Manual for
value chain research on homeworkers
in the garment industry

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Manual for value chain research on homeworkers in the garment industry

by

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Introduction

In developed and developing countries, grassroots organisations are trying to improve the livelihoods of informal producers. Such organisations have been concerned in particular with the homeworkers who carry out production tasks or provide services for the garment industry. Organisations such as the *Self Employed Women's Association* (SEWA) of India, and *HomeNet International*, both founding members of *Women in the Informal Economy: Globalizing and Organizing* (WIEGO), have tried to provide homeworkers with information and organisational strength. Women represent a majority of those working in the garment industry, particularly in home-based operations, where they are excluded from formal labour market protection and organisation.

WIEGO has given the practitioners in these organisations a regular opportunity to exchange experiences, learn from each other, and develop new instruments for placing local experiences in a global context. This has become increasingly necessary because the local prospects for enhancing skills and incomes depend on decisions taken in other parts of the globe. The globalisation of product markets has led to an unprecedented interdependence of enterprises and workers across regional and national boundaries.

While this general point is well understood by all involved, local workers and their organisations lack specific knowledge about the distant forces that determine their conditions. For example, how does the increasing concentration of the retail sectors in the US or UK affect the organisation of the value chain that these producers are part of? How does their performance – in terms of costs, quality, flexibility or speed – compare with that of competitors in other regions or countries? How do their earnings compare with those of similar producers elsewhere? Lack of knowledge on these and many other issues makes it very difficult for homeworkers to defend their positions or become pro-active. Government bodies are unlikely to provide the required information and understanding; and the work of academic institutions is often too abstract to be of use to them.

The value chain approach

This is why WIEGO regards it as one of its prime tasks to equip its member organisations with a new instrument to carry out the required research themselves. Discussions held at WIEGO workshops suggest that the value chain approach is probably the best way forward. This was certainly the consensus at the workshop on Value Chains in the Garment Industry in Ottawa in March 2000, which was attended by many practitioners and researchers of the WIEGO network. It was further reinforced at the Annual WIEGO Conference, held at Harvard University in May 2000, attended by the leaders of these grassroots organisations, academic institutions and international development agencies.

Value chain analysis can help to identify winners and losers resulting from the globalisation of product markets, and can help to find ways of spreading the gains of globalisation. However, the analysis of global value chains is still at an early stage. Even academic researchers are struggling to strengthen concepts, to develop useful taxonomies and produce good theories. Nevertheless, progress has been made, and the member organisations of WIEGO are trying to use the emerging insights from value chain analysis for their more practical work.

The feasibility of using this approach for collecting and interpreting sector and location specific information was tested at the above-mentioned workshop in Ottawa. This resulted in the request to WIEGO to develop a methodology manual that would enable practitioners and researchers worldwide to provide robust analysis and identify leverage points for action. This request for a manual has been echoed by other organisations concerned with informal producers in food and other sectors. There have also been requests to translate such a methodology manual into Spanish and other languages.

The manual has been written for activists and practitioners who have some research experience, as well as for researchers in the WIEGO network. However, it discusses issues and provides research tools that should be of use and interest to practitioners and researchers well beyond this target group.

How to use the manual

Divisions of the manual

The manual is organised into three parts. Part 1 introduces important concepts and issues about homeworkers and value chains. Part 2 provides the tools needed to carry out a value chain study. Part 3 is about using this research and analysis to make an impact on people's working lives.

The summary

Readers are encouraged to read this summary before starting the manual or selected chapters within the manual. It gives a quick overview of the entire contents, indicating the organisation of the manual into broad topics and chapters. It is then possible to read the manual selectively, going straight to those chapters which are of particular and immediate interest.

The appendix

To assist those whose research skills are weak or rusty, the appendix provides information on basic, general research methods, such as how to do sampling, conduct an interview or draw up a questionnaire. The reference list also includes a number of texts on research methods.

The glossary

All words highlighted in ***bold italics*** are explained more fully in the glossary.

Website addresses and reference list

These are provided for further research.

Index

This is the easiest route to locating detailed subject matter in the manual.

All users of the manual are encouraged to draw fully on these resources and to supplement them with texts designed for use in local circumstances.

Summary

Part 1: Homeworkers in value chains: concepts and issues

Part 1 introduces the two central subjects of the manual: homeworkers in today's global economy and global value chains.

Homeworkers and home-working issues

More and more people around the world are working from home. Although there are different types of these home-based workers, this manual is mainly about the women and men who are subcontracted to do piecework in the garment industry.

Chapters 1,5 and 6 are about the issues that homeworkers face in their daily lives and chapter 12 discusses how to gather information from homeworkers.

Homeworkers are mainly unorganised, and the lack of collective action can make them vulnerable in the face of powerful employers. Working conditions are often poor. While providing help from the outside can be difficult, a clear understanding of the interests of all parties in the value chain, and of the connections between them, can be a useful tool for empowering homeworkers.

Employers recognise the benefits of using homeworkers. They are cheaper, they are not given benefits, they are seldom protected by labour laws and can therefore be used or not used to suit the employer's needs. Factory overheads are reduced because homeworkers bear the cost of infrastructure, such as rent, machinery and electricity. However, some employers are beginning to see that there are benefits to treating homeworkers well, especially if their enterprise becomes more competitive by offering high quality garments at great speed.

Case studies 1.1 and 1.2 are examples of the different situations of two homeworkers and chapter 5 looks at types of homeworkers in production.

The living and working conditions of homeworkers ranges widely. Some are poor and have few skills. They live in extended families and often care for children while they work. Homework, for them, is a last resort. Others are highly skilled, manage to upgrade their equipment, and pursue homework as their preferred strategy.

Home-working issues

Homeworkers have to contend with a number of issues that do not affect more formally employed workers so directly.

Chapter 1 goes into these issues in more detail and chapter 5 deals with the legal and employment status of homeworkers.

- Their remuneration is irregular and often low, and so it is difficult to save money to invest in new machinery or in training.
- They often work under poor, cramped conditions, with bad lighting and seating. They may have to undertake domestic duties, such as childcare, while they work, which makes concentration difficult.
- Children are sometimes taken out of school to assist with homework, particularly in peak times of the year.
- As has been mentioned, they are often not organised and have little bargaining power. Since they often deal with intermediaries, and not with their main contractor, bargaining is even more difficult.

Gender differences and homeworkers

Chapter 6 deals with gender issues facing homeworkers and chapter 15 shows how to apply gender analysis to garment chains.

Gender differences and gender analysis get specific treatment in the manual. Most homeworkers are women who are often at the lowest end of the income scale, with men tending to find more skilled and better paid homework. Women are also more likely to be involved in domestic work as well, and may suffer discrimination in educational opportunities and in accessing resources, such as bank loans and credit.

Introducing global value chains and value chain analysis

Value chains are nothing new. Garment production has always started with the spinning and weaving of raw material, moving to cutting and sewing the cloth, and finally to producing the completed garment and distributing it. At each step along the way value is added.

Chapter 2 introduces the concept of global value chains.

The difference now is that the stages of production are spreading to different parts of the world. So design can happen in one place, the sourcing of raw materials in another, production in several other parts, and marketing in yet another part of the world. The connection between these is captured in the term global value chain.

This new global production system is linked to a number of changes that have taken place in the world economy over the last two decades. New technology, improved transport and communication, and the lifting of trade barriers have all contributed towards making production and distribution more global. This has also had the effect of increasing competition. Garment retailing is a good example of this. In order to survive in globally competitive markets, retailers have been forced to cut costs, improve quality and increase variety in ways that have impacted both negatively and positively on homeworkers. Homeworkers have had to adapt to the more flexible approach of garment retailers as they make the shift to low inventories and just-in-time production methods. As orders are now closer to the point of sale, homeworkers are required to improve on quality and speed.

The changes in the global economy that have affected garment production are described in chapter 4.

Although the manual concentrates on analysing global value chains, in which production and distribution take place across a wide number of countries, garment chains can range from small chains operating in one part of a country to national or regional chains.

Chapter 3 describes how global value chains are controlled and introduces the reader to global buyers. There is more about these buyers in chapter 10.

Global garment chains tend to be driven by the demands of the buyers of garments. Some of the types of buyers who can be identified are those who buy high quality, designer fashions; buyers for high quality department stores; for large chain stores and for low-priced discount stores. Each of these buyers will place different demands on manufacturers and finally on the homeworkers. Priority will be given to issues such as quality, speed, flexibility and the cost of piecework.

The way that production in a global value chain is organised and controlled depends a lot on the networks and ownership structure of the firms engaged in the production process.

The four main ways in which chains are organised are:

Chapter 2 deals with a number of characteristics of value chains, including the different ways in which they are organised.

- Buying and selling are left entirely to the **market.**
- There is **a balanced network** of firms that co-operate and no firm is dominant.
- Lead firms form a **directed network** within which they control production.
- There is a **hierarchy** of control with one or two firms owning and controlling the process from start to finish.

Uncovering all this information – and a lot more – is critical for the homeworkers who are linked to these companies. Often they, and in fact most of the world, are not aware of the links, and uncovering them can enable homeworkers to understand where their work fits into the chain. It can also give them power to improve their lives in ways that are discussed in Part 3 of the manual.

Value chain analysis, therefore, can help to answer critical questions such as:

- Who has access to what markets? How can access to markets be gained?
- What are the challenges and opportunities for local producers?
- How are the gains distributed along the chain? In other words: who gets what and how is this decided?
- Where are the weak links in the chain? Who has the power to change things?
- How can technical assistance be provided to small producers?

Part 2: Research methods for analysing value chains

Part 2 is the heart of the manual. It discusses how to design and carry out research that is useful for examining value chains. In particular, it shows how to construct maps to represent a value chain. These chain maps make it easier to understand some of the complex aspects within the chain, such as the numerous links and controls that exist. It is not possible, in a summary, to explain in any detail how to carry out the research and undertake the mapping that is necessary for value chain analysis. Here, however, are the broad principles and stages involved in the exercise.

Constructing maps of a value chain

A map in this sense is essentially a diagram or plan indicating the different stages of the value chain and a number of variables within each stage. In the first stage of mapping, the researcher shows the basic structure of the chain, including the main activities carried out locally, their connections to activities further along the chain, the final market and the size and importance of enterprises throughout each stage. The way that enterprises are connected to each other is also indicated.

Chapter 7 provides information on this stage of mapping and figure 7.1 is an example of a map in its initial stage.

An aspect of mapping that is particularly useful for collaborative research is that information can be collected and depicted by several people. This works well as long as everyone uses the same signs and symbols when constructing the maps. These are referred to as conventions.

These conventions are explained in chapter 7.

Before gathering information for the initial stage of the map, it is critically important that the researcher identifies the central question that drives the research. Sub-questions can then flow from this. Once the questions have been established, secondary and primary sources are used to start gathering information. It is likely that information on the local activities will be easy to find, but the more distant activities in the chain may present difficulties. Websites on the Internet can be useful sources of information for the more distant activities.

There is an example of a main question and sub-questions in chapter 7.

Chapter 8 shows how to make the map more precise and how to use it for showing key statistics of the chain. It also suggests how to collect the required data.

Further information is then added to the basic map depending on the question and sub-questions. However, it may be better not to put all information on one map. The presentation will be clearer if you construct a number of maps, each showing a different type of information.

The map is not just a diagram that shows how the various actors in the chain are connected. It can also be used to display data on how enterprises, workers and earnings are distributed and differ along the chain. Below is the kind of information that may be needed, with suggestions on how and where to find it.

- **Number of enterprises:** Government offices or business associations should have a register of local garment manufacturers and input suppliers. Garment producers themselves may be able to help supply details on wholesalers. Retailers are more difficult, and a number of alternative sources will have to be used.
- **Employment**: The same sources can be used for formally employed workers, but casual factory workers and homeworkers present a much bigger problem. Interviews with key informants, including local unions, may be necessary.
- **Female workers:** Employment figures sometimes provide a gender breakdown.
- **Average earnings of workers in different enterprises of the chain:** Labour unions, and sometimes employers' associations, are a good source for this information.

Chapter 9 provides examples of these 'close-up' maps.

The maps that have been described above provide a good overview of a value chain with all its stages and activities. But sometimes maps concentrate on one particular aspect in much more detail. This is a bit like drawing a map of a city, rather than of a country and its regions.

For example, a map can be constructed that looks in detail at one local manufacturer, the sub-contractors working for that manufacturer and the homeworkers working for the sub-contractors. This enables the researcher to fill in a great deal of detail on the homeworkers, such as how many are employed, under what conditions, whether they work only for one sub-contractor or a few, and so on.

Another 'close-up' map can be drawn to show all the service providers that enterprises along the chain can draw upon: these can be individual and collective, public and private.

Figures 9.2 and 9.3 are examples of these.

Sometimes a map may be constructed with a particular campaign in mind. For example, if homeworkers would like to become formally employed by upgrading their skills, it would be worth mapping the wages and skill levels of local factory workers and the skill shortages in the factory.

Figure 9.4 shows the wages and skill levels of local factory workers. Homeworkers looking for formal work would find this useful.

Widening the information net and strengthening the basis for action

The mapping exercise that has already been described will result in a lot of new and useful information. However, additional information can often assist in identifying issues that can give strategic weight to campaigns or negotiations to advance the cause of homeworkers. Gathering additional information from three sources is discussed: from global buyers, manufacturers and homeworkers themselves.

Learning from global buyers

It is important to develop an understanding of the perspectives and requirements of the global buyers who are buying the garments from local producers and retailing globally. Global buyers source garments from all over the world, so they are in a good position to compare the strengths and weaknesses of a wide range of producers. Interviews with them can uncover extremely useful information.

Chapter 3 introduces the global buyers and chapter 10 shows why interviews with global buyers are critical to understanding the chains and the workers involved in these chains.

Before interviewing a global buyer, it is important that the researcher be well prepared so as to impress the buyer, and also to avoid wasting time by asking questions that can be answered by looking at web pages on the Internet. The core of the interview should be about how the buyer assesses producers in the relevant countries.

Using star diagrams, or radar charts, is a useful way to depict differences. For example, they can be used to give a quick comparison of how buyers rate the performance of two countries in terms of product quality, price, reliability, flexibility and other criteria.

Table 10.1 shows how to tabulate this information, and figures 10.1 and 10.2 are examples of how to use star diagrams to depict differences between buyers in different countries.

Learning from manufacturers

Chapter 11 covers these issues.

Some of the information for the initial mapping will be about manufacturers. However, three issues often require more detailed attention: the share of labour cost of total cost, the weight of homework in comparison with factory work, and the use of core and fringe homeworkers. These three issues are all related to operating costs.

Finding out the share of labour cost of total cost from a manufacturer can be difficult, particularly if the manufacturer suspects that the information may lead to a request for an increase in the earnings of garment workers. The best approach for getting this information is probably in-depth interviews with a small number of producers. The kinds of questions to ask would relate to the percentage costs of materials, labour and overheads for the manufacturer.

Table 11.2 is an example of such a form.

Finding out how much work is carried out by homeworkers can be a little easier and more straightforward. Production that takes place outside the factory is called externalisation. Manufacturers can be asked to fill in a form in which they state whether production activities, such as design, layout, embroidery, assembly and so on, are carried out externally or not and to what extent. Manufacturers will see both advantages and disadvantages to externalising production. If they are particularly concerned with quality control, speed and reliability, they are not likely to opt for externalisation. However, if they wish to cut costs and avoid unionisation, they will wish to externalise.

Figure 11.3 shows the use of fringe and core workers by one manufacturer.

One way in which manufacturers can try to cut costs and improve quality, and still continue to externalise their production, is to create a core of regular, high-performance homeworkers. They develop closer ties with these workers and often provide them with training. Advance notice of ups and downs in orders are also critical for this to work. In addition, manufacturers can draw on a fringe of casual workers when the need arises. A map that shows the manufacturer and the extent to which casual or core homeworkers are used can be drawn.

Learning from homeworkers

There is a lot of information available about the on-going struggles of homeworkers, but this is not the focus of the research described in this manual. Instead, the manual suggests concentrating on a few key comparisons. For

example, focus on the difference between homeworkers in one chain compared to another, or the difference between homeworkers working for a conservative manufacturer compared to a progressive manufacturer. If such comparisons show substantial differences, this can be used to motivate for change.

Chapter 12 deals with this and also discusses the ethical issues related to interviewing homeworkers.

Comparing the perceptions of buyers, manufacturers and homeworkers

Homeworkers have their own perceptions of what manufacturers require in terms of quality, speed of production and reliability, and how they perform on these issues. These perceptions can be quite different from those of the manufacturers. The same applies to differences between buyers and their manufacturers. It is possible to draw up a set of mirror questions that can be put to all three groups. For instance, homeworkers are asked to say what their manufacturers and buyers expect of them, and how they think they measure up to these expectations. The answers are recorded on a simple rating system from one to five. So if a homeworker believes that quality is extremely important to a manufacturer, then that would be given a rating of five. Next, the manufacturers are asked to say how important quality is to them, and how their producers measure up to their requirements.

Chapter 13 has examples of these mirror questions.

When plotted on a star diagram, these results can be a powerful tool for identifying differences between homeworkers, manufacturers and buyers and indicating priorities for improvement.

Working with public agencies

Public agencies refer to local, regional, national and international government bodies. Many of these impact on the lives of homeworkers, and there is a danger that their influence may be overlooked if researchers simply focus on the actors in a value chain and their relationships.

Chapter 14 brings together the key regulation and policy issues for which public agencies are responsible.

Public agencies are responsible for regulations and laws impacting on labour – or the lack of these, as is often the case with homeworkers. They are also responsible for trade policies that affect industry and therefore labour, and for training or the failure to provide training. Officials in these agencies sometimes resort to bribery and other forms of harassment, which affects homeworkers and those who work as organisers and researchers with them.

Depending on the research question that is to be addressed, the researcher may want to gather information and data on some of the following:

- registration requirements for homeworkers;
- homeworkers and local labour legislation;
- local industry policy;
- national trade policy;
- trade policies of importers;
- multi-national trade policies.

In undertaking research on these rules and policies a number of different sources will be used, including secondary material, interviews with public agencies, interviews with local support organisations such as trade unions or NGOs, and interviews with industrialists and homeworkers.

Applying gender analysis to garment chains

Gender analysis should be a component of all research on homeworkers. The manual suggests four main steps to use in gender analysis.

Chapter 6 looks at why gender analysis is important and chapter 15 deals with how to undertake this type of analysis.

The first step is the gathering of information relevant to the workers and firms in a particular value chain. This will include demographic data of workers, such as their age and sex; labour force data, such as rate of pay and benefits; and finally, information about the roles of the participants in their household, community and at their places of work. The manual provides an example of the results of this first step.

The second step involves putting this information in a broader context and making some comparisons. For example, if female homeworkers are more disadvantaged in the garment industry than in other industries in the same country, it would be useful to compare them to workers in the industry as a whole or to workers in the manufacturing sector.

In the third step, information is collected on how things are done in all the various enterprises of a value chain. This information can be grouped into five elements.

- **Rules** are about the formal way that work takes place in industry and also about traditional customs and values.
- **Activities** are about the different tasks done by women and men, such as: who does night shifts, who does the cutting and who does the ironing?
- **Resources** look at, for instance, the different skills and training of men and women, and at people and power.
- **Institutional patterns** show the gender divisions in the institutions: for example, the number of women and men managers, fashion designers, traders, and so on.
- **Power** is the final but perhaps most important element. It is about who determines priorities and makes the rules.

In the fourth and final step the results of the first three steps will be compiled, and the gender differences that have emerged will be analysed in terms of issues such as:

- How is the burden of work divided?
- What resources are available for men and women?
- Are the prospects for advancement affected by gender?

Summary

Part 3: Making an impact

This final part of the manual puts forward suggestions about how to use the research findings from the value chain analysis to improve the conditions and opportunities for homeworkers, and how to promote best practice amongst employers.

Finding solutions and taking action

Chapter 16 deals with these crucial issues.

This part of the manual shows how value chain analysis can be used to take action. It deals with how to begin working towards solutions, and how to support collective action and mobilise around codes and standards, in particular the issues of occupational health and safety and child labour. It also looks at how to help workers switch chains.

Using a participatory approach

Homeworkers, contractors, factory owners, labour unions and NGO activists all see the problems and solutions of homeworkers differently. A good solution from a homeworker's view may be an impossible solution from the manufacturer's point of view. The best way to deal with this is to use a participatory approach in the research and in working out solutions.

Researchers and activists involved in facilitating solutions will need to find the most effective points of intervention and learn from the research and action of others. Presenting research findings in person is an excellent way of making sure that everyone understands them well and has an opportunity to respond to them. Engaging stakeholders in the search for solutions will build support for whatever action is finally taken.

Supporting collective action

Although direct discussion and negotiation is the ideal way to agree on a way forward, this is not always possible as powerful stakeholders may be located on other continents and homeworkers may not be well organised. Value chain analysis acts as a catalyst for all kinds of different actions. For example, researchers may find that the first thing homeworkers may need is help with building their organisation, or they may need an intermediary between themselves and other stakeholders.

Chapter 16 gives examples of collective action.

In trying to find solutions to problems, organisers sometimes make unrealistic demands on their employers. This can have negative implications, and employers who might have been open to considering some problems then dismiss all demands as unrealistic. It is always important to estimate the cost of improvement to others further up the chain.

Homeworkers' solutions do not always lie with their current employers. Sometimes they need to be assisted with gaining access to alternative markets. This is particularly the case where workers are involved in traditional crafts, and need to be prompted to change and cater for new markets.

Mobilising around codes and standards

Global activism has, over the past few years, helped to expose the poor employment practices of some large, well-known companies. There is now much more pressure on companies to take their social responsibility seriously. Research information can help to keep up the pressure and encourage firms that have poor employment practices to move towards complying with acceptable codes and standards.

The way that these codes and standards are monitored differs, but factory workers and homeworkers are likely to be the main concern of monitoring groups. In order to ensure that there is no competition between these two groups, some labour organisations have included homeworkers as members.

Information box 16.2 stresses that national occupational health and safety regulations apply to homeworkers.

Occupational health and safety is one area where international standards exist for homeworkers, though this is extremely hard to enforce or monitor. In order to bring about change, it is important to compare actual conditions with requirements of the national or international code, and to assess the costs to the employer of meeting these codes.

The researcher and the homeworkers will have to decide how best to use this research to put pressure on employers to improve their health and safely conditions. A number of different options are possible, and you will have to decide who would be the most strategic recipient of your information. This could be the employer, but it could also be the global retailer controlling the particular chain, or even the national government.

Child labour is another issue where codes and standards exist. In this instance, however, homeworkers may be resistant to the ending of child labour since it may be an important source of income for a household. In such cases, it might be possible to calculate what increase in piece-rates would be needed to ensure the same income without the child labour.

Chapter 11 shows how to find out whether some homeworkers are treated better than others and whether good practice exists in certain chains.

Helping homeworkers to switch chains

Research can often reveal that some chains pay better than others. This might be because the work done by the homeworker is more skilled or requires more sophisticated equipment. Organisers wishing to help homeworkers to switch chains may have to investigate the types of credit schemes available that would enable the homeworker to upgrade equipment, or would provide some income to the household while undergoing training.

Spreading best practice

The argument in favour of employers voluntarily adopting a best practice approach is that it is economically sound. It contributes towards good quality, speedy delivery, flexibility and many other criteria that are very important to employers.

The final chapter in the manual – Chapter 17 – discusses what is meant by best practice and how it can be diffused more widely.

In their value chain analysis, researchers are likely to have found examples of firms that have implemented best practice and are doing well. Examples of this would be providing childcare or giving advance notice of increases or decreases in orders. Positive publication of this information can be used as an incentive to other firms. As with the issue of child labour, researchers will have to assess the cost and benefits to the employer of meeting best practice standards, and feed this back to both workers and the employer.

Conclusion

This manual, and value chain analysis, can be an effective tool to improve the earning opportunities of homeworkers and the conditions under which they work. Training workshops based on the manual would multiply its effectiveness. As the methods described here are put into practice, they are likely to be adapted and developed to suit different situations.

In many situations, it is best to use the manual selectively, dealing with specific issues and focusing on specific connections in the chain.

All users are invited to share their experiences with others, and thereby contribute to broadening the network of those involved in value chain analysis. This can make an important contribution towards empowering those who work at the labour intensive end of the value chain.

Part I

Homeworkers in the global economy

Part 1 shows why it is important to look at ***homeworkers*** in the global context. The garment industry has changed enormously. Everybody involved in making or selling clothes has been affected. In the course of explaining these changes, some of the key concepts to be used in this manual are introduced and explained, with examples. You may want to supplement this with further readings, so suggestions for additional resource material – both printed references and a selection of websites – are provided at the end of the manual.

The main messages of Part 1 are:

- Homeworkers are not a homogeneous group of people. Many carry out fragmented, piecework that earns low rates, while others carry out a wide range of tasks. Some have low work-related skills, but others have rare skills that earn them good incomes.
- ***Value*** chain analysis helps to explain the connection between all the actors in a particular chain of production and distribution. It addresses the question: who adds value, and where along the chain is this added?
- Some value chains are strings of producer-buyer relations in which all parties can act freely. Often, however, there are powerful actors in the chain who control the flow of goods and information.

In the garment industry, the power has shifted from producers to traders and ***retailers***. This is most pronounced in ***global value chains***. In many product lines, global buyers set the terms for others in the chain. They decide what is to be produced, where, by whom, and at what price.

- In national or local chains, uneven power is less of a problem, but the final markets are smaller and opportunities are more limited.
- The new rulers of the global value chains are often vulnerable. Value chain analysis helps to identify pressure points and improve the situations in weaker links, where returns are low.

chapter 1

Homeworkers in the global economy: an introduction

Throughout the world, more and more people are working from home. Some are independent workers whose residence doubles as an office or workshop. They are sometimes referred to as 'own account' workers. Many of them are self-employed professionals who acquire work from numbers of different sources and who, to some extent, can control the rates that they charge for their work.

The second type of home-based worker consists of those with whom this manual is concerned. They are men or, more often, women who are dependent ***subcontractors***. They perform assembly work or other low-skilled tasks on a contract basis. The International Labour Organisation (ILO) refers to this category of worker as a 'homeworker'.[1] This manual will follow the ILO practice and use the term 'homework' to refer to work done at home by an outworker for a manufacturer or an ***intermediary***, and 'homeworker' to refer to persons performing such tasks.

Producers in ***labour intensive*** industries like to use homeworkers for a number of reasons.

- Homeworkers reduce ***labour*** costs because, in most instances, employers do not have to pay a minimum wage, nor do they contribute towards pensions, unemployment insurance and other benefits.
- Employers can hire and lay off homeworkers much more easily than ***factory workers*** and so the size of their workforce can be flexible. It can alter according to the demands of the market. During slack periods, fewer homeworkers are used and during peak periods the employer can work at full capacity. This reduces labour costs.
- Factory overheads are reduced because employers do not have to carry the cost of electricity, machine maintenance and rent, all of which are borne by the homeworker.

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[1] The ILO has defined homework as "work carried out by a person, to be referred to as a homeworker, in his or her home or in other premises he or she has chosen; for remuneration; which results in a product or service as specified by the employer, whether the equipment, materials or other inputs used are provided by this person, the employer, or the intermediary, as long as this person does not have the degree of autonomy and does not fulfil other conditions necessary to be considered an independent worker under national laws, regulations, or court decisions." (ILO 1996: 65). Note that 'outwork' is a broader term that includes any work done outside the shop or factory that supplies it.

In many countries, the garment industry is a large employer of homeworkers. As case studies 1.1 and 1.2 show, the circumstances of these people can differ widely.

Case Study 1.1

Maria — a homeworker with few options[2]

Maria is a homeworker. She sews pre-cut pieces of cloth into finished garments on an industrial sewing machine. Although she puts internationally known labels on the garments she makes, she has never met any company representative. Rather she deals with a local intermediary, who brings the material to her and collects the finished garments. This person is her only link with the company for which she sews.

The intermediary pays Maria on a piece-rate basis. Quality standards are high, and any flaw can be an excuse for refusing to pay for the item in question. In addition to providing her own machine, Maria must pay her own electricity and other overhead costs. The intermediary supplies only the cloth, thread and buttons.

Maria's working hours are irregular. They can be very heavy during certain seasons, when she may work up to 75 hours in a week to satisfy her contract. All of this work is paid on the same piece-rate basis. She gets no overtime pay, holiday pay or paid leave. Her employer considers her to be an independent ***contractor***, so he does not deduct taxes or social security contributions from her pay. Maria is happy enough to get her full pay now, but she knows that it means that there will be nothing for her later in life.

When there is less work, or when the complexity of the garment forces her to work more slowly, Maria still receives only the piece-rate. The contractor has told her that minimum wage laws do not apply to her. Although she recently learned that this is not correct, she feels sure that she cannot get higher pay because there are too many women like herself ready to work for what little they can get.

Maria's husband is an unskilled labourer. He occasionally gets work for a month or more at a construction site. More often he works by the day wherever he can. His earnings fluctuate widely. Sometimes, to increase the family income, Maria keeps her ten-year-old daughter home from school to help her. The girl sews on buttons, then presses and folds the finished garments. She also looks after her two-year-old brother and four-year-old sister. This allows Maria to concentrate on machine sewing and increases the volume of production.

[2] Maria's story is a composite, drawn from several sources, including Yanz *et al.* (1999); ILO (1995, 1996) and Wilson (1993).

Maria is similar to many poor women homeworkers who have few skills. Homeworkers like Maria typically live with their extended families. The male members of the ***household*** may be unemployed or working in low-wage jobs. The women are poorly educated with few income earning opportunities. Homework is often a last resort, accepted because it offers a chance to combine paid work with childcare and other domestic responsibilities, and because contractors are usually willing to take workers with little or no formal training.

In contrast to Maria, some women have been able to use home-working as a stepping stone to establishing their own businesses. The next case study, about Agnes, is an example of this.

Case Study 1.2

Agnes — a homeworker moving up the value chain[3]

For over twenty years, Agnes worked in a clothing factory. She began as a machine operator, sewing straight seams. Determined to improve her skills, she used her lunch hours to practise more complex operations on scraps of material. Seeing her interest, her supervisors gave her opportunities to train on some of the specialised machinery. By the time she left the factory, Agnes had risen to the position of quality control supervisor.

Agnes left factory employment voluntarily. The clothing industry was beginning to contract and her income was not increasing. She felt that she could make more money sewing on her own. Her husband, a skilled mechanic employed by a large firm in another industry, was supportive, as were her grown children. Agnes used her savings to buy an industrial sewing machine. She also visited a local non-governmental organisation (NGO) that assists women entrepreneurs to make contacts with potential markets. Through the NGO she was introduced to an intermediary who was a designer and trader. He was looking for people to produce for boutiques in the city's tourist area.

Agnes has now been working for this intermediary for four years. The intermediary provides the designs, the fabric and the label. The intermediary buys the fabric, which is of very high quality, and delivers it to Agnes, who cuts and makes the garments. She then takes the finished garments to the intermediary, who delivers to the shops. Agnes is paid for her work by the piece. She bargained with the

[3] Agnes's story comes mainly from personal conversations with an individual homeworker. Some particulars have been changed to protect her identity.

intermediary for a rate that would cover her increased electricity costs as well as her labour. She knows that her superior skills were crucial to her success in getting this rate.

When she began, Agnes worked from the front room of her house. With her profits and some assistance from her husband, she recently converted a carport into a workroom. She can now work more freely in the evenings and on weekends without disturbing her family. She has also bought a second machine so that her daughter can help her when she has very big orders. The daughter has completed secondary school, and is now enrolled in a technical college where she is studying design.

Agnes has visited some of the boutiques, so she knows the final selling prices of her garments. She would like more of that price to come to her. She feels that she has learned a great deal by working with her intermediary, but she is now ready to move toward greater independence. In her view, the key to doing this is having her own label. She has designed the label and is trying to find out what she must do to have it legally protected. Only after that step has been taken will she begin making her own designs to take to potential ***customers***.

In addition to superior skills and some available capital, Agnes has an understanding of the particular market niche she wants to penetrate. This combination of resources is enabling her to take the steps necessary to move up the value chain, from simple assembly work to full production and marketing. Having her own label will not guarantee her success, but it will help her to increase her profits and become a more successful producer of high value garments.

Home-working issues

There are many people such as Maria and Agnes across the world. Their stories highlight a number of the issues about home-working.

1. Gender

The vast majority of homeworkers, especially in the garment industry, are women. There are a number of reasons for this. In many ***cultures***, sewing is considered 'women's work'. Many women have few skills and are therefore willing to accept low-skilled, poorly paid

homework. Women have domestic responsibilities that, initially at least, make the idea of working at home attractive.

2. Remuneration and running expenses

Both Maria and Agnes depend on contracts from intermediaries. This means that they sometimes have a great deal of work at one time and none at another. Maria is especially vulnerable because her piece-rates are very low, which makes it difficult to save for the times when there is no work. Furthermore, if a machine breaks down, not only do Maria and Agnes lose precious time from work, but they also have to bear the cost of repairs. Paying their own electricity further reduces their net income.

3. Working conditions

Maria's situation reveals the poor working conditions of many homeworkers. Like many people living in poor areas, the cramped conditions of her house mean that she cannot work efficiently. Although she appreciates being able to keep an eye on her two pre-school children, she knows that her work sometimes suffers as she tries to combine child-care with work. She also suffers from the isolation of working alone in the house all day. At times, she finds it difficult to meet her production targets because the home is filled with other family members, who expect her to cook and attend to their needs.

Agnes works under somewhat better conditions. Her children are older and out of the house most of the time. Now that she has her own workroom, she can really concentrate on her work. Nevertheless, both women share the stress of widely fluctuating workloads. When work is heavy, they sometimes work late into the night six or seven days a week.

4. Child labour

Home working often gives rise to ***child labour*** because the adult worker finds it difficult to meet production targets without help. By staying out of school, Maria's daughter risks falling behind and eventually dropping out.

5. Bargaining power

Women like Maria have little or no ***bargaining power*** with their employers. Their lack of power comes first from the fact that many homeworkers deal through intermediaries and have little or no contact with the main contractor. Even if they could locate the

contractor, they might have difficulty ***bargaining*** with him or her, firstly, because they would be speaking as individuals, and secondly because the lack of education of most homeworkers places them at an immediate disadvantage. Furthermore, in some places homework is banned, which puts homeworkers outside the law and further reduces their bargaining power.

How widespread is homework?

Homework is common in a number of labour intensive industries, including clothing and ***textiles***. Exact numbers are very difficult to find. Homeworkers are usually under-represented in labour statistics because of their invisibility and the clandestine, sometimes illegal, status of the work itself. The information box below gives figures for individual countries. They show that homework is a widespread phenomenon.

Information Box 1.3

Home-working is widespread in many countries

- In *Venezuela*, 45% of clothing industry workers are homeworkers.
- In *Thailand,* 38% of clothing industry workers are homeworkers.
- In *Chile,* an estimated 60% of all women's and children's clothing is produced by homeworkers.
- Also in *Chile*, homeworkers make 30% of all men's clothing.
- In the garment industry of *Lima, Peru*, there are 40,000 people working at home. These make up 82% of the workforce.
- In *São Paolo, Brazil*, a trade union leader estimated that there were 70,000 homeworkers in the garment industry in 1997.
- In the *Australian* garment industry, there are 15 homeworkers for every factory worker.

Source: Prugl (1992, 1998); HomeNet Newsletter (1999)

chapter 2

What are global value chains and why analyse them?

Homeworkers are often analysed in their local context, but this manual stresses the need to look at homework in a global context. This is because local conditions are increasingly affected by global forces.

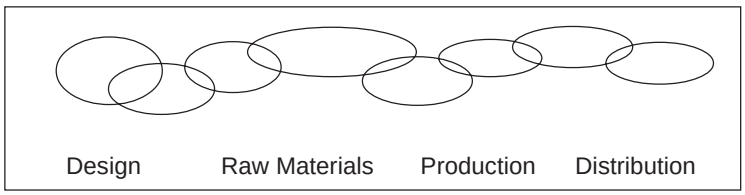
In the past, manufacturing usually happened in one place. Large firms had their design, production and marketing functions under one roof, or at least within easy reach of one another. Firms with multiple plants might locate design and marketing at the head office, but the manufacturing remained undivided. Each product was made, from start to finish, in one place. Even the emergence of multinational corporations in the 1950s and 1960s did not change this very much. Firms establishing plants in foreign countries undertook the full range of manufacturing activities in each location.

By the 1970s, however, the picture started to change as multinational ***enterprises*** began to rationalise and restructure their operations. Labour-intensive activities were located in developing countries where labour was cheaper. The process intensified in the 1980s and 1990s, when improved transport and communication made it possible to subdivide the production process and produce one product in many locations. By the mid 1990s global value chains were well established. It was not uncommon for a consumer in Washington or New York to buy a product labelled 'assembled in the Dominican Republic from components manufactured in the United States'.

The term 'value chain' is used to describe the chain of activities required to bring a product from its conception to the final consumer. The value of the product increases at each point of the process, which is why the whole process is described as a value chain. The term 'global value chain' is used when this process has become ***globalised***. In other words, design, production and marketing involve a chain of activities taking place in different parts of the world. A shirt, for example, may be designed in New York, cut in India, assembled in Kenya, and sold to a consumer in Los Angeles.

Figure 2.1 is a representation of a typical value chain. It includes all of a product's stages of development, from its design, to its sourced raw materials and intermediate inputs, its marketing, to its distribution to the final consumer.

Figure 2.1: Chain of value adding activities



Characteristics of a value chain

Any value chain has a number of characteristics that can be identified with analysis.

1. The input-output structure

The ***input-output structure*** refers to the flow along the chain. A chain is a sequence of value-adding economic activities. At its simplest, a garment chain has five main links or stages:

- design;
- purchase of raw materials or inputs;
- production;
- distribution through ***wholesalers;***
- retailing.

At each stage, services such as transport or finance may be needed to keep the process going. As you will see when you start ***mapping*** real value chains, some of these stages may be subdivided and others combined or compressed. Nevertheless, the five stages remain a handy device for understanding each step of the process.

A value chain has another, less visible structure. This is the knowledge and expertise necessary for the physical input-output structure to function. The flow of knowledge generally parallels the material flows, but its intensity may differ. For example, the knowledge ***inputs*** at a product's design stage may be much greater than the material inputs; production, on the other hand, needs large quantities of materials, but in many cases requires only standard or routine knowledge.

2. The geographic spread

The second dimension of a value chain has to do with its ***geographic spread***. Some chains are truly global, with activities taking place in many countries on different continents. Others are more limited, involving only a few locations in different parts of the world. A UK retailer may, for example, contract with a Chinese fabric ***supplier*** to deliver cloth to a garment producer in Sri Lanka. The finished goods will then be shipped directly to the UK retailer. It is also possible to identify national, regional or local value chains. These operate in the same way as the global chains, but their spread is more limited. There is more about the geographic spread of ***garment value chains*** in chapter three.

3. Control and governance

Different actors exert different levels of control over the activities making up the value chain. They directly control their own activities and are directly or indirectly controlled by other actors. For example, a retailer controls the way he or she sells goods, but may be limited – or indirectly controlled – by the range of goods available from wholesalers and producers. A homeworker may find that almost every aspect of her work is controlled by a distant retailer who has specified the design, quantity and quality of the garments she is producing.

The pattern of direct and indirect control in a value chain is called its ***governance***. The four main types of governance are described below.

Market

When the market governs a value chain, most transactions take place between buyers and sellers dealing at arm's length. The value chain for standard goods such as men's cotton athletic socks is a good example of a market-driven chain. Many knitting mills all over the world produce such socks. There is no need for buyers and suppliers to collaborate on product definition because the item is standard. Buyers simply place orders for a given quantity of a particular quality and size range.

A balanced network

Some value chains can best be described as balanced ***networks.*** Firms form networks, but because the power relations between them are fairly equal, no one firm or group of firms dominates the network. In balanced networks supplier and buyer jointly

define the product and combine their different skills to produce it. An example might be collaboration between producers of 'eco-friendly' knitted fabric and garment manufacturers who make this fabric into fashion garments. Since both are involved in high value-added production, they can work together more or less as equals.

A directed network

Directed networks are value chains that are governed by lead firms. These do not merely buy goods in the market, but they specify what is to be produced and by whom. They monitor the performance of the producing firms. In some cases, the networks are directed, or 'driven', by large producers such as transnational corporations or other large integrated industrial enterprises. The automobile industry is a good example of a directed network. The large automobile companies dominate the chain by setting the specifications that must be followed by firms joining their networks of component suppliers.

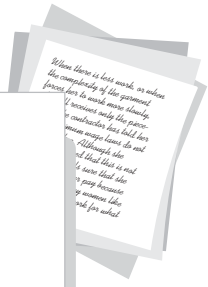
Other chains are driven by the buyers of the products. In clothing and footwear, many leading brand-name companies do no production themselves. Instead, they concentrate on design and marketing. Their strength as buyers enables them to dominate certain value chains. They determine what fabrics will be used, what styles will be produced, and in what colours.

Hierarchy

A vertically integrated enterprise is one that controls a number of different stages of production along a value chain. For example, if a single enterprise owns textile, garment and retailing operations, then it is said to be vertically integrated. Some value chains are characterised by vertically integrated firms. These firms control chain activities through their own decision-making hierarchy.

For instance, a study of the silk subsector in northeast Thailand revealed that one part of the "modern Thai silk" chain consisted of a single vertically integrated firm that was involved in all activities from silk-worm ***research*** to retailing the final product (Haggblade and Gamser 1991). Kenyan knitting mills are another example. Although they make hosiery, sweaters, T-shirts and other garments, they are distinguished from apparel companies precisely because their operations are usually fully integrated.

The four main types of governance are summarised below.



Summary 2.1

Types of value chain governance

Market	Firms deal with each other mainly in "arm's length" exchange transactions.
Balanced network	Firms form networks in which no one firm or group of firms exercises undue control over the others. Firms prefer to deal with other members of their networks.
Directed network	Firms form networks that tend to be controlled by certain lead firms. The lead firms specify what is to be produced by whom, and they monitor the performance of the producing firms.
Hierarchy	Firms are vertically integrated, so that they can directly control all or most of the activities of the chain.

Source: Adapted from Humphrey and Schmitz (2000)

Value chain analysis

Value chain analysis is important both conceptually and practically. Conceptually, the value chain approach shows the process of creating value. For one thing, it shows clearly that production is not the only way to create value. A product is brought to market through a combination of activities, all of which contribute to its final value. In fact, in many chains, the ***value added*** for stages such as design, or the production of certain key components, is higher than that of the final assembly process. This has important implications for workers, as those participating in high value-added activities are more likely to be well paid than those in functions adding lower value.

Value chain analysis also helps to explain the way trade takes place today. Research on value chains shows that an increasing amount of international trade occurs within trading networks.[4] Firms in the networks are formally independent of one another, but linked by personal relations, repeated transactions, and often dense information flows. Networks contain firms of many different types, from global buyers to small local workshops.

[4] The other ways trade can happen – arm's length market transactions and intra-firm trade – have become correspondingly less important.

Perhaps more important to users of this manual, is the practical usefulness of value chain analysis as a way to understand problems and find ways of improving the situation of those in the chain who are poorly paid and have little bargaining power.

Here are some of the ways in which value chain analysis can be helpful.[5] You may think of others.

1.Understanding problems of market access

Even when developed countries reduce ***tariffs*** or eliminate other trade barriers, a developing country's producers will not automatically increase their access to new markets. This is because many chains into European and North American markets are directed networks. In order to participate in them, producers need access to the lead firms in these chains. Larger firms, and those with other international connections, are more likely to gain this access than small, unknown producers. So it is important to establish the type of governance that exists in the value chain that you wish to analyse.

2. Acquiring production capability

Value chain analysis helps you to understand the challenges and opportunities faced by local producers when directed networks begin to operate in their country. Those producers that gain access to a chain's lead firm are pushed to upgrade their production capability very quickly. The lead firms are very demanding with regard to reducing cost, raising quality and increasing speed. But they also transmit best practices and provide hands-on advice on, for example, how to improve production flows and raise workers' skills. This combination of high challenge and high support explains how relatively underdeveloped regions can become major export producers in a short period of time.

3. Understanding the distribution of gains along the chain

Knowing how and by whom a chain is governed will help you understand the distribution of gains among firms along the chain. Governance is often related to strength in particular competencies such as design, branding and marketing, which command high returns, but are difficult for developing country firms to acquire. Firms in developing countries tend to be locked into production activities, in which they manufacture to the specifications of the lead firm. Since many producers are capable of doing this, competition is intense and returns are low.

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[5] Here we draw on Kaplinsky (2000) and Humphrey and Schmitz (2000).

4. Finding *leverage* points for policy and organising initiatives

Understanding the workings of a chain will help you identify the points where it might be possible to improve the distribution of gains. Chain analysis can help to answer questions like, "Who has the power to change things?" or, "Which actors are the right ones to pressurise?". For example, activists have used the fact that some chains are governed by lead firms from developed countries to address labour and environmental issues further down the chain. They recognise that these lead firms are vulnerable to public opinion in their home countries. They also see from their analysis that the same lead firms work closely with their suppliers. As a result, they recognise that, by exerting the right pressure, they can get them to raise their labour and environmental standards. Homeworkers themselves recognise the importance of organising and ***advocacy*** work, but they need ***data*** to support their efforts.

5. Identifying funnels for technical assistance

Multilateral and bilateral donor agencies wanting to provide effective technical assistance to developing country producers are beginning to look at value chains as a way of reaching these producers. They use lead firms as the entry point for reaching out to many distant small and medium sized suppliers. These efforts are still in the experimental stage, but they promise to offer a way of ensuring that more of the gains from chain participation reach small producers.

* * *

Value chain analysis lends itself easily to dealing with particular issues of concern, such as market access, skill acquisition, labour standards and many others. Once the basic value chain has been mapped out, it becomes possible to examine, for example, the gender and ethnic character of production, the impact of the chain on the production location, or the returns for different types of labour. Once these are known, they can become the focus of advocacy work in both developed and developing countries. This manual aims to provide the tools for doing the basic analysis. It also emphasises the types of studies needed to support advocacy efforts on behalf of one of the weakest links in the chains: homeworkers in garment chains.

Chapter 3

Types of garment chains

You now have an understanding of the general issues surrounding homework and value chains. This chapter turns to the task of building a framework for analysing garment chains. This chapter examines different types of garment chains.

Garment chains vary considerably and, to understand how they work, it can be helpful to group them into different types. Here they are first grouped according to their geographic spread and next according to the way they are controlled.

The geographic spread of garment chains

Chapter two mentioned that some chains are global, while others are regional, extending to neighbouring countries. Others are national or local.

1. Global garment chains

Global value chains are those with activities taking place in many countries on different continents. In the case of garments, this may mean that design takes place in London or New York, fabric is sourced from China, trim and other inputs are made in India, and assembly takes place in Mauritius. In some cases, even the assembly of the same or related items can take place in several countries. For example, large buyers often contract producers in different countries to make identical shirts. It is also not unusual to find a matching skirt and blouse where the blouse was made in one country and the skirt in another. Obviously such globally dispersed production requires very careful planning and co-ordination. The next chapter will return to this subject.

2. Regional value chains

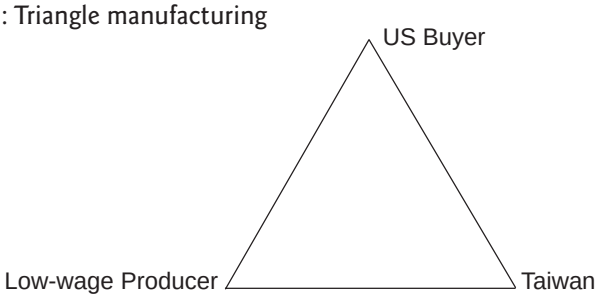
Other chains extend beyond national boundaries, but they cannot be called truly global. For example, some international chains are spread across two or three countries, which may be neighbours. A South African company, for example, may design a garment that

will use fabric from Zimbabwe, be assembled by a 'cut-make-and-trim' firm in Lesotho, and sold through one or more South African retailers.

3. Triangle manufacturing

One variant of international production has come to be called 'triangle manufacturing' (Gereffi, 1999). It came into being in the 1970s and 1980s as a way of taking advantage of low-wage labour or favourable ***quotas,*** while at the same time using the experience that had already been developed by many Asian suppliers. Figure 3.1 is a diagrammatic representation of triangle manufacturing. The first stage of production begins when a buyer places an order with a manufacturer with which it has previously done business. A typical example is a US retailer placing an order with a Taiwanese apparel firm. In order to fill the order at a competitive price, the Taiwanese firm then shifts some or all of its production to another manufacturer in a low-wage country such as Vietnam. The triangle is completed when the finished goods are shipped directly to the original buyer. Such goods are, of course, subject to the quotas and tariffs of the manufacturing country, rather than those of Taiwan through which the order was placed. The Taiwanese manufacturer, however, as the main contractor and recipient of the payment, can ensure its own profit.

Figure 3.1: Triangle manufacturing



4. National garment value chains

Still other chains are contained within a single nation. The South African garment industry provides a good example. The country's history of isolation means that it developed capabilities in all aspects of garment production, from design to distribution. The country's multi-***outlet*** retailers, such as Woolworths and Foschini, are able to function as design houses and major buyers, contracting for the production of garments from a variety of sources within the country. Some of these national chains involve inter-

firm linkages similar to those characterising global chains. October (1996), for example, describes how producers in the Western Cape co-operate on joint clothing ranges, with a jeans manufacturer and a shirt manufacturer jointly producing items that will eventually be sold as a set.

5. Sub-national garment value chains

Finally, especially in developing countries, many garment chains operate at a sub-national level. In many cases, small firms make garments for customers in the immediate vicinity. Typical examples are producers of school or work uniforms, custom tailors and dressmakers, and those making special occasion wear, such as wedding attire. They source the fabric they use from local wholesalers who have, in turn, purchased from domestic factories. Other inputs, such as buttons, zippers, trim and facings may be local or imported, but they are purchased from local suppliers. The customers are also local, usually coming from the neighbourhood, or at least the same town, as the producer.

* * *

The geographic reach of any particular chain may match one of these ideal types exactly, or it may differ somewhat. The researcher, therefore, must often decide how the chain in question can best be categorised. As with most research issues, the decision will depend on the focus of the research and on the resources available to obtain information about more distant segments of the chain.

In any location, producers are involved in different chains from the local to the global. So, for example, although South Africa's national garment chain has been mentioned, that country also has some producers making clothes for a very ***local market*** and others linked to global chains. Chapter seven shows how to map chains so that you have a better understanding of the different opportunities they provide for local producers and workers.

Control of garment chains

Global chains for fashion garments tend to be buyer-driven. They are, in other words, directed networks where buyers are the lead firms. The buyers who control these chains vary considerably, both in the volume of their purchases and in their quality requirements.

Gereffi (1994) identified five types of buyers in the US market.

1. High fashion companies

The products of these companies carry 'designer' labels. Since these companies require high levels of craftsmanship in their garments, they prefer to source from countries with a well-established track record for producing premium-quality clothing, such as Italy, France, Japan, and the newly industrialised countries (NICs) of East Asia. These buyers tend to order in fairly small lots.

2. Department stores, branded merchandisers and speciality chains

This group buys top quality, high-priced goods that will be sold under a variety of well-known brands and private labels. As in the case of the 'designer' products, quality is a major consideration for these buyers, but they are also interested in fast and reliable delivery. They mostly source from the most established exporting countries, such as the East Asian NICs, Brazil, Mexico and India. In addition to their concern for quality, these buyers need to consider the capacity of suppliers to meet larger orders.

3. Mass merchandisers

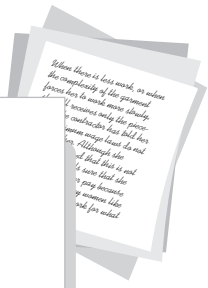
Mass merchandisers buy for large chains that sell good quality, medium-priced goods, mostly under their own labels. They buy from some of the same sources as the second group, but also from low-end producers in the Newly Industrialised Countries (NICs), China and other Asian countries.

4. Discount chains

Buyers for this group place giant orders for low-priced standardised goods to be sold under their own store brands. They buy from low-cost suppliers in both established producing countries, such as Mexico and India, and those on the outer edges of export production, like Kenya or Vietnam. Sometimes they buy directly from these factories, but often they work through intermediaries. The case study 3.1 is an example of this.

5. Boutiques and other small importers

Finally, small importers are continually searching for new sources of supply among countries just beginning to develop their export production capabilities. According to Gereffi (1994), they serve as "industry scouts", identifying and testing new sources of supply.



Case Study 3.1

S & H Outfitters — an example of an intermediary buyer

S & H Outfitters is a US clothing importer owned by Mr. S.H. Shah. Mr. Shah was born and grew up in Kenya, but migrated to the US in the 1970s. In time, he established himself in the import-export trade and began supplying clothing to some of the large discount chains. When Kenya liberalised its markets and set up export processing zones in the late 1980s and early 1990s, Mr. Shah saw an opportunity for a new source of supply. He contacted an old school friend who had recently established an export factory in Mombasa. He sent a sample and a set of specifications for three men's sport shirts to his friend, who responded quickly with the exact copies required. Mr. Shah was pleased with the quality of the copies and placed his first order with his friend's factory. That was the beginning of what has become an exclusive relationship. The entire output of the Kenyan factory now goes to S & H Outfitters and, through them, to some of the largest US discount stores.

The list above suggests that different types of buyers tend to source from different countries. It is, however, important to keep in mind that this changes all the time and that new countries keep being enticed into producing for the global market. This leads to increasing competition and downward pressure on profits and wages. China is one country that has driven numbers of producers in other countries out of business. In order to understand the industry, however, it is best to start from the buyer end, because increasingly they drive the chains. In other words, directly or indirectly, they set the terms on which others further down the chain operate.

Summary 3.2 shows the different types of buyers and gives you some examples of the firms that represent them.

Summary 3.2

Types of buyers, quality requirements and representative firms

Type of buyer	Quality requirements	Representative firms
High Fashion Companies	Expensive "designer" products	Armani, Polo/Ralph Lauren, Gucci, Hugo Boss, Prada, Harvey Nichols
Department Stores, Branded Merchandisers & Speciality Chains	Top quality, high-priced goods	Bloomingdale's, Marks and Spencer, Saks Fifth Avenue, Neiman-Marcus, Macy's, Liz Claiborne, Calvin Klein, The Gap, The Limited, Next, John Lewis, Debenhams,
Mass Merchandisers	Good quality, medium-priced goods	Sears Roebuck, CAN, J.C. Penney, Montgomery Ward, Kaufhof, C&A, British Home Stores, Littlewoods
Discount Stores	Low-priced goods	Wal-Mart, Kmart, Target, Kaufhalle, Woolworths, George/ Asda, Primark, New Look
Boutiques and other small importers	Pilot purchases and special items	—

Source: Adapted from Gereffi (1994)

The European Union (EU) market is somewhat different from that of the US, but it is also buyer driven. EU buyers are less price-sensitive because clothing prices have traditionally been higher in Europe than in the US. Outlets and, therefore, orders tend to be somewhat smaller. This allows EU buyers to source from countries that have less total capacity, such as Mauritius. The countries of Eastern Europe have also become an important source of supply for West European buyers.

Despite the predominance of ***buyer-driven*** chains in fashion garments, it is not difficult to find examples of other types of chain governance in the clothing industry. Knitwear, such as T-shirts and socks, are often produced in vertically integrated knitting mills with sewing units that do the final assembly work. In developing countries with many producers and a large domestic market, the chains for some standard items like men's and boys' shirts are market-based or operate through balanced networks. One of the major tasks of value chain researchers is, therefore, to find out how the chains are governed. Chapter two of this manual dealt with this.

Chapter 4

The new trends in garment retailing and the implications for workers

Garment retailing is vastly different from what it was a generation ago. In most countries there has been a massive concentration in retailing, with chain shops squeezing out the independent shops. The big retailers have made major investments in branding, marketing, communications and new forms of sourcing. As a result, they are very concerned that their suppliers' performance measures up to their standards.

The process of selling has also changed. Retailing vocabulary, including terms like lean retailing, mass customisation, 'lots of one', and 'just-in-time' inventory control, is one sign of this change. Another is the multiplication of selling seasons that has occurred since the 1980s.

How did garment retailing take place in the past?

To understand the new retailing, it is helpful to contrast it to older systems that rested on mass production and large inventories. Imagine a shop or a department store of a few decades ago. The owner or buyer would place orders for goods based on past experience of customers' preferred styles and sizes. A shoe shop, for example, would order the full range of sizes for a variety of standard and special styles. The women's wear department of a department store would do the same.

The main ordering would be done four times a year to prepare for the usual four seasons of the northern hemisphere. Mass production ensured that large quantities of similar goods were readily available. Since special orders were expensive in terms of shipping and other costs, they were to be avoided. Many retailers followed a 'just-in-case' approach to inventory, holding extra stock just in case an item proved more popular than expected, just in case different sizes were needed, or just in case too many items were defective and could not be sold.

Of course this system had its drawbacks. 'Just-in-case' inventories tend to be large, and therefore costly both in terms of storage and the money that is tied up in them. Since in most places clothing is seasonal, the goods that remained unsold at the end of a season had to be stored until the following year or discounted at end-of-season sales. Either way, the cost to the retailer could be substantial.

Changing to a new way of retailing

The old way of doing things has made way for a new, more competitive approach. To stay competitive in an increasingly globalised industry, clothing retailers have been forced to cut costs while at the same time providing greater variety. All the strategies used to achieve this are sometimes referred to as 'lean retailing'. Some of these strategies are:

- **Better inventory management for tighter cost control**. Information technologies allow retailers to keep close track of their sales and remaining stocks. When a customer makes a purchase, not only is the amount of the payment recorded, but also the detailed information contained on the bar-coded ticket. This information then becomes the basis for inventory control and re-ordering, and allows retailers to convert their 'just-in-case' inventories to 'just-in-time' inventories.

- **The multiplication of fashion seasons**. In an effort to boost sales, producers and retailers have replaced the traditional spring, summer, fall and winter seasons with six or eight distinct selling periods. One large Spanish retailer has carried the multiplication of seasons to an extreme. It has moved to a 52-season year, producing a new range of clothes every week! (Kaplinsky and Morris 2001).

- **Distinguishing between standard and fashion clothing**. Standard goods are those that change very little from season to season or year to year. Socks, basic T-shirts, underwear and 'traditional' jeans are examples of standard clothing. Fashion clothing changes significantly over relatively short time frames. Women's dresses are the best example, but other items, such as designer jeans, blouses and sweaters can also be fashion items.

How have changes affected garment manufacturers?

The lean retailing strategy has had a ripple effect on garment manufacturers, particularly those producing fashion goods. Manufacturers of standard goods are least affected. Here the retailers' main concern remains what it has always been: getting a good quality product at the lowest possible price. They are willing to buy in bulk because these items are likely to turn over quickly and to be saleable over more than one season. As one writer put it, "If The Gap is going to sell a million blue polo shirts year in and year out, Mexico or China is the place to make them. Lead times may be long and the supply chain inflexible, but you can't beat the price." (*The Economist*, 29 April 2000).

Fashion goods, which can be further subdivided into high and mainstream fashion, are another story. High fashion tends to be price-insensitive and few developing countries

are involved in its production. Mainstream style, on the other hand, makes up a significant proportion of retailers' stocks. To control inventory costs, retailers are placing smaller, but more frequent orders. Manufacturers who can deliver quickly are likely to get the orders. This seems to favour domestic producers. American garment makers, for example, increasingly offer electronic ordering, automated distribution centres, and inventory-management systems linked to those of their customers. Some can deliver orders at a few days' notice, something difficult for developing country producers to match. Wherever production takes place, the emphasis is necessarily on speed and quality.

How have changes affected workers?

The lean retailing strategy affects workers differently, depending on whether they are making standard or fashion garments. The continued demand for both standard and fashion garments in the market means that, for the immediate future at least, there will be mass-producing factories making those million blue polo shirts for The Gap. These orders will be filled in countries where low labour costs are the chief competitive edge. Lean retailing may have some effect. For example, retailers may decide to buy their very large or very small sizes closer to home in order to reduce the probability of getting stuck with a size that is not selling well. But the overall impact on producers of standard garments, and their workers, may be minimal.

Lean retailing will have a much greater effect on workers producing fashion garments.

- Order sizes will be smaller, so workers will be required to change what they are doing much more frequently.
- If, as some predict, retailers are willing to sacrifice price for delivery speed and more goods are produced near the point of sale, total volumes produced in developing countries could stagnate or decline. In this case, both factory and homeworkers could find themselves with less work than previously.
- The emphasis on speed is likely to increase the pressure on workers, particularly homeworkers, who are paid by the piece.
- The emphasis on speed is also likely to change manufacturers' approach to quality. Low quality work is more likely to be rejected than reworked. This could further diminish the incomes of homeworkers, whose pay depends on accepted pieces.

Chapter 5

Homeworkers in chains

Garment value chains include a wide variety of sizes and types of firms, linked by both formal and informal relationships. Homeworkers are part of many of these chains. They do both 'making through' of complete garments and 'section work' where there is only one particular process, such as fastening on pockets, collars, or cuffs. Some also do specialised work, such as finishing, embroidery, quality inspection, or packing.

Types of homeworkers in production

The International Labour Office has grouped these activities – and the homeworkers – into three main categories (ILO 2000):

- craft-based homeworkers;
- manufacturing homeworkers;
- industrial homeworkers.

Craft-based homeworkers are generally found in rural areas. Examples of craftwork include the weaving of textiles on hand-operated looms in India, production of batik cloth in Indonesia, or making of traditional clothing in Latin America. Craft-based homeworkers have traditionally been regarded as self-employed because of their independence in both production and marketing. They procure their own materials, design and make their products, and find their own marketing channels. Often they involve other family members in the work.

Manufacturing homework differs from craft-based homework in that workers receive raw material from a prime contractor or intermediary and have to follow very strict instructions in carrying out the work. Manufacturing homework retains a craft-based character and uses traditional skills, but the workers are essentially subcontracted to produce specific items that are designed and marketed by others. The production of carpets is an example of the type of production that lends itself to this form of home subcontracting.

In the garment industry, manufacturing homework work consists of 'making through' of complete garments. In Japan, the most expensive kimonos are produced at home by highly skilled women workers. The high quality blouses made by Agnes are another example (see case study 1.2 above). Because of its craft character and the skills required, manufacturing homework is less susceptible to abuses than industrial homework.

Industrial homework is the main type of homework in the global garment industry. Industrial homeworkers usually carry out operations that require limited skills and are usually paid on a piece-rate basis. Industrial garment homeworkers may assemble full garments from pre-cut pieces; they may also make sections of garments, or carry out specialised activities, such as hemming, button sewing, hand embroidery, inspection or packing. In other words, they carry out some part of the production process, while other homeworkers or workers in factories do the rest. Maria (see case study 1.1 above) is a typical industrial homeworker.

These categories are no longer as well defined as they used to be

The overall trend towards globalisation of production is blurring the lines between these different types of homework. Take, for example, the case of hand embroidered blouses produced in places such as the Philippines, Madeira and Northeast Brazil. At one time, these would have fitted exactly into the craft-based homework category. Now, although craftwork remains in the form of hand embroidered collars, sleeves, or bodices, other processes take place in factories.

In Madeira, for example, design work, marking, cutting, machining, hemming, labelling, washing and ironing are factory operations, while the hand embroidery is done by skilled women working at home. The entire process combines aspects of craft and industrial home-working (see case study 5.1).

In other cases, craft-based homework has begun to resemble manufacturing homework, as traditional industries have come under the control of national and international marketing networks, and craftworkers have given up much of their autonomy. For example, in the handmade carpet industry in India, the master weaver no longer freely chooses among traditional and new designs. Instead, he has become the intermediary for the major exporters, and must use the results of international market studies to make his designs (ILO 1996).

Case Study 5.1

Embroidery homeworkers in Madeira

The island of Madeira is an autonomous region of Portugal, famous for its fine embroidery. Embroidery, which has been an industry in Madeira since the 1850s, has always depended on the work of homeworkers. Factory workers cut the cloth, transfer the designs for embroidery onto the cloth, and prepare the materials before the work is sent out to homeworkers. The homeworkers embroider the articles by hand, following the prepared designs. The work is then brought back to the factories where it is recorded, washed and ironed. Factory workers also finish and pack the garments for shipping.

Source: HomeNet Newsletter (1995)

The legal and employment status of homeworkers

Homeworkers can also be categorised by their relationship to the state and legal system. At one end of the spectrum are registered homeworkers, whose legal status and employment relationship are clearly spelled out. Only a few countries, mostly in the northern hemisphere, have homework ***legislation*** (see case study 5.2). In Austria, for example, homework is a special form of employment relationship. Legislation has regulated working and supplying conditions since 1960, and amendments enacted in 1993 provide benefits in the form of severance pay, family care and holiday pay. On the island of Madeira, home-working embroiderers are officially registered and organised in an active union. Such legally protected home-working is, however, the exception.

Case study 5.2

Homework in Europe

In May 1998, the European Commission adopted a recommendation calling on all European Union governments to ratify the International Labour Organisation (ILO) Convention and Recommendation on Homework. There is now recognition of the fact that homework is on the increase in Europe. Many people thought that homework was an old-fashioned form of employment that would vanish with the development of modern industries. In fact, the opposite has happened. Many manufacturing industries have decentralised their production, using subcontracting chains that extend beyond national boundaries. Many of these subcontractors use homeworkers. The countries of Eastern and Central Europe are favoured for subcontracting because their wage rates are lower than those in Western Europe. Nevertheless, homeworkers are also making clothing in Britain, France, Spain, Germany, Austria and the Netherlands.

Source: HomeNet Newsletters (various editions)

Most homeworkers in both developed and developing countries have no special status under the law. They are, therefore, classified as either employees or independent contractors, depending on the relevant labour legislation and the preference of the 'employer'. Since many of the enterprises using homeworkers are doing so in order to increase flexibility and reduce costs, their tendency is to treat homeworkers as self-employed. This leaves the homeworkers in a vulnerable position, especially those in industrial homework where isolation and few skills make collective bargaining difficult.

Chapter 6

Homeworkers and gender issues

In many cultures, making clothing is considered 'women's work' and, in fact, the garment industry labour force is heavily female in most parts of the world. Case study 6.1 illustrates this.

Case Study 6.1

Homework is women's work

Women are the majority of home-based workers almost everywhere. In Germany, Greece, Ireland, Italy, the UK and the Netherlands, 95% of known homeworkers are women; in France, 84%; in Spain, 75%. Data from developing countries are often less complete, but it is estimated that women make up the majority of home-based piece-rate workers in Brazil.

Homework often draws from skills that are culturally considered to be female, and are passed on from mother to daughter. Yayie is a Mhong woman from northern Thailand. She told HomeNet: "My mother embroidered clothes for herself and her children and did the weaving. In my childhood I did not have toys; I played with the loom and threads. I learned embroidery from my mother when I was five. I did embroidery for myself and also looked after my brothers and sisters."

Source: Jhabvala and Tate (1996); HomeNet Newsletter (1999)

However, this predominance of women is not necessarily uniform throughout the industry.

- Women do not dominate all job categories of homeworkers.
- The resources, activities and rewards available to men and women in the industry as a whole vary considerably.
- Resources can also differ from one chain segment to another.

For these reasons, you may find it helpful to undertake a ***gender analysis*** of the garment chain(s) you are examining.

'Gender' and 'sex' have different meanings

Although these terms are often confused, the distinction between them is conceptually fairly simple. 'Sex' is a biological term based on a person's physical characteristics, while 'gender' describes the different roles that men and women play in a society.

Unfortunately sex is often confused with gender. Garment employers, for example, often say that they prefer female workers because they have "nimble fingers".[6] In most cases, this ability is not related to the physical structure of the women's fingers, but to their early socialisation as girls who have been taught to sew, embroider and knit. In other words, nimble fingers, if they exist, are not a characteristic of the female sex, but of the way that these women have been brought up in society. They are a gender issue.

This manual deals mainly with gender differences.[7] It is important to distinguish between the two because when a learned behaviour is mistaken for an unchangeable physical characteristic, in other words, when gender differences are mistaken for differences related to sex, women or men may be unfairly discriminated against.

Gender differences in social institutions and in social relations

Many social institutions affect men and boys differently from women and girls. Learning materials in schools are an example of this. A study of children's textbooks in Kenya, for example, shows that women and girls are portrayed far less often than men and boys (Obura 1991). More importantly, the pictures and stories about males tend to show them in a more positive light than those about females.

Gender researchers are also concerned with the relations between male and female members of society: these are known as '***gender relations***'. Relations between husbands and wives, between brothers and sisters, between boys and girls in school are everyday examples of gender relations. Gender relations are not static, but may change over time. For example, the relationship between a husband and wife may change when the woman takes employment outside of the home.

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[6] For a good discussion of the manual dexterity argument, see Elson, Diane and Pearson, Ruth. (1981). Nimble Fingers Make Cheap Workers: An Analysis of Women's Employment in Third World Export Manufacturing. *Feminist Review*, Spring.

[7] Sex differences are only occasionally important – for example, if the ability to lift heavy loads is an issue.

When studying gender and gender relations, it is important to recognise that many factors besides gender itself may be at play. For example, the relationship between a female homeworker and the male intermediary delivering and receiving her work is, on one level, an example of gender relations, but it also exemplifies differences in power and status.

Gender analysis

Gender analysis is a systematic process of examining gender and gender relations in a particular situation. Its purpose is to explain how men and women may be affected differently within that situation. The small-scale enterprises found in the cities of developing countries can be used as an example for analysis.

A gender analysis of these businesses is likely to indicate that:

- Men and women are concentrated in different activities. Men are more likely to be involved in artisan activities, like carpentry and metal work, as well as in services such as vehicle repair. Women are concentrated in traditionally 'female' activities, such as food processing and dressmaking.
- Both men and women engage in trade, but more women are found at the lower end of petty trade in fruits and vegetables.
- Most women are concentrated at the bottom of the wage scale and, in fact, earn considerably less than the minimum wage.

Such an analysis is useful because it allows those most in need of help to be targeted more closely by interventions by government, NGOs and others. In this case, an NGO may want to develop programmes to help women traders make their businesses more profitable.

A gender analysis can take different forms depending on the purpose for which it is being done. Chapter fifteen of this manual provides a model that has been specially designed for use with garment value chains. You will also find information on gender analysis in section A8 of the appendix. Other social differences – such as race, class and ethnicity – may be important for understanding the functioning of garment chains in particular contexts. Factory owners may, for example, belong to one ethnic group, while nearly all workers come from another. Where this is the case, you are urged to apply similar techniques to analysing and understanding the variations in earnings and opportunities.

Part 2

Research methods for analysing value chains

This part of the manual shows how to design and carry out research on value chains. In particular it makes use of mapping. While there are no detailed explanations of complex ***research designs*** and methods such as ***survey*** research or participant ***observation***, the appendix provides an introduction to research methods that you may find useful.[1]

The main messages of Part 2 are:

- Be driven by the questions you want answered and not the method.
- The most effective way of answering your questions is often to use a combination of methods and sources.
- Chain analysis is mainly about relationships, so hear both sides of the story.
- Feed your analysis back to the stakeholders. This helps to bring about change.
- Mapping is an empowering exercise: it helps to show up bottlenecks, inequities and leverage points for action.

[1] If you need to dig deeper, consult one or two research methods textbooks that will give a more detailed treatment of the methods you will be using. If possible, one of these books should be from the country or region in which you are working, as such books are more likely than standard northern texts to give relevant examples and culturally appropriate advice.

Chapter 7

Mapping the chain: first principles

Mapping a value chain means giving a visual representation of the different stages in the chain and the connections between actors in the chain. In its simplest form it is merely a flow diagram. More sophisticated maps show that some enterprises differ in size and that some connections along the chain are more important than others. They can also help to identify bottlenecks and leverage points. Although chain maps help to give a quick grasp of complicated realities, constructing the map is not a quick job. How long it takes depends on how much you already know about the enterprises and workers whose place in the global economy you try to capture.

Before you go further in this chapter, look at figure 7.1. It is an example of a final map. It shows three typical value chains and the number of workers employed in enterprises operating at each stage of the chains.

You can start reading it from the top or bottom. The stages, or activities, in the chain are listed vertically along the left hand side, starting with inputs (the suppliers of materials) at the bottom and ending with final retail (the final consumers) at the top. The main concern in this manual is with the production stage, especially production by homeworkers. But what happens at the production stage is influenced a great deal by what happens in the other stages. This is why the whole chain is included.

The chains that you are most likely to be trying to understand are those that are relevant for the producers in your town or region. Therefore the chain maps in this manual assume that the production of garments is carried out locally, where you are. In figure 7.1 you can see that local producers feed into three different chains.

In chain one, different enterprises operate at each stage of the chain. Local producers sell via wholesalers to retailers. In chain two there are no wholesalers, as producers sell directly to the retailers who drive the chain. And chain three is characterised by ***vertical integration*** from retailing back to production. In other words, the large national retailers have their own factories – as shown by the four line connection.

The lines connecting the enterprises show the type of relationship they have. The more lines (four is the maximum) connecting the various enterprises, the closer the relationship between them. The key below figure 7.1 shows four different relationships, which have also been explained in Part 1. You can see, for example, that suppliers of yarn and cloth have an arm's length relationship with producers for the national market, but a balanced network relationship with producers for the US and German markets.

The map also shows that homeworkers are used in chains producing for national and US markets but play no role in producing for the German market.

If you look at the numbers employed in production only, you will see that homeworkers make up 6,000 of the total, which is 40,000. So fifteen percent of the workers in garment production are homeworkers.

The same basic map can be constructed to show, for example, number of enterprises, wage levels and many other ***variables***. Different kinds of connections between the various stages can be used to indicate whether the relationships between the various stages consist merely of buying and selling or are characterised by close co-operation, and whether they are ***symmetrical*** or ***asymmetrical***. There is more about this later. The first step is to understand how the map is constructed.

What is your question?

Before you start to construct your map, you may have very little knowledge about the sector that you are dealing with. But it is fundamentally important that you do know what you want to find out.

If you do not know what question or questions you are trying to find answers for, close this manual and try to work this out first. What are you after? What do you want to find out? Write your questions down and then show them to someone else. If that person understands straight away, your questions are fine. If she or he only understands after you have explained for 30 minutes, you do not have clear questions.

It may help you to think of a main question with sub-questions, such as the following.

Overall question driving the investigation:

- What is the scope for local strategies to improve the earning opportunities of garment homeworkers in this region?

  Sub-questions:
  - Who are the main competitors in this region?
  - What competitive advantage does this region have over competing regions?
  - How do wage levels in this region compare with wages in competing regions?
  - How would a ten percent wage increase affect the competitiveness of local firms?
  - If competition was based on flexibility and speed of response, would this be compatible with achieving more stable incomes for homeworkers?
  - If homeworkers could work in different chains, would they acquire new skills or higher incomes?

Without a clear idea of the overall question and sub-questions it will be difficult to decide what needs to be mapped and what can be left out.

Few of us are as lucky as Columbus was. When he embarked on his famous voyage, he did not know where he was going; and when he arrived he did not know where he was; but he 'discovered' America!

Constructing a map is not just about getting to your destination but, equally important, enabling others to undertake the same voyage in much shorter time. In other words, good mapping means enabling others to gain insights rapidly, and to make decisions that take account of the complexities of participating in the global economy.

Two stages in mapping

The process of mapping a value chain can be divided into two stages.

First stage:

Here you collect information and draw an initial map that gives the basic structure or framework of the chain. You will include:

- the main activities carried out locally;
- their connections to activities elsewhere;
- the connections to the final market;
- some initial indications of size and importance.

Second stage:

Here you add data to the map. You will:

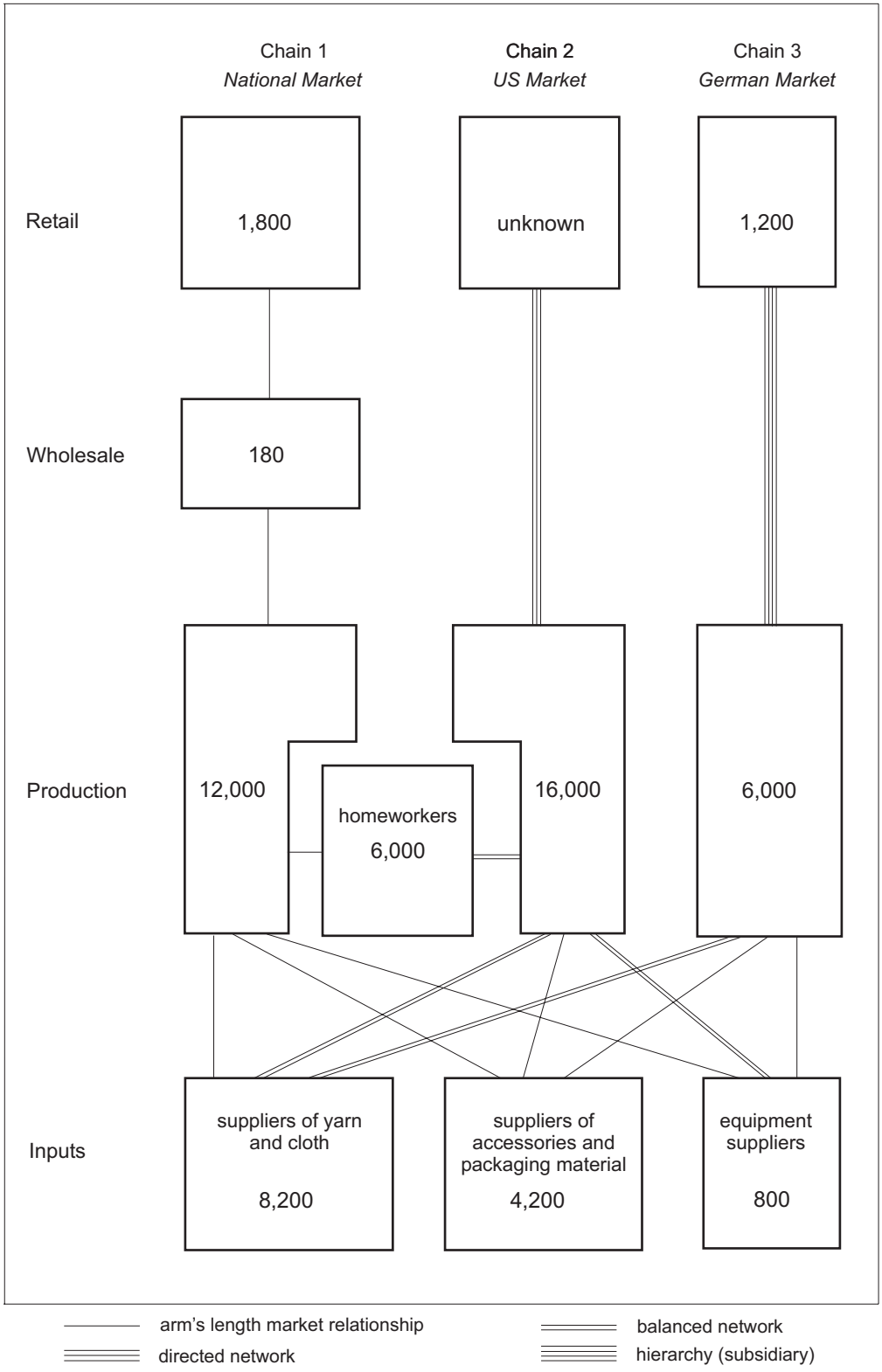
- quantify key variables;
- identifiy strategic and non-strategic activities;
- show the gender composition in these activities;
- identify leverage points for action.[2]

There is more about this second stage in chapter eight.

It is unlikely that you will have one final map. In most cases you will have several maps, for example one map showing the number of enterprises in each link of the chain and another map giving the average earnings in various parts of the chain. Indeed it is important to avoid loading one map with too much information. Do not show everything at once.

[2] Chapters 7 and 8 have benefited greatly from the GEMINI subsector approach to small enterprise development. See in particular the overview article by Boomgard *et al.* (1992) and the field manual for subsector practitioners by Haggblade and Gamser (1991). The subsector approach was adapted for research and promotion of women's enterprises by Martha Chen and collaborators, see Chen (1996).

Figure 7.1: Chain map – number of workers



The need for conventions

Constructing a map is a cumulative exercise – you build up one set of information on another. Sometimes different researchers provide different information. If everyone drew maps in different ways it would make it very difficult to share that information effectively.

This is where conventions for mapping help. In other words, an agreed set of symbols is used to portray the real world. For instance, the lines showing the four different types of relationships are symbols that can be used and understood by all researchers engaged in the mapping exercise.

Here are the symbols for each type:

- market-based relationships: firms deal with each other in arm's length exchange transactions
- balanced network: firms form networks in which no one firm exercises undue control over others
- directed network: firms form networks directed by a lead firm; for example, a buyer-driven chain
- hierarchy: firms are vertically integrated; the parent company controls its subsidiaries

The principle behind this choice of symbol is the tighter the relationship the greater the number of lines.

The differences in types of relationship are important. If you have a strategy to improve the conditions for local enterprises, but an external lead firm is pulling the strings from outside, there may be severe constraints on what you can do locally. You will certainly need to explore whether this lead firm can be made an ally or whether you need to prepare for conflict.

Or take the case of the homeworkers. Their relationships with the producers in chain one are purely market-based, which means that they are arm's length and very unstable, whereas in chain two homeworkers belong to networks controlled by the manufacturers. The manufacturers offer greater stability but are also much more demanding in terms of quality and punctuality.

Note that there can be different types of relationships at different stages of a chain. For example, in chain two of figure 7.1, local producers find themselves in a tight chain driven and controlled by their buyer but have a loose, arm's length relationship with the suppliers of accessories. Provided the information is available, a map helps to portray a complex web of relationships in an easy-to-grasp way.

Another convention is the way that the stages in the chain are listed vertically along the left-hand side. Figure 7.1 showed just one example of these stages, but there are obviously many other different ones, such as advertising, warehousing and shipping. Rarely is it possible, or necessary, to list each single activity. As stressed before, what you map depends on the question you want to answer. In order to avoid excessive detail, it helps to group activities. Information box 7.1 is an example of this.

Information Box 7.1

The main activities in garment chains

Retailing
- sale to final consumer
- branding, advertising (sometimes carried out by producer)

Wholesaling
- delivering to retailer
- transporting to warehouse near final market
- consolidating orders from various producers

Production
- inspection and finishing
- pressing
- machining operations (assembly)
- laying and cutting
- pattern making and grading
- sourcing inputs

Inputs
- supplying yarn and cloth
- supplying accessories (buttons, zips, etc.)
- supplying packaging materials (hangers, plastic bags, boxes)
- supplying new or second-hand equipment

The key convention in good value chain mapping is to start with the broad categories listed above, and then to provide separate sub-maps of that part of the chain that is of special importance to your investigation. There are examples of this in chapter nine. Follow the same principle that is applied in an atlas. It would not be useful to include the map of your city in the map of the world. So, try to grasp the broad picture as early as possible before you invest too much energy in any particular part. Then move on to understand how the local and global pictures interact with each other.

Initial information collection for the map

This section explains how to obtain the information needed to draw an initial map. It assumes that you have a clear question that you want to answer, and that you are asking this question with particular producers in mind; for example, the ***garment enterprises*** and workers in Nairobi or Ahmedabad.

As set out in the appendix on Research Methods, it is common to distinguish between ***primary*** sources, such as in-depth ***interviews*** and ***questionnaire*** surveys, and ***secondary sources***, such as official statistics, previous research papers and press clippings. It is also common to start the research by drawing on the secondary sources before collecting your own information. This makes obvious sense. Do not, however, shut yourself up in a library trying to read everything that has ever been written on your sector. Do not hesitate, at an early stage, to visit factories of different sizes and to visit some homeworkers.

Some of the questions you can ask the owners or managers are:

- Could you show me how the production process works?
- How is the homework organised?
- Where are inputs sourced?
- What problems do you encounter in obtaining inputs?
- Who are your three most important clients?
- What problems do you encounter in selling your output?

As part of getting to know the sector, try to interview people who have an overview of the local enterprises and of the chain they are part of; for example, the suppliers of cloth and yarn, consultants, officials of business associations, leaders of trade unions and buyers of finished products.

People who used to work in the industry can also be very useful as key respondents, because they often feel free to talk about sensitive issues and, if they have retired, they may have lots of time. Such interviews with ***key informants*** are essential to piece together an overview and draw a preliminary map.

Your main difficulty will be that you will obtain a lot of information on the local economy but much less on those parts of the chain that are not local; for example, the distant input supplier or the buyer in another country.

Here are three suggestions for dealing with this imbalance in information.

1. Where the suppliers or buyers are major companies, they are likely to have Internet sites that give you an overview of their operation. The website is unlikely to have information on specific links, but it will at least give you an introduction to the key players in the chain. For example, a good deal can be learned from visiting the websites of GAP (www.gapinc.com), or Marks and Spencer (www.marks.and.spencer.co.uk). Or you can start with sources that help you to obtain basic information and contact details of importers. For example, the Export Institute provides a guide to 4,900 active garment importers in 120 countries, or The American Apparel and Footwear Association (www.americanapparel.org) provides useful import data and an entry point to importers.

2. The suppliers of inputs or buyers of inputs are likely to visit your area regularly. Ask local producers whether they can introduce you to them. If you feel comfortable about doing it, find out in which local hotel these suppliers and buyers tend to stay, and request a conversation over dinner.

3. Ask fellow researchers in the countries concerned to collect information on the suppliers or buyers. This only works if one has precise interview questions. Since this is unlikely at the start, you will probably have to rely on the first and second method.

These distant parts of the chain are the most difficult to grasp because of logistics (they are far away) or because of intangibles (power that comes from design or branding). You will therefore find that you are pulled into deepening your knowledge of the local economy while remaining relatively ignorant regarding those distant actors who often

govern the chain, and who set the parameters that the local actors have to contend with. Remember, however, that one of the main lessons about researching buyer-driven chains is that key parts of the story are left out if researchers remain stuck at the local level.

Drawing the initial map

It is tempting to start drawing the map by indicating the local linkages between suppliers, producers and distributors. But a more effective way is to start with the final markets. On the basis of your interviews and export statistics, group the destinations that you have identified.

An initial useful grouping might be:

- local market;
- national market;
- exports to neighbouring countries;
- exports to Europe;
- exports to the USA.

In other cases, it might be important to distinguish between high fashion and standard products sold to the same region or country. The danger is that you end up with too many distinctions. Leave out the least important ones and group final markets so that you end up with no more than four or five. Understanding the most important chains well is more important than attaining complete coverage.

Once you have identified the main markets, do the following:

- List and group the activities that make up the chain.
- List participants performing each activity and obtain initial estimates of the number of enterprises and workers involved. List key contacts; for example, if three forwarding agents undertake all consolidation and shipping, the managers of these companies can probably provide you with an excellent overview of the relative importance of various destinations, fluctuations in the course of the year and key players in the distribution system.

- On a large sheet of paper, list the main final markets across the top and the main stages down the left side.
- With the main axes of the map in place, you can then start drawing the map. Since representing each enterprise with a box is not practical, write the number of enterprises or workers in the box.
- The next step is to draw the lines between enterprises in the different activities. In the first instance, the concern is just to show the flow of materials and services along the chain. You can then indicate the type of inter-firm relationship that exists in the various chains or parts of chains. As suggested above, very simple symbols can be used (one, two, three or four line connections) in order to indicate the type of relationship.

As soon as a preliminary map emerges, take it with you to your next ***informant***. They will readily grasp what you are trying to accomplish and help you to fill in some missing links, or draw a different map! The key is that such a map, however rudimentary, helps to keep the discussion focussed on the connections and flows that make up the chain.

Chapter 8

Refining the value chain map

The previous chapter showed how to gather initial information for relevant global and ***national value chains*** and how to construct the framework of your map. This chapter is about refining the map, or making it more precise, and showing how it can be used for different purposes, such as indicating where male and female employment is concentrated along the chain, or how average earnings differ. Precision does not necessarily refer to documenting the chain in all its details, but to quantifying the key variables as much as possible.

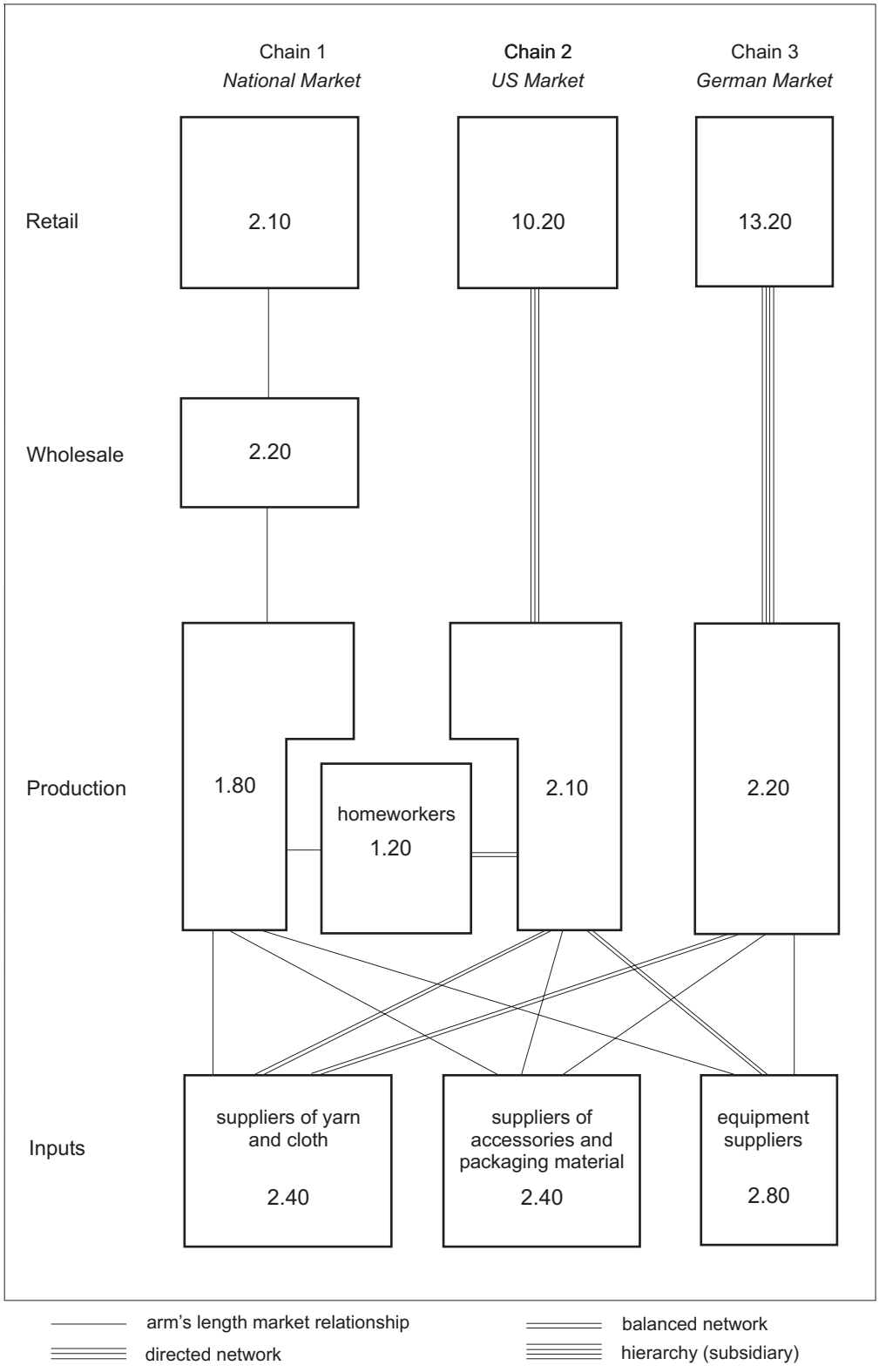
Mapping gives power

The refined map can be understood as a framework for showing the chain statistics. These statistics can refer to the number of enterprises in different activities, the number of workers, the percentage of female workers, and many other aspects depending on the research question you want to answer.

Data are often set out in tables or diagrams. In this chapter, however, the map is used to show the data. Employment data become so much more powerful if you show how many people work in the different parts of the chain.[3] Gender data become so much more meaningful if you show where in the chain women or men are concentrated. Indeed, the chain map as a framework for presenting data helps not only to understand differences and connections, it also lends power to arguments for change. Figure 8.1 gives an example: it shows how earnings differ for people working in different parts of the chain.

[3] It is hoped that a software program will be developed in conjunction with this manual, in which the various parts of the chain are scale sensitive. For example, where the number of outworkers is higher than the number of factory workers, the outwork box will increase in relative size when you enter the data. For this first edition, however, data are entered on a static chain diagram.

Figure 8.1: Chain map – workers' hourly wage (US$)



Getting the data

Before starting to refine the map, go back to your initial ***research questions***, first to remind yourself what you were trying to find out when you started this work, second to see whether the initial question needs to be modified or refined. Skipping this step is extremely expensive. If your initial question was too general and you fail to make it more specific, you could find yourself collecting much more data than you need to.

The kinds of data usually needed include the following:

1. Total sales per chain (domestic sales, export sales and further subdivisions).
2. Number of enterprises in each stage.
3. Employment numbers in each stage.
4. Percentage of female workers employed in each stage.
5. Average earnings in each stage.

1. Total sales per chain

Total annual sales are a good indicator of the importance of the chains you are studying. Export data, such as sales to foreign markets, are usually easier to obtain than data on domestic sales. All national governments have offices that collect and publish foreign trade statistics. In most cases you will find that the data are separated into destination and product.

A problem arises when you want local, rather than national, export data; for example, if you wanted to know how much the garment industry of Ahmedabad exports. Here you have several choices: request special tabulation from the national office, obtain data from the relevant state or local government, or request the help of the local business association. The latter is probably the best starting point as it usually keeps such data anyway. The association is also the body to advise you on how to obtain data on sales to the domestic market.

If you find that the secondary data are either not available or too unreliable, you have two options: either conduct your own survey, obtaining the data from a sample of firms directly, or obtain estimates of the relative size or ranking of the chains through interviews with respondents in key positions, such as the head of a transport company, association officials or traders.

2. Number of enterprises in each stage

This may seem the easiest kind of data to obtain but you will soon find that you need to draw on a number of sources. Some of the enterprises may not be registered and you will also need to get enterprise numbers for the different stages and types of chain. The aim is to collect data for the kind of chain map represented by figure 8.2.

- **Garment manufacturers:** Both the Government Statistical Office and the local or sectoral Business Association are likely to have a register of manufacturing enterprises. Work out which register is more complete and up-to-date. Perhaps you need to work with a combination of the two. In order to make these judgements, enlist the help of somebody who has had recent contact with many manufacturers, such as a consultant, an input supplier or an association official. With the help of one or several of these 'experts' you can decide where each manufacturer should be located on the various chains. The basis for your decision will be: which is their main market? Is it national? If international, which country or group of countries is the main market?

  A problem that you will almost certainly run into is that the available registers of garment manufacturers include enterprises that carry out only a particular stage of the production process. The homeworkers who have registered their enterprise could well be included here. Again, somebody with first-hand knowledge should be able to help you separate them out.

- **Input suppliers**: Follow the same procedure as for the garment manufacturers: start with available registers, then correct the registers with the help of somebody who has first-hand knowledge of the suppliers. If the registers are not available or too deficient, ask your 'experts' to list the number of relevant suppliers from memory. A practical way of doing this is to sit down with two or three garment manufacturers, individually or as a group, and to ask them who their suppliers of cloth, yarn, accessories, packaging and equipment are, and how many alternative suppliers are available.

  If you are studying well-developed garment clusters, you will find that most of the supplies are produced locally or are at least available locally through traders. So the enterprise data to be entered in the map will refer to the number of local suppliers. Alternatively you can enter the total number of national suppliers and put in brackets the number of local suppliers. Whatever you do, explain in the text or in a footnote what the numbers refer to.

  If a significant percentage of the input suppliers come from abroad, you may need to vary the map itself, representing foreign and domestic suppliers separately and then providing separate numbers for each category. This has not been done in figure 8.2. If the input supply is both complex and critical to your investigation, it is best to indicate in your chain map merely whether the inputs come from within or outside the country

and then to draw a sub-map which depicts the features that matter to you. Chapter nine explains how to do this.

- **Wholesalers:** Moving to the other stages of the chain, the number of wholesalers is unlikely to be available from a secondary source. The easiest way to estimate their number is to ask a few garment producers and some of the wholesalers themselves. It should not be too difficult to get an overview. Make sure you capture wholesalers relevant to your chains and do not include all garment wholesalers.

- **Retailers:** Estimating the number of retailers is more difficult. The number of ***domestic retailers*** can perhaps be obtained from the retail association but the figure will almost certainly require two corrections that are very difficult to make. The figure will include many who are not relevant for retailing the products of your chain, and will not include many informal retailers who should be counted for your chain. If it turns out impossible to provide reasonable estimates, give the range in terms of the highest and lowest estimated numbers and explain in the text why more exact quantification is not possible.

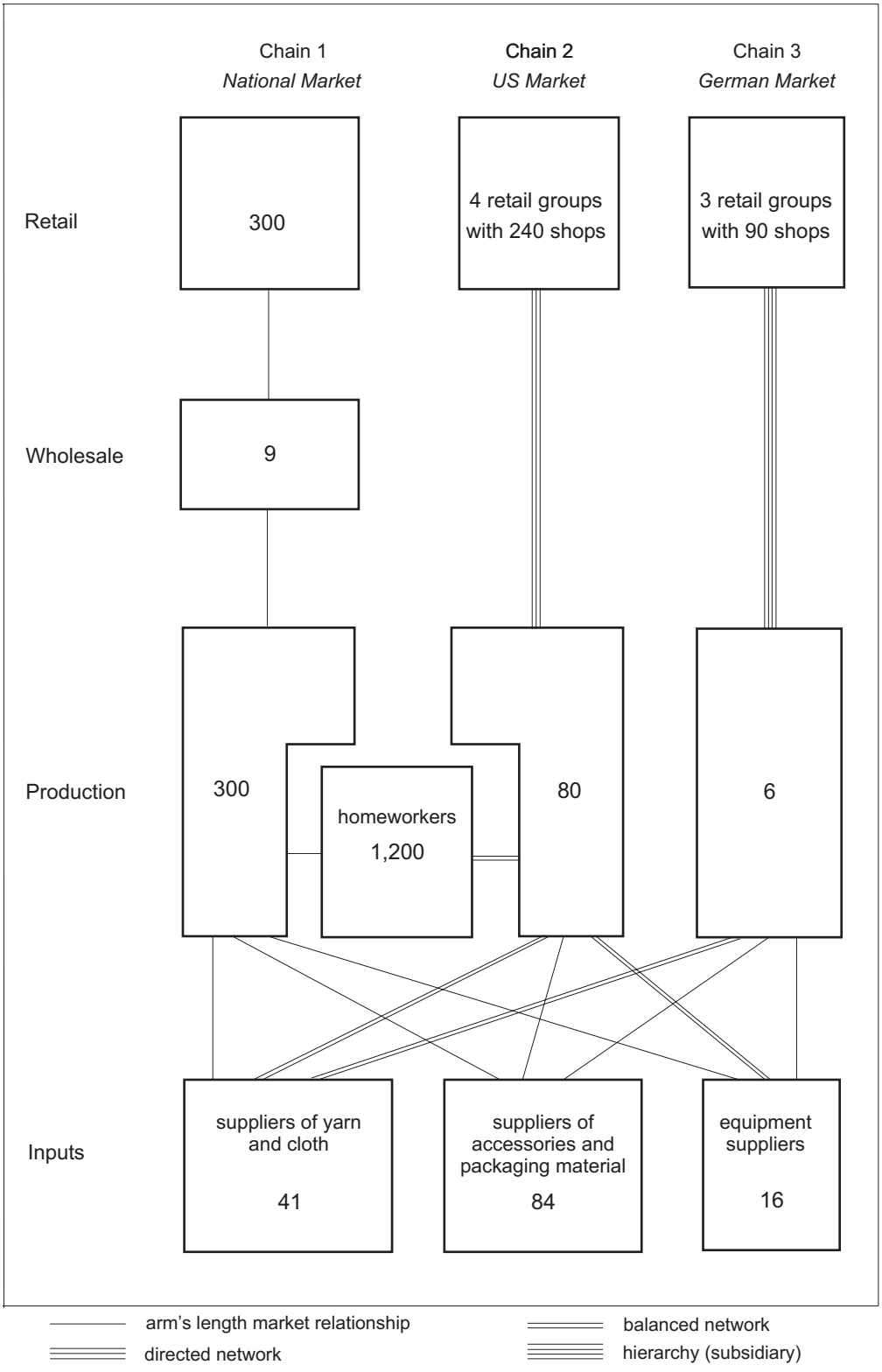
  As regards retailers in ***export markets***, retail associations in these countries will probably provide statistics, but again the question is how many of these retailers are relevant to your chain. In some cases it may be possible to estimate their number by asking the US, Canadian, Japanese or European importers about the number of their customers. But keep in mind that some retailers import directly.

  Clearly working out the number of relevant domestic and ***foreign retailers*** can be hugely complicated. The question is whether you need precise numbers. It depends on the purpose of your investigation. As seen in earlier chapters, some of the changes in the way garment production is organised are driven by changes in the retail sector. Thus, understanding the retailing sector in the relevant consumer countries is important. However, very rough estimates of the number of retailers should be sufficient.

  Above all it is important to have some idea of the degree of concentration. If, in market X, the bulk of the clothes are sold through hundreds of small shops, it does not matter whether their number is 500 or 800, the difference is unlikely to affect the chain dynamics, as no single retailer will have direct influence on other parts of the chain.

  Contrast this with a situation in which three retail groups sell ninety percent of the output of a chain. This is likely to be a buyer-driven chain. In this case the exact number matters. For example, a shift from three to six retailers could indicate a significant increase in the choices open to local manufacturers. Thus, as with all data collection, it is important to recall what you want to find out before deciding on how much energy to spend on quantification.

Figure 8.2: Chain map – number of enterprises



3. Employment numbers at each stage

In order to collect data on the number of workers, use the same sources and methods as those presented above for working out the number of enterprises. There are, however, two categories of workers whose quantification presents special problems and therefore need further discussion: casual factory workers and homeworkers.

- **Casual factory workers**: It is difficult to assess the extent of casual factory employment in garment factories because they are often not included in the available statistics, and employers do not like to provide information since a good number of those workers are often not formally registered. While the employers might be reluctant to be specific about their own employment practices, they might be willing to talk about the industry or the chain in general and give you an indication of the relative size of the casual workforce. You should also try to obtain estimates from the labour union. If you cannot even obtain a rough picture from these sources, drive to a number of factories early in the morning at the beginning of the shift. If there are long queues at the factory gates, they probably indicate that casual labour is being recruited. It should not take much detective work to confirm whether this is the case.

- **Homeworkers:** Estimating the number of homeworkers presents a greater problem because they are dispersed over many more locations and small enterprises. Sometimes it is possible to make rough estimates by using secondary sources. The demographic census in most countries and regions usually includes the number of garment workers or sewing machinists in the section on occupational data. Compare this total with the total number of workers in the garment industry according to the industrial census. The difference gives you an initial idea of the size of the informal workforce, in other words, the total for casual factory workers and homeworkers. Interviews with key informant*s* could then give you the approximate proportions of the two.

  In order to obtain estimates that establish the importance of homeworkers by chain, you probably need to use a number of methods. The main one is interviews with several key informants who can claim to have an overview of employment practices in the industry. This would include representatives of the local labour union and the business association. You might also be able to persuade employers to open up and talk frankly about the use of homework. As mentioned before, often they prefer to talk about the industry or chain in general rather than their own practice.

  Even if they open up and talk about their own network of homeworkers, they may not know how many people they actually employ in this way. One solution is to ask about the labour cost for one or two typical products and then to ask how much of

this labour cost represents wage costs of internal workers and how much represents the payment of homeworkers.[4] By looking at the different proportions of these two, you can work out, very roughly, the likely proportion of full-time internal and external workers.

The problem, of course, is that many homeworkers do not work full-time on a regular basis: there are core and fringe homeworkers, homeworkers who work exclusively for one manufacturer and others who have a number of 'clients'. These and other distinctions amongst homeworkers are best captured in a sub-map specifically designed to show that homeworkers belong to networks but have many differences amongst them. Chapter nine will show how to draw this map.

4. Percentage of female workers employed at each stage

If your research is concerned specifically with gender questions, it is useful to show the percentage of female employment in the various parts of the chain. Estimating this percentage should not be difficult. The sources and methods are those used for estimating employment. Figure 8.3 shows what such a gender-descriptive chain map could look like. Its main limitation is that some of the most significant variations can be found within the broad categories used in this map. For example, in the sphere of production there may be a ninety-three percent female workforce in sewing operations, but a ninety-four percent male workforce in the cutting room. These or other more detailed distinctions are best brought out in sub-maps concerned with particular parts of a chain.

5. Average earnings

In order to work out the average earnings of workers in the different enterprises throughout the chain, you will need to draw on a range of sources. For example, the wages in garment retailing in the US or European countries can be calculated from the official statistics of the Government's Labour Office. Average earnings in garment production may also be available from government sources, but check them against other sources.

Labour unions and employer associations are good sources of information. Some labour unions have their own research wing; for example, DIEESE in São Paulo, Brazil, collects and publishes detailed data on wages and living costs.

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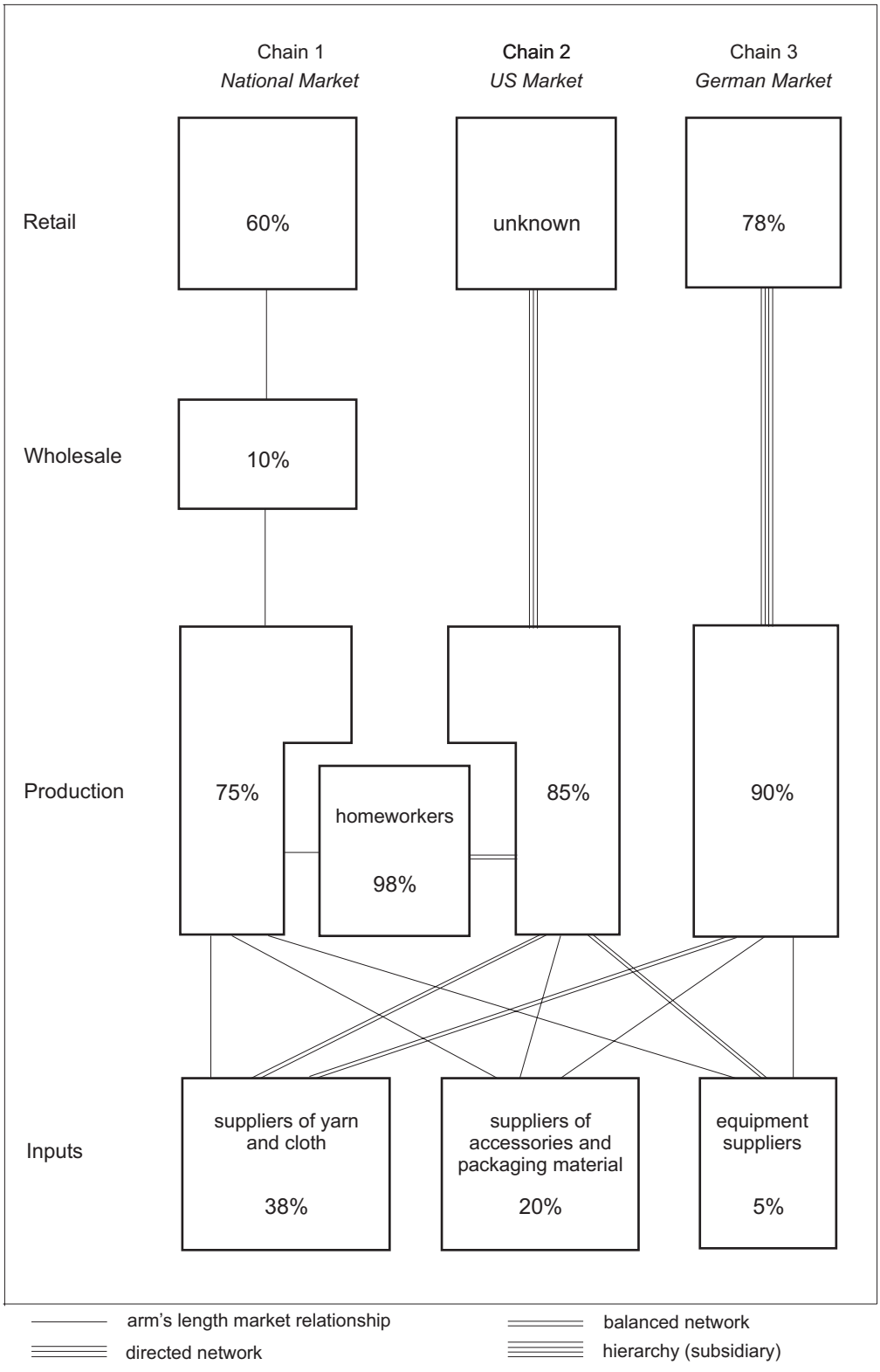
[4] In chapter 12, we discuss in more detail how to obtain cost breakdowns.

The South African Clothing Federation also collects and publishes wage data. The problem is that data from such sources are often not specific enough for the location and chain in which you are interested. For data that are broken down into this kind of detail, you will probably need to enlist the help of the local labour union and corroborate their data with those from a few enterprises in the chains concerned.

In the case of homeworkers, you need their help to work out the average earnings. Do so with different homeworkers, like Agnes and Maria. You will need the piece-rate of a few typical products in order to work out their earnings. A critical assumption concerns the number of hours worked. Since you want comparable data, the earnings presented in the map should be based on the number of hours typical of full-time factory workers. Or you can, as shown in figure 8.1, show the hourly earnings. This would then need to be complemented with data on the fluctuations in working hours.

A chain map containing earnings data is useful in showing variations along and across chains, but the averages can hide enormous differences. It is therefore useful in commenting on such a map to give the range of earnings in those stages or chains that are of greatest concern. For example, earnings data of homeworkers may show that Agnes earns twice as much as Maria, while some workers in the factory may earn four times as much as others.

Figure 8.3: Chain map – share of female workforce (%)



Identifying relationships and leverage points

Chapter one introduced you to the types of relationships that exist in value chains and chapter seven gave you the symbols that can be used for mapping relationships between enterprises. Sometimes it is possible to depict the type of relationship in the course of the initial interviews. Often, however, you need to probe deeper. How you do this is set out in this section.

The most thorough way to judge what type of relationships exist in the various parts of the chain is to ask mirror questions to both sides. For example, ask suppliers of cloth what sort of relationship they have with their garment manufacturers, and then ask the garment manufacturers what they think of their relationship with their suppliers of cloth. You can do this with homeworkers and manufacturers, with buyers and manufacturers and any others. If you find that there are variations in any one link, indicate in the typical or dominant relationship in the diagram and explain the variations in the text.

The following indicators that might emerge in your interviews will help you to identify the type of relationship. The terms 'supplier' and 'customer' are used to denote the two parties in the relationship.

Indicators of market-based or arm's length relationship:

- many customers/many suppliers;
- repeat transactions possible, but information flows limited;
- no technical assistance.

Indicators of balanced network:

- supplier has various customers;
- if supplier has few customers, customer has few suppliers;
- intense information flow in both directions;
- both sides have capabilities which are hard to substitute;
- commitment to solve problems through negotiation rather than threat or exit.

Indicators of directed network:

- main customer takes at least fifty percent of output;
- customer defines the product (design and technical specification);
- monitoring of supplier performance by customer;
- supplier's exit options are more restricted than customer's;
- customer provides technical assistance;
- customer knows more about the supplier's costs and capabilities then supplier knows about the customer's.

Indicators of hierarchy:

- ***vertical integration*** of several chain stages within the firm;
- supplying enterprise is owned by customer or vice versa;
- Very limited autonomy to take decisions at the local level – having to consult with or obtain permission from 'headquarters'.

Collecting the information for some of these indicators can be very time consuming. So make sure that you actually need the information. Knowing the type of relationships is often important for answering two questions:

1. Who pulls the strings in the chain? If an external agent, such as a foreign buyer, dominates the chain it will be very difficult for local organisations to bring about change – unless they can enlist the support of the buyer.

2. Are there convenient leverage points? In other words, is there a point in the chain where a small amount of pressure can generate a big effect elsewhere in the chain? The practical use of such leverage points is discussed later in Part 3 'Making an Impact'.

To identify the leverage points you can use the chain map, which includes enterprise numbers. Figure 8.2 gives you the ***gearing ratio*** at different points in the chain. For example, if in Chain 2 (leading to the US market), 80 producers confront 4 buyers (one from each retail group), the gearing ratio is 80:4. This suggests a potential for leverage. How effective it is, can only be judged from the qualitative interviews. If you are lucky, you may find a key informant who can provide you with a summary analysis. If not, you will have to piece together the analysis on the basis of a number of interviews with both producers and buyers.

Avoiding the overly detailed map

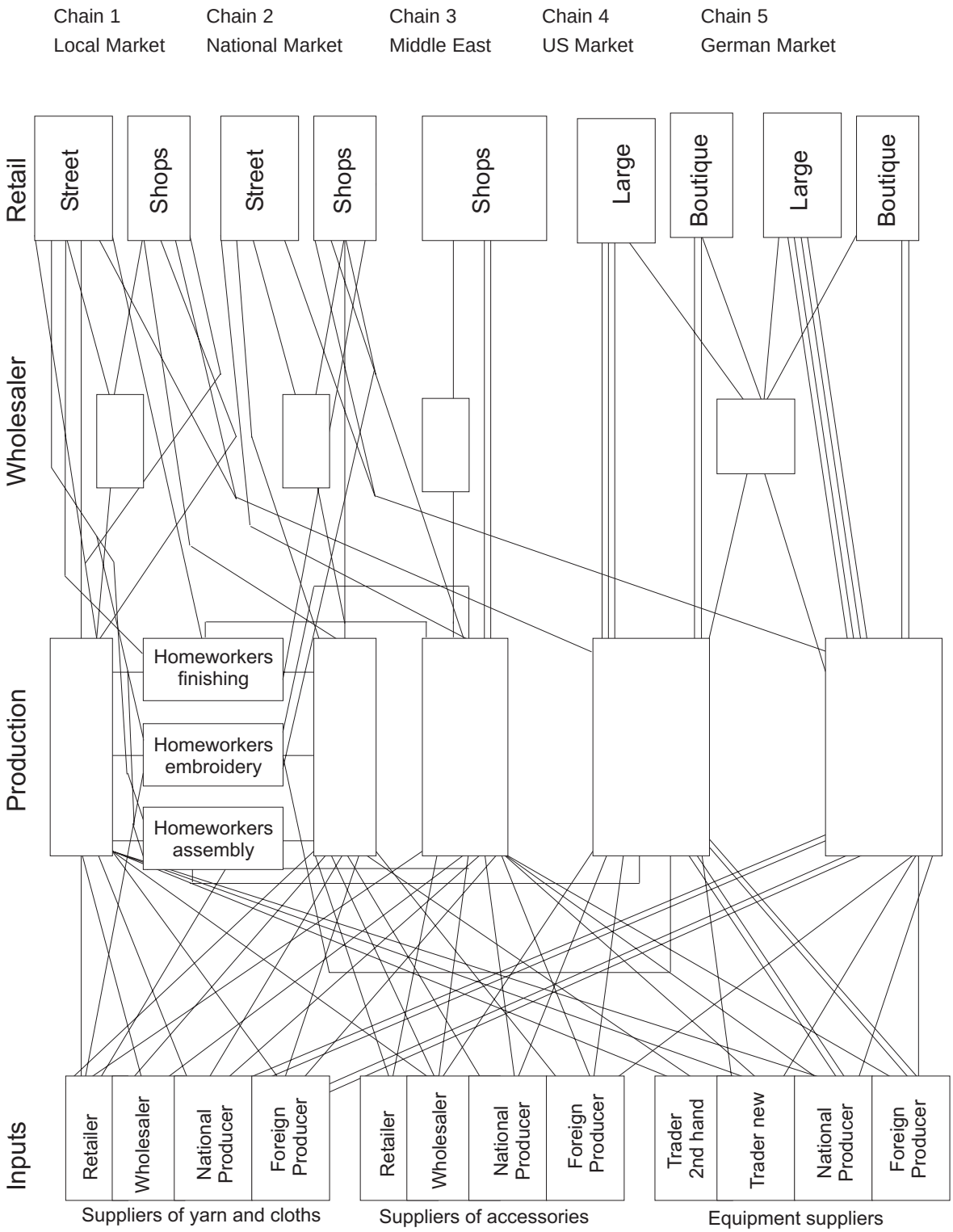
The idea of mapping the chains and showing the relationships between enterprises assumes that, in reality, it is possible to use a small number of categories, such as three types of chains and four types of relationships. In practise you will often find that the real world is messier than that. The patterns are not always clear and the variations seem endless. If you try to capture the full complexity you may end up with the kind of chain map shown in figure 8.4.

As you can see, it is far too detailed.[5] It does not show the key relationships clearly and it would not be of much use in explaining to others how the chains work. Remember that, as researcher, your task is not to document everything you observe. Your objective is to unravel the key factors and relationships that help to explain and improve the situation.

In many cases you will find that you require only a rough idea of the chain as a whole, but need a detailed understanding of a particular part of it. This is the subject of chapter ten, which gives examples of how to show particular parts of a chain or portray particular features along the entire chain.

[5] The idea of including an overly detailed map is taken from the GEMINI field manual for sub-sector practitioners by Haggblade and Gamser (1991).

Figure 8.4. Overly detailed chain map



This chapter has covered a lot of ground. It has dealt with how to build chain maps, what data need to be collected, from whom and how. Knowing what you are after and where you can get it is of course critical. But it is not enough. You also need stamina and luck. Many of the people you want to talk to are very busy and getting the appointment can take longer than the interview itself. Do not give up if you do not succeed on your first attempt. Access to companies can be very difficult; you may need to try several times before you get in. You will probably find that arranging interviews is most difficult at the beginning of your research when you do not know the people in the industry. As the research progresses it tends to get easier, because respondent X provides you with a contact to Y and Z. At the end of an interview, do not hesitate to ask for help with identifying other informants and making contacts.

Even with luck and persistence, you will probably end up with some gaps in your information. This is normal, so just piece together what you have. Lots of insights come from piecing together fragments. In assembling a set of data here, some interview material there, remember that informants have given you their own perspective. Do not take their responses at face value. In drawing your conclusion, you need to step back from the figures and interview quotes.

Keep all this in mind as you go through the next chapters. They explain in more detail how to collect information on particular aspects and how to portray this information effectively.

Chapter 9

Detailed maps of particular parts of the chain

The maps that have been discussed in chapters seven and eight provide an overview of a particular value chain. This chapter shows how to construct two detailed maps of particular parts of a chain.

One such map is concerned specifically with showing that part of the production process that involves homeworkers. It asks question such as:

- How many layers of homeworkers are there?
- How many workers are typically engaged in the domestic enterprises?
- Do they work exclusively for one manufacturer or several?

The other map concerns the design stage. It asks question such as:

- Who makes the designs in the various stages?
- Is the design controlled by the retailers or producers?
- If the design is produced locally, where do the ideas come from?

Such "zooming in" on particular parts of the chain is often an important complement of the overall value chain map.

Mapping homeworkers

Chapter eight showed how to obtain estimates of the total number of homeworkers. One of the most effective ways of mapping homeworkers is to use a case study of a particular manufacturer and the network of homeworkers that are linked to that manufacturer. The case you pick should be typical of local practices. If there are two or three main approaches to organising homework, it would be best to show two or three cases that depict these patterns.

Figure 9.1 is an example of a small manufacturer, named PL, who employs forty internal workers. As the figure shows, the number of external workers is difficult to establish. PL deals with ten subcontractors directly. These are shown by the circles that are linked directly to PL. The circles further out are indirect subcontractors. Some homeworkers work exclusively for PL and others also for other manufacturers. These are marked "NE" (not exclusive) in figure 9.1. The number in the circles refers to the number of workers in each establishment. What these numbers do not reveal is whether the work is full or part-time.

In summary, the figure shows the multiplicity of relationships and the small size of the establishments, most of which consist of between one and seven people, and some of which pass on work to the next layer of homeworkers.

How is information obtained to draw this figure?

Interviewing PL helps but is not sufficient. An excellent method is to accompany PL's driver who delivers the pieces to be sewn together and collects the finished work. The driver, usually a male, is a valuable source of information. He can probably give an overview of the amount of work distributed in the course of year and how it changes month-by-month.

If there is time, you may also be able to ask a few questions in each enterprise where the driver stops. Questions to ask are:

- How many workers?
- Are they full or part-time?
- Does work get passed on to others?
- Is work done exclusively for PL?

You need to recognise that by adopting this approach you behave in a pushy way. You arrive, without advance notice, at a place of work and, after a minimal introduction, fire away with your questions. Provided you limit yourself to a small number of simple and factual questions this seems defensible.[6] It is certainly effective, particularly if the driver co-operates in the data collection.

The principle, however, is to rely not on one source only but to put your questions to all stakeholders: PL, the go-between and the outworkers. The main problem is that negotiating access to PL can take longer than the interviewing, and sometimes access will be refused.

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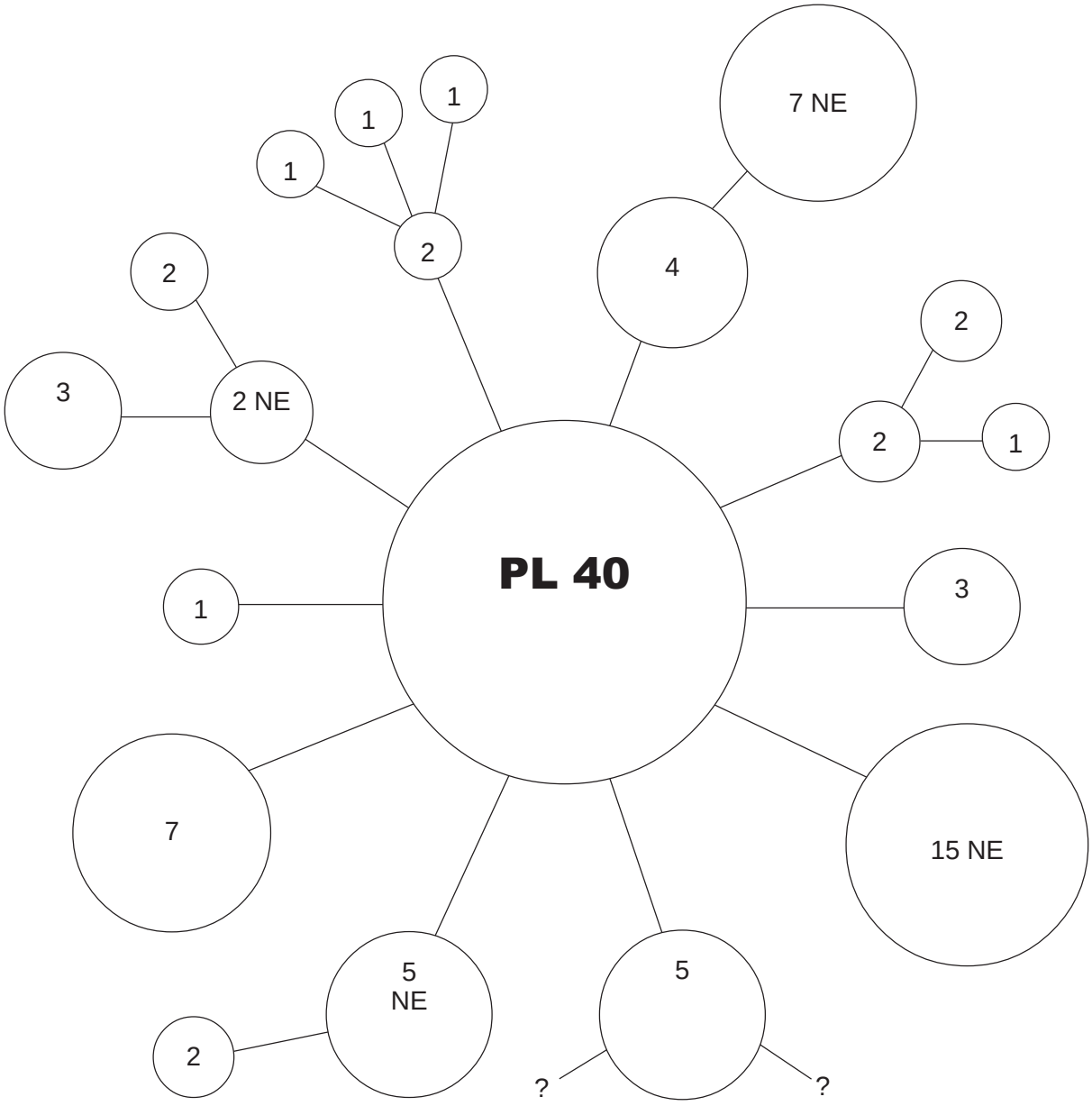
[6] For in-depth interviews with homeworkers you would need to introduce yourself in a more sensitive way. Chapter 12 deals with ethical questions that you may face in researching home-based work.

Figure 9.1: Network of homeworkers



Mapping the sources and relevance of design

The second example of a sub-map refers to the design stage. If the purpose of your research is to understand not just the production system but how to change it, you may need to map knowledge flows rather than just material flows.[7] Strengthening local design capability requires tapping knowledge flows. These are difficult to trace and measure, particularly if you are trying to map them in a comprehensive way. However, focusing on particular bits of knowledge and how to use it is both possible and strategic.

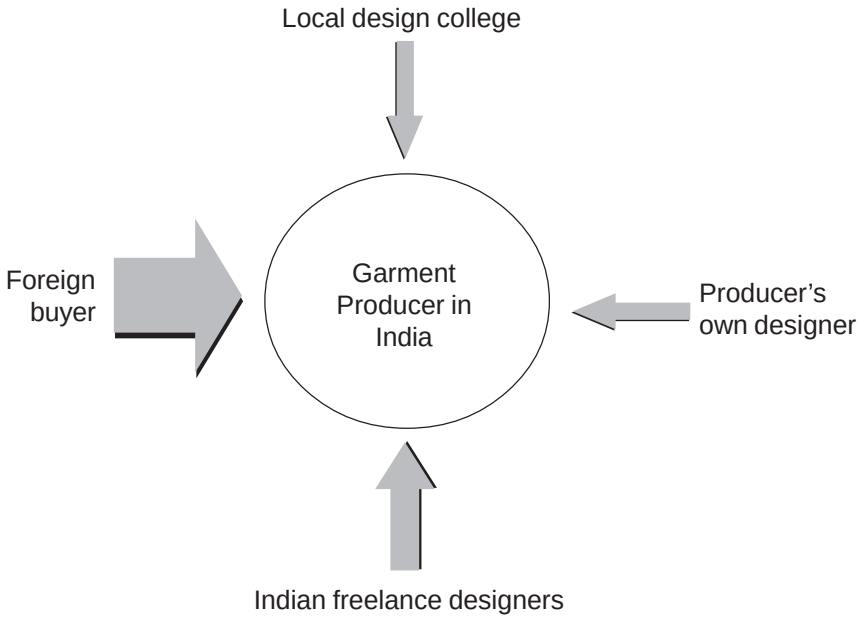
Suppose you are contributing to a project that wishes to reposition your local garment producers in the global economy. In order to pursue this ambitious objective, you would have to work on various fronts. Design capability would be a critical one.

Although designers themselves require particular skills and talents, these talents are fortunately not needed to dissect the design stage of a value chain. There are some comparatively easy things that can be done, such as finding out where designs currently in use have come from. This is best done separately for each of the major value chains that local producers belong to.

You may find that, in exports to the US, the design is dictated by the buyers, with local producers having at best a say in minor issues of product specification. In contrast, the designs for the exports to Europe may allow a more substantial local input while working within the parameters set by the European buyers. Finally, the designs for the domestic market may come entirely from local designers hired by the producers. Often the arrangements are more complex and the ideas and the execution involve multiple local and foreign actors. Mapping helps to bring out some of these complexities while revealing the dominant flows within each chain.

[7] The importance of this distinction has been brought out by Bell and Albu (1999).

Figure 9.2: Sources of design in a global buyer-driven chain



NB: The width of the arrow indicates the degree of importance

Figure 9.2 uses fat and thin arrows to show the relevance of various sources for the design. It shows the example of an Indian manufacturer operating in a buyer-driven chain. The foreign buyer is the main source of new design, but Indian freelance designers hired by the producer make a small input. The producer's own designers and the local design college only play a small role.

Mapping associations, organisations and other producer services

You may find that the key to improving competitiveness and to expanding employment in your local industry lies in the ***producer services***. These are relevant, not just in the stage of production itself, but also in the preceding and subsequent stages. The problem with the chain maps presented in chapters seven and eight is that they do not include such producer services. You could, of course, add them to the chain maps but you risk ending up with a cluttered diagram.

In order to avoid this you have two options:

1. Instead of showing three chains you can opt for a diagram that represents all chains and which has a simple spine running from input to retail. On either side of the spine you can show where the various producer services fit in. Figure 9.3 gives an example of this type of diagram. In commenting on the figure you can then explain whether producer services matter for all chains or only some.

2. Alternatively, you can opt for chain specific diagrams in which you can use fat or thin arrows as in figure 9.2 to show how important these producer services are for the chain in question. For example, in the export-oriented buyer-driven chain, some of the services may come from the buyer rather than local providers. In contrast, in a chain with more balanced relationships between buyers and producers, the local service providers might be essential.

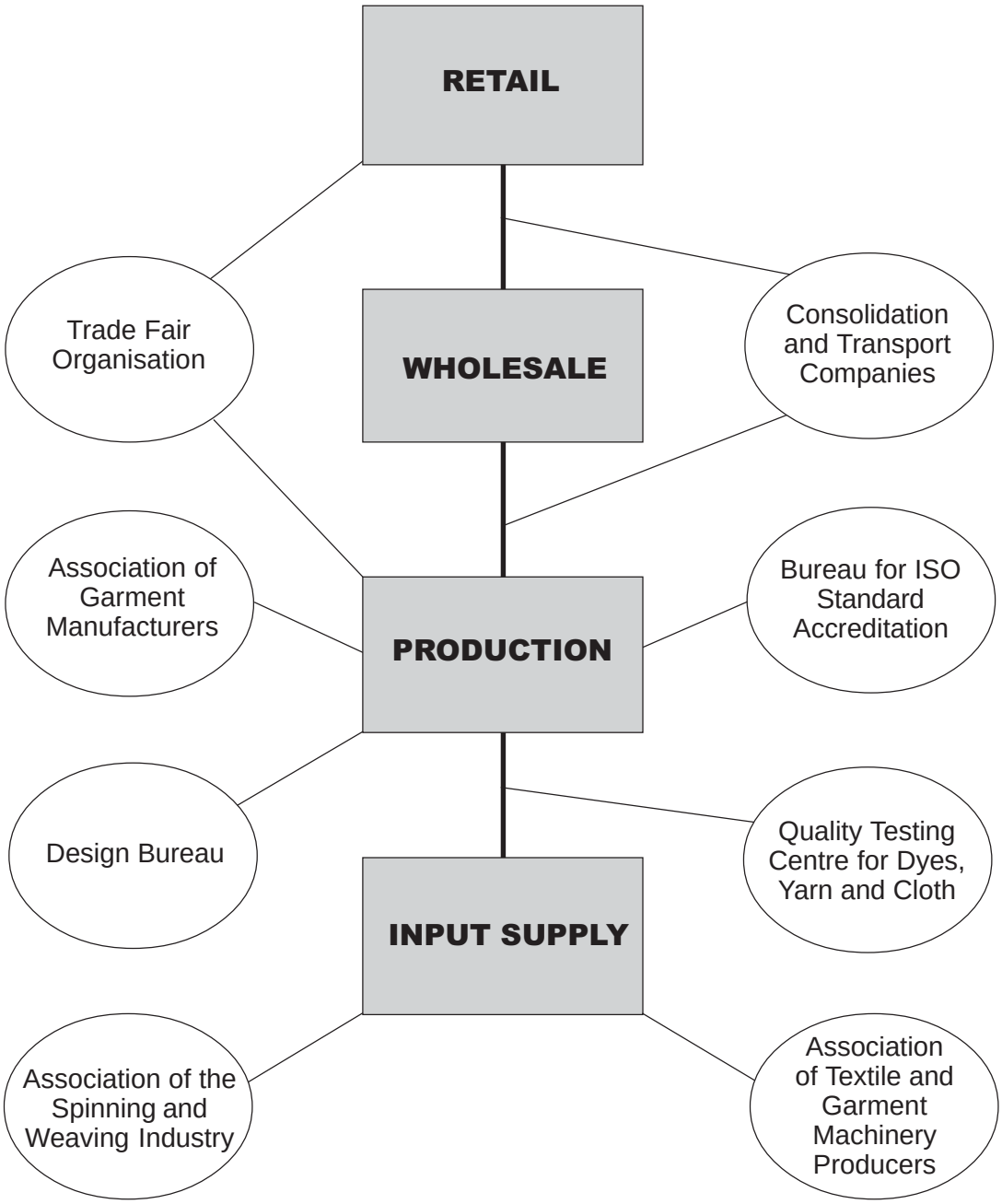
Mapping wages and skills shortages in factories

Many other aspects of a chain can be mapped. What you choose to map depends on the purpose of your study. Suppose, for example, the main concern is to improve the incomes of local homeworkers. One way of achieving this is to get better paying jobs within the same industry. Suppose that most homeworkers fall into the lowest skill category, and that this is equivalent to a 'Machinist 1' in the factories. This means that they might upgrade by moving to the equivalent of a Machinist 2, Machinist 3, general supervisor or quality supervisor. Usually this means improving their skills or acquiring new skills that are in demand. To help them, you could develop a map to show what skills are in short supply. As in the previous examples, you will need to gather some very specific information.

Try to find answers to the following questions:

- What skills are used at relevant stages of the chain?
- How many workers with those skills are currently working in the different chain activities?
- How many more workers could those activities employ?

Figure 9.3: Producer services for the garment chain



Note: The industry associations in this figure are assumed to provide "real services" such as training, juridical advice, representation in trade fairs or dispute resolution. A similar type of figure could be constructed for a "political mapping" showing the collective actors in the industry: the trade unions of the factory workers in the different parts of the chain, the organisation representing the homeworkers, and the relevant employers' organisations.

To answer the first question, you have to identify the relevant stages of the chain. Usually these will be stages that are represented in the locality of the workers who are hoping to upgrade. If you are working with homeworkers in Sri Lanka, for example, the skills required for employees of US retailers are probably not relevant. More relevant will be skills needed by the various types of workers in garment manufacturing, supply or service firms. A good place to start might be to visit several factories to ask about the skill requirements for their various job categories. You might also inquire about the skills needed for auxiliary services such as driving.

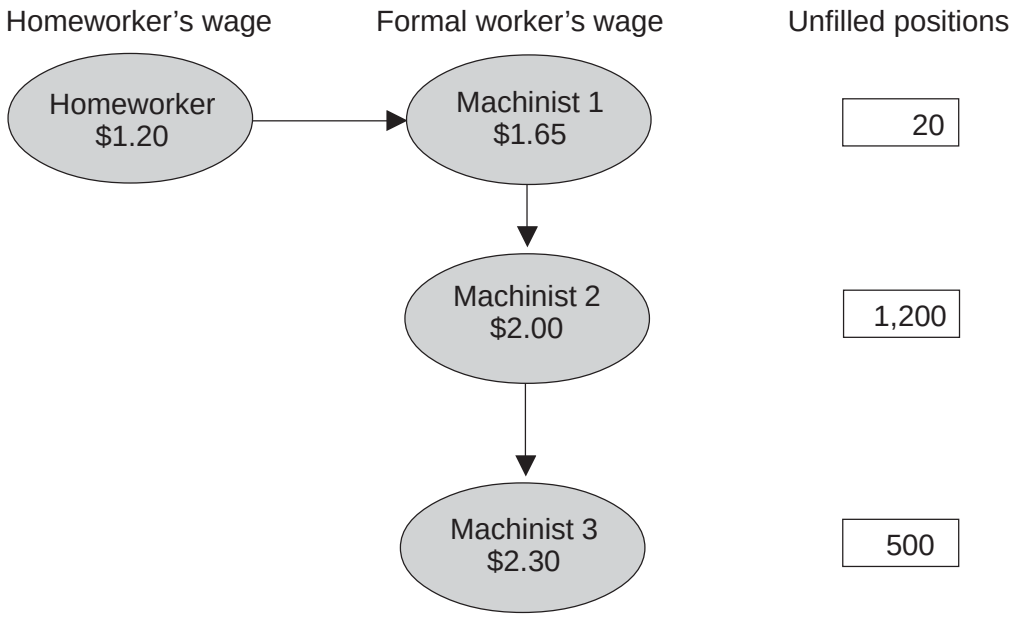
Next you need to gather information about how the skills are currently distributed. Ask question such as:

- How many positions are there for each type of skill?
- Are there unfilled positions?
- If the industry is expanding, are there likely to be unfilled positions in the future?

This will allow you to calculate the present and potential shortfall in each job category together. To highlight the potential for improving workers' incomes, you might match these with the average wage in each category.

You could then develop a skill-shortage map to help you to see how homeworkers might move up the skill ladder. Figure 9.4 shows one way in which this might be done.

Figure 9.4: Wages and skill shortages



The numbers on the right show the present shortages together with the current average wages. The mapping suggests that there are very few positions inside the factories for workers with 'Machinist 1' skills. In other words, it would be extremely difficult for homeworkers to get jobs without skill upgrading. The Machinist 2 level is more promising. Jobs are more plentiful and wages are higher. At the third level, wages are even higher, but jobs are fewer and skill requirements considerably greater. So 'Machinist 2' seems to be the appropriate level to target.

This information alone is, of course, not enough. You will need to raise other questions to assess the feasibility of homeworkers actually getting those jobs and to assess the costs of the proposed skill upgrading. However, the purpose here was simply to show how the mapping can be used to set the stage for further work.

Now turn from skill upgrading to transport. Suppose your concern is that transport bottlenecks are causing problems for homeworkers. Sometimes deliveries are late; at other times drivers arrive before a consignment has been completed. To understand the problem better, you may want to develop a map that shows the routes and gives the frequencies of early and late arrivals at different points. This map can then be used as the basis for interviews with homeworkers, drivers and factory logistics officers to help identify the causes of the problems and their possible solutions.

* * *

This chapter has zoomed in on particular parts of a chain and tried to map the relevant actors and flows. Which of these maps you need depends on the questions you want answered. As they stand, the examples presented in this chapter may not serve the purpose of your investigation but, hopefully, they encourage you to experiment. The main principle to remember is not to include detailed findings of particular parts of the chain in the overall map of the value chains. The power lies in simplicity and often this simplicity is best achieved if issues are dealt with one at a time.

Chapter 10

Learning from global buyers

Most users of this manual are probably concerned with improving the earning opportunities of local producers. This does not mean that the research should be restricted to local levels. Knowing local differences and dynamics is important, but it is rarely sufficient for understanding the causes of current problems or the scope for change. If a wider perspective is not included in the research, you could reach unhelpful and even misleading conclusions.

It is therefore important to understand the pressures that come from the national and global markets and to recognise the opportunities that these markets provide. It is equally important to recognise that to study these market forces you have to study the buyers.

As set out in chapter two, buyers are often the key actors in the clothing chain. While producer firms and countries have increased in recent years, buyers have become more concentrated. And because these buyers source globally, they have information about the strengths and weaknesses of producers all over the world. This chapter shows how to tap this knowledge in order to assess the strengths and weaknesses of producers in the region that you are working in, and to make comparisons with other regions and countries.

Chapter seven, which dealt with drawing an initial map, suggested ways of identifying and contacting relevant buyers, and so this chapter assumes that you have done this. Only buyers who have actually sourced from producers in the region you are researching are relevant to you, and will be able to make the kind of comparative judgement that you will be interested in. The examples in the chapter refer to buyers who are global, but much of the recommended procedure could also be applicable to national buyers, provided that they source from other competing regions.

Preparing the interviews

When you are preparing to interview a buyer, it is worth remembering a rule that applies to most interviews: the better prepared you are, the greater the likelihood that you will obtain the information you are looking for. Informing yourself in advance of what a buyer does and represents is an important part of this preparation. As mentioned before, the Internet can be of enormous help.

Take the case of GAP Inc. The website of this buyer (www.gapinc.com) provides the following information:

> **Global manufacturing**
> 'Gap Inc. works with third-party manufacturers in more than 50 countries, including the United States, to make the products we sell in our stores.
>
> Though we don't own any manufacturing facilities, we developed a Code of Vendor Conduct to ensure the factories we do business with make our clothes under safe and humane working conditions. To do this, Gap Inc. has a global network of more than 80 employees who must inspect and approve factories where orders are placed for the first time, and then monitor those factories on an ongoing basis. They inspect factory conditions, review payroll records, interview workers and meet with factory owners and managers to discuss and correct compliance issues.
>
> Most factories work hard to meet or exceed our requirements. If factories don't share our commitment to maintaining safe conditions and treating workers fairly, we stop doing business with them altogether. Today, we have the most comprehensive internal monitoring organisation in the apparel industry, complemented by independent and external monitoring.'
>
> (www.gapinc.com/about/global manuf.htm – 5 January 2001)

Another web page is on how GAP runs its business.

> **How we run our business.**
> 'At Gap Inc., we never stop moving. It takes a team of more than 140,000 passionate, dedicated and talented employees around the world to deliver the merchandise and shopping experience our customers expect and deserve. Here's a look at how we do it:

Inspiration

From colour to concept, it all begins with inspiration – whether it's people watching on the streets of Tokyo, a flash from a dream or a visit to a local art gallery. At Gap Inc.'s Product Development offices in New York City, designers, product managers and graphic artists create the look and feel for each season's merchandise.

Sourcing

Located around the globe, employees in Gap Inc.'s Sourcing and Logistics group, along with our buying agents, draw up production schedules and place orders with the approved third-party factories in nearly 50 countries that produce our goods.

Marketing

Each brand has its own marketing team headquartered in the San Francisco Bay Area. Our in-house marketing teams create everything from hangtags and in-store posters to billboards and TV commercials.

Distribution

Third-party manufacturers ship merchandise to our state-of-the-art distribution centres that sort and redistribute it to our stores. Strategically placed throughout the United States and in Canada, the United Kingdom, the Netherlands and Japan, our distribution centres are the backbone of Gap Inc.'s worldwide operations.

Sales

Sales associates and other store personnel are trained to answer customers' questions about fabric, fit and fashion, and to help them select merchandise that's perfect for them.'

(www.gapinc.com/financmedia/financmedia.htm – 5 January 2001)

Add to this GAP's web page on financial and media information which starts as follows:

'Three distinct brands. One exceptional company. Gap Inc. is a global company with revenues topping $11.6 billion and a strong portfolio of brands. Gap, Banana Republic and Old Navy are differentiated by their customer target, merchandise mix and marketing approach, but share a common goal: to deliver customers exceptional style, service and value.

Long-term, quality growth has always been a priority at Gap Inc. – which is why we're constantly improving the way we sell our products, serve our customers and run our business.'

(www.gapinc.com/financmedia/financmedia.htm — 5 January 2001)

There is a lot more information on GAP's web pages. Even these short excerpts tell an important story:

- GAP focuses on design, branding, marketing. These are sometimes called 'intangibles' because they do not result in a product that you can touch.
- GAP outsources production, except for the co-ordination of production and related activities.
- GAP has a code of conduct for itself and the factories that it does business with. This is supposed to ensure that working conditions are 'safe and humane'. In addition, the payroll of people working in these factories is supposed to be monitored and reviewed.

Knowing this before an interview helps you to understand the frame of mind of your respondent. It also means that you do not waste valuable interview time obtaining information that you can get elsewhere. This is not to suggest that you simply accept the information on the website. On the contrary, knowing the company's declared position on, for example, working conditions or compliance with ***Codes*** of Conduct, helps you to probe deeper. Equally important, the respondent will take you more seriously if you are well prepared.

Conducting the interviews

You will want to compare the strengths and weaknesses of your region with others elsewhere in the country or in the world. This is critical information for local employers, workers and policy makers.

Start the interview with simple questions, such as:

- Which four countries (or which regions) are your most important suppliers?
- Please rank these in order of importance.
- What percentage of all your sourced products does country X, Y, Z (or region x, y, z) account for?
- Where does country X, Y, Z (or region x, y, z) rank and what percentage of products do you source from it?

The core of the interview is an exercise in which you ask the buyer to assess producers in the relevant countries or regions with regard to criteria such as:

- product quality;
- price;
- time from order to delivery;
- punctual delivery;
- flexibility;
- innovative design.

These are the kind of criteria that buyers themselves use to select their suppliers and place orders. They also help to separate out some of the issues that fall under the broad idea of 'competitiveness'. For example, the information you obtain might help to show that your region is competitive in terms of price but performs poorly in terms of speed of response and punctuality.

Such differences emerge clearly if you ask your respondent to use a five-point-scale for each of the above criteria. Hand out a blank copy of table 10.1 and ask the respondent to fill it in for your country or region and the other relevant countries or regions. Table 10.1 uses actual findings from the footwear industries in China, India, Brazil and Italy, but the same techniques can be used in the garment industry.

Table 10.1: Weaknesses and strengths of footwear manufacturers on a scale of 1 to 5

	Weakness				Strength
	1	2	3	4	5
Regular and reliable product quality		India	Italy	Brazil China	
Price		Italy	Brazil	India	China
Response time (from order to delivery)		India	China	Brazil Italy	
Punctual delivery		India	Italy	Brazil China	
Flexibility: coping with small orders		China	India	Brazil Italy	
Flexibility: coping with changes in large orders			India Italy	Brazil China	
Innovative Design		China India	Brazil		Italy

Using star diagrams to make comparisons

The information you obtain from your interviews can then be entered into a star diagram (see figures 10.1 and 10.2). These are sometimes called radar charts. The arms of these diagrams, which stretch from the centre outwards, each represent one set of criteria, such as quality or price. The number of arms in the diagram depends on the number of criteria you have used. They are numbered from 0 at the centre to 5 on the outer circle. If, for example, a producer receives a rating of 2 out of 5 for quality, this is plotted on the arm at 2. You can also use groups of producers by averaging their scores and plotting these averages on the criteria arms. Linking up the scores then gives you a star diagram of each region.

There are many combinations in which these charts can be used and compared. For example, you can compare how US versus European buyers assess your region, using, in each case, the average score of the respective group of buyers. The key step, however, usually lies in comparing the star diagram of your region to that of the directly competing region. This shows, at a glance, their respective strengths and weaknesses.

Figure 10.1, for example, compares the performance of India and China, showing that India's main deficiency lies in quality and punctuality. Figure 10.2 shows that Brazilian producers out-compete Italian producers in terms of price and punctuality, that they can match Italy in terms of product quality but are far behind in terms of innovative design. These results throw up some unexpected results. For instance, it is surprising to find that the quality of footwear in Brazil is as good as it is in Italy.

These examples are taken from Schmitz and Knorringa's (2000) paper 'Learning from Global Buyers'. An early version of this paper, including the questionnaire, can be downloaded from www.ids.ac.uk/ids/global/valchn.html. The paper also stresses the limitations of using buyers as a source of comparative information on producers.

The use of this simple and effective technique for comparing sets of data has been simplified further by recent versions of the software programme *Excel*. (Go to Insert ▸ Chart ▸ Radar.)

Figure 10.1: Performance comparison, India – China

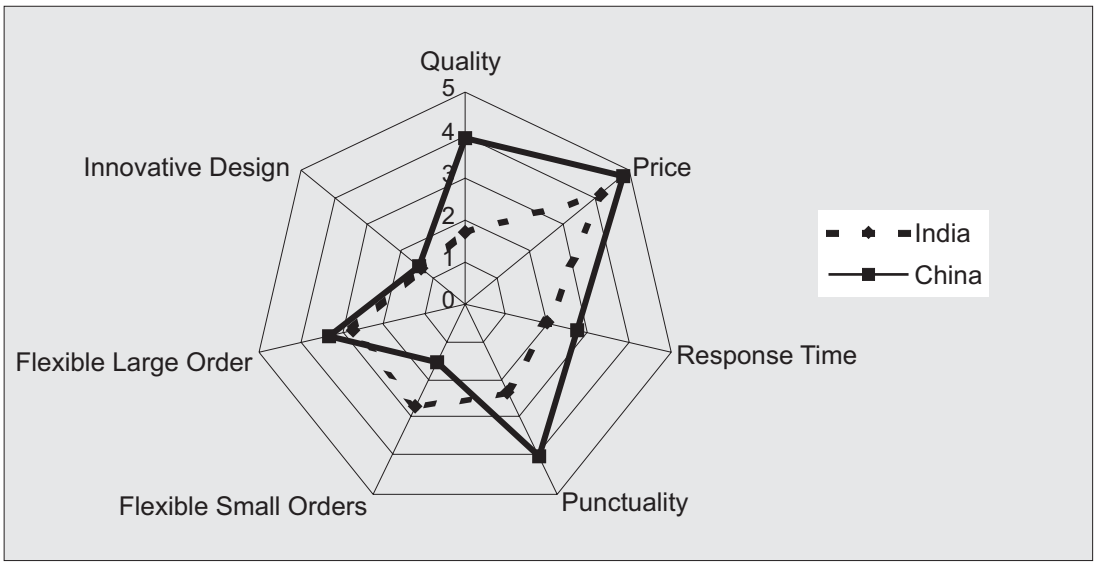
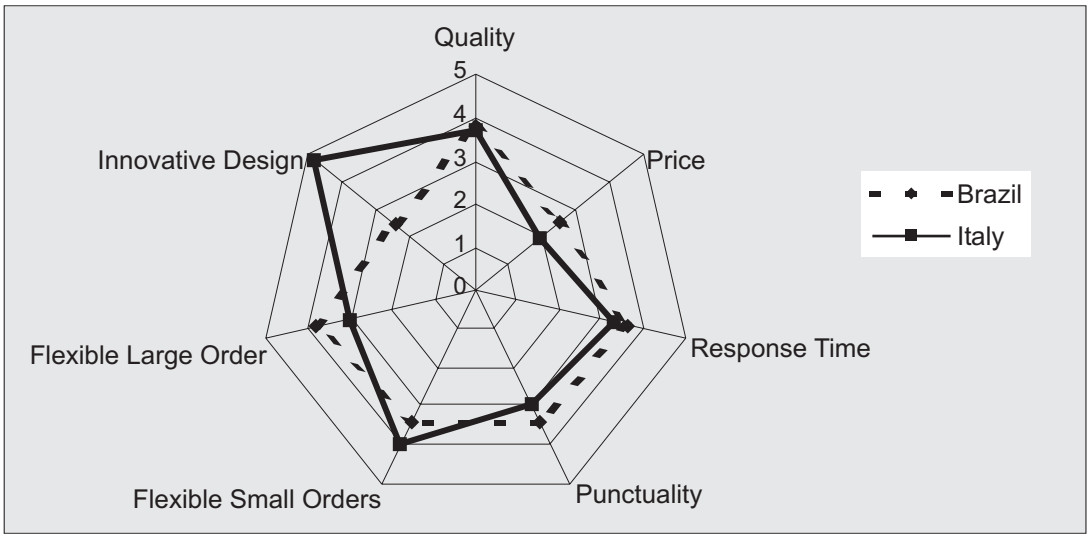


Figure 10.2: Performance comparison, Brazil - Italy



If the various buyers interviewed come up with very different views on your local producers, then the use of this technique is less straightforward. You would need to find out whether the differences arise because they have different producers in mind. Most buyers select from among the available producers and the different responses might well be instructive for your purposes. If a buyer had, say, two excellent and two poor experiences, it may well be worth recording them separately. You can always average them later if this seems appropriate.

Having established the buyers' comparative assessment of your region, it is useful to complement it with their view of the future. While necessarily speculative, it can be very instructive to know their answer to the question: "Do you expect that five years from now, the percentage you buy from countries (or regions) X, Y and Z will have increased or decreased? Why?"

* * *

This chapter has shown how you can make an up-to-date and comparative assessment of the strengths and weaknesses of your local garment industry. The use of official statistics can rarely provide such an assessment. This is not to say that such statistics should be avoided or neglected. On the contrary, one of the key messages of this manual is to complement different sources. Including the assessment of the buyers is particularly important in the garment industry, since it is the buyers who often drive the chain and take the critical decisions on who is in or out of the race.

Chapter 11

Learning from manufacturers

Information from garment manufacturers is essential for some of the mapping exercises discussed in previous chapters. In this chapter you will look more closely at some of this information, in particular three issues which concern the use of labour. These are:

- the share of labour cost in total cost;
- the advantages and risks of externalising operations;
- the use of core and fringe homeworkers.

The share of labour cost in total cost

If your work is concerned with improving the earnings of garment workers, you are likely to meet resistance from employers. They will argue that, unless workers improve their performance, increases in wages or piece-rates will increase their costs and harm their competitiveness. If your research is to help negotiations, you need to know how much total costs will increase if workers' wages or piece-rates are raised. In order to answer this question, you need to know the share of labour costs in total costs.

A cost breakdown is a sensitive piece of information for the manufacturer. Do not expect to obtain it through a sample survey. In-depth interviews with a small number of producers are more promising, as long as you do not start the interview with questions on costs and profits! Once you have obtained the respondent's trust it should be possible to fill in table 11.1. This asks for the costs of materials, labour and overheads and the percentage of the total costs of production for each of these. You then need to find out what the selling price will be, and therefore what the difference will be between the selling price and the production costs. This will be the ***profit margin***.

In the interview, there are two strategies you can follow. You can ask the question on percentages of costs and margins (the last column in the table) and then apply these percentages to one or two typical products made by the enterprise in order to check that the cost breakdowns given ring true. Or do it the other way round. Start with a typical

garment (ideally one that you have seen being made during the visit), obtain the actual cost of material, labour, etc (as set out in the middle column of the table) and then work out the percentages. Then do the same with another product – or, at least, ask whether the same percentages can be applied to many other products made by this firm.

Table 11.1 : Costs and profit margins (per unit of output)

	Value in local currency	Percentage of total cost
Materials	7.5	64.6
Labour ➡Factory workers	1.8	15.5
Labour ➥Homeworkers	1.1	9.5
Overheads (machines, electricity, rent, etc.)	1.2	10.4
= Costs of production	11.6	100
+ Profit margin	1.2	10
= Selling price	12.8	110

Having obtained this cost breakdown, you will be particularly interested in two pieces of information:

- Out of total costs, what is the share of labour costs?
- Out of total labour costs, what is the share of homeworkers' costs?

Keep in mind that this can vary enormously. For example, a blouse with extensive embroidery often requires a lot of homework, whereas the same blouse without embroidery might be made entirely within the factory. In view of such product variations, it is useful to present the results of your investigation for two or three typical products of the industry, rather than averaging all the interview results.

The advantages and risks of externalising operations

You may find it important to investigate whether, in your location, the use of homeworkers tends to increase or decrease. You will probably find that there are forces operating in both directions. The pressure to improve quality and speed leads manufacturers to concentrate work inside the factory. This is referred to as ***internalisation.*** However, the pressure to lower costs and increase flexibility encourages them to use homeworkers. This is called ***externalisation***.

In order to assess which force is stronger, it is best to start by establishing current practice. For each stage of the production process, ask the respondent what percentage is carried out internally or what percentage is carried out externally. You can then process the information from several manufacturers by entering into table 11.2 the number of enterprises that internalise 100%, externalise less than 50%, over 50% or 100%. The table uses very broad categories and you may prefer to use a finer scale, for example, 0 – 24% or 25–50%.

Table 11.2 : Extent of externalisation by type of activity

Activities	100% Internalised	< 50% Externalised	>50% Externalised	100% Externalised
Design				
Laying & cutting				
Embroidery				
Assembling				
Pressing				
Inspection & Finishing				

Assessing current practice for each stage of the production process should be straightforward. The assessment of future trends is more difficult. Ask the respondent whether major differences are expected in any of the production stages over the next five years. If you have time, you can then ask the respondent which forces lead to internalisation and which to externalisation, and which of them are stronger in the case of this enterprise. You can prepare for the interview by having your own checklist. Below are some likely factors.

The incentives for internalising are:

- better quality control;
- faster and more reliable delivery.

The reasons for externalising are:

- no need to invest in expanding the shop floor, purchasing new machinery;
- no obligation to pay social security to workers and the State;
- possibility of tapping into the huge pool of flexible workers who cannot enter formal employment due to childcare, studying or other commitments;
- easy adjustment to changes in demand;
- fear of unionisation among factory workers.

The use of core and fringe homeworkers

Manufacturers who want a major increase in product quality and speed of response do not necessarily have to internalise their operations. They can try to reduce losses in quality and time by building closer ties with their homeworkers.

Closer ties with homeworkers can be achieved by:

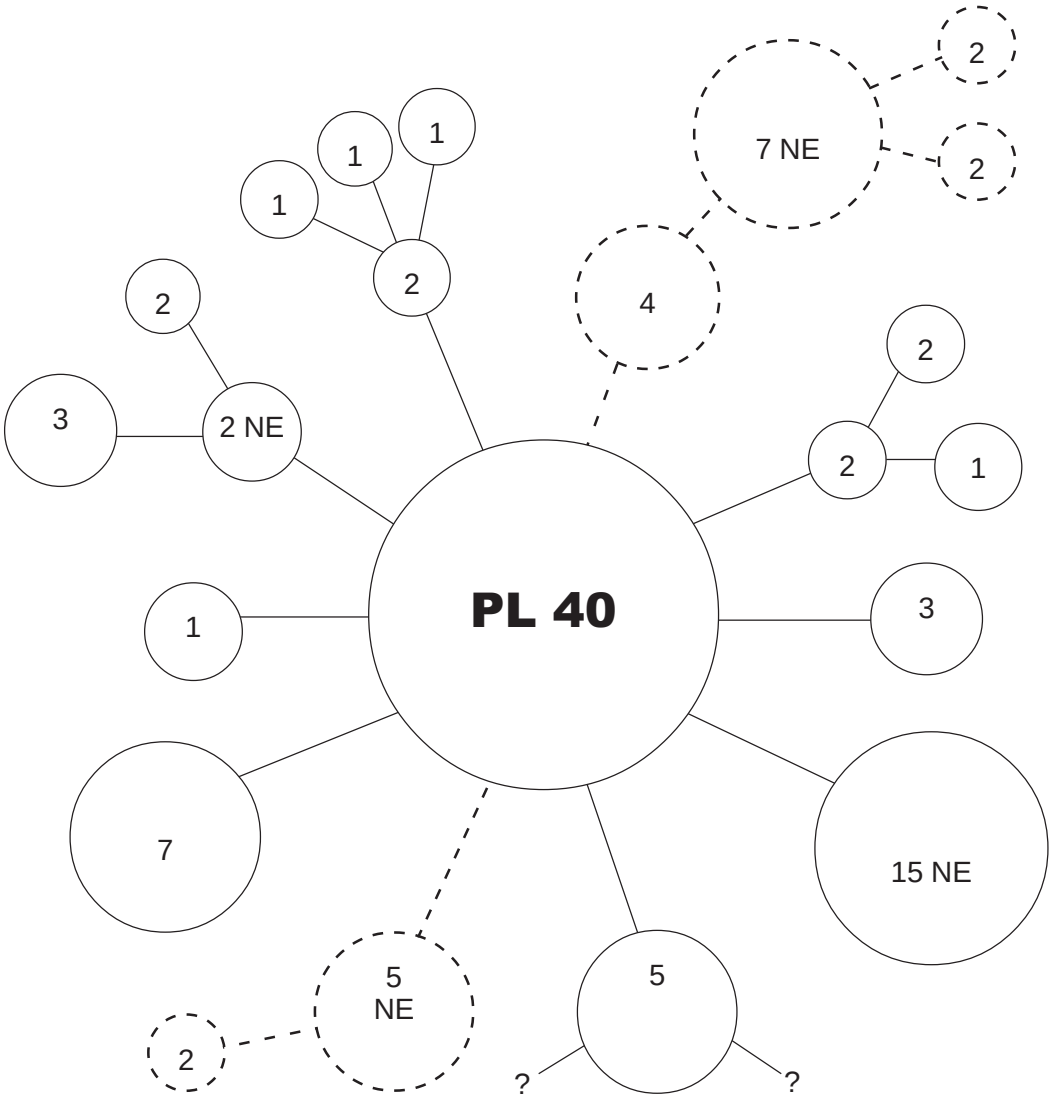
- providing advance notice of ups and downs in orders;
- providing training to the homeworkers in their homes;
- discussing how the connection between internal and external product flows can be improved.

Ask manufacturers whether they practise this and with what results. Make sure you also ask whether piece-rates have changed and payment is made promptly. If there are signs that relationships with homeworkers have become closer, ask whether this extends to all homeworkers. In other words, do they have a core group of regular, high-performance homeworkers, and also a fringe of casual, 'just-in-case' homeworkers.

Having obtained the manufacturer's view, it is useful to put the mirror questions to the homeworkers. The manufacturer will probably steer the discussion towards the core homeworkers while interviews with the homeworkers will probably throw more light on the fringe.

If the distinction between core and fringe turns out to be important, you can show it by adapting the diagram of the network of homeworkers in chapter nine. Figure 11.3 shows this adaptation. Homeworkers in the fringe category have circles drawn with a discontinuous line indicating their dispensability.

Figure 11.3: Sub-contractor network of small manufacturer



Note: The numbers in the circles refer to the number of workers in each establishment. 'NE' means not working exclusively for PL in the month of the interview.

Chapter 12

Learning from homeworkers

Chapters ten and eleven dealt with how to obtain useful information from buyers and manufacturers. This chapter focuses on homeworkers as a source of information, and draws attention to some of the special problems that arise when interviewing producers who are often not registered and operate under precarious circumstances. A useful *Guide to action research with home-based workers* has also been prepared by HomeNet (2001).

Using comparisons as ammunition for change

The purpose of this chapter is not to show how to document the on-going struggles of homeworkers. In fact, we advise against describing this in detail. It is well known that these workers are often tied to their homes in order to care for children or the elderly, the volume of paid work varies enormously and the piece-rates which they earn tend to be low. There are already numerous studies from different parts of the world which show such findings (for Turkish examples, see Esim 1998; Sims et al. 2000; or http://msnhomepages.talkcity.com/volunteerst/homebasedworkers/workshop.html). So your documentation will offer little that is new, and will run the risk of it being pushed aside and categorised as whining about a well-known problem.

In order to have an impact, you need to be analytical and strategic in your data collection. Concentrate on comparisons that will lead to improving the conditions of homeworkers. The first key comparison is between homeworkers in different chains. The second is between home-working for progressive compared to conservative manufacturers. By finding differences you may be able to show that the need to compete does not justify treating homeworkers badly, and that treating homeworkers well can improve a manufacturer's ability to compete and succeed.

If you find that homeworkers have experience in two chains, ask them about both. Make sure that you include questions about differences within each of the chains. Ask questions about the conditions offered by the best employers and then ask them about the worst employers. See how frequently these differences occur.

If the comparisons show substantial differences, this is ammunition for change: for re-negotiating the terms of existing relationships, or for switching to better chains or better employers. The research also helps to reduce the imbalance in information between manufacturers and homeworkers and to nudge the negotiations forward. The chances for progress are best if progressive employers are identified and brought into the coalition for change.

If the comparisons show no significant differences and the homeworker situation is consistently dismal, buyers could possibly be mobilised to use their influence over local manufacturers (see Part 3 of this manual 'Making an Impact').

You may find that some homeworkers do not 'belong' to any chain. They work in a variety of different chains, sew garments for end users and switch frequently between clients. Do not leave out these homeworkers. Find out whether they switch because they are constantly chasing work; in other words, the market for the homeworker is flat, they have little choice and accept whatever comes their way. Alternatively they may switch because they have choices and can afford to pick only those orders that suit them in terms of pay and timing. If the latter applies, it is worth finding out which chains these better paying customers are linked to.

Observing the working environment of homeworkers

Observation can be a powerful tool. Here are some of the techniques you can use to observe and document the situations of homeworkers in the various chains. Before you start your interviews, you may simply want to observe the daily routine of one or more homeworkers. Case study 12.1 describes one way of going about this. It can be helpful to begin by keeping in mind a set of questions.

For specific studies, you will need to work out your own questions, but the following could be useful for a start:

- What is going on?
- What is the working environment like?
- Who is participating? Note their age, gender, function and status.
- How often does this happen? How long does it take? Is it typical? Why or why not?
- How does it compare with what I have seen elsewhere?

The story of Maria is used here to show how, by simply observing, you can learn about the way she interacts with the intermediary and about the routine of distributing materials and collecting finished work. These observations, combined with your informal comparison with other chains, can help you to develop a set of questions that you can put to homeworkers.

Case Study 12.1

An exercise in observation: Distributing work to homeworkers

What is going on?

I am riding in the front seat of an old van driven by Mr. M, the intermediary who delivers outwork to Maria and a dozen or so other homeworkers in the same area. This intermediary deals with firms in the US market. Today we are delivering large packages of pre-cut pieces of boys' shirts to each of the homeworkers, and collecting the work finished in the past week.

What is the setting/environment like?

We turn off the main road and go about two kilometres into the interior on a rough dirt road towards Maria's home. The road is dry now, but Mr. M. tells me that the last kilometre is sometimes impassable in the rainy season. Maria knows that at such times she must double-wrap the finished goods in plastic and send them with her teenaged sons to a certain point, where they will wait for Mr. M.

When we reach Maria's house, we knock at the door. I note that Maria's four-year-old daughter is playing outside. When we go inside, I see the two-year-old sleeping on the sofa in the sitting room. An old electric Singer sewing machine is in the sitting room, next to a large table that appears to double as the family dining table. Finished work is packed into large plastic sacks. Some pre-cut pieces — probably those remaining from the last batch — are in piles on the table. The sacks of finished work are under the table. Although it is mid afternoon, the overhead lights are on because a large tree outside shades the only window.

Who is participating?

There are two participants:

Maria: age – late thirties; gender – female; position – homeworker; status – low;
Mr. M: age – 40ish; gender – male; position – intermediary; status – ?

How often does this happen? How long does it take? Is it typical?

Mr. M. visits Maria every seven to ten days. Today, he will set the date of the next visit. Mr. M. first checks and counts the finished pieces (16 minutes). He records the tally (297 accepted, 3 rejected) in his ledger book under Maria's name. Then he repacks the goods, with accepted items going into the large sacks and rejects into a separate bag (4 minutes). He pays Maria for the accepted items and she signs the book next to her name (3 minutes). After dealing with the finished goods, he gives Maria the new work. Again, he records the work under Maria's name. He tells her when he will come back, and we leave (5 minutes). Today's visit took a total of 28 minutes. According to Mr. M., this is typical. Visits take between 20 and 35 minutes, except in the rainy season, when the counting and checking must take place in the cramped quarters of the van, and the new work must be carefully repacked to ensure that it does not get wet or muddy.

How does it compare with what I have seen elsewhere?

Last week I travelled with a different intermediary to visit homeworkers in the value chain producing for the German market. I note two main differences between Maria's situation and theirs. Maria's sewing machine is old and very basic compared to those I saw last week. I also note that the number of rejects from Maria's work (3 out of 300) is lower than the average I computed for Chain 3 (2.6 out of 100).

There is more about observation as a method for gathering information in Section A4 of the appendix.

Interviewing homeworkers

Before beginning the actual interviewing, you will have to decide how many homeworkers to interview and how to select them. The number is largely determined by available resources and the aim of your study. In-depth interviewing takes more time, which usually means you do fewer interviews. In a survey, you can gather specific information from many respondents. The choices available to you and the details of ***sampling*** are discussed more fully in the appendix. You will probably want to combine methods.

A good research design for a comparison of chains will usually include two elements:

- some type of survey to gather basic information;
- in-depth interviews, or case studies, to probe the issues.

The survey should include both core and fringe homeworkers (a distinction used in the previous chapter) and will usually be carried out using a structured questionnaire. Your case studies will usually be selected either because the homeworkers you interview are typical of those in their particular chain, or because they illustrate some problem that you want to highlight.

Once you know how many and what type of interviews you will carry out, you can begin preparing for the actual interviews by lining up your questions. Remember that you need to ask both factual and issue-based questions.

The factual questions will be handled mainly in the survey. They include questions about the homeworkers:

- age;
- experience as a homeworker;
- other experience;
- years working for particular manufacturers or intermediaries.

You will also want to ask about key features of the relationship with the manufacturers. These include:

- advance notice of ups and downs in orders;
- training;
- technical assistance;
- piece-rates;
- prompt payment.

Once you have all the questions you think you should ask, prune the list. Remove any question that is not really necessary. This will keep the interview sharp and focused.

In-depth interviews will deal more with issues. Here you want to discuss particular difficulties the homeworker has experienced. Although case study interviews can be longer and more free-flowing, you still want to maintain your focus on the specific issues covered in your study.

In carrying out the interviews, be aware that homeworkers may be uncomfortable answering certain questions. They may fear retaliation from the manufacturers, or may feel vulnerable because of their questionable legal status. To help overcome problems of trust, you may want to spread interviewing over more than one visit. Nevertheless, the sensitivity of research on homeworkers makes it especially important to be aware that, like many professionals, researchers are bound by a code of ethics.

Ethical questions in researching homework

The most important ethical rule, in any type of research, is 'Do no harm'. Research should never cause injury to the people being studied. This includes physical, psychological, economic, or any other injury. Two further principles flow from this. One is that participation in a research study should be voluntary and based on informed consent. The other is that participants' privacy must be safeguarded. Simple and straightforward as these seem, they can be difficult to put into practice. This section discusses some of the ethical issues that can arise in carrying out research on home-based work.

Ensuring voluntary participation

If you re-read the account of the research visit to Maria's home, you can see some of the ethical issues it raises (see case study 12.1). Firstly, the researcher arrived at Maria's home with the intermediary. This could be confusing to Maria. In her culture, one always welcomes a visitor warmly. To refuse to do so would be extremely rude. Yet in this situation, to welcome the visitor is to allow herself to be observed as part of a research process. The researcher in this case must take time to explain the nature of the research to Maria in clear and simple language and to find out whether she is willing to participate. This may be difficult because both Maria and the intermediary are accustomed to getting right down to the business of checking and counting finished garments. Ideally the process of explaining the research and obtaining consent should be completed before the first visit, but Maria may not have a telephone, and she may not read well enough to understand a written explanation. Nevertheless, it is up to the researcher to develop procedures that ensure that Maria's participation in the study is voluntary.

Researchers, and their research assistants, are frequently tempted to encourage participation in studies by using subtle forms of pressure. This could be in the form of

some direct gain, such as indicating that homeworkers who co-operate with the research will be given more business or higher rates. It could be a veiled threat of being dropped from the list for failing to participate. Not only are such tactics against the principle of free participation, but they also frequently cause problems for researchers working in the same area at a later time.

Protecting the identities of respondents

Safeguarding respondents' privacy often requires protecting their identity. This is all the more important in situations where revealing their responses might injure them in any way. There are two ways of protecting the identity of respondents. One is anonymity and the other, confidentiality.

A respondent is anonymous when the researcher cannot identify a given response with a particular respondent. Anonymity is often used in mail surveys to protect respondents' identities. In interview research, it is not possible to speak of anonymity. Instead, researchers promise confidentiality.

Although the researcher knows the identities of the respondents and can match particular responses with the names of people who gave them, the researcher promises to keep the information confidential. Since research in a developing country most often involves personal interviews, this manual pays particular attention to issues of confidentiality. By promising confidentiality, the researcher agrees not to publish any information that could be identified as coming from a particular individual, and also promises to guard against any leakage of information that would link a respondent with information given.

The researcher is responsible for putting into place systems that protect confidentiality. The controls usually put on survey data offer a good example. At the data collection stage, the researcher instructs research assistants on the practical aspects of confidentiality. They are taught to explain confidentiality when introducing themselves to the potential respondents. They are also told that they are bound not to discuss respondents' answers outside of the research team. Once data have been collected, the confidentiality of survey responses is protected by numbering questionnaires, keeping them in a secure place, and strictly limiting access to the file that matches the numbers to the respondents' names.

Chapter 13

Comparing the views of global buyers and local producers

By comparing the views of buyers, manufacturers and homeworkers, you can discover differences in perception and identify problems that need to be tackled. This chapter shows you how to make effective comparisons.

When gathering information from the respondents, it is important to keep in mind the tool that will be used to display the results of the comparisons. If you use the star diagrams that were explained in chapter ten, you will need to use the same set of questions for both parties you want to compare. Proceed in the following way:

Questions for producers

Use a table similar to the one below, with your questions down one side and the ratings, from 1 to 5, across the top. One is considered the least important rating and 5 the most important.

Ask your respondents to rate issues in terms of the importance placed on them by their main customers.

	1	2	3	4	5
Improvements in product quality					
Reductions in prices					
Faster deliveries					
Reliable deliveries					
Compliance with global labour standards					
No child labour					
Increasing flexibility					
Variety of lines or collections					
Innovative design					

Next ask respondents to rate the same issues in terms of how successful they believe they are in meeting their customers' requirements.

	1	2	3	4	5
Improvements in product quality					
Reductions in prices					
Faster deliveries					
Reliable deliveries					
Compliance with global labour standards					
No child labour					
Increasing flexibility					
Variety of lines or collections					
Innovative design					

The table below shows the results of a survey of producers using the above questions. The results from all respondents have been averaged.

Table 13.1 Producers' perceptions of their own performance, compared to buyers' requirements

	Buyers' requirements	Producers' performance
Improvements in product quality	4.70	4.23
Reductions in prices	4.00	3.54
Faster deliveries	3.97	3.63
Reliable deliveries	4.38	4.10
Compliance with global labour standards	2.85	3.03
No child labour	3.02	4.70
Increasing flexibility	3.93	3.93
Variety of lines or collections	3.60	3.90
Innovative design	3.62	3.47

Figure 13.1 is a star diagram that uses these results. You can see that producers feel that they are satisfying their buyers in most aspects and even exceeding them in some instances, such as the variety of collections and the avoidance of child labour. With sensitive issues such as child labour, it is good to be suspicious about radical results since it could signal fear of respondents to tell the truth – that they do use child labour, for instance.

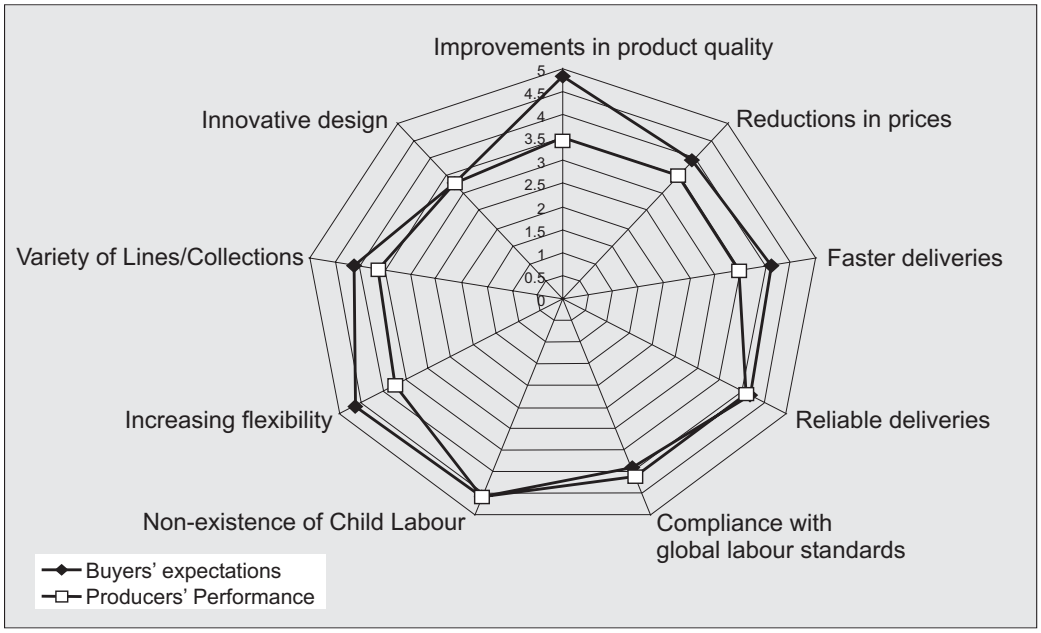
Figure 13.1: Requirements of buyers and performance by producers: Producers' point of view

Questions for buyers

The next step is to ask buyers the same set of questions and compare these with the results you obtained from the producers. Figure 13.2 shows how different these results may be from the perceptions of the producers.

The figure suggests that buyers think that their suppliers are falling short of their requirements in many of the items considered. For example, buyers have given a 3.5 rating to producers for quality, but their expectations are 5. That gap of unsatisfied expectations creates a space for other suppliers in other regions or countries to compete for the buyers' attention and eventually displace the traditional suppliers.

Figure 13.2: Requirements of buyers and performance by producers: Buyers' point of view



This type of diagram can also serve the purpose of assessing whether the producer knows what the buyer requires. Likewise, this exercise is useful to highlight aspects that producers need to improve if they want to keep their place, or improve it, in the value chain. This type of comparison can also be used to identify differences in expectation and performance between manufacturers and their homeworkers.

Chapter 14

Working with public agencies

In the course of your research you will probably need to work with ***public agencies*** that provide data on trade, production and employment. The importance and limitation of this data source was discussed in previous chapters, and so this chapter gives some examples of the kind of issues that may require you to work with these agencies.

Public agencies can influence the earning opportunities of homeworkers, directly or indirectly, through:

- regulations, such as registration requirements;
- policies, such as trade policy;
- direct assistance, like the provision of training;
- harassment by officials from these agencies, such as the extracting of bribes.

The actors in these agencies range from municipal organs, to national ministries, to international (multilateral) organisations like the ILO or the Commission of the European Union. If you focus too hard on the actors in the chain and the relationships between them, there is a danger that you leave out the impact of these institutions. So you may find that it is important to conduct a policy or institutional analysis. This would mean comparing policy pronouncements with the reality on the ground. Showing the gaps would be a useful start for engaging the relevant institutions in a discussion on changing rules and provisions. Your choice of policies and institutions to investigate will depend on the questions you are trying to answer and the specific context in which 'your' homeworkers are operating.

Public agency issues to research

As in previous chapters, keep in mind that research into public agencies should rely on various sources. Do not just collect data and views from public agencies themselves, but also from those affected by their actions.

Registration requirements for homeworkers

The questions you will want to ask are, for example:

- What are the registration requirements for homeworkers?
- What are the costs and benefits of registration?
- Is compliance with these requirements monitored?
- What are the costs of non-compliance?

Registration requirements vary from place to place. Try to obtain the help of a public agency in listing the costs, in terms of time and money, of complying with the regulations. Documenting how long it takes you to obtain the necessary information might in itself provide a story.

Homeworkers and local labour legislation

Some key questions would be:

- Are homeworkers covered by local legislation or are they simply ignored?
- If local legislation does affect them, are they classified as independent contractors, employees or ***informal workers***?

If home-working is common in your area, there will probably be someone in the Ministry of Labour, or its equivalent, who can point you to the relevant legislation and explain homeworkers' rights under the law.

Labour laws are usually intended to help workers, but as you saw in chapter six, they can sometimes have a negative effect. For example, some countries still have a law barring women from working the night shift. Employers who want the flexibility of assigning workers to different shifts will, in such cases, prefer to hire male workers. Women who are left out of factory work may then take up homework as their only option.

Local support organisations

Local support organisations can be public or private, working on their own or working together, working without or with support from outside. For the sake of convenience, all support organisations and arrangements are included here.

The kinds of questions you may be asking are:

- What local support organisations exist?
- How effective are they?

If these are important questions for your study, you may want to map the relevant institutions. It would probably help here to distinguish between those organisations which are relevant to the various garment chains, such as certain sections of the Ministry of Industry and the Garment Manufacturers' Association, and those organisations that deal with the specific concerns of homeworkers. Examples of organisations dealing with specific concerns would be a local NGO or a project of UNICEF, which is a special agency of the United Nations that concentrates on the wellbeing of the world's children.

In many cases, you will simply need to fill in the gaps in what you already know about organisations and agencies in your area. Key informant interviews are probably the best means of doing this. For example, you may start with a knowledgeable person in the relevant business association or in the garment workers' union. Since most homeworkers are female, NGOs or even government agencies focusing on women can be helpful. In Kenya, for example, most women's self-help groups are registered through the Ministry of Social Services. This makes this ministry a very useful source of information about women's activities, even those not directly under its jurisdiction. Of course in some countries, such as India and Pakistan, there are important NGOs dealing specifically with homeworker issues. If you are working in such countries, you would definitely include these among the agencies that you interview.

Local industry policy

The kind of questions you may want to look into could be:

- Is there a local industrial policy for fostering the garment industry?
- What form does it take?
- Is it targeting particular chains?

These questions are best investigated through open-ended interviews with the relevant local government officials and business associations. If your research ultimately aims to contribute to a local industrial strategy, it is worth considering an action-research

approach developed by Jörg Meyer-Stamer. He calls it PACA – which stands for Participatory Assessment of Competitive Advantage – and draws in all stakeholders in identifying problems. The idea is to generate local ownership of the analysis and the recommendations, and then to involve these stakeholders in the implementation. For details see www.meyer-stamer.de/paca.html.

National trade policy

The questions here are:

- Does national trade policy hold back or enhance the prospects of the local garment industry?
- Which chains are affected?
- Are there trade regulations that limit the use of homework?

In some cases, homework may be limited by trade regulations. In Kenya, the Manufacturing Under Bond scheme, which offers benefits such as duty-free inputs to factories that export all of their production, puts strict limitations on the movement of materials or work-in-process outside of the factory. The duty-free materials must remain in a bonded factory, and can only be moved from one place to another under the direct supervision of a customs official. This makes the usual homework delivery and work system impossible for such factories.

The trade policies of importing countries

The question here is:

- How do the trade policies of importing countries affect the local industry?

To answer this question, you will need to know the final destination of particular export chains. This is because some governments have policies that favour goods from particular countries. For example, the US government grants 'Most Favoured Nation Status' (MFN) to China but not to neighbouring countries like Vietnam. The official source would not provide this information in such a straightforward way. It is more likely to read like this:

> The United States has granted permanent MFN status (now known as Normal Trade Relations NTR) to most countries internationally. However, a few countries do not have NTR status; they include: Afghanistan, Cuba, Laos, Montenegro, North Korea,

Serbia and Vietnam. Also, select nations' NTR status is reviewed annually. These include: Armenia, Belarus, Bulgaria, China, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

You may wish to check with the United States Trade Representative's office to find further information on the NTR status of the countries you are most concerned with; see www.ustr.gov/. Up to date information on such matters should also be available from the embassy of the importing country concerned, or you may find that the Manufacturers Association provides such information routinely to its members.

Multilateral trade policies and their effect on local industry

Multilateral – meaning many-sided – policies involve several countries. They include policies directed at groups of countries, such as producers of specific items or particular geographic regions.

The question to look at is:

- How do the multilateral trade policies of importing countries affect the growth prospects of local producers?

The Multi-Fibre-Agreement (MFA) is particularly relevant here. The MFA protected developed countries against imports from developing countries. Between 1995 and 2005, this system of protection is gradually being dismantled. The impact on developing country exporters will vary: Asian exporters are likely to gain and African exporters are likely to lose (see 'Trade Protection in the Textile and Clothing Industries', Trade and Investment Background Briefing No.4, IDS-Sussex 1999). This is because the quota system that was an important part of the MFA will disappear by 2005. The US, for example, set quotas that limit the amounts that can be imported from large Asian clothing manufacturers. To get around these quotas, some Asian producers subcontract to producers in countries that are not affected by quotas. Without the quota system, this 'quota hopping' will disappear, and the small countries that benefited from it are likely to lose some production opportunities.

Another, more recent, example is the US Government's Africa Growth and Opportunity Act (AGOA), which extends duty-free import status to African countries that meet certain requirements. The Act is still fairly new, so it is difficult to assess its impact. If it works as anticipated, it should make African garments more competitive on the US market. For more information on AGOA, see www.agoa.gov.

In order to assess the impact of such multilateral trade regulations, it is usually best to start by drawing on the general assessments prepared by others (see, for example, www.ids.ac.uk/tradebriefings or www.ids.ac.uk/ids/global/trdpol.html or www.nsi-ins.ca/ensi/research/index.html).

This chapter has been a reminder that value chains function in a context that is influenced by public agencies through their regulations and policies. The public influences are many and the assessment of each of them can take a long time. Make sure that you investigate only those rules and policies that are likely to impact on the results of your chain analysis. Where you decide to investigate, you will often want to work with the public agencies concerned, but do not treat them as your only source of information. The sequence of methods and sources to be considered are:

- 1st — draw on secondary material;
- 2nd — interview relevant public agencies;
- 3rd — interview business associations, trade unions or NGOs;
- 4th — interview affected industrialists or homeworkers.

Chapter 15

Applying gender analysis to garment chains

Gender issues have surfaced throughout the previous chapters. This chapter draws together the various insights and shows how to deepen gender analysis, presenting a model that has been especially designed for use with garment value chains.

Four steps in applying gender analysis

There are four steps to this analysis. The first three are designed to give different types and levels of information about women and men. In the last step, the researcher applies the information to the particular garment chain under study. The information needed depends on the questions you are addressing. Since time and resources are almost always at a premium, you will be able to gather only so much information, and obviously you should focus on what you need to answer your questions.

Step one: gathering basic information

The first step is to gather basic information about those you intend to study. If you are doing a full chain analysis, you would include participants at each level of the chain. The basic information is of three main types.

- **Demographic data** such as sex, age, marital status, level of education and level and type of training;
- **Labour force data** such as years in present job, previous experience, rate of pay, benefits and working conditions; and
- **Information about their roles** in the household, community and garment industry.

The first two groups of information are basically quantitative. Some data may be available from company records. For outworkers, you may have to gather the information yourself.

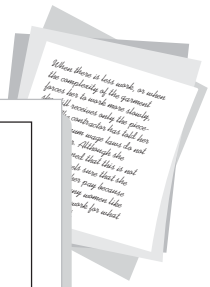
Some of the information about the different roles of workers may also be available in personnel records, but most likely you will have to get much of it through interviews with workers or knowledgeable individuals.

Below is an example of the kind of information that can be gathered in step one. The example is a hypothetical chain segment covering manufacturers in a developing country exporting men's and boys' shirts to the US market. The chain includes suppliers, producers and various types of intermediaries, but for the sake of simplicity, the data in the summary are for producers only.

Summary 15.1

Results of step one of gender analysis (producers only)

Gender composition of workforce	Top management: 90% male Middle management: 80% male Support staff (secretaries, drivers, etc.): 50% male Supervisory staff: 70% male Factory production workers: 80% female Outworkers: 100% female
Age	The mean age for male workers is 35.4 years; the mean age for female workers is 38.9 years.
Remuneration	Overall ratio of male to female earnings: 3:1 (based on wages and benefits, excluding outworkers) 4.2:1 (including outworkers' estimated monthly earnings) Ratio of male to female workers within labour categories ranges from 1.6:1 among top management to 2.5:1 among factory workers
Education	Male workers average 12.2 years of schooling, compared with female workers who average 8.3 years. Outworkers, who are 100% female, average 5.2 years of schooling. The intermediaries who deal with these outworkers are, on average, high school educated. Within the broad categories of management, supervisory workers and factory production workers, there is no significant difference between male and female education levels.
Training	Men are twice as likely as women to have had specific managerial or technical training. Men had a wide variety of training, including management, accountancy, textile design, machine maintenance, computer-aided design and sewing/tailoring. Women, on the other hand, were mainly trained in either secretarial work or sewing. Only a few women reported managerial training, and none had been trained in machine maintenance or computer-aided design.
Experience	Total work experience: Male: 14.1 years Female: 18.3 years Garment industry experience: Male: 12.5 years Female: 17.2 years.



Promotion	Promotions generally occur within the broad employment categories; for example, factory workers progress through specific job groups and some eventually become supervisors. Men who reached supervisor did so in an average of 7.2 years; women took an average of 8.5 years. We found only 10 instances of factory workers or members of the support staff becoming managers. Nine of these were men.
Hours worked	Women and men in most jobs work the same hours. Only in factory work was there a significant difference: Male: 52 hours per week, Female: 45 hours per week.

Step two: information for comparisons

In the second step of your gender analysis you will try to put the information about the chain in a broader context and make some comparisons. The nature of the comparison will depend on what you are trying to achieve. If, for example, it appears that female homeworkers are more disadvantaged in the garment industry than in other industries in the same country, you may want to compare them to workers in the industry as a whole, or to workers in the manufacturing industry. In this case, you will probably use sources such as government statistical data to gather information for the comparison group.

Alternatively, you may think that the bigger problem is that female garment workers are worse off in this country than they are in other countries competing for the same markets. In this case, you could choose 'the garment industry in competing countries' as the comparison group.

Step three: enterprise assessment

The aim of this step is to find information on how things are usually done within the enterprises that you are looking at, whether they are homeworker enterprises, factories, or a whole value chain. The literature on institutions suggests that their organisational forms vary considerably from each other and across cultures. Despite their differences, they can be analysed in terms of their common components.

Five elements have been identified here, which will help you group your findings.

- **Rules** show how things get done. In addition to formal rules and regulations, rules in the enterprise sense cover norms, values, traditions, customs and informal practices. They can be explicitly stated or simply understood as the way things are done in this place.

- **Activities** are about what is done. In gender analysis, it is important to know what different tasks are done by women and men and what tasks they both do. For example, in a particular garment factory, men may do the cutting, women the ironing, and both men and women the sewing. In another, only men work the night shift while both men and women work the day shift.

- **Resources** are the inputs and outputs that contribute to the production process. These may be human (labour, education, skills), material (food, assets, land, money), or intangibles (information, political clout, goodwill, contacts).

  The analysis examines what men and women put into the process as well as what they receive in return for their activities. One commonly used type of resource analysis looks at male and female workers' inputs in terms of education, skills and labour, and the resulting monetary rewards. This is the sort of analysis that underlies many of the findings about unequal pay for equal work.

- **Institutional patterns** in each stage of the value chain are also part of gender analysis. Each stage can be broken down into male and female: managers, support staff, fashion designers, production workers, homeworkers, traders and transporters. It then becomes relatively easy to identify institutionalised patterns of inclusion and exclusion, as well as opportunities for progress.

- **Power** is the final element for analysis in step three. This has to do with who determines priorities and who makes the rules. Power is rarely equally shared throughout an organisation. Some have much more power than others. They have the authority to interpret or even to set goals and objectives. They also have very practical power to assign workers to shifts, to determine the length of each shift, to set production targets, and to discipline those who fail to abide by the rules. Those with little power may find themselves on the receiving end, with little choice but to comply. One of the tasks of gender analysis is to examine how such differences in power are distributed between men and women in the chain.

Step four: the application of this research

The fourth step is the application in which you use the results of the first three steps to answer the questions that prompted your gender analysis. You will look at the differences that have emerged in your research between the roles of women and men in relation to:

- the burden of work;
- resources available – such as access to credit, for example;
- material rewards and costs;

- intangible rewards and costs – such as access to information;
- prospects for advancement;
- influencing the industry;
- women and men in the factories and the garment industry in general;
- the garment industry in other countries.

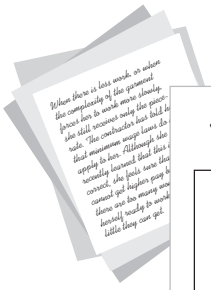
This list is far from exhaustive. It is important to note that the questions in this actually drive the first three steps of the analysis.

Summary 15.2 below summarises the four steps outlined in this chapter.

Summary 15.2

Steps in gender analysis of garment chains

Step	Tasks
1 Basic information	Gather basic information about those you intend to study: ◆ demographic data (e.g., age, sex, marital status, education level, training); ◆ labour force data (e.g., years in present job, previous experience, rate of pay, benefits, working conditions); ◆ roles in household, community, garment industry.
2 Context	Gather comparative information: ◆ demographic and labour force data for country as a whole; ◆ demographic and labour force data for the garment industry in other producing countries; ◆ women's and men's roles in household, community, garment industry.
3 Enterprise assessment	Gather information about: ◆ rules: how things get done; ◆ activities: what is done; ◆ resources: what is used, what is produced; ◆ institutional patterns: who is in, who is out, who does what; ◆ power: who determines priorities and makes the rules.
4 Application	Use results of first three steps to answer questions such as the following: ◆ What is the burden of work for women and men in this segment of the industry? ◆ Do women and men have the resources required to work in this segment of the industry? What is lacking and why? ◆ What are the material rewards and costs for women and men in this segment of the industry?



Steps in gender analysis of garment chains continued...

Step	Tasks
4 Application (continued)	◆ What are the intangible rewards and/or costs for women and men in this segment of the industry? ◆ What are the prospects for advancement for women and men in this segment of the industry? ◆ To what extent do women and men determine the priorities and/or make the rules governing this segment of the industry? ◆ How do the positions of women and men in this industry compare with their positions in industry in general in this country? ◆ How do the positions of women and men in this industry compare with their positions in the garment industry in other countries?

Source: Adapted from Mikkelsen (1995); Kabeer and Subrahmanian (1996)

Conclusion to Part 2

Part 2 of this manual has shown different ways of collecting and presenting data. Your reaction might be: 'I can't do all this!'. Remember that you do not have to. You do not need to carry out all the steps that are outlined here. You should select your research questions, depending on the question you want to answer.

One aspect that has not been mentioned yet is change. The way value chains are organised changes all the time; some actors may become more powerful, others less powerful. Hard-fought gains made in time of growth might disappear in times of recession. A distant buyer's decision to source from your region might open up opportunities that were not considered before. So if a lot of time passes between conducting the research and acting upon the conclusion, you may need to go back to your key respondents and ask what has changed over the previous twelve months or so. The most effective way, however, of coping with change is to use the ***participatory approach***, which is explained in Part 3.

This applies in particular if the change comes from the group of people you are working with, the stakeholders. Much of the manual takes the organisation of the value chains as given and is concerned with improving the position of workers in a particular structure. You may, however, find that the manual helps you to challenge this structure. Powerful corporations are often vulnerable, and it is possible for local workers to find these weak spots and exploit them. Even small changes can translate into important gains for homeworkers.

Part 3

Making an impact

This final part of the manual is about using the data you have gathered, your maps and your research analysis, to bring about positive change. This is possibly the hardest part of the whole process. Yet it is also the most critical.

The main messages of Part 3 are:

- Take the problem back to the main stakeholders and involve them in finding solutions.
- Homeworkers need to be organised if they are to participate in finding and implementing solutions.
- Find the most effective points of intervention. Using distant leverage points can help to bring about local improvements.
- Learn from what others have done, but remember that, in the end, your solutions will have to flow from your analysis.

Chapter 16

Finding solutions and taking action

This chapter is essentially about the types of action that can arise out of value chain analysis to help improve the working lives of homeworkers. It deals with how to begin working towards solutions, how to support ***collective action*** and mobilise around ***codes*** and ***standards***; in particular, the issues of ***occupational health*** and safety and child labour. You will also find information at the end on how to help workers switch chains.

Using a participatory approach

Finding solutions that will actually work is difficult. Many users of this manual already know from experience that homeworkers, contractors, factory owners, labour unions and NGO activists all see problems differently. What appear to be good solutions from the point of view of one group may be totally inadequate from another's perspective. The best way forward is to take the problem back to the main stakeholders and involve them in finding solutions.

In some cases, stakeholders will already be involved because you used a participatory approach to carry out your research (section A.7 of the appendix has more information on participatory research). If this is so, use the stakeholder feedback mechanisms that are already part of your process to examine your findings, and start to look for possible solutions.

You might, for example, already be working with representative groups of homeworkers, sub-contractors and factory owners. You will certainly want to involve them again at this stage. You might start by feeding back your findings to each group separately. This will allow you to tailor your presentation to the group. You may want to use different presentation methods for factory owners and homeworkers. You may even use different languages. Separate groups will also allow freer discussion. In the relative safety of a familiar group, it is easier to suggest solutions and work out ways to achieve them.

Even if you have not used participatory methods in the earlier stages of your research, you will want to involve the main stakeholders in the search for solutions to the problems identified. This is an extremely important step in your process. Presenting your findings in person is a great way to be sure that they are well understood. It also offers one last chance to check your data. You can encourage participants to tell you if you have missed something important or misinterpreted any facts. More importantly, engaging stakeholders in the search for solutions will build support for whatever action is finally taken.

Once you have discussed solutions in separate groups, you are ready to move towards action. If your separate groups have reached similar conclusions, your job will be easy. A small working group can iron out the differences and set a timetable for implementing the proposed solutions. If – as is more likely – the proposals from the separate groups show significant areas of disagreement, you will have to work harder. You may bring the groups together to try to negotiate their differences.

Direct discussion and negotiation is an ideal way to build a mutually agreeable course of action but, unfortunately, it will not work in all cases. Sometimes the most powerful actors are located in distant parts of the chain, making it virtually impossible to get them to a meeting. In other cases, homeworkers lack the organisation needed to participate well in a general meeting. You may need to start by helping them to organise. In still other situations, you may conclude that the best strategy is for your organisation to act as an intermediary between the different groups of stakeholders. All of these possibilities are discussed in the rest of the chapter. Before deciding to use any one of them, remember to tailor them to your particular circumstances.

Supporting collective action

A key concern of this manual is finding ways to improve the earning opportunities of poor workers. Enabling them to organise is one strategy that can draw on the research tools we have been discussing.

Problem number one: the invisibility of homeworkers

Organising efforts face two major hurdles. The first is homeworkers' invisibility. Not only are they unseen by the wider world, but they are also largely unknown to one another. Before they can form an organisation, they must get to know each other. Your research –

especially if you use the type of 'horizontal mapping' proposed by HomeNet on their website (www.gn.apc.org/homenet/) can begin this process.

Organisers often begin with only three or four contacts, allowing these to 'snowball' as homeworkers refer them to their friends. A brief questionnaire or the HomeNet photo pack can provide the meat for these initial conversations. Once some information has been gathered, it can be fed back to the interviewed workers at a group meeting or in a simple leaflet. This will help the workers to realise that they are not alone, and can be the basis for forming a support group.

In Santiago, Chile, for example, AnaClara, a women's training centre, began investigating the extent of homework in various parts of Chile (HomeNet 2001). As in other countries, the official statistics revealed little of the extent of home-working or other informal work. AnaClara organised a small survey team and trained women to go out and talk to these workers. The study revealed that in some areas almost every household had people involved in informal work. Many women were doing home-based work for the garment and print industries, while others made things to sell to friends and neighbours or in local markets. After the research, AnaClara invited the women who had taken part in the survey to a national meeting at which home-based workers decided to start their own organisation.

Problem number two: unrealistic demands

Even when they manage to come together, homeworkers, such as those identified by AnaClara, face a second hurdle. Collective action often fails because the organisers make what appear to be unrealistic demands. They draw up a laundry list of problems and ask for action without considering how the employer can finance the changes. Their requests are quickly dismissed, and the morale of the group broken. The beauty of value chain research is that it can reveal those points in the system where change is possible. By analysing the vertical structure, participants learn who controls the chain, where the profits are, and what changes in homeworker earnings or benefits are likely to cost. This helps them to know not only whom to approach, but also how to frame their requests.

For instance, the study may yield figures similar to those found by CAFOD in a Bangladesh factory. In this case, workers earned an average of 51p for sewing a ski jacket that would later retail for £100 (Green 1998). Chapter eight of this manual shows how to make a more detailed cost breakdown. Armed with such a breakdown, AnaClara

organisers are in a good position to argue that wages could be raised substantially with little impact on the final price.

In some cases, homeworkers are already organised, but they need specialised help in lobbying for their rights. The Fair Wear Campaign in Australia provided that kind of assistance to homeworkers who were fighting the removal of legal protection that came under the cloak of a major industrial relations review. The government and employer groups wanted to drop three clauses in the existing legislation. Two of the clauses ensure that homeworkers receive the same pay as factory workers, and that their working conditions are equivalent; the other clause lays down procedures for monitoring subcontracting chains.

The homeworkers prepared statements and were ready to testify in court to keep the clauses intact. The Fair Wear Campaign assisted by preparing submissions and giving the campaign a public face by making sure that homeworkers were seen in the public galleries during the hearings and at protest actions in the street.

Collective action is not always about lobbying or bargaining. Sometimes homeworkers with particular skills need to be organised to gain access to new markets. Prae Pan, an organisation of hand-weavers in northeastern Thailand, helps its members to develop their skills and to seek alternative markets. The name Prae Pan means 'many kinds of fabrics'. It was given to the organisation in 1997 when the weavers themselves began to run it, but the group started nearly twenty years earlier as an NGO focused on women's issues of health, education and empowerment.

Approximately two hundred fifty weavers living in seven villages are members of Prae Pan. The weavers make natural-dyed cotton and silk cloth. The group has received strong support from several NGOs for training in design, product and market development. The group runs its own shop, has its own label and uses distinctive wrapping materials. It has clearly mastered the basics of marketing. Value chain research could help Prae Pan to move further. A careful study of the national and export value chains for hand-woven cotton and silk fabric should be able to identify promising new markets, and should also help the weavers to price their products appropriately.

Mobilising around codes and standards

Concern over sweatshops and other social issues has produced a new global activism. Under pressure from environmental groups, labour activists and others, multinational firms are trying to show the world that they are taking their social responsibility seriously.

In the clothing industry, competition for contracts from major buyers is often tied to low pay. This can create a 'race to the bottom', in which firms and countries try to outbid each other by offering lower wage rates and fewer benefits. Activists see global standards as one way of stopping this downward spiral. This section presents some general information about standard setting, and then goes on to give examples of their use in two particular cases: occupational health and safety and child labour. It also explains how value chain analysis can help to make effective use of codes and standards.

Monitoring codes and standards

Using codes and standards to improve workers' wages and conditions generally involves setting standards and then using some certification mechanism to attest to compliance.

Analysts (for example, Gereffi et al 2001) have categorised these certification processes into four groups, according to who produces the guidelines and conducts the monitoring:

- **first-party certification**, in which a single firm develops its own rules and reports on compliance;
- **second-party certification**, in which an industry or trade association develops a code of conduct and establishes a reporting mechanism;
- **third-party certification**, in which an external group, often an NGO, imposes rules and compliance methods onto a particular firm or industry;
- **fourth-party certification**, which involves government or multilateral agencies setting standards and ensuring compliance.

This fourfold distinction looks neat but may not quite capture the constellation of actors you are dealing with. Often the standards are set by one body; for example, the International Labour Office (ILO) or by the International Standards Organisation (ISO),

but the monitoring is carried out by others; for example, a local NGO or a private company specialising in certification. And you may have further organisations that provide assistance to enterprises to comply with the standards. If you find the situation bewildering (many different standards, many different actors) and you need a more systematic understanding of the codes and standards, have a look at the paper by Khalid Nadvi and Frank Wältring (2001) 'Making sense of global standards' on www.ids.ac.uk/ids/global/vw.html.

You may conclude that the actual monitoring should be carried out by a single organisation (as suggested by the types of certification listed above). Alternatively, responsibility for monitoring may be given to a mixed group. HomeNet advocates the use of tri-partite boards, composed of government, employers and homeworkers. These boards are especially useful in ensuring that new laws are well implemented. In such cases, the board may develop the registration system for workers and contractors, monitor the payment of wages, and take responsibility for provisions in the law related to social security and welfare benefits.

In India, for example, the Kerala Coir Workers Welfare Fund is a tri-partite board that implements schemes for pensions, medical treatment, children's education, disability benefits, and accidental death and maternity benefits.

Not everyone agrees that monitoring procedures are having the desired effect. Some see them as pre-empting the functions of the state or the traditional labour unions (see case study 16.1). Some union leaders are very pessimistic, predicting an end – a 'sundown' – to union influence over benefits and working conditions. Even if they are helpful, most monitoring procedures cover only the first tier of suppliers. Very small workshops and homeworkers are likely to fall through their nets, unless the efforts of monitoring agencies can be supplemented by the kinds of research suggested in this manual. This means that, as part of their background work, the researchers need to find out whether the chain being studied has standards and certification processes. If so, what type are they? How effective has the monitoring been? Researchers may then want to talk to someone from the monitoring group, both to learn more about the process and its possible implications for homeworker issues, and to begin to build a working relationship.

Case Study 16.1

Union Sundown

When, in 1996, Gap Inc. allowed labour and human rights organisations to monitor working conditions in the Mandarin International factory in El Salvador, the occasion marked a milestone in the transnational anti-sweatshop movement. Suddenly, codes of conduct were no longer enough, corporations also had to ensure the implementation and monitoring of those codes. Moreover, the decision provided a major boost for southern NGOs seeking to enhance rights. Private monitoring of clothing manufacturers had been prevalent in US factories since the early 1990s, but the Mandarin case was the first time human rights groups in and from the south monitored Maquiladora factories. …

Yet, independent monitoring organisations have encountered scepticism from an unexpected source. Many labour leaders in the US and in some Central American and Caribbean countries feel threatened by non-union groups overseeing factory conditions. They believe that NGOs are usurping the proper function of unions by defending and advocating worker rights. … Because they believe that government labour ministries should carry out the work of monitoring groups, other detractors argue that monitoring favours the process of privatisation.

But such fears have proven unfounded. Independent monitors … vocally demand stronger state action to protect workers. … Independent monitors verify that corporations uphold labour rights, and this vigilance helps foster a working environment more amenable to collective action by workers. … In this sense, monitors do not replace or undermine traditional unions. Indeed, the best monitors are the workers themselves. But the sad truth is that workers in the south often have been denied the right to organise and monitor their rights. Most efforts to unionise end in firings. …

Independent monitoring will not solve all the problems in Maquiladora factories. But workers who face precarious conditions must be creative and use all the tools at their disposal. And where no tools exist, we must invent them.

Carolina Quinteros, Executive Director of the Independent Monitoring Group of El Salvador

Source: Abridged from Foreign Policy (July–August 2001)

In most cases, factory workers will be the main concern of the monitoring group, and the wages and working conditions of these factory workers will be better than those of the homeworkers. It will be very important to make clear that redressing homeworker grievances should never be at the expense of gains already achieved by factory workers. Both are entitled to fair pay, and careful analysis of the value chain should reveal how this can be achieved for both groups of workers.

One way to ensure against unhealthy competition between homeworkers and factory workers is to include both in the same labour organisation. In Toronto, homeworkers are associate members of the clothing union UNITE. The union has lobbied to get provincial level laws with specific provisions to protect homeworkers. As a result, homeworkers in Ontario are entitled not only to the minimum wage, but to an additional ten percent allowance to cover their work expenses. The homeworkers' association organisers make sure that homeworkers are informed about their rights and help them to negotiate for the full rate of pay.

Occupational health and safety standards

Occupational health and safety is one area where standards exist for homeworkers. The International Labour Organisation's (ILO) Convention on Homework says that national laws and regulations governing occupational health and safety should apply to homeworkers (see information box 16.2), but in many places this is not the case. Occupational health and safety continue to pose particular problems for home-based workers. The nature of the work partly explains why this should be so.

Information Box 16.2

National occupational health and safety regulations apply to homework

National laws and regulations on safety and health at work shall apply to homework, taking account of its special characteristics, and shall establish conditions under which certain types of work and the use of certain substances may be prohibited in homework for reasons of safety and health.

Source: ILO, Convention on Homework, no. 177, article 7

Long working hours and cramped working conditions make homeworkers especially prone to accidents and stress-related illnesses. Accidents are much more common when workers are tired. Tiredness and stress also cause physical illness. A study conducted in the ready-made apparel industry in Australia showed that carpal tunnel syndrome, resulting from long hours of repetitive motion, is much higher for homeworkers compared to workers in the workplace (HomeNet Guide 1999). Lower back pain and a high incidence of arthritis of the neck, shoulder, wrist and fingers among homeworkers have also been reported. These are caused by the combination of long hours and poorly arranged work places.

Many occupational illnesses directly related to homework go unnoticed because of the hidden nature of the work itself. Unless the workers themselves report their illnesses, they are likely to remain unknown. Yet, for most, there is little incentive to report, since they are not eligible for sick pay or health benefits.

Homework is predominantly done by women and children, who usually do not have enough information about how to protect themselves. Women may not realise the importance of proper chairs and lighting until they begin to experience problems. Even then, they may be too ready to dismiss their discomfort as 'old age' without recognising its relationship to the work they are doing. Both adult and child workers risk accidents from unprotected machinery, breathing problems from inhaling lint or glue, eye strain from poor lighting, and many other work-related conditions.

Not only the workers, but also other family members, are exposed to the hazards and dangers of homework. For example, HomeNet has reported studies in the UK showing that the dust from the threads and yarns used during homework can cause asthma in babies. As a researcher wanting to improve conditions, you would be looking for two types of information.

The first type of information concerns the actual health and safety situation of the target group of homeworkers.

- What health problems are homeworkers experiencing?
- To what extent can these be traced to their work?
- What health and safety risks are apparent in their workplaces?

The second type of information concerns the national laws and regulations on safety and health at work. Since there is no universally applicable standard, but rather a convention that calls for applying national codes, this information is critical.

Comparing the requirements of the national code with the actual health and safety situation of the homeworkers is likely to reveal differences between law and practice. You may then want to use the data gathered in mapping the chain to estimate the costs of bringing the workers' health and safety situation up to the national standard.

The question you are trying to answer is:

- What increase in piece-rates would be necessary to bring homeworkers' health and safety conditions up to the standard required for other workers in this country?

Here is a simple case where there is only one discrepancy between factory and homeworker standards. Factory workers are supplied with masks to reduce their inhalation of lint while sewing. If homeworkers want masks, they must buy their own. Since the factory workers get a new mask each morning, the extra cost can be easily calculated. By dividing this amount by the number of pieces usually produced in a day, you can estimate by how much the piece-rate would have to go up if this standard were implemented.

Once you have this information, what do you do with it? You may be able to bring about a change simply by bringing the convention to the attention of those employing the homeworkers. This may work in the case of the masks because the cost of implementing the standard is likely to be very low. In other cases you might have to use a different strategy. Employers may not be receptive, or your chain analysis may have revealed that local actors have little room for independent action. You might take your findings to the global retailer who controls this particular chain. Alternatively, you could liaise with the ILO in your country to see what pressure they might be exerting on the national government to enforce standards. Or you could link up with Australia's 'No Sweat Shop' campaign (see case study 16.3).

Case Study 16.3

The 'No Sweat Shop' campaign

On International Women's Day in March 2001, the 'No Sweat Shop' label was launched in West Melbourne, Australia. The label, a world first, is a corporate industry initiative. The Homeworkers Code of Practice Committee, which oversees the Code, consists of Australian Business Limited, the Textile, Clothing and Footwear Union of Australia (TCFUA), the Council of Textile and Fashion Industries of Australia and the Australian Industries Group. Clothing companies that have signed the Homeworkers Code of Practice promise to ensure that their clothing lines are made under fair and legal conditions. When they have produced all the evidence required for accreditation, clothing companies will be allowed to display the 'No Sweat Shop' label on their garments. It is hoped that snowballing consumer demand for the label will persuade more companies to become part of this ethical initiative. Its promoters believe that the 'No Sweat Shop' label has the potential to improve working conditions for thousands of home-based workers in the textile industry.

For more information visit: www.NoSweatShopLabel.com or write to Homeworkers Code of Practice Committee, 2nd floor, 132-138 Leicester Street, Carlton Victoria 3053, Australia. Telephone: (0)3 929 16640, Fax (0)3 9348 1779.

Source: HomeNet Newsletter (2001)

Child labour standards

Assume a fairly common situation: the UK buyer is happy with the performance of their Indian garment producer, particularly with the combination of low price and high quality, but that buyer does not want to be associated with garments which involve the use of child labour. The use of child labour has come to light and the consequent negative reputation effect is beginning to harm the competitiveness of the local industry. The chain analysis shows that child labour exists in various parts of the chain, but is only significant in the home-working segment.

What can be done? Just asking the homeworkers to stop involving their children in the production process is unlikely to have much effect, as the children's work makes an important contribution to family income. Furthermore, in this rural community, children of ten years or more are expected to be working unless their parents are wealthy enough

to send them to school. Asking the manufacturer to switch to other homeworkers may help to 'teach a lesson' to manufacturers and homeworkers, but will it help the child workers if the already poor families lose a source of income? Your research might help to bring about an effective solution by making child labour a chain issue, and by providing critical information on costing.

As in the case of occupational health and safety, you need to calculate the impact of changing child labour practice on homeworkers' piece-rates. A critical question might be:

- What increase in piece-rates would be necessary to allow the homeworkers to 'release' their children from work and send them to school?

Working this out and checking it out for two or three cases should not be difficult. Then choose two or three typical garments and work out the increase in cost per garment to the manufacturer. This should be easy if you have obtained the cost data from the manufacturer (see chapter eleven).

A further step in the calculation is to work out the absolute and percentage increase to the final sales price to the consumer. For that you may need the help of the buyer or of an overseas collaborator who can check the prices in the shops. You may even be able to check prices on the Internet, but this remains a rare option. In all likelihood, the calculations will show that the increase in producer price and retail price is tiny, yet the effect on the use of child labour could be large.

Working out the cost data is one thing; making effective use of it is another. It may require mobilising the entire chain. Doing so effectively requires that you respect certain principles.

- Recognise that both manufacturers and traders operate in a global market characterised by increasingly severe competition; profit margins are often very small.
- Do not blame producers or buyers personally for the use of child labour in their chains.
- Remind them that being associated with child labour undermines their ability to compete in European and North American markets, and that being associated with initiatives which eliminate the use of child labour enhances their ability to compete.

In such projects of exerting chain pressure for good causes, NGOs have a mixed record. Most NGOs are very good in raising the flag and alerting the public to problems such as child labour, but few are able to contribute to a solution. In the UK, the government has provided a forum that facilitates constructive solutions – the Ethical Trading Initiative (see www.ethicaltrade.org).

Helping homeworkers to switch chains

You saw in chapters eight and nine that different value chains often have different wage rates, even for the same type of worker. In the example, homeworkers earned an average of $1.20 per hour, but this average hid considerable variations (see figure 8.1 and the later discussion of average earnings). Switching from lower to higher paying chains, or to manufacturers within chains, is not always easy because competition is usually stiff and greater skills or even specialised equipment may be needed.

Finding out what is required for homeworkers to join the higher paying chain would be one of the aims of your investigation. Suppose you have done this part, and have learned that homeworkers in the chain marketing to the US are expected to do only straight sewing, and that this type of sewing requires only the most basic model of industrial sewing machine. Homeworkers in the chain marketing to Germany, on the other hand, need a better sewing machine and an additional machine – a buttonhole maker. Both machines are costly, even if purchased second-hand. To switch chains, therefore, the homeworkers will have to invest in equipment. The problem is that homeworkers in the national chain are poorly paid and, as a result, tend to have little or no savings. Unless, like Agnes, a homeworker can get help from a spouse or other relative, she may not be able to buy the new machine that would let her switch chains. So what can she do?

Improving homeworkers' equipment through micro-financing

In many developing countries, ***micro-finance*** institutions (MFIs) are helping business people to finance their operations. The Grameen Bank and BRAC in Bangladesh probably run the most famous of these programmes, but others exist in many places. You may already be familiar with the micro-finance programmes operating in your area.

The typical micro-finance programme operates through an NGO and offers group-guaranteed individual loans. In other words, individuals can borrow only if they belong

to a group of other borrowers who agree to guarantee that each member's loan will be repaid. These loans often have little or no grace period. Borrowers must start to repay almost as soon as they receive their loan. Some micro-finance programmes are offering individual loans secured with individual collateral. In Kenya, for example, the Cooperative Bank's Small and Micro Credit Unit makes individual loans that can be secured by the micro-entrepreneur's own business assets.

You may want to investigate what types of credit schemes are available so as to guide the homeworkers in their search for a programme that would be suitable for them. Alternatively, you might, at this stage, involve the homeworkers in the research by suggesting that they visit the micro-credit providers to find out for themselves. In some cases, especially when local micro-finance institutions have not lent to homeworkers in the past, the researcher might need to turn activist. If the MFI is unfamiliar with the nature of home-working, or if its present clientele consists mainly of petty traders or shopkeepers who are repaying their loans in weekly instalments, its management may need to be convinced that this is a group worth considering. Perhaps more importantly, the MFI management may need to be encouraged to develop new loan products that fit homeworkers' particular situation. For action research concerned with improving the quality of micro-finance services, see www.ids.ac.uk/impact/index.html.

Chapter 17

Spreading best practice

Chapters eleven and twelve showed how to find out whether some homeworkers are treated better than others, and whether good practice can be found in particular chains or traced to particular employers. This chapter uses examples to discuss what is meant by 'best practice' and what can be done to encourage employers to make this a goal.

The suggestion is to use a positive approach and to show that treating homeworkers well pays economic dividends. This is different from a negative 'name and shame' approach. In extreme cases this may be the best way to proceed, but 'naming and shaming' should be the response of last resort. The problem with this approach is that it scorches the field for subsequent investigations. Research receives a bad name and employers and homeworkers will refuse access, fearing that the researcher's main aim is to report trouble spots.

Advance notice of ups and downs in orders

The rationale for the positive approach comes out of chain thinking. In order to compete in advanced country markets or the upper segments of the developing country markets, high quality and fast response are critical. Quality and speed cannot be achieved by the manufacturers on their own. However excellent their internal operations, they need the co-operation of their suppliers, including the homeworkers. Some manufacturers have recognised this, and offer their homeworkers technical assistance and advance notice of ups and downs in orders. Advance notice is particularly important because it enables the homeworkers to prepare for extra-intensive periods, and to make corresponding arrangements, such as preparing additional workers or organising childcare. It also allows homeworkers to look for work elsewhere in lean periods. Giving such advance notice makes a huge difference to the homeworkers' prospect of stabilising their incomes and gaining some control of their daily lives.

When you identify such good practices and find that they contribute to the success of the firms and the chain, you can draw attention to them through reports in the local press, radio and TV. Make sure, however, that all involved agree, because presumably you promised confidentiality in your interviews. Where employers are found to be progressive in some respects, such as advance notice, but not in others, such as prompt payment, the researchers can discuss the results with the employers concerned and offer good press coverage, provided they improve in the areas which they neglected. But make sure that this is the outcome of negotiation and not blackmail! The latter would close doors to future investigations.

Provision of childcare facilities

Sometimes manufacturers or distributors have problems that can be traced back to the homeworker. For example, they may complain that the quality of items produced by homeworkers varies from very good to poor. Your chain analysis shows that many of the homeworkers have difficulty concentrating because they need to keep an eye on their children while carrying out their paid work. Quality inevitably suffers in the process. Provision of childcare seems to be the answer.

You decide to look for an example to show the employers how they could actually gain if homeworkers did not have to look after their children while they are working. If there are no local examples, you could try to find role models from other regions or countries. The ***WIEGO*** network could help with this. Provided they are well documented and show a clear message, such examples may help you initiate local discussions about moving forward. Be sure that you focus on those aspects of the example that have local applicability.

Childcare can be a good starting point for homeworker-employer discussions (see information box 17.1). Given that homeworkers are often clustered in particular districts, there is plenty of scope for joint efforts, such as childcare facilities that are co-funded by the employer.

Information Box 17.1

Where to start?

Faced with homeworkers' many problems, activists often wonder how to begin to help. HomeNet, the International Network for Home-based Workers, has found that issues of childcare, community services or social concerns are good starting points. They meet less resistance than issues of pay and working conditions. This is important, because in their initial stages of organisation, homeworkers are in a weak bargaining position. Furthermore, working with the employers to provide community-based services can both unite the homeworkers and open dialogue with the employers. For advice, contact homenet@gn.apc.org or SEWA (Self Employed Women's Association), Ahmedabad, India, Fax +91 79 550 6446.

Sick leave

Another common problem is illness. As discussed in the early chapters of this manual, homeworkers are typically paid on a piecework basis and are rarely given any social security benefits. This means that when they are sick, for example, they are not paid because they do not have sick leave (see case study 17.2). Since homeworkers are just as much production workers as those in the factories, fairness – and 'best practice' – would dictate that they be given similar benefits.

Case Study 17.2

Lucy – over twenty years' service and no benefits

Lucy is a skilled machinist who sews cushion covers for a well-known furniture manufacturer in England. She has over twenty years of service with the company. She first served a four year apprenticeship to learn her trade, and then worked for a number of years in the factory. Twelve years ago she transferred from doing on-site work to homework. Lucy uses machinery owned and maintained by the company. She earns rates of pay somewhat above the UK minimum of £3.60 per hour. Despite this, she is not treated as an employee of the firm and has no entitlement to paid holidays, sick pay, overtime pay, or any of the other terms and conditions of employment enjoyed by on-site machinists.

Source: HomeNet Newsletter (2000)

Getting a sick leave benefit accepted will involve discussion and negotiation with factory owners, first to see what is possible and then to work out the practical details. The issue of sick leave is complicated, especially since many homeworkers work for more than one factory. Your negotiations are more likely to be successful if you show that you appreciate such practical problems. Your likelihood of success will increase if you can also show that the cost of giving sick leave is low, and that the system you propose will not easily be abused.

Start with what value chain analysis can tell you. The analysis will have already revealed the pattern of core and peripheral homeworkers in your particular chain. It will also have shown the difference in wage rates between the home and factory workers, and perhaps the proportion of the final cost of each garment attributable to homeworkers' wages. As in the previous chapter, you may need to supplement this information with data on retail prices in the overseas market. You can gather all of this information to build your case. You will first want to estimate the cost of giving homeworkers some minimal level of sick leave, say one day per month. What would adding this amount to the cost of a garment mean in percentage terms? How is such an increase likely to affect the final retail price? If you can show that the increases are small, you have crossed the first hurdle.

Next you will need to deal with the practical details of how a sick leave benefit can be administered. If some factories in your area already have such a benefit, your work may be fairly easy. If not, you may be able to link with some in other places, but here you have to be careful because benefit systems are closely tied to labour laws, and do not always transfer easily from one place to another. If you can find no examples, then you may have to devise your own. You should do this with the help and advice of someone who understands the personnel systems of factories like the ones you are approaching. This will help you to avoid coming up with a totally unworkable proposal.

Your biggest challenge will be negotiating with the factories in such a way that you exert pressure without alienating them. One way to do this is to go with a draft proposal rather than an ultimatum. The advice on child labour, in the previous chapter, applies equally here. Recognising the pressures that the producers face, both the direct cost pressures and the related pressure to keep their operations as uncomplicated as possible, will go a long way in enabling your message to be heard. Be prepared to modify your original proposal to accommodate the factories' practical concerns. You may, for example, have to settle for a benefit that applies only to core homeworkers, or that is available after so many months of work.

A WIEGO catalogue of best practice

WIEGO, as an active global network of researchers and activists, could make a major contribution to the spread of best practice in employing homeworkers. This requires that its research efforts should pay particular attention to the positive cases, and document them in such a way that they are self-contained and can be used by colleagues to improve local practice in other regions or countries. To this effect, WIEGO needs to establish a website that provides ready access to these cases. For each case, one would need an effective one-page summary and a more detailed account of how it works and how it came about. Particular attention should be given to the economic rationale for the good practices, to their importance for the chain as a whole, and to the interdependence in the chain. The ultimate aim must be to bring the cases together in the form of a textbook for use in business schools and technology institutes that provide courses for current or future managers in the garment industry. Trade union colleges training future labour leaders would be another target group for such best practices in the employment of homeworkers.

Conclusion

This manual has established the background for value chain analysis, provided the methodological tools for carrying it out, and offered some examples of how using the method can have an impact on the earning possibilities and working conditions of homeworkers. Now it is up to readers to carry the process forward. You are urged to:

- use the methodology;
- train others to use it;
- come up with your own variants and improvements;
- above all, create your own stories showing how the analysis has led to changes in workers' lives.

Value chain analysis is a powerful tool for understanding global markets. Hopefully you now feel equipped to use the methods presented to analyse a particular chain. Even if you are not yet fully at ease with the methodology, try your own chain analysis. By using the methodology, you will develop your skills. Refer to this manual when you are unsure of what to do next. For additional materials make use of the websites listed at the end of the manual.

Busy activists rarely have time to carry out a full research study. If you are one of these, you will want to involve others in your work. A good way forward is to use this manual as a textbook for training others in value chain methodology. You will, of course, have to tailor the material to the education and experience levels of your particular trainees. Classroom instruction, however, is not enough. Those being trained should have opportunities to practise what they are learning. You may arrange to have them accompany more experienced researchers to see how the data are gathered and processed. Later you may send them out on their own. Be sure, at this stage, to provide for de-briefing sessions to allow trainees to report on their work and get constructive feedback.

As you use the methodology and train others to use it, you will no doubt see ways to make it fit your situation better. Do not hesitate to adapt the methodology to your own needs. Develop your own interview guides or questionnaires. Find other approaches to getting the information you need. Create new maps or diagrams for presenting your data. Devise creative ways of presenting your findings to stakeholders. This manual is a useful general guide, but your situation is unique. Do what you need to do to make the methodology fit your reality.

Readers are invited to share their experiences so that future editions of the manual can be even more useful. What problem were you trying to address in carrying out your research? What did your analysis show? Did you have any problems with the methodology? How did you adapt the methodology to your circumstances? What happened as a result of your study? What are your recommendations for other researchers and activists?

Communicate your experiences and suggestions to the authors of this manual (Dorothy McCormick ids@nbnet.co.ke and Hubert Schmitz h.schmitz@ids.ac.uk) and the co-ordinator of the WIEGO Global Markets Programme (Marilyn Carr Marilyncarr55@aol.com).

In sharing these experiences, you will create your own stories that can be widely shared. Some will be individual, like the stories of Agnes and Maria. They can be 'before and after' stories, showing how value chain analysis led to changes in the life of an individual homeworker. Some will be stories of firms. You may be able to tell the story of a factory or a buyer who, because of your value chain analysis, gave new recognition to homeworkers. Still others will focus on how your analysis affected government, an NGO or a distant donor. If you have used the manual to study factory workers, this will be of equal interest. Although the manual has not focused on these workers, many of the methods and insights can be used to understand and improve their situation.

This manual and value chain analysis itself can be used for the benefit of homeworkers, not only in the garment industry, but wherever people's homework feeds into national or global markets. Homeworkers should enjoy wages and conditions at least as good as similar workers in factories or formal workshops. Progress in this direction is being made, but much more remains to be done. By using the tools learned in this manual, you can help to change homeworkers' lives.

Appendix

Research methods

Designing a research project involves collecting and analysing data to provide the information that is needed. This requires a lot of organising. The researcher must decide which research methods suit the project's questions and objectives best. As there are many methods available the choice is not always clear. Often more than one method will be used in a single study. This appendix provides an overview of key issues in research design, and then briefly discusses the main methods that you are likely to use for data collection.

A primary rule in research design is that what you want to know determines the way you carry out your research. If you want to know how wages of factory workers vary between two regions, you need quantitative information that you can best get either by consulting published statistics or by administering a survey questionnaire. If you want to know more about homeworkers' feelings of loneliness and alienation, you will choose a different method – perhaps in-depth interviews with a few respondents. In practise, however, the choice of method is less straightforward than this. This appendix looks first at why researchers often use more than one method in a given study, and then goes on to examine some of the most useful methods for value chain research.

What you want to know determines how you do your research.

A.1 Principles for combining different methods

Researchers often use several methods in a single study. The main reason for using multiple methods is that most studies, even fairly small and well-focused ones, require a considerable amount of information. Some is background information that is needed to put the study into its proper context. This may include data on the country's economy, the history of the industry, or something about the ethnic makeup of the population. Then there is the information needed to address the particular questions of the study at hand. Here the research questions guide the choice of method. Questions aimed at qualitative or intangible realities, such as perceptions, feelings or ideas require a different method from those whose answers are more easily measurable. When, as is often the case, the study has both types of questions, multiple methods are called for.

Use multiple research methods for different kinds of information.

A second reason for using multiple methods has to do with the reliability of available information and the importance of that information to the research.

Two examples will illustrate this point. Suppose you want a list of export factories in a given region for two different reasons. In the first case, you want to use the list as a sampling frame for choosing a random sample of firms to interview. In the second, you plan to use the list to provide some general numbers in the background section of your report.

If the ministry of industries is known to keep excellent data on all of its factories, you have no need to worry about using multiple methods in either case. You simply get the list and use it. If such reliable information is not available, however, you have to decide what to do. Complete information is very important in the first instance, where the list is needed as the basis for random sampling. In this case, you would probably spend considerable time and use a number of different methods to piece together a complete list. In the second case, you might choose to use the best available list, perhaps with a footnote explaining the limitations of the data.

Multiple methods help to verify results.

Still another reason for using multiple methods is to check the results of different methods against each other. A survey of factories may, for example, indicate that garment workers put in a maximum of forty-eight hours per week. Realising that factories elsewhere under-record working hours, you may decide to test this finding by interviewing union leaders or others knowledgeable about industry practice. The use of several different research methods to test the same finding is sometimes called ***triangulation***.

A.2 Using secondary sources

Usually much more has been done around a subject than is immediately evident. Using available materials well gives your research a good start. It also saves time – not only your own time, but also that of the respondents.

Documents are the most commonly referred to type of secondary source. They include: research and other official and unofficial studies and reports; statistical reports; topical and area-specific articles from journals and newspapers; archival material; aerial and satellite photos and maps; films, videos, and other relevant audio-visual documentation. Mikkelsen (1995) adds folklore – mythology, oral tradition, local and topical stories, proverbs and poetry – to her list of secondary sources.

Accessing relevant published and unpublished documents can be a major challenge, especially in developing countries. Many documents are in offices rather than publicly available in places like libraries or bookshops. The researcher must first find out whether they exist, then learn where they can be found, and finally persuade their keepers to release them.

A second challenge lies in deciding how to use secondary sources once they have been obtained. Generally secondary sources are used in two ways. At the beginning of a study, they help the researcher to become familiar with what has already been done. In this way, they help to avoid duplication of effort and they influence the choice of research design and methodology. Inexperienced researchers can be tempted to short-circuit this phase of the research, so as to get to the field where they assume the real research takes place. Once they have access to documents, they photocopy everything that could possibly be of use and set it aside for future reference. The problem with this is that having the photocopies gives a false sense of security, which encourages the researcher to postpone reading the material.

A better approach is to read and photocopy selectively. The first step is a cursory reading of each document to identify the most important. Some documents may have only a paragraph or two that is relevant. These can be noted and returned quickly. Those that have more pertinent information can then be read carefully. A good quality technical report may not only give a detailed picture of the industry, but may also have information about relevant contacts who might be worth following up. These are invaluable if identified early in the research process.

Photocopy and read selectively

Secondary sources are also useful at the data analysis and report writing stage, when it becomes possible to compare your findings with those of other researchers.

A.3 Interviews with key informants

Interviews with key informants are an important part of every research project. Key informants are people anticipated to have particular insight or opinions about the topic under study. They may include specialists, such as academics who have studied the industry, or the chair of the manufacturing association's textile committee. They may also include government officials at national or local level,

Key informants can provide an overview and strategic information.

or officials of important organisations such as a national women's group or garment workers' union. Key informants can also be ordinary people. A woman who remembers when the factories first began putting out work can be an invaluable resource.

Key informants are often identified in a sequential process, beginning with the obvious official types and then by asking each interviewee who might provide additional information.

Be prepared.

Be relaxed.

Be a critical listener.

Formal informant interviewing requires considerable preparation. It takes reading and thought to decide what questions to ask. The trick is to get the information you need without wasting informants' time by asking for things that you might just as easily obtain elsewhere. Work out carefully what you want to ask, and in approximately what order. The informant may shift from one topic to another so that the list is not covered in the order planned, but topics can be ticked off as they are discussed so that all are covered. Try to put informants at ease and encourage full discussion of each topic. Encourage precision and specific examples where answers are vague or rhetorical. As a general principle, let the informant carry the discussion. Say as little as possible yourself; you have come to listen. Your opinions, if aired too soon, could bias the informant's responses. An interview should not last too long. A carefully planned interview can usually be carried out in thirty to sixty minutes; only in exceptional circumstances would a single interview go beyond two hours.

Listen critically. The material supplied by informants is not always fully reliable. Piel (1995) suggests a series of questions to ask yourself:

- How does the informant know this – from personal experience, a report, or merely opinion?
- To what extent is the report affected by the informant's position in the community, personality, etc.?
- Does this account serve his or her personal prejudices or commitments? Is this what should have happened rather than what did happen?
- What evidence do I have that this person is usually accurate? Is the report internally consistent? Does it agree with what others have said?

Sometimes you can test the value of what the informant is saying during the course of the interview by asking probing questions. When you feel that to do this would be inappropriate or would break the relationship you are trying to establish with the informant, you might just note your questions and hesitations for future reference.

Recording a formal interview is not over when you thank the informant and say goodbye. A full report should be written while the details are still fresh in your mind. The report will include all available information about the informant as well as his or her responses to the questions asked. You may also want to include your observations of the setting and notes on the informant's reliability.

An interview is not finished until you have written it up.

A.4 Observation

All good research includes some element of observation. Much can be learned by observing what people actually do, how they do it and the setting in which they do it. Observation involves all of the senses: sight, hearing, taste, touch and smell. The careful observer will consciously study specific aspects of the reality that appear relevant to the research project. While waiting to interview a factory manager, for example, a researcher may look at the reception area to see if it appears prosperous or down at heel, observe certificates or even calendars hanging on the walls, listen to the tone of interactions between the boss's secretary and those who visit the office, feel the coolness of the air conditioning, and so on. Sometimes, as described in chapter twelve, you will want to undertake a more formal exercise of observation.

watch
listen
taste
feel
smell!

In the example in chapter twelve, the researcher used the four questions as the framework for writing fairly detailed observations about the process of delivering and receiving homework. She tells what is going on, describes the environment, names the participants, and gives information on the length of this particular transaction and the frequency of its occurrence. If this is an early stage of the research, she might not yet be sure how to name the status of the intermediary, so she simply puts a question mark.

The researcher's field report, written after the visit, would include all of this information. It might also include a sketch showing the layout of the room in which Maria works, and a map of the area indicating the location of all of the outworkers.

The report would include some analysis of the observations, addressing questions such as:

- How does the setting and environment affect what is going on?
- What does this transaction mean to participants? To non-participants?
- Is this linked to the value system of the participants or the community?

In answering the first question, the researcher might note that during the rainy season Maria's sons miss school on average once a week, and that Maria must also spend extra money to buy the plastic for wrapping her goods. She might also note that Maria must watch her young children while she works. The fact that the workroom is also the family's sitting-cum-dining room might lead her to deduce that Maria must have to clear away the work every evening, and set up again in the morning. Finally, she might note that the darkness of the room means that Maria must burn electricity throughout the day.

Since the presence of an outsider often changes people's behaviour, researchers tend to consider observation in terms of the extent to which the observer is inside or outside of the group. Some observers are totally outside the group or situation, as in the case of the social psychologist watching through a one-way window. At the other end of the spectrum is the participant observer who is or has become a member of the group being studied. A value chain researcher could, for example, work for a time in a garment factory or as an outworker in order to observe first hand the conditions of work and the interactions within the chain. Alternatively, workers could be trained to observe and record their observations of certain variables.

A.5 Questionnaire surveys

Surveys get direct answers from lots of people at little cost.

The premise of the questionnaire survey technique is a simple one: if you want to know something about people, why not ask them? We learn about the finances of the household by asking a member of the household; we learn about a person's hopes for her children's future by asking her. Of course there are other methods of learning about household finances or a mother's hopes and dreams, but the advantage of the survey is that it can provide direct answers relatively cheaply from a large number of people.

Yet if the basic premise of the survey method is simple, the operations involved in using a sample survey research design are not. Sampling, writing a questionnaire, and administering it to respondents are complex processes that must be handled very carefully. Failure to do so puts the researcher in danger of obtaining misleading or useless results. This section sets out the basic elements of the survey method. However, unless you are an experienced researcher, you would be wise to supplement this material with more information from a good textbook on research methods.

BUT Preparing them takes time.

A 5.1 Sampling

The survey method relies on sampling. Questionnaires are usually administered to a relatively small group, or sample, of a given population. This is because if you can learn something about a large group by studying only a few of its members, then you have saved time and money. What is necessary is to be able to generalise from the sample to the population. Another way of putting this is that the sample must be representative of the population. This means that the sample must be similar in important ways to the population it represents. This, in turn, requires that you first define the population and then ensure that your sample shares its major characteristics.

Samples must reflect the population they represent.

Suppose, for example, that you are trying to get information on the work habits and time spent by homeworkers in the garment-producing region of your country. You would need to be sure that the make-up of your sample in terms of age, education, ethnicity, years of home-working experience and other critical variables is similar to that of the whole population. If it is not, you could get skewed results. If, for instance, the homeworkers in your sample are older or better educated than average, they may give different answers to certain questions than would be obtained if the whole population could be surveyed. In responding to questions about how caring for children affects their work, older respondents may express different views simply because their children are older.

Getting a representative sample is, therefore, very important. The best and safest route to a representative sample is some sort of probability random sampling technique. Such techniques are based on the laws of probability: the chance of any element being in the sample can be worked out mathematically. The most basic form of a probability sample is the simple random sample, in which each

In a simple random sample, each element has an equal chance of being selected.

element has an equal chance of being selected. A sample frame that lists all the population elements is necessary, since all must have a chance of being included. If, as suggested above, you want a simple random sample of homeworkers in the garment-producing district of your country, you first have to obtain or create a complete list. You next have to decide what size sample you want, and then make your selection.

Obtaining or creating the sample frame can be the most daunting part of survey research. Since homeworkers are rarely registered in developing countries, you will most likely not have a ready-made list. What you do to create one will depend on your time and resources. One way is to take a physical count (census) yourself. Since homeworkers are essentially invisible, you would have to visit every household in the region to locate all of them. Taking a census is a very expensive and time-consuming endeavour that is beyond the reach of most researchers.

Before you select a sample, you need a list to select from.

Another commonly used method is to piece together the sample frame from a number of sources. If you need a complete list of garment manufacturers, you may need to get many partial lists. The membership list of the manufacturers' association probably contains the largest and most prosperous firms. The ministry of industry may also have a list. Organisations such as the garment workers' union, the chamber of commerce and the exporters' association may have their own lists. Smaller firms, however, may not be on any of these lists. To find them, you may have to go to the areas where they are known to operate and make your own list. Or, if you know that smaller firms make certain kinds of products or sell through certain types of outlets, you might find them by talking to their customers. In Nairobi, for example, many small firms make uniforms, and it is possible to get their names by surveying uniform users such as hotels, security firms, banks, fast food outlets and petrol stations. Of course, lists constructed in this way must be carefully checked to eliminate duplications before being used for sampling.

Multi-stage sampling can be cheaper and more reliable.

Another way around the high cost of creating a sample frame is to use a multi-stage sampling model. By sampling in stages, you can reduce costs and still obtain a reliable sample frame. The number of stages can vary. In a typical three-stage model, the first stage is some large and easily identifiable grouping, the second is a sub-group of the first, and the third is the unit that will actually be interviewed.

Table A.1 illustrates the process for a case where the study region is divided into administrative districts, which are further subdivided into wards. There are ten

districts containing 95 wards and over ten thousand households. Suppose a researcher has decided that she wants a sample of approximately 500 households, or 5% of the total. To use a simple random sampling process, she would need to list all 10,450 of them before making her selection. The sample thus selected is likely to be scattered all over the region, making interviewing expensive in terms of both time and transport costs. By choosing multi-stage sampling, she can reduce both the cost of assembling the sample frame and the cost of conducting the interviews. How does she do it? She first puts the numbers of the 10 districts into a basket and selects three. These three districts contain 29 of the total 95 wards. She lists the 29 wards and again selects, this time choosing five. These five wards have a total of 503 households. Since this is very close to the desired sample size, she includes all of them in her sample.

Table A 1: Example of multi-stage sampling

Stage	Unit	Number		Selected
		Total	In selected unit	
1	District	10	10	3
2	Ward	95	29	5
3	Household	10,450	503	503

Sometimes it is not feasible to use probability sampling. Non-probability sampling does not require a full sample frame and is often cheaper and more convenient. The fact that the individuals are chosen in a non-random fashion, however, means that one must be very cautious in generalising from the findings.

Accidental, purposive and quota sampling are the main types of non-probability sampling. An accidental sample includes anyone who is handy; a teacher samples her class, or interviewers are sent out to question anyone they meet on the street. The trouble is that the people chosen are seldom typical of the population. Interviewers tend to select people like themselves. Young males will disproportionately interview other young males, for example. They will also choose 'easy' respondents and quickly abandon attempts to interview those who would rather not participate. All of this injects bias into the sample.

Accidental sampling — who is available?

Purposive sampling — who fits the research criteria?

Purposive sampling involves choosing sample elements because they fill certain criteria. This method is often involved in selecting case studies. One or a few individuals, firms or communities are selected because they are considered either typical or outstanding examples of the variables with which the research is concerned. The case studies of Maria and Agnes in this manual are an example of such selection. Purposive sampling also runs the risk of bias. This is less serious when it is used for selection of a few illustrative case studies, than it would be if the method were used to construct a larger sample, from which the researcher might be tempted to generalise the findings.

Quota sampling — how many to sample?

Quota sampling is another form of non-probability sampling frequently used in settings where it is difficult to obtain a sample frame. The quota is the exact number or minimum number of units to be selected. In quota sampling, interviewers are told to look for certain characteristics, but they are not told precisely whom to interview. So, for example, a value chain study might include consumer interviews to determine attitudes towards clothing from certain countries.

Interviewers might be sent to shopping malls to do 100 interviews divided according to:

- gender: 50 men and 50 women;
- age: 40 from the 'under 30' group, 40 between the ages of 30 and 60, and 20 over 60;
- education: 50 with high school education or less and 50 with more than a high school education.

The result is a series of accidental samples, but since the parameters are controlled, the result is more likely to be representative of the population than is possible with an accidental sample.

A.5.2 Questionnaire writing

Before beginning to write the questionnaire, you need to think about its eventual administration. A questionnaire that will be distributed and filled in by the respondent is necessarily different from one that will be administered in a face-to-face interview.

Interview questionnaires tend to be favoured in developing countries for a number of reasons. Low education levels mean that many people would have difficulty completing a questionnaire alone. Many societies are multilingual, and it can be difficult to determine the respondent's preferred language in advance. In many countries, unreliable postal systems make it unwise to count on questionnaires sent through the mail either arriving or being returned. Finally, in many societies there is a clear preference for face-to-face over written communication. Nevertheless, a questionnaire that is completed by the respondent is sometimes appropriate, even in developing countries. If you need detailed personnel data or financial information from a company, it is usually better to arrange to have an official complete a questionnaire, rather than to expect him/her to supply the information in the context of an interview.

Think about:

- preferred language
- postal system
- education levels
- writing ability

Once you have decided how to administer the questionnaire, you can begin the task of putting it together. Questionnaires are likely to get the best results if they are short, and contain straightforward, easily answered questions. Questions are usually standardised to provide quantitative data, though qualitative questions are often included. Once you have put together what you feel to be a good draft questionnaire, you should pre-test it. If you are an inexperienced researcher, you might do two rounds of pre-testing: the first with a colleague or friend who may help you to identify the most obvious trouble spots, and the second with persons like those who will be your eventual respondents.

Questionnaires are best when they are:

- short
- straight-forward
- easy to answer

A.5.3 Questionnaire administration and coding

If you will be using interviewers, the pre-testing will be preceded by a training session in which you review general and specific interviewing guidelines and ensure that the interviewers are familiar with the questionnaire they will be administering. The general guidelines are those contained in information box A.2 below. Specific interviewing guidelines pertain to your particular study. You may set guidelines about the normal length of the interview, how many interviews you expect completed in a day, how many times an interviewer should return to a reluctant or missing respondent before requesting a replacement, and so forth.

Interviewers need training.

Once questionnaires have been completed, they need to be coded so that they can be entered into a computer for statistical analysis. Closed-ended questions are those with a list of possible responses. They are usually pre-coded on the

questionnaire. Depending on the questionnaire design, it may still be necessary to go through the questionnaires and write the numerical ***codes*** for each question in the designated space on the form for ease of data entry. This is a task that is often done by interviewers after all interviews have been completed.

Code the closed-ended questions.

Categorise the open-ended questions.

The coding of open-ended questions requires more attention and researcher involvement. Unless the survey is so large as to make this impractical, it is usual for all open-ended responses to be listed. The researcher then reviews the list and prepares a set of categories. The categories depend to a large extent on the purpose of the study and of the particular question. A question soliciting reasons for using a particular supplier may, for example, in one context have responses reduced to only two categories (economic reasons and social reasons) while in another, up to ten categories might be needed. Given that today's computer programmes make it fairly easy to collapse many categories into a few, it is probably better to have too many rather than too few, at least at the initial stages of analysis.

Information Box A 2

General rules for interviewing

Appearance

As a general rule, the interviewer should dress in a fashion similar to that of the people he or she will be interviewing. Whatever the style of dressing, interviewers should be neat and well groomed.

Demeanour

Interviewers should be pleasant. They should introduce themselves, state the purpose of the research, and request an interview. If an interview takes place in the respondent's place of business, the interviewer should make it very clear that the demands of the business take priority and that he or she is willing to wait or come back later. If a potential respondent is reluctant to be interviewed, the interviewer should try gentle persuasion, but should never be demanding.

Familiarity with questionnaire

The interviewer must study the questionnaire very carefully, question by question, in order to become thoroughly familiar with it. Ultimately, the interviewer must be able to read the questionnaire items to respondents without error, without stumbling over words and phrases and in as natural a manner as possible.

Language

If a questionnaire is to be administered in a language other than the one it is written in, the researcher and interviewers should discuss and agree on the translation. It is especially important when there are multiple interviewers that all use the same wording in all versions.

Following the question wording exactly

Interviewers must resist the temptation to rephrase questions in their own words. If the respondent clearly misunderstands the intent of a question or indicates that he or she does not understand, the interviewer may attempt to clarify. After the clarification, however, the interviewer should repeat the question as written.

Recording responses exactly

Whenever the questionnaire contains open-ended questions, it is important that the interviewer record that answer exactly as given. No attempt should be made to summarise, paraphrase or correct bad grammar.

Probing for responses

Sometimes respondents will respond to a question with an inappropriate answer, or they will give a very short answer to an open-ended question that was seeking their opinion. When the reply is inappropriate, the interviewer may probe by repeating the original question. When the answer seems too short, the interviewer may ask questions like, "How is that?" or, "Can you add anything to that?".

Source: Adapted from Babbie (1989)

A.5.4 Data analysis

Analysis = order, structure, meaning.

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. In many ways, the quantitative analysis of data resulting from the survey questionnaire is the easiest. Once the data have been entered into the computer and the resulting data files checked for errors – a process called 'data cleaning' – you are ready for the first level of analysis. This involves producing frequency distributions of all of the variables. The review of the first printout of frequencies often reveals a few more data problems that require cleaning.

When these have been taken care of, you can move on to the next level of analysis, which usually consists of a set of cross tabulations and analyses of mean values. In a value chain study, for example, you might base this analysis on the destination of firms' exports. You might want to examine key variables, such as the numbers of homeworkers, pay levels, benefits offered, and homeworker complaints for firms exporting mainly to the US, compared with those exporting to Europe and other destinations. To do this well, you will either need a fair knowledge of statistics or a competent data analyst who has this knowledge.

Qualitative data analysis happens while you are collecting data.

You will also need to analyse the qualitative data. Qualitative data analysis attempts to make general statements on how categories or themes in the data are related. Qualitative analysis differs from quantitative in that it is often done throughout the process of data collection rather than after it has been completed. The analysis involves a continuous process of organising and reorganising all material, including the researcher's own notes, in order to create categories, themes and patterns. Some of these categories and themes will have emerged from the initial literature review; others will become evident in listening to key informants or reading the responses to open-ended survey questions. Writing is an important aspect of qualitative data analysis. Writing up a case study, for example, forces the researcher to analyse and be precise about how the facts about a case, firm or individual support or do not support a particular research hypothesis.

A.6 Case studies of selected enterprises and networks

Value chain research can be enriched by the inclusion of selected case studies of individuals, firms and networks. Case studies are especially appropriate to investigating 'how' and 'why' questions. The in-depth interviewing usually used to

develop case studies allows the researcher to probe more deeply than might otherwise be possible. The process of developing a case study also allows new insights to emerge and be followed up, making it especially useful in exploratory research. The case study itself, when included in a research report, puts flesh and blood onto what can otherwise appear to be dry data.

Case studies help with 'how' and 'why' questions.

Case study methods involve systematically gathering enough information about a particular person, social setting, event or group to permit the researcher to understand how it operates or functions (Berg 1998: 212). It is not actually a data-gathering technique in itself, but a methodological approach that uses several data collection tools. A case study of a firm might be built up by supplementing the basic firm data collected in a survey with a series of in-depth interviews of key personnel, factory visits to observe and ask detailed questions, gathering of historical and product information from the company's website and analysing material from key informant interviews. As the story grows, it is written, edited and rewritten. The story may also be annotated – with either conventional footnotes or marginal notes – in order to document key points in the findings. The final writing up of a case may range from a page or so to more than fifty pages, depending on its purpose and the researcher's resources.

A6.1 Network analysis using case studies

Case studies of networks require the additional dimension of studying the relationships between actors as well as the actors themselves. A network is generally defined as a specific type of relationship linking a defined set of persons, objects or events. Since a value chain is essentially a network of producing firms and their related suppliers, distributors and service providers, the techniques of studying networks are pertinent here.

Network analysis looks at relationships.

As a researcher you can examine the nature of the relationship between actors on any number of dimensions. You may, for example, ask whether the relationship is horizontal or vertical. In other words, is it between actors at the same level of the value chain, such as producer-to-producer, or is it between actors at different levels, such as a producer and its suppliers? Alternatively, you may be interested in the origins of the relationship. Did the two parties go to school together, or meet through a business association? Or you may want to know about the content of the relationship. Is the relationship between producers and their distributors

Relationships can be analysed in terms of:

- type
- origin
- content
- power, etc

simply one of market exchange in which goods are sold? Or is the basic exchange relationship also the occasion for passing along market information? Value chain researchers are often especially interested in power relations. Who sets the rules that others in the chain must follow? Who exercises the greatest power over what is produced and how it is priced?

1st step — set the boundaries.

The first step in network analysis is to specify the boundaries of the network. The need for this is obvious in the case of social networks, but even in value chain analysis the boundaries must be set. In the analysis of a garment chain, for example, will the vertical dimension go back only to textile firms, or all the way to yarn producers or cotton growers? Will relations with all suppliers be studied, or only with those suppliers making major inputs?

2nd step — decide how you will select network members.

The next step is to decide how to select network members for study. A snowball method is often used. The researcher identifies a sample at a given level – say garment producers – and then snowballs outward to get those firms' suppliers, distributors and service providers. If time and resources permit, the snowballing can have more than one starting point. You could, for example, start with two samples, one of garment producers and another of textile firms, and trace the relations from both sides.

3rd step — collect the data.

The third step is data collection. Many of the methods of collecting data already described are suitable for gathering network data. The important thing to remember is that, in addition to the basic questions about the respondent or firm being interviewed, two other types of questions must be asked: questions about the relationship of that actor to others known to be in the network, and questions aimed at identifying previously unknown network members.

4th step — analyse it!

The final step is data analysis. The general techniques of quantitative and qualitative analysis are also applicable to network data. In addition, many analysts make extensive use of matrices, maps and other diagrams to capture the nature, direction, strength and complexity of individual relationships and entire networks. The chain maps in chapters seven to nine are examples of such network maps.

The research methods described thus far can all be called 'conventional' methods. All, to a greater or lesser extent, involve one or more researchers who seek information from and about other people and situations. Even participant observation, as it is usually carried out, falls into this category, because the

researcher originates outside of the situation being observed. These are, however, not the only types of research. The next two sections deal with two other approaches to research that deserve special mention: ***participatory*** and ***feminist*** research methods.

A.7 Participatory research methods

Participatory research replaces the expert-driven, extractive approach of conventional research with methods in which data collection and analysis are largely carried out by local people with professional researchers acting as facilitators. The approach recognises that local people are the ones who know most about their own livelihood systems, and have the most to gain or lose in any development effort. This means that they should be active participants in the selection, design, planning and implementation of programmes and projects that will affect them.

Researchers become learners and research subjects become researchers.

The advantages of participatory research are fairly obvious. Members of the local community often have an easier time getting sensitive information than external researchers. They are also better able to judge the accuracy of situations described by others. Furthermore, people who have been involved in the research are more likely to own its findings and recommendations. At first glance, it seems that participatory research should be more cost effective because it does not require, for example, the paid research assistants usually needed to administer a survey. This 'advantage', however, is more apparent than real, because mobilising local people and facilitating their research uses a great deal of relatively expensive researcher time and energy.

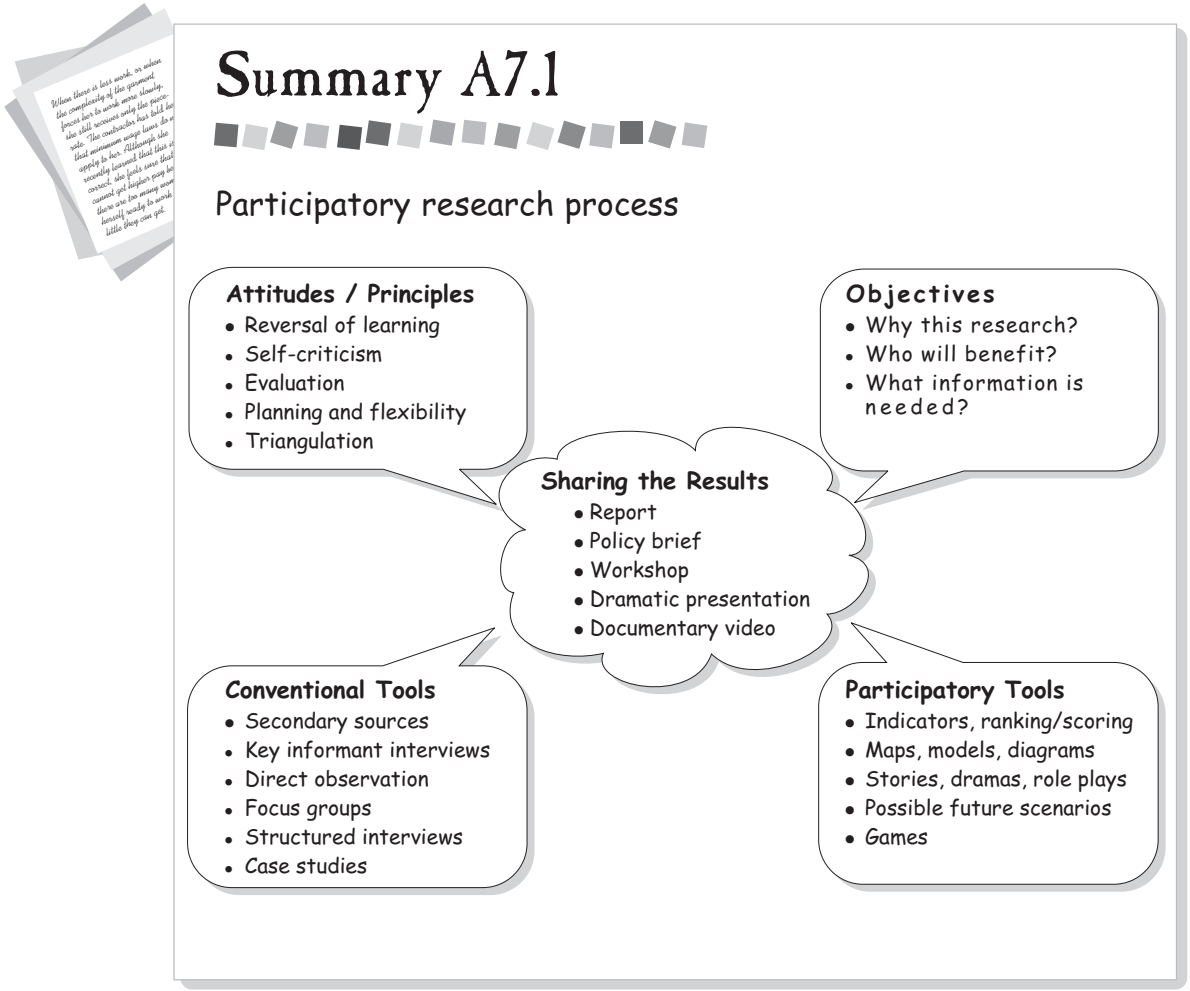
The key to participatory research lies in its underlying attitudes and principles (see summary A7.1). In a reversal of the usual roles, researchers become learners and research 'subjects' become researchers. The readiness to listen to and learn from those being studied is critical. The role reversal prompts discussion, but the discussion is only fruitful if the 'experts' are ready to listen to what is being said. Also important are constant self-criticism and evaluation of the process.

Participatory research is a developing process.

Participatory processes are still evolving. More importantly, they must be continuously adapted to local situations and cultures. This calls for constant re-examination to see that the methods being used are achieving their aims. While

participatory research must be planned in advance, researchers must also remain flexible and ready to change if particular techniques are not working well.

Finally, participatory research relies heavily on triangulation, or multiple strategies. Studying the same phenomenon from different perspectives and using different methods offers additional insights and, perhaps more importantly, provides opportunities to reconcile differing results. For example, when external researchers and community members investigate a particular problem, like child labour, they may uncover different issues. If the differences become the subject of a later discussion, the two groups of researchers can learn from each other, thereby strengthening the study findings and recommendations. In other cases, certain data may be gathered using both conventional and participatory methods. Here again, the comparison of results can show real or apparent disparities that can prompt discussions that are very useful for the final outcomes of the study.



A7.1. Setting objectives for participatory research

Like most research, a participatory study begins with the setting of objectives. Those initiating the research, whether 'outside' researchers, or members of a particular local community, need to state why the research is needed. A newly-formed homeworker association might want to identify the different value chains that are receiving their members' work, or a micro-finance NGO might want to know how many homeworkers would like to start own-account businesses. The objectives specify who will benefit from the research. This is especially important in participatory studies, because these are the people who need to be incorporated into the process.

Sort out:

Why the research?

Who for?

What information is needed?

In addition to the general objectives, most research projects will also have specific objectives that spell out the main types of information that need to be gathered. For example, the homeworker association mentioned above might ask: "What factories in the area use homeworkers? What items are the homeworkers making? Are there intermediaries between the factories and the homeworkers? To whom do the factories sell the items made by homeworkers? Do they sell directly, or do they use traders or exporters?".

7.2 Methods for data collection

Once the objectives are clear, the researchers need to decide on their data gathering tools. Although participatory research is probably best known for the creative techniques that have grown up around it, many studies actually draw their tools from both conventional and participatory methods. In the conventional toolbox, the researchers have available the secondary sources, key informant interviews, focus group discussions, structured interviews, and case studies described elsewhere in this appendix.

Participatory research uses conventional and specialised tools for data collection.

The more creative specialised tools fall into several categories. Those in the first group are analytical, and include indicators and ranking or scoring techniques. Indicators may be local, national or global. Local indicators are especially important. For example, the homeworkers you are researching may refer to the 'difficulty' of doing certain sewing jobs, and they may say that pay is tied to difficulty. If you are investigating the fairness of the pay scheme, you may ask the homeworkers to teach you to distinguish a 'difficult' task from an 'easy' one. You may find that sewing around a curve is an indicator of a difficult task, while tasks

using straight sewing are considered easy. You can take the process further, if necessary, by ranking or scoring the common tasks or bundles of tasks.

Visual techniques help with the data collection.

Another group of participatory tools are those that are primarily visual. This group includes mapping, making models and drawing diagrams. You may, for example, involve the homeworkers in drawing maps that show who they work for. A map may show how they receive the work from two manufacturers directly and also from one intermediary. You would then ask them to extend the map and show how they fit into the network of the intermediary. This will give you their perception. Discussing the maps in a group may also provide an opportunity for the homeworkers to make suggestions on how the flow of work can be improved, and how they can help each other to remove bottlenecks.

Use stories, dramas and role-plays to help capture reality.

Still another group of tools consists of stories, dramas and role-plays. Researchers may use stories and folklore from the local culture to kick off discussion of issues to be researched. Sometimes new stories are written using material generated by group discussions and interviews. In this case, the professional researcher usually sets the structure of the story, but encourages the local participants to tell it in their own way. Similarly, dramas and role-plays may also emerge from the participants' experience. Homeworkers may be encouraged, for example, to dramatise their interactions with the driver who brings and collects their work. The drama may capture the reality in much more detail than is usually possible in a question-and-answer interview.

Games and scenarios are useful for assessing attitudes.

Finally, some researchers use games or scenario building to elicit information. Games are tricky because it is sometimes difficult for participants to see their purpose. An obvious use of games is in research involving children. They can be used as energisers to keep child participants focused on a task, or they may be a data-gathering method in themselves (see Johnson, et al. 1998 for methods to use in participatory research with children). Games are often used in adult research as well. For example, researchers use games of chance to assess participants' attitudes towards risk-taking.

Scenario building is another tool that is available in the participatory toolbox. Scenarios are possible future conditions. Participants can develop their own scenarios in response to questions like: "How would you like to be working two years from now?" or, "How can the homeworkers and the factories work together

better?". Alternatively, researchers can provide a draft scenario. Either way, the participants are asked to discuss possible futures and plan for the one they prefer. Sometimes, all discussion is done in a large group including representatives of all stakeholders; at other times, initial discussions are held in small homogeneous groups. The advantage of the latter process is that more vulnerable groups, such as homeworkers, have an opportunity to formulate their hopes and discuss plans together before facing other stakeholders.

A7.3 Sharing the results of the participatory process

The entire process, from attitudes and objectives to the various types of tools, feeds into a sharing of results. The sharing may take the conventional form of a research report or policy brief, but participatory research often uses more creative ways of bringing the results to those who need the information. A workshop with plenty of time for reaction and feedback is one form of sharing. Researchers – both professionals and those from the community – explain the results, using charts and pictures. The group then discusses the input, either in small groups or in a large plenary session. The group's questions and concerns should be carefully noted for future use.

Results go back to their source — where the information started and where it is most needed.

Sometimes, either as a separate exercise or within the workshop setting, results are presented in dramatic form. Suppose, for example, the research revealed the need for homeworker representation on the union benefit committee. A brief drama showing homeworkers, factory workers and company representatives bargaining over a key benefit issue might be an effective way of communicating this, especially in situations where homeworkers have no experience of such negotiations. Research results can also be developed into a documentary video. A short video can be an effective and flexible form of output. It combines verbal and visual messages, and so has an impact that is hard to achieve with the printed word alone. Since it can be used alone or as part of a larger presentation, it is easily adapted to various audiences.

Many of the techniques of participatory research have been developed for use in connection with development work in rural settings. These are described in the work of Robert Chambers and many others who have built on his approach. An excellent source of information about these methods can be found at www.ids.ac.uk/ids/particip/research/pra.html. A useful resource in text form is

Mikkelsen's (1995) research methods book, which focuses on participatory approaches. In some countries, there are organisations devoted to training and promotion of participatory methods (e.g., PAMFORK in Kenya). These are valuable resources for providing communities and researchers with information about specific methods and techniques that have been tried elsewhere. This section has suggested a number of ways of adapting participatory approaches to value chain research. You are urged to continue the process.

A.8 Feminist research methods

What you do and how you live affects the way you perceive the world.

Like participatory research, feminist research rests on a philosophical orientation that is somewhat different from that of conventional research. In the case of feminist research, the starting point is the recognition that what one does for a living, and related facts such as the quality of one's material surroundings, has a profound effect on one's understanding of the world.

A street child who picks through garbage every day sees life very differently from a middle class schoolboy; a sweeper in a factory has a different world view from the company's managing director; a woman's perspective on life in the family is almost always different from her husband's. Feminist research methods try to see the reality being studied from the standpoint of the female members of the society. Neilson (1990: 20) claims that "to consciously adopt a woman's perspective means to see things one did not see before and also to see the familiar rather differently".

Feminist research —

- improving understanding
- raising consciousness
- empowering women
- transforming society

Feminist research recognises that in most societies women are subordinated to men. This means that the perspective of a woman is not just different from that of a man in some neutral sense. Rather it reflects her situation as a member of a disadvantaged group. Feminist research starts by seeking a more complete understanding of reality, especially the impact of gendered institutions on people's lives. It does not, however, stop there. Feminist research also concerns itself with consciousness raising, and with using research to empower women and transform society.

The orientation of feminist research affects its methodologies. For one thing, feminist scholars allow themselves to enter into the situation of the researched in ways that might be seen as inappropriate in traditional research, where objectivity is believed to require strict separation of researcher and research subject.

Especially, but not only, when both researcher and respondent are women, occasions may arise in which the researcher is in a position to share experiences or knowledge with the respondent in ways that aim at increasing her power. Viewed as a violation of the strict separation of researcher and subject in conventional research, this would be acceptable and even expected in the context of feminist research. It should be emphasised here that the consciousness raising and learning go both ways. Researchers report having learned a great deal about their own reality when the conditions were right for give and take with respondents.

Feminist research borrows many of its data collection methods from traditional and participatory research, but tends to emphasise the qualitative over the quantitative approaches. Feminist scholars analyse secondary sources, interview key informants, engage in participant observation; they may even administer surveys. To these they add visual methods, conversational analysis, and other participatory and qualitative methods. Triangulation allows them to test their own findings. This allows for the interaction of quantitative and qualitative methods. It is especially important in cases where rejection of certain accepted methods leaves feminist researchers open to the criticism of being 'unscientific'.

Glossary

Advocacy
This is the process and practice of trying to influence policies or ideological positions affecting a section of people such as children or the disadvantaged. Those engaged in advocacy are discontented with the existing situation and would like to change it.

Asymmetrical
When something is not balanced it is asymmetrical. In a relationship it means that one side is much stronger than the other.

Bargaining
When two parties each have something they wish to exchange, they need to reach an agreement on how this will happen and what each party will give and receive. So workers, who give their labour, bargain with employers, who give wages. The parties normally give and take depending on what is under discussion and which side is stronger.

Bargaining power
This is the strength that one party in the bargaining relationship has in relation to the other parties. It is, in most cases, what determines who wins and who loses during the bargaining process. Bargaining power is not necessarily related to money or to who employs whom. It can be about organisational power.

Buyer-driven
The power lies with the buyer. In a value chain, the buyer sets the terms under which others in the chain operate.

Child labour
This is the situation in which children under the statutory adult age are engaged to provide services of one or other type. This age can vary from country to country. Child labour could be either work in a family business, at home or paid employment somewhere else.

Codes
This word is used in two ways in this manual. In one sense, a code is a set of rules on a particular subject such as, for example, a code of conduct that prohibits the use of child labour. The word is used like this in chapter sixteen. The second meaning is in the

context of data entry and analysis. Here codes are symbols representing a response to a question. They may take the form of numbers or words, and their meanings are listed in a code book. This meaning is used in the appendix.

Collective action
This refers to any form of behaviour or activity done by a group of people who come together specifically to support a certain cause. Collective action is often a more powerful force than when people try to act individually.

Contractor
This is someone or a group of people given a task to perform and paid or rewarded according to terms that are agreed upon in the contract.

Culture
This refers to a people's way of life including their values, norms, beliefs, attitudes, language and practices. Culture is specific to a locality or geographical area, and it includes how people make sense of their reality and carry out their daily activities.

Customer
A person who buys something from someone or from a business is a customer. At times, the term customer refers to the more frequent buyer as opposed to the occasional one.

Data
These are pieces of information about a certain aspect of social, economic or political life. Data is plural, with the singular being datum.

Domestic retailer
Domestic retailers sell their goods or services in their home location or country. They sell directly to those who consume or use those goods and services.

Enterprise
In this book enterprise is used to describe any kind of activity or business where people work and earn wages. It can be a one-person business or a huge company.

Export market
A place for selling goods and services away from one's home country is an export market.

Externalisation
This is when manufacturers use workers outside of the factory itself. Using homeworkers is one form of externalisation.

Factory workers
People working for wages inside a factory are factory workers.

Feminist
A person who supports the struggle for equal opportunities for women and men is a feminist. A feminist believes that women have always been in a disadvantaged position in relation to men.

Foreign retailer
A person who sells goods or services directly to consumers who are outside the country of the retailer is a foreign retailer.

Garment value chain
This is the process through which a garment passes from the design to the consumption stages. The worth of the garment increases at each point of the process.

Garment cluster
A group of garment producing businesses located around the same place is a garment cluster. A cluster may also include suppliers of raw materials and specialised machinery, as well as traders dealing in the final product.

Garment enterprise
This is a business enterprise engaged in the manufacture or distribution of clothing or both.

Garments(s)
An article of clothing is a garment. It is normally the product of textiles and accessories such as buttons, zippers and trimmings.

Gearing ratio
This term is used in this manual in connection with leverage points. For example, if 80 producers confront 4 buyers, the gearing ratio is 80:4, suggesting a potential for leverage. In other words, by putting pressure on 4 buyers it may be possible to influence 80 producers.

Gender analysis
Gender refers to the socio-cultural ideas about how males and females should behave and their different roles in society. Gender analysis is therefore a way of trying to understand the place of men and women in, for example, a factory or a value chain.

Gender relations
This term refers to the way people interact with one another, based on the expectations of men and women in that particular society. Actions and reactions are based on those social expectations.

Geographic spread
This refers to the spatial boundaries of a phenomenon, such as a value chain. This implies that some value chains can be international, while others could be national, regional or local.

Global value chain
This is the sequence of activities required to make a product. It can refer to all activities from conception of a product to its consumption, or to some of them; for example, from producer to retailer. A value chain is 'global' when different activities are carried out in different countries in different parts of the world.

Globalisation
This term refers to the increasing linkages between and among actors located in different countries around the world. The linkages are social, economic, cultural and political.

Governance
The process of co-ordinating activities in a particular system; for example, a chain.

Household
All the occupants of a home comprise a household. Members of a household need not be of the same family.

Homeworkers
These are people who conduct their earning activities in the place where they live. They are either own-account workers, in which case they work independently, or out-workers for manufacturers or intermediaries.

Horizontal integration
This term refers to the coming together in one firm of different processes and actors at the same level of activity. Horizontal integration occurs when two or more producers of similar goods join together. Another example is the joining of two or more distributors.

Informal workers
People who engage in work without being formally hired are termed informal workers. Informal workers often lack clear terms and conditions of service.

Informant
Anyone who gives information during a data collection exercise is an informant. Informants are normally selected in a planned and intentional manner.

Input
Inputs refer to what goes into the production process, or any other process in a value chain. Textiles, for instance, are inputs for the garment industry. Labour is also an input.

Input-output structure
As inputs are what go in, and outputs are what come out, the input-output structure refers to all the products, services and economic activities that are part of the inputs or outputs throughout the chain. At each stage of the chain, outputs gain value.

Integration
This refers to the bringing together of different processes and actors to form one unified system or way of doing things.

Intermediary
The middle person who links the producers with suppliers or customers is the intermediary.

Internalisation
In a manufacturing sense, this refers to the concentration of work inside a factory. When this happens, workers are employed within the factory, so homeworkers are unlikely to be used.

Interview
The process of putting questions to someone in order to gather information is an interview. Interviews can be structured, semi-structured or unstructured.

Key informant
A specialised person with a lot of information about issues being researched is a key informant. A key informant will usually have a good overview or good contacts with others in the locality or industry.

Labour
This is mental or physical work. Labour is usually measured in terms of person-hours, person-days, person-weeks or person-months.

Labour intensive
An enterprise that uses lots of people but little machinery is termed labour intensive. Labour intensity can be measured by the ratio of labour to capital.

Legislation
This is the act or process of making a law or laws. It could also mean the laws themselves.

Leverage
If you are trying to lift a heavy block of concrete, for example, you could do it more easily if you put a pole underneath it and lifted the pole and in that way the block. This is using the pole as leverage. The way that the word is used in the manual is similar, but it

is not about lifting concrete! It is about using knowledge as power, and finding the right action to put pressure where it is needed.

Local market
This refers to a place or arrangements for the exchange of goods and services within one's location or home country. Buyers are within a short distance from the seller.

Mapping
This is to draw a plan or diagram of how activities or processes are connected. The arrangement is a diagrammatic representation of the actual reality.

Micro-finance
This refers to small amounts of money given or lent to support an enterprise.

National value chain
A chain in which all the stages of working on and selling a product take place within one country.

Network
This is an arrangement in which independent people or enterprises share information, contacts and experience for professional or social purposes.

Observation
Observation is a scientific method involving the accurate watching and noting of how something happens. Unlike casual observation, it is planned for in advance and carefully done.

Occupational health
This refers to the wellbeing of a person or group of people as a result of the work they do. It means avoiding harm that could arise from work.

Outlet
A store, shop or place where goods or services from a wholesaler or manufacturer are sold is an outlet.

Outputs
This refers to the product of the manufacturing process. When a homeworker sews collars onto shirts, for example, the result is a new output. The shirts have more value than before the collars were sewn on, so outputs gain value along the stages of the chain.

Participatory approach
In this approach, people participate in the collection and documentation of information that concerns them and their community. People's own concepts and criteria are used to make sense of what is being investigated.

Primary data sources
Information is collected directly from those who have the knowledge. Interviewing a homeworker is collecting primary data. By contrast, a book, newspaper or statistical yearbook is a secondary source.

Producer services
Services offered to businesses to assist in the production and distribution of their products are producer services. Commonly offered services include accounting and other financial services, logistics and transport, quality testing, machine maintenance and repair, management consulting, advertising, plant design and engineering, and many more. The term 'producer services' is somewhat misleading, because it includes services offered to suppliers and distributors as well as producers.

Profit margins
This is the amount (or the percentage) which the producer adds to costs when selling to the customer; for example, see table 11.1.

Public agencies
These agencies are part of the structure of local, regional, national or international governments.

Questionnaire
This is a set of questions for use in an interview. A questionnaire can have open-ended questions (those with blanks for filling in responses) or closed questions (those with fixed alternatives).

Quota
A fixed share that a person is expected or allowed to contribute is a quota. A quota in garment production is the amount each worker is expected to produce in a certain period of time. In international trade, a quota is the maximum quantity of a particular item that a country will allow to be imported from another country.

Research
This is a systematic process of finding something out. It is expected to be planned and orderly so as to ensure the production of information that can be understood and checked.

Research design
This refers to the overall plan for carrying out the research. It includes what data will be gathered, in what ways and for what reasons.

Research questions
These are puzzling issues raised at the beginning of the research. They specify what the researcher wants to find out.

Retailer
The person or firm that sells goods or services to the consumer is the retailer. Retailers can be small, such as a corner shop, or large, such as a department store.

Retailing
The process of selling goods and services to the customer, often in small quantities, is termed retailing. It usually entails the displaying of what is being sold in singles.

Sampling
This is the selection of a small but representative part of a population from which to collect information. Sampling is done because it may not be possible to cover a large population, due mainly to constraints of time and other resources.

Secondary data sources
This refers to published or unpublished information that has been collected by someone else, either for research or other purposes. The most common secondary sources are unpublished data collected by government, research reports, books, journals and newspaper articles.

Standards
A standard is something established as a rule, normally for measuring capacity, quality or other aspects. Labour standards refer to the kind of employment practices that we are allowed and not allowed. For example, 'no child labour' is a standard.

Subcontractor
This term refers to a person or a group of people given a task to perform on behalf of a contractor. They are answerable to and rewarded by the contractor, and not by the main client or giver of the task.

Supplier
A person or organisation that provides raw materials, machinery, or other inputs to an enterprise on the basis of an agreement, is the supplier.

Survey
In research, it is a strategy in which data is collected systematically from everybody concerned (the population) or only from some (a sample).

Symmetrical
Something that can be divided into parts that are the same size and shape, and that appears balanced, is symmetrical. In a symmetrical relationship, all parties have equal power.

Tariff
This is a charge or payment required by the government upon export or import of some goods. It is a form of taxation.

Textiles
This usually refers to woven or knitted cloth, but it can also refer to the yarn (cotton, wool) that is the raw material used for weaving and knitting.

Triangulation
This refers to using two or more research methods to gather information about a particular question.

Value
The worth of something in terms of money or its quality, as measured by how desirable or wanted it is, is its value.

Value-added
This term refers to the worth that is added to a product or service at each stage of its production or distribution. A firm can calculate its value-added by subtracting the value of the inputs it purchases from the full value of its output.

Value chain
This is the set of value-adding activities through which a product passes from the design to the consumption stages. The worth of the product increases at each point of the process, hence the term value chain.

Variable
Anything that varies in terms of its quantity or quality is referred to as variable. For example, in a survey of homeworkers, age, location and number of hours worked last week could be variables.

Vertical integration
This is the coming together, in a single firm, of activities extending over two or more successive stages of the production-distribution process. Vertical integration in the garment industry happens when, for example, a garment producer buys one of its textile suppliers.

Wholesaler
Someone who sells goods and services in large quantities is a wholesaler. They buy from the manufacturer to sell to the retailer for onward selling to the consumer.

WIEGO
This stands for 'Women in Informal Employment: Globalising and Organising'. It is a worldwide network of individuals from grassroots organisations, academic institutions and international development agencies concerned with improving the conditions and advancing the status of women in the informal economy. Its work includes statistics, research, support programmes and policy advice.

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Websites

Here are some of the main websites that can help you in your research and political work. Further sites are mentioned in the course of the manual and the reference section.

Value chain research

- www.ids.ac.uk/ids/global/valchn.html
- www.ids.ac.uk/ids/global/vw.html
- http://www.nu.ac.za/csds/
- www.gapresearch.org/programme/profile-08.html
- www.cdr.dk/research/programmes/glaf/glaf.htm
- www.nsi-ins.ca/ensi/research/index.html
- www.wiego.org/publi4.ssi

Complementary methods and approaches

- On participatory methods in various fields, see www.ids.ac.uk/ids/particip/research/index.html
- On participatory assessment of competitive advantage, see www.meyer-stamer.de/paca.html
- On statistics concerning the size and contribution of the informal economy www.wiego.org/areas5.ssi

Making an impact

Many websites relevant for practical use of value chain research operate under the ethical trade banner. Most of the following annotated list of websites was prepared by Ruth Essex for ID21, see www.id21.org/insights/insights36/index.html

If your chain includes the UK, a good place to start would be DFID's Ethical Trading Initiative, www.ethicaltrade.org./, which includes ETI's baseline code. Other core baseline standards on which many audits are being based are the ILO standards at

www.ilo.org/public/english/standards/index.htm and SA 8000 set by Social Accountability International at www.sa-intl.org.

Business forums developing ethical trade strategies include the World Business Council for Sustainable Development's Sustainable Business Network at sbn.netforchange.com and the Prince of Wales Business Leader Forum at www.pwblf.org. The New Academy for Business, www.new-academy.ac.uk, has a database of relevant documents. For research links, have a look at the New Economics Foundation's www.neweconomics.org/Default.asp and Warwick University's Corporate Citizenship Unit at www.users.wbs.warwick.ac.uk/cc The Sustainable Markets Group at the IIED has projects on sustainable trade and supply chains at www.iied.org/smg/index.html.

Campaign sites are prolific. Focusing on the garment industry are Oxfam's Clean Clothes Code site at www.oxfam.org.uk/campaign/clothes/clocodh.htm and the Clean Clothes Campaign International Network, www.cleanclothes.org./, with links to European groups and a focus on Asia. The Asia Monitor Resource Centre at www.amrc.org.hk has focuses on labour movements and ethical trade in its Asia Labour Update. Corporate Watch, www.corpwatch.org, has excellent links and a guide for researching corporate conduct. For information on labour standards in export processing zones, check out www.maquilasolidarity.org. Check out Christian Aid's supermarket campaign at www.christian-aid.org.uk/campaign and Sweatshop Watch at www.sweatshopwatch.org/swatch/index.html.

If you seek help in building a global alliance involving corporations, public bodies and non-profit organisations, try the Global Alliance for Workers and Communities, http://www.theglobalalliance.org./.

If you are concerned with child labour issues you can consult the following sites: www.ilo.org/public/english/comp/child, www.oneworld.org/guides/chld labour/index.html, and www.savethechildren.org.uk/labour/index.html.

The site of the US garment workers trade union is www.uniteunion.org

The following organisations are particularly concerned with improving the earning opportunities of women in the garment industry: Women Working Worldwide, www.poptel.org.uk/women-ww, part of an international network of women worker and consumer organisations, promotes the rights of women garment workers, whilst www.sewa.org and www.homenetww.org.uk are particularly concerned with the organisation of home-based workers.

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