter M. (1996), ILO (1998), ICFTU (2001), MNU (2002) and Hillary (1999).

Employees' employment status as a factor that determines their perceptions towards the state of their EPZ working conditions.

Hypothesis nine investigates whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and their EPZ employment status. The hypothesis states that:

-H₀, The employment status of EPZ employees does not affect their attitudes towards the state of their working conditions

In table 7.2.2.15 below the results after testing the above hypothesis are summarized.

Table 7.2.2.15: Analysis of the Variance for employment status and EPZ workers attitudes towards the state of their working conditions

Source of Variation	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	269.049	2	134.525	5.860
Within Groups	6863.825	299	22.956	
Total	7132.874	301		

(Critical $f = 3.00$)

The F-ratio in table 7.2.2.15 above is 5.86, which is greater than the critical value 3.00. This shows that there is a significant relationship between EPZ workers attitudes towards the state of their working conditions and their employment status. The null hypothesis is thus rejected.

To determine how each employment status group among EPZ workers rated the state of their working conditions, their mean perception scores are presented in table 7.2.2.16 which present the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their 'employment status' group.

Table 7.2.2.16: The Mean Scores and Standard Deviations on EPZ Workers Attitudes towards the state of their Working Conditions by their Employment Status Group

Employment status	N	Mean	SD
Contract	69	31.8551	5.2672
Permanent	93	30.2796	4.4803
Casual	140	29.4429	4.7457

From table 7.2.2.16 above contract workers highly rated the state of their working conditions (mean score 31.8) while casual workers lowly rated the state of their working conditions with a mean score of 29.4. A possible explanation could be that the uncertainty of maintaining one's employment status influenced the way casual workers perceived their working conditions, while at the same time employing a casual worker for too long on a casual basis was in itself a poor working condition. This finding supports

those of Marther (1988), Hewson (1988), Yun (1988), Hunter M. (1996), ILO (1998), ICFTU (2001), MNU (2002) and Hillary (1999) who all found that most employers employed their workers for a considerably long time on a casual basis so as to lay them off at a moment's notice.

Employees' salary scales as a factor that determines their perceptions towards the state of their EPZ working conditions.

The following hypothesis investigates whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and their EPZ salary scales. The hypothesis states that:

H₀₁₀ The salary scales of EPZ employees does not affect their attitudes towards the state of their working conditions

In table 7.2.2.17 below the results after testing the above hypothesis are summarized.

Table 7.2.2.17: Analysis of the Variance for salary scales and EPZ workers attitudes towards the state of their working conditions

Source of Variance	Sum of Squares	DF	Mean Square	F. Ratio
Between Groups	1165.357	4	291.339	14.500
Within Groups	5967.518	297	20.093	
Total	7132.874	301		

Critical Value $f = 2.37$)

The F-ratio in table 7.2.2.17 above is 14.5, which is greater than the critical value 2.37. This shows that there is a significant relationship between EPZ workers attitudes towards the state of their working conditions and their salary scales. The null hypothesis is thus rejected.

To determine how each salary scale group among EPZ workers rated the state of their working conditions, their mean perception scores are presented in table 7.2.2.18, which presents the mean scores and standard deviations on EPZ workers attitudes towards the state of their working conditions by their salary scales group.

Table 7.2.2.18: The Mean Scores and Standard Deviations on EPZ Workers Attitudes towards the state of their Working Conditions by their Salary Scales Group

Pay scales	N	Mean	SD
>999	2	33.0000	.0000
1000-1999	6	32.3333	5.9554
2000-2999	24	28.0417	4.5729
3000-3999	118	28.2034	4.3176
< 4000	152	32.1250	4.6025

In table 7.2.2.18 above employees' earning below Ksh. 999 (mean score 33.0) and between Ksh. 1000-1999 (mean score 32.3) highly rated the state of their working conditions while those earning between Ksh. 2000-2999 lowly rated (mean score 28.04) their working conditions. The possible reason for the high ratings by lowly paid workers could be because these workers were undergoing training and thus had not yet been fully exposed to the factory floor working conditions.

Those workers earning Ksh. 2000-2999 lowly rated their working conditions as they were earning less than the legally required minimum average of about Ksh. 3582 and 3797 (depending on factory location), after they had attained their training although most employers preferred to pay them using the general labourer minimum pay scales of between Ksh. 2697 and 2822 (depending on factory location) (Economic survey 2001:59). At the same time employers failed to annually update their minimum wage pay scales as per government requirements. This remains a tricky situation as employers seem to take advantage of the fact that they did not issues their workers with any "after training certification" as proof of their shift from one wage group to another in order to qualify for a higher wage. This finding is different from those of the ICFTU (1996), Hunter, R.

(2001), Hunter M. (1996), Hewson (1988), Marther (1988), MSN (1998), Endresen & Jauch (undated) and the NLC (undated) whose studies show that, EPZ wages are lower than the minimum legal requirement but the finding supports those by (Chant et al, 1995) and WEPZA (1996) whose studies revealed that EPZ wages were within and above the legal minimum wages.

The location in private or public owned EPZs as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

Hypothesis 11 examines whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and the location of their companies in the public or private owned zones. The hypothesis states that:

Ho₁₁ There are no significant working conditions' problems between employees working in EPZ companies located in the public or private zones

In table 7.2.2.19 below the results obtained after testing the above hypothesis are summarized.

Table 7.2.2.19: Analysis of Significant Differences of the Mean Perception Scores between EPZ workers employed in the private and public zones on the state of their working conditions

	Public			Private			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	167	28.41	4.18	135	32.53	4.70	8.225

300 D.F. (Critical Value $t = 1.645$)

As table 7.2.2.19 above indicates the t-value obtained from the analysis was 8.225, which was greater than the critical value (1.645). This shows that there was a significant difference in the perceptions of EPZ workers employed in firms located in the public and private zones towards the state of their working conditions. On the basis of these results

the null hypothesis was rejected. The means from the same data in table 7.2.2.19 above indicate that employees from companies located in the private zones rated (mean score 32.53) the state of their working conditions higher than those employed in the public zone (mean scores 28.41).

A possible explanation for this may be that EPZ firms located in private zones, since these companies had operated outside EPZ laws before, where they had to abide with all employment laws, seem to have carried their high employee management skills into the zones once they joined the EPZ program in 1992. This is unlike the firms located in the public zone, which have recently come into the country and into the zones, and may not have sufficiently adjusted to their new operating environment.

The presence or absence of a union in EPZs as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

The next hypothesis tests whether there is a relationship between EPZ workers perceptions towards the state of their working conditions and the presence or absence of unions in their companies. The hypothesis states that:

H₀₁₂ There are no significant working conditions' differences in the perceptions of unionized and non-unionized EPZ employees

In table 7.2.2.20 below is a summary of the results after testing the above hypothesis.

Table 7.2.2.20: Analysis of Significant Differences of the Mean Perception Scores between EPZ workers employed in Unionized and Non-unionized EPZs on the state of their working conditions

	Unionized			Non-unionized			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	203	31.23	4.71	99	28.25	4.59	5.195

300 D. F. (Critical t value = 1.645)

The data presented in table 7.2.2.20 above shows that the t-value (5.195) obtained from unionized and non-unionized employees, is greater than the critical value (1.645). This indicates that there is a significant difference in the perceptions of EPZ workers employed in unionized and non-unionized EPZs. On the basis of these results the null hypothesis was rejected. The mean perception scores as shown in the above data indicate that, unionized workers rated the state of their working conditions higher (mean score 31.23) than their non-unionized colleagues (mean score 28.25).

A possible explanation for this finding may be based on the fact that unions have played their role as workers rights advocates in the unionized EPZ companies and have, to some extent, succeeded in ensuring that their members work under favourable working conditions. This finding reinforces those of the ILO (1988), the ICFTU (1991, 1996, 2001 & 2002), Jauch (2002), Abeywardene (1994), MNU (2000, 2002 & 2001), Endresen & Jauch (undated), Hewson (1988), Yun (1988), Haggard (1992), Sook (1999) who all suggest that the inclusion of trade union rights in EPZ operations could help improve EPZ employees working conditions.

The presence of different age groups in EPZs as a factor that determines EPZ employees' perceptions towards the state of their EPZ working conditions.

Hypothesis 13, tests whether there is no relationship between young (18-23) and older (24-29) EPZ workers perceptions towards the state of their working conditions. The hypothesis states that:

H₀₁₃ There are no significant differences in the perceptions of young (18-23) and older (24-29) EPZ employees towards the state of their EPZ working conditions.

In table 7.2.2.21 below is a summary of the results after testing the above hypothesis.

Table 7.2.2.21: Analysis of Significant Differences of the Mean Perception Scores between young (18-23) and older (24-29) EPZ workers on the state of their working conditions

Working conditions	Young employees (18-23)			Older employees (24-29)			T-Value
	N	Mean	SD	N	Mean	SD	
	68	29.09	4.69	168	30.11	4.60	-1.543

234 D. F. (Critical t value = 1.645)

In table 7.2.2.21 above the t-value (-1.543) obtained is lower than the critical value 1.645. This indicates that there are no significant working conditions' differences between young (18-23 year old) and older (24-29 year old) employees. The null hypothesis is thus not rejected.

The mean perception scores as shown in the above data indicate that the older (24-29) workers rated the state of their working conditions higher (mean score 30.11) than their young (18-23) colleagues (mean score 29.09).

As indicated in another section of this chapter a pattern seemed to emerge whereby the older the employees the better they perceived their working conditions. The explanation is that older employees were more exposed and experienced than younger ones who probably had not been employed before and expected perfect working conditions on their first employment. Chant et al (1995), showed that younger employees may experience more problems, in that the management employed them with the intention of moulding them into the company way of doing things, while older and more experienced workers did not need any more moulding thus less exposure to many or new rules and regulations.

Operating from the public or privates zones as a factor that determines EPZ investors' perceptions towards the state of their EPZ working conditions.

The next hypothesis tests whether there is a relationship between the perceptions of EPZ investors operating from the public and private zones towards the state of their companies' working conditions. The hypothesis states that:

Ho₁₄ EPZ investors located in private zones view the working conditions that they expose their employees to as different from those of investors located in the public zone.

In 7.2.2.22 below is a summary of the results after testing the above hypothesis.

Table 7.2.2.22: Analysis of Significant Differences of the Mean Perception Scores between EPZ enterprises located Public and Private Zones on the state of their working conditions

	Public			Private			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	5	40.4	4.93	5	39.6	4.93	0.257

8 DF (Critical Value $t = 1.86$)

Table 7.2.2.22 above indicates that the t-value (0.257) obtained is lower than the critical value 1.86. This indicates that there are no significant working conditions' differences between the working conditions investors located in the public and private zones expose their workers to. The null hypothesis is thus not rejected. The mean perception scores as shown in the above data indicate that investors located in public zones highly (mean score 40.4) rated the working conditions they exposed their workers to, while investors in private zones accumulated a slightly lower mean score of 39.6. This finding implies that working conditions in public zones are slightly of higher quality than those in private zones.

A possible explanation for this finding could be attributed to the new structures the EPZ companies located in the public zone occupy, where most of the structures and equipment in the public zone are less than three years old. At the time the researcher carried out the study some companies had occupied the new factory buildings for between two to six months.

Unionization of EPZ enterprises as a factor that determines EPZ investors' perceptions towards the state of the working conditions that they expose their workers to.

Hypothesis 15 tests whether there is a relationship between EPZ investors' perceptions towards their companies working conditions while operating in a unionized or non-unionized EPZ environment. The hypothesis states that:

H₀₁₅ Unionized EPZ operators view the state of the working conditions that they expose their workers to as different from those of non-unionized operators.

In table 7.2.2.23 below the results after testing the above hypothesis are summarized.

Table 7.2.2.23: Analysis of Significant Differences of the Mean Perception Scores between unionized and non-unionized EPZ investors on the state of the working conditions that they expose their workers to

	Unionized			Non-unionized			T-Value
	N	Mean	SD	N	Mean	SD	
Working conditions	7	38.29	4.61	3	44.0	.00	-2.075

8 DF (Critical Value $t = 1.86$)

From table 7.2.2.23 above the t-value (-0.257) obtained is lower than the critical value 1.86. This indicates that there are no significant differences in the working conditions that unionized and non-unionized investors expose their workers to. The null hypothesis is thus not rejected. The mean perception scores as shown in the above data indicate that non-unionized investors highly (mean score 44.0) rated the state of the working conditions that they exposed their workers to, while unionized investors accumulated a lower mean score of 38.29. This finding implies that non-unionized EPZ investors exposed their workers to better working conditions than unionized investors.

A possible explanation for this finding may be that the direct method of communication whereby workers directly addressed their employers on their working condition problems was more effective than when unions were used as intermediaries to address members (workers) complaints to their employers.

This finding partially supports those of LaCroix (1998) whose research showed that the confrontational approach used by unions did not work, as most workers were afraid of losing their jobs.

The length of time a company has operated, as an EPZ as a factor that determines EPZ investors' perceptions towards the state of their EPZ working conditions.

The last hypothesis examines whether there is a relationship between the state of the working conditions EPZ investors' expose their workers to and the length of time they had operated as EPZs. The hypothesis states that:

Ho₁₆ The length of time a company has operated; as an EPZ does not affect its perceptions towards the state of the working conditions that it exposes its workers to.

Table 7.2.2.24 below presents a summary of the results from the above stated hypothesis.

Table 7.2.2.24: Analysis of Significant Differences of the Mean Perception Scores between the length of time a company has operated as an EPZ and investors attitudes towards the state of the working conditions that they expose their workers to

Source of Variance	Sum of Squares	DF	Mean Square	F
Between Groups	98.800	2	49.400	3.558
Within Groups	97.200	7	13.886	
Total	196.000	9		

9 D.F. (Critical Value 4.26)

The F-ratio in table 7.2.2.24 above is 3.558, which is lower than the critical value 4.26. This shows that there is no significant relationship between the length of time a company has operated as an EPZ and the state of the working conditions that it exposes its workers to. On the basis of these results the null hypothesis was not rejected.

To determine how each group of companies rated its perceptions towards the state of the working conditions that it exposed its workers to, their mean perception scores are presented in table 7.2.2.25 below, which presents the mean scores and standard deviations on the length of time a company had operated as an EPZ and its perceptions towards the state of the working conditions that it exposed its workers to.

Table 7.2.2.25: The Mean Scores and Standard Deviations on the Length of Time a Company had Operated as an EPZ and its Perceptions towards the state of the Working Conditions that it Exposed its Workers to

Length of time (in years)	N	Mean	SD
> 1 year	3	44.00	.00
1-2 years	5	39.60	4.93
< 7 years	2	35.00	.00

From table 7.2.2.25 above companies that had operated for less than one year as EPZs highly rated the state of the working conditions that they exposed their workers to, as they scored a mean score of 44.0, while companies that had stayed the longest in the zones (over seven years) lowly rated the state of the working conditions that they exposed their workers to (mean score 35.00). From the same table above a trend seems to emerge where the longer a company had operated in the zones, the lower the nature of the working conditions that it exposed its workers to.

This finding supports that of Yun (1988) who found that new companies came into the zones with more capital, new technology and management systems, which made them able to poach workers from older firms who in order to survive had to cut their labour related costs thus resulting in poor employee working conditions.

7.2.3 Summary

The purpose of this section was to identify the factors that significantly affected employer-employee labour relations in Kenyan garment EPZs. After exposing the study's sixteen hypotheses to either (t) or (f) tests, the factors that significantly affected Kenyan EPZ employers and their employees' attitudes towards the state of their working conditions were identified. These factors are: age, sex marital status, employment status, work section, leadership position in company, salary scale and the location of an EPZ company in a public or private zone. The data also precisely revealed where the EPZ labour relations' problem was in these factors. The findings from this section were used to draw conclusions and make recommendations on how to improve EPZ employer-employee labour relations in Kenyan EPZs in the next chapter.

7.3 The scope of the employer-employee labour relations' gap in Kenyan EPZs

7.3.1 Introduction

The second objective of the study was to investigate the scope of the employer-employee labour relations' gap in Kenyan EPZs. This was done by investigating the perceptions of the three groups (the EPZA, EPZ employers and their workers) towards the six broad factors that EPZ labour regulatory bodies such as NGOs, MNEs and international labour bodies (ILO & ICFTU) considered important in determining the state of a company's working conditions. These factors are:

1. Education and training facilities;
2. Remuneration structures;
3. Employment structures (avoid employment discrimination);
4. Working facilities;
5. Interpersonal relationships;
6. Working relationships.

To show the perception and attitude of the EPZ employers and their employees towards the state of their working conditions it was found appropriate to calculate the mean scores for the responses in the range of the six items listed above. The mean scores obtained would then give an overall perception of the employers/employees' attitude toward each EPZ working condition item.

A company's employers and employees were then asked to respond to a set of questions that were meant to test their perceptions on each of the six broad categories of items that determine the state of an EPZ company's working conditions. These responses obtained were then rated on a four point likert scale where scoring was done as follows:

Positively stated items		Negatively stated items	
Always, Strongly agree, Very	4	Always, Strongly agree, Very	1
Agree, Often, Good	3	Agree, Often, Good	2
Disagree, Sometimes, Fair	2	Disagree, Sometimes, Fair	3
Never, Strongly disagree, Poor	1	Never, Strongly disagree, Poor	4

It was, therefore, presumed that an extremely high mean perception score would be 4.00, which would indicate that there was no employer-employee labour relations' problem on an item that had such a score. A high mean perception score would range between 3.00-3.99, while a strong average mean perception score would range between 2.50 and 3.00, for the purpose of analysis. These scores indicated that although there was an employer-employee labour relation problem on items that had this range of scores, the problem was not very severe. A weak average perception score would range between 2 and 2.50, hence, low mean perception scores would range from 0.00 to 1.99. An EPZ employer-employee labour relations' gap was identified where an item in the data had a mean perception score that was below 2.50. A mean perception score of 2.50 and above was considered to be an acceptable labour relation's gap as it was above average. However, a score that was below 2.50 was considered to be poor and a company needed to improve on items with such mean perception scores.

To precisely identify where an EPZ firm's employer-employee labour relations' gap was, the mean scores and standard deviations of the sampled employees were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones. Each of the six broad categories that determined the state of an EPZ company's working conditions (education and training facilities, remuneration structures, employment structures (absence of employment discrimination), working facilities, interpersonal relationships and working relationships) was thus analyzed, a minimum of seven times using the profiles of both EPZ employers and their employees.

7.3.2 Education and Training facilities

The items in this section set out to establish the education and training employer-employee labour relations' gap in Kenyan EPZs.

In order to establish this gap the following items were tested:

1. The importance of training and education qualifications during recruitment in the zones;
2. Whether EPZ employers offered their employees on-job training;
3. The sufficiency of employer offered on-job training;
4. The relevance of the acquired working experience to the future of employees outside the zones.

This was done to establish whether EPZ employers:

1. Recruited employees on the basis of their education qualifications;
2. Offered their employees relevant on-job training;
3. On-job training was sufficient for employees work within the zones and whether the work experience EPZ workers acquired within the zones was relevant to their future outside the zones.

To precisely identify where an EPZ firm's employer-employee education and training labour relations' gap was, the mean scores and standard deviations of the above listed items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were used to draw conclusions and make recommendations on the nature of the Kenyan employer-employee education and training labour relations' gap in the next chapter.

Table 7.3.2.1 below presents the mean scores and standard deviations of the sampled EPZ investors and their employees on their perceptions towards the importance of education in the EPZ work place.

Table 7.3.2.1: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the importance of education in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	302	2.75	1.29	10	3.60	.52
Do employers offer employees training	302	2.78	.84	-	-	-
Employer training is sufficient for your work	302	2.52	.94	-	-	-
Is the working experience relevant to the future of employees	302	2.76	.86	-	-	-
Relevance of work experience to establishing private business	302	2.52	.99	-	-	-

From table 7.3.2.1 above although only one item is compared between the sampled EPZ investors and their employees, it is evident that the employees highly rated the importance of education and training at the EPZ work place as indicated by their strong average mean scores which ranged between 2.52 and 2.78. In contrast the same table shows that employers also rated the importance of education and training highly at the EPZ work place as indicated by their high mean perception score of 3.60. This means that employers regarded training and education qualifications as important when recruiting. This finding is consistent with that of Yun (1988) whose study showed that employers looked for a minimum standard of education before recruiting.

As to whether EPZ employees are offered any on-the-job training, EPZ employees mean scores were a strong average of 2.78, which confirms that some form of on job employee training takes place in the zones. On the relevance (mean score 2.76) and applicability of the acquired work experience outside the zones (mean score 2.52) the strong average scores on the two items indicate that the EPZ employees regarded the training and working experience that they acquired from the zones as sufficient enough to prepare them to be self reliant outside the zones. This finding seems to be different from the findings of Abeywardene (1994) and the ICFTU (1996) which argue that the short, task specific, training given does not equip EPZ workers with enough skills to improve their career prospects outside the zones. However, the finding supports those of WEPZA

(1996), which indicate that there has been considerable technology/skills transfer particularly from pioneering EPZ sewing industries in many zones around the world.

Table 7.3.2.2 below compares the mean perception scores and standard deviations of 18-23 & 24-29 year olds towards the treatment of education and experience in the EPZ workplace.

Table 7.3.2.2: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards the treatment of education and experience in the EPZ workplace

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	68	2.54	.92	168	2.77	1.47
Do employers offer employees training	68	2.57	.82	168	2.43	.96
Employer training is sufficient for your work	68	2.82	.75	168	2.80	.88
Is the working experience relevant to the future of employees	68	2.74	.86	168	2.71	.84
Relevance of work experience to establishing private business	68	2.47	.98	168	2.54	1.00

From the data in table 7.3.2.2 above it is evident, that both age groups scored strong average mean scores (above 2.50), on the importance of training and education qualifications and the relevance of employer offered on-job training and work experience. This shows that both age groups view education qualifications as important when seeking employment in the zones. They also view the training offered by their employers and the work experience gained from their jobs in the zones as sufficient for their jobs within the zones.

The difference in perceptions between the age ranges 18-23 and 24-29 year olds, fell in two areas. The sufficiency of the employer offered on-the-job training and the relevance of the acquired working experience to their employment life outside the zones. The younger employers (18-23 year olds) indicated that the on-the-job training that they received from their employers was sufficient for their future outside the zones. The older (24-29 year olds) employees indicated, that the on-the-job training their employer offered

them was insufficient for them to survive with, outside the zones. This could be attributed to the difference in outlook. The young employees being new in the zones may not have been in a position to quantify the quality of on-the-job training offered by their employers. On the other hand the difference in the relevance of work experience to the future of EPZ workers outside the zones could also be attributed to the difference in outlook. The older employees due to their length of service in EPZ firms may have accumulated a lot of experience to enable them establish private business outside the zones. The young (18-23) employees may have felt that they needed more time to acquire more experience to independently survive outside the zones. This finding indicates that the two different age groups perceived employer training and the relevance of work experience differently.

Table 7.3.2.3 below presents the mean perception scores and standard deviations of EPZ males and females towards treatment of education and work experience in the EPZ workplace.

Table 7.3.2.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards the treatment of education and work experience in the EPZ workplace

	Males			Females		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	151	2.87	1.48	151	2.63	1.06
Do employers offer employees training	151	2.89	.82	151	2.39	.94
Employer training is sufficient for your work	151	2.64	.91	151	2.68	.84
Is the working experience relevant to the future of employees	151	2.93	.82	151	2.58	.87
Relevance of work experience to establishing private business	151	2.70	1.02	151	2.35	.94

The results in table 7.3.2.3 above indicate that the male employees mean perception scores are strong averages (all are above 2.50) in all the items on the relevance of education and work experience. The female employees mean scores in three of the four items are strong averages (above 2.50). However, the female employees scored weak

average mean scores on the nature of training offered by their employers (mean score 2.39) and the relevance of the acquired work experience (mean score 2.35) in establishing private business outside the zones. The reason for the low mean score on the nature of training offered by their employers could be due to the fact that the majority of the training officers in the sampled companies were males, whose training methods may have suited the male more than the female employees. At same time female employees seemed to have some experience on garment handling thus, they may have considered the training that they were being offered by their employers as not quite new and relevant to them. On the relevance of the acquired experience outside the zones, female employees have lower mean scores than males due to the entrepreneurship nature of males, as most private business operations in Kenya are gender biased in favour of men. This finding indicates that male and female EPZ employees in Kenyan garment zones view the training offered by their employers and the relevance of their acquired work experience differently.

Table 7.3.2.4 below presents the mean perception scores and standard deviations of section heads and non-section heads towards the treatment of education and work experience in the EPZ work place

Table 7.3.2.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the treatment of education and work experience in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	66	3.08	1.00	236	2.66	1.35
Do employers offer employees training	66	2.76	.91	236	2.45	.93
Employer training is sufficient for your work	66	2.79	.92	236	2.78	.82
Is the working experience relevant to the future of employees	66	3.08	.77	236	2.67	.87
Relevance of work experience to establishing private business	66	2.62	.97	236	2.50	1.00

The mean scores in table 7.3.2.4 above indicate both section heads and non-section heads scored strong averages (above 2.50) and high (above 3.00) mean scores in four out of the five items stated above. This indicates that both groups regard education qualifications as important during recruitment in the zones. They also indicated that the employer offered on-the-job training is sufficient for their work inside the zones, while their work experience is both relevant to them both within and outside the zones. However, the two groups scored different scores on the nature of the on-the-job training that their employers offer. Section heads highly rate on-the-job training their employers offered them with a strong average mean score of (2.76), while non-section heads lowly rate the training offered by their employers with a weak average mean score of 2.45.

This could mean that either section heads get extra training above what non-section heads get or that due to their privileged status in the organization they tend to feel that the training their employers provide should be/or is sufficient enough for all of the company's employees. This finding indicates that section heads and non-section heads defer on the adequacy and the nature of the on-the-job training that their employers provide them with.

Table 7.3.2.5 below presents the mean perception scores and standard deviations of workers from companies located in the public and private zones towards the importance of education and work experience in the EPZ workplace

Table 7.3.2.5: The Mean Perception Scores and Standard Deviations of EPZ workers from companies located in the Public and Private Zones towards the importance of education and work experience in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	167	2.57	1.02	135	2.97	1.54
Do employers offer employees training	167	2.25	.85	135	2.85	.93
Employer training is sufficient for my work	167	2.67	.88	135	2.92	.76
Is the working experience relevant to the future of employees	167	2.62	.91	135	2.79	.87
Relevance of work experience to establish private business	167	2.31	1.04	135	2.93	.77

From table 7.3.2.5 above the mean perception scores of employees working for EPZ companies located in both private and public zones in four out of the five items are all at the strong average range (above 2.50). This shows that EPZ employees considered *training and education qualifications as important when applying for a job in the zones*, the employer offered on-the-job training which was sufficient and the work experience they had acquired in the EPZ workplace was relevant to their future outside the zones. The only difference that emerged was that of the nature of training EPZ employers offered. Employees in the public zone lowly rated (mean score 2.25) the nature of on-the-job training their employers offered them, while those working in the private zones highly rated on-the-job training (mean score of 2.85) offered by their employers. This finding indicates that employers located in the private zones offer their employees' better on-the-job training than those located in the public zone.

Table 7.3.2.6 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the treatment of education and experience in the EPZ workplace.

Table 7.3.2.6: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards the treatment of education and experience in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Importance of training and education qualifications in employment	203	2.79	1.39	99	2.66	1.05
Do employers offer employees training	203	2.79	.83	99	2.42	.82
Employer training is sufficient for your work	203	2.56	.98	99	2.77	.86
Is the working experience relevant to the future of employees	203	2.83	.82	99	2.61	.92
Relevance of work experience to establishing private business	203	2.64	.95	99	2.29	1.05

From table 7.3.2.6 above all unionized employees mean perception scores are strong averages (above 2.50). This means that they highly rate the importance of education and training as well as the acquired work experience both for their jobs in the zones and

outside the zones. As for non-unionized employees their mean scores in three out of the five tested items were strong averages (above 2.50). Non-unionized employees mean scores on the nature of on-the-job training they get from their employers (2.40) and the relevance of their work experience outside the zones (2.29) are weak averages (below 2.50), which indicates that they lowly rated these two items. A possible explanation for the high mean scores in unionized EPZs could be that with the help of unions they have been able to negotiate for better on-the-job training methods unlike non-unionized employees. This finding indicates that unionized and non-unionized EPZ workers view training and education at the EPZ work place differently.

- In 2002, the EPZA received between one and three complaints from EPZ employees on the nature of on-the-job training and development in the EPZ workplace.

7.3.3 Employment discrimination

After examining the perceptions of EPZ investors and their employees towards the importance of education and training at the EPZ workplace, this section seeks to establish the EPZ employment discrimination labour relations' gap in Kenyan EPZs.

The items in this section set out to establish the extent to which the following factors influence an employee's ability to get employed in Kenyan EPZs.

1. Gender;
2. Pregnancy status;
3. Being a man;
4. Marital status;
5. Age.

To precisely identify where an EPZ firm's employer-employee employment discrimination labour relations' gap was, the mean scores and standard deviations of the above listed five items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-

23 and 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were used to draw conclusions and make recommendations on the nature of the employer-employee employment discrimination gap in Kenyan EPZs in the next chapter.

Table 7.3.3.1 below presents the mean scores and standard deviations of the investors and their employees on their perceptions towards the various forms of employment discrimination in the EPZ work place.

Table 7.3.3.1: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the various forms of employment discrimination in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	302	2.41	.91	10	2.10	1.37
Importance of pregnancy status in employment for females	151	2.83	.93	10	3.60	.52
Importance of being a man in employment	151	2.46	.91	-	-	-
Importance of marital status in employment	302	2.61	.94	10	4.00	.00
Importance of age in employment	302	2.19	.91	10	2.90	1.37

From table 7.3.3.1 above, extremely high (4.00) and high (3.60) mean perception scores were observed among EPZ investors on the importance of pregnancy and marital status, respectively, as determinants of recruitment in the zones. This indicates that most employers did not consider the pregnancy and marital status of their workers as important during recruitment. However, one employer said that the pregnancy status of women at times was considered to be important during and after recruitment as in some cases it disrupted production. Citing a few cases, he had observed that the employer had said that some pregnant women would halt production at that assembly line due to various pregnancy conditions, while others would delay an “assembly” line’s attainment of its quota, as they were a rather slow due to their pregnancy condition. Most pregnant women

opted to leave on their own but were given priority or guaranteed employment on their return after giving birth. The workers on their part seem to concur with their employers as they scored strong average scores on these two issues (mean score 2.83) for the importance of pregnancy and (mean score 2.61) for the importance of their marital status as factors that determined an individual's employment in the zones. This finding is different from those of Hunter, R. (2001), Hillary (1999), ICFTU (2001) NLC (1999), MNU (2000), MSN (2001) Yun (1998), Lacroix (1998) and Abbott (1997) who found pregnancy as a barrier towards employment in the zones. The finding is also different from those of Chant et al, (1995) and Yun (1988) whose studies revealed that marital status influenced the chances of an individual being employed in the zones.

On the importance of gender as an employment factor the mean perception scores were relatively lower (2.41 for employees and 2.10 for employers) than those of pregnancy and marital status. Most investors stated that they employed more women than men as most of their operations suited women more than men. This finding is consistent with those of Romero (1995), Jauch (2002), Hillary (1999), Abbott (1997) Marther (1988) and Chart et al, (1995) whose studies showed that some gender specific characteristics such as manual dexterity and patience for repetitive and monotonous detailed manual, work, were an advantage for women when it came to seeking employment in the zones. A large number of men also expressed feelings of discrimination as employers preferred women to men during recruitment.

On the issue of age discrimination both investors and their employees had low mean scores (2.19) for employees and (2.10) for employers. Employers stated that their discrimination was positive, as they did not employ anyone below the legal (official) employment age of 18 years. Employees on their part expressed the feelings of discrimination in two ways. The younger (18-23 year olds) employees said that employers preferred older and more mature employees (i.e. 24-28 year olds) while the older employees (24-28 year olds) felt that employers preferred young and fresh employees (i.e. 18-23 year olds). This finding is different from those of Marther (1988),

MSN (2001) and Hewson (1988) whose studies revealed that children were employed in a large number of EPZs.

Table 7.3.3.2 below compares the mean perception scores and standard deviations of 18-23 & 24-29 year olds towards discrimination in the EPZ workplace.

Table 7.3.3.2: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards discrimination in the EPZ workplace

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	68	2.51	1.09	168	2.30	.79
Importance of pregnancy status in employment for females	35	3.03	.89	101	2.81	.88
Importance of being a man in employment	33	2.64	1.03	67	2.27	.79
Importance of marital status in employment	68	2.57	.92	168	2.57	.90
Importance of age in employment	68	2.24	.92	168	2.02	.83

In table 7.3.3.2 above gender, pregnancy and marital status were not important factors according to the 18-23 year olds when it came to recruitment in the zones, as their mean scores on these two items ranged between a strong average of (2.51), to a high mean score of (3.03). This finding is different from those of the ICFTU (1996), (Currie 1995) and Romero (1995) who in their studies, found gender pregnancy and marital status to be important during EPZ recruitment. As for the 24-29 year old group, pregnancy (mean score 2.81) and marital status (mean score 2.57) did not count as advantages when it came to recruitment in the zones. What they felt counted was gender (mean score 2.30) where men specifically stated that women were preferred to them when it came to recruitment. The two age groups (18-23 and 24-29) presented different views when it came to the importance of age in employment. The younger employees (mean score 2.24) said that employers preferred recruiting older and mature workers while the older employees (mean score 2.02) countered this by saying that employers preferred recruiting younger employees. This finding indicates that the two age groups perceived discrimination at the work place differently. This finding partly supports those of Yun

(1988) and Marther (1988) whose studies revealed that employers preferred young employees to older ones.

Table 7.3.3.3 below presents the mean perception scores and standard deviations of EPZ males and females towards discrimination in the EPZ workplace.

Table 7.3.3.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards discrimination in the EPZ workplace

	Males			Females		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	151	2.46	.91	151	2.32	.93
Importance of pregnancy status in employment	0			151	2.83	.93
Importance of marital status in employment	151	2.61	.97	151	2.62	.92
Importance of age in employment	151	2.25	.90	151	2.13	.92

From table 7.3.3.3 above, both males and females have strong average mean perception scores (above 2.50) on the importance of both marital and pregnancy status, which indicates that both males and females do not rate these two items as important during recruitment. However, the two groups had weak average scores (below 2.50) on the importance of gender and age during recruitment. On the issue of gender most men indicated that most employers preferred employing females than males, while some females indicated that they had been employed on the basis of their gender. On the importance of age, the older male and female employees indicated that employers favoured employing the young (18-23 year olds) while the young indicated that employers favoured employing older (24-29 year olds) and more mature employees. This finding indicates that both male and female EPZ employees experience age and gender employment discrimination in Kenyan garment EPZs.

Table 7.3.3.4 overleaf presents the mean perception scores and standard deviations of section heads and non-section heads towards discrimination in the EPZ work place.

Table 7.3.3.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards discrimination in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	66	2.29	.97	236	2.44	.89
Importance of pregnancy status in employment for females	28	2.21	.99	123	2.97	.86
Importance of marital status in employment	66	2.44	1.02	236	2.66	.91
Importance of age in employment	66	2.12	.89	236	2.20	.92

In table 7.3.3.4 above, all four of the section heads mean scores fall in the weak average category (below 2.50). This indicates that section heads regard gender, pregnancy and marital status as well as age as important factors during recruitment. These factors could have contributed in their promotion to their current leadership positions or in other words they owed their current status to these factors. On the other hand, non-section head employees, scored strong average scores (above 2.50) on the importance of pregnancy and marital status. These strong average mean scores meant that they considered these factors not to have had any influence in getting them employed in the zones. Non-section heads scored weak averages (below 2.50) on the importance of gender in employment. This could be because most males felt females had an advantage over them when it came to recruitment. The weak average (below 2.50) mean score on age could be attributed to the argument among the old and the young, whereby the young argued that employers preferred older more mature employees while the older employees argued that employers preferred employing the young. This finding indicates that section heads and non-section heads viewed employment discrimination in the EPZ work place differently.

Table 7.3.3.5 below presents the mean perception scores and standard deviations of workers from companies located in the public and privates EPZ towards discrimination in the EPZ workplace

Table 7.3.3.5: The Mean Perception Scores and Standard Deviations of EPZ workers from companies located in the Public and Private Zones towards discrimination in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	167	2.30	.93	135	2.54	.87
Importance of pregnancy status in employment	167	2.54	.95	135	2.76	.89
Importance of marital status in employment	167	2.52	.90	135	2.73	.97
Importance of age in employment	167	2.16	.86	135	2.21	.97

From table 7.3.3.5 above, the mean perception scores of EPZ workers located in both public and private zones on the importance of pregnancy and marital status during employment are strong average scores (above 2.50). Both sets of workers mean perception scores on the importance of age are weak averages (below 2.50). This indicates that there exists age employment discrimination in the zones. On gender, employees in public zones scored a weak average mean perception score (2.30) while those working in companies situated in private zones had a strong average mean score. This finding, therefore, indicates that age employment discrimination exists in EPZ companies located in both the public and private zones, while gender employment discrimination takes place in companies located in the public zone.

Table 7.3.3.6 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones towards discrimination in the EPZ workplace

Table 7.3.3.6: The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private Zones towards employment discrimination in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Importance of gender on recruitment	5	1.40	.55	5	2.80	1.64
Importance of maternity status on recruitment	5	3.60	.55	5	3.60	.55
Importance of marital status on recruitment	5	4.00	.00	5	4.00	.00
Importance of age on recruitment	5	3.60	.55	5	2.20	1.64
Importance of educational qualifications on recruitment	5	3.20	.45	5	4.00	.00

In table 7.3.3.6 above, the mean perception scores of investors located in public EPZs are all high (above 3.00) in four of the five listed items. However, investors in this group cited gender (mean score 1.40) as an important factor during recruitment. On the other, hand investors in companies located in private zones scored high (above 3.00) and strong average (above 2.50) mean scores in four out of the five listed items, with age (mean score 2.20) as the only item among the five that they considered important during recruitment. This finding indicates that EPZ investors located in the public and private zones view the importance of gender and age during recruitment differently.

Table 7.3.3.7 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards discrimination in the EPZ workplace.

Table 7.3.3.7: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards discrimination in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Importance of gender in employment	203	2.45	.91	99	2.32	.90
Importance of pregnancy status in employment for females	203	2.62	.98	65	2.66	.80
Importance of marital status in employment	203	2.61	1.00	99	2.62	.82
Importance of age in employment	203	2.26	.95	99	2.03	.81

In table 7.3.3.7 above, the mean perception scores and standard deviations of both the unionized and non-unionized workers on the importance of both pregnancy and marital status are strong averages (above 2.50). This means that they did not consider these two factors as having any influence on their recruitment in the zones. Both unionized and non-unionized workers mean perception scores on the importance of gender and age in employment were weak averages (below 2.50). This means that both sets of employees regarded gender and age as important factors when it came to recruitment in the zones. This is explained by the fact that most males felt that employers preferred employing females, while older employees felt that employers preferred employing young workers with the young stating that employers preferred employing older and more mature workers, hence the weak average scores (2.26) for unionized workers and (2.03) for non-unionized workers on the age factor. This finding indicates that unionized and non-unionized workers hold similar views regarding employment discrimination at the EPZ work place.

Table 7.3.3.8: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards discrimination in the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Importance of gender on recruitment	7	2.29	1.60	3	1.67	.58
Importance of maternity status on recruitment	7	3.71	.49	3	3.33	.58
Importance of marital status on recruitment	7	4.00	.00	3	4.00	.00
Importance of age on recruitment	7	2.71	1.60	3	3.33	.58

From table 7.3.3.8 above, both unionized and non-unionized investors mean scores on the importance of maternity and pregnancy status during recruitment are high (above 3.00). Similarly, age has a strong average mean score of (2.71) for unionized investors and a high mean score of (3.33) for non-unionized investors. This means that both sets of investors did not consider these factors to be important during recruitment. The low (below 2.00) and weak average (below 2.50) mean scores in the same table show that both unionized and non-unionized investors considered gender to be important during recruitment. Most investors stated that they preferred employing females rather than

males. This finding indicates that both unionized and non-unionized EPZ investors hold similar views towards employment discrimination in the EPZ workplace.

- In 2002, the EPZA respondent indicated that they did not receive any complaints on gender, marital or maternity discrimination in the EPZ workplace.

7.3.4 Remuneration structures

After examining the perceptions of EPZ investors and their employees towards employment discrimination at the EPZ workplace, this section seeks to establish the scope of the employer-employee remuneration labour relations' gap in Kenyan EPZs.

In order to establish the scope of the employer-employee remuneration labour relations' gap, the items in this section sought to establish the nature of EPZ employees:

1. Employment status;
2. Salary scales;
3. Working week (days);
4. Overtime;
5. Medical facilities.

To precisely identify where an EPZ firm's employer-employee remuneration labour relations' gap was, the mean scores and standard deviations of the above listed five items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were used to draw conclusions and make recommendations regarding the employer-employee remuneration labour relations' gap in Kenyan EPZs in the next chapter.

Table 7.3.4.1 below presents the mean scores and standard deviations of EPZ workers and investors perceptions towards their remuneration structures in the EPZ work place.

Table 7.3.4.1: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing remuneration structures in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Employees status	302	2.24	.80	167	2.38	.66
Employees salary	302	3.37	.76	10	3.90	.95
Employees working days	302	3.15	.48	10	3.20	.42
Overtime	302	2.26	.46	10	6.50	.53
Nature of medical facilities	302	2.00	.79	10	2.80	1.03

From table 7.3.4.1 above, both EPZ investors (mean score 3.90) and their employees (mean score 3.37) mean perception scores on wages are high. The study's intention was to determine whether employees in the zones were paid using the standard minimum/industrial wage scale. The high mean score of (3.37) from employees confirms that they receive the standard minimum/industrial wage. As for employers the intention was to determine what remuneration scale they used when paying their employees. All their answers varied from the minimum wage scale to the industrial wage scale, while others paid above both industrial and minimum wages, which was confirmed by their high mean score. This finding is different from those of the ICFTU (1996), Hunter, R. (2001), Hunter M. (1996), Hewson (1988), Marther (1988), MSN (1998), Endresen & Jauch (undated) and the NLC (undated), whose studies show that EPZ wages have been lower than the minimum legal requirement but the finding supports those of (Chant et al, 1995) and WEPZA (1996) whose studies revealed that in some EPZs, wages were above the legal minimum wages.

On EPZ employees' employment status, both investors and their employees mean scores were weak averages (2.24) and (2.38) respectively. Most employees complained of being employed on a contract basis, a large number on three-month contracts. Those employed

on casual basis complained of retaining this (casual) status for too long, while few employees were employed on a permanent basis. This finding supports the findings of Marther (1988), Hewson (1988), Yun (1988), Hunter M. (1996), ILO (1998), ICFTU (2001), MNU (2002) and Hillary (1999), whose studies show that many EPZ workers were employed on a seasonal casual basis, so that they could be laid off at a moment's notice.

As for the number of days EPZ employees worked for in a week (working days), the mean scores for both investors (3.20) and employees (3.15) are high. These responses indicated that the EPZ employees' working week runs for either five or six days. This finding differs from those of Hunter M. (1996), & Hunter, R. (2001) whose findings revealed that some EPZ workers were forced to work for seven days in a week.

On overtime, the weak average mean scores of (2.00) for employees and (2.40) for employers were registered. Employees complained that at times they were forced to work overtime more specifically when a shipment was due. The majority of the employers indicated that the number of hours that they made their employees work overtime, were between 8-11 which is way above the legally accepted maximum overtime working hours. This finding seems to support those of Abeywardene (1994), Hunter, R. (2001) Asian labour update (2001), MSN (1998 & 2000), ICFTU (1996, 2001), ILO (1998), Hewson (1988), Leith (1999) and the MNU (2002), who all argue that a large number of EPZ employees worked overtime beyond the maximum legally required hours.

The nature of medical facilities in the zones was rated a weak average (2.00) by employees but slightly higher (2.80) by employers. Most employers said their medical facilities were good, but employees complained that statutory deductions to the National Hospital Insurance Fund (NHIF) were never remitted. This finding is consistent with those of Hewson (1988), (ILO 1998), Marther (1988) MNU (2002) and ICFTU (1996), which all showed that EPZ workers were denied access to proper medical facilities.

Table 7.3.4.2 below presents the mean perception scores and standard deviations of 18-23 & 24-29 year olds towards their remuneration structures in the EPZ workplace

Table 7.3.4.2: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards their remuneration structures in the EPZ workplace

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Employees employment status	68	2.26	.86	168	2.32	.81
Employees salary	68	3.29	.69	168	3.38	.72
Employees working days	68	3.16	.41	168	3.08	.44
Overtime	68	2.15	.36	168	2.30	.49
Nature of medical facilities	68	1.87	.69	168	1.95	.75

The weak average (below 2.50) and the low (below 2.00) mean scores in table 7.3.4.2 above indicate that both 18-23 and 24-29 year olds lowly rated their employment status, overtime and nature of medical facilities. The two age groups highly rated (mean scores above 3.00) the number of days they worked for in a week (working week) and their wage scales. This means that they worked for either five or six days a week and received the minimum or industrial average wage. This finding indicates that remuneration structures had an almost identical effect on both age groups.

Table 7.3.4.3 below presents the mean perception scores and standard deviations of EPZ males and females towards their remuneration structures in the EPZ workplace

Table 7.3.4.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their remuneration structures in the EPZ workplace

	Males			Females		
	N	Mean	SD	N	Mean	SD
Employees status	151	2.07	.83	151	2.40	.74
Employees salary	151	3.39	.88	151	3.36	.61
Employees working days	151	3.24	.47	151	3.06	.47
Overtime	151	2.29	.46	151	2.23	.45
Nature of medical facilities	151	2.09	.77	151	1.92	.80

From table 7.3.4.3 above, both female and male EPZ employees registered high (above 3.00) mean perception scores on their wages and the number of days they worked for, in a week (working days). This indicates that they receive minimum or industrial standard wages and work for between six or seven days a week. Both registered low (below 2.00) and weak average (below 2.50) mean scores on their employment status, overtime and the medical cover provided by their employers. The low mean score for females (1.92) on the medical care item may be due to the health problems they undergo, due to their tripartite role as an EPZ worker, a mother and wife. This finding indicates that both males and females hold the same views on remuneration structures a view that is different from those of Abbot (1999) and the ICFTU (1996), whose studies found that women were paid lower rates than men in the EPZ workplace even for equal work done.

Table 7.3.4.4 below presents the mean perception scores and standard deviations of section heads and non-section heads towards their remuneration structures in the EPZ work place

Table 7.3.4.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their remuneration structures in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Employees status	66	2.12	.67	236	2.27	.83
Employees salary	66	3.64	.83	236	3.30	.72
Employees working days	66	3.38	.55	236	3.08	.43
Overtime	66	3.29	.46	236	3.25	.46
Nature of medical facilities	66	2.33	.90	236	1.91	.73

From table 7.3.4.4 above, both section heads and non-section heads lowly rated the state of their employment status and medical facilities as both sets of employees scored weak average (below 2.50) and low (below 2.00) mean scores on these two items. This indicates that both their employment status and medical facilities need improvement. As for the other three items; wages, number of working days in a week and overtime both groups recorded high mean scores (above 3.00). This finding indicates that both section heads and non-section heads held similar views on their remuneration structures.

Table 7.3.4.5 below presents the mean perception scores and standard deviations of respondents from companies located in the public and private zones towards the state of their remuneration structures in the EPZ workplace

Table 7.3.4.5: The Mean Perception Scores and Standard Deviations of Employees from companies located in the public and private EPZs towards the state of their remuneration structures in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Employees status	167	2.38	.66	135	2.05	.92
Employees salary	167	3.14	.76	135	3.67	.65
Employees working days	167	3.11	.50	135	3.20	.44
Overtime	167	2.18	.42	135	2.36	.48
Nature of medical facilities	167	1.80	.66	135	2.26	.85

Table 7.3.4.5 above, indicates that both sets of employees had high mean perception scores on their wages and working days, which were above 3.00. However, both sets of employees scored weak average mean scores (below 2.50) in three of the five listed items. This indicates that both sets of employees lowly rated the state of their employment status, overtime and nature of their medical facilities. This finding indicates that employees from companies located in the public and private zones, hold similar views regarding the state of their remuneration structures.

Table 7.3.4.6 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones towards the state of their remuneration structures in the EPZ workplace.

Table 7.3.4.6: The Mean Perception Scores and Standard Deviations of Investors from companies located in the Public and Private zones towards the state of their remuneration structures in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
The wage scale that the company follows	5	3.80	.45	5	3.80	1.10
The number of days one is required to work for in a week	5	3.40	.55	5	3.00	.00
The number of hours one is required to work overtime	5	1.40	.55	5	1.60	.55
Complaints on factory medical facilities	5	2.60	1.52	5	2.20	1.64

From table 7.3.4.6 above both investors from companies located in the public and private zones scored high mean perception scores (above 3.00) on the wage scale their companies followed. The wage scales the two sets of employers used to remunerate their employee were the industrial average and the government set minimum wage scale. Both sets of investors also stated that they had a five to six working day week. Both sets of investors had low mean perception scores on the number of overtime hours worked, which in some cases was beyond the legally accepted maximum. Employers located in the public zone, however, received less complaints on the state of the medical facilities (2.60 mean score) that they offered their employees, but those located in the private zones

recorded more complaints concerning the medical facilities (mean score 2.20) they offered their employees.

This finding indicates that medical facilities in companies located in the public and private zones are different.

Table 7.3.4.7 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the state of their remuneration structures at the EPZ workplace.

Table 7.3.4.7: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards the state of their remuneration structures in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Employees status	203	2.11	.85	99	2.49	.60
Employees salary	203	3.44	.78	99	3.23	.70
Employees working days	203	3.21	.46	99	3.02	.49
Overtime	203	2.31	.47	99	2.17	.41
Nature of medical facilities	203	2.12	.80	99	1.76	.72

Table 7.3.4.7 above indicates that both unionized and non-unionized workers mean perception scores on wages and working days are high (above 3.00). This means that they rated their wages and the length of their working week highly. However, they lowly rated the state of their employment status, overtime and the nature of their medical facilities as all had weak mean scores (below 2.50). This finding, therefore, indicates that both unionized and non-unionized workers held similar views regarding the state of their remuneration structures.

Table 7.3.4.8 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ investors towards the state of their remuneration structures in the EPZ workplace.

Table 7.3.4.8: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their remuneration structures in the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
The wage scale that the company follows	7	3.14	1.07	3	3.67	.58
The number of days one is required to work for in a week	7	3.29	.49	3	3.00	.00
The number of hours one is required to work overtime	7	3.71	.49	3	3.00	.00
Complaints on factory medical facilities	7	1.86	1.46	3	3.67	.58

In table 7.3.4.8 above, the mean perception scores of non-unionized investors are all high (above 3.00). This means that non-unionized investors used the minimum or industrial average wage scale, had a five to six day working week, their overtime was within the legally required maximum and they received few complaints from their workers regarding the medical facilities that they offered them. Unionized investors, on the other hand, scored high mean scores (above 3.00) in three out of the four listed items in this section. The score for unionized workers on the state of their medical facilities was (low 1.86) indicating that unionized investors received many complaints concerning the medical facilities that they offered their workers. This may be attributed to the nature of union activity in these companies. This finding, therefore, indicates the medical facilities provided by unionized and non-unionized investors are different.

- The EPZA received between four and seven complaints each, from EPZ employees concerning their employment status, overtime, the length of their working week and annual leave, but received between one and three complaints concerning wages and the lack of pay slips in 2002.

7.3.5 Nature of working facilities

After examining employers and employees perceptions towards their remuneration structures, this section seeks to establish the extent of the employer-employee “working facilities” labour relations gap.

To establish this labour relations' gap the items in this section tested the nature of working facilities that EPZ employers exposed their employees to. These facilities include:

1. Fire safety measures;
2. Lighting conditions;
3. Factory temperatures;
4. Injury protective equipment;
5. Sanitary facilities.

To precisely identify where an EPZ firm's employer-employee working facilities labour relations' gap was, the mean scores and standard deviations of the above listed items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are; age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings in this section were used to make conclusions and recommendations on the nature of working facilities Kenyan EPZ investors expose their workers to in the next chapter.

Table 7.3.5.1 below, presents the mean scores and standard deviations of EPZ Investors and their workers perceptions towards the state of the existing working facilities in the EPZ work place.

Table 7.3.5.1: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the state of the existing working facilities in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	302	2.73	.91	10	3.10	1.20
Nature of lighting conditions	302	3.72	.49	10	3.30	.82
Nature of factory temperatures	302	3.06	.98	10	3.30	.48
Nature of injury protective equipment	302	2.41	1.00	10	2.90	1.20
Nature of toilet facilities	302	2.71	.85	10	2.50	1.18

From table 7.3.5.1 above, both EPZ employers and their employees scored high mean perception scores on factory temperatures (3.06 employees) and (3.30 employers). This indicates that both workers and their employers seem to agree that their factory temperatures in the EPZ workplace are favourable. Over half of the interviewed workers revealed that they did not have any complaints with their factory temperatures. This could be because most of the EPZ factories located in public zones and their structures were new, as most employees were not more than three years old. This finding is different from those of Romero (1995) Leith (1999), Hillary, (1999) and LaCroix (1998) as their studies revealed that EPZ workers felt uncomfortable with their factory temperatures which in most cases were hot while ventilation was poor.

On the factory lighting conditions high mean perception scores were observed both from workers (3.72) and employers (3.30). Most of the employees indicated that they did not have any complaints on the factory lighting conditions, while most employers said they had received few, if any complaints on factory lighting. This could also be attributed to the new structures the EPZ companies occupy, as they are less than three years old. By the time the researcher carried out the study some companies had occupied the new factory buildings for between two and six months.

The fire safety measures mean perception scores were slightly different, with workers scoring a strong average (2.73) and employers having a high mean score of 3.10. As the factories and their equipment are relatively new employees did not feel inadequately protected by the fire safety equipment available. Observations by the researcher also confirmed this, as most companies had fire-extinguishing equipment at strategic places around the production floors. However, though the major employee entrances/exits remained open (not blocked) one company had used part of the alternative entrance (not used by employees but by visitors and management staff) (which could also be used as an emergency exit) as a storage facility for flammable (paper) incoming/outgoing goods). Employers on the other hand said they had not received any complaints from their employees relating to their fire safety. This finding therefore different from the findings of Grumiau (2000), ICFTU (1996) and the MSN (2000) which revealed that EPZ workers were not well protected from fires, but the finding partly agrees with those of the ICFTU (1996) which revealed that some EPZ company owners had blocked emergency exits and had not separated production areas and warehouses.

On the injury protective equipment provided, most employers stated that they had received few complaints on the injury preventive protective equipment they provided their employees with, thus their strong average mean perception score of (2.90). However their employees' felt that the protective equipment provided was not sufficient thus their weak average mean score of (2.41). This finding is consistent with those of Hewson (1998), Rigg (1991), MSN (2000), MNU (2002) and the ICFTU (1996) who say that EPZ workers work with insufficient protective equipment.

On the nature of the EPZ sanitary facilities, the mean scores for workers were a strong average of (2.71) and (2.50) for investors. Most respondents did not express any restrictions on the use of sanitary facilities while most employers stated that they received few sanitary related complaints from their workers. This finding is not similar to those of MNU (2000), Yun (1988) and the ICFTU (1996) who all state that EPZ sanitary facilities are poor and that EPZ employers put some form of restriction on their employees' access to sanitary facilities.

Table 7.3.5.2 below presents the mean perception scores and standard deviations of 18-23 and 24-29 year olds towards the state of their working facilities in the EPZ workplace.

Table 7.3.5.2: The Mean Perception Scores and Standard Deviations of 18-23 year olds towards the state of their working facilities in the EPZ workplace

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	68	2.84	.94	168	2.63	.89
Nature of lighting conditions	68	3.62	.55	168	3.77	.48
Nature of factory temperatures	68	2.96	.98	168	3.21	.97
Nature of injury protective equipment	68	2.26	1.10	168	2.35	.97
Nature of toilet facilities	68	2.57	.72	168	2.69	.90

From the findings in table 7.3.5.2 above, both 18-23 and 24-29 year olds, highly rated the nature of their fire safety, lighting, factory temperatures and sanitary facilities as indicated by their strong average (above 2.50) and high (above 3.00) mean perception scores. The injury preventive and protective equipment is lowly rated by both age groups as indicated by their weak average (below 2.50) mean scores. This finding indicates that the two age groups hold an almost identical view regarding the state of their EPZ working facilities.

Table 7.3.5.3 below presents the mean perception scores and standard deviations of EPZ males and females towards their remuneration structures at the EPZ workplace

Table 7.3.5.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their working facilities in the EPZ workplace

	Males			Females		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	151	2.91	.84	151	2.55	.94
Nature of lighting conditions	151	3.73	.45	151	3.70	.54
Nature of factory temperatures	151	3.00	.97	151	3.11	.99
Nature of injury protective equipment	151	2.55	.96	151	2.28	1.03
Nature of toilet facilities	151	2.77	.80	151	2.65	.89

From table 7.3.5.3 above, the mean perceptions of males on all the items range from strong averages (2.55) to high mean scores (3.00), which indicates that they highly rated the state of the working facilities, which their employer had provided them with. On the other hand, female employees mean scores in four of the five items ranged between 2.55 and 3.11, scoring a weak average of 2.28 on the nature of the protective equipment that their employer had provided them with. This low mean score may be interpreted as a requirement for extra protective equipment by females which could be due to the nature of their body structures as the researcher observed that more of their body was exposed to the machinery they were using, while external factors such as the poor medical schemes provided by their employers (as indicated in other sections of this chapter) and their tripartite role as worker, parent and wife made them sensitive to any type of injuries at the EPZ workplace, thus their weak average mean score. This finding indicates that females and males view the injury protective equipment provided by their employers differently.

Table 7.3.5.4 below presents the mean perception scores and standard deviations of section heads and non-section heads towards their working facilities in the EPZ work place.

Table 7.3.5.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards their working facilities in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	66	2.85	.95	236	2.70	.90
Nature of lighting conditions	66	3.67	.54	236	3.73	.48
Nature of factory temperatures	66	3.00	.93	236	3.07	.99
Nature of injury protective equipment	66	2.76	1.02	236	2.32	.98
Nature of toilet facilities	66	2.95	.85	236	2.64	.84

In table 7.3.5.4 above, section heads score showed strong mean (above 2.50) and high mean perception scores (above 3.00) in all the five items in this section. This indicates they were satisfied with the working facilities provided by their employer. The single weak mean score (below 2.50), recorded by non-section heads was under the injury protective equipment provided by their employers. The weak mean score indicates that non-section heads considered this equipment as insufficient for them while discharging their duties at the EPZ workplace. The mean score for section heads on injury preventive protective equipment was a strong average (2.76) possibly because they worked in less injurious environments or their workload was lower than that of non-section heads to require extra protective equipment. This finding indicates that EPZ section heads and non-section heads viewed the injury protective equipment provided by their employer differently.

Table 7.3.5.5 below presents the mean perception scores and standard deviations of respondents from companies located in the public and private EPZs towards the state of their working facilities at the EPZ workplace.

Table 7.3.5.5: The Mean Perception Scores and Standard Deviations of employees from companies located in the public and private zones towards the state of their working facilities in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	167	2.57	.89	135	2.93	.89
Nature of lighting conditions	167	3.66	.55	135	3.79	.41
Nature of factory temperatures	167	3.10	1.03	135	3.01	.92
Nature of injury protective equipment	167	2.04	.88	135	2.88	.95
Nature of toilet facilities	167	2.38	.73	135	3.11	.82

EPZ workers from companies located in the private zones had high (above 3.00) and strong average (above 2.50) mean perception scores in the five listed items as table 7.3.5.5 above indicates. This indicates that employees from companies located in the private zones rated the state of their working facilities highly. Workers from firms located in the public zone had high (above 3.00) mean scores in three out of the five items, but they lowly rated their injury protective equipment and nature of sanitary facilities with mean scores of (2.04) and (2.38) respectively.

A possible explanation for this difference could be that most EPZ companies located in the public owned zone were new and had been exempted from the factories act (factory inspection by government labour-health officials) thus the low standards in these two (protective equipment and sanitary facilities) areas. As for the firms located in the private zones, a large number of them had previously operated outside the EPZ laws (previously were not EPZ companies and operated within the industrial laws of the country) and turned into EPZ companies after the legislation creating EPZs was enacted in 1992. It seems that they carried with them, their high employee protection standards into the zones. This finding indicates that employees from companies located in the public and private zones view the state of their working conditions differently.

Table 7.3.5.6 below presents the mean scores and standard deviations of EPZ investors' perceptions towards the state of the existing working facilities at the EPZ work place.

Table 7.3.5.6: The Mean perception scores and Standard Deviations of Investors located in Public and Private EPZs towards the state of their existing working facilities in the EPZ work place

	Public			Private		
	N	Mean	SD	N	Mean	SD
Complaints on fire safety measures	5	2.20	1.10	5	3.60	.55
Complaints on factory lighting	5	1.40	.55	5	3.60	.55
Complaints on factory temperatures	5	3.80	.45	5	3.60	.55
Complaints on factory injury preventing protective equipment	5	2.00	1.00	5	3.60	.55
Complaints on factory sanitary facilities	5	1.80	.84	5	3.60	.55

From table 7.3.5.6 above, the high (above 3.00) mean perception scores of EPZ investors located in private zones indicate that they had received few complaints and in some cases no complaints from their workers on the nature of their working facilities. Investors located in the public zone scored both low (below 2.00) and weak average (below 2.50) mean perception scores in four out of the five stated items. This indicates that this group of investors had received a large number of complaints from their workers regarding the state of the four stated items, but had received few complaints on the nature of their factory temperatures (mean score 3.80) which possibly could be due to the fact that the zone is located in a warm area such that they may have concentrated more on regulating factory temperatures than on the other items. This finding indicates that the state of the working facilities in firms located in the public and private zones is different.

Table 7.3.5.7 overleaf presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the state of their working facilities in the EPZ workplace.

Table 7.3.5.7: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their working facilities in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Nature of fire safety measures	203	2.80	.90	99	2.59	.93
Nature of lighting conditions	203	3.72	.48	99	3.70	.52
Nature of factory temperatures	203	2.93	.97	99	3.31	.95
Nature of injury protective equipment	203	2.60	.98	99	2.04	.96
Nature of toilet facilities	203	2.81	.86	99	2.51	.79

The mean perception scores of unionized workers were all above (2.50) as indicated in table 7.3.5.7 above. This means that unionized EPZ workers highly rated the nature of their working facilities. The unionization factor may be the cause of this high mean score. The same table shows that the mean perception scores of the non-unionized workers on four of the five listed items, is above (2.50) meaning that they rated the state of their factory fire safety, lighting, temperatures and sanitary facilities highly, but lowly rated the state of their injury protective equipment (2.04) probably due to the lack of a union to negotiate for better protective equipment for them. This finding, therefore, indicates that unionized and non-unionized workers view the state of their injury protective equipment differently at the EPZ work place.

Table 7.3.5.8 on the following page presents the mean perception scores and standard deviations of unionized and non-unionized EPZ investors towards the state of their working facilities at the EPZ workplace.

Table 7.3.5.8: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards their working facilities at the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Complaints on factory lighting	7	3.14	.90	3	4.00	.00
Complaints on factory temperatures	7	3.71	.49	3	3.67	.00
Complaints on fire safety measures	7	2.86	1.35	3	4.00	.00
Complaints on factory sanitary facilities	7	2.86	1.35	3	2.33	.58
Complaints on factory medical facilities	7	2.67	.58	3	2.67	.58
Complaints on factory injury preventing protective equipment	7	2.67	.58	3	2.67	.58

The mean perception scores of unionized EPZ investors in all the six listed items in table 7.3.5.8 above range from strong average (above 2.50) to high (above 3.00) mean scores. This means that unionized investors received few complaints from their employees on the state of these six items. Non-unionized investors also scored strong average (above 2.50) and high (above 3.00) mean scores in five of the six listed items in this section. This indicates that they received few complaints from their employees on the state of these five items. The low mean score (2.33) on factory sanitary facilities indicates that there were a large number of complaints on sanitary facilities in the non-unionized companies. This may be due to the absence of union activity in these companies. This finding indicates that unionized and non-unionized investors sanitary facilities are different.

- The EPZA respondent indicated that they received between four and seven complaints from EPZ employees in 2002, regarding factory lighting, temperatures, and safety equipment and between one and three complaints on EPZ first aid facilities. However, the EPZA did not receive any complaints on the nature of the sanitary facilities at the EPZ workplace.

7.3.6 Nature of interpersonal relationships

After examining the perceptions of EPZ employers and their employees towards the state of their working facilities, this section seeks to establish the employer-employee interpersonal relations gap in Kenyan EPZs.

In order to establish this gap the following two items were tested:

1. Permission to attend to non-work related private issues;
2. Nature of the employee-supervisor working relationship.

To precisely identify where an EPZ firm's employer-employee interpersonal labour relations' gap was, the mean scores and standard deviations of the above listed items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were used to draw conclusions and make recommendations on the interpersonal labour relations' gap in Kenyan EPZs in the next chapter.

Table 7.3.6.1 on the following page presents the mean scores and standard deviations of EPZ investors and their workers perceptions towards the state of the existing interpersonal relationships at the EPZ work place.

Table 7.3.6.1: The mean scores and Standard Deviations of EPZ Investors and their workers perceptions towards the existing interpersonal relationships in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	302	2.96	.74	10	3.10	.74
Nature of the employee-supervisor working relationship	302	2.63	.81	10	2.10	.88

Table 7.3.6.1 above indicates that both employers and their employees scored high mean perception scores on permission to attend to private issues that were not connected to EPZ operations. Most investors said they gave their workers permission to attend to non-work related personal issues such as weddings, funerals and other domestic issues, which affected them, thus a relatively high mean perception score of 3.10. On their part more than half of the employees concurred with their employers on the issue of the granting of permission to attend to private issues, hence a strong average score of 2.96. This finding is different from that of Hunter, R. (2001) whose study revealed that some EPZ employers do not permit absences even for pregnant women to visit clinics.

On the nature of the employee-supervisor relationships in the zones employers had a weak mean average score of 2.10. Although a few employers received many complaints from their workers concerning their supervisors, majority of them reported receiving no complaints about the behaviour of their supervisors from their employees. The majority of the workers reported that they did not have any major complaints about their supervisors, hence a strong average score of 2.63. This finding is different from those of Yun (1988), ICFTU (1996), Khan (2002), MNU (2002) and Lacroix (1998) who reported hostile employee – supervisor relationships.

Table 7.3.6.2 overleaf presents the mean perception scores and standard deviations of 18-23 & 24-29 year olds towards the state of their interpersonal relationships in the EPZ workplace.

Table 7.3.6.2: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards their interpersonal relationships in the EPZ workplace

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	68	2.59	.85	168	3.01	.72
Nature of the employee-employer working relationship	68	2.57	.97	168	2.63	.71

From table 7.3.6.2 above, both age groups highly rate the state of their EPZ interpersonal relationships given their strong average (above 2.50) and high (above 3.00) mean perception scores. This finding indicates that both 18-23 and 24-29 year olds hold similar views towards their interpersonal relationships at the EPZ work place.

Table 7.3.6.3 below presents the mean perception scores and standard deviations of EPZ males and females towards the state of their interpersonal relationships at the EPZ workplace

Table 7.3.6.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards the state of their interpersonal relationships in the EPZ workplace

	Males			Females		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	151	3.09	.65	151	2.83	.80
Nature of the employee-employer working relationship	151	2.69	.81	151	2.57	.81

The figures in table 7.3.6.3 above indicate that males had a high (3.09) and females a strong average (2.83) mean perception score on the granting of permission to attend to non-work related private issues by their employers. The high mean (3.09) for males against a lower but strong average mean score for females (2.83) may be explained by tripartite roles female workers have to play as workers, parents and wives such that it may be assumed they required three times more time than their male colleagues to attend to issues concerning her (and in extension her family) outside the EPZ work place. This finding indicates that both males and females hold similar views regarding the state of their interpersonal relationships at the EPZ workplace.

Table 7.3.6.4 below presents the mean perception scores and standard deviations of section heads and non-section heads towards the state of their interpersonal relationships at the EPZ work place

Table 7.3.6.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the state of their interpersonal relationships in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	66	3.20	.68	236	2.89	.74
Nature of the employee-employer working relationship	66	2.82	.82	236	2.58	.80

From table 7.3.6.4 above both section heads and non-section heads mean perception scores fell above the strong average (above 2.50) and high scores (above 3.00). This indicates a healthy employer-employee interpersonal relationship in the EPZ workplace. This finding indicates that both EPZ section heads and non-section heads hold similar views regarding the state of their interpersonal relationships.

Table 7.3.6.5 below presents the mean perception scores and standard deviations of respondents from companies located in the private and public zones towards the state of their interpersonal relationships in the EPZ workplace

Table 7.3.6.5: The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private Zones towards the state of their interpersonal relationships in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	167	2.40	.75	135	3.13	.70
Nature of the employee-employer working relationship	167	2.83	.74	135	2.91	.80

From table 7.3.6.5 above, both employees from companies located in the public and private zones highly rate their employee-employer interpersonal relationships as their mean scores of (2.83) and (2.91) respectively indicate. However, employees from companies located in the public zone scored a weak mean perception score of (2.40) on whether permission to attend to private issues is granted, unlike their counterparts in companies located in the private zones who scored a high mean score (3.13).

A possible explanation for this may be that firms located in the private zones, having previously operated outside EPZ laws, had carried their high employee management skills into the zones once they joined them, unlike those firms located in the public zone which had recently come into the country and into the zones, and may not have sufficiently adjusted to their new operating environment. This finding indicates that employees from companies located in the public and private zones view their EPZ interpersonal relationships differently.

Table 7.3.6.6 below, presents the mean perception scores and standard deviations of EPZ investors of companies located in the public and private zones towards the state of their interpersonal relationships in the EPZ workplace.

Table 7.3.6.6: The Mean Perception Scores and Standard Deviations of EPZ investors of companies located in the Public and Private zones towards the state of their interpersonal relationships in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
Permission to attend non work related personal issues	5	2.40	.55	5	3.60	.55
Complaints on disagreements between workers and their supervisors	5	2.60	1.34	5	3.60	.55

From table 7.3.6.6 above investors located in private zones scored high mean perception scores (above 3.00) in the two items tested in this section. Investors located in the public zones scored a low mean perception score (2.40) on the permission to attend to non-work related private issues and a strong average score (2.60) on disagreements between workers and their supervisors. This finding indicates that investors located in private and public zones view their company interpersonal relationships differently.

Table 7.3.6.7 below, presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the state of their interpersonal relationships in the EPZ workplace.

Table 7.3.6.7: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards the state of their interpersonal relationships in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Permission to attend to private issues	203	3.10	.63	99	2.67	.85
Nature of the employee-employer working relationship	203	2.70	.80	99	2.47	.82

In table 7.3.6.7 above both unionized and non-unionized workers have strong average (above 2.50) and high mean perception (above 3.00) scores on whether permission to attend to non-work related personal issues is granted. However, non-unionized employees lowly rated with a weak average mean score (2.47) their employer-employee interpersonal relationships. This possibly means that the presence of unions in the EPZ workplace fosters employer-employee interpersonal relationships. This finding, therefore, indicates that unionized and non-unionized EPZ employees view the state of their employer-employee interpersonal relationships differently.

Table 7.3.6.8 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ investors towards the state of their interpersonal relationships in the EPZ workplace.

Table 7.3.6.8: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards the state of their interpersonal relationships in the EPZ workplace

	Unionized			Non-unionized		
	N	Mean	SD	N	Mean	SD
Permission to attend non work related personal issues	7	3.14	.90	3	2.67	.58
Complaints on disagreements between workers and their supervisors	7	3.14	1.68	3	1.67	.58

The mean perception scores in table 7.3.6.8 above indicate that both unionized and non-unionized investors scored high (above 3.00) and strong average mean perception scores (above 2.50) on permission to attend to non-work related personal issues. This means that

both sets of investors readily granted their employees permission to attend to private issues. However, non-union employers recorded more complaints (mean score 1.67) and disagreements between their supervisors and workers than unionized employers (mean score 3.14). This could possibly be due to the absence of unions in their companies. This finding indicates that interpersonal relationships between unionized and non-unionized EPZ firms are different.

- The EPZA respondent indicated that in 2002 the EPZA received between four and seven complaints from the EPZ workers on the denial of permission to attend to non-work related personal issues, harsh supervisors and the nature of employee punishment at the EPZ workplace and between one and three complaints on the denial of permission to seek medical aid.

7.3.7 Nature of employer-employee working relationships

After examining the perceptions of EPZ employers and their employees towards the nature of their interpersonal relationships in the EPZ workplace, this section seeks to establish the employer-employee working relationship gap in Kenyan EPZs.

In order to establish this gap the following items were tested:

1. The nature of the working relationship between EPZ employers and their employees;
2. The length of time employers took to solve their employees working condition grievances;
3. What length of time employees felt their employers should take to solve their working conditions grievances;
4. Whether EPZ employers eventually solved their employees working condition grievances.

To precisely identify where an EPZ firm's employer-employee working relationships labour relations' gap was, the mean scores and standard deviations of the above listed items of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are; age - 18-23 & 24-29, gender,

marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were used to draw conclusions and make recommendations regarding the employer-employee working relations gap in Kenyan EPZs.

Table 7.3.7.1 below presents the mean scores and standard deviations of EPZ workers and Investors perceptions towards the state of existing employer-employee working relationships in the EPZ workplace.

Table 7.3.7.1: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the state of the existing employer-employee working relationships in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	302	2.12	.87	10	3.50	.53
How long do employers take to solve workers issues?	302	1.88	1.06	10	1.70	.48
How long would employees like their employers to take while solving their issues?	302	3.22	.72	-	-	-
Do employers solve employees working condition grievances?	302	2.86	1.11	-	-	-

From table 7.3.7.1 above, employers have a high mean perception score of (3.50) on the nature of their working relationship with their employees. In contrast the employees' weak average mean score of (2.12) revealed that the working relationship from their perspective was not as strong as their employers had stated. The finding is in line with those of Endresen & Jauch (undated), The news (Monrovia) (2002) and the MSN (2000), which indicated that most EPZ employer-employee working relationships were poor.

On the issue of the length of time EPZ employers took to solve their employees working condition grievances, both employers and employees mean perception scores were low (mean scores below 2.00). The employers mean score was (1.70) while that of employees

was (1.88). Most employers said that they took as much time as they felt was required to solve any problems their employees raised which made their employees feel that they were not responsive to their problems, hence their low mean score. This (low mean score) employers said should not be interpreted as a lack of concern for their workers problems but should be interpreted as responding to their employees problems without rushing into probably ineffective solutions. This delay in response made employees feel that employers were not responding to their problems. Most employees said they would like their employer to solve their problems within the shortest time possible, preferably within a day and at most a week (3.55 mean score).

On whether employers eventually solved the working conditions' problems their workers raised, a large number of employees stated that the working condition problems that they raised were eventually solved, thus the strong average mean score of (2.86). This finding is different from that of Abbott (1997), which stated that workers in EPZs are not allowed to complain because, if they complain they end up being dismissed.

Table 7.3.7.2 below presents the mean perception scores and standard deviations of 18-23 & 24-29 year olds, towards the state of their employer-employee working relationships in the EPZ workplace.

Table 7.3.7.2: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards the state of their employer-employee working relationships in the EPZ workplace

	18-23			24-29		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	68	1.88	.68	168	2.12	.92
How long do employers take to solve workers issues?	68	1.68	1.00	168	1.92	1.07
How long would employees like their employers to take while solving their issues?	68	2.63	1.14	168	3.23	.71
Do employers solve employees working condition grievances?	68	3.21	.80	168	2.90	1.06

From table 7.3.7.2 above both age groups lowly rate the nature of their working relationships with their employers, as the mean scores on this item were low (below 2.00). They also lowly rate (mean score 1.68 and 1.92 for 18-23 and 24-29 year olds) their employers speed in responding to the working condition problems they raise. They also indicated that their employers should solve their problems faster than they usually do, as indicated by the high mean perception scores (above 3.00), on the length of time they would like their employers to solve their problems. They also indicated with a high mean score (above 3.00) that their employers usually solved the problems they raised. This finding indicates that both 18-23 and 24-29 year old employees hold almost similar views on the state of their working relationships with their employers.

Table 7.3.7.3 below presents the mean perception scores and standard deviations of EPZ males and females towards their employee-employer working relationships at the EPZ workplace.

Table 7.3.7.3: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards their employee-employer working relationships at the EPZ workplace

	Male			Female		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	151	2.19	.87	151	2.05	.86
How long do employers take to solve workers issues?	151	1.82	1.05	151	1.93	1.07
How long would employees like their employers to take while solving their issues?	151	3.15	.79	151	3.28	.64
Do employers solve employees working condition grievances?	151	2.99	1.02	151	2.74	1.18

The mean perception scores in table 7.3.7.3 above indicate that both males and females have weak average (below 2.50) and low (below 2.00) mean scores on the nature of their employer-employee working relationships and on the length of time their employers took to solve their working conditions' problems. The figures in the same table indicate that both males (mean score 3.15) and females (mean score 3.28) would prefer a speedy

resolution to their problems. They also score strong average mean scores (males 2.99 and females 2.74) on their employers' ability to solve their problems, which indicates that employers solve their workers problems. This finding indicates that both males and females hold similar views on the state of their EPZ employer-employee working relationships.

Table 7.3.7.4 below presents the mean perception scores and standard deviations of section heads and non-section heads towards the state of their employer-employee working relationships in the EPZ work place.

Table 7.3.7.4: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the state of their employer-employee working relationships at the EPZ workplace

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	66	2.44	.84	236	2.03	.86
How long do employers take to solve workers issues?	66	1.91	.96	236	1.87	1.09
How long would employees like their employers to take while solving their issues?	66	3.09	.89	236	3.25	.66
Do employers solve employees working condition grievances?	66	3.06	1.12	236	2.81	1.10

The mean perception scores of both section heads and non-section heads in the first two items in table 7.3.7.4 above fall in the weak average (below 2.50) and low categories (below 2.00). This indicates that the relationship between EPZ employers and their workers needs improvement. Employers also took too much time to solve their workers problems as the low mean scores of (1.91) for section heads and (1.87) for non-section heads indicates.

Both section heads and non-section heads indicated that their employers can take less time to solve their problems as indicated by the high mean scores of (3.09) and (3.25) for section heads and non-section heads respectively. Both groups also indicated that their employers solve their problems with a strong mean score (2.81) from non-section heads

and a high mean score (3.06) from section heads. This finding indicates that both section and non-section heads hold similar views regarding the state of their EPZ working conditions.

Table 7.3.7.5 below presents the mean perception scores and standard deviations of respondents from EPZ firms located in public and private EPZ towards the state of their working relationships in the EPZ workplace

Table 7.3.7.5: The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private EPZs towards the state of their working relationships in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	167	1.70	.69	135	2.64	.79
How long do employers takes to solve workers issues?	167	1.50	.77	135	2.34	1.19
How long would employees like their employers to take while solving their issues?	167	3.20	.62	135	3.23	.83
Do employers solve employees working condition grievances?	167	2.45	1.00	135	3.57	1.02

From table 7.3.7.5 above, employees from companies located in public zones lowly rated three out of the four listed items. The low (below 2.00) and weak average mean perception scores (below 2.50) indicate that both sets of employees indicate that the state of their working relationship with their employers was poor (mean score 1.70), their employers took a lot of time to solve their working conditions problems (mean score 1.50) and their problems were not eventually solved (mean score 2.45). In contrast employees in companies situated in the private zone scored strong average (above 2.50) and high mean perception scores (above 3.00) in three out of the four listed items, but lowly rated the length of time their employers took to respond to their working condition problems (mean score 2.34). This finding indicates that employees from companies located in the public and private zones viewed the state of their working relationships differently.

Table 7.3.7.6 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones towards the state of their working relationships in the EPZ workplace.

Table 7.3.7.6: The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private EPZ towards the state of their working relationships in the EPZ workplace

	Public			Private		
	N	Mean	SD	N	Mean	SD
What is the relationship between employees and their employers?	5	3.40	.55	5	3.60	.55
How long do employers take to respond to workers grievances?	5	3.60	.89	5	2.60	2.19
How long do employers take to settle workers grievances?	5	2.00	.00	5	1.40	.55

Employers located in public and private EPZs highly rated (mean scores above 3.00) the kind of working relationships they had with their employees. They also had high (3.60 public EPZ employers) and strong average (2.60 private EPZ employers) mean scores on the length of time they took to respond to their workers grievances as table 7.3.7.6 above indicates. Both sets of employers, however, seem to take considerable time to settle their workers grievances as indicated by the low mean score of 1.40 for enterprises located in private EPZs and a weak average (2.00) mean score for employers located in public zones. This finding indicates that both investors/employers located in private and public zones hold similar views towards the state of their employer-employee working relationships at the EPZ workplace.

Table 7.3.7.7 on the following page presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the state of their working relationships at the EPZ workplace.

Table 7.3.7.7: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ workers towards their working relationships in the EPZ workplace

	Union EPZs			Non-union EPZs		
	N	Mean	SD	N	Mean	SD
What is the nature of the working relationship between employers and their employees?	203	2.27	.89	99	1.82	.75
How long do employers take to solve workers issues?	203	2.02	1.15	99	1.58	.78
How long would employees like their employers to take while solving their issues?	203	3.22	.77	99	3.20	.59
Do employers solve employees working condition grievances?	203	3.06	1.05	99	2.45	1.11

From table 7.3.7.7 above, both unionized and non-unionized workers lowly rate both their working relationships with their employers and the length of time their employers take to solve their working condition problems with weak average (below 2.50) and low (below 2.00) mean perception scores. Both sets of employees also indicate that they would prefer to have their problems solved faster with high mean scores (above 3.00). Unionized workers highly rate (mean score 3.06) their employers' response while solving their working condition problems, but non-unionized workers lowly rate with a weak average mean score of 2.45 their employers ability to solve their problems. This finding, therefore, indicates that unionized and non-unionized workers view their EPZ employer-employee working conditions differently.

Table 7.3.7.8 below presents the mean perception scores and standard deviations of unionized and non-unionized EPZ investors towards the state of their working relationships in the EPZ workplace.

Table 7.3.7.8: The Mean Perception Scores and Standard Deviations of unionized and non-unionized EPZ investors towards the state of their working relationships in the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
What is the relationship between employers and their employees?	7	3.43	.53	3	3.67	.58
How long do employers take to respond to their workers grievances?	7	3.29	2.14	3	3.33	1.15
How long does the management take to settle workers grievances?	7	1.57	.53	3	2.00	.00

The mean perception scores on two of the three items listed in table 7.3.7.8 above indicate that both unionized and non-unionized investors/employers rated the state of their employer-employee working relationships and the length of time it took them to respond to employee grievances as high (mean scores above 3.00). However, both sets of employers had low mean scores (1.57 for unionized) and a weak average of (2.00) for non-unionized investors/employers. This indicates that both sets of investors/employers were slow in responding to their workers grievances. However, most employers indicated that they took as much time as they felt was necessary in order to avoid offering their employees quick but poor solutions, the results of this were the low mean perception scores. This finding indicates that both unionized and non-unionized EPZ employees hold similar views towards the state of their EPZ working conditions.

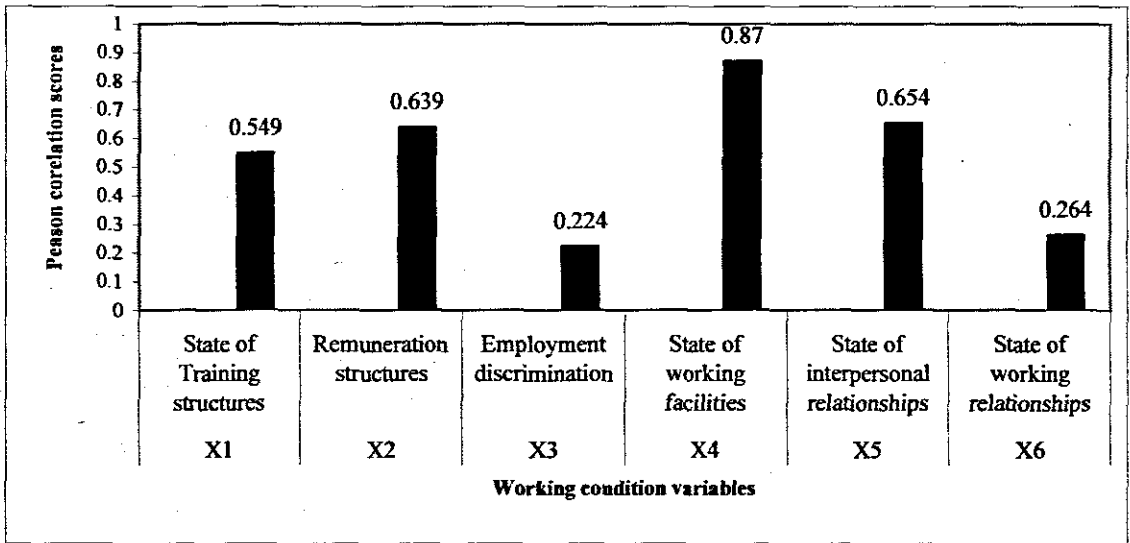
- On its part the EPZA indicated that the general EPZ employer-employee working relationships in the zones are good.

7.3.8 Summary

The purpose of this section was to establish the scope of the employer-employee labour relations' gap in Kenyan EPZs. The section sought and presented data relating to the perceptions of EPZ investors and their employees as well as the EPZA on the nature of the EPZ, education and training facilities, remuneration structures, employment structures, working facilities, interpersonal relationships and working relationships.

The bar graph in figure 7.3.8.1 below, indicates that employment discrimination and the state of the working relationships in Kenyan garment EPZs had big employer-employee labour relations' gaps. The graph also indicates that the working facilities in Kenyan EPZs were relatively of high quality. However, the EPZ employer-employee training gap was found not to be big. The employer-employee remuneration and interpersonal relationship gaps were found to be slightly above the acceptable levels (0.6) although not far away from unacceptable levels (below 0.6).

Figure 7.3.8.1 The Employer-employee labour relations gap in Kenyan garment EPZs



NB. Ideal working conditions (the absence of an employer-employee labour relations gap) = 1

From figure 7.3.8.1 above, it can therefore be concluded that different levels of employer-employee labour relations' gaps were found to exist in all the six factors that were tested in this section.

The findings from this section were used to draw conclusions and make recommendations on the scope of the employer-employee labour relations' gap in Kenyan EPZs in the next chapter.

7.4 The impact of labour law exemptions on EPZ operations in Kenyan EPZs

7.4.1 Introduction

The third objective of the study assessed the impact of labour law exemptions on employer-employee labour relations in Kenyan EPZs. The study specifically examined the impact of the exemption of investors from applying the factories act¹⁶ and from paying minimum wages¹⁷ in their EPZ operations.

To assess the impact of these two exemptions on Kenyan garment EPZ operations, this section was subdivided into four subsections. The first section used the mean scores and standard deviations of the sampled respondents to determine their perceptions towards EPZ operations in the absence of the application of the factories act and the minimum wage act. The other three sections used frequency distributions to determine the perceptions of the sampled respondents on the effect of being exempted from the minimum wages and factories acts in their EPZ operations. These four sections are:

1. The effect of labour law exemptions on employer-employee labour relations in Kenyan garment EPZs.

The purpose of this section was to establish the extent to which the exemption from Kenyan labour laws had been helpful to EPZ employers.

2. The problems encountered by EPZ investors for being exempted from applying the factories act.

The purpose of this section was to establish the magnitude of the problems EPZ investors experience for being exempted from applying the factories act and the minimum wages act in their EPZ operations.

3. The organizations that censure EPZ firms for being exempted from both the factories act and the minimum wages act. The purpose of this section was to identify the organizations that censure EPZ firms so as to establish their views on EPZ employer-employee labour relations in a labour law conceded environment.

¹⁶ The factories act is supposed to ensure that industrial workers are exposed to healthy and safe working conditions. The ministry of health industrial inspectors are supposed to enforce this act. EPZ investors have been exempted from applying this act in their operations.

¹⁷ EPZ investors are not required to adhere to the minimum wage scales set by the government. They are free to remunerate their workers using any or their own wage scales.

This was done by investigating the censorship experiences of EPZ investors and the EPZA from various organizations for enjoying labour law related exemptions in the zones.

4. Whether EPZ operators in close proximity influence each other's employer-employee labour relations in the zones.

The purpose of this section was to investigate whether EPZ firms in close contact influenced the way employers related to their employees in the zones. This was done by evaluating the experiences of EPZ investors.

The findings from this section (7.4) were used to draw conclusions and make recommendations on the perceptions of EPZ investors and the Export Processing Zones Authority (EPZA) regarding the effects of being exempted from applying both the factories act and the minimum wages act in Kenyan garment EPZ operations.

7.4.2 The effect of labour law exemptions on employer-employee labour relations in Kenyan EPZs

The two items in this section sought to establish the effect the following two labour law exemptions have had on Kenyan garment EPZ investors and the EPZA. These items are:

1. The exemption from paying the minimum wage
2. The exemption from applying the factories act

To precisely establish how the exemptions from these two laws affected EPZ investors, the mean scores and standard deviations of the above listed two items of the sampled respondents were analyzed using two different profiles. These are investors from unionized and non-unionized zones and those located in the public and private zones.

Table 7.4.2.1 on the next page presents the mean perception scores and standard deviations of investors from unionized and non-unionized EPZs towards the effect of the exemption from applying the minimum wages and factories acts' in their EPZ operations.

Table 7.4.2.1: The Mean Perception Scores and Standard Deviations of investors from unionized and non-unionized EPZs towards the effect of the exemption from applying the minimum wages and factories acts' in their EPZ operations.

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
The effect of the exemption from paying the minimum wage	7	1.86	1.46	5	2.33	1.15
The effect of the exemption from applying the factories act	7	1.29	.49	5	2.67	.58

Table 7.4.2.1 above indicates that both unionized and non-unionized EPZ investors lowly rated the exemption from paying the minimum wages since their mean scores fall within the weak average (below 2.50) and low (below 2.00) categories. Non-unionized investors, however, felt that the exemption from applying the factories act had a positive effect on their EPZ operations, as their mean score on this item was a strong average of (2.67). In addition investors located in unionized zones lowly rated the effect of the factories act exemption, hence the low score of (1.29) which means that it did not significantly affect its operations. This finding indicates that the exemption from applying the factories act and the minimum wages act on EPZ operations has affected unionized and non-unionized EPZ investors differently.

Table 7.4.2.2 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones towards the effect of the exemption from applying the minimum wages and factories acts' in their EPZ operations.

Table 7.4.2.2: The Mean Perception Scores and Standard Deviations of investors from Companies located in the Public and Private Zones towards the effect of the exemption from applying the minimum wages and factories acts' in their EPZ operations.

	Public			Private		
	N	Mean	SD	N	Mean	SD
The effect of the exemption from the minimum wage act	5	3.00	1.22	5	1.00	.00
The effect of the exemption from applying the factories act	5	2.00	1.00	5	1.40	.55

From table 7.4.2.2 above both investors from companies located in the public and private zones scored low (1.40) and weak average (2.00) mean scores on the effect of the

exemption from applying the factories act in their operations. Both sets of investors stated that the exemption from applying the factories act had not contributed significantly to their operations. Some investors did not even know that they had been exempted from this act. On the exemption from paying their employees the minimum wages, investors located in the public zones indicated that this exemption had been helpful to them (high mean score 3.00). However, those located in the private zones stated that this exemption had not significantly affected their operations, hence the low mean score (1.00). This finding indicates that the exemption from applying the minimum wage and the factories act in their EPZ operations affected EPZ investors located in public and private zones differently.

- On its part the EPZA states that the exemption of EPZ investors from the minimum wage act and the factories act has not been helpful in assisting it (EPZA) achieve its investment attraction objectives.

7.4.3 The problems encountered by EPZ investors for being exempted from applying the minimum wages and factories acts'.

This section set out to establish whether EPZ investors experienced the following problems for being exempted from the two labour laws mentioned above. These problems are:

1. Strikes by their workers;
2. Negative publicity;
3. External consumer boycott threats;
4. Reprimands from the EPZA.

Table 7.4.3.1 that follows presents data on the problems encountered by EPZ investors for being exempted from applying the factories act.

Table 7.4.3.1: The problems encountered by EPZ investors for being exempted from applying the minimum wages and factories acts'

Problems encountered	N	Percent
Strikes by workers	3	75.0
Negative publicity	1	25.0
Total	4	100.0

In table 7.4.3.1 above, 75% of EPZ investors indicated that employee strikes were the major problem they encountered for being exempted from applying the factories act and the minimum wage act, while 25%, of the interviewed investors indicated that they had received negative publicity especially from NGOs for being exempted from not applying the two labour related laws in their EPZ operations. This finding indicates that employee strikes were the main problem EPZ investors encountered for not applying the minimum wages and the factories act in their EPZ operations. All (100%) of the respondents indicated that they had encountered strike action from their employees for being exempted from paying the minimum wages.

7.4.4 The Organizations that censure EPZ firms for being exempted from the factories act

This section set out to establish whether the following organizations censure EPZ firms and the EPZA for being exempted from the factories act and from paying the minimum wages. These organizations include:

1. NGOs
2. Unions
3. Politicians
4. Consumer groups
5. The general public
6. The press.

Table 7.4.4.1 below presents data on the organizations that censure EPZ firms for being exempted from the factories act.

Table 7.4.4.1: Organizations that censure EPZ firms for being exempted from the factories act

Organizations	N	Percent
Unions	4	36.4
NGOs	3	27.3
Politicians	3	27.3
The general public	1	9.1
Total	11	100.0

In table 7.4.4.1 above, 36% of the complaints on the exemption of EPZ firms from paying the factories act were received from unions, 27% each, from politicians and NGO's, while 9%, of the complaints were received from the general public. This finding indicates that unions, NGOs and politicians are the main groups that censure EPZ operators for enjoying labour law exemptions.

- The EPZA says that NGOs have been the major organizations that have negatively reacted to the labour law exemptions offered by the EPZ program.

7.4.5 Do EPZ operators in close proximity influence each other's employer-employee labour relations in the zones?

This section sought to establish whether EPZ operators in close proximity influence each other when:

1. Setting wages;
2. Setting working condition terms;
3. Recruiting;
4. Relating to their workers.

Table 7.4.5.1 that follows indicates that close proximity to each other influences various investors in various ways

Table 7.4.5.1: The influence of EPZ operators in close proximity

Investors in close proximity influence	N	Percent
The setting of wages	3	37.5
The setting of working condition terms	2	25.0
Recruitment methods	2	25.0
Relations to workers	1	12.5
Total	8	100.0

In table 7.4.5.1 above, 37% of EPZ investors indicated that other EPZ operators in close proximity with them influenced the way in which they set their remuneration structures, which mainly was to enable them minimize labour turnover. 25% of the investors, indicated that other EPZ investors in close proximity with them influenced the way in which they set their working conditions, while another 25%, indicated that those investors in close proximity with them influenced the way in which they relate to their workers. This finding confirms those of the ILO (1998), the ICFTU (1996), Hall (1981), Miller (1980) and Townson (1977), among many others, whose studies showed that enterprises or city states that operated close together shared the same experiences and needs unlike those that did not. This finding indicates that the closer Kenyan garment EPZ investors are located to each other the more they influence each other's employer-employee labour relations.

7.4.6 Summary

This findings from this section revealed that the exemption from applying the factories act and the minimum wages act on EPZ operations affected unionized and non-unionized EPZ investors differently. The findings also revealed that the exemption from paying the minimum wages had no significant impact on both unionized and non-unionized EPZ investors. However, the exemption from applying the factories act had a positive effect on non-unionized EPZ investors but did not contribute significantly to the operations of unionized investors.

Both investors located in the public and private zones indicated that the exemption from applying the factories act had not contributed significantly to their operations. Besides investors located in the public zones stated that the exemption from paying minimum

wages had contributed significantly to their operations. The findings also revealed that the exemption from paying the minimum wages did not significantly affect EPZ investors located in the private zones.

Finally, the findings from this section also revealed that employee strikes and negative publicity were the main problems EPZ investors encountered for being exempted from the minimum wage act and the factories act. Unions, politicians and NGO's were the major groups/organizations that censured EPZ operators for being exempted from labour laws. The closer EPZ investors are located to each other the more they influenced each other's employer-employee labour relations.

The findings from this section were then used to draw conclusions and make recommendations on the impact of labour law exemptions on the employer-employee labour relations' gap in Kenyan EPZs in the next chapter.

7.5 An analysis of the effectiveness of existing EPZ employer-employee labour relation regulating structures in Kenya.

7.5.1 Introduction

The fourth objective of the study investigated the perceptions of employers and their employees towards the effectiveness of their existing problem-solving (regulation) frameworks. These frameworks are:

1. Unions (worker/house committees);
2. The EPZA;
3. Codes of conduct;
4. The government.

To establish the employer-employee problem solving labour relations' gap in the zones the perceptions and attitudes of EPZ employers, their employees and the EPZA towards the existing employer-employee labour relations regulatory structures mentioned above were sought.

To precisely identify where the problem with the existing labour relations' regulatory structures lay, the mean scores and standard deviations of the sampled employees were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

The findings from this section were meant to help draw conclusions and make recommendations on the effectiveness of the existing employer-employee problem solving structures in the EPZ workplace in the next chapter.

7.5.2 Unions

The purpose of this section was to identify the number of unionized and non-unionized respondents. Once this was established the researcher then sought to establish the effectiveness of unions in assisting EPZ employees address their working conditions'

grievances. EPZ employers' and the EPZA's attitudes and perceptions towards unions in the EPZ workplace were also sought.

Thus from the sampled EPZ employees this section sought to establish:

1. The number EPZ companies with organized workers bodies (unions);
2. How helpful unions have been in assisting their members address their working condition grievances.

From the sampled EPZ employers this section sought to establish whether or not:

1. External unions have a role to play in the EPZ workplace;
2. Unions can represent EPZ workers grievances to their employers;
3. Unions can ensure that EPZ employees can work under health conditions;
4. Unions can ensure that EPZ workers receive fair wages;
5. Unions can be the link between employers and their workers at the EPZ workplace.

To precisely identify where the problem with the effectiveness of unions in helping EPZ stakeholders address their working conditions' grievances was: the mean scores and standard deviations of the sampled EPZ employees were analyzed in different categories. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

Table 7.5.2.1 below presents data on the percentage of unionized and non-unionized workers from the sampled population.

Table 7.5.2.1: Percentage of unionized and non-unionized EPZ workers

Does the company have an organized workers body	N	Percent
No (Non-unionized)	99	32
Yes (Unionized)	203	68
Total	302	100.0

Table 7.5.2.1 above indicates that 68% of the sampled EPZ employees were unionized while the remaining 32% worked for companies that did not allow their workers to form and/or join unions. This finding indicates that over half of Kenyan garment EPZ employees are unionized.

- In 2002 the EPZA received between one and three complaints from EPZ employees regarding their being denied permission to form/join trade unions and the interference in employee trade union affairs by EPZ employers.

Table 7.5.2.2 below presents the mean scores and standard deviations of EPZ workers and investors perceptions towards the existing role and effectiveness of unions in the EPZ work place.

Table 7.5.2.2: The Mean Scores and Standard Deviations of EPZ workers and Investors perceptions towards the existing role and effectiveness of unions in the EPZ work place

	Employees			Employers		
	N	Mean	SD	N	Mean	SD
Does the company have an organized workers body (union)?	302	3.56	.52	-	-	-
How helpful is the workers body?	302	1.88	.99	-	-	-
Do external unions have a role to play?	-	-	-	10	1.90	.74
Can unions represent workers grievances to management?	-	-	-	10	2.90	1.10
Can unions ensure that workers work under health conditions?	-	-	-	10	2.70	1.25
Can unions ensure that workers receive fair wages?	-	-	-	10	3.00	1.25
Can unions be the link between management and workers in the workplace?	-	-	-	10	2.50	1.27

From table 7.5.2.2 above, the mean perception scores of EPZ employees on whether their company had an organized workers body (union) are high (3.56), which signifies that there existed an organized workers body in their company. 70% of the interviewed investors indicated that they had a workers body (union) while 54% of workers indicated that they had a workers body (union) in their company (see table 7.5.2.1 above). However, most employees indicated that their workers body (union) was not as effective

as they would have liked it to be, thus a low mean score of (1.88) on the effectiveness of unions.

On the role of external unions table 7.5.2.2 above indicates that most employers felt that unions had no role to play in the EPZ workplace, hence the low mean score (mean score 1.90) on this item. However, a large number of unionized employers agreed that unions assisted employees present their working conditions' grievances to (them) their employers (mean score 2.90). The unionized employers also indicated that unions also enabled EPZ employees to work under healthy conditions (mean score 2.70) and receive fair wages (mean score 3.00). However, they (unionized investors) reluctantly accepted that unions could be the link between employers and their employees in the EPZ workplace (mean score 2.50). One non-unionized employer said that having a union or not would make no difference to EPZ workers as they (the workers) required no intermediary to air their views to their employers nor did their employers require an intermediary to address their workers as this could be done without the use of a union. A number of unionized employers stated that Kenyan unions operated purely for the self-enrichment of their officials and not for the benefit of their members. The EPZA on its part indicated that the union movement in Kenya was quite weak to make a difference to workers, since most union officials were poor and thus susceptible to being corrupted by employers. This finding is different from those of the ILO (1988), the ICFTU (1991, 1996, 2001 & 2002), Jauch (2002), Abeywardene (1994), MNU (2000, 2002 & 2001), Endresen & Jauch (undated), Hewson (1988), Yun (1988), Haggard (1992), Sook (1999), whose studies showed that EPZ employees were not allowed to organize and in some cases investors had closed down their operations, where employees had managed to form or/and join trade unions.

Table 7.5.2.3 overleaf presents the mean perception scores and standard deviations of 18-23 and 24-29 year olds, towards the existing role and effectiveness of unions in the EPZ workplace.

Table 7.5.2.3: The Mean Perception Scores and Standard Deviations of 18-23 & 24-29 year olds towards the existing role and effectiveness of unions in the EPZ work place

	18-23 year olds			24-29 year olds		
	N	Mean	SD	N	Mean	SD
Does the company have an organized workers body (union)?	68	3.43	.50	168	3.59	.51
How helpful is the workers' body?	68	1.62	.85	168	1.92	1.00

The mean scores in table 7.5.2.3 above indicate that employees in the two age groups had organized workers bodies (unions) in their companies (mean scores 3.43 and 3.59 for 18-23 and 24-29 year olds respectively). However, the two sets of employees lowly rated (mean scores below 2.00) the effectiveness of these organizations in addressing their working conditions' problems. This finding indicates that both 18-23 and 24-29 year olds found their unions in the EPZ workplace to be ineffective in assisting them address their working conditions' problems.

Table 7.5.2.4 below presents the mean perception scores and standard deviations of males and females towards the existing role and effectiveness of unions in the EPZ work place.

Table 7.5.2.4: The Mean Perception Scores and Standard Deviations of EPZ males and Females towards the existing role and effectiveness of unions at the EPZ work place

	Males			Females		
	N	Mean	SD	N	Mean	SD
Does the company have an organized workers body (union)?	151	3.61	.50	151	3.52	.51
How helpful is the workers body?	151	1.99	1.00	151	1.78	.97

From table 7.5.2.4 above, the mean perception scores of both females (3.52) and males (3.61) on the existence of a workers body in their companies is high. However, the mean score on the usefulness of existing workers bodies (unions) is low (1.99 for males and 1.78 for females). This finding indicates that both males and females found unions in the

EPZ workplace to be ineffective in assisting them address their working conditions' problems.

Table 7.5.2.5 below, presents the mean perception scores and standard deviations of section heads and non-section heads towards the existing role and effectiveness of unions in the EPZ workplace.

Table 7.5.2.5: The Mean Perception Scores and Standard Deviations of Section heads and Non-section heads towards the existing role and effectiveness of unions in the EPZ work place

	Section heads			Non-section heads		
	N	Mean	SD	N	Mean	SD
Does the company have an organized workers body (union)?	66	3.62	.49	236	3.55	.53
How helpful is the workers body (union)?	66	2.11	1.07	236	1.82	.96

The mean scores in tables 7.5.2.5 above indicate that the majority of EPZ section heads and non-section heads are from companies with workers organizations (unions), but both sets of employees indicated that these bodies were not effective in addressing their problems. The weak average mean score of section heads (2.11) and low mean score (1.82) of the non-section heads indicate this. This finding indicates that both section heads and non-section heads found unions in the EPZ workplace to be ineffective in addressing their working conditions' problems.

Table 7.5.2.6 below presents the mean perception scores and standard deviations of respondents from companies located in the public and private zones towards the existing role and effectiveness of unions in the EPZ workplace.

Table 7.5.2.6: The Mean Perception Scores and Standard Deviations of employees from companies located in the Public and Private Zones towards the existing role and effectiveness of unions in the EPZ work place

	Public			Private		
	N	Mean	SD	N	Mean	SD
Does the company have an organized workers body (union)?	167	3.49	.50	135	3.66	.53
How helpful is the workers body (union)?	167	1.72	.94	135	2.08	1.02

The figures in table 7.5.2.6 above indicate that, the majority of the companies located in the public (mean score 3.49) and private (mean score 3.66) zones had organized workers bodies (unions) as they both had high mean scores. However, in terms of their effectiveness in assisting EPZ workers address their working condition grievances these workers bodies (unions) were lowly rated (mean score 1.72) by employees from companies located in the public zone and by employees from companies located in the private zones (mean score 2.08). This finding indicates that both employees from companies located in the public and private zones found unions in the EPZ workplace to be ineffective in helping them address their working conditions' problems.

Table 7.5.2.7 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones towards the existing role and effectiveness of unions in the EPZ workplace.

Table 7.5.2.7: The Mean Perception Scores and Standard Deviations of investors from companies located in the Public and Private Zones towards the existing role and effectiveness of unions in the EPZ work place

	Public			Private		
	N	Mean	SD	N	Mean	SD
Do unions have a role to play?	5	2.40	.55	5	1.40	.55
Can unions represent workers grievances to management?	5	2.20	1.10	5	3.60	.55
Can unions ensure that workers work under health conditions?	5	1.80	1.10	5	3.60	.55
Can unions ensure that workers receive fair wages?	5	2.00	1.00	5	4.00	.00
Can unions be the link between management and workers in the workplace?	5	1.80	1.10	5	3.20	1.10

From table 7.5.2.7 above investors from companies located in the public zone lowly rate the role of unions in the EPZ workplace. Their mean scores for all the items in this section are all low (below 2.00) and weak averages (below 2.50), which indicate that they do not view as important the roles unions play in the EPZ workplace. Investors located in private zones lowly rated (mean score 1.40) the role unions can play in the zones but highly rated with mean scores above 3.00, the role unions could play in ensuring that employees in the zones received better working conditions. This finding indicates that although investors from companies located in the private zone lowly rated the roles unions played in the EPZ workplace they, nevertheless, indicated that unions have a few roles to play in the EPZ workplace. However, investors from companies located in the public zones felt that unions had no roles to play in the EPZ workplace.

Table 7.5.2.8 below, presents the mean perception scores and standard deviations of unionized and non-unionized EPZ workers towards the effectiveness of unions at the EPZ workplace.

Table 7.5.2.8: The Mean Perception Scores and Standard Deviations of unionized EPZ workers towards the existing role and effectiveness of unions in the EPZ work place

	Unionized EPZs		
	N	Mean	SD
How helpful is your workers body (union)?	203	2.14	.98

From table 7.5.2.8 above the mean perception score of the unionized workers towards the effectiveness of their union is a weak one (2.14), which indicates that unionized EPZ workers lowly rate the effectiveness of their unions.

Table 7.5.2.9 below, presents the mean perception scores and standard deviations of unionized and non-unionized EPZ investors towards the existing role and effectiveness of unions in the EPZ work place.

Table 7.5.2.9: The Mean Perception Scores and Standard Deviations of unionized EPZ investors towards the existing role and effectiveness of unions in the EPZ work place

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Do unions have a role to play?	7	1.86	.90	3	2.00	.00
Can unions represent workers grievances to management?	7	3.43	.53	3	1.67	1.15
Can unions ensure that workers work under healthy conditions?	7	3.43	.53	3	1.00	.00
Can unions ensure that workers receive fair wages?	7	3.71	.49	3	1.33	.58
Can unions be the link between management and workers in the workplace?	7	3.14	.90	3	1.00	.00

The results from table 7.5.2.9 above indicate that unionized investors mean scores in four out of the five tested items, were all high (above 3.00), apart from the low mean score (1.86) on the role unions play in the EPZ workplace. This could mean that apart from these four items with high mean perception scores, unions have no other roles to play in the EPZ workplace. Non-unionized investors lowly rated the roles unions can play in the EPZ workplace, as their mean perception scores ranged between (2.00) and (1.00). Some investors indicated that they did not require intermediaries to address their workers grievances as their workers could approach them directly, other than using an intermediary who may, in the process, distort what either group (employers or workers) wanted addressed for their own benefit. This finding indicates that unionized EPZ investors felt that there were a few roles unions could play in the EPZ workplace, while non-unionized investors feel that unions have no roles to play in the EPZ workplace.

- The EPZA respondent indicated that more external union involvement could ensure that EPZ workers are exposed to a proper working environment but argues that the weak state of the trade union movement in Kenya is a factor that makes them ineffective.

7.5.3 The EPZA

The purpose of this section was to identify the effectiveness of the EPZA as an EPZ employer-employee labour regulation body. To establish the effectiveness of the EPZA the researcher sought to establish from EPZ employers and their employees whether or not:

1. EPZA inspectors visit EPZ companies;
2. EPZA inspectors consult EPZ workers on their working condition problems;
3. EPZA inspectors deal with EPZ workers labour relations problems;
4. There should be a code of conduct guiding employer-employee relations in the EPZ workplace;

To precisely identify the effectiveness of the EPZA in helping EPZ employees/employers address their working condition grievances, the mean scores and standard deviations of the sampled respondents were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are; age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

Table 7.5.3.1 below presents data on EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.1: EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

	Total respondents			Public EPZs			Private EPZs		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Do EPZA inspectors visit EPZ companies?	301	2.31	1.06	167	2.02	1.08	135	2.66	.93
Do EPZ inspectors consult workers?	302	1.97	1.18	167	1.66	1.03	135	2.36	1.24
Do EPZA inspectors deal with EPZ labour complaints?	302	1.83	1.12	167	1.53	.90	135	2.21	1.24
There should be a code of conduct	302	3.52	.63	167	3.50	.70	135	3.56	.54

guiding EPZ operations?

From table 7.5.3.1 above, employees from companies located in private zones indicated that EPZA labour inspectors visited their companies (mean score 2.66), but they rarely consulted workers (mean score 2.36) and rarely dealt with their complaints (mean score 2.21). Employees from companies located in the public zone indicated that although the EPZA had an office in the zone, EPZA labour inspectors rarely visited them (mean score 2.02), rarely consulted workers (mean score 1.66) and rarely dealt with their complaints (mean score 1.53).

In total visits to the EPZ based companies by the EPZA were few (mean score 2.31), the EPZA inspectors rarely consulted workers (mean score 1.97) and rarely dealt with their problems (mean score 1.83). Most employees also indicated that an EPZ code of conduct guiding EPZ operations (mean score 3.52) should be put in place. This finding indicates that the EPZA has not been an effective employer-employee regulator in the Kenyan garment EPZ workplace.

Table 7.5.3.2 below shows how the sampled EPZ employees rate the effectiveness of the EPZA.

Table 7.5.3.2: Does the EPZA resolve employees working condition problems

	N	Percent
Never	110	36.4
Sometimes	92	30.5
Rarely	54	17.9
Often	26	8.6
Always	20	6.6
Total	302	100.0

From table 7.5.3.2 above 36%, of the respondents indicated that the EPZ was not helpful in solving their working conditions' problems, while 7% indicated that it had been helpful in solving their working conditions' problems. This finding indicates that the

EPZA does not fully resolve EPZ employees working conditions' grievances.

Table 7.5.3.3 below presents data on EPZ investors' perceptions towards the role and effectiveness of the EPZA as an Employer-employee regulator in the EPZ workplace.

Table 7.5.3.3: EPZ investors' perceptions towards the role and effectiveness of the EPZA as an Employer-Employee Regulator in the EPZ workplace.

	Total			Public			Private		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
How often do EPZA inspectors visit the factory?	10	2.60	1.07	5	1.80	.84	5	3.40	.55
Do EPZA inspectors consult workers?	10	3.40	1.43	5	2.20	.84	5	3.60	.55
How helpful has the EPZA been?	10	3.30	.48	5	3.60	.55	5	3.00	.00

From the EPZ investors' perspective, table 7.5.3.3 above indicates that EPZA labour inspectors visited investors/companies located in private zones (mean score 3.40). They consulted EPZ workers (mean score 3.60) and were helpful to investors (mean score 3.00). In companies located in the public zone, investors indicate that EPZA inspectors rarely visited (mean score 1.80), rarely consulted workers (mean score 2.20) but in general were helpful (mean score 3.60) on matters not related to labour. In total EPZA inspectors visited the zones (mean score 2.60) and consulted workers (mean score 3.40) and in general they were helpful (mean score 3.30) to the investors. This finding indicates that from the investors' perspective, the EPZA had been helpful in helping them resolve employer-employee conflicts in the zones.

Table 7.5.3.4 below, presents data on the EPZA's responses on various working condition problems that affect EPZ employees and employers.

Table 7.5.3.4: Comments from the EPZA on various working condition issues that affect EPZ employees and employers in the EPZ workplace

Issue	EPZA's response
Do EPZ investors abide by the labour relations guidelines you give them?	Always
How do you handle those investors that violate the labour relation's guidelines you give them and other labour related laws that apply in the zones?	Advice and train
While solving labour relations issues between EPZ investors and employees how would you rate your intervention outcomes?	Very effective
Considering that EPZ investors have been offered various labour law related exemptions how would you rate the available EPZ investor – worker dispute intervention measures at your disposal?	Adequate
There are situations where we have felt helpless while resolving labour issues between investors and employees	Strongly disagree
After the EPZA's interventions labour law violations in the zones, do labour law violations recur?	Sometimes
When reprimanding EPZ investors who violate labour rights do they invoke the threat to move?	Never
Our working relationship with EPZ investors is	Very good

From the EPZAs responses in table 7.5.3.4 above a feeling and sense of confidence seems to stem from the EPZA. The responses portray a sense of being in control of all that is happening in EPZ operations in Kenya. Although some labour legislation has been ceded to EPZ investors, the EPZA still feels confident enough to do its work with the legislation that has not been ceded.

Table 7.5.3.5 on the next page presents data on male and female EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.5: Male and Female EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator at the EPZ workplace

	Male			Female		
	N	Mean	SD	N	Mean	SD
Do EPZA inspectors visit EPZ companies	151	2.21	1.01	151	2.41	1.12
Do EPZ inspectors consult workers	151	1.98	1.28	151	1.97	1.07
Do EPZA inspectors deal with EPZ labour complaints	151	1.73	1.11	151	1.93	1.12
There should be a code of conduct guiding EPZ operations	151	3.53	.63	151	3.52	.64

The data in table 7.5.3.5 above indicates, that both male and female EPZ employees mean scores on three of the four items are either weak averages (below 2.50) or low (below 2.00). This indicates that both sets of employees lowly rated the effectiveness of EPZA inspectors in helping them address their working condition grievances. The findings reveal that EPZA inspectors rarely visited, consulted and dealt with EPZ workers problems. Both sets of employees however indicate that a code of conduct to guide operations in the zones is essential.

Table 7.5.3.6 below presents data on 18-29 year old EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.6: 18-29 year old EPZ employees' perceptions towards the existing role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace

	18-23			24-29		
	N	Mean	SD	N	Mean	SD
Do EPZA inspectors visit EPZ companies?	68	2.47	1.15	168	2.25	.96
Do EPZ inspectors consult workers?	68	2.01	1.30	168	1.89	1.07
Do EPZA inspectors deal with EPZ labour complaints?	68	1.84	1.35	168	1.76	.91
There should be a code of conduct guiding EPZ operations	68	3.63	.57	168	3.57	.60

In table 7.5.3.6 above, the two sets of employees mean perception scores on three of the four items above range from weak averages (below 2.50) to low scores (below 2.00). This shows that both sets of employees lowly rate the effectiveness of the EPZA in addressing their EPZ working conditions' problems. However, both sets of employees indicate that a code of conduct to guide EPZ operations can be useful (mean scores 18-23 year old category 3.63 and 3.57 for the 23-29 year old category). This finding indicates that the EPZA has not been an effective employer-employee regulator in the EPZA workplace.

Table 7.5.3.7 below presents data on section head and non-section head EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.7: Section head and non-section head EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

	Section heads			Non-heads		
	N	Mean	SD	N	Mean	SD
Do EPZA inspectors visit EPZ companies?	66	2.74	1.10	236	2.19	1.02
Do EPZ inspectors consult workers?	66	2.30	1.46	236	1.88	1.07
Do EPZA inspectors deal with EPZ labour complaints?	66	2.26	1.42	236	1.71	.99
There should be a code of conduct guiding EPZ operations	66	3.33	.69	236	3.58	.61

From table 7.5.3.7 above, section heads indicate with a strong average mean score of (2.74) that EPZA inspectors visit their companies, but rarely consult EPZ workers (mean score 2.30) and rarely deal with workers problems (mean score 2.26). Non-section heads indicate that EPZA labour inspectors rarely visit (mean score 2.19), rarely consult (mean score 1.88) or deal with their problems (mean score 1.71). Both sets of employees indicate with their strong mean scores (3.33-section heads and 3.58-non-section heads) that an EPZ code of conduct would assist them fight for better working conditions in the zones. This finding indicates that the EPZA has not been an effective EPZ employer-employee regulator in the EPZ workplace.

Table 7.5.3.8 below presents data on unionized and non-unionized EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.8: Unionized and Non-unionized EPZ employees' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace

	Union EPZs			Non-union EPZs		
	N	Mean	SD	N	Mean	SD
Do EPZA inspectors visit EPZ companies?	203	2.43	1.01	99	2.07	1.15
Do EPZ inspectors consult workers?	203	2.15	1.22	99	1.61	1.01
Do EPZA inspectors deal with EPZ labour complaints?	203	1.99	1.17	99	1.51	.92
There should be a code of conduct guiding EPZ operations	203	3.48	.66	99	3.61	.59

Table 7.5.3.8 above indicates that both unionized and non-unionized EPZ employees mean perception scores on the role and effectiveness of the EPZA range between weak averages (mean score below 2.50) and low (mean score below 2.00). This indicates that EPZA labour inspectors rarely visit, consult and deal with EPZ workers problems. Both sets of employees indicate with high mean scores (above 3.00) that an EPZ code of conduct is necessary to ensure EPZ workers are exposed to proper working conditions. This finding indicates that the EPZA has not been an effective EPZ employer-employee regulator in the EPZ workplace.

Table 7.5.3.9 below presents data on unionized and non-unionized EPZ investors' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace.

Table 7.5.3.9: Unionized and Non-unionized EPZ investors' perceptions towards the role and effectiveness of the EPZA as an employer-employee regulator in the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
How often do EPZA inspectors visit the factory?	7	2.71	1.25	3	2.33	.58
Do EPZA inspectors consult workers?	7	3.14	.90	3	1.67	.58

How helpful has the EPZA been?	7	3.29	.49	3	3.33	.58
--------------------------------	---	------	-----	---	------	-----

From table 7.5.3.9 above, non-unionized EPZ investors lowly rate the performance of the EPZA inspectors, the number of times they visited their companies (mean score 2.33) and the consultations they had with the employees (mean score 1.67) although they indicated that on other issues the EPZA was helpful (mean score 3.33). Unionized EPZ investors, on the other hand highly rated the EPZA in terms of visiting their companies (mean score 2.71), consulting their workers and addressing their working conditions' problems (mean score 3.14) and highly rated (mean score 3.29) the general help the EPZA offered them. This finding indicates that the EPZA has been relatively helpful to unionized and non-unionized EPZ operators in Kenya.

7.5.3.1 The EPZA's evaluation of its performance

The respondent from the EPZA said that the EPZA gets to know of EPZ investors' grievances through:

1. Meetings with them and
2. Visiting factories.

It (the EPZA) gets to know of EPZ employees' grievances through

1. Meetings with them,
2. Sit-ins, strikes, go slows and
3. Reporting of employer-employee disputes to the EPZA.

The EPZA respondent also indicated that the EPZA had no fixed time limits when it came to responding to EPZ workers and investors' grievances as its response varied from one day depending on the grievance, to many days and concluded by saying that the EPZA was always able to settle all grievances EPZ investors and workers brought before it.

7.5.4 Codes of conduct

The purpose of this section was to establish the extent to which codes of conduct are used as employer-employee labour relation regulatory instruments in Kenyan EPZs. This section sought to establish whether or not:

1. EPZ companies have corporate codes of conduct;
2. MNEs require their contracting EPZ partners to abide by their codes of conduct;
3. MNEs monitor whether or not their EPZ contracting partners comply with their codes of conduct.

To precisely identify the effectiveness of existing codes of conduct in helping EPZ stakeholders address their working condition issues, the mean scores and standard deviations of the sampled employees and their employers were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

Table 7.5.4.1 below presents data on EPZ employees' perceptions towards the suggestions of alternative employer-employee regulation with the use of trade instruments.

Table 7.5.4.1: EPZ employees' perceptions towards the suggestions of alternative employer-employee regulation with the use of trade instruments

	Total respondents			Public EPZs			Private EPZs		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Trade agreements should be involved	302	3.28	.93	167	3.19	1.05	135	3.39	.75
MNEs should become more involved	302	3.39	.76	167	3.27	.87	135	3.53	.58
Are employees aware of MNE codes of conduct?	302	2.08	1.06	167	1.92	1.02	135	3.56	.54

From table 7.5.4.1 above, EPZs located in private premises indicate that they were in favour of trade agreements (mean score 3.39), MNEs (mean score 3.53) and the use of

codes of conduct (mean score 3.56) as trade instruments that could ensure that EPZ workers were exposed to proper working conditions.

EPZs located in public zones supported the use of MNE codes of conduct in EPZ operations (mean score 3.27) although most of their employees were not aware of this codes of conduct (mean score 1.92), but they also indicated that trade agreements could play a role in EPZs (mean score 3.19). In total, most employees indicated that MNEs had a role to play in ensuring that they were exposed to proper working conditions (mean score 3.39) although most of them were not aware of these codes as indicated by the weak average mean score of 2.08. They also proposed the involvement of preferential trade agreements (mean score 3.28) in regulating working conditions in EPZs.

Table 7.5.4.2 below presents data on EPZ employees' perceptions towards the role and effectiveness of codes of conduct as employer-employee regulators in the EPZ workplace.

Table 7.5.4.2: EPZ investors' perceptions towards the role and effectiveness of codes of conduct as employer-employee regulators in the EPZ workplace

	Total			Public			Private		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Does the company have a corporate code of conduct?	10	1.80	.42	5	2.00	.00	5	1.60	.55
Do companies require you to abide by their codes of conduct?	10	2.70	.48	5	2.80	.45	5	2.60	.55
Do MNEs monitor for compliance?	10	3.70	2.36	5	2.00	2.24	5	3.40	.55

The data in table 7.5.4.2 above shows that both investors located in public and private zones scored weak average (below 2.50) and low (below 2.00) mean scores, which indicate that few EPZ investors had their own corporate codes of conduct. However both sets of employers stated that the MNEs that they contracted from, required them to abide by their corporate codes of conduct. Investors located in private zones indicated that MNEs usually monitored (mean core 3.40) whether they were implementing their codes of conduct, although the weak average mean score (2.00) for investors located in public zones indicates that they lowly rated the monitoring capabilities of MNEs. Some

investors stated that MNEs visited them only once a year or contracted a local auditing firm to do the monitoring for them. In total few companies had codes of conduct (mean score 1.80), however MNEs required them to abide by their (MNEs) codes of conduct (mean score 2.70) and monitoring was done by MNEs (mean score 2.70). This finding indicates that codes of conduct have not been effective EPZ employer-employee regulatory instruments.

Table 7.5.4.3 below presents data on unionized and non-unionized EPZ employees' perceptions towards the role and effectiveness of codes of conduct as employer-employee regulators in the EPZ workplace.

Table 7.5.4.3: Unionized and Non-unionized EPZ employees' perceptions towards the role and effectiveness of codes of conduct as employer-employee regulators in the EPZ workplace.

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Does the company have a corporate code of conduct?	7	1.71	.49	3	2.00	.00
Do companies require you to abide by their codes of conduct?	7	2.71	.49	3	2.67	.58
Do MNEs monitor for compliance?	7	4.14	2.19	3	2.67	2.89

In table 7.5.4.3 above, both unionized and non-unionized EPZ investors recorded low and weak average (union 1.71 and non-union 2.00) mean scores on whether their companies had codes of conduct. These low mean scores indicate that most companies did not have their own codes of conduct. However, both sets of investors scored high mean scores on the other two items in the table. This shows that MNEs required them to abide by their codes of conduct and they also monitored for compliance. From the perspective of Kenyan EPZ investors this finding indicates that EPZ investors abide by MNE codes of conduct.

- The EPZA respondent indicated that it had not formulated a code of conduct for use in Kenyan EPZs, but stated that self-regulation with the use of an EPZ code of conduct and arbitration is necessary for Kenyan EPZ operations together with provisions for external arbitration.

7.5.5 The government as an EPZ employer-employee regulator

The purpose of this section was to establish other EPZ employer-employee labour relations' regulatory structures open to Kenyan EPZ stakeholders. This section sought to establish which regulatory structures EPZ employees and their employers consulted when other employer-employee regulatory structures failed to resolve their working conditions' grievances. The regulatory structures tested in this section are:

1. EPZA inspectors;
2. Fellow EPZ operators;
3. Ministry of industry officials;
4. Ministry of labour officials
5. Union office.

Table 7.5.5.1 below presents data on the higher levels of dispute settlement structures available to EPZ workers.

Table 7.5.5.1: Higher levels of dispute settlement structures available to EPZ workers

	N	Percent
Ministry of labour officials	112	42.1
Union office	70	26.3
Other	54	20.3
EPZA inspectors	30	11.3
Total	266	100.0

From table 7.5.5.1 above, when EPZ employees fail to agree on their working conditions' issues with their employers, 42% of them consulted the ministry of labour officers 26% consulted their union affiliates while 11% consulted the EPZA. This finding indicates that there are alternative high-level dispute resolution structures available to EPZ employees in Kenya.

Table 7.5.5.2 on the following page presents data on the higher levels of dispute settlement structures available to EPZ investors.

Table 7.5.5.2: Higher levels of dispute settlement structures available to EPZ investors

	Frequency	Percent
Ministry of Labour	4	40.0
The EPZA	3	30.0
Ministry of Trade & Industry	2	20.0
Fellow EPZ operators	1	10.0
Total	10	100.0

From table 7.5.5.2 above, EPZ investors after failing to agree on working condition issues with their workers 40% consulted the ministry of labour, 30% consulted the EPZA while 20% consulted the ministry of trade and industry. This finding indicates that there are alternative high-level dispute resolution structures available to EPZ employers in Kenya.

- When the EPZA finds it difficult to resolve working conditions' issues between EPZ employees and employers it consults the ministry of labour.

7.5.6 Summary

The purpose of this section was to establish the extent to which the existing employer-employee problem solving structures in the EPZ workplace had contributed towards the growth of the EPZ employer-employee labour relations' gap. The section sought and presented data relating to the perceptions of EPZ employers, their employees and the EPZA towards the role and effectiveness of unions, the EPZA, codes of conduct and the government in the EPZ workplace. The section also presented data on the existing employer-employee labour regulatory structures, identifying their areas of strengths and weaknesses.

The findings from this section revealed that EPZ employees found unions, the EPZA and codes of conduct as ineffective employer-employee regulatory instruments. However, some employers found these three regulatory instruments to be effective. The findings also revealed that apart from the existing EPZ employer-employee regulatory structures the three groups also consulted the ministry of labour when they found it difficult to resolve employer-employee related working conditions' problems amongst themselves in the zones.

The findings from this section were further used to draw conclusions and make recommendations regarding the effectiveness of the existing problem solving (regulatory) framework in the Kenyan EPZ workplace in the next chapter.

7.6 An analysis of employer-employee communication structures in Kenyan EPZs

7.6.1 Introduction

The fifth objective of the study was to investigate the perceptions of the EPZA, EPZ employers and their workers towards:

1. The effectiveness of their communication structures;
2. The extent to which these structures may have contributed to the existing labour relations' gap in Kenyan EPZs.

The purpose of this section was to establish whether or not communication or the lack of it may have contributed to the existing labour relations' gap in Kenyan EPZs. Thus, to achieve this objective this section was subdivided into three sections. These are:

1. The nature of employee-employer communication.

The purpose of this section was to establish whether EPZ employers consulted their employees before making major decisions that could negatively affect them.

2. Employer-employee communication channels.

The purpose of this section was to establish the channels EPZ employers and their employees used to communicate issues pertaining to their working conditions.

3. An evaluation of the effectiveness employer-employee communication channels.

The purpose of this section was to establish how the effectiveness of the existing communication channels had contributed towards the EPZ employer-employee labour relations' gap in Kenyan EPZs.

The findings from this section were used to draw conclusions and make recommendations on the effectiveness of EPZ employer-employee communication structures and the extent to which these structures may have contributed to the existing employer-employee labour relations' gap in Kenyan EPZs.

7.6.2 The nature of employer-employee communication

The purpose of this section was to establish whether EPZ employers consulted their employees before making major decisions that could negatively affect them on the following issues:

1. Quotas;
2. Wages;
3. Layoffs;
4. Quality.

Table 7.6.2.1 below presents data on employee-employer consultation on working condition issues that affect them.

Table 7.6.2.1: Employee-Employer consultation on working condition issues that affect them

	Employees		Employers	
	N	Percent	N	Percent
Wages	4	36.4	123	45.4
Layoffs	3	27.3	51	18.8
Quality	3	27.3	70	25.8
Quotas	1	9.1	27	10.0
Total	11	100.0	271	100.0

Table 7.6.2.1 above indicates that the majority (45%) and (36%) of employee and employer communication respectively revolves around wages, while quality concerns account for 26% and 27% of employee and employer communication respectively. The other issues employers and their employees occasional communicate about include layoffs and quotas.

- On the issues of employer-employee communication the EPZA respondent indicated that the EPZA expects EPZ investors to consult their employees before making major decisions that may affect them on issues like:
 - a). Layoffs;

- b). Wages;
- c). Closure.

7.6.3 Employer-employee communication channels

The purpose of this section was to establish whether EPZ employers and their employees used any of the following communication channels to address their working condition problems at the EPZ workplace.

1. House unions;
2. Workers committees;
3. Open meetings;
4. Suggestion boxes;
5. Others – Supervisors.

Table 7.6.3.1 below presents data on the channels that EPZ employees use to express their working conditions' grievances to their employers.

Table 7.6.3.1: The channels that EPZ employees use to express their working condition grievances to their employers

	N	Percent
Workers committees	81	29.7
Supervisors	57	20.9
Open meetings	47	17.2
Suggestion boxes	42	15.4
House unions	30	11.0
Other	16	5.9
Total	273	100.0

From table 7.6.3.1 above the majority of the EPZ employees (30%) channelled their working condition grievances to their employers via workers committees, 21% through their supervisors, while 17% aired their working conditions' grievances to their employers through open meetings. Although only 6% indicated that they used strikes and go-slows to air their views to their employers, the researcher witnessed three strikes/go slows in the course of carrying out this study. Most employees indicated that this was the

only effective way of getting the attention of their employers.

Table 7.6.3.2 below presents data on the communication channels EPZ investors use to communicate with their workers.

Table 7.6.3.2: The communication channels EPZ investors use to communicate with their workers

	Frequency	Percent
Workers committees	3	33.3
Open meetings	3	33.3
Suggestion boxes	2	22.2
Other	1	11.1
Total	9	100.0

From table 7.6.3.2 above the majority of employers (33%) use workers committees to address their workers, while another 33% use open meetings, (22%) use suggestion boxes and 11% use notice boards to communicate with their workers.

- According to the EPZA the avenues that have been left open for EPZ employees to address problems on areas that labour laws have been ceded such as the factories act are:
 - a) Trade unions;
 - b) Company/House committees.

7.6.4 An evaluation of the effectiveness EPZ employer-employee communication channels

The purpose of this section was to establish how the effectiveness of the existing communication channels had contributed towards the EPZ employer-employee labour relations' gap in Kenyan EPZs. The EPZ employees were requested to state their level of agreement on whether or not their communication channels were effective.

Table 7.6.4.1 below presents data on how effective EPZ employees' communication channels are.

Table 7.6.4.1: How effective are EPZ employees' communication channels?

	N	Percent
Agree	126	41.7
Strongly agree	68	22.5
Disagree	64	21.2
Strongly disagree	44	14.6
Total	302	100.0

From table 7.6.4.1 above, the majority (64%) of the interviewed respondents indicated that their communication channels were effective, while 36% felt that their communication channels were not effective.

Table 7.6.4.2 below presents the mean perception scores and standard deviations of investors from companies located in the public and private zones on the effectiveness of their EPZ communication channels.

Table 7.6.4.2: The mean perception scores and standard deviations of investors from companies located in the public and private zones on the effectiveness of their communication channels in the EPZ workplace

	Total			Public			Private		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
How effective have the company's communication channels been?	10	3.30	.48	5	3.00	.00	5	3.60	.55

In table 7.6.4.2 above, both sets of investors indicated with their high mean perception scores (above 3.00) that their EPZ employer-employee communication channels were effective. In total, both sets of investors indicated that their communication channels were effective (mean score 3.30). This finding indicates that from an employer's perspective the channels they use to communicate with their employees have been effective.

Table 7.6.4.3 below presents the mean perception scores and standard deviations of unionized and non-unionized investors towards the effectiveness of their EPZ employer-employee communication channels.

Table 7.6.4.3: The mean perception scores and standard deviations of unionized and non-unionized investors towards the effectiveness of their communication channels at the EPZ workplace

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
How effective have the company's communication channels been?	7	3.43	.53	3	3.00	.00

In table 7.6.4.3 above, both unionized and non-unionized investors indicated with high mean scores (mean score above 3.00) that their communication channels had been effective. This finding indicates that from a unionized and a non-unionized perspective, EPZ employer-employee communication channels have been effective.

7.6.5 Summary

This section set out to explore the study's fourth objective which sought to establish the perceptions of the EPZA, EPZ employers and their workers on the effectiveness of their communication structures and the extent to which these structures may have contributed to the existing employer-employee labour relations' gap in Kenyan EPZs.

The findings from this section revealed that the majority of employee and employer communication in the zones revolves around wages. On communication the majority of the EPZ employees channelled their working conditions' grievances to their employers via workers committees and strikes/go-slows, while the majority of employers use workers committees and open meetings to address their workers. On the effectiveness of their communication channels, the majority of the sampled employees indicated that their communication channels were effective a view that their employers also concurred with.

The findings from this section were used to draw conclusions and make recommendations on the effectiveness of EPZ employer-employee communication structures and the extent to which these structures may have contributed to the existing employer-employee labour relations' gap in Kenyan EPZs.

7.7 Suggestions on how the current employer-employee labor relations gap in Kenyan EPZs can be reduced.

7.7.1 Introduction

The last objective of the study was to elicit data from EPZ investors, their employees and the EPZA suggesting how the current EPZ employer-employee labor relations problems listed in the other sections of this chapter could be resolved (how the current employer-employee labor relations gap in the zones could be reduced).

This section was divided into two. The first section sought the perceptions of both investors and their employees on a set of listed alternative sources of employer-employee regulation, while the second part was open for both groups to suggest their own solutions. Solutions towards reducing the employer-employee labor relations' gap with the use of the following instruments were sought:

1. General alternative regulatory instruments,
2. Trade instruments,
3. Other instruments.

Solutions towards improving EPZ employer-employee working relationships and reducing the employer-employee communications gap were also sought.

The findings from this section were used to draw conclusions and make recommendations on how the employer-employee labor relations' gap in Kenyan garment EPZs could be reduced in the next chapter.

7.7.2 General alternative EPZ employer-employee regulatory instruments

The purpose of this section is to establish the perceptions and attitudes of EPZ investors, their employees and the EPZA towards the use of a general set of alternative employer-employee regulatory instruments in Kenyan EPZs.

The general set of EPZ employer-employee regulatory instruments tested are:

1. More government involvement in EPZ employer-employee regulation;
2. More NGOs involvement in EPZ employer-employee regulation;
3. Better of treatment of EPZ employees by their employers;
4. More EPZ employee involvement in EPZ regulatory structures;
5. More institutions' of higher learning involvement in EPZ employer-employee regulation;
6. A reduction in labor law concessions.

To precisely identify the perceptions and attitudes of EPZ and employers their employees towards the use of a general set of alternative employer-employee regulatory instruments in Kenyan garment EPZs, the mean scores and standard deviations of the sampled employees were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are; age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

Table 7.7.2.1 presents the EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.1: EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Total respondents			Public EPZs respondents			Private EPZs respondents		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
The government should protect EPZ workers	302	3.67	.59	167	3.63	.64	135	3.70	.50
NGOs should be more involved in EPZ activities	302	3.21	.97	167	3.11	1.07	135	3.33	.81
EPZ employers should protect their workers	302	3.66	.58	167	3.67	.64	135	3.64	.48
EPZ workers should get more involved	302	3.63	.62	167	3.64	.66	135	3.61	.57
Universities should play a part	302	3.02	.93	167	2.99	.98	135	3.05	.86
EPZ employers should follow labor laws	302	3.58	.57	167	3.60	.56	135	3.54	.58

From table 7.7.2.1 above, the three highly rated (mean score above 3.00) instruments of alternative employer-employee regulation proposed by employees were (in order of importance) more government involvement, more employer protection and more employee involvement in decision-making especially on working conditions' issues concerning them in the EPZ work place.

Table 7.7.2.2 below presents EPZ investors' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.2: EPZ investors' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Total			Public			Private		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Governments can help resolve workers issues	10	3.50	.85	5	3.00	1.00	5	4.00	.00
NGOs can help resolve workers issues	10	2.80	1.32	5	1.60	.55	5	4.00	.00
Investors can help resolve workers issues	10	4.00	.00	5	4.00	.00	5	4.00	.00
EPZ workers should be more involved in decision making	10	3.20	.92	5	2.40	.55	5	4.00	.00
Universities should be more involved in EPZ workers issues	10	3.60	.52	5	3.20	.45	5	4.00	.00
Labor law concessions should be reduced	10	3.30	1.16	5	2.60	1.34	5	4.00	.00

Table 7.7.2.2 above indicates that EPZ investors from companies located in private zones had extremely high mean perception scores (4.00) indicating that they agreed with all the suggestions on the use of the general set of alternative employer-employee regulation instruments listed above. Most investors in this group said that they welcomed inspectors from any group to ascertain that they exposed their workers to proper working conditions. On the other hand, EPZ investors located the public owned zone stated that they as investors (mean score 4.00) were the best regulators of the EPZ employer-employee working relationships but welcomed the input of universities (mean score 3.20) and the government (mean score 3.00) as advisers on the nature of working conditions that they were expected to expose their workers to. This group also rejected the input of NGOs (mean score 1.60); one investor claimed that NGOs were inciters rather than advocates of workers rights.

In total most respondents indicated that investors (mean score 4.00) followed by universities (mean score 3.60) and the government (mean score 3.50) were the organs best suited to ensure that workers in the zones were exposed to proper working conditions.

- The EPZA indicated that EPZ investors should take more responsibility for the investment freedom they enjoy by treating their workers well, higher education institutions had a role to play by researching into better employer-employee

management methods and also agreed that stronger government action was required on investors found to have mistreated workers.

The EPZA, however, disagreed with suggestions that restricted labor from striking EPZ workers involvement in decision-making and the application of existing laws in EPZ operations, together with a reduction in current labor concessions. It strongly disagreed with the suggestion of involving NGOs as employer-employee regulators in the EPZ workplace, citing a case whereby a human rights' NGO went and incited workers in one of the EPZ companies to demand for the formation of a union in their company. The workers went on strike only for the NGO later to realize that the company was unionized.

Although some labor laws have been conceded to EPZ investors as incentives, the policy documents that the EPZA uses while resolving employer-employee conflicts are:

- The employment act 226;
- Regulation of wages cap 229;
- National Social Security Fund (NSSF) act 258;
- Workman's compensation act 236;
- The trade disputes act 234;
- The industrial act;
- National Hospital Insurance Fund (NHIF) act cap 25.

Table 7.7.2.3 on the next page, presents data on unionized and non-unionized EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.3: Unionized and Non-unionized EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Union EPZs			Non-union EPZs		
	N	Mean	SD	N	Mean	SD
The government should protect EPZ workers	203	3.64	.62	99	3.72	.52
NGOs should be more involved in EPZ activities	203	3.13	1.01	99	3.37	.85
EPZ employers should protect their workers	203	3.61	.59	99	3.76	.54
EPZ workers should get more involved	203	3.58	.63	99	3.72	.61
Universities should play a part	203	2.94	.95	99	3.18	.86
EPZ employers should follow labor laws	203	3.52	.59	99	3.70	.50

Table 7.7.2.3 above indicates that non-unionized employees felt that EPZ employers (mean score 3.76) were in the best position to ensure that their (employees) rights were protected, followed by both the government and themselves (EPZ workers) (mean score 3.72). They also proposed that investors should follow all labor laws (mean score 3.70). Unionized employees indicated that the government (mean score 3.64) followed by investors (mean score 3.61) and then workers (mean score 3.58) were the best organs that could ensure that their working conditions' rights were respected.

Table 7.7.2.4 below, presents data on unionized and non-unionized EPZ investors' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.4: Unionized and non-unionized EPZ investors' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Governments can help resolve workers issues	7	3.43	.98	3	3.67	.58
NGOs can help resolve workers issues	7	3.43	.98	3	1.33	.58
Investors can help resolve workers issues	7	4.00	.00	3	4.00	.00
EPZ workers should be more involved in decision making	7	3.71	.49	3	2.00	.00
Universities should be more involved in EPZ workers issues	7	3.71	.49	3	3.33	.58
Labor law concessions should be reduced	7	4.00	.00	3	1.67	.58

Table 7.7.2.4 above indicates that non-unionized investors (mean score 4.00) felt that they were in the best position to ensure that they exposed their workers to proper working conditions, but could welcome the input of the government (mean score 3.67) and universities (mean score 3.33) in ensuring that their workers were exposed to proper working conditions.

Unionized investors, on the other hand, felt that they were best placed to ensure that their employees worked under proper working conditions (mean score 4.00) with the help of a reduction in labor law concessions (mean score 4.00), the input of both universities (3.71) and their workers (3.71), while the contribution of both the host government and NGOs was also valued (mean score for both 3.43).

Table 7.7.2.5 below presents data on male and female EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.5: Male and Female EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Males			Females		
	N	Mean	SD	N	Mean	SD
The government should protect EPZ workers	151	3.69	.54	151	3.64	.63
NGOs should be more involved in EPZ activities	151	3.09	1.03	151	3.34	.89
EPZ employers should protect their workers	151	3.58	.62	151	3.74	.53
EPZ workers should get more involved	151	3.62	.65	151	3.64	.59
Universities should play a part	151	2.87	.98	151	3.17	.85
EPZ employers should follow labor laws	151	3.57	.57	151	3.58	.57

From table 7.7.2.5 above, female EPZ employees proposed that EPZ employers (mean score 3.74) were best placed to ensure that they provided them with proper working conditions, with the assistance of both EPZ workers and the government (mean score 3.64 for both) with a reduction on labor law concessions (mean score 3.58).

Males, on the other hand, felt that the government (mean score 3.69) was in the best position to ensure that workers were exposed to proper working conditions with the help of EPZ workers (mean score 3.62) and employers (mean score 3.58).

Table 7.7.2.6 below, presents data on 18-29 year old EPZ employees' perceptions towards the suggestions of general alternative employer-employee regulation instruments.

Table 7.7.2.6: 18-29 year old EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	18-23			24-29		
	N	Mean	SD	N	Mean	SD
The government should protect EPZ workers	68	3.81	.50	168	3.64	.63
NGOs should be more involved in EPZ activities	68	3.24	.95	168	3.25	.96
EPZ employers should protect their workers	68	3.59	.72	168	3.73	.50
EPZ workers should get more involved	68	3.71	.55	168	3.67	.57
Universities should play a part	68	2.87	1.05	168	3.15	.85
EPZ employers should follow labor laws	68	3.43	.68	168	3.65	.52

Table 7.7.2.6 above indicates that employees in the 18-23 years category stated that the government (mean score 3.81) was best placed to ensure that they were exposed to proper working conditions with the help of EPZ workers (mean score 3.71) and employers (mean score 3.59). Those employees in the 24-29 age group bracket, indicated that employers (mean score 3.73) were in the best position to ensure that workers were exposed to proper working conditions with the help of a reduction in labor law concessions (mean score 3.65) and the government (mean score 3.64).

Table 7.7.2.7 overleaf presents data on section head and non-section head EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments.

Table 7.7.2.7: Section head and Non-section head EPZ employees' perceptions towards the suggestions of using a general set of alternative EPZ employer-employee regulation instruments

	Section Heads			Non-Heads		
	N	Mean	SD	N	Mean	SD
The government should protect EPZ workers	66	3.70	.46	236	3.66	.62
NGOs should be more involved in EPZ activities	66	3.21	.90	236	3.21	.98
EPZ employers should protect their workers	66	3.62	.58	236	3.67	.58
EPZ workers should get more involved	66	3.44	.90	236	3.68	.51
Universities should play a part	66	2.68	.96	236	3.11	.90
EPZ employers should follow labor laws	66	3.58	.53	236	3.58	.58

Table 7.7.2.7 above indicates that non-section heads felt that workers (mean score 3.68) were in the best position to ensure that their employers exposed them to proper working conditions with the assistance of their employers (mean score 3.67) and the government (mean score 3.66). Section heads, on the other hand, felt that the government (mean score 3.70) in cooperation with employers (mean score 3.62) and a reduction in labor law concessions (mean score 3.58) could ensure that EPZ workers were exposed to proper working conditions.

7.7.3 Trade instruments

The purpose of this section is to establish the perceptions and attitudes of EPZ investors, their employees and the EPZA towards the use of trade instruments as employer-employee regulatory instruments in Kenyan EPZs. These trade instruments include:

1. Preferential Trade Agreements (PTAs);
2. International/Multinational Enterprises (MNEs);
3. International/ Multinational Enterprise (MNEs) codes of conduct;
4. Consumer groups.

To precisely identify the perceptions and attitudes of the EPZA, EPZ employees and their employers towards the use of a general set of alternative employer-employee regulatory instruments in Kenyan EPZs, the mean scores and standard deviations of the sampled

employees were analyzed using the different employer-employee profiles identified in section 7.1 of this chapter. These are: age - 18-23 & 24-29, gender, marital status, leadership positions held, firms located in the public/private and unionized/non-unionized zones.

Table 7.7.3.1 below presents data on EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

Table 7.7.3.1: EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments

	Total respondents			Public EPZs			Private EPZs		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
PTAs should be involved	302	3.28	.93	167	3.19	1.05	135	3.39	.75
MNEs should become more involved	302	3.39	.76	167	3.27	.87	135	3.53	.58
Are employees aware of MNE codes of conduct?	302	2.08	1.06	167	1.92	1.02	135	3.56	.54

From table 7.7.3.1 above EPZ employees from companies located in private zones indicate that they were in favor of PTAs (mean score 3.39), MNE (mean score 3.53) and the use of codes of conduct (mean score 3.56) as trade instruments that could ensure that they were exposed to proper EPZ working conditions.

EPZ companies located in the public zone supported the use of MNE codes of conduct in their EPZ operations (mean score 3.27) although most of their employees were not aware of these codes of conduct (mean score 1.92). However, they also accepted that PTAs could play an employer-employee regulatory role in the zones (mean score 3.19). In total, most employees indicated that MNEs had a role to play in ensuring that they were exposed to proper working conditions (mean score 3.39) although most of them were not aware of these MNE codes of conduct as indicated by the weak average mean score of (2.08). They also proposed the involvement of PTAs (mean score 3.28) as regulators of working conditions in EPZs.

Table 7.7.3.2 below presents data on EPZ investors' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

Table 7.7.3.2: EPZ investors' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments

	Total			Public			Private		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Consumer groups can help resolve workers issues	10	2.90	1.20	5	2.60	1.34	5	3.20	1.10
PTAs can help resolve workers issues	10	3.40	.97	5	2.80	1.10	5	4.00	.00
MNEs can help resolve workers issues	10	3.80	.42	5	3.60	.55	5	4.00	.00

Table 7.7.3.2 above indicates that EPZ investors located in private zones proposed that MNEs and PTAs (mean scores 4.00) could play a part in ensuring EPZ workers were exposed to proper working conditions but felt that consumer groups had a relatively small role to play in the zones (mean score 3.20). Investors based in the public zone proposed that MNEs (mean score 3.60) had a bigger role to play in the zones than other groups. In total, both sets of investors felt that MNEs (mean score 3.80) and PTAs (mean score 3.40) could play a big role in ensuring proper employer-employee working conditions existed in Kenyan garment EPZs.

- The EPZA strongly disagreed with the suggestion that consumer groups had a role to play in EPZ operations as it (the EPZA) indicated that their (consumer groups) operations are similar to those of NGOs. It, however, agreed that trade agreements and MNEs could play a role in employer-employee regulation in Kenyan garment EPZs.

Table 7.7.3.3 on the following page presents data on male and female EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

Table 7.7.3.3: Male and female EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments

	Male			Female		
	N	Mean	SD	N	Mean	SD
PTAs should be involved	151	3.21	1.03	151	3.35	.83
MNEs should become more involved	151	3.28	.87	151	3.49	.62
Are employees aware of MNE codes of conduct?	151	2.15	1.14	151	2.02	.97

From table 7.7.3.3 above, both males and females indicated that MNEs (mean scores 3.28-males and 3.49-females) and PTAs (mean scores 3.21-males and 3.35-females) had roles to play in ensuring that proper working conditions existed in the zones. They also indicated with low mean scores (2.15-males and 2.02-females) that they were not aware of any codes of conduct of the MNEs their EPZ employers subcontracted from.

Table 7.7.3.4 below presents data on 18-29 year old EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

Table 7.7.3.4: 18-29 year old EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments

	18-23			24-29		
	N	Mean	SD	N	Mean	SD
PTAs should be involved	68	3.31	.82	168	3.35	.88
MNEs should become more involved	68	3.15	.87	168	3.48	.69
Are employees aware of MNE codes of conduct?	68	1.93	.95	168	2.14	1.04

Table 7.7.3.4 above indicates that employees in the 18-23 age group category indicated that they would prefer trade agreements (mean score 3.31) followed by MNE involvement (mean score 3.15) in ensuring that their employers exposed them to better working conditions, while very few of them were aware of the codes of conduct of MNEs (mean score 1.93) their EPZ employers subcontracted from. Employees in the 23-29 age group category indicated that they would prefer MNE involvement (mean score 3.48) followed by international trade agreements (mean score 3.35) although the weak average

mean score of (mean score 2.14) indicates that most were not aware of the MNE codes of conduct their EPZ employers subcontracted from.

Table 7.7.3.5 below presents data on section head and non-section head EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

Table 7.7.3.5: Section head and non-section head EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments.

	Section Head			Non-Heads		
	N	Mean	SD	N	Mean	SD
PTAs should be involved	66	3.26	.93	236	3.28	.94
MNEs should become more involved	66	3.33	.85	236	3.40	.74
Are employees aware of MNEs codes of conduct?	66	2.09	1.16	236	2.08	1.03

Table 7.7.3.5 above indicates that both section heads and non-section heads preferred MNE involvement (mean scores 3.33 and 3.40 respectively) followed by PTAs (mean scores 3.26-section heads and 3.28-non-section heads) in ensuring their employers exposed them to proper working conditions.

Both sets of workers were not aware of the codes of conduct of the MNE their EPZ employers contracted from as indicated by the weak average mean scores of (2.09) for section heads and (2.08) for non-section heads.

Table 7.7.3.6 on the next page presents data on unionized and non-unionized EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade agreements.

Table 7.7.3.6: Unionized and Non-unionized EPZ employees' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade instruments

	Union EPZs			Non-union EPZs		
	N	Mean	SD	N	Mean	SD
PTAs should be involved	203	3.21	.97	99	3.41	.83
MNEs should become more involved	203	3.38	.78	99	3.40	.73
Are employees aware of MNEs codes of conduct?	203	2.24	1.09	99	1.76	.92

As the data in table 7.7.3.6 above indicates, the high mean scores (above 3.00) of unionized and non-unionized employees, indicate that employees from these two groups felt that MNEs and PTAs could play a role in ensuring that they were exposed to proper working conditions. However, the weak average (below 2.50) and low mean scores (below 2.00) on the awareness of MNE codes of conduct indicate that not many employees were aware of the codes of conduct of the MNEs, their EPZ employers subcontract from.

Table 7.7.3.7 below presents data on unionized and non-unionized EPZ investors' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade agreements.

Table 7.7.3.7: Unionized and Non-unionized EPZ investors' perceptions towards the suggestions of alternative EPZ employer-employee regulation with the use of trade agreements

	Union			Non-union		
	N	Mean	SD	N	Mean	SD
Consumer groups can help resolve workers issues	7	3.43	.98	3	1.67	.58
PTAs can help resolve workers issues	7	4.00	.00	3	2.00	.00
MNEs can help resolve workers issues	7	4.00	.00	3	3.33	.58

From table 7.7.3.7 above, non-unionized investors low mean score (mean score 1.67) on the use of consumer groups as EPZ regulators, indicates their discomfort with consumer group as EPZ employer-employee regulators. Non-unionized investors also lowly rate the role trade unions can play as EPZ employer-employee working conditions regulators

(mean score 2.00) but highly rate the role MNEs can play as EPZ working conditions regulators (mean score 3.33). Unionized investors highly rate the role consumer groups (mean score 3.43); PTAs (mean score 4.00) and MNEs (mean score 4.00) can play as EPZ working conditions regulators.

7.7.4 Other instruments

The purpose of this section was to establish the perceptions and attitudes of EPZ investors, their employees and the EPZA towards the use of other instruments as employer-employee regulatory instruments in Kenyan garment EPZs.

Table 7.7.4.1 below presents data on the way investors would like to approach EPZ labor issues in the EPZ workplace.

Table 7.7.4.1: The way Investors would like to approach EPZ employer-employee working condition issues at the EPZ workplace

	N	Percent
Existing laws	2	33.3
Codes of Conduct	2	33.3
Arbitration	1	16.7
Unions	1	16.7
Total	6	100.0

From table 7.7.4.1 above, 33.3% of investors felt that the existing laws were suitable to handle any working condition disagreements between them and their employees, while another 33.3% indicated that their employer-employee working relationships could be well handled with the use of an EPZ code of conduct. Other suggestions included arbitration (16.7%) and unions (16.7%) as some employers had successfully utilized unions to enhance their employer-employee working relationship.

7.7.5 Improving working relationships

The purpose of this section was to elicit data from EPZ investors and their employees on how the current employer-employee labor relations' gap in Kenyan EPZs could be reduced.

Table 7.7.5.1 below presents employees suggestions on how the current EPZ employer-employee working relationships can be improved at the EPZ workplace.

Table 7.7.5.1: Employees suggestions on how the current EPZ employer-employee working relationships can be improved

Suggestion	N	Percent
Better employment, treatment and working condition structure	279	19.5
Employer-employee communication improvement	213	14.9
Employees should be educated on labor rights issues	210	14.6
More EPZA support	204	14.2
Better remuneration structures	144	10.0
More employee involvement in decision-making	123	8.6
Better response to employee grievances	60	4.2
Employees should be more committed	54	3.8
Transport should be provided after night shifts	51	3.6
Employees should be rewarded for exemplary performance	51	3.6
Research into better EPZ operating conditions	15	1.0
Localization of management staff	15	1.0
Voluntary overtime	12	.8
Total	1431	99.8

From table 7.7.5.1 above, the majority of the workers (20%) felt that a better employment, treatment and working condition structure that would help eliminate discrimination in employment and ensure workers are exposed to proper working conditions should be put in place. The improvement of employer-employee communication structures (14.9%), educating employees on their labor rights and the roles unions play (14.6%) together with more EPZA support (14.2%) and better remuneration structures (10%) were the four other strong suggestions EPZ employees felt

would help improve their working conditions and relationships in the zones.

Table 7.7.5.2 below presents data on EPZ investors' suggestions on how the current EPZ employer-employee working relationships can be improved.

Table 7.7.5.2: Investors suggestions on how the current EPZ employer-employee working relationships can be improved

	Frequency	Percent
Educating workers on their labor rights	1	12.5
Educating workers on the correct duties of trade unions	1	12.5
Joint seminars between stakeholders	1	12.5
Standardization of wage structures to minimize heavy labor turnover	2	25.0
Formulation of an EPZ stakeholders code of conduct	2	25.0
The enacting of separate laws for EPZ operators	1	12.5
Total	8	100.0

From table 7.7.5.2 above, the standardization of EPZ wage structures (25%) and the formulation of an EPZ stakeholders code of conduct (25%), were the two major suggestions made by the investors. Other suggestions by investors are: educating workers on their rights (12.5%) and the role of trade unions (12.5%) through joint seminars between EPZ stakeholders, while 12.5% of investors proposed the enacting of separate laws for EPZ operators.

7.7.6 Improving employer-employee communication channels

The purpose of this section was to elicit data from EPZ employees on how the current employer-employee communications gap in Kenyan garment EPZs could be reduced.

Table 7.7.6.1 on the page that follows presents data on how existing EPZ employer-employee communication channels can be improved.

Table 7.7.6.1: How can the existing EPZ employer-employee communication channels be improved?

	N	Percent
More EPZA support	97	35.1
More government support	77	27.9
More investor support	55	19.9
More employee independence	47	17.0
Total	276	100.0

From table 7.7.6.1 above, 35% of the respondents indicated that they required more EPZA support in order to be able to address their working condition problems. 30% of the respondents indicated that they required more government support to be able to address their EPZ employer-employee communication problems. 20% indicated that they required more investor support in order to be able to address their working conditions' problems.

7.7.7 Summary

The purpose of this section was to elicit suggestions from the EPZA, EPZ employers and their employees on how the existing employer-employee labor relations' gap in Kenyan EPZs could be reduced. The three groups suggested that the use of general alternative EPZ employer-employee regulatory instruments (the government, NGOs, unions and institutions of higher learning), trade instruments (preferential trade agreements and codes of conduct) and other instruments (existing laws, arbitration and unions) could ensure that EPZ working conditions improved.

The section also highlighted the perceptions of the three groups towards their current employer-employee working relationships in the zones. The majority of workers indicated that their employer-employee working relationships could be improved with a better EPZ employment structure; improvement of employer-employee communication structures; educating employees on their labor rights; educating employees on the roles unions play; more EPZA support and better remuneration structures.

The next chapter uses the findings from this chapter to draw conclusions on the effect of labor law concessions on stakeholders in Kenyan garment EPZs.

CHAPTER EIGHT

SUMMARY AND CONCLUSIONS

8.1 Introduction

This chapter utilizes the data presented and analyzed in chapter seven to provide the summary and conclusions of the study. The chapter summarizes and makes conclusions on the current state of the factors that affect employer-employee labour relations, the scope of the employer-employee labour relations' gap (problem) and the impact caused by labour law exemptions on EPZ operations. It then provides a summary and conclusions on the current state of the existing problem-solving (regulation) frameworks, the current state of existing EPZ communication structures and on the suggestions by the EPZ stakeholders on how they would prefer their working conditions' problems to be resolved.

8.2 Summary and Conclusions

The purpose of this study was six-fold. First, the study investigated the factors that significantly affect employer-employee labour relations in Kenyan EPZs. It also investigated how these factors affected employer-employee labour relations in Kenyan garment EPZs.

Selected independent variables such as age, sex, marital, educational, employment and salary status, company location, unionization and non-unionization of the company, among other factors, were examined to find out whether they significantly affected employer-employee labour relations in Kenyan garment EPZ operations or not. The next step involved correlating the above factors against the six factors that Non Governmental Organizations NGOs such as the International Labour Organization (ILO) and the International Confederation of Free Trade Unions (ICFTU) and Multinational Enterprises (MNEs) considered important in determining the state of a company's working conditions. These six factors are:

- The importance and nature of education, training and work experience;
- Employment discrimination - factors that influence recruitment;

- Remuneration structures;
- Working facilities;
- Interpersonal relationships at the EPZ workplace and
- The working relationships - between employers and employees.

The selected independent variables were then tested against these factors to determine whether or not there existed any significant relationships.

Information regarding the above issues was solicited from the three key stakeholders in Kenyan EPZ operations (the EPZA, EPZ employers and their workers).

Secondly, the study investigated the scope of the employer-employee labour relations' gap (problem) in Kenyan garment EPZs. This was done by investigating the perceptions of the three groups (the EPZA, EPZ employers and their workers) against the six factors listed above that were considered important in determining the state of a company's working conditions.

Third, the study assessed the impact of the various labour law exemptions on Kenyan garment EPZ operations. These exemptions are:

1. The factories act,
2. The minimum wages act.

Fourth, the study assessed the perceptions and attitudes of employers and their employees towards the effectiveness of the existing problem solving (regulation) frameworks at the EPZ workplace. These frameworks are:

- The employer self-regulating structure;
- Unions (worker/house committees);
- Codes of conduct and
- The EPZA.

Fifth, the study investigated the perceptions of the EPZA, EPZ employers and their workers towards the effectiveness of their existing communication structures and

the extent to which they may have contributed to the existing employer-employee labour relations' gap (problem) in Kenyan garment EPZs, as it was assumed that communication or the lack of it, may have contributed to the existing employer-employee labour relations gap in Kenyan garment EPZs. The study sought to establish the communication channels available to EPZ stakeholders, particularly employers and their employees.

The last objective of the study was **to elicit data from EPZ investors, their employees and the EPZA** suggesting how the above listed problems could be resolved (how the current employer-employee labour relations gap in the zones could be reduced).

The findings arising from this study are highlighted herein.

8.2.1 Factors that significantly affect employer-employee labour relations in Kenyan EPZs

The study's first objective was to investigate the factors that significantly affected Kenyan garment EPZ employer-employee labour relations and how these factors affected employer-employee labour relations in Kenyan garment EPZs.

Identifying the factors (derived from the profiles of EPZ employers and their employees) that significantly affected employer-employee labour relations in Kenyan EPZs exposed the factors that contributed to employer-employee labour relation problems in Kenyan garment EPZ. After exposing the study's sixteen-research hypotheses to the appropriate (t) or (f) tests, the following factors were found to significantly affect employer-employee labour relations in Kenyan garment EPZs:

- Age - older employees (24-29 year olds) perceived their working conditions better than their younger (18-23 year olds) co-workers;
- Gender – male workers rated their working conditions higher than their female co-workers;

- Marriage status – a trend emerged whereby after marriage the more unstable a worker's marital life/status was, the higher the worker rated his/her working conditions;
- Employment status – workers employed on contract basis highly rated their working conditions;
- Work section (department) - EPZ employees who worked in the merchandising sections (departments) lowly rated their working conditions;
- Leadership position in company – section heads rated their working conditions higher than their non-section head counterparts;
- Salary scales – employees earning the lowest wages highly rated their working conditions;
- Location of Company - employees from companies located in the private zones rated their working conditions higher than those employed in the public zone;
- Unionization status of a Company - unionized workers rated their working conditions higher than their non-unionized colleagues.

The following seven factors were found to have a modest but not significant effect on employer-employee labour relations in Kenyan garment EPZs.

- Educational qualifications - workers with high education qualifications rated their working conditions higher than their colleagues with minimal education;
- Technical qualifications – employees with no technical qualifications rated their working conditions higher than their counterparts who had some technical qualifications;
- The length of service of an employee – employees who had served for between 3–4 years, highly rated their working conditions while those who had served between 5-6 years lowly rated their working conditions;
- Age (young versus old) – older (24-29 year olds) workers rated their working conditions higher than their young (18-23 year old) colleagues;

- Investors' factory location – investors located in public zones rated the working conditions they exposed their workers to, higher than those located in the private zones;
- Investors' unionization status – non-unionized investors rated the working conditions they exposed their workers to, higher than unionized investors;
- The length of time a company had operated as an EPZ – a trend emerged whereby the longer a company had operated in the zones, the poorer the nature of the working conditions it exposed its workers to.

It can thus be concluded that the following nine factors significantly affect EPZ employer-employee labour relations in Kenyan garment EPZs: age, gender, marital status, employment status, work section, leadership position in company, salary scale, the location of a an EPZ company in a public or private zone and the unionization status of a company.

Having identified that factors that significantly affected EPZ employer-employee labour relations in the zones, the next section highlights the findings derived from examining the scope of the labour relations' gap (problem areas) in Kenyan EPZs.

8.2.2 The scope of the employer-employee labour relations' gap in Kenyan garment EPZs

The second objective of the study was to investigate the scope of the employer-employee labour relations' gap (problem areas) in Kenyan garment EPZs. This was done by investigating the perceptions of the three groups (the EPZA, EPZ employers and their workers) towards the six factors that EPZ labour regulatory bodies (the government, multinational companies and non-governmental organizations) considered important in determining the state of a company's working conditions. These factors are:

1. Education and training facilities;
2. Employment structures (avoid employment discrimination);
3. Remuneration structures;

4. Working facilities;
5. Interpersonal relationships;
6. Working relationships.

This section draws summaries and makes conclusions on the scope of the employer-employee labour relations' gap in Kenyan EPZs based on the perceptions of EPZ employees and their employers.

8.2.2.1 Importance of Education, Training and Work Experience

“The best organizations recognize that providing employees with opportunities to learn pays dividends for both the organization and the employees. The organization gets better-skilled workers who are more versatile and flexible in their assignments, and employees get the opportunity to learn new skills, gain new ways of viewing the world, and meet and network with co-workers. When employees are given opportunities to learn and better themselves within the organization it can electrify an otherwise stagnant group of individuals” (Nelson, 1997:58).

8.2.2.1.1 EPZ workers and Investors

Both EPZ employees and employers highly rated the importance of education and training at the EPZ workplace. The findings also indicated that employee on-the-job training takes place in the zones, the EPZ on-job training and working experience was sufficient enough to prepare employees to be self reliant outside the zones. From the findings above, it was concluded that skills (technology) transfer takes place in Kenyan garment EPZs.

8.2.2.1.2 18-23 & 24-29 year olds

Both age groups viewed education qualifications as important during recruitment. The difference in perceptions between the two age group categories fell in two areas. Employer training and the relevance of work experience outside the zones. The younger employees (18-23) felt that the on-the-job training they attained was sufficient while older employees found it to be insufficient. On the relevance of the acquired work experience to their lives outside the zones, the 24-29 year old age-group category felt it was sufficient, while the 18-23 year old age-category felt it was insufficient for them to

establish private business with outside the zones. From the findings above, it was concluded that skills transfer takes place more, among older (24-29 year olds) than among young (18-23) year old EPZ employees.

8.2.2.1.3 EPZ Males and Females

Males highly rated the relevance of education and work experience in establishing private business outside the zones, while female employees lowly rated the nature of training offered by employers and the relevance of the acquired work experience in establishing private business outside the zones. From the findings above, it was concluded that the training and work experience acquired in the EPZ workplace suited male more than female EPZ employees in Kenyan garment EPZs.

8.2.2.1.4 Section heads and Non-section heads

Both groups regarded education qualifications as important in securing employment in the zones. They also stated that the training offered by their employer was sufficient for their EPZ work, while the EPZ work experience they had acquired, was relevant to them both within and outside the zones. However, the two groups differed on the nature of the on-job training offered by their employers. Section heads highly rated the on-job training their employers offered while non-section heads lowly rated the training offered by their employers. From the findings above, it was concluded that EPZ training and work experience suited section heads more than non-section head employees in Kenyan garment EPZs.

8.2.2.1.5 EPZ workers from companies located in Public and Private EPZ firms

Both sets of employees considered training and education qualifications as important when applying for employment in the zones. They also indicated that the employer offered on-the-job training was sufficient and the work experience they had acquired in the EPZ workplace was relevant to their future outside the zones. The only difference that emerged was that of the nature of on-the-job training that EPZ employers offered. Employees in the public zone lowly rated the nature of the on-the-job training offered by their employers, while those working in the public zones highly rated it. From the

findings above, it was concluded that employers located in the private zones offer their employees' better training than those located in the public zone.

8.2.2.1.6 Unionized and non-unionized EPZ workers

Unionized employees highly rated the importance of education and training as well as the acquired work experience both for their jobs within and outside the zones. Non-unionized employees lowly rated the nature of the on-the-job training that they had acquired from their employers and the relevance of the acquired working experience outside the zones. From the findings above, it was concluded that skills (technology) transfer takes place more in unionized than in non-unionized garment EPZs in Kenya.

8.2.2.2 Employment Discrimination

8.2.2.2.1 EPZ workers and Investors

Both employers and employees concurred that pregnancy and marital status were not considered to be important factors during recruitment. On the importance of gender as an employment-determining factor, most investors stated that they employed more women than men as most of their operations suited women. On the issue of age discrimination: employers stated that their discrimination was legal, as they did not employ anyone below the legal (official) employment age of 18 years. Employees on their part expressed the feelings of discrimination in two ways. The younger (18-23 year olds), employees stated that employers preferred older and mature employees (24-28 year olds) while the older employees (24-28 year olds) felt that employers preferred young and fresh employees (18-23 year olds). Thus age and gender employment discrimination was found to exist in Kenyan garment EPZs.

8.2.2.2.2 18-23 & 24-29 year olds

Gender, pregnancy and marital status, were not important factors according to the 18-23 year old age group category during recruitment in the zones. As for the 24-29 age group category, pregnancy and marital status did not count as advantages during recruitment in the zones. What they felt counted was gender where men specifically stated that employers preferred recruiting more women than men.

The two age groups (18-23 & 24-29) held different views on the importance of age in employment. The younger employees stated that employers preferred recruiting older and more mature workers, while the older employees argued that employers preferred recruiting younger employees. On the basis of these findings, it was concluded that age and gender employment discrimination exists in Kenyan garment EPZs.

8.2.2.2.3 EPZ Males and Females

Both males and females did not regard marital and pregnancy status as important during recruitment. On the issue of gender, male employees indicated that employers preferred employing more females than males, while some females stated that they had been employed on the basis of their gender. On the importance of age during recruitment, the older male and female employees indicated that employers preferred employing the young while the young indicated that employers preferred employing older and more mature employees. From the above findings, it was concluded that age and gender employment discrimination existed in Kenyan garment EPZs.

8.2.2.2.4 Section heads and Non-section heads

Section heads viewed gender, pregnancy, age and marital status as important during recruitment. On the other hand, non-section heads lowly rated the importance of pregnancy and marital status in getting them employed in the zones. Non-section heads however, considered gender to be important when seeking employment in the zones as most males felt females had an advantage over them when it came to recruitment. On age, the young argued that employers preferred older more mature employees while the older employees argued that employers preferred employing the young. Thus from the perspective of section heads there exists gender, pregnancy and marital employment discrimination in the zones while from the point of view of non-section heads, gender and age employment discrimination exists in the zones.

8.2.2.2.5 EPZ workers from companies located in Public and Private EPZs

EPZ workers located in both public and private zones did not consider their pregnancy and marital status as factors that determined whether they were recruited or not in the

zones. However, age was considered by both sets of workers to be an important factor during recruitment. Employees in companies located in the public zone indicated that their gender influenced their recruitment in the zones while those working in companies situated in private zones did not consider gender to have played a part in their recruitment in the zones. From the above findings, it was concluded that age discrimination existed in EPZ companies located in both public and private zones while gender discrimination was found to take place in companies located in the public zone.

8.2.2.2.6 Investors from companies located in Public and Private EPZs

Investors located in the public EPZ did not consider age, educational qualifications, maternity and marital status as important during recruitment but cited gender as an important factor that determined an employee's recruitment in the zones. On the other hand, investors in companies located in private zones did not consider educational qualifications, gender, maternity and marital status as important but age was the only item among the five that they considered important while recruiting. From the above findings, it was concluded that there exists gender and age employment discrimination in both public and private garment EPZs in Kenya.

8.2.2.2.7 Unionized and non-unionized EPZ workers

Both the unionized and non-unionized workers did not consider pregnancy and marital status as having any influence during recruitment in the zones. However both sets of employees regarded gender and age as important employment determining factors in the zones. On the basis of these findings, it was concluded that age and gender employment discrimination exists in both unionized and non-unionized garment EPZs in Kenya.

8.2.2.2.8 Unionized and non-unionized EPZ investors

Both unionized and non-unionized investors did not consider marital and pregnancy status to be an important factor during recruitment. However, both sets of investors considered gender to be important during recruitment where investors stated that they preferred employing females rather than males. On the basis of these findings it was

concluded that gender employment discrimination exists in unionized and non-unionized garment EPZs in Kenya.

8.2.2.3 Remuneration structures

8.2.2.3.1 EPZ workers and Investors

The study revealed that EPZ employees received the standard minimum/industrial wage. Employers' wage scales varied from the minimum wage scale to the industrial average wage scale while other employers paid above both industrial and minimum wages.

On the state of their employment status: most employees complained of being employed on a contract basis, a large number on three-month (long/short) contracts. Those employed on casual basis complained of retaining this (casual) status for rather a long time, while a few employees were employed on a permanent basis.

On the number of days they worked for in a week: both investors and employees responses indicated that their working week runs for either five or six days. On overtime, employees complained that at times they were forced to work for more than the legally required hours, more specifically when a shipment was due. The majority of employers indicated that their overtime shifts lasted between 8-11 hours, which was above the legally accepted overtime working hours. On the nature of their medical facilities, most employers stated that their medical facilities were good but employees complained that statutory deductions to the National Hospital Insurance Fund (NHIF) were never remitted. On the basis of these findings, it was concluded that Kenyan garment EPZ workers wages are above or within the minimum/industrial average scales. Their working week is within the legally accepted standards but at times they are required to work above the legally allowed maximum overtime hours and are exposed to inadequate medical facilities.

8.2.2.3.2 18-23 & 24-29 year olds

Both 18-23 and 24-29 year olds lowly rated the state of their employment status, overtime and nature of medical facilities. The two age groups highly rated their working week and their wage scales which indicated that they worked for either five or six days a week and received the minimum or industrial average wage. On the basis of these

findings, it was concluded that the remuneration factors that negatively affect Kenyan garment EPZ workers between the ages of 18-29, are their employment status, overtime and medical facilities.

8.2.2.3.3 EPZ males and Females

Both females and males indicated that they receive minimum or industrial standard wages and work between five or six days a week. Both genders felt uncomfortable with the state of their employment status, overtime and the medical cover provided by their employers. From these findings, it was concluded that there were improper employment status, overtime and the medical structures in Kenyan garment EPZs.

8.2.2.3.4 Section heads and Non-section heads

Both section heads and non-section heads lowly rated the state of their employment status and medical facilities but highly rate their wages, number of working days and overtime. On the basis of these findings, it was concluded that the existing employment progression and medical structures are inadequate in Kenyan garment EPZs.

8.2.2.3.5 Employees from companies located in Public and Private EPZs

Both sets of employees highly rated the state of their salary and working days but lowly rated the state of their employment status, overtime and nature of their medical facilities. From these findings, it was concluded that the employment progression structures, overtime and medical facilities were the factors that negatively affect garment EPZ employees in public and private zones in Kenya.

8.2.2.3.6 Investors from companies located in Public and Private EPZs

Both investors from companies located in the public and private zones wage scales were within the industrial average and the government set minimum wage scales. Both sets of investors also had a five to six working day week. Both sets of investors indicated that their overtime hours were in some cases beyond the legally accepted maximum. On the basis of these findings, it was concluded that Kenyan garment investors located in the

public and private zones at times exceeded the legally required maximum hours of overtime.

8.2.2.3.7 Unionized and non-unionized EPZ workers

Both unionized and non-unionized workers rated the state of their wages and the length of their working week highly. However, both sets of workers lowly rated the state of their employment status, overtime and the nature of their medical facilities. On the basis of these findings it was concluded that employment status, overtime and medical facilities were factors that negatively affect unionized and non-unionized EPZ workers in Kenyan garment EPZs.

8.2.2.3.8 Unionized and non-unionized EPZ investors

Non-unionized investors remunerated their workers using the minimum or industrial wage scale. They had a five to six day working week and their overtime was within the legally required maximum. In the course of this they received few complaints from their workers on the state of their medical facilities. Unionized investors, on the other hand, also remunerated their workers using the minimum or industrial wage scale, had a five to six day working week, where their overtime was within the legally required maximum but they received a large number of complaints on the state of their medical facilities. On the basis of these findings, it was concluded that non-unionized Kenyan garment EPZ investors provided their workers with better working conditions than unionized investors.

8.2.2.4 Working facilities

“An organization’s overall facilities and environment can make a tremendous difference in the attitude and energy of its employees. Is the organization set up in such a way that encourages employees to work together or does it create divisions that discourage or even undermine cooperation and collaboration? NB. Most workers spend about a third of their lives at work. The workplace should be a comfortable and inviting place that employees can look forward to, rather than dread spending time in. Providing schedule flexibility or the best equipment for getting the job done right may cost more, but can be money well spent” (Nelson, 1997:185).

8.2.2.4.1 EPZ workers and Investors

On the state of EPZ factory temperatures, both employees and their employers stated that the temperatures in the EPZ workplace were favourable. Over half of the interviewed workers revealed that they did not have any complaints with their factory temperatures.

On the state of EPZ factory lighting conditions, most of the employees stated that they did not have any complaints regarding the state of their factory lighting while most employers said they had received few complaints on factory lighting.

On the state of EPZ fire safety measures, as most factories and their equipment were relatively new, employees indicated that they were comfortable with the state of the fire safety equipment available. Observations from the researcher also confirmed this, as most companies had fire-extinguishing equipment at strategic places around their production floors. However, although the major employee entrances/exits remained open (not blocked) one company had used part of the alternative entrance (not used by employees but by visitors and management staff) (which could also be used as an emergency exit) as a storage facility for flammable (paper) incoming/outgoing goods). Employers, on the other hand, said they did not receive any complaints from their employees relating to their fire safety. With regard to the state of the injury preventive equipment provided, most employers stated that they had received few complaints on the injury preventive equipment they provided their employees with. However, their employees felt that the provided injury preventive equipment was not protective enough.

Regarding the state of the sanitary facilities: most respondents did not express any restrictions on the use of sanitary facilities, while most employers stated that they received few sanitary related the state of their sanitary. On the basis of these findings, it was concluded that Kenyan garment EPZ employees received inadequate injury preventive equipment.

8.2.2.4.2 18-29 year olds

Both 18-23 and 24-29 year olds highly rated the state of their fire safety, lighting, factory temperatures and sanitary facilities but both groups lowly rated the state of their injury

preventive equipment. On the basis of these findings, it was concluded that Kenyan garment EPZ employees between the ages of 18-29 received inadequate injury preventive equipment.

8.2.2.4.3 EPZ males and Females

Both males and females highly rated the state of the working facilities their employer provided them. However, females lowly rated the nature of protective equipment their employer had provided. Thus it was concluded that female employees in Kenyan garment EPZs received inadequate injury preventive equipment.

8.2.2.4.4 Section heads and Non-section heads

Both section heads and non-section heads indicated that they were satisfied with the state of the working facilities provided by their employer. Both sets of employees highly rated the state of their fire safety measures, lighting conditions, factory temperatures and the state of their sanitary facilities. On the state of their injury protective equipment, a difference emerged whereby section heads highly rated this equipment but non-section heads lowly rated it. On the basis of these findings, it was concluded that non-section heads in Kenyan garment EPZs received inadequate injury prevention equipment.

8.2.2.4.5 Employees from companies located in the Public and Private EPZs

Employees from companies located in the private zones rated the state of their fire safety, lighting, factory temperatures, injury protective equipment and sanitary facilities highly. However, workers from companies located in the public zone highly rated the state of their fire safety, lighting, and factory temperatures but lowly rated the state of their injury protective equipment and sanitary facilities. On the basis of these findings, it was concluded that Kenyan garment EPZ companies located in the public zone did not provide their employees with adequate injury protective equipment and sanitary facilities.

8.2.2.4.6 Investors from companies located in Public and Private EPZs

Investors located in private zones indicated that they had received few complaints and in some cases no complaints from their workers on the nature of their working facilities.

Investors located in public zones had received a large number of complaints from their workers regarding the state of their fire safety, lighting, injury protective equipment and sanitary facilities but had received few complaints on the state of their factory temperatures. On the basis of these findings, it was concluded that Kenyan garment EPZ investors located in the private zones provided their employees with better working facilities than those located in the public zone.

8.2.2.4.7 Unionized and non-unionized EPZ workers

Unionized EPZ workers highly rated the state of their factory fire safety, lighting, temperatures, sanitary facilities and their injury prevention equipment. Non-unionized workers rated the state of their factory fire safety; lighting, temperatures and sanitary facilities highly, but lowly rated the nature of their injury protective equipment. Based on these findings, it was concluded that non-unionized Kenyan garment EPZ workers received inadequate injury preventive equipment.

8.2.2.4.8 Unionized and non-unionized EPZ investors

Unionized EPZ investors received few complaints from their employees on the state of their factory lighting, factory temperatures, fire safety measures, sanitary facilities, medical facilities and their injury preventing equipment. Non-unionized investors received few complaints from their employees on the state of their factory lighting, factory temperatures, fire safety measures, medical facilities and injury preventing equipment but received a large number of complaints on the state of employee sanitary facilities. On the basis of these findings, it was concluded that non-unionized Kenyan garment investors provide their workers with inadequate sanitary facilities.

8.2.2.5 Interpersonal relationships

8.2.2.5.1 EPZ workers and Investors

Most investors indicated that they gave their workers permission to attend to non-work related personal issues: such as weddings, funerals and other domestic issues, which affected them. More than half of the employees concurred with their employers on the issue of being granted permission to attend to private issues.

On the nature of the employee supervisor relationships: a few companies received many complaints from their workers about their supervisors, but majority of the employers reported receiving no complaints from their workers about their supervisors. On their part majority of the workers reported not having any major complaints on their supervisors. On the basis of these findings, it was concluded that interpersonal relationships between employers and employees in Kenyan garment EPZs are cordial.

8.2.2.5.2 18-23 & 24-29 age groups, males and females, section heads and non-section

All these groups of employees highly rated their interpersonal relationships at the EPZ workplace. Based on these findings, it was concluded that interpersonal relationships between employers and 18-23 & 24-29 age groups, males and females, section heads and non-section heads in Kenyan garment EPZs are cordial.

8.2.2.5.5 Employees from companies located in Public and Private EPZs

Employees from companies located in public and private zones highly rated their employer-employee interpersonal relationships. However, employees from companies located in the public zones stated that they experienced problems getting permission to attend to their own private issues, but those from companies located in private zones did not experience this problem. On this basis it was concluded that Kenyan garment EPZ investors located in public zones do not readily grant their workers permission to attend to their own personal issues.

8.2.2.5.6 Investors from companies located in Public and Private EPZs

Investors located in private zones readily granted their workers permission to attend to their own private issues and received few complaints from workers about their supervisors. Investors located in the public zones did not readily grant their workers permission to attend to non-work related private issues and did not have many disagreements between workers and their supervisors. On the basis of these findings it was concluded that Kenyan garment EPZ investors located in public zones interpersonal relationships with their employees were poor.

8.2.2.5.7 Unionized and non-unionized EPZ workers

Both unionized and non-unionized workers readily received permission to attend to non-work related personal issues. Employer-employee interpersonal relationships were highly rated by unionized workers but lowly rated by non-unionized workers. On this basis, it was concluded that non-unionized Kenyan garment workers experience poor interpersonal relationships with their employers.

8.2.2.5.8 Unionized and non-unionized EPZ investors

Both sets of investors readily granted their employees permission to attend to their own private issues. However, non-union investors recorded more complaints and disagreements between their workers and supervisors than unionized investors. From these results it was concluded that non-unionized EPZ workers experience poor interpersonal relationships with their employers.

8.2.2.6 Working relationships

“At the core of an energized workforce is the quality of the one-to-one relationships that individual workers have with their employers, and the trust, respect, and consideration that their employers show toward them on a daily basis. Getting the best out of workers is above all the “softer” side of employers – how individuals are treated, inspired, and challenged to do their best work – and the support, resources, and guidance that is provided by employers to help make exceptional employee performance a reality” (Nelson, 1997:1).

8.2.2.6.1 EPZ workers and Investors

Employers highly rated the nature of the working relationship between them and their employees. In contrast the employees revealed that the working relationships with their employers were not as strong as their employers had stated.

On the issue of problem solving between employers and their workers, most employers said that they took as much time as was required to solve any grievances their workers had raised hence the feeling from employees that they were not responsive to their problems. This, they said, should not be interpreted as a lack of concern for workers problems but should be interpreted as responding to their employees' problems without rushing into probably ineffective solutions. This delay in response made employees feel

that their employers were not responding to their grievances. Most employees said they would like their employer to solve their grievances within the shortest time possible preferable within a day and at most a week. On whether employers solve workers problems a large number of workers stated that they did. On the basis of these findings, it was concluded that employer/employee-working relationships in Kenyan garment EPZs are poor.

8.2.2.6.2 18-23 & 24-29 age groups, males and females, section heads and non-section heads

Those between 18-23 and 24-29 year old age groups, males and females, section heads and non-section heads; lowly rated both the nature of their working relationships with their employers and their employers speed in responding to the problems they raised. However, these groups of employees indicated that their employers eventually solved their problems. On the basis of these findings, it was concluded that 18-23 & 24-29 year old age groups, males and females, section heads and non-section heads working relationships with their employers in Kenyan garment EPZs are poor.

8.2.2.6.3 Employees from companies located in Public and Private EPZs

Employees from companies located in public zones lowly rated the state of their working relationships with their employers. They also indicated that their employer took considerably much time to solve their working conditions' problems. However, they indicated that their problems were not eventually solved. In contrast employees in companies situated in the private zones highly rated the state of their working relationships with their employers. They, however, lowly rated their employers' response to their problems but indicated that their problems were eventually solved. On the basis of these findings, it was concluded that the working relationships between employers and their employees in EPZ companies located in the public zone are inferior to those of employers and employees from companies situated in private zones.

8.2.2.6.4 Investors from companies located in Public and Private EPZs

Investors located in both public and private EPZs highly rated the state of their employer-employee working relationships and the length of time they took to respond to their workers grievances. Based on these findings, it was concluded that investors from companies located in public and private zones felt that their working relationships with their workers were good.

8.2.2.6.5 Unionized and non-unionized EPZ workers

Both unionized and non-unionized workers lowly rated both their employer-employee working relationships and the length of time it took employers to solve their problems. Both sets of employees also stated that they would prefer to have their problems solved faster. Unionized workers highly rated their employer on the issue of problem solving, but non-unionized workers lowly rated their employers' ability to solve their problems. On the basis of these findings, it was concluded that both unionized and non-unionized garment workers experience poor employer/employee working relationships at the EPZ workplace.

8.2.2.6.6 Unionized and non-unionized EPZ investors

Both unionized and non-unionized investors highly rated the state of their working relationships with their employees and the length of time it took them to respond to employee grievances. However, both sets of investors were slow in responding to workers grievances though most employers said they took, as much time as they felt was necessary in order to avoid making quick but poor decisions. On the basis of these findings, it was concluded that unionized and non-unionized garment investors felt that their employer/employee working relationships were good.

After highlighting the scope of the labour relations' gap (problem) in Kenyan EPZs the next section highlights the findings on the impact of labour law exemptions on Kenyan EPZ investors.

8.2.3 The impact of labour law exemptions to EPZ investors

The third objective of the study assessed the impact of labour law exemptions on employer-employee labour relations in Kenyan EPZs. The study specifically examined the impact of the exemption of investors from applying the factories act and from paying minimum wages in their EPZ operations.

This section provides a summary and draws conclusions on the impact of labour law exemptions on EPZ operations in Kenyan EPZs based on the perceptions of EPZ investors.

8.2.3.1 Investors from unionized and non-unionized EPZs

Unionized and non-unionized EPZ investors lowly rated the significance of being exempted from paying the government stated minimum wages in their operations.

On the exemption from the factories act, non-unionized investors indicated that it had a positive effect in their operations though investors located in unionized zones lowly rated the effects of this exemption on their operations. On the basis of these findings, it was concluded that the exemption of unionized and non-unionized Kenyan garment EPZ investors from paying the minimum wages had no significant effect on their operations. However, the exemption from applying the factories act had a significant effect only on the operations of non-unionized EPZ investors.

8.2.3.2 Investors from companies located in the Public and Private Zones

Both sets of investors stated that the exemption from applying the factories act had not contributed significantly to their operations. Some investors did not even know that they had been exempted from this act. On the exemption from paying the minimum wages investors located in the public zones stated that this exemption had been helpful to them, although those located in the private zones stated that this exemption had not affected their operations in any way. On the basis of these findings, it was concluded that the exemption from applying the factories act had contributed significantly to the operations of both sets of investors, but the exemption from paying the minimum wages only benefited investors located in the public zone.

8.2.3.3 The EPZA

On its part the EPZA stated that the exemption of EPZ investors from paying the minimum wages and from the factories act had not been helpful in assisting it (EPZA) achieve its investment attraction objectives. Based on this finding, it was concluded that both the exemptions from the factories act and from paying the minimum wages had not contributed in helping the EPZA achieve its investment attraction objectives.

8.2.4 EPZ stakeholders' perceptions towards the effectiveness of the existing problem-solving (regulation) frameworks

The fourth objective of the study was to assess the perceptions and attitudes of employers and their employees towards the effectiveness of the existing problem-solving (regulation) frameworks at the EPZ workplace. These frameworks are:

1. Unions (worker/house committees);
2. The EPZA;
3. Codes of conduct.

This section draws conclusions on the effectiveness of the existing problem-solving (regulation) frameworks based on the perceptions of Kenyan garment EPZ investors and their employees.

8.2.4.1 Unions

8.2.4.1.1 EPZ workers and Investors

On whether unions existed in EPZ based companies, 70% of the interviewed investors indicated that they had a workers body (union), while 54% of interviewed workers indicated that they had a workers body in their company. However, most employees felt that their workers body was not as effective as they would have liked it to be. On the basis of these findings, it was concluded that although most Kenyan garment EPZ companies had unions, these unions had not been as effective as their members would like them to be in addressing their working conditions' problems.

On the role of external unions in the EPZ workplace, most employers felt that they had no role to play in the EPZ workplace. However, they agreed that the existing unions in their companies were of help to them as their employees used them to air their grievances. They also reluctantly accepted that unions could be the link between employers and workers in the EPZ workplace. One employer whose company did not have any form of workers organization said that having a union or not would make no difference to the workers. This is because they (workers) required no link to communicate with their employers, while employers did not require communicating with their workers through a union. A number of employers whose workers were unionized felt that Kenyan unions operated purely for the self-enrichment of their officials and not for the benefit of their workers. On the basis of these findings, it was concluded that although most Kenyan garment EPZ companies had unions, these unions had not been as effective as their members would like them to be in addressing their working conditions' problems.

8.2.4.1.2 18-23 & 24-29 year olds, males and females, section heads and non-section heads, employees from companies situated in public and private zones, unionized workers

The majority of employees in these groups had organized workers bodies in their companies, which they lowly rated in terms of their effectiveness in addressing their problems. Based on these findings, it was concluded that unions have not been effective in assisting Kenyan garment EPZ employees address their working conditions' problems.

8.2.4.1.3 Investors from companies located in Public and Private Zones

Investors from companies located in the public zones lowly rated the role of unions in the EPZ workplace. They indicated that unions cannot: represent workers grievances to employers, ensure that workers work under health conditions, ensure that workers receive fair wages and be the link between employers and workers in the EPZ workplace.

Investors from companies located in the private zones lowly rated the role unions can play in the zones. They, however, highly rated the roles unions can play in: representing workers grievances to employers, ensuring that workers work under health conditions,

ensuring that that workers receive fair wages and acting as the link between employers and workers in the EPZ workplace. On the basis of this finding, it was concluded that investors in companies located in the public zone disregarded the role of unions in the zones while those situated in the private zones felt that there were a few minor roles unions could play in the EPZ workplace.

8.2.4.1.4 Unionized and non-unionized EPZ investors

Unionized investors indicated that, apart from representing workers grievances to employers, ensuring that workers work under healthy conditions and receive fair wages as well as being the link between employers and workers, unions have no other roles to play in the zones. Non-unionized investors on their part lowly rated the roles unions can play in EPZs. They felt that unions could not: represent workers grievances to employers, ensure that workers worked under healthy conditions and received fair wages and be the link between employers and employees in the EPZ workplace. Some investors stated that they did not require intermediaries to address their workers grievances as their workers could approach them directly, other than using an intermediary who may in the process, distort what either group (employers or workers) wanted addressed for their own benefit. On the basis of these findings, it was concluded that unionized investors felt that there was some room for unions in the EPZ workplace but non-unionized investors felt that unions had no roles to play in the EPZ workplace.

8.2.4.2 The effectiveness of the EPZA

36% of the sampled employees indicated that the EPZA had not been helpful in assisting them solve their working condition grievances, while 7% felt that it (the EPZA) had been helpful in assisting them solve their working condition grievances. Based on these findings, it was concluded that the EPZA has not been effective in assisting EPZ workers fully address their working conditions' problems.

8.2.4.2.1 EPZ employees (public & private)

Employees in companies located in the private zones indicated that EPZA labour inspectors visited their companies although they rarely consulted workers and rarely dealt

with their complaints. Employees in EPZs located in the public zone indicated that despite the fact that the EPZA had an office in the zone; EPZA labour inspectors rarely visited, rarely consulted workers and rarely dealt with their complaints.

In total, visits to EPZ based companies by the EPZA were few; EPZA inspectors rarely consulted workers and rarely dealt with their problems. All the employees also indicated that an EPZ code of conduct guiding EPZ operations should be put in place. On the basis of these findings, it was concluded that the EPZA has not been effective in assisting EPZ workers fully address their working conditions' problems.

8.2.4.2.2 EPZ investors

EPZ investors indicated that EPZA inspectors visited the zones and consulted workers and in general and were helpful to them.

8.2.4.2.3 18-29 year olds, Male and Female, Section and Non-section heads, Unionized and Non-unionized EPZ employees

All these groups of employees lowly rated the roles EPZA inspectors played in addressing their problems. These groups of employees indicated that EPZA inspectors rarely visited, consulted and dealt with workers problems. On the basis of these findings, it was concluded that the EPZA has not been effective in helping EPZ workers address their working conditions' problems.

8.2.4.2.4 Unionized and Non-unionized EPZ investors

Non-unionized EPZ investors lowly rated the performance of the EPZA inspectors. They lowly rated the frequency of their visits to their companies and the consultations they held with their employees, although they indicated that on other non-labour related issues the EPZA was helpful. Unionized EPZ investors, on the other hand, highly rated the EPZA in terms of visiting their companies, consulting their workers regarding their working conditions' grievances and highly rated the general help the EPZA offered them. On the basis of these findings, it was concluded that the EPZA has not been effective in helping non-unionized garment EPZ investors and their employees address their working

conditions' problems. However, the EPZA has been effective in helping unionized investors and their workers address their working conditions' problems.

8.2.4.2.5 The EPZAs evaluation of its performance

The EPZAs response portrayed a sense of being in control of all that happens in EPZ operations in the country despite the ceding of labour legislation.

On its operations, the EPZA said that it gets to know of investors' and their employees' grievances through, meetings and factory visits.

On employee grievances, the EPZA came to know about them through: meetings, sit-ins, strikes, go-slows and reporting of disputes to the EPZA by the employees.

The EPZA had no fixed time limits when it came to responding to EPZ workers and investors' grievances as its response varied from one day, depending on the nature of grievance, to many days. It concluded by stating that it was able to settle all grievances EPZ investors and workers brought before it.

8.2.4.3 Other dispute settlement structures available to EPZ stakeholders

8.2.4.3.1 Codes of conduct as regulation instruments

8.2.4.3.1.1 EPZ employers'

Few companies had their own codes of conduct, although MNEs required their Kenyan EPZ contractors to abide by their (MNEs) codes of conduct and they usually monitored for compliance. On the basis of these findings, it was concluded that Kenyan garment EPZ stakeholders do not operate with the use of their own codes of conduct.

8.2.4.3.1.2 Unionized and Non-unionized EPZ investors'

Both unionized and non-unionized EPZ investors did not have codes of conduct. However, both sets of investors indicated that MNEs required them to abide by their (MNEs) codes of conduct and also monitored for compliance. Both unionized and non-unionized EPZ investors considered their communication channels to be effective.

8.2.4.3.1.3 The EPZA

On the issue of codes of conduct: the EPZA indicated that it had not formulated a code of conduct for use in Kenyan EPZs but agreed that self-regulation with the use of an EPZ code of conduct was necessary for Kenyan EPZ operations.

8.2.5 The effectiveness of existing communication structures

“Communication truly is the glue that holds an organization together. In high performing organizations, employees at all levels are a vital link in the communication chain, and information is passed up and down the organization freely and quickly. Well-informed employees are good and productive employees because they feel involved. At the organization level, much can be done to foster communication and the spreading of information among employees. Whether through discussion sessions or other forms of communication the goal is to energize employees by getting them the information they need quickly and efficiently” (Nelson, 1997:33,145).

The fifth objective of the study was to investigate the perceptions of the EPZA, EPZ employers and their workers towards:

1. The effectiveness of their existing communication structures;
2. The extent to which these structures may have contributed to the existing labour relations' gap (problem) in Kenyan EPZs.

This section draws conclusions on the effectiveness of existing communication structures based on the perceptions of the sampled EPZ employees and their employers.

8.2.5.1 Employee – employer communication

The majority of EPZ employee-employer communication revolved around wages and quality concerns, although other issues such as layoffs and quotas were occasionally addressed. Most employees channelled their working conditions' grievances to their employers via workers committees, supervisors and open meetings as well as strikes and go-slows. Investors, on the other hand, used workers committees, open meetings, suggestion boxes and notice boards to communicate with their workers.

Regardless of which communication methods were used, both employers and their employees indicated that their communication channels were effective. However, on the basis of these findings, it cannot be concluded that employer-employee communications in the zones is effective as the methods sometimes applied to resolve their working conditions' problems may not be as efficient as would be expected (e.g. strikes and go slows). On this basis it cannot be conclusively stated that employer/employee communication in Kenyan EPZs is effective.

8.3 Summary

The study found that the factors that significantly affected Kenyan EPZ employers and their employees' attitudes towards the state of their working conditions were: age, gender, marital status, employment status, work section, leadership position in company, salary scale and the location of an EPZ company in a public or private zone.

The study also found that employment discrimination and the state of the working relationships in Kenyan garment EPZs had big employer-employee labour relations' gaps. The working facilities in Kenyan EPZs were relatively of high quality, employer-employee training structures, employer-employee remuneration and interpersonal relationship gaps were found to be slightly above the acceptable levels.

The study further revealed that employee strikes and negative publicity from Unions, politicians and Non-governmental Organizations (NGOs) were the main problems EPZ investors encountered for being exempted from the minimum wage act and the factories act. The closer EPZ investors are located to each other, the more they influenced each other's employer-employee labour relations.

The findings also indicate that EPZ employees found unions, the EPZA and codes of conduct as ineffective employer-employee regulatory instruments, although, the three groups also consulted the ministry of labour when they found it difficult to resolve employer-employee related working conditions' problems amongst themselves in the zones.

The study further revealed that the majority of employee and employer communication in the zones revolves around wages, the majority of the EPZ employees channelled their working conditions' grievances to their employers via workers committees and strikes/go slows, while the majority of employers use workers committees and open meetings to address their workers. The majority of the sampled employees indicated that their communication channels were effective.

The study also revealed that better EPZ employment structures; improvement of employer-employee communication structures and educating employees about their labour rights, the roles unions play, along with more EPZA support and better remuneration structures are required as basic working conditions that would be deemed satisfactory to EPZ employees.

Finally, the three groups (employers their employees and the EPZA) suggested that the use of general alternative EPZ employer-employee regulatory instruments (the government, NGOs, unions and institutions of higher learning), trade instruments (preferential trade agreements and codes of conduct) and other instruments (existing laws, arbitration and unions) could ensure that EPZ working conditions improved.

The next chapter draws upon these conclusions to make recommendations on how the problems identified in this chapter could be resolved.

CHAPTER NINE

RECOMMENDATIONS TOWARDS BETTER EMPLOYEE-EMPLOYER LABOR RELATIONS IN KENYAN GARMENT EPZS

9.1 Introduction

This chapter makes recommendations from the conclusions drawn in chapter eight to accomplish two objectives. The chapter presents the study's recommendations then draws on these recommendations to develop instruments (models) capable of satisfying the labour relations needs of Kenyan garment EPZ stakeholders.

Initially the chapter first makes recommendations on how the factors that affect employer-employee labour relations can be harmonized. It then recommends measures to be taken to minimize the current labour relations' gap in Kenyan EPZs. Recommendations on how to reduce the negative impact caused by labour law exemptions and the ineffective state of the existing problem solving (regulation) frameworks are also provided. Finally, the chapter provides recommendations on how the existing EPZ communication structures could be improved.

Having made recommendations on what has been stated above the chapter then draws upon these recommendations to propose a model capable of measuring the extent of a country/company's EPZ employer-employee labour relations' gap (problem area). It then proposes an employer-employee labour relations' model based on the study's findings. Finally an EPZ code of conduct is proposed. These three propositions are interlinked and, therefore, are not seen to operate in isolation of each other. This is if there is to be an improvement in the EPZ workplace.

The chapter then provides conclusions and recommendations and makes suggestions for further research.

9.2 RECOMMENDATIONS

9.2.1 Factors that affect employer-employee labour relations

This section recommends measures that could be taken to improve employer-employee labour relations in Kenyan garment EPZs.

- **Age** - As the trend was observed whereby EPZ employees highly rated the state of their working conditions, as they grew older, EPZ employers should devise strategies to enable them retain their young recruits until they become older and more mature. Offering them permanent or long-term employment terms as well as taking them through induction and bonding programs on recruitment could help them hold on to their young employees.
- **Sex** – as existing working conditions were found to favour males more than females’ strategies could be sought by EPZ employers to minimize this gender discrepancy.
- **Employment status** – As employees with stable contracts rated the state of their working conditions better than those who were employed on either a casual or permanent basis, employers could make effort to employ their workers on contract and permanent basis. This would enable them avoid negative publicity, maintain and obtain new contracts and also help them cut down the rates of employee turnover and the costs involved in recruiting and training replacement staff.
- **Leadership position in company** – As section heads rated the state of their working conditions higher than their non-section head co-workers, employers need to make effort to redress this gap to avoid rifts between these two groups. It seems that section heads enjoy some privileges that their non-section heads do not enjoy or may look down on their non-section head co-workers, which could be a fertile ground for future rifts in the EPZ workplace. Employers should consider according equal treatment to all employees.
- **Salary scales** – as employees earning the lowest wages highly rated the state of their working conditions; employers need to make effort to redress the discrepancies in their different wage scales to avoid future rifts between employees in different wage groups and themselves. Employers need to

subsequently inform their employees of the procedures that they are supposed to fulfil to enable them move from one wage group to another. This would help them avoid negative publicity, maintain and obtain new contracts and would help employers cut down the rates of employee turnover and save on the resulting costs of recruiting and training replacement employees.

- **Location of Company** - As employees working for companies located in private zones rated the state of their working conditions higher than those working for companies located in the public zone, the EPZA should try to establish and document the different facilities and working conditions' programs companies in different zones expose their workers to. This information could then be made available to all investors/employers to enable those with poor working conditions to improve them. This is after learning the type of working conditions' programs their counterparts in other zones expose their workers to. The EPZA also needs to enable employers located in the public zone to learn from and implement the (employee) highly rated working condition practices of EPZ firms located in private zones. This would enable them avoid negative publicity, maintain and acquire new contracts and also help stem out labour turnover from public to private zones while helping employers located in the public zone to cut down on the resulting recruitment and training costs of replacement employees.
- **Unionization status of a Company** - As unionized workers rated the state of their working conditions higher than non-unionized workers, the EPZA and other interested stakeholders should encourage firms without unions to introduce them into their companies. This would enable the newly unionized firms to improve their working and other relationships with their workers, avoid negative publicity, maintain and acquire new contracts and this would also help them stem out labour turnover from non-unionized to unionized firms. In doing this, this would enable newly unionized employers to cut down on the resulting recruitment and training costs of replacement employees.

Although the results obtained from the factors that follow below had a modest effect on EPZ employers and their employees' perceptions and attitudes towards the state of their

working conditions, the following recommendations could be made in order to improve them:

- Educational qualifications - As employees with higher education qualifications rated the state of their working conditions higher than their less educated co-workers; EPZ firms could strive to employ workers with certain educational qualifications (basic plus above secondary school qualifications) which would enable them to foster better working and other relationships at the EPZ workplace at recruitment levels.
- The length of service of an employee – As employees who had worked for EPZ firms for between (3-4) years rated the state of their working conditions higher than their colleagues who had worked longer; employers need to establish why this trend existed and find ways of maintaining their employees initial positive attitudes throughout their employment period with their firms. Rewards for long service should be offered to long serving employees. However, further research needs to be done to establish why this employment trend existed.
- Age (young versus old) – As older employees rated the state of their working conditions higher than younger ones, effort should be made by employers to induct and help young employees settle down as quickly as possible in EPZ employment which would enable them start to appreciate the company and its working conditions both in the short and the long run. Specialized company in-house employee training and bonding programs could be used to enable new employees to settle down faster and less stressfully at the EPZ workplace.
- Investors' factory location – Although investors located in the public zone rated the working conditions they exposed their workers to higher than their counterparts located in private zones, the position on the ground was different. This showed that employees working for firms located in private zones rated the state of their working conditions higher than those working for firms located in the public zones. Thus employers located in the public zone need to learn what working conditions' practices gave firms located in private zones an edge over them and try to implement these practices in their firms to foster better working

relationships with their employees. This would enable them avoid negative publicity, maintain and obtain new contracts and also help stem out labour turnover from public to private zones while helping them cut down on the resultant recruitment and training costs of replacement employees.

- Investors' unionization status – Although non-unionized employers rated the working conditions that they exposed their workers to higher than their unionized colleagues, the position on the ground was different as employees who worked for unionized firms rated the state of their working conditions higher than their non-unionized colleagues. Thus employers from non-unionized firms need to be encouraged to allow their employees to unionize to ensure proper working relationships in the zones. This would enable them avoid negative publicity, maintain and acquire new contracts and also help stem out labour turnover from non-unionized to unionized firms while helping them cut down on the resultant recruitment and training costs of replacement employees.
- The length of time a company had operated as an EPZ – The trend whereby the longer the time a firm operated as an EPZ; the poorer the working conditions it exposed its workers to (probably due to the aging of its facilities) needs to be broken. EPZ employers should, on a regular basis, try to renew/refurbish their working facilities and keep in touch with the changing employment trends in the global environment to ensure that the working conditions they expose their workers to remain good throughout the lifespan of the company. This can be done in conjunction with specialist and institutions of research and higher learning. This would enable them avoid negative publicity, maintain and obtain new contracts and also help stem out labour turnover from old to new EPZ firms, while also helping them cut down on the resultant recruitment and training costs on replacement employees.

9.2.2 Minimizing the labour relations' gap in Kenyan EPZs

Recommendations in the six subsections below suggest ways in which the current EPZ employer-employee labour relations gap (problem) can be bridged.

9.2.2.1 Nature of EPZ Training and Work Experience

9.2.2.1.1 EPZ workers and Investors

Since skills (technology) transfer was found to occur in Kenyan EPZs; EPZ employers should try to maintain and keep on improving their on-the-job training programs to make them more relevant to their employees' working lives both within and outside the EPZ workplace.

9.2.2.1.2 18-23 & 24-29 year olds

As the younger employees (18-23) felt that the on-the-job training they had received from their employers was sufficient for their jobs within the zones, older employees found it to be insufficient for their jobs within the zones. The relevance of the acquired work experience in establishing private businesses outside the zones was found to be sufficient by the 24-29 year olds and insufficient by the 18-23 year olds. This is despite the disparity in terms of on-the-job training which may be due to the modern methods being used to train new employees while older (24-29 year olds) employees who may have gone through other methods may feel that they were inadequately trained. Thus employee training should be an on-going process whereby all employees undergo refresher-training programs at least once or twice a year. Inexpensive training programs whereby training managers attend training courses, whose content they use to train their assistants, who then train their juniors until all levels of employees in the company are trained, could also be adopted. This could also be done in conjunction with institutions of higher learning and research. This could immensely help the company maintain a well-trained workforce and give it an edge over its competitors. On the sufficiency of the acquired work experience to establishing private business outside the zones, the complaints were mainly from the 18-23 year old employees and were interpreted to mean that with time, these young employees would acquire the relevant work experience to survive outside the zones.

9.2.2.1.3 EPZ Males and Females

As the training and work experience acquired in the garment EPZs was found to suit males more than females, EPZ training officers need to try to ensure that their on-job training programs are gender equitable. This would ensure that all employees, regardless of their genders are fully trained which would in the long run ensure higher productivity from both genders.

9.2.2.1.4 Section heads and Non-section heads

As EPZ training and work experience was found to suit section heads more than non-section heads in Kenyan garment EPZs, EPZ employers need to find ways of narrowing down this training gap. Proper training programs that would ensure that both groups receive adequate training need to be put in place. This can be done in conjunction with training professionals and institutions of research and higher learning.

9.2.2.1.5 EPZ workers from companies located in Public and Private EPZs

As employers located in the private zones were found to offer their employees better training than those located in the public zone, EPZ employers located in the public zone should learn the kind of on-job training employers located in private zones exposed their workers to and try to implement these programs into their operations. This would ensure that they remain as competitive as their counterparts located in the private zones.

9.2.2.1.6 Unionized and non-unionized EPZ workers

As skills (technology) transfer was found to take place more in unionized than non-unionized garment EPZs in Kenya, non-unionized investors should learn the on-the-job training methods unionized employers expose their workers to, so as to implement them in their companies. This would ensure that they remain as competitive as their unionized counterparts. Non-unionized employers should also be encouraged to unionize.

9.2.2.2 Employment Discrimination

9.2.2.2.1 EPZ workers and Investors

As age and gender employment discrimination was found to exist in Kenyan garment EPZs, employers need to find ways of redressing this practice in order to improve their working relationships with their employees. This would be in accordance with what modern employment productivity research shows, that gender and age do not determine nor influence the productivity levels of a male or female employee.

9.2.2.2.2 Section heads and Non-section heads

Since both sets of employees indicated that there exists gender, pregnancy and marital employment discrimination in the Kenyan garment EPZs, employers should employ and appoint employees into leadership positions on the basis of their abilities taking into account modern employment productivity research, which shows that gender, pregnancy, age and marital status do not determine the leadership potential, and productivity level of an employee.

9.2.2.2.3 EPZ workers from companies located in Public and Private Zones

As gender discrimination was found to exist in firms located in the public zone and not in those located in the private zones, EPZ employers based in the public zone need to learn from their counterparts located in the private zones, the employment practices devoid of age and gender discrimination and implement these conditions in their firms, as modern employment productivity research shows that gender and age do not determine nor influence the productivity levels of a male or female employee.

9.2.2.3 Remuneration structures

9.2.2.3.1 EPZ workers and Investors

EPZ employers need to improve on their remuneration structures by offering their employees contracts, making overtime voluntary and paying their employees promptly for it using appropriate rates and by providing their employees with proper medical facilities specifically by paying their statutory deductions to the National Hospital Insurance Fund (NHIF).

9.2.2.4 Working facilities

9.2.2.4.1 EPZ workers and Investors

As most employees complained of inadequate injury preventive equipment, EPZ employers should address this issue to help prevent employee injury at the EPZ workplace. Injury prevention would help employers minimize costs accruing from medical and legal bills, the loss of productive staff through injury and the recruitment and training of replacement staff. This can be done in conjunction with industrial injury prevention professionals as well as institutions of research and higher learning.

9.2.2.4.2 EPZ males and Females

As female employees were found to receive inadequate injury preventive equipment: EPZ employers should address this issue to help prevent employee injury at the EPZ workplace. Injury prevention would help employers minimize costs accruing from medical and legal bills, the loss of productive staff through injury and the costs of recruitment and training replacement staff. This can be done in conjunction with industrial injury prevention professionals as well as institutions of research and higher learning.

9.2.2.4.3 Section heads and Non-section heads

Since most employees holding no leadership positions in their companies felt inadequately protected by the injury preventive equipment provided, EPZ employers should address this issue to help prevent employee injury at the EPZ workplace. Injury prevention would help employers minimize costs accruing from medical and legal bills, the loss of productive staff through injury and the recruitment and training of replacement staff. This can be done in conjunction with industrial injury prevention professionals as well as institutions of research and higher learning.

9.2.2.4.4 Employees from firms located in Public and Private Zones

As most employees complained of inadequate injury preventive equipment employers should address this issue to help prevent employee injury at the EPZ workplace. Injury

prevention would help employers minimize costs accruing from medical and legal bills, the loss of productive staff through injury and the recruitment and training of replacement staff. This can be done in conjunction with industrial injury prevention professionals as well as institutions of research and higher learning.

9.2.2.4.5 Unionized and non-unionized EPZ investors

As the findings revealed that non-unionized employers provided their employees with better working facilities than their unionized colleagues, unionized employers should learn the working conditions' practices that their non-unionized colleagues expose their workers to. This would help to prevent employee injury at the EPZ workplace. Injury prevention would help both sets of employers minimize the costs accruing from medical and legal bills, the loss of productive staff through injury and the recruitment and training of replacement staff. This can be done in conjunction with industrial injury prevention professionals as well as institutions of research and higher learning.

9.2.2.5 Interpersonal relationships

9.2.2.5.1 EPZ workers and Investors

As EPZ employee-employer interpersonal relationships in Kenyan EPZs were found to be cordial, the two groups especially employers should strive to maintain this relationship.

9.2.2.5.2 Employees from firms located in Public and Private Zones

As the findings revealed that EPZ employee-employer interpersonal relationships in companies located in the public zones were not as cordial as those of companies located in private zones, employers located in the public zone need to learn the interpersonal relationships that firms located in the private zones expose their workers to, so as to implement them in their operations.

9.2.2.5.3 Unionized and non-unionized EPZ workers

Considering the fact that the findings revealed that non-unionized workers experienced poor interpersonal relationships with their employers than their unionized colleagues,

non-unionized investors should learn the interpersonal relationship practices of employers and employees in unionized firms and implement them in their operations. Non-unionized firms should also be encouraged to unionize.

9.2.2.6 Working relationships

9.2.2.6.1 EPZ workers and Investors

In the view of the fact that employees lowly rated their employer-employee working relationships, specifically regarding the speed at which employers reacted to their grievances, effort could be made especially by employers to find ways of speedily redressing workers grievances without offering them poor 'quick fix' solutions. This can be done by exposing EPZ human resource and administrative personnel to new (the latest) problem resolving techniques, which can be achieved by collaborating with the government, institutions of research and higher learning as well as the EPZA.

9.2.2.6.2 Employees from companies' located in Public and Private Zones

Since the findings revealed that companies located in the public zone exposed their workers to inferior working conditions compared to those of companies situated in private zones, employers located in the public zone could learn the kind of working relationships their colleagues in the private zones expose their workers to and implement them in their operations.

9.2.3 The impact of the various labour law exemptions

9.2.3.1 Investors from unionized and non-unionized zones

Since the exemption from paying the minimum wages by EPZ investors both from unionized and non-unionized zones had no significant effect on their operations, the relevant labour relations authorities need to re-evaluate the significance of this exemption as it does not seem to play the role it was initially envisaged to play when it was used as an investment attraction tool.

Since the exemption from applying the factories act had a significant effect on the operations of non-unionized EPZ investors, EPZ stakeholders need to find ways of minimizing the negative effect of this exemption on their employees.

9.2.3.2 Investors from companies located in the Public and Private Zones

In view of the fact that the findings revealed that the exemption from applying the factories act had contributed significantly to the operations of investors located in public and private zones, EPZ stakeholders need to devise ways of minimizing the impact of this concession on their employees.

Given that the findings revealed that the exemption from paying the minimum wages only benefited investors located in the public zone, EPZ investors located in this zone should devise ways of minimizing the negative impact of this concession on their employees.

9.2.3.3 The EPZA

Since the EPZA alleges that both the exemptions from the factories act and from paying the minimum wages had not contributed significantly in helping it (the EPZA) achieve its investment attraction objectives, other employee friendly ways of attracting foreign investors should be explored.

9.2.4 The effectiveness of the existing problem-solving (regulation) frameworks

9.2.4.1 Unions

9.2.4.1.1 EPZ workers and Investors

As unionized workers and employers were found to enjoy better working conditions than their non-unionized colleagues, both union members and their officials should find ways of making unions more acceptable at the EPZ workplace. Their role should evolve from that of an agitator to that of a partner and a provider of solutions to EPZ employers at the EPZ workplace. This approach would in the long run foster good relations between unions and investors, which in turn would help prevent the closure and movement of investors to countries with non-unionized zones.

9.2.4.1.2 Investors from companies located in the Public and Private Zones

Since both employers located in the public and private zone disregarded the role of unions in the EPZ workplace, this view needs to change as employees working for

unionized EPZ companies rated the state of their working conditions better than their non-unionized colleagues. At the same time unionized employers indicated that there was some room for unions in the EPZ workplace. In this regard union members and their officials need to find ways of making unions more acceptable in the EPZ workplace. Their role should evolve from that of an agitator to that of a partner and a provider of solutions to EPZ employers at the EPZ workplace. This approach would in the long run foster good relations between unions and investors, which in turn would help, prevent the closure and movement of investors to countries with non-unionized zones.

9.2.4.2 The effectiveness of the EPZA

9.2.4.2.1 EPZ employees' (public & private)

In view of the fact that EPZ employees lowly rated the effectiveness of the EPZA in terms of addressing their working condition problems, the EPZA should establish the source of its ineffectiveness which would help it modify its way of operations to ensure it plays its rightful role in Kenyan EPZ operations.

9.2.4.3 Codes of conduct as regulation instruments

As all EPZ stakeholders felt that an EPZ stakeholders' code of conduct could help improve their working conditions, the EPZA should take the initiative of drafting an appropriate code of conduct that would be acceptable to all EPZ stakeholders. EPZ companies should also draft their own codes of conduct and ensure that they adhere to the codes of conduct of the MNE companies that they contract from.

9.2.5 The effectiveness of existing communication structures

9.2.5.1 Employee – employer communication

The existing EPZ employer-employee communication was found not to be fully effective as some of the methods used especially by employees to make it effective have been inefficient and expensive (e.g. strikes and go slows). EPZ companies thus need to regularly train and expose their communication, administrative and human resource personnel to more effective communication methods. This could be done with the use of industrial communication professionals and institutions of research and higher learning.

This would help them identify their weak communication points and help them improve on them, which would enable their current employer-employee communication relationships to become more effective.

The next section draws upon the recommendations presented in the previous section to develop instruments (models) capable of satisfying the labour relations needs of Kenyan garment EPZ stakeholders.

9.3 Models

Citing Watson & Hill (1996), Ikoja (2002:421) defines a model as a tentative description of what a social process or system might be like. It is a tool of explanation and analysis often in diagrammatic form, which attempts to show how the various elements of a situation being studied relate to each other. Swanepoel (2000) describes a model as a simple definition of reality. Nanaka (in Swanepoel 2000:178) says that models form the basis for product development in architecture, science, engineering and industry. In this study the models involved revolve around the provision of improved and efficient employee-employer dispute resolution instruments.

9.3.1 Review of existing models

This section briefly refers to chapter six, which reviews conflicts between the state, existing regulatory frameworks and the demands of international trade. It briefly restates the shortcomings of both proposed and existing EPZ employer-employee labour regulatory frameworks. These frameworks include:

1. Multinational Enterprise (MNE) home country laws;
2. The United Nations Industrial Development Organizations (UNIDOs) Lima Declaration;
3. International Labour Organization (ILO) conventions and agreements;
4. International Confederation of Free Trade Unions (ICFTU)/ International Trade Secretaries (ITS) Basic Code of Labour Practice;
5. Organization for Economic Corporation and Development (OECD) Guidelines for MNEs;

6. The International Labour Organizations (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;
7. Corporate Codes of conduct/ethics;
8. Preferential Trade Agreements (PTAs);
9. Non-Governmental Organizations (NGOs).

9.3.1.1 Multi-National Enterprise (MNE) home country laws

The application of MNE home country laws in host country EPZs operations is an option that many EPZ host countries have rejected. Due to the changing global business trends developing countries have been forced to manipulate their own fiscal, industrial and labour laws in order to attract MNE investment in their zones. Developing countries such as Malaysia, Singapore, Thailand, Indonesia, Mauritius and Mexico, among many others, have successively manipulated sections of their laws and turned them into investment attraction tools. Had MNE home country labour and other laws been applicable in these regions this may not have been possible. Thus the proposal to apply MNE home country laws to fill in the EPZ employer-employee labour relations' gap seems difficult, as it is likely to encounter a lot of resistance from EPZ host countries. MNEs, on the other hand, may not support such a proposal as it neutralizes their advantage seeking initiatives as the relaxed laws in developing countries provide them with opportunities that they can profitably exploit.

9.3.1.2 The United Nations Industrial Development Organizations (UNIDOs) Lima Declaration

In chapter six the Lima declaration was found to support the state as the body responsible for setting up its own investment and economic development agenda. It recognizes the state as the facilitator of industrial growth a role that suits it most, as it has all the necessary tools at its disposal to mould an environment conducive for industrial economic development. This declaration, therefore, empowers the state to use any instruments at its disposal to attract investment. This, therefore, makes the state a weak EPZ employer-employee labour relations' regulator.

9.3.1.3 International Labour Organization (ILO) conventions and agreements

Some of the cases previewed in previous chapters indicate an outright violation of ILO conventions not only by EPZ companies, but also by EPZ host governments, many of which, have ratified these conventions. Some EPZ host governments have in some cases been cited assisting EPZ investors violate labour laws including international conventions that it has ratified. This also confirms WEPZA views that, most countries of the world are opposed to ceding to an international body their sovereign right to set and enforce labour regulations (WEPZA, 1996, para.7). Thus ILO conventions and resolutions seem not to be strong enough to help reduce the EPZ employer-employee labour relations gap as part of this employer-employee labour relations gap seems to emanate from the ceding of ILO conventions and resolutions by their custodians at national levels - EPZ host governments.

9.3.1.4 International Confederation of Free Trade Unions (ICFTU)/ International Trade Secretaries (ITS) Basic Code of Labour Practice

The ICFTU code of labour practice mainly relies on the goodwill of MNEs for implementation. However, as an interested party and the principle violator of labour regulations, MNEs seem to be weak EPZ labour law enforcement structures entrusted with the responsibility of enforcing labour regulations on their partners. This, therefore, makes the ICFTU basic code of labour practice an ineffective tool in regulating EPZ employer-employee labour relations.

9.3.1.5 Organization for Economic Corporation and Development (OECD) Guidelines for MNEs

An OECD study on "Employment and labour standards" cited by Karl in Addo (1999:95) concluded that the OECD guidelines had a role to play as a voluntary instrument in promoting responsible MNE behaviour. This role, the study said, could be enhanced by MNE home and host countries making it known that they expected their MNEs to follow the guidelines worldwide. Critics say that the guidelines do not go far enough in ensuring MNEs comply with national law and practice, while others say they go beyond national

standards in some areas (Karl in Addo, 1999:94). This, therefore, makes the OECD guidelines for MNEs an ineffective employer-employee labour regulation instrument.

9.3.1.6 ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

Although the ILO Tripartite Declaration of Principles concerning MNEs is a response to the international cry for a guiding code on labour practices, a more credible follow-up procedure to the Tripartite Declaration is long overdue, adds Justice (undated, a role for the ILO section, para.1). This statement sums up the inadequacy of the ILO Tripartite Declaration as a regulatory tool that could be used to reduce the EPZ labour relations gap.

9.3.1.7 Multinational Enterprises (MNE) Codes of conduct/ethics

Many of the reviewed authors stated that MNE codes of conduct/ethics fall more into the public relations realm as most companies and their EPZ based associates constantly violate them with impunity. Were these codes effective and under constant monitoring EPZ labour violations may have been considerably reduced or eliminated altogether. Corporate codes of conduct/ethics, therefore, are not effective EPZ labour regulatory tools, as they do not sufficiently fill in the existing employer-employee EPZ labour relations gap.

9.3.1.8 Preferential Trade Agreements (PTAs)

Most of the reviewed works revealed that the differences in trade, development, labour and legal standards between developing and developed countries present a dilemma as to what standards could be agreed upon internationally as fair. At the same time the strongest opposition to the introduction of a labour and social clause in international trade agreements comes from developing countries who have had their export preferences and markets blocked under the guise of unconvincing health and environmental concerns, which raises the possibility that developed countries could turn the issue of fair labour standards into protection tools. This, therefore, hinders the effectiveness of trade agreements as EPZ, labour regulatory frameworks.

9.3.1.9 Non-Governmental Organizations (NGOs)

Due to their confrontational and emotional way of approaching EPZ employer-employee labour relation issues, NGOs and consumer groups can, therefore, not be trusted as EPZ regulators as they put EPZ workers in a tricky situation considering some of the sinister intentions NGOs might possess. Where their loyalty lies is quite hard to determine, which casts doubts over their genuineness. They, therefore, cannot be trusted as EPZ labour regulators.

9.3.2 Variables of a model

9.3.2.1 Primary variables

The aim of this study was to investigate the scope of the employer-employee labour relations gap in Kenyan garment EPZs. Seven categories that EPZ labour regulatory bodies such as NGOs, MNEs and international labour bodies (e.g. UN, ILO & ICFTU), human rights organizations and consumer rights groups were considered to be important in determining the state of a company's working conditions. These bodies required EPZ employers to adhere to all items that made up each of the seven categories. These instruments required EPZ investors to provide their employees with proper:

- Education and training facilities;
- Remuneration structures;
- Employment structures (avoid employment discrimination);
- Working facilities;
- Interpersonal relationships;
- Working relationships and
- Dispute resolution structures.

These structures, therefore, comprised the primary variables of the new EPZ employer-employee labour relations' model.

9.3.2.2 Secondary variables

The secondary variables of the model are meant to resolve problems arising as a result of employers violating the primary variables. Thus the secondary variables of the model revolve around EPZ employer-employee dispute resolution structures. Dispute resolution structures include:

- Unions, Codes of conduct;
- EPZA zone code of conduct, arbitration;
- Ministries, government laws;
- International structures PTAs, ILO and NGOs.

9.3.3 Determining a company's employer-employee labour relations gap

Many organizations get to know of their employees working conditions grievances in many ways. Most employees complain that they do not have effective avenues to express their working conditions' grievances to their employers. Traditional methods of determining working EPZ employee working conditions' problems in many EPZs include the use of spies, strikes, go-slows and high labour turnover trends. Although these methods have been effective they have also been found to be quite expensive. A two-week strike late in January and early February 2003 made the EPZs lose Ksh. 800 million (approx. US\$ 10 million or R100 million) while six foreign investors shelved plans to open industries in the country (Bosire, 2003, para. 5). This, therefore, calls for a more efficient way of identifying the state of EPZ employees working conditions. Companies are increasingly using research to identify and resolve employer-employee working conditions' problems.

Thus after carrying out a study on employer-employee labour relations in Kenyan EPZs, two models and a high productivity EPZ code of conduct were formulated. The first model was meant to establish a company's employer-employee labour relations' gap (problem area). The second model is a step-by-step approach of resolving EPZ employee working conditions' problems in the EPZ workplace.

9.3.3.1 Measuring a country's or an EPZ company's labour relations gap

The following model was formulated, using data from the surveyed EPZ employees.

The premise of the model is:

Ideal EPZ working conditions (Y) are a function of: ideal on job training structures (X_1); ideal remuneration structures (X_2); ideal employment/recruitment structures (X_3); ideal

working facilities (X_4); ideal interpersonal relationships (X_5); ideal working relationships (X_6) and ideal dispute settlement structures (X_7).

$$Y = f(X_1 + X_2 + X_3 + X_4 + X_5 + X_6 + X_7)$$

After rating all the items in the seven categories (X_1 - X_7) listed in section (9.3.2.4) above using the scale stated in chapter seven, section (7.3), the aggregate totals for each of these seven categories (X_1 - X_7) were then calculated. A Pearson correlation coefficient was then run pitting the aggregate scores of the perceptions of the EPZ employees and the state of their working conditions. This was done as existing regulatory structures (international bodies such as the ILO, ICFTU, the UN, consumer rights and human rights groups) required EPZ employers to ensure that their employees were comfortable with the items in these seven categories listed in section (9.4.1) above. The ideal situation was assumed to be a situation whereby each category had a Pearson correlation coefficient of 1. This was supposed to be interpreted as a perfect correlation between the items in a certain category and the total working conditions (which was ideally supposed to be). Thus when a certain category fell short of a perfect correlation the difference between the realized score and a perfect correlation showed that a gap existed between this category and its perfect correlation with working conditions. This was thus interpreted as the employer-employee labour relations' gap between the items in this specific category and the total working conditions.

Each of the seven categories listed in section (9.4.1) above were assumed to be equal in weight as the punishment meted or recommended for violating one category was the same for violating all the other categories e.g. Most MNEs and Non-Governmental (NGOs) had stated that if a contractor violated any items in any of the seven categories, his punishment was the termination of his contract with the MNE. On the other hand, although each item in the seven categories affected EPZ workers differently, it had a role to play in ensuring that the EPZ worker remained focused. If one of the seven categories was violated then it affected the entire operations and focus of an employee. This then was the reason why the weight of each of the seven categories of working condition items carried, was considered to be equal.

A Pearson correlation total score (Y) of 4.2 (i.e.60%) was considered to be an acceptable labour relation's gap as it was above average. The 60% cut off point has been used in other studies such as those of Coetzee & Nolan (2002) and Agar (1990). The total (Y) was the sum of the Pearson correlation coefficient scores for each of the seven categories (X₁-X₇) listed in section (9.4.1) above. An ideal score was considered to be the maximum score of the Pearson correlation coefficient (of 1) for each category. This was then compared against the realized score from each category (calculated by adding all the realized Pearson correlation coefficient scores from the seven groups listed in section (9.4.1) above). If the score was above (4.2) i.e. 60% of (Y) then a particular company's labour relations gap was considered not to be very big, but any score below 4.2 or 60% was considered poor and appropriate action was required to reduce this labour relation's gap.

9.3.3.2 Calculating the employer-employee labour relations' gap in Kenyan garment EPZs

$$Y = f(X_1+X_2+X_3+X_4+X_5+X_6+X_7)$$

Table 9.1. EPZ employer-employee labour relation gaps

	Working condition variables	Aggregate scores¹	Gap (1-X₁₋₇)
X ₁	State of training structures	0.549	0.451
X ₂	Employment discrimination	0.224	0.776
X ₃	Remuneration structures	0.639	0.361
X ₄	State of working facilities	0.870	0.13
X ₅	State of interpersonal relationships	0.654	0.346
X ₆	State of working relationships	0.624	0.376
X ₇	State of dispute settlement structures	0.478	0.522
	State of labour relations (Total X₁-X₇)	4.038	
Y	Ideal working conditions level	7	
	Labour relations gap [(Y) less (Total X₁-X₇)]		2.962 or (42%)
	Current state of labour relations	58%	
	Level of acceptance		4.2 or (60%)

Aggregate scores¹ – The total perception scores of EPZ employees on the tested items that fall under the seven working condition categories listed in section (9.4.1) above after correlating them with the current state of EPZ working conditions.

Using the model formula [$Y = f(X_1+X_2+X_3+X_4+X_5+X_6+X_7)$] the current state of Kenyan garment employer-employee labour relations was found to be 4.038, which was below the 60% level of satisfaction. The labour relations gap was found to be 2.962. Thus much more needs to be done to reduce the labour relations gap (problem) in Kenya.

9.3.4 The step-by-step EPZ employee protection ladder

The study's three data collection instruments contained a section whose aim was to establish the effectiveness and to test the applicability of alternative regulatory structures among EPZ investors (employers), their workers and the EPZA. The same instruments also contained an open-ended question whose aim was to get the respondents to supply information on how the EPZ working conditions and relations could be improved. The information obtained from these two sections of the data collection instrument was used to formulate an EPZ step-by-step employee protection ladder. The data generated from these three groups suggested that the EPZ employer-employee labour relations problems listed in the other sections of this paper, could be resolved (how the current employer-employee labour relations gap in the zones could be reduced) using the following system and instruments.

9.3.4.1 Model ladder step number one - EPZ firms' internal structures

EPZ firms should have structures that guide both employers and their workers on how to relate. This involves the setting of rules and regulations and the penalties for breaking them. While setting their working conditions programs and policies EPZ employers should involve and welcome their workers input (through their representative bodies). This is because the kind of working conditions EPZ workers are exposed to could enhance or reduce their productivity. As the study revealed that EPZ companies that had an organized workers body (union) experienced better working conditions than those who did not have them, EPZ companies with no organized workers bodies (unions) should be encouraged to establish them. The government should issue guidelines on how EPZ

investors and their workers should relate at the EPZ workplace in the absence of legally binding regulatory structures. MNEs should ensure that they seriously supervise EPZ contractors for compliance with their corporate codes of conduct. Universities and research institutions should also be incorporated into the EPZ framework at this level, as they can continually update EPZ stakeholders (employers/employees) on how to improve the state of their working conditions and their labour relations.

9.3.4.2 Model ladder step number two - EPZ level structures

If employers and their employees disagree on issues arising from the state of their working conditions, even after using their internal dispute settlement structures. The second level of protection, therefore, calls for external involvement. At this level the EPZA should try to mediate between the affected employers and employees. An EPZA drafted stakeholder's code of conduct could act as a reference point/guide during negotiations between the three negotiating parties. There is a possibility that a union-wide EPZ code of conduct would be hard to enforce due to the unbalanced and competitive nature of EPZ operations. If the three parties are unable to resolve the conflict the EPZA can identify and appoint a suitable arbitrator. If no consensus is reached at this stage/level the three parties could move to the next level of protection.

9.3.4.3 Model ladder step number three - National level structures

The third level of protection provides for high-level external arbitration. Here the EPZA refers EPZ employers and their employees to specialist government structures responsible for employer-employee conflict resolution. The ministries of labour, health and industry as well as the industrial court could be involved at this stage. Different laws should also be set for EPZ enterprises to speed up the dispute resolution process and provide clear guidelines that legal practitioners can use to resolve EPZ labour conflicts. This is justified since separate laws were initially formulated for the establishment of EPZs, thus separate laws should also be formulated to clear the employer-employee labour relations conflict the first set of laws created. If, however, EPZ workers complaints are genuine and a decision that oppresses them is made by these specialist employer-employee conflict

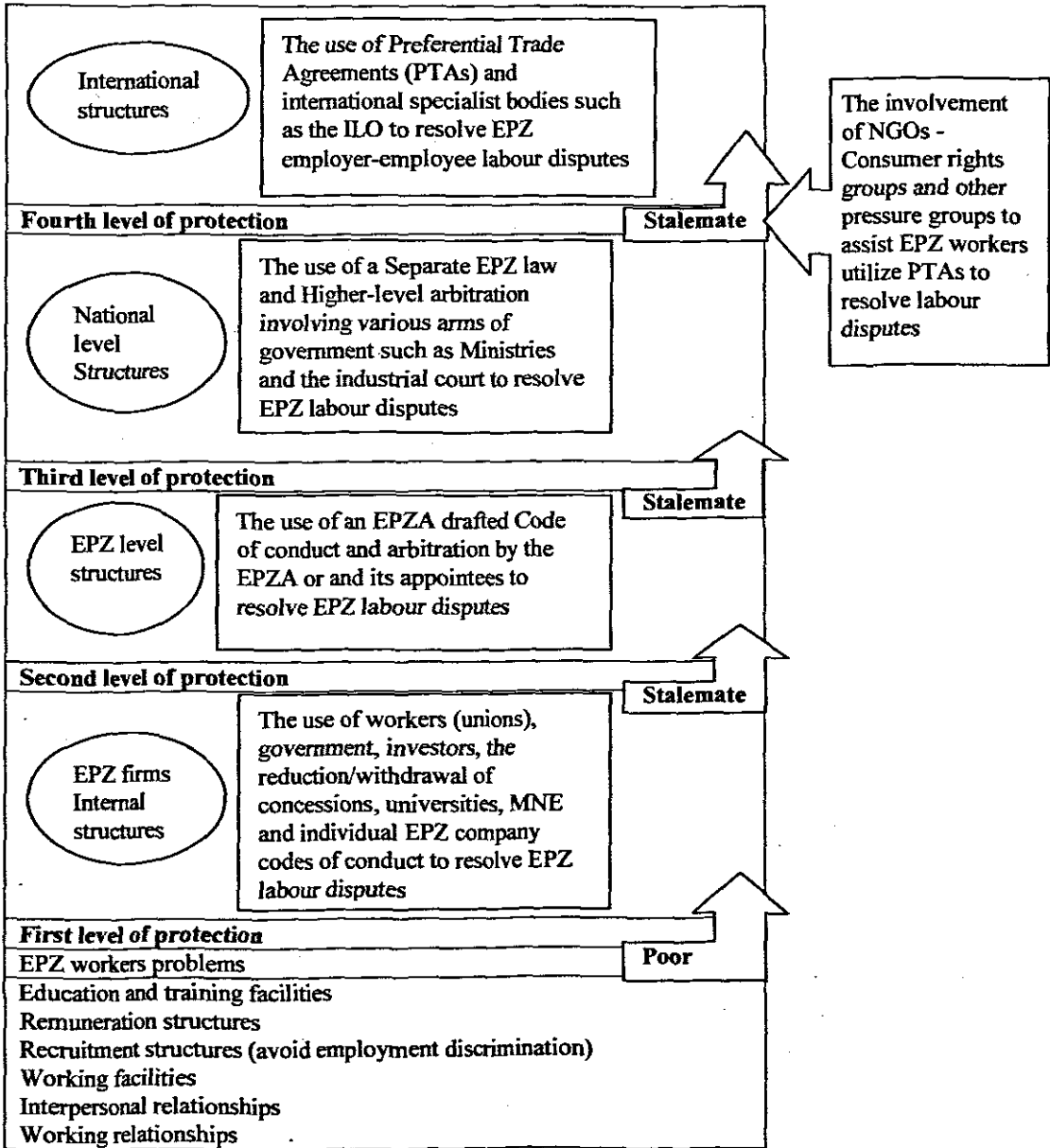
resolution structures at this level, as is often the case in most of the reviewed EPZ countries, EPZ labour should then move to the next level of protection.

9.3.4.4 Model ladder step number four - International structures

The fourth level of protection calls for the use of Preferential Trade Agreements (PTAs) and international specialist bodies such as the ILO. As all the reviewed EPZ companies' trade/export their products using the African Growth and Opportunity Act (AGOA) preferential trade agreement, which contains a labour clause, at this stage this clause should be invoked. However, as EPZ labour may not be in a position of accessing the AGOA dispute settlement mechanism, at this stage, NGOs should offer them the assistance that they require (as at lower levels of protection NGOs have been found to be destructive). Invoking the AGOA and the ILO dispute settlement system at this level is certain to help EPZ workers resolve their working condition problems as their employers and country's markets at this level become threatened.

Thus diagrammatically the step-by-step EPZ employee protection ladder is presented in figure 9.1 that follows:

Figure 9.1: Step by step employee protection ladder



9.3.5 An EPZ higher productivity code of conduct

After analyzing the data on the perceptions of EPZ employers, their employees and the EPZA, the following EPZ employer-employee higher productivity code of conduct was

formulated. This code of conduct was found fitting for the EPZ workplace as its focus is regulating EPZ workers mainly by adopting methods aimed at increasing their productivity. This was assumed to be a strong motivation for EPZ contractors, MNEs and the EPZA to adopt.

- Age - As a trend was observed whereby older EPZ employees highly rated the state of their working conditions,
 - **Employers should employ workers on the basis of their ability to do the work rather than on the basis of age.**
- Gender – as existing working conditions were found to favour males more than females,
 - **Employers should employ workers on the basis of their ability to do the work rather than on the basis of gender.**
- Marital status – As EPZ employees in unstable marital relationships viewed the state of their working conditions more favourably than employees in more stable marital relationships,
 - **EPZ employers should employ workers on the basis of their ability to do the work rather than on the basis of their marital status.**
- Employment status – As employees with stable contracts rated the state of their working conditions better than those who were employed on other terms,
 - **EPZ employers should offer all their employees contracts.**
- Work section (department) - as employees in the merchandizing sections lowly rated the state of their working conditions,
 - **EPZ employers should standardize their working condition standards throughout the company, rather than expose their workers to proper working conditions in one section of the company and poor ones in another.**
- Leadership position in company – As section heads rated the state of their working conditions higher than their non-section head co-workers,
 - **All EPZ employees should be exposed to equal treatment at the EPZ workplace regardless of their leadership status.**

- Salary scales – as employees earning the lowest wages highly rated the state of their working conditions,
 - **EPZ employers should inform their employees of the procedures that they are supposed to fulfil to enable them move from one wage group to another. They should also pay their employees promptly. Overtime should be made voluntary where this is not possible; employees should work for agreed hours and be paid promptly for it using appropriate rates.**
- Unionization status of a Company - As unionized workers rated the state of their working conditions higher than non-unionized workers,
 - **EPZ employers should provide unions or other avenues for worker representation in the EPZ workplace and involve them in formulating their working conditions' policies.**
- Educational qualifications - As employees with higher education qualifications rated the state of their working conditions higher than their less educated colleagues,
 - **EPZ employers should offer their employees some (technical or other) training.**
- The length of time a company had operated as an EPZ – In view of the trend whereby the longer the time a firm operated as an EPZ, the poorer the state of working conditions that it exposed its workers to was observed,
 - **EPZ employers should constantly refurbish and update the working facilities that they expose their workers to.**
- Working facilities - As most employees complained of inadequate injury preventive equipment at the EPZ workplace,
 - **EPZ employers should provide their employees with proper injury preventive equipment and proper medical facilities specifically by paying their statutory deductions to the National Hospital Insurance Fund (NHIF).**
- Interpersonal relationships - As EPZ employee–employer interpersonal relationships in the Kenyan garment EPZs were found to be cordial,

- **EPZ employers should strive to maintain proper interpersonal relationships with their employees.**
- Working relationships - As employees lowly rated the state of their employer-employee working relationships at the EPZ workplace, specifically regarding the speed at which employers reacted to their grievances,
 - **EPZ employers should speedily redress their workers grievances without offering them poor 'quick fix' solutions.**
- Codes of conduct - As all EPZ stakeholders felt that an EPZ stakeholders' code of conduct could help improve the state of their working conditions,
 - **EPZ employers should formulate their own codes of conduct and adhere to those of their MNE partners and those of local regulatory bodies.**
- Employee-employer communication - As existing EPZ employer-employee communication was found not to be fully effective as some of the methods used especially by EPZ employees to make it effective, were found to have been inefficient and expensive (e.g. strikes and go slows),
 - **EPZ employers should put up proper and efficient communication structures.**

9.6 Conclusion

In view of the recommendations made in this section and the models proposed here on the basis of this study, it is recommended that EPZ stakeholders should, on a continuous basis, evaluate their level of compliance with their and MNE codes of conduct. Where gaps are established the step by step model should be used to help minimize them, while the higher productivity code of conduct should act as a guide on labour relations in the zones.

Thus if these instruments are applied in EPZ operations there is a high possibility that the labour relations gap in Kenyan garment EPZ could, hopefully, be reduced.

9.7 Suggestions for further research

In view of the findings given in this study earlier on, it is suggested below that future studies pertaining to this area of study need to be carried out. This would be with a view to enhancing subsequent performance of EPZ operations in Kenya, where one would hope that this would immensely contribute towards enhancing the quality and output of Kenyan EPZ operations.

It is thus suggested that:

- Further research be conducted to establish why employees with no technical qualifications rated their working conditions higher than their counterparts with technical qualifications.
- Research could also be carried out to establish why employees in the merchandizing sections lowly rated their working conditions.
- More research could be done to establish why EPZ employees in unstable marital relationships viewed their working conditions more favourably than employees in more stable marital relationships.
- Continued research be done to establish why EPZ working conditions favour males more than females.

BIBLIOGRAPHY

- Abbott, J. (1997). Export Processing Zones and the developing world. *Contemporary Review*, 00107565, Vol. 270, Issue 1576, p232, 6p.
- Abeywardene, J., et al. (1994). Export processing zones in Sri Lanka: Economic impact and social issues, MEP, WP No. 69, Geneva: ILO. 94:5, 12-19, 23, 30-40)
- Addo, M. (Ed.). (1999). *Human rights standards and the responsibilities of transnational corporations*. The Hague: Kluwer Law International: 161- 169.
- AFL-CIO. (undated). What is the WTO? [Online]. Available: <http://www.aflcio.org/globaleconomy/whatiswto.htm>, Date of access: (26-02-2003).
- Agar, D. (1990). Non-traditional students: perception of problems, which influence academic success. *Higher Education*, 19:435-454.
- Agutu, M. (2003, February). Unrest at EPZ persists. Nairobi: Nation Media Group. [Online]. Available: <http://www.nationaudio.com/News/DailyNation/Today/News/News0602200324.html>, Date of access: (26-02-2003).
- Asian Labour Update. (2001). Sri Lanka: problems women face in Export Processing Zones. *Women's International Network News*, 01457985, Vol. 27, Issue 3.
- Bhagwati, J. (1989). *Protectionism*. Massachusetts: The MIT press.
- Boerlart, M. (2001). *Statistical methods for the social sciences*. Antwerp: University of Antwerp.
- Bosire, J. (2003, February). Sh800m lost in strikes at EPZ: Six firms shelve plans to invest in Kenya. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/Today/Business/Business1.html>, Date of access: (26-02-2003).
- Carland, J.A., Carland, J.W. & Aby, C, D. (1992). Proposed codification of ethicacy. *Journal of Business Ethics*, 11, 95-104.
- Chant, F. Sylvia, R. McIlwaine, M. Cathy, D. (1995). Gender and export manufacturing in the Philippines: continuity or change in female employment? The case of the Mactan Export Processing Zone. *Journal of Feminist Geography*. 0966369X, Vol. 2, Issue 2.
- Codes of Conduct in the U.S. Apparel Industry: Corporate Codes of Conduct. (undated). [Online]. Available: <http://www.dol.gov/dol/ilab/public/media/reports/iclp/apparel/2b.htm>, Date of access: (08-05-2002)
- Coetzee-Van Rooy & Nolan, V. T. (2002). Getting to know my customers: Where do my learners come from and how do I improve the quality of service I provide them. *Vanderbijlpark: International economic and management science conference proceedings*.
- Colin, R. (1997). *Real world research: A resource for social scientists and practitioner researchers*. Oxford: Blackwell publishers.
- Compa, L. (1999). International labour rights and NAFTA's labour side agreement. [Online]. Available: <http://lasa.international.pitt.edu/Compa.htm>, Date of access: (17-08-2002).

- Constantini, P. (1997, January 1). 'NAFTA and after: Unions tests labour side agreement', [Online]. Available: <http://www.speakeasy.org/~peterc/nafta/labor.htm>, Date of access: (18-06-2002).
- Cross, M. & Heuman, G. (ed.). (1988). Labour in the Caribbean. London: Macmillan: 1-13.
- Currie, J. (1985). Export Processing Zones in the 1980s. London: The Economist Publication. (Special Report no. 190; 85:1, 3, 6, 11-44).
- Daily Nation. (2003, January 30). Employers worried by strikes. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/30012003/Business/Business300120030.html>, Date of access: (26-02-2003).
- Daily Nation. (2003, January 31). Give negotiations a chance. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/31012003/News/News3101200342.html>, Date of access: (26-02-2003).
- East African Standard. (2003, February 4). Wave of workers strikes continues countrywide. Nairobi: East African Standard [Online]. Available: <http://www.eastandard.net/headlines/news04022003009.htm>, Date of access: (26-02-2003).
- Endresen, S. & Jauch, H. (undated). Early Conflicts: EPZ's and Labour. Online available at: http://aidc.org.za/ilrig/publication/occasional/3-epz_Namibia.html, Date of access: (02-06-2002).
- EPZA. (2000). Information for prospective EPZ investors. Nairobi: EPZA.
- EPZA. (undated). Information for prospective EPZ investors: Athi River Export Processing Zone: A guide for prospective investors. Nairobi: EPZA.
- EPZA. (undated). Kenya's Export Processing Zones: A guide for prospective investors. Nairobi: EPZA.
- European Union. (undated). Generalized System of Preferences [Online]. Available: <http://europa.eu.int/comm/trade/miti/devel/eba.htm>, Date of access: (17-08-2002)
- Export Processing Zones Authority (EPZA). (undated). 'Export Processing Zones in Kenya'. Online available at: http://www.darzigerfdi.com/epzs/kenya_epz.htm, Date of access: (05-09-2001)
- Freud, B. (1988). The African worker. New York: Cambridge University Press
- Fuentes, H & Smith, D. (2000). Independent monitoring in Guatemala: A civil society initiative [Online]. Available: <http://www.maquilasolidarity.org/resources/codes/covercol.htm>, Date of access: (02-06-2002).
- Garbers, J. (1996). Effective research in the human sciences. Pretoria: J.L van Schaik Publishers.
- Gillis, M. (1992). Economics of development (3rd ed.). New York: W.W. Norton & Company.
- Glendy, G. and Ndi D. (2000, February). Export Platforms in Kenya. Harvard: Harvard Institute for International Development, Harvard University (Discussion paper no.752; 00: 10, 11, 12, 13, 23).
- Grumiau, S. (2000). 47 killed in factory fire in Bangladesh [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/bangfire2000.htm>, Date of access: (18-06-2002)

- Guilford, J. P. (1965). *Fundamental statistics in psychology and education*. 4th ed. New York: McGraw Hill Inc.
- Hall, G.G.E. (1981). *A history of South East Asia*. 4th Ed. London: Macmillan.
- Hammond, K. (1997). November 7. 'Leaked Audit: Nike Factory Violated Worker Laws' [Online]. Available: www.motherjones.com/news_wire/nike.html, Date of access: (05-09-2001)
- Hart, R. (1988). *Origin and development of the working class in the English speaking Caribbean area 1879-1937*. In: Cross, M. & Heuman G. (ed.). *Labour in the Caribbean*. London: Macmillan: 43-49.
- Hewson, K. (1988). *The state and capitalist development in Thailand*. In: Taylor, J.G. *Sociology of developing societies: South East Asia*. London: Macmillan: 73-83
- Hillary, A. (1999. November). *Endangering women's health for profit: Health and safety in Mexico's Maquiladoras*. *Development in Practice*, 09614524, Nov99, Vol. 9, Issue 5 [Online]. Available: <http://www.transnationale.org/pays/epz.htm>, Date of access: (09-06-2002).
- Human Rights Watch (2001, April 16). 'NAFTA Labour Accord Ineffective Future Trade Pacts Must Avoid Pitfalls' [Online]. Available: <http://www.hrw.org/press/2001/04/nafta0416.htm>, Date of access: (17-08-2002).
- Hunter, M. (1996, July/August). *EPZs in Ghana: A dismal "success story"*. *Multinational Monitor*, 01974637, Jul/Aug96, Vol. 17, Issue 7/8.
- Hunter, R. (2001, February 11). 'First Impressions of the San Marcos Free Trade Zone'. *National Labour Committee*, [Available on internet]: <http://www.nlcnet.org/behindclosed/elsalvador.htm>, Date of access: (05-09-2001).
- Husted, S. & Melvin, M. (2001). *International economics*, 5th ed. Boston: Addison Wesley Longman Inc.
- ICFTU Online. (2001). *Cameroon: New international report points to labour violations* [Online]. Available: <http://www.icftu.org/displaydocument.asp?Language=EN&Index=991213197>, Date of access: (26-07-2002).
- ICFTU. (2000). *Internationally recognized core labour standards in Kenya: Report for the WTO general council review of the trade policies of Kenya*. Geneva: ICFTU.
- ICFTU. (1994). *Annual survey of violations of trade union rights 1994*, Brussels, ICFTU.
- ICFTU. (1996). 'Behind the wire: Anti union repression in EPZ's', [Available on internet]: http://www.transnationale.org/anglais/sources/tiersmonde/zones_franches_icftu_epz.htm, Date of access: (02-06-2002).
- ICFTU. (1997). 'The ICFTU/ITS Basic code of conduct' [Online]. Available: <http://www.icftu.org/displaydocument.asp?Index=990917146&Language=EN>, Date of access: (02-06-2002).
- ICFTU. (1998). *The Africa of EPZs and SAPs* [Online]. Available: <http://www.icftu.org/displaydocument.asp?Index=981021034&Language=EN>, Date of access: (26-07-2002).
- ICFTU. (2001). *Madagascan workers excluded from the economic boom in EPZs* [Online]. Available: <http://www.icftu.org/displaydocument.asp?Index=991213286&Language=EN>, Date of access: (26-07-2002).

- ICFTU. (2002). ICFTU report condemns deplorable conditions for workers in Malawi [Online]. Available: <http://www.icftu.org/displaydocument.asp?Language=EN&Index=991214743>, Date of access: (26-07-2002).
- ICFTU. (Undated). From the Ashes: A toy factory fire in Thailand, Brussels, ICFTU.
- Ikoja-Odongo, J. R. (2002). The study of information needs and uses of the informal sector. Vol.2. Unpublished Ph.D. Thesis. University of Zululand.
- ILO and UNCTC. (1988). Economic and social effects of multinational enterprises in export processing zones, Geneva, ILO.
- ILO. (1977). 'ILO Tripartite Declaration of Principles concerning Multinational Enterprises and social policy' [Online]. Available: <http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/triparti.htm>, Date of access: (02-06-2002).
- ILO. (1991). Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Second edition, Geneva, ILO.
- ILO. (1998). 'Impact of flexible labour market arrangements in the machinery electrical and electronic industries'. Geneva: ILO [Online]. Available: <http://www.ilo.org/public/english/bureau/inf/pr/1998/35.htm>, Date of access: (08-05-2001)
- ILO. (1998). Export processing zones growing steadily, providing a major source of job creation. Geneva: ILO [Online]. Available: <http://www.ilo.org/public/English/bureau/inf/magazine/27/news.htm>, Date of access: (08-05-2002).
- ILO. (1998). ILO meeting calls for improved social and labour conditions in Export Processing Zones and End to restrictions on trade union rights. Geneva: ILO (LO/98/35)
- ILO. (1998, September). 'Export processing zones growing steadily, providing a major source of job creation. Labour / productivity problems continue to mount'. Geneva: ILO [Online]. Available: <http://www.ilo.org/public/english/bureau/inf/magazine/27/news.htm>, Date of access: (08-05-2001)
- ILO. (1999). Report for discussion at the tripartite meeting on the impact of flexible labour markets in the machinery, electrical and electronic industries. Geneva: ILO [Online]. Available: <http://www.ilo.org/public/english/bureau/inf/pr/1998/35.htm>, Date of access: (08-05-2002).
- ILO. (undated). Human resource and labour relations. Online available at: <http://www.ilo.org/public/english/dialogue/govlab/legrel/tc/epz/resours.htm>, Date of access: (08-05-2002).
- ILO. (undated). What are international labour standards? Geneva: [Online]. Available: <http://www.ilo.org/public/english/standards/norm/index.htm>, Date of access: (02-06-2002)
- Inter Press Service. (1998). Global Policy Forum: Who's to Blame for Negative Impacts of Globalization? Inter Press Service [Online]. Available: <http://www.globalpolicy.org/soecon/global/globneg.htm>, Date of access: (05-06-2002)

- International Federation of Chemical, Energy and General Workers' Unions (ICEF). (1994). Training women in free trade zones. Organised by ILO, ICEF and OWTU, 7-10 July, Trinidad. An ICEF report.
- International Textile, Garment and Leather Workers' Federation. Newsletter (quarterly) various issues.
- IRC. (undated). Forging Links: Export processing zones (EPZ): One reality many responses [Online]. Available: <http://www.irc-online.org/cbl/cblzv2n2.html>, Date of access: (05-09-2001).
- Jauch, H. (2002, January). Export processing zones and the Quest for sustainable development: A southern Africa perspective. Labour Resource and Research Institute (LaRRI)', Namibia [Online]. Available: http://www.larri.com.na/Publications/EPZ_article_2002.htm, Date of access: (02-06-2002).
- Jauch, H. et al. (1996). 'Export Processing Zones in Southern Africa: Economic, Social and Political Implications'. Cape Town: International Labour Resource and Information Group (ILRIG) [Online]. Available: http://aidc.org.za/ilrig/research/epz_namibia.html, Date of access: (05-09-2001).
- Johnson, A. R. & Wichem, D. W. (1997). Business Statistics: decision making with data. New York: John Wiley & Sons, Inc.
- Johnson, W.W. (1969). The Andean Republics. Amsterdam: Timelife international.
- Justice, D. (undated). The new codes of conduct and the social partners. National policy association [Online]. Available: http://multinationalguidelines.org/csr/history_of_global_codes.htm, Date of access: (02-06-2002).
- Karl, J. (1999). The OECD guidelines for multinational enterprises. In: Addo, M. (ed.) Human rights standards and the responsibilities of transnational corporations. The Hague: Kluwer Law International: 89-96.
- Khan, F. (2000). Labour: Making Export processing zones more worker friendly. Cape Town: Inter Press Service (END/IPS/fk/sm/00) [Online]. Available: http://www.oneworld.org/ips2/apr00/12_00_040.html, Date of access: (05-06-2002).
- Knipping, F. Ritterger, V. Mangoldt, H. & (ed.). (1997). The UN system and its predecessors (Vol.1). New York: Oxford University Press.
- Krejcie, R. V. & Morgan, D. W. (1970). Determining sample sizes for research activities. In: Leedy, P. D. (1997). Practical research: planning and design 6th ed. Upper Saddle River, NJ: Merrill.
- Kusago, T. et al. (1998). 'Export processing zones; A review in need of update'. Washington D.C.: World Bank social protection discussion paper; no. SP 9802. Report no. 20046 [Online]. Available: http://www-wds.org/servlet/WDSIbankServlet?pcont=details&eid=00094946_000305302247, Date of access: (12-05-2001)
- LaCroix, P. (1998). Improving workplace conditions in the Maquilas of Central America. Vancouver: The international development research centre [Online]. Available: http://www.idrc.ca/reports/read_article_english.cfm?article_num=244, Date of access: (02-06-2002).
- Lang, J. (1979). Portuguese Brazil: the Kings plantation. New York: Academic Press Inc.

- Leaver, E. (ed.). (1998, February 27). 'Forging Links: The Export Processing Zones (EPZ): One Reality and Many Responses'. Vol. 2, No. 2. Interhemisphere Resource Centre (IRC) [Online]. Available: <http://www.irc-online.org/cbl/cblzv2n2.html>. Date of access: (05-09-2001).
- Leedy, P. D. (1997). Practical research: planning and design 6th ed. Upper Saddle River, NJ: Merrill.
- Leith, D. (1999, November). Export Processing Zones: A Caribbean development dilemma. *Development in Practice*, 09614524, Nov99, Vol. 9, Issue 5.
- Likert, R. (1971). A technique for the measurement of attitudes. In: Schuessler, K. *Analyzing social data*. Boston: Houghton Mifflin Co.
- Likert, R. (1971). A technique for measurement and attitude. In: Schuessler. (1971). *Analyzing social data*. Boston: Houghton Mifflin Co.
- Lin, J (1999, Nov). Students target Gap stores – Protestors on campuses decry working conditions overseas. *Philadelphia inquirer* [Online]. Available: <http://www.globalexchange.org/economy/corporations/gap/philly111299.html>. Date of access: (17-08-2002).
- Lundahl, M. (1988). The raise and fall of the Haitian labour movement. In: Cross, M. & Heuman G. (ed.). *Labour in the Caribbean*. London: Macmillan: 88-119.
- Maccall, R. B. (1975). *Fundamental statistics for psychology*, 2nd ed. New York: Harcourt Brace Jovahovich Inc.
- Madani, D. (1999, November). 'A review of the role and impact of export processing zones'. Washington D.C.: Trade and development research group. World Bank research working paper no. 2238 [Online]. Available: <http://wbln0018.worldbank.org/research/workpapers.nsf/%28allworkingpapers%29/042A38E8445ED9BE8525682C006733AE?OpenDocumentD9BE>. Date of access: (12-05-2001).
- Madeley, J. (1992). *Trade and the poor: the impact of international trade on developing countries*. London: International technology publications.
- Mangoldt, H. Van Hans, Vokler, K. Knipping, F. (1997). *The UN system and its predecessors*, 3rd ed. Vol. 1, 2 New York: Oxford University Press.
- Maquila Network Update, Vol. 5(1). (2000, February). Doall workers await reinstatement [Online]. Available: <http://www.maquilasolidarity.org/resources/update/Vol501.htm#Religious>. Date of access: (02-06-2002).
- Maquila Network Update. (2000, June). Student sit-in wins "no sweat" policy Vol. 5(2) [Online]. Available: <http://www.maquilasolidarity.org/resources/update/Vol502.htm#honduran>. Date of access: (02-06-2002)
- Maquila Network Update. (2001, September). Philippine Workers Demand End to Union Busting [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/philippines.htm>. Date of access: (02-06-2002).
- Maquila Network Update. (2001, September). Union Members Assaulted in Guatemala [Online]. Available: <http://www.maquilasolidarity.org/campaigns/lizclaiborne/updatesept2001.htm>. Date of access: (02-06-2002).
- Maquila Network Update. (2002, February). Dominican: Student/Worker Alliance Scores Another Victory [Online]. Available:

- <http://www.maquilasolidarity.org/resources/maquilas/bjandb.htm>, Date of access: (02-06-2002).
- Maquila Network Update. (2002, February). Who grows your Valentine flowers? [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/bjandb.htm>, Date of access: (18-06-2002).
- Maquila Network Update. (undated). Huffly Bikes Made in China Sold at Kmart, Sears, Wal-Mart [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/>, Date of access: (02-06-2002).
- Maquila Solidarity Network, (2000, September). Will Mexican Democracy Include Workers? Vol. 5(3) [Online]. Available: <http://www.maquilasolidarity.org/resources/update/Vol503.htm#Millionaire>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (1998). Sri Lanka: Twenty Years of Hell [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/20years.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (2001, April). 'Lessons from Mexico's Maquilas: Dispelling the myths of free trade' [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/dispellingmyths.htm>, Date of access: (18-06-2002)
- Maquila Solidarity Network. (2001, October 8). Alcoa fires 186 workers in Ciudad Acuna, Mexico to eliminate workers committee [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/alcoa.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (2002, January). Custom Trim Update: CustomTrim/AutoTrim Workers Demand Action by NAFTA Offices from the Maquiladora Health & Safety Support Network [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/customtrim.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (undated). Labour law in China [Online]. Available: <http://www.nlcnet.org/report00/laborlawinchina.htm>, Date of access: (02-06-2002).
- Marquez, X. et al. (2000, February 11). First Impressions of the San Marcos Free Trade Zone. National Labour Committee [Online]. Available: <http://www.nlcnet.org/behindclosed/el salvador.htm>, Date of access: (17-09-2001).
- Marther, C. (1988). Subordination of women and lack of industrial strife in west Java. In: Taylor, J.G. (ed.) Sociology of developing societies: South East Asia. London: Macmillan: 147-157.
- Matsebula, B. (2002). Investors threaten to close plant in Swaziland over labour action. Durban: The Mercury.
- Mburu, C. (2003, February 7). Solve labour row at the EPZs urgently. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/Today/Comment/Comment070220030.html>, Date of access: (26-02-2003).
- Meeran, R. (1999). The unveiling of transnational corporations. In: Addo, M. (ed.) Human rights standards and the responsibilities of transnational corporations. The Hague: Kluwer Law International: 161-169.
- Miller, R. (1980). The East Indiamen. Amsterdam: Timelife books.

- <http://www.maquilasolidarity.org/resources/maquilas/bjandb.htm>, Date of access: (02-06-2002).
- Maquila Network Update. (2002, February). Who grows your Valentine flowers? [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/bjandb.htm>, Date of access: (18-06-2002).
- Maquila Network Update. (undated). Huffy Bikes Made in China Sold at Kmart, Sears, Wal-Mart [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/>, Date of access: (02-06-2002).
- Maquila Solidarity Network, (2000, September). Will Mexican Democracy Include Workers? Vol. 5(3) [Online]. Available: <http://www.maquilasolidarity.org/resources/update/Vol503.htm#Millionaire>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (1998). Sri Lanka: Twenty Years of Hell [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/20years.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (2001, April). 'Lessons from Mexico's Maquilas: Dispelling the myths of free trade' [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/dispellingmyths.htm>, Date of access: (18-06-2002)
- Maquila Solidarity Network. (2001, October 8). Alcoa fires 186 workers in Ciudad Acuna, Mexico to eliminate workers committee [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/alcoa.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (2002, January). Custom Trim Update: CustomTrim/AutoTrim Workers Demand Action by NAFTA Offices from the Maquiladora Health & Safety Support Network [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/customtrim.htm>, Date of access: (02-06-2002).
- Maquila Solidarity Network. (undated). Labour law in China [Online]. Available: <http://www.nlcnet.org/report00/laborlawinchina.htm>, Date of access: (02-06-2002).
- Marquez, X. et al. (2000, February 11). First Impressions of the San Marcos Free Trade Zone. National Labour Committee [Online]. Available: <http://www.nlcnet.org/behindclosed/elsalvador.htm>, Date of access: (17-09-2001).
- Marther, C. (1988). Subordination of women and lack of industrial strife in west Java. In: Taylor, J.G. (ed.) Sociology of developing societies: South East Asia. London: Macmillan: 147-157.
- Matsebula, B. (2002). Investors threaten to close plant in Swaziland over labour action. Durban: The Mercury.
- Mburu, C. (2003, February 7). Solve labour row at the EPZs urgently. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/Today/Comment/Comment070220030.html>, Date of access: (26-02-2003).
- Meeran, R. (1999). The unveiling of transnational corporations. In: Addo, M. (ed.) Human rights standards and the responsibilities of transnational corporations. The Hague: Kluwer Law International: 161- 169.
- Miller, R. (1980). The East Indiamen. Amsterdam: Timelife books.

- Miring'uh, E. (2003, February 10). Narc wants EPZ staff reinstated. Nairobi: East African Standard [Online]. Available: <http://www.eastandard.net/headlines/news10022003020.htm>, Date of access: (26-02-2003).
- Moncada, V. E. (1995). Las dos caras de la maquila en Honduras, Estudios de casos y educación obrera en zonas francas y empresas maquiladoras en países del istmo Centroamericano y República Dominicana, OIT.
- Mulaa, A., Gathaiga, P. (2003, January 21). Chaos rock EPZ firms. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/21012003/Business/Business2356.html>, Date of access: (26-02-2003).
- Mulaa, A., Wahome, M. (2003, January 23). State's stand on labour unrest. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/23012003/Business/Business2301200310.html>, Date of access (26-02-2003).
- Mulusa T. (1988). Evaluation education and community development programs. Nairobi: Deutsche Stiftung Fur International Entwick Tung and College of Adult and Distance education, university of Nairobi.
- Munene, M. (2003, February 4). Give Narc time, COTU tells unions. Nairobi: Nation Media Group [Online]. Available: <http://www.nationaudio.com/News/DailyNation/Today/News/News60.html>, Date of access: (26-02-2003).
- Naiman, A. Robert & Gene Zirkel. (1983). Understanding statistics. 3rd ed. New York: McGraw Hill Inc.
- National Labour Committee. (1998). Young Women in free trade zones injected with depro provera: National labour committee calls for investigation. Online available at: <http://www.nlcnet.org/hondurus/depropro.htm>, Date of access: (05-06-2002).
- National Labour Committee. (undated). Newtex: Olocuilta, El Salvador [Online]. Available: <http://www.nlcnet.org/elsalvador/0401/newtex.htm>, Date of access: (17-08-2002).
- National Labour Committee. (undated). Wal-Mart Sweatshops in Honduras [Online]. Available: <http://www.nlcnet.org/walmart/horwal.htm>, Date of access: (17-08-2002)
- National Maquila Association. (1994). In-bond industry 1994, Mexico.
- National Trade Data Bank. (1999). Kenya - Foreign labour trends: Labour management relations and standards. U. S. Department of Commerce: Online available at: <http://www.tradeport.org/ts/countries/kenya/flt.html>, Date of access: (08-05-2002).
- Nelson, B. (1997). 1001 ways to energize your employees. New York: Workman Publishing.
- Neuman, W.L. (2000). Social research methods: qualitative and quantitative approaches. - 4th edition- Boston: Allyn & Bacon.
- Noland, M. (1990). Pacific basin developing countries. Prospects for the future. Washington D.C: Institute for international economics.
- O'Boyle, J. E. & Dawson, L. E. (1992). The American marketing association code of ethics: instruction for marketers. Journal of Business Ethics, 11, 921- 932.

- Odula, T. (2003, February 7). Sacked EPZ workers cause chaos in City. Nation Media Group [Online]. Available: <http://www.eastandard.net/headlines/news07022003003.htm>. Date of access: (26-02-2003).
- Ofreneo, R. P. (1988). Philippine domestic outlook: subcontracting for export-oriented industries. In: Taylor, J.G. (ed.) *Sociology of developing societies: South East Asia*. London: Macmillan: 158-164.
- Otapski, S. A. & Isaacs, C. M. (1992). Codes of conduct: tools for moral action. *Journal of Business Ethics*, 11, 231 – 239.
- Ouma, A. (2003, February 6). Hike minimum wage, Government orders EPZ firms. *East African Standard* [Online]. Available: <http://www.eastandard.net/headlines/news06022003019.htm>. Date of access: (26-02-2003).
- Pine, R. V. (1977). *Introduction to social statistics*. Englewood cliffs, New Jersey: Prentice Hall Inc.
- Quick, T. J. (1979). *Psychological research: How to do it*. New York: John Wiley & Sons Inc. publishers.
- Resource Centre Maquilas / Export Processing Zones. (2002, June). 'Industry statistics - The Maquila industry in Mexico 1994-1999' [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/>. Date of access: (18-06-2002)
- Reyes C. F. and Dominguez U., A. (1993). *Zonas francas industriales en la República Dominicana: Su impacto económico y social*, Programa de Empresas Multinacionales, Documento de trabajo núm. 73, Ginebra, OIT.
- Rhee, W.H. (1994). 'Free trade status for exports'. Washington D.C.: World Bank Report no. 16964 [Online]. Available: [http://www-wds.org/servlet/WDS_Ibank_Servlet?pccont=details&eid=000009265_3980420172917](http://www.wds.org/servlet/WDS_Ibank_Servlet?pccont=details&eid=000009265_3980420172917). Date of access: (12-05-2001).
- Rigg, J. (1991). *South East Asia a region in transition*. London: Unwin Hyman.
- Robson, R. (2000). *Marketing research*. Englewood Cliffs: Prentice Hall.
- Rodney, W. (1985). The colonial economy. In: Boahen, A. A. (ed.). *UNESCO General history of Africa (VII) Africa under colonial domination 1880-1935*. California: Heinemannr 332-350.
- Romero, T. (1995). *Export Processing Zones: Addressing the Social and Labour Issues*. The Bureau for Multinational Enterprise Activities (MULTI) International Labour Office, Geneva, [Online]. Available: <http://www.transnationale.org/pays/epz.htm>. Date of access: (09-06-2002).
- Root, F.R. (1994). *International trade and investment (6th ed.)*. Cincinnati: South-Western publishing co.
- Roscoe, J. J. (1969). *Fundamental research statistics*. New York: Holt Rinehard and Winston. Inc.
- Sayer, A. (1992). *Methods in social science. A realist approach*. London: Routledge.
- Shao, A. T. (2002). *Marketing research: An aid to decision making*. Cincinnati: South-Western.
- Sivalingam, G. (1994). *The economic and social impact of export processing zones: The case of Malaysia, MEP, WP No. 66*, Geneva: ILO.
- Slattery, L. (2002, March 15). 'Codes of conduct not preventing worker abuse', *Irish times* [Online]. Available:

- <http://www.globalexchange.org/economy/corporations/saipan/irishTimes031502.htm>,
Date of access: (17-08-2002).
- Sloman, J. (2000). *Economics*. 4th ed. Harrow: Prentice Hall
- Sook, Y. L. (1999). Labour shock and the diversity of the Transnational corporate strategy in Export Processing Zones. *Growth and Change*. 00174815, Vol. 30, Issue 3.
- Soto, G. (1999). 'The case against free export processing zones' [Online]. Available: http://www.stanford.edu/class/e297c/trade_environment/rights/hfree.html Date of access: (05-09-2001).
- Swaetshopwatch. (1998). Phillip Van Heusen closes unionized Guatemalan plant [Online]. Available: <http://www.sweatshop.org/phillipvanheusen.guatemala/gazette.htm>, Date of access: (05-09-2001).
- Swanepoel, M. (2000). Information technology management models: development critical for evaluation. In: ProLISSA. First biannual DISSAnet conference. Pretoria: University of Pretoria. pp: 177-194
- Tarling, N. (1992). *The Cambridge history of South East Asia vol. 1*. Cambridge: Cambridge university press.
- Taylor, J. G. (ed.). (1988). *Sociology of developing societies: South East Asia*. London: Macmillan.
- The News (Monrovia). (2002). Free Zone Workers Want 10-Month Pay...Want Taylor to Intervene [Online]. Available: <http://allafrica.com/stories/200201180239.html>, Date of access: (26-07-2002).
- The News-Gazette. (1999, July). Protestors march on Gap store in Illinois. Online available at: <http://www.globalexchange.org/economy/corporations/saipan/newsgazette072399.html>, Date of access: (17-08-2002).
- Townson, D. (1977). *Spices and Civilizations*. London: Harp.
- Trade agreements. (undated). Lome Convention [Online]. Available: <http://www.tradent.com/trade/agreements/lome.html>, Date of access: (17-08-2002)
- True, A. J. (1989). *Finding out: Conducting and evaluating social research*. 2nd ed. Belmont, California: Wadsworth Inc.
- Tull, D. S. & Albaum, G. S. (1973). *Survey research: A decisional approach*. New York: International Textbook Company Limited.
- Turnbull, C. M. (1989). *A history of Singapore 1819 – 1998*, 2nd ed. New York: Oxford University Press.
- Turner, M. (1988). Chattel slaves into wage slaves: A Jamaican case study. In: Cross, M. & Heuman, G. (ed.). *Labour in the Caribbean*. London: Macmillan: 32-42.
- U.S. Department of State - Kenya. (1994). *Country report on economic policy and trade practices*. Bureau of economic and business affairs [Online]. Available: http://www.blissites.com/kenya/us_govt/tradepol.html, Date of access: (18-05-2002).
- Uhl, K.P. & Schoner, B. (1969). *Marketing research: Information systems and decision making*. New York: John Wiley & Sons Inc.
- UN, Economic Commission for Latin America and the Caribbean. (1994). *Export processing in the Caribbean: Lessons from four case studies*. LC/CAR/G.407, 21 April 1994. Fifteenth session of the Caribbean Development and Cooperation Committee, Dominican Republic, 26-29 July.

- UNCTAD. (1993). Export processing zones: Selected country experiences, UNCTAD/GID/DF/2, Geneva: UNCTAD.
- UNITAR. (1977). A new economic order: selected documents 1945–1975 (vol. 2). New York: UNITAR [Online]. Available: <http://www.gwb.com.au/gwb/news/lima/index.html>, Date of access: (02-06-2002).
- United Nations. (1975). The seventh special session of the general assembly 1st to 12th September 1975. Issues and background. New York: United Nations [Online]. Available: <http://www.gwb.com.au/gwb/news/lima/index.html>, Date of access: (02-06-2002).
- US treasury. (undated). What is GSP? [Online]. Available: <http://www.customs.ustreas.gov/travel/gsp.htm#>, Date of access: (17-08-2002).
- US/Guatemala education project. (1998). 'Phillips-Van Heusen closes unionized Guatemala plant!' [Online]. Available: http://www.sweatshopswatch.org/swatch/headlines/1998/pvh_dec98.htm, Date of access: (17-08-2002).
- Vidrovitch, C. C. (1985). The colonial economy of the former French, Belgium and Portuguese zones 1914-1935. In: Boahen, A. A. (ed.). UNESCO General history of Africa (VII) Africa under colonial domination 1880-1935. California: Heinemann: 351-381.
- Warr, P.G. (1989). 'Export processing zones: The economies of enclave manufacturing'. Washington D.C.: World Bank research observer [Online]. Available: http://www.wds.org/servlet/WDS_Ibank_Servlet?pcont=details&eid=000009265_3980513111743, Date of access: (12-05-2001).
- Watson, J. & Hill, A. (1996). A dictionary of communication and media studies. 3rd ed. London: Arnold.
- Wegner, T. (2000). Quantitative methods for marketing decisions. Kenwyn: Juta & Co, Ltd.
- Weissman, R. (1996, July/August). Power and poverty in Africa: Waiting to export. *Multinational Monitor*, 01974637, Jul/Aug96, Vol. 17, Issue 7/8
- Welman, J.C. & Kruger, S. J. (2001). Research methodology. Cape Town: Oxford University Press Southern Africa.
- WEPZA. (1996). Behind the wire: WEPZA comments and questions [Online]. Available: <http://www.wepza.org/behindthewire/bhl81200.htm>, Date of access: 15-06-2002).
- Werner, S. B. (1992). Movement for reforming American business. *Journal of Business Ethics*, 11, 61-70.
- Won Sun Oh. (1993). Export processing zones in the Republic of Korea: Economic impact and social issues, Multinational Enterprises Programme (MEP), Working Paper (WP) No. 75, Geneva: ILO.
- World Bank. (1992). 'Export Processing Zones'. Washington D.C.: Report no. 10500. Policy and research series; no. 20 [Online]. Available: http://www.wds.org/servlet/WDS_Ibank_Servlet?pcont=details&eid=000178830_9810191106003, Date of access: (12-05-2001).
- World Bank. (1995, Nov). 'Unions can be bad or good' [Online]. Available: <http://www.worldbank.org/html/dec/Publications/Briefs/db63.html>, Date of access: (08-05-2002).

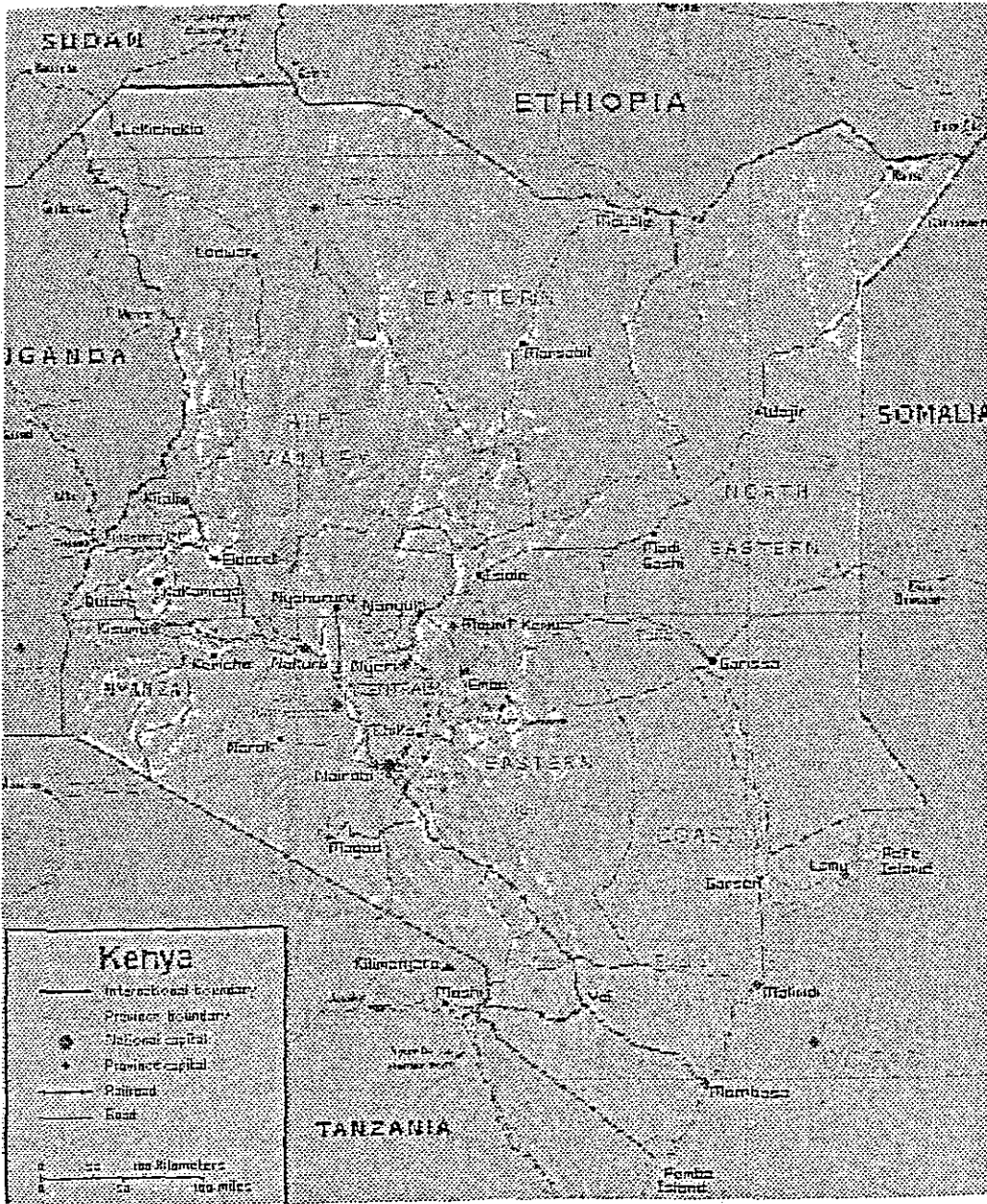
- Yanz, L. (2001, April 1). 'Pact has failed to further human rights in Mexico', Montreal Gazette [Online]. Available: <http://www.maquilasolidarity.org/resources/maquilas/gazette.htm>, Date of access: (02-06-2002).
- Yun, H. A. (1988). Wage labour in west Malaysia: A case study of five factories. In: Taylor, J.G. *Sociology of developing societies: South East Asia*. London: Macmillan: 97-106.
- Zadeck, S. & Forstarter, M. (1999). Making civil regulation work. In: Addo, M. (ed.) *Human rights standards and the responsibilities of transnational corporations*. The Hague: Kluwer Law International: 69-74.

Appendix A: Work Plan

Month	Chapter									Submission		
	1	2	3	4	5	6	Data Collection	7	8		9	
Jan												
Feb												
Mar	■											
Apr	■	■										
May		■	■									
Jun			■	■								
Jul				■	■							
Agu					■	■						
Sep							■	■				
Oct							■	■				■
Nov												
Dec												
Year	2002						2003					

Appendix B

THE MAP OF KENYA SHOWING THE TOWNS WHERE EPZs ARE LOCATED



Source: Historical maps of Kenya (http://www.lib.utexas.edu/maps/africa/kenya_pol88.jpg)

EPZs in Kenya are located in the five towns listed below

Nairobi – houses four zones Rafiki (8), Sameer(5), Unique sun apparels (s), Miritini EPZ (s), De La Rue Security Print (s)

Athi River – One zone Athi River - has a total of 16 firms plus the EPZA offices

Voi – houses one zone – Wildlife works EPZ (s)

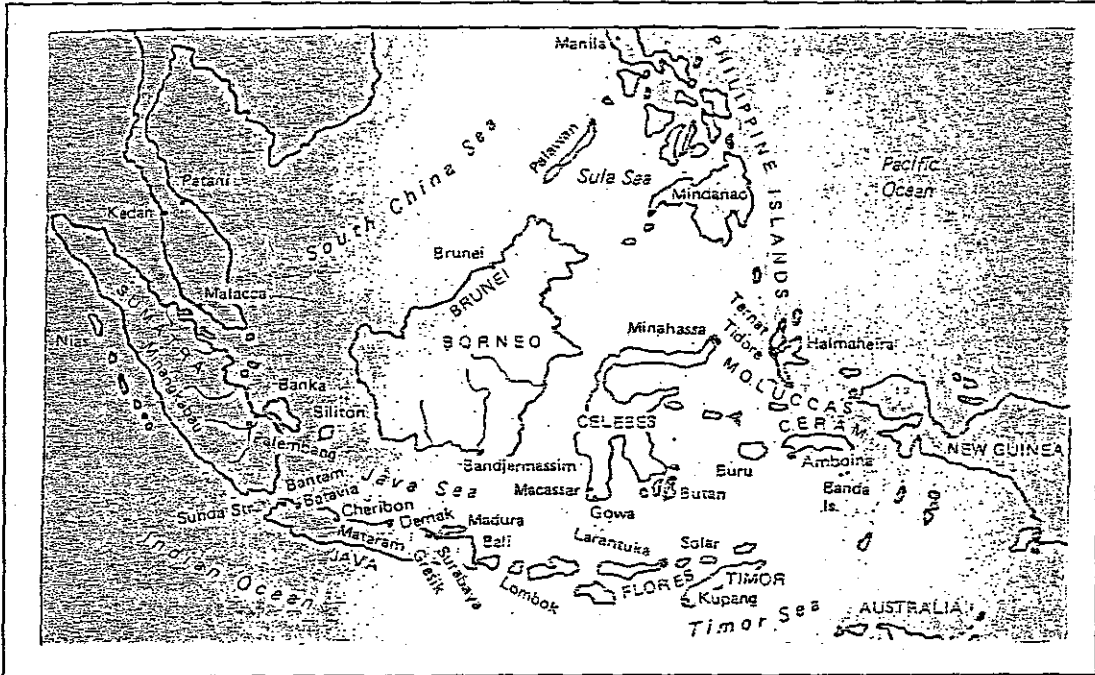
Kilifi - houses one zone – Equitea EPZ (s)

Mombasa – seven zones – Twin leaves EPZ (s), Kingorani EPZ (3), Kapric, Emirates (s), East African Molasses EPZ (3), Coast industrial park (s), Birch Investments (s)

NB. The numbers in brackets indicate the number of enterprises in the zones while (s) indicates a single zone enterprise.

Appendix C

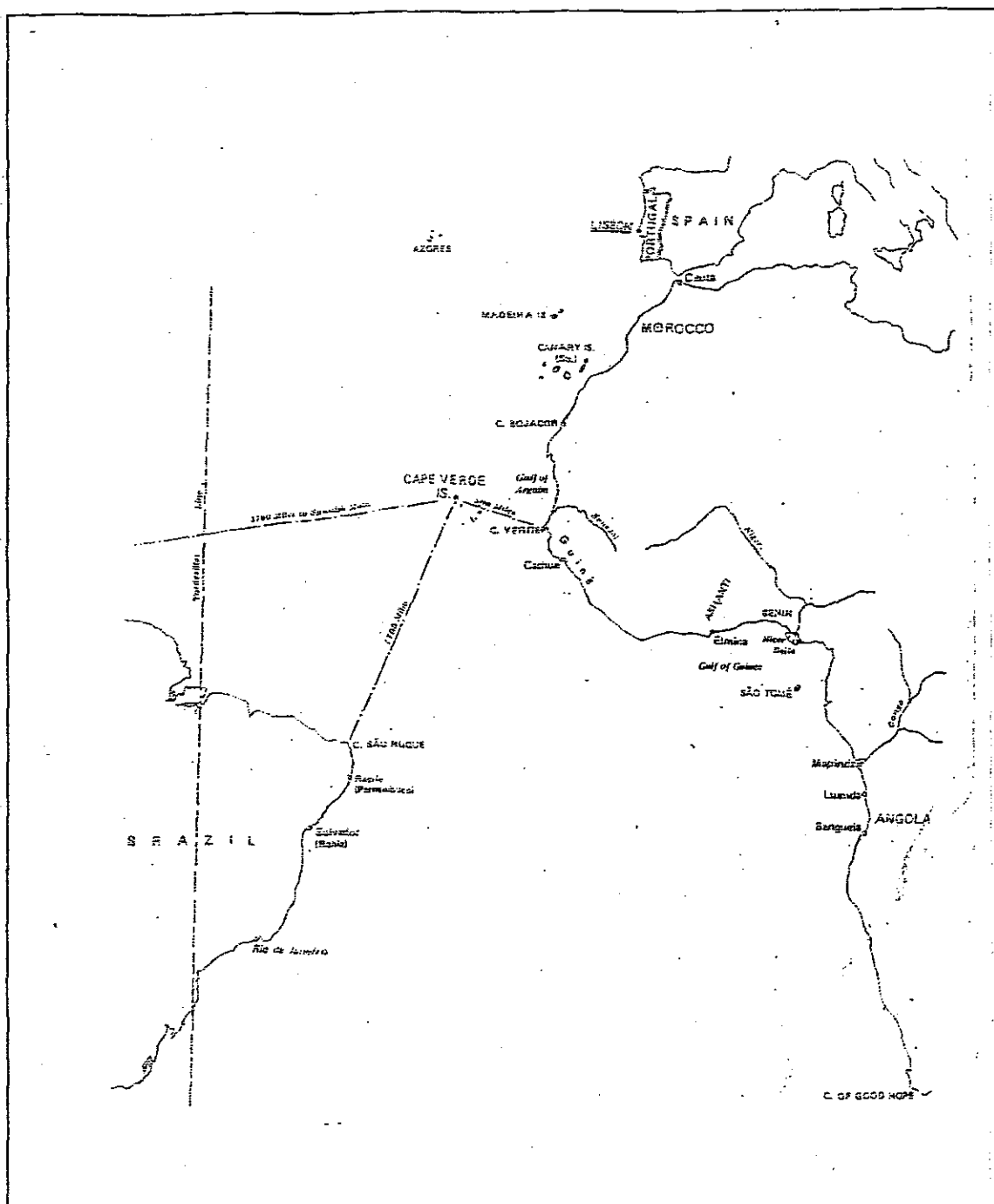
Map showing South East Asian trading towns between 14 and 1600



Source: Townson (1977: 95)

Appendix D

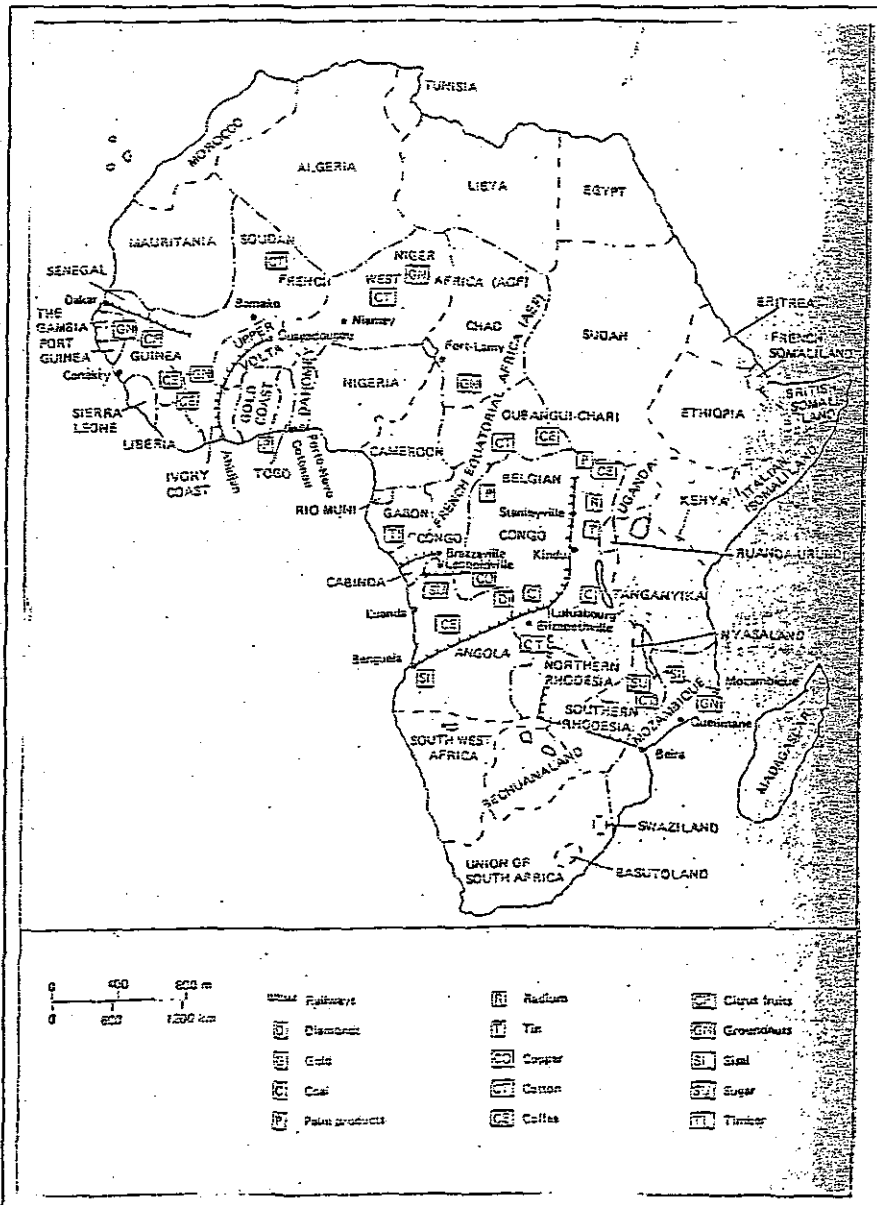
Map showing Portuguese involvement in Atlantic trade in the 1500s



Source: Lang (1979:98)

Appendix E

Map showing the French, Belgian and Portuguese presence in Africa in the 1930s



Source Hall (1981:352)

Appendix F

EPZ EMPLOYEE QUESTIONNAIRE ON THE CURRENT STATE OF EMPLOYER-EMPLOYEE LABOUR RELATIONS IN KENYAN GARMENT EPZs

This questionnaire is designed to gather general information on the current state of employer-employee labour relations. The questionnaire has six sections namely A, B, C, D, E, and F. Kindly supply information to **all items** in all parts of the questionnaire. It is important that you answer each question as thoughtfully and as frankly as possible. For complete confidentiality please do not write your name in this questionnaire.

Please **TICK** the choice that best describes your level of agreement with each statement

Section A

1. Age Under 18 18-23 24-29 30-35 36-41 Over 41
2. Sex Male Female
3. Status Married Single
4. What is the highest qualification you hold?
 University College Secondary Primary
5. What is the highest technical qualification you hold?
.....
6. Which section of the company are you currently working in?
.....
7. For how long have you been working for this company?
 1-2years 3-4years 5-6years over 7 years
8. I am currently employed on a?
 Contract basis Permanent basis Casual basis
9. In a month I earn a salary of (Ksh)?
 Less than 1000 1001-2000 2001-3000 3001-4000 Over 4000
10. In a week I work for?
 5 days 6 days 7 days

11. When seeking employment in the zones my gender is important?
 Strongly agree Agree Disagree Strongly disagree
12. When seeking employment in the zones my age is important?
 Strongly agree Agree Disagree Strongly disagree
13. When seeking employment in the zones my maternity status is important?
 Strongly agree Agree Disagree Strongly disagree
14. When seeking employment in the zones my marital status is important?
 Strongly agree Agree Disagree Strongly disagree

Section B

1. My employer always requires me to work overtime?
 Strongly agree Agree Disagree Strongly disagree
2. My employer gives me permission to attend to non-work related personal issues?
 Strongly agree Agree Disagree Strongly disagree
3. Upon employment my employer offers me skills training?
 Strongly agree Agree Disagree Strongly disagree
4. The skills I have acquired from my employer can help me start my own business?
 Strongly agree Agree Disagree Strongly disagree
5. The skills I have acquired from my employer can help me get a better paying job?
 Strongly agree Agree Disagree Strongly disagree
6. The lighting conditions in the factory are adequate?
 Strongly agree Agree Disagree Strongly disagree
7. The temperatures in the factory are comfortable?
 Strongly agree Agree Disagree Strongly disagree
8. The fire safety measures taken by my employer are adequate?
 Strongly agree Agree Disagree Strongly disagree
9. The protective equipment provided by my employer is adequate?
 Strongly agree Agree Disagree Strongly disagree

10. The conditions of the sanitary facilities provided by my employer are adequate?

Strongly agree Agree Disagree Strongly disagree

11. My relationship with my supervisors is good?

Strongly agree Agree Disagree Strongly disagree

12. Our employer provides us with adequate medical facilities.

Strongly agree Agree Disagree Strongly disagree

Section C

1. Is there an organized workers' body (union) in your company? Yes No

2. (If you have a workers' body) its performance in handling issues affecting us is very effective.

Strongly agree Agree Disagree Strongly disagree

3. I feel that our grievances would be better addressed if our organization was affiliated to an external body e.g. COTU?

Strongly agree Agree Disagree Strongly disagree

4. EPZA labour inspectors' visit our factory?

Weekly Monthly After very four months One time an year When there is a crisis Never

5. EPZA inspectors' always consult us or our representatives on labour related issues?

Strongly agree Agree Disagree Strongly disagree

6. When addressing our grievances EPZA inspectors take?

One day One week One month Over one month They never settle them

7. I am aware of the codes of conduct of the international companies we sell our goods to?

Strongly agree Agree Disagree Strongly disagree

Section D

1. Our working relationship with the management of our company is good?

Strongly agree Agree Disagree Strongly disagree

2. In responding to our grievances the management of our company takes?
 - One day One week One month Over one month They never settle them
3. The management of our company always settles our grievances?
 - Strongly agree Agree Disagree Strongly disagree

Section E

1. When we have grievances we use the following methods to air them to our management? (You can tick more than one)
 - House unions Workers' committees Open meetings Suggestion boxes
 - Other (please specify).....
2. The avenue(s) we use to air our grievances to our employer is (are) effective?
 - Strongly agree Agree Disagree Strongly disagree
3. Before making decisions the management consults us on issues such as? (You can tick more than one)
 - Quotas Wages Layoffs Quality It does not consult us Other (please specify).....
4. When we find it difficult to resolve work related issues with the management we consult?
 - EPZA inspectors' Ministry of Labour officials Union office Other (please specify).

Section F

1. The reforms I would propose that would improve labour relations between EPZ workers, employers and the government include? (Please tick all that you feel are appropriate)

More:

	Strongly agree	Agree	Disagree	Strongly disagree
Government involvement				
NGO involvement				
Consumer groups' involvement				
Trade agreements involvement				
Multinational companies involvement				
Investor involvement				
Workers' involvement				
Educational institutions' involvement				
An EPZ code of conduct				

2. Other recommendations.

.....

.....

.....

.....

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS STUDY

Appendix G

EPZ INVESTOR QUESTIONNAIRE ON THE CURRENT STATE OF EMPLOYER-EMPLOYEE LABOR RELATIONS IN KENYAN GARMENT EPZs

This questionnaire is designed to gather general information on the current state of employer-employee labour relations. The questionnaire has six sections namely A, B, C, D, E, and F. Kindly supply information to **all items** in all parts of the questionnaire. It is important that you answer each question as thoughtfully and as frankly as possible. For complete confidentiality please do not write your name in this questionnaire.

Please TICK the choice that best describes your level of agreement with each statement

Section A

1. For how long has your company been operating as an Export Processing Zone (EPZ)?
 1-2years 3-4years 5-6years over 7 years
2. The total number of Non-Management Employees' in the company are (Please give figures)
..... Male Female Total
3. The distribution of Non-Management employment status in our company in terms percentages is as follows; (Please give figures)
..... % Casual % Permanent % Contract
4. On average we pay each Non-Management worker the following wages (in Ksh) per month. (Please give figures)
..... Casual Permanent Contract
5. The nationality (e.g. British) of the company owners is?
.....
6. The major markets we serve include? (Tick all that apply)
 AGOA ACP Other GSP's Others (please specify).....
7. Other EPZ investors always influence the way we relate with labour?
 Strongly agree Agree Disagree Strongly disagree
8. The conceding of labour and related legislation such as the factory's act has been very helpful to our operations.

Strongly agree Agree Disagree Strongly disagree

Section B

1. When recruiting we consider an employee's gender to be important.
 Strongly agree Agree Disagree Strongly disagree
2. When recruiting we consider an employee's age to be important.
 Strongly agree Agree Disagree Strongly disagree
3. When recruiting we consider an employee's maternity status to be important.
 Strongly agree Agree Disagree Strongly disagree
4. When recruiting we consider an employee's marital status to be important.
 Strongly agree Agree Disagree Strongly disagree
5. When recruiting we consider an employee's qualifications to be important.
 Strongly agree Agree Disagree Strongly disagree
6. After recruitment we always take our employees' through training programs?
 Strongly agree Agree Disagree Strongly disagree
7. The company's working week runs for?
 5 days 6 days 7 days
8. We always require our employees' to work overtime.
 Strongly agree Agree Disagree Strongly disagree
9. We always give our employees' permission to attend to non-work related personal issues?
 Strongly agree Agree Disagree Strongly disagree
10. How often do you receive complaints on factory lighting?
 Always Often Sometimes Never
11. How often do you receive complaints on factory temperature?
 Always Often Sometimes Never
12. How often do you receive complaints on firesafety measures?
 Always Often Sometimes Never
13. We provide our workers' with protective equipment?
 Strongly agree Agree Disagree Strongly disagree

14. We provide adequate medical facilities for our employees'?

- Strongly agree Agree Disagree Strongly disagree

15. The condition of our factory sanitary facilities is good?

- Strongly agree Agree Disagree Strongly disagree

16. How often do you receive complaints from the workers' about their supervisors'?

- Always Often Sometimes Never

17. We do not allow our workers to form and join trade unions?

- Strongly agree Agree Disagree Strongly disagree

18. EPZA labour inspectors' visit our factory?

- Weekly Monthly Once in four months Once a year When there is a crisis Other (please specify)

Section C

1. The employee - management relationship in our company is?

- Very good Good Fair Poor

2. The problems we have encountered with workers' due to the use of labour concessions include? (You can tick more than one).

- Strikes Negative publicity External consumer threats Reprimands from the EPZA Other (please specify).....

3. We have faced problems for using or requesting for labour concessions from? (You can tick more than one).

- NGO's Unions Politicians Consumer groups the general public the press Other (please specify).....

4. We respond to our workers' grievances in?

- One day One week A month Over one month Other (please specify).
.....

5. We settle our workers' grievances?

- Always Often Sometimes Never

6. EPZA inspectors consult our workers' or their leaders on labour issues?
 Weekly Monthly Once in four months Once a year When there is a crisis Never Other.....
7. The way I would prefer to approach issues such as EPZ working conditions, unions, women issues arising from labour related law concessions is through? (You can tick more than one).
 Existing laws NGO's Arbitration Self regulation Unions Codes of conduct Other (please specify).....
8. Our company has a corporate code of conduct? Yes No
9. International companies we trade with require us to abide by their corporate codes of conduct?
 Always Often Sometimes Never
10. To monitor our compliance with their codes of conduct international companies send their labour inspectors' and monitors'?
 Once a year 2 times a year 3 times in a year 4 times in a year Never Other (please specify).....
11. The assistance given to us by the EPZA in solving labour related issues in the zones is?
 Very Helpful Often Helpful Sometimes Helpful Never Helpful

Section D

1. What is the name of your employers' organization?

2. We interact with our workers using? (You can tick more than one).
 House unions Workers' committees Open meetings Suggestion boxes Other (please specify).....
3. The avenues we use to interact with our workers are?
 Very effective Often Effective Sometimes Effective Never effective
4. Before making decisions we consult our workers' on? (You can tick more than one)

- Quotas Wages Layoffs Quality Other (please specify).
-

5. If we find it difficult to resolve work related issues with our workers' we consult?

- The EPZA Fellow EPZ operators' Ministry of industry Ministry of labour
 Other (please specify).....

Section E

1. The reforms I would propose that would improve labour relations between EPZ workers', employers' and the government include? (Please tick all that you feel are appropriate)

More:

	Strongly agree	Agree	Disagree	Strongly disagree
Government involvement				
NGO involvement				
Consumer groups' involvement				
Trade agreements involvement				
Multinational companies involvement				
Investor involvement				
Workers' involvement				
Educational institutions' involvement				
An EPZ code of conduct				

2. Other recommendations.

.....

.....

.....

.....

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS STUDY

Appendix H

EPZA STAFF QUESTIONNAIRE ON THE CURRENT STATE OF EMPLOYER-EMPLOYEE LABOUR RELATIONS IN KENYAN GARMENT EPZs

This questionnaire is designed to gather general information on the current state of employer-employee labour relations. The questionnaire has six sections namely A, B, C, D, E, and F. Kindly supply information to **all items** in all parts of the questionnaire. It is important that you answer each question as thoughtfully and as frankly as possible. For complete confidentiality please do not write your name in this questionnaire.

Please **TICK** the choice that best describes your level of agreement with each statement

Section A

1. How many employees do you have in your department?.....
2. In the last five years my department operated on a budget of approximately?
2002 (Ksh)..... 2001 (Ksh) 2000 (Ksh) 1999 (Ksh)
1998 (Ksh)
3. What policy document does your department refer to while resolving labour related issues between EPZ workers and investors?
.....
.....
.....
5. Do you have an EPZ code of conduct? Yes No
6. In helping the EPZA realize its investment attraction objectives the ceding of legislation such as the factory's act has been?
 Very helpful Helpful Somewhat helpful Not helpful

Section B

1. In the last 12 months approximately how many cases did you (the EPZA), EPZ workers and investors resolve on?

	1-3	4-7	8-11	Other
Employment status and contracts of EPZ workers				
Gender, marital and maternity discrimination in the EPZ work place				
The wages EPZ workers earn				
The nature of overtime wages in the EPZ work place				
Forced overtime in the EPZ work place				
Number of days worked in a week				
Issues concerning annual leave in the EPZ work place				
The lack of pay slips in the EPZ work place				
Denial of permission to attend non work related issues				
Employee punishment in the EPZ workplace				
Factory lighting conditions in the EPZ work place				
Factory temperatures and ventilation in the EPZ work place				
Fire safety equipment provided in the EPZ work place				
Machine safety and protection devices in the EPZ work place				
First aid facilities in the EPZ work place				
Denial of permission to seek medical advice in the EPZ work place				
The condition of the sanitary facilities in the EPZ work place				
Permission to use the sanitary facilities in the EPZ work place				
Training and development in the EPZ work place				
Harsh supervisors in the EPZ work place				
Permission to form and join trade unions in the EPZ work place				
Interference by EPZ employers in trade union affairs				

Section C

1. Do EPZ investors abide with the labour relations guidelines you give them?

- Always Sometimes Never Other (please specify).
.....

2. How do you handle those investors that violate the labour relation's guidelines you give them and other labour related laws that apply in the zones? (Please explain your answer)

- Train them Reprimand them Sanction them Do nothing Other (Please specify).

3. While solving labour relations issues between EPZ investors and employees how would you rate your intervention outcomes?

- Very effective Effective Sometimes effective Not very effective

4. Considering that EPZ investors have been offered various labour law related exemptions how would you rate the available EPZ investor – worker dispute intervention measures at your disposal?

- Adequate Enough to do the job Inadequate Other (please specify).
.....

5. There are situations where we have felt helpless while resolving labour issues between investors and employees?

- Strongly agree Agree Disagree Strongly disagree

6. After our interventions labour law violations in the zones?

- Always recur Often recur Sometimes recur Never recur

7. When reprimanding EPZ investors who violate labour rights do they invoked the threat to move?

- Always Often Sometimes Never

8. Our working relationship with investors is?

- Very good Good Fair Poor Other (Please specify)

9. We visit/inspect EPZ enterprises?

- Weekly Monthly Once in four months Once a year When there is a crisis Other (Please specify).

10. We get to know of employers' grievances through?

- Meetings with them
- Their leaders
- Them forwarding them to our offices
- Other (please explain your answer)

11. We get to know of employees' grievances through?

- Meetings with them
- Their leaders
- Them forwarding them to our offices
- Other (please explain your answer)

12. What channels are available in the zones for employer – employee communication and problem solving?

- Trade unions
- House committees
- House councils
- Other (Please specify)

13. Before making major decisions that may affect their workers EPZ investors are supposed to consult employees on issues such as?

- Layoffs
- Closing down
- Wages
- Other (Please specify)

Section D

1. From whom have you experienced negative reactions for running an EPZ program that exempts EPZ investors from the factories act and from paying the minimum wage?

- NGO's
- Unions
- Politicians
- Consumer groups
- The general public
- The press
- Other (Please specify)

2. What do you feel is the general employee - management working relationship in the zones?

- Very good
- Good
- Fair
- Poor
- Other (Please specify)

3. In what time frame do you **respond** to the grievances EPZ workers bring before you?

- One day
- One week
- A month
- Over one month
- Other (Please specify)

4. In what time frame do you **respond** to the grievances investor's bring before you?

- One day
- One week
- A month
- Over one month
- Other (Please specify)

5. How often are you able to **settle** the grievances investor's bring before you?

- In all cases
- In most cases
- In some cases
- In very few cases

6. How often are you able to settle the grievances EPZ workers bring before you?

In very few cases In some cases In most cases In all cases

7. We would prefer to approach issues such as EPZ working conditions, unions, and women issues arising from labour related law concessions such as the factories act through?

	Strongly agree	Agree	Disagree	Strongly disagree
Stronger government regulation and restrictions on EPZ workers activities e.g. strikes				
More NGO involvement in mediating between EPZ investors and workers when disputes arise				
More consumer groups' involvement through lobbying for the boycotting of products from labour rights violating companies				
More Preferential trade agreements involvement through strong regulation and recognition of EPZ workers rights				
More Multinational companies involvement by ensuring that their codes of conduct are followed by EPZ contractors				
More EPZ investor involvement by taking responsibility for the EPZ investment freedom they have been given				
More EPZ workers' involvement in decision making on work place issues that affect them				
More Higher educational institutions' involvement in research and innovation on better EPZ management techniques				
An EPZ code of conduct				
The reduction of concessions on labour laws or laws that can affect labour negatively in EPZ's				
More external union involvement in ensuring that EPZ workers work in a proper environment				
The application of existing laws of the land on all areas of EPZ operations				
External arbitration between the affected parties				
Self regulation in the zones given the essential role EPZ industries play in development				
Stronger government regulation and restrictions on EPZ investors who are found to mistreat their workers				

8. Is there an organization in the zones that brings together EPZ employers, employees and the EPZA? Yes No

Section E

1. What avenues have been left open for labour to address issues on areas that labour laws have been ceded such as the factories act? (You can tick more than one).

The EPZA House unions Trade unions Other (Please specify).

.....

2. When we find it difficult to resolve working condition issues between labour and employers we consult?

The ministry of trade The ministry of health The ministry of labour Other (Please specify).

Section F

1. What reforms would you propose to the existing labour regulatory framework?

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS STUDY