



# Threaded Insecurity:

The Spectrum  
of Informality  
in Garment  
Supply Chains

March 2024

# THREADED INSECURITY

THE SPECTRUM OF INFORMALITY IN GARMENT SUPPLY CHAINS

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**Asian Floor Wage Alliance**  
**2024**

## **THREADED INSECURITY: The Spectrum of Informality in Garment Supply Chains**

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79 pages; 29,7 cm

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**The Asia Floor Wage Alliance (AFWA) was founded in 2007 as an Asian labor-led global labour and social alliance across garment-producing countries (such as Bangladesh, Cambodia, India, Indonesia, Myanmar, Pakistan, Sri Lanka) and consumer regions (USA and Europe) for addressing poverty-level wages, gender discrimination, and freedom of association in global garment production networks.**

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# Acknowledgements

This report was prepared by the Asia Floor Wage Alliance (AFWA) and is based upon three successive rounds of research conducted between January 2020 and January 2024. AFWA carried out the research in collaboration with 23 trade unions and labour organisations across six countries, including Commercial and Industrial Workers' Union (CIWU), Dabindu Collective, Revolutionary Existence for Human Development (RED), Stand Up Movement Lanka, and the Textile Garment and Clothing Workers' Union (TGCWU) in Sri Lanka; Labour Education Foundation (LEF), Labour Qaumi Movement (LQM), National Trade Union Federation (NTUF), and Pakistan Institute of Labour Education and Research (PILER) in Pakistan; Society for Labour and Development (SLD), Erode District Women Workers Federation (EDWF), Garment Labour Union (GLU), Garment and Allied Workers' Union (GAWU), Karnataka Garment Workers' Union (KOOGU), Mill Mazdoor Panchayat (MMP), and Tamil Nadu Textile and Common Labour Union (TTCU) in India; Federasi Serikat Buruh Garmen Kerajinan Tekstil Kulit dan Sentra Industri (FSB Garteks), Serikat Buruh Sejahtera Indonesia (SBSI) 1992, and Serikat Pekerja Nasional (SPN) in Indonesia; the Cambodian Alliance of Trade Unions (CATU) and Coalition of Cambodia Apparel Workers Democratic Union (C.CAWDU) in Cambodia; Bangladesh Nari Progati Sangha, Garment Worker Trade Union Centre (GWTUC), and Textile Garment Workers Federation (TGWF) in Bangladesh.

This multi-country study was coordinated by Aabida Ali, Wiranta Ginting, Mosabber Hossain, Nivedita Jayaram, Abdul Aziz Munshi, Rizki Estrada Portier, Gerry Michael Purba, Aparna Roy, Ratana Samnang, Ashley Saxby, Ashmita Sharma, Nandita Shivakumar, Abiramy Sivalogananthan, Panha Vong, and Vishmee Warnachapa.

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Pattrishiya Joseph, Aruna K, Rika Kartika, Ganesh Kumar, Iwan Kusmawan, Aslam Miraj, Mamta, Surendra Nath Murmu, Chhorn Namchheav, Nazer, Bhargav O, Ghina S. Praja, Agus Pramono, Abdul Aziz Pristiadi, Aruna Kumari R, Faisal Rahman, Randiramge Sugath, Priyantha Rajapaksham, Nazar Rattanakpreset, Usha Ravikumar, Robert, Refani, Rosmana, Ashim Roy, Ruhiyat, Hermawan S, Yuvaraj S, Agus Saefudin, Sanjana, Indah Fatma Sari, Dina Septi, Kanchan Sharma, Emilia Yanti Siahaan, Faiza Siddiquie, Sowmya, Sugianto, Suhendi, Sumiyati, Thiviyarakini, Paramanda Kalandarige, Chamila Thusari, and Sonia Wazed.

The report was written by Shikha Silliman Bhattacharjee. Data analysis for this report was completed by Rahul S. This report was edited by Anannya Bhattacharjee, Wiranta Ginting, Aparna Roy, and Ashley Saxby.

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# Introduction

By 2021, two billion workers around the world were employed in the informal economy—earning their livelihood through economic activities, enterprises, or jobs that are not regulated or protected by the state (Guardian Labs 2021). This staggering number includes workers employed in unregistered workplaces (the informal sector) and workers employed in jobs within the formal sector with no formal employment relationship or national labour law protections (informal employment within the formal sector). In the garment sector in Asia, informal employment takes numerous forms. Garment workers are employed in factories without contracts, on short-term contracts, and by contractors and “manpower” agencies. They are also hired as homeworkers<sup>1</sup> to complete orders for piece rates. In 2009, India's National Commission for Enterprises in the Unorganised Sector (NCEUS, 2009) recognised garment workers as 'informal workers in the formal sector'.

This report focuses on informal employment within the formal sector, providing a new framework for understanding informality on garment and other global supply chains as a spectrum of informalisation practices. This perspective on informality within the garment sector challenges binary distinctions between the informal and formal sectors. Instead, it identifies concrete practices that contribute to the informalisation of garment and other industrial workforces. Viewing these practices together—as a spectrum of informalisation practices—draws them into relationship with one another, revealing how informality functions within factories to extract the maximum labour from garment workers by suspending labour rights protections. Informally employed workers cost less to employ per unit, receive lower wages, rarely receive non-wage benefits, including paid leave and social security, and can be hired and fired in line with firm needs. These terms of employment leave workers in informal employment

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<sup>1</sup> ILO Convention 177 on Home Work defines home work as work carried out by a person, to be referred as a homemaker, (1) in his or her home or in other premises of his or her choice, *other than the workplace of the employer*; (2) for remuneration; (3) which results in a product or service as specified by the employer, irrespective of who provides the equipment, material, or other inputs used unless this person has the degree of economic independence necessary to be considered an independent worker under national laws, regulations, or court decisions.

particularly vulnerable to exploitation when compared to directly employed workers. Garment workers in informal employment experience lack of protection in the form of wage theft, non-payment of benefits, arbitrary hire and fire policies, lack of proper contracts and identity documents, exposure to gender-based violence and harassment (GBVH), and restrictions on freedom of association.

Understanding informality practices as a related spectrum of exclusions and exposure to rights violations also reveals how lead firms drive informal employment, how production factories operationalise informality, and how legal exclusion creates categories of unprotected work. This analysis aims to contribute to a better understanding of the dynamics of informalisation in export-oriented garment production in Asia. It also aims to advance action to address informality within the Asian labour garment movement by contributing a framework that can be used by trade unions and labour rights activists to identify informalisation practices within their workplaces and communities that expose workers to exploitation and violence.

Systematic informalisation across garment production factories in Asia disproportionately impacts women workers. Across Asia, women garment workers make up the vast majority of garment workers. In Bangladesh, Cambodia, Indonesia, and Sri Lanka, women workers represent between 80% and 95% of the garment workforce. In India, women account for at least 60% of the garment workforce. Due to gendered hiring practices in garment production factories, women overwhelmingly work as machine operators, checkers, and helpers. Women rarely, however, hold management and supervisory positions (AFWA 2018a-c). Informalisation practices interact with industrial discipline practices to expose women workers to a spectrum of violence—including acts that inflict physical, mental, sexual harm or suffering, coercion, threats and retaliation, deprivations of liberty, and economic harm (AFWA 2018a-c, 2019, December 2021, 2022).

Informal employment in the garment sector exposes an overwhelmingly female workforce to the constant threat of job loss. Unprotected by national labour standards, their livelihoods are at the whim of managers and contractors with control over all aspects of their work lives—including wages, hours, working conditions, and exposure to GBVH. Ashila Dandeniya, Executive Director of Stand-up Movement, Sri Lanka, described how informal employment exposes women workers to patterns of favouritism and discrimination:

Managers use favouritism, giving priority when preparing the rosters . . . If a woman

worker is not on good terms with the supervisor, he will not give her work. If she does not have work, she will receive only half of her salary. This type of discrimination is also apparent in the way salaries are calculated. Regarding overtime, supervisors' favourites are allowed to leave any time, while others have to toil. Those who were forced to work overtime cannot object, otherwise they will lose their jobs.

In short, in informal employment relationships where wages, working hours, and working conditions are not specified in enforceable contracts, workers are at the mercy of contractors, supervisors, factory management, and lead firms. In a sector where production line and homeworkers are overwhelmingly migrant women from socially marginalised communities—overseen by male supervisors and contractors with job security—exploitation and abuse run rampant.

To date, significant attention has been focused on quantifying the number of workers and enterprises in the informal economy. However, in order to advance conditions for workers in informal employment, we need to understand:

- (1) the industrial and factory-level practices that drive informal employment; and
- (2) the very real risks informal employment poses for workers on garment and other global value chains.

Situated within a structural understanding of global supply chains and production networks, this research identifies a spectrum of informalisation practices within the garment sector. This analysis draws the experiences of informally employed workers within factories and homeworkers into the same framework for analysis—providing insight into the regulatory frameworks and business practices that leave a continuum of informally employed workers vulnerable to exploitation and abuse.

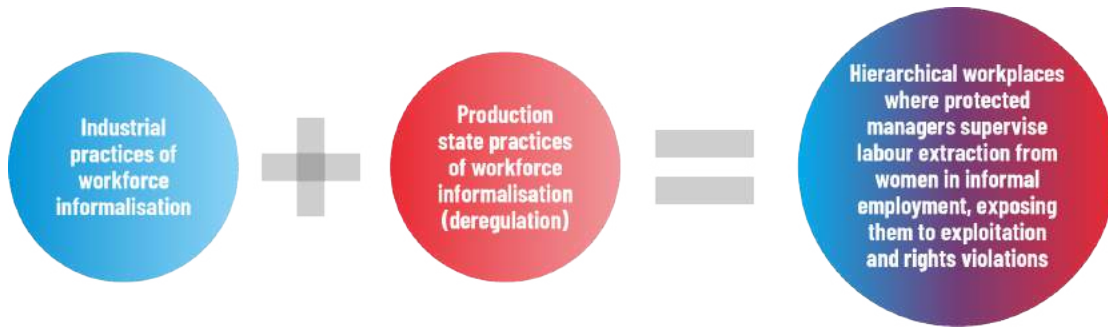
This report is based on two successive rounds of research conducted by Asia Floor Wage Alliance (AFWA) from January 2020 to June 2021, a period that began just after the first wave of the global COVID-19 pandemic precipitated a global health crisis, lockdowns, and supply chain disruptions. Our first phase of research in Bangladesh, Cambodia, India, Indonesia, Pakistan, and Sri Lanka included surveys with 2,185 garment workers in informal employment across 189 factories. A second phase of research included Focus Group Discussions (FGDs) with 351 garment workers in informal employment across 61 supplier factors; and in-depth interviews with 68 women garment workers in informal employment across 45 supplier factories. This

sample includes the experiences of workers in formal employment relationships as well as workers experiencing the spectrum of informalisation practices described in this report, thereby facilitating a nuanced understanding of how informalisation practices heighten experiences of exploitation and violence on garment global supply chains. From August 2023 to January 2024, we completed an additional cycle of research focused on situating phase one and phase two research in locally specific informalisation practices through interviews and group discussions with trade union leaders and representatives from worker organisations in Bangladesh, Cambodia, India, Indonesia, Pakistan, and Sri Lanka.

The findings of this research provide fresh insight into how lead firms on garment global supply chains rely upon and facilitate informalisation in local garment industries in order to create conditions for exploitation of a gendered and racialised workforce. While it has been well recognised that the vulnerabilities associated with gender, race, caste, and migration status compound barriers to living wages, labour rights, and social protection, our research sheds light on how informalisation practices facilitate structural discrimination within garment factories. We found that informalisation practices all too often correspond with discriminatory workforce segmentation, leaving marginalised workers at a higher risk of labour rights violations—including GBVH, wage theft, and barriers to freedom of association on the basis of gender, caste, migration status, and other social identity categories.

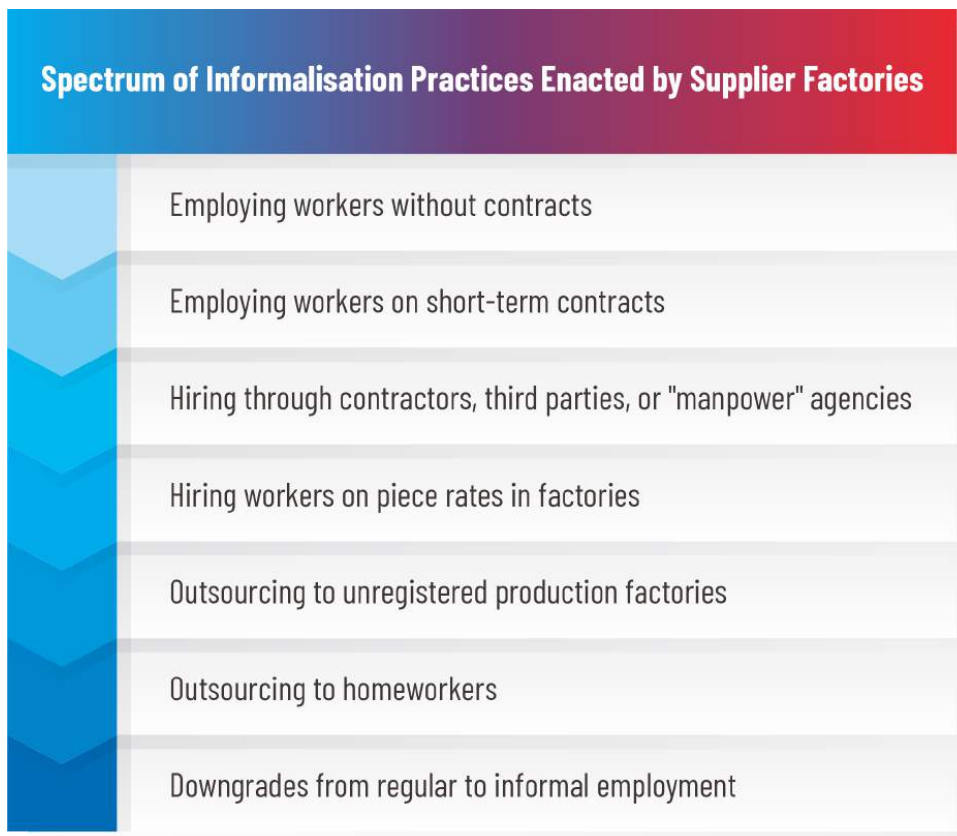
***Part 1, Structural Roots of Informality on Garment Supply Chains—State and Industrial Practices of Informalisation***, describes how informalisation as a technique of control and labour extraction is systematically operationalised by lead firms, factories, contractors, and production states (Figure 1). Buyer-led fast fashion global supply chains are characterised by unequal relationships of power between lead firms and the supplier factories and workers that produce their garments. Fast fashion lead firms choose to maintain unstable relationships with supplier firms, allowing them to bargain for shorter lead times for ever lower prices. Supplier factories, in turn, manage unstable orders by hiring a majority women workforce in informal employment. Part 1 includes a typology of informalisation practices on garment supply chains in Asia. In order to foster foreign direct investment by reducing production costs, production states have systematically rolled back labour rights, social protection, and access to justice. At the nexus of these industrial and state practices, garment workers in the formal sector experience informalisation practices such as exclusion from labour rights protections and exposure to exploitation and violence.

Figure 1: Techniques of informalisation by production states, lead firms, and factories produce conditions for exploitation



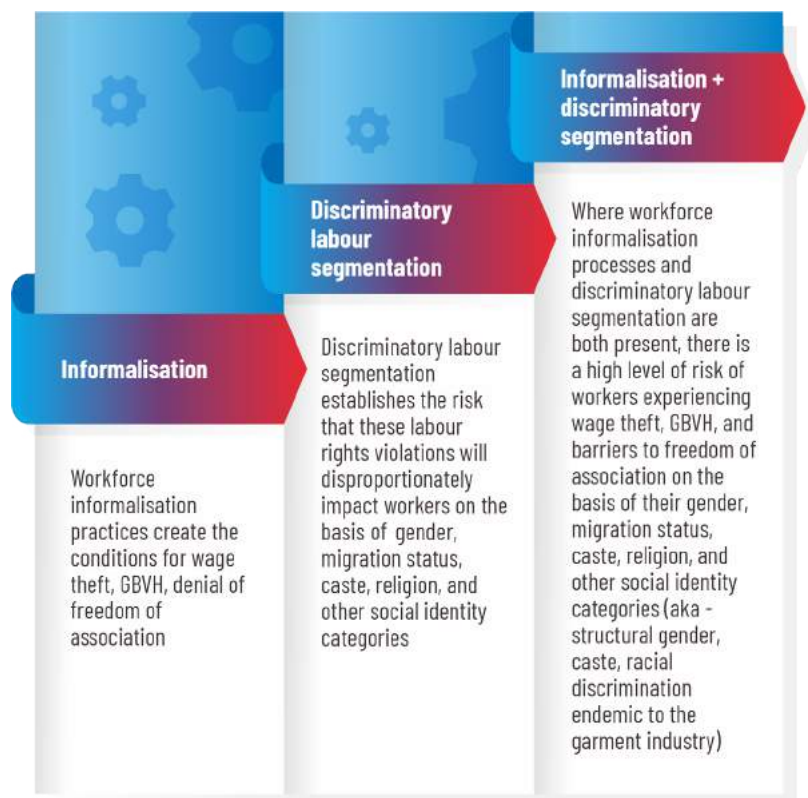
**Part 2, Informality, Workplace Hierarchy, and Discrimination**, describes how, at the level of the local labour market, informalisation as a mechanism of exploitation is operationalised by employer practices of hiring workers in distinct roles and with distinct protections (Figure 2). Due to structural discrimination within local labour markets, workers are concentrated in informal employment on the basis of gender, migration status, and social identity. In this way, supplier factories leverage informalisation practices to capitalize on established social hierarchies within production countries—including on the basis of gender, caste, race, and migration status.

Figure 2: Spectrum of Informalisation Practices Enacted by Supplier Factories



**Part 3, Informality, Discrimination, Exploitation, and Gendered Violence** provides an account of how workers facing discrimination at the intersection of gender, caste, race, and migration status are filtered into the roles with the highest levels of informality, exposing them to heightened levels of exploitation and violence. In the factory, male supervisors on production lines manage a workforce overwhelmingly made up of young women workers, including significant proportions of migrant workers from marginalised social groups—including in India, groups considered lower caste. Replicating social conditions of gender and social-identity-based hierarchy on the factory floor, managers drive women workers on production lines to meet unreasonable production targets set by fast fashion lead firms, using industrial discipline practices that include physical abuse, verbal abuse, and restricting the ability of women workers to move around or leave the factory until production targets are met, including refusing to allow bathroom breaks and requiring workers to complete forced overtime. This culture of gendered bullying, harassment, and violence also creates the conditions for these violations to escalate into sexual violence (AFWA 2019). Women garment workers do not report violence due to fear that they will be fired and women garment workers experiencing informality practices are at greater risk due to heightened job insecurity.

Figure 3: Rights abuses facilitated by informalisation and discriminatory labour segmentation include GBVH, wage theft, and barriers to freedom of association



**Part 4, Recommendations—Addressing Informality, Discrimination, and Rights Abuses**, provides a way forward for protecting the rights of garment workers experiencing informalisation practices. It addresses urgent action for production countries in strengthening legal protections for garment factory and homeworkers, and guidance for legislators engaged in developing and evolving human rights due-diligence frameworks. The section concludes with recommendations on protecting and promoting the associational agency of garment workers—a critical step in ensuring accountability for rights violations perpetrated by employers against all workers on garment supply chains.

# Methodology

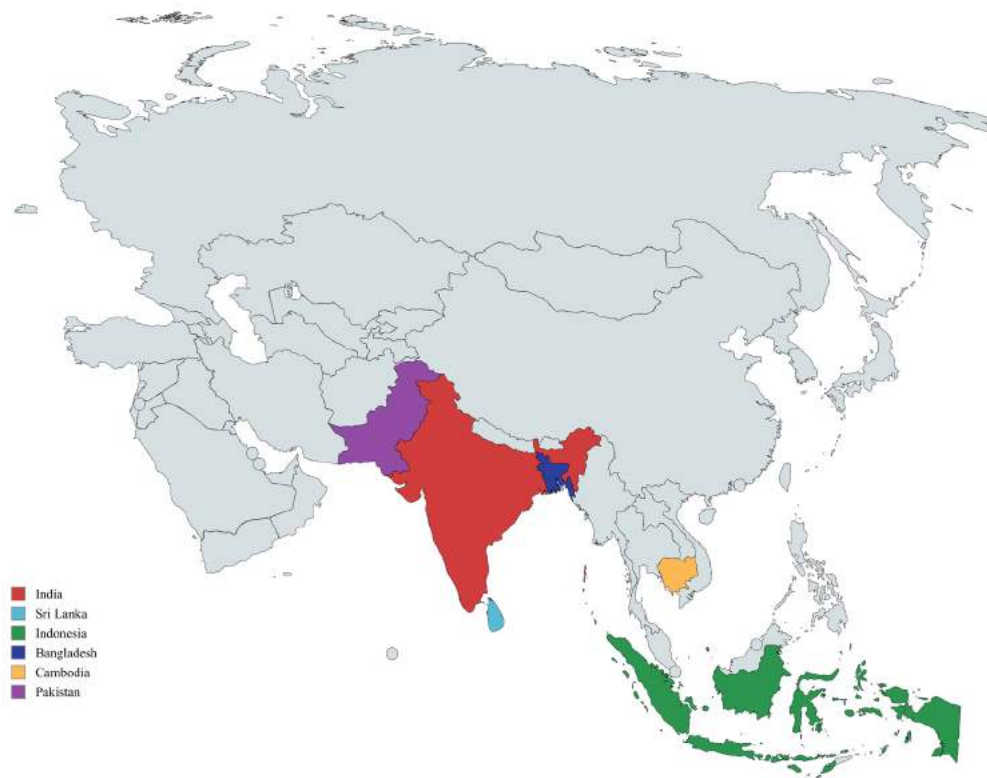
This report is based on three successive rounds of research conducted by Asia Floor Wage Alliance (AFWA). The first two cycles of research were conducted from January 2020 to June 2021, a period that began just after the first wave of the global COVID-19 pandemic precipitated a global health crisis, lockdowns, and supply chain disruptions. The final cycle of research was conducted between August 2023 and January 2024. AFWA documentation and monitoring during the COVID-19 pandemic and its aftermath fills a critical void left by brand failure to engage in due diligence to assess risks to garment workers on their supply chains. This unparalleled data set provides insight into the impact of COVID-19 on garment workers on fast fashion global supply chains. Consistent with these research phases, all conversions from local currency to USD are based upon either the specific date of interview, or when in relationship to salaries, the average rate of conversion for the year in which the information was collected.

Our first phase of research in Bangladesh, Cambodia, India, Indonesia, Pakistan, and Sri Lanka included surveys with 2,185 garment workers across 189 factories. A second phase of research included Focus Group Discussions (FGDs) with 351 garment workers across 61 supplier factories and in-depth interviews with 68 women garment workers across 45 supplier factories. This sample includes the experiences of workers in formal employment relationships as well as workers experiencing the spectrum of informalisation practices described in this report, thereby facilitating a nuanced understanding of how informalisation practices heighten experiences of exploitation and violence on garment global supply chains. From August 2023 to January 2024, we conducted an additional phase of research focused on situating phase one and phase two research findings in context of locally specific informalisation practices through interviews and group discussions with trade union leaders and representatives from worker organisations in Bangladesh, Cambodia, India, Indonesia, Pakistan, and Sri Lanka.

In order to ensure coherent comparisons between workers in regular and informal



employment, workers in both categories were interviewed from the same set of factories. Factories were selected based on two criteria: they belonged to top export suppliers in each region and workers in these factories had experienced widespread wage theft (AFWA 2021). These factories shut down during one or more lockdown periods and then reopened at varying capacities following lockdowns. We also interviewed 15 trade union leaders from Cambodia, India, Indonesia, Pakistan, and Sri Lanka.



All interviewees participated voluntarily and without compensation, under the condition that their identities remain anonymous. Accordingly, all names used in the body of the text are pseudonyms. AFWA engaged with women workers through semi-structured interviews, focus group discussions (FGDs), and follow up phone calls with women workers and trade union leaders. In order to support engagement from women workers, women worker leaders from trade unions and worker organisations were present in each FGD. In most cases, workers had already completed an introduction session on GBVH with either worker leaders or civil society organisations to build comfort discussing highly sensitive experiences of GBVH and establish a shared language and framework for identifying and discussing GBVH.

Despite this careful preparation and support, FGDs with women workers were highly emotionally charged. Women cried during FGDs and showed signs of depression and anxiety. Accordingly, informal follow-up engagements between women workers—

sometimes initiated by women workers and trade union leaders, and at other times by researchers as we worked with respondents—provided women workers with an open channel to share their experiences and seek support as they evolved over time. This mixed method approach, integrating ongoing engagement from AFWA as required, sought to adapt to shifts in both data collection and field engagement contexts during successive waves of the COVID-19 pandemic.

AFWA reviewed this data set in order to answer the following research questions:

- What is driving informality in the garment sector? What are the structural features of the economy, and the garment industry more specifically, that create the conditions for informalisation in the formal sector and in the informal sector among home-based workers?
- How are legal frameworks structured to exclude informal sector workers from protection? How can existing legal frameworks be extended to include informal workers in the formal and informal sectors? How can we advance access to legal protection, accountability, and enforcement?
- How do intentional techniques of informalisation by garment production states, fast fashion lead firms, garment factories, and contractors assigning home-based work produce conditions for exploitation?
- How are hierarchical workplaces structured by roles that fall along a spectrum of informality?
- How are workers filtered into roles along this spectrum of informality on the basis of gender, social identity, and other axes of discrimination?
- What are the indicators of informalisation and discriminatory labour segmentation?
- How do indicators of informalisation and discriminatory labour segmentation correspond with exposure to particular rights violations?
- How can trade unions use collective bargaining strategies to protect the rights of informal sector workers within the garment sector and on other global supply chains?

Notably, this report on informalisation practices in garment production factories in Asia is the third in a series of reports that draws from this extensive data collection process. The first, *Money Heist: Covid-19 Wage Theft in Global Garment Supply Chains*, focuses on how financial consequences of supply chain disruptions were displaced onto low-wage women workers at the base of garment supply chains through the exercise of managerial power and leverage over workers, unilateral control over

employment, and corresponding forms of wage theft (AFWA 2021). The second, *A Stitch in Time Saved None: How Fashion Brands Fuelled Violence in the Factory and Beyond*, documents women garment workers' experiences of GBVH in the wake of the COVID-19 pandemic (AFWA December 2021). This report, *Threaded Insecurity: The Spectrum of Informality in Garment Supply Chains*, returns to this rich data set with a focus on understanding the informalisation practices that facilitate the rampant wage theft and GBVH described in the previous two reports. Accordingly, read together, these reports provide fresh insight into how informalisation practices draw back labour rights protections, exposing an overwhelmingly female workforce to economic exploitation and gendered violence.

In studying the experiences of women garment workers, this research engages in network-based rights mobilisation as a research practice (AFWA et al. 2022: 21). This approach seeks to use positions of power in knowledge generation to address extreme imbalances in both information and power. It does so by using research opportunities to strengthen network relations among research participants at all stages of the research process. Consistent with this approach, we conducted field investigations alongside initiatives by research partners to support women workers through their trade unions and collectives to identify and address GBVH in their workplaces, homes, and communities. Significant to our network-based research practice, AFWA will sustain engagement with these women workers through their trade unions and collectives, beyond the duration of the research cycle.

Finally, this research was designed and executed with the explicit aim of using findings in AFWA advocacy to address informalisation practices on fast fashion supply chains.. Accordingly, AFWA's dissemination strategy will include bringing findings back to the women who participated in this research through their trade unions and collectives; to the broader AFWA including national and international trade unions, workers' and women's organisations, and other civil society organisations; and to the lead firms on fast fashion supply chains who have the power to address informalisation practices, GBVH and other forms of workplace violence, and fundamentally transform working conditions on their supply chains.

## PART I

# **STRUCTURAL ROOTS OF INFORMALITY IN GARMENT SUPPLY CHAINS—STATE AND INDUSTRIAL PRACTICES OF INFORMALISATION**

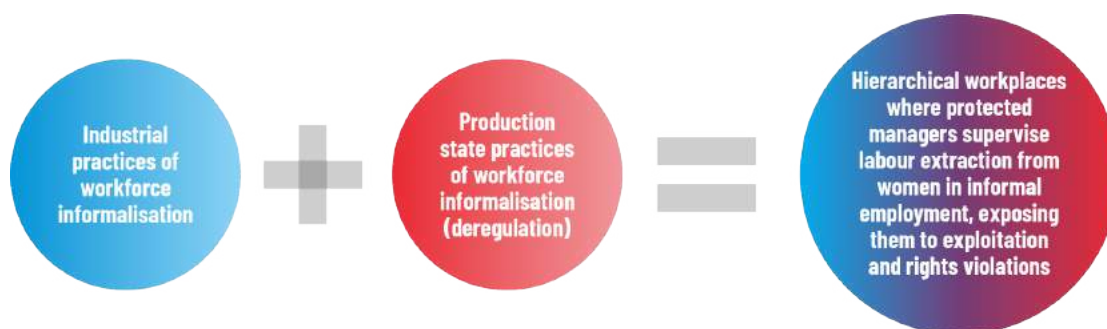
According to the International Labour Organization (ILO), informal employment is a job-based concept and it is defined in terms of the employment relationships and protections associated with the worker's job (ILO 2018: 7). Under ILO definitions, a job is considered informal if the employment relationship is not, in law or in practice, subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) (ILO 2018: 10). Notably, this analytic framework seeks to incorporate degrees of coverage of social and employment protection within an understanding of informality (ILO 2018: 1).

On garment global supply chains in Asia, lead firms, factories, and contractors systematically employ workers from informal labour markets that are structured by discrimination and oppression on the basis of gender, migration status, and social identity. Garment workers are also systematically hired into employment relationships where they may be excluded from labour law protections and denied social protection and employment benefits. These hiring and employment practices—referred to in this report as informalisation practices—are authorised by the systematic roll-back of labour rights protections by production states who seek to attract business to industrial production hubs.

The result: the workforce on garment production lines—overwhelmingly comprised of women in informal employment—is typically overseen by male managers in formal employment. Male supervisors are not only in positions of authority, but they also hold stable jobs. Distinctions in authority and employment stability entrench unequal relationships of power between production line workers and their managers. As

explained in the sections that follow, these dynamics—systematically produced by industrial and state workforce informalisation processes—expose women in informal employment to rights violations and GBVH (Figure 1).

Figure 1: Techniques of informalisation by production states, lead firms, and factories produce conditions for exploitation



## A. INDUSTRIAL PRACTICES OF INFORMALISATION

Buyer-led fast fashion global supply chains are characterised by unequal relationships of power between lead firms, which are overwhelmingly concentrated in headquarter economies of the Global North, and supplier firms that produce garments, which are for the most part, located in the Global South. Since fast fashion lead firms control access to product markets, they have greater bargaining power than supplier firms on supply chains. Accordingly, lead firms dictate the nature and terms of their business engagement with supplier firms (AFWA et al. 2022). This structure allows brands and retailers to drive coordinated production of goods by capitalising upon relaxed regulatory frameworks and a supply of low-wage labour in developing countries. These imbalanced economic relationships between brands and suppliers on garment global supply chains, together with buyer purchasing practices, drive informalisation on garment global supply chains.

### 1. Brands (lead firms) as drivers of informal employment

Brand or lead firm practices on fast fashion supply chains drive and facilitate workforce informalisation. Fast fashion brands hold disproportionate bargaining power on garment global supply chains, a buyer-driven market where they have the ability to source from myriad suppliers. As a result, they set the terms of business relationships with supplier firms, bargaining for short lead times, quick turnaround, and low Free-on-Board (FOB) prices. Fashion brand demands for production at a certain price and schedule are often incompatible with compliance with labour and employment laws (AFWA et al. 2022). As a result, brands drive informalisation by incentivising suppliers to hire workers in employment

relationships that are not subject to labour and social protection standards as specified under national law (AFWA March 2021).

Further, lead firm purchasing practices are also characterised by unstable relationships with supplier factories. These purchasing practices create real pressure on supplier factories, requiring them to quickly turn around orders without being assured of a subsequent order. Unstable relationships between brands and suppliers translate into unstable relationships between supplier factories and workers wherein supplier factories hire workers in informal employment to meet particular orders, rather than as permanent workers.

Garment workers produce clothes for brands, largely headquartered in the Global North, but they are not directly employed by these brands. Therefore, even though they drive working conditions, brands are not held legally responsible for employment conditions within garment factories. For instance, during the COVID-19 pandemic, brands refused to take any responsibility for the impacts of supply chain disruptions on either their supplier factories or the workers employed on these production lines. Instead, some brands even cancelled orders or refused to pay suppliers for orders that were already delivered. In short, they displaced market instability onto supplier factories who, in turn, passed these costs on to workers (AFWA 2021; GLJ-ILRF 2020).

## **2. Production factories and informal employment practices**

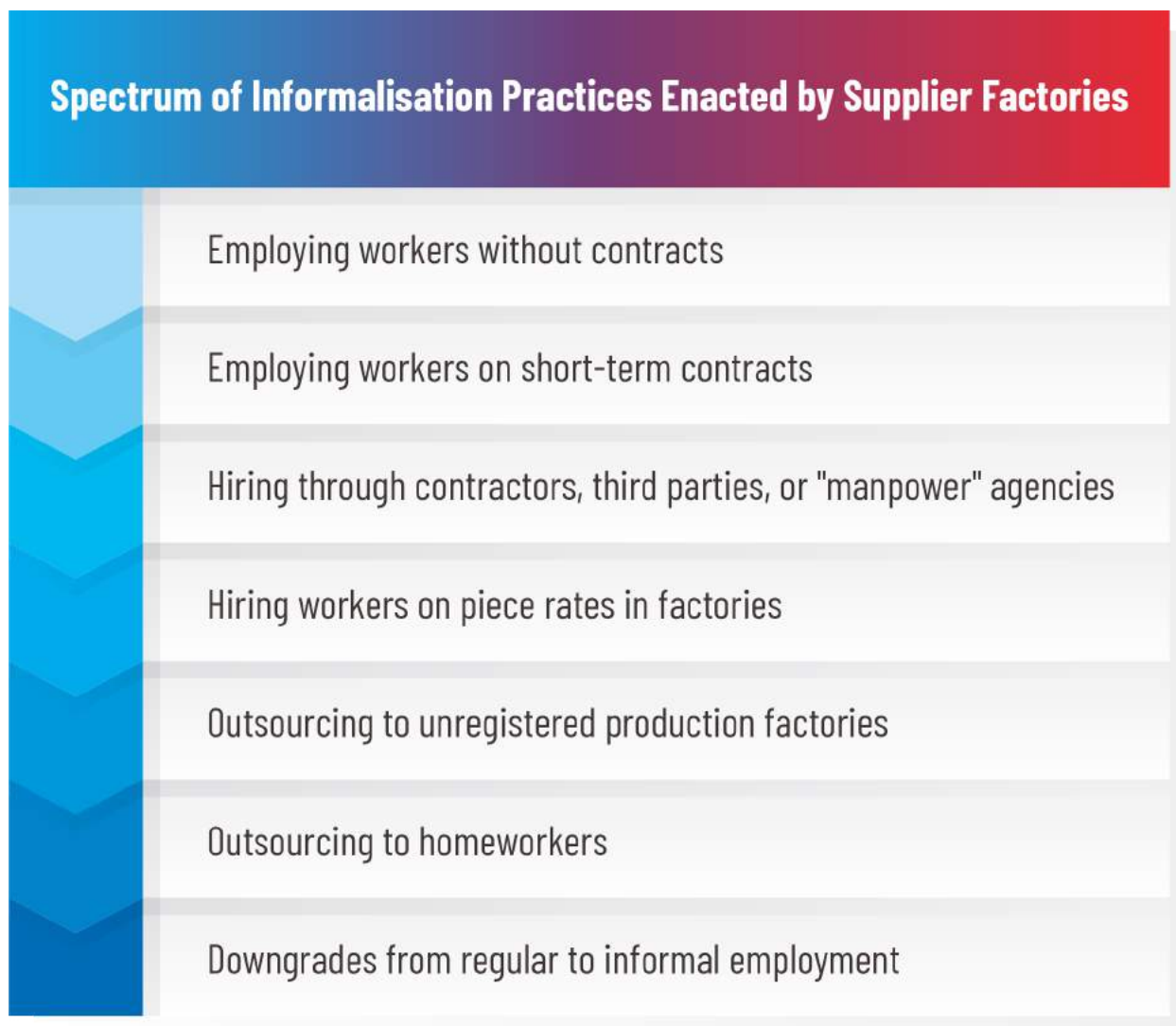
In order to manage the downward pressure that they face from lead firms to meet high-speed turnaround times at reduced costs, factories displace this pressure onto their workforce. Since 2010, garment brands and retail members of the UK Ethical Trading Initiative (ETI) have reported increasing reliance on informal employment—including contract labour and other forms of temporary work—within garment value chains (Chan 2013).

Informally employed workers cost less to employ per unit, receive lower wages, rarely receive non-wage benefits, including paid leave and social security, and can be hired and fired in line with firm needs. These terms of employment leave workers in informal employment particularly vulnerable to exploitation when compared to directly employed workers.

In order to access work from a ready pool of workers, production factories utilise a

range of workforce informalisation practices. These include hiring workers without contracts, on short-term contracts, through contractors or third-party “manpower” agencies, and as homeworkers. Factories also downgrade workers from regular positions into informal employment (Figure 2).

Figure 2: Spectrum of Informalisation Practices Enacted by Supplier Factories



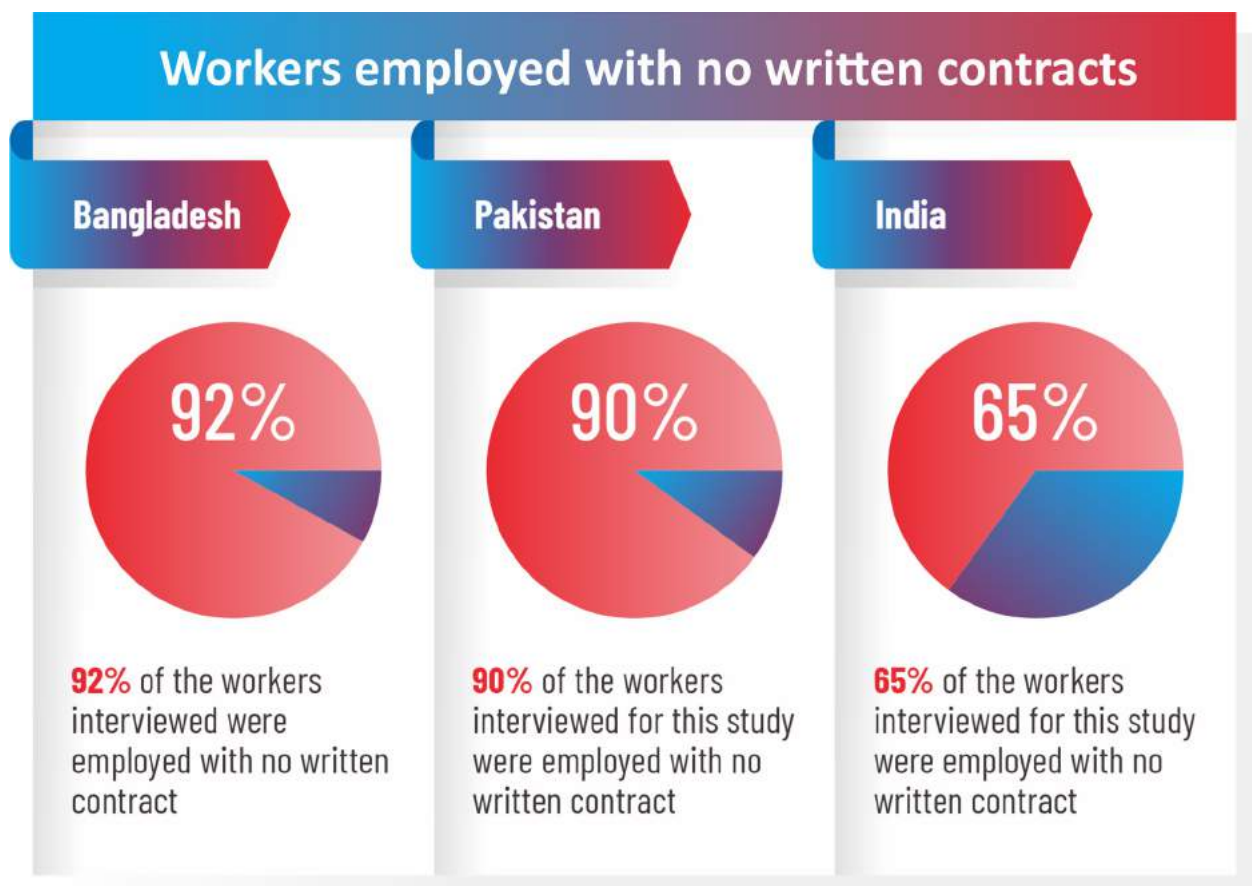
### ***Employing workers in factories without contracts***

Formal sectors, unlike informal sectors, are regulated by applicable national laws, including the right to a written contract. In the garment industry in Asia, however, workers in informal employment may be hired without contracts as daily-wage workers—most often in violation of national laws. Rather than contractually specified, conditions of employment are oral, informal, and implicit. These workers—often referred to as casual workers—have no access to social security even though they are employed directly by a factory. Unprotected by contracts,

working conditions for casual workers in informal employment are left entirely to the discretion of their employers.

The majority of the workers we interviewed for this study in Bangladesh, Pakistan, and India were employed with no written contract.

- In **Bangladesh**, 92% of the workers interviewed were employed with no written contract.
- In **Pakistan**, 90% of the workers interviewed for this study were employed with no written contract.
- In **India**, 65% of the workers interviewed for this study were employed with no written contract.



In Indonesia, whether or not workers held contracts varied widely depending upon their employment type.

- 100% of the workers employed as **daily wage workers** in Indonesia were employed without a contract.
- 51% of workers employed on **fixed-term contracts** held temporary employment without a formal contract.



- 23% of workers employed as regular workers on **unspecified duration contracts** did not hold written contracts with the employer.



### ***Employing workers in the factory on short-term contracts***

Garment supplier factories also hire workers on short-term contracts—employment contracts that last for a fixed term.

In India, the Industrial Relations Code, 2020, permits fixed-term employment—allowing an employer to decide not to renew a fixed-term contract. Fixed-term contracts may be set for as little as a few weeks or months to ensure that workers can be fired at the employer’s will, including for organising or filing complaints. Fixed-term contracts also function to exclude workers from benefits, including maternity benefits (AFWA March 2021: 25). The Industrial Relations Code, 2020, has yet to take effect.

In Indonesia, Fixed-Term Contract (FTC) workers are hired on contracts for a fixed time period. FTCs establish daily or monthly wage rates and do not provide long-term employment security or termination and seniority benefits. Under

Indonesia's Job Creation Law No. 6/2023—widely referred to as the Omnibus Law on Job Creation—FTCs can be renewed indefinitely. This makes it possible for garment supplier factories to keep workers in informal employment with no legally mandated pathway to regular employment status (AFWA March 2021). Wati, employed on an FTC in a factory in Indonesia for six years, described her working conditions:

*I have been working at the same factory for almost six years on short duration contracts. Due to COVID, there is now no overtime pay and I only get a holiday allowance<sup>2</sup> of 50% of my wages. I have no social security because each work contract is short—issued for only three months.*

As described by Wati, the practice of employing her on successive three-month contracts allows the company to sidestep paying social security. This practice of hiring workers on FTCs also allowed the company to unilaterally change her terms of employment—including withholding overtime pay and cutting holiday allowances during the COVID-19 pandemic.

Women workers employed on FTCs in a factory in Indonesia described contracts as short as one month. Notably, this factory belongs to a well-established group that supplies to American Eagle Outfitters, Zara, Pull & Bear, Macys, Kohls, Saks, Lands' End, Maurices, New York & Co., Jones New York, Nygard, Tom Tailor, Carters, Oshkosh, Aeropostale, and Alfred Dunner. According to civil society organisations in Indonesia, it is common practice to hire workers on short-term contracts of two to three months at a time and renew these contracts regularly. This practice excludes workers from seniority benefits, severance payments, and leave entitlements. It also denies access to social protection, including maternity leave and health insurance.

Workers in Indonesia on FTCs may also be paid by piece rate. A woman worker employed on successive month-long FTCs explained how her wages are calculated:

*The company implements a production target system using production units,*

2 Religious Holiday Allowance/Tunjangan Hari Raya (“THR”) is a nonwage income that must be paid by employers in Indonesia to their employees. On 6 April 2022, the Ministry of Manpower circular Number M/1/HK.04/IV/2022 concerning the Implementation of Religious Holiday Allowance in 2022 for Employees (“CL MoM 1/2022”), requiring employers to provide THR in accordance with the provisions of the employment law, namely Government Regulation Number 36 of 2021 concerning Wages (“GR 36/2021”), and Minister of Manpower Regulation Number 6 of 2016 concerning Religious Holiday Allowances for Employees (“MoM Reg 6/2016”). These 2022 regulations significant changes, including requiring employers to pay THR in full.

*with a low wage per piece of IDR 50 (USD 0.003) so that workers always get wages below the city's minimum wage. This happens to both male and female workers. We are generally hired as contract employees on a contract period of one month.*

Garment workers in Cambodia are also routinely hired on Fixed Duration Contracts (FDCs). These contract workers in informal employment enjoy limited job security and are denied access to social security schemes, including maternity benefits, paid annual leave, and seniority benefits. Under Article 67 of the Cambodian Labour Law, FDCs have start and end dates and are valid for less than two years. Workers in Cambodia interviewed for this study reported being hired on contracts as short as three months.

While FDCs can be renewed during the two-year period, by law, the contract becomes an Unspecified Duration Contract (UDC) after two years—providing a worker with regular employment status. Our research found, however, that this rule is routinely violated within garment factories in Cambodia. For instance, during the COVID-19 pandemic, garment workers who had been employed for 10-15 years in the same factory reported abruptly losing their jobs. Due to long years of employment in the factory, by law, they should have been recognised as regular workers. Despite their legal status as regular workers, however, 67% of these workers were denied termination benefits. Most of these workers were also denied seniority benefits. According to trade union leaders and representatives from civil society organisations in Cambodia, workers employed on FDCs are also routinely required to work overtime hours and receive lower wages than workers on UDCs.

### ***Hiring workers in the factory through contractors or third-party recruitment (“manpower”) agencies***

Across Asia, women garment workers are increasingly hired by third-party contractors or manpower agencies. Indonesia's Law on Job Creation, 2020, for instance, facilitates the use of labour supply companies in the garment sector (AFWA March 2021: 41).

In Sri Lanka, garment workers hired as trainees and through labour contractors (“manpower agencies”) comprise up to 40% of the workforce in some of the

factories AFWA investigated for this study. Workers hired by contractors and as trainees earn lower wages than regularly employed workers and have limited access to social security benefits and job security. According to trade union leaders and civil society representatives from Sri Lanka, while manpower workers are still viewed as factory employees under the current labour law—allowing them to hold the factory liable for rights violations—proposed labour law changes seek to remove all liability from factories for rights violations on their premises.

Securing daily work within a factory as a manpower or contract worker is not guaranteed. A woman worker employed by a manpower agency in Sri Lanka described reporting to factories as directed by the agency and then returning home without work:

*Some days, we go to manpower work, but they send us back saying only 15-20 workers are hired that day. We have returned home some days without work. We go the next day too, and the same result. Some days they hire, other days not. If we work, we get money; if we do not work, we don't get paid.*

In fact, workers in informal employment through manpower agencies in Sri Lanka reported extended periods of time without work. One worker explained: *"Sometimes there are phases without work for a week or even two."*

Women are disproportionately concentrated in informal employment as contract workers and trainees. For instance, in Sri Lanka, 17% of women workers in the garment industry are hired as trainees or through manpower agencies, when compared to 8% of male workers (AFWA 2021b: 27). Like in factory employment where male workers typically earn higher salaries than women workers, women workers from Sri Lanka report that they get paid less by manpower agencies than their male counterparts—manpower agencies pay LKR 1,000 (Sri Lankan Rupees) (USD 3.21) a day to men, and LKR 900 (USD 2.88) a day to women workers. Trade union and civil society organisation representatives from Sri Lanka report that when factories close or orders decline, manpower workers are the first to be terminated.

In India, workers in informal employment who are hired by contractors receive a monthly wage, but typically do not hold a contract and do not have access to social security. On average, workers are employed by a particular contractor for a fixed period of one or two years. While contract work was prohibited in core activities under India's Contract Labour Regulation and Abolition Act, 1970, the

Occupational Health, Safety, and Working Conditions Code, 2020 expands the scope for garment factories to hire contract workers (AFWA March 2021: 25). Like workers employed on fixed-term contracts, contract workers can be fired by employers at will, including for organising or filing complaints (AFWA March 2021: 25). The 2020 Occupational Health and Safety Code is yet to take effect.

Garment factories in India commonly hire large contractors to supply workers across a range of departments. Within one garment factory, two to three contractors may be responsible for providing workers at any given time. Since contractors typically work with multiple factories, they can facilitate consistent employment for workers, albeit at different factories. Women described engaging with large contractors in diverse configurations. They may be hired directly by large contractors or engaged by agents affiliated with large contractors. These subagents may also function as line in-charge supervisors on the factory floor (Silliman Bhattacharjee 2022).

At best, contractors facilitate consistent access to a flexible low-wage workforce for factories and regular temporary gigs for workers, but short circuit access to employment benefits and wage increases that come with permanent positions. Trade union representatives and union affiliated workers describe the negative implications of large subcontractors on freedom of association.

The availability of a pool of contract workers makes it easier for garment factories to blacklist workers who attempt to unionise. By undermining freedom of association and collective bargaining, contractor segments contribute to foreclosing opportunities for worker governance on garment supply chains (Silliman Bhattacharjee 2022).

### ***Hiring workers on piece rates in factories***

Factories also hire workers on piece rates, where their earnings are determined by the number of pieces they complete. This mode of informal employment requires workers to be available to meet piece-rate targets, but gives them no wage or employment security. Workers hired on piece rates are hired without standard contracts, excluding them from legal protection.

Nadia, employed on piece rates for over two years at a garment production

factory<sup>3</sup> in Faisalabad, Pakistan, described earning wages proportional to the targets assigned in the factory:

*I prepare pieces as per daily targets in the factory. If the work is more, we get approximately PKR 22,000 (USD 135.28); and if it is less, we only get PKR 13-14,000 (USD 79.93-86.08). I have to work for 10-12 hours daily. Weekly, I take off on a Sunday which is permitted by the factory, but we are not paid for this leave.*

As described by Nazia, piece-rate workers receive no paid leave since their salary is directly proportional to the work they complete.

A woman worker employed on piece rates in Pakistan during the COVID-19 pandemic described how the factory where she worked manipulated piece rates to meet their exact production requirements, while providing workers with fewer pieces than they needed to meet their personal and family consumption needs:

*When we returned to work after the one-month layoff period, instead of providing any help to deal with financial constraints, piece rates were decreased. Due to decline and cancellations of orders from brands, we were given lesser work since most of us work as piece-rate workers. Therefore, we could only manage to earn PKR 5,000-6,000 (USD 30.91-37.09) fortnightly. Meanwhile our overtime hours were increased and despite working till late night, we got less money.*

While piece-rate workers have to be available according to hours specified by the factory, this may not translate into an increased number of pieces completed. Accordingly, as described above, extended working hours to meet factory demand may not be compensated. In another factory in Pakistan,<sup>4</sup> workers in informal employment hired on piece rates, also described being forced to work extended hours without compensation:

*Our work hours increased without any additional payment. We were forced to do double duty and stay at work over night to meet targets.*

Notably, piece-rate workers in Pakistan reported that piece rates have not increased to match inflation. A worker in informal employment on piece rates in a factory in Faisalabad, Pakistan, explained:

*Inflation struck us hard in the past 10 years, but my salary based on piece rates has not increased. I am still working at the 10-year-old piece rate.*

3 MTM [Factory name in case AFWA wants to add brands].

4 MTM Crescent Apparel Division, Shiekhupura [Factory name in case AFWA wants to add brands]

### ***Outsourcing to unregistered production facilities***

Workers interviewed for this study described finding employment in unregistered production setups where they are hired without a contract. Workers in these unregistered production units earn significantly less than in the factory and do not have social security benefits.

In Bangladesh, registered garment factories are supplied by subcontracting orders from unregistered production facilities that operate without formal oversight from the government or brands (GFEMS 2022). Trade union and civil society organisation representatives from Bangladesh reported high production targets, low wages, and extreme difficulty forming unions in unregistered facilities.

According to an unpublished 2020 study, trade union leaders and representatives from civil society organisations in Cambodia refer to these small production facilities as “sweatshops.” These unregistered production facilities—often opened by supervisors from registered export factories—vary in size from 30-70 workers on the small side to 90-200 workers on the large side. Sweatshops produce for export factories and local markets, hiring younger, pregnant women and elderly workers for significantly lower wages than in registered factories. For instance, one worker in Cambodia reported earning KHR 122,430 (USD 30) per month, whereas in her previous role within a factory she earned KHR 820,281 (USD 201) as a base salary and KHR 1,101,870 (USD 270) per month, including overtime. Workers also described poor working environments, including tiny workspaces.

In Indonesia, the Law on Job Creation, 2020, makes it legal for businesses to subcontract in areas where it was previously not permitted and lifts requirements for written contracting (AFWA March 2021). A worker in Indonesia described finding work in a small production unit after experiencing wage theft at a larger factory. She described being paid a piece rate and earning far less each month than minimum wage.

### ***Outsourcing to homeworkers***

Supplier factories commonly incorporate the labour of homeworkers—workers who work in their own homes or premises other than the employer’s workplace to produce products according to order specifications (ILO 1996). Manufacturing factories typically contract tasks—most often embroidery or finishing—on almost-

finished garments. The finished pieces of work are return to the factory, via the contractor, and the homeworkers are paid for the tasks performed (AFWA et al. 2022: 155).

The practice of outsourcing to homeworkers is widespread:

- In **India**, a 2019 survey of 340 factories in Delhi and Bengaluru found that 58% of factories outsourced to homeworkers (Anner 2019).
- In **Cambodia**, trade union leaders and civil society organisations report that home-based work is on the rise among garment workers.

Homeworkers are not protected by minimum wage laws or afforded labour rights protections, and since it is outside of the mandate of government inspectors to inspect private homes, factories can cut costs associated with maintaining workplaces and required safety measures by outsourcing to homeworkers. According to trade union leaders in Sri Lanka, outsourcing to home workers who cut threads from finished garments for piece-rate payments is common but extremely difficult to trace. Work assignments are commonly passed from export factories to homeworkers through layers of intermediaries—sometimes as many as three intermediaries.

Huma, who was in informal employment as a helper at a factory in Lahore Pakistan, found informal employment as a homemaker after she lost her job during COVID-19. Hired on piece rate in both the factory and as a homemaker, she reported receiving a lower rate per piece by one-third as a homemaker:

*Factory owners terminated us when orders were cancelled. In the factory, wages are better than working as a home-based worker. Women workers mostly do clipping work for meagre wages. Factory workers get PKR 3 (USD 0.018) per piece for clipping work; however the rate for home-based workers is PKR 2 (USD 0.012).*

Further undermining accountability, homeworkers typically work based on oral agreements with contractors and often do not know the factory or brand for whom they are working (AFWA et al. 2022: 157, 161).



## ***Downgrading from regular to informal employment***

### *Downgrading to contract and daily wage work*

In the immediate aftermath of the COVID-19 pandemic, workers from across Asia reported losing their status as permanent employees and instead being rehired by the same or other factories as contract workers, or finding daily-wage employment through labour contractors. In a factory in Karachi, Pakistan, workers reported that when the factory reopened after a lockdown, all workers in the factory were either terminated or downgraded from regular to informal employment:

*When the factory reopened, a lot of workers were fired. The rest of us were forced to work excessive hours without overtime payment. All workers with permanent status were changed to temporary workers. On a daily basis, we were threatened that we would be fired. We were not registered under any social security schemes, so we did not have access to healthcare during the pandemic.*

The practice of downgrading all employees from permanent positions to daily-wage workers was in fact commonly reported by workers in Pakistan. A worker from another factory explained:

*All workers were removed from permanent positions. The reason for moving everyone from the permanent list is that, as per company policy, they have to give permanent workers access to facilities and benefits. We are now working as daily wagers without any benefits.*

At the height of the COVID-19 pandemic, when workers were in dire need of access to health care and social security benefits, these benefits were abruptly cut—leaving many to take on medical and other debt in order to meet urgent needs.

In September 2020, Indonesian workers also previously hired on regular contracts reported being rehired as FTC workers in informal employment. Sari, a 35-year-old garment worker employed in a factory in Indonesia that supplies to The Children's Place, described the difference in her terms of employment when she was fired from regular employment and hired back by the same factory in September as an FTC worker in informal employment:

*The factory laid off all workers in July and August and paid us only half our wages.*

*In September, when they called us back, they forced permanent employees like me to resign and rejoin as contract workers with three-month contracts. We lost access to health insurance, social security schemes and faced wage cuts.*

In India, once regularly employed workers also reported being rehired as contract workers in the same factory. Mahesh, a migrant worker employed by a US Polo supplier factory in Gurgaon explained:

*We received no wages for the lockdown period. Once we returned to work after the lockdown, they asked us to resign and rejoin the factory as new employees. If we refused to do that, they threatened to terminate us. We used to be permanent employees. The new contracts make us contract employees. I did not receive my gratuity amount after I resigned and I lost all access to social security schemes when I rejoined.*

In Indonesia, workers—especially women above the age of 30—described losing permanent positions during mass layoffs and finding informal employment in other factories as piece-rate workers hired outside of formal recruitment pathways that include application letters and interviews. Warsini, for instance, was laid off together with 1,140 other workers when the garment supplier company she worked for shut their operations in April 2021 without paying workers their final salaries, severance pay, or holiday allowances—even after the union won a lawsuit against the company on behalf of workers experiencing wage theft.

*In April, I was laid off. In June, I applied to a new factory, and I was accepted as a sewing machine operator with the status of a daily-wage worker on a probationary period of three months. In my other role, I earned IDR 3.7 million per month (USD 258.63), in line with the minimum wage in Bandung. This new factory is in Bandung Cimahi where the minimum wage is lower so I will earn IDR 3.2 million (USD 223.68). Right now, I am working as a trainee so I earn only IDR 129,000 per day (USD 9.02). There is no union within the company, and since I am still a trainee, I do not get any social security benefits.*

In the transition from regular to trainee status, Warsini experienced nearly a 20% cut in pay and forfeited social security benefits. She also moved from a unionised to a non-unionised factory and lost her right to freedom of association and collective bargaining. Despite six years of experience as a sewing machine operator, in this new factory, she began again as a trainee.

In Cambodia, garment workers described abruptly losing their jobs and then seeking employment through contractors. Sophea, a 36-year-old garment worker in a factory that supplied to Nike, explained:

*After my factory abruptly shut down in May, I did not receive my full severance payments which I legally earned after working for five years in the factory... I did not want the debt collectors to take away our new house, so I tried to get daily shifts in other garment factories through contractors.*

Cambodian workers who lost their jobs within factories also described finding employment in small production shops with 10 or fewer workers.

#### *Afterlife in the informal economy*

Women production line workers in garment factories, for the most part, age out of employment by age 35. This is due to an industry preference for younger women who can sustain the rigor of meeting extremely high production targets; and who are less likely to be married and therefore more likely to submit to compulsory overtime work (AFWA et al., 2022). When they age out of informal employment, women workers in the garment sector routinely find work in the informal sector. The women we spoke to for this research also reported finding employment in home-based garment work and other informal sector employment after losing their jobs within factories during the COVID-19 pandemic.

Suha, a 35-year-old garment worker at a Primark supplier factory in Karachi, Pakistan, explained:

*Having been employed as a contract worker, I was unable to get any severance benefits when I was terminated, though I had worked for three years in the factory. After losing my job, I became a home-based garment worker, but the pay was less than half of what I earned in the factory... I could not meet our basic expenses.*

Ayesah, a 33-year-old garment worker at a Tesco supplier factory in Faisalabad, Pakistan, explained:

*After being laid off from the company in May... since June, my 15-year-old daughter and I have been working from home, stitching embroideries for a local retail shop that pays PKR 5 (USD 0.03) per piece. Even if we complete 100 pieces a day by working more than 10 hours, we hardly earn PKR 500 (USD 3.09). My*

*14-year-old daughter has also started working with us from December 2020. Both my children have dropped out of school as I don't have any money to pay for school fees. We can only feed ourselves if all of us work.*

Darlia, a 35-year-old garment worker employed in an H&M supplier factory in Indonesia, explained:

*I voluntarily resigned from my job in November 2020 because I lost wages of almost IDR 12 million (USD 825.84) after the No Work, No Pay policy started in my factory in June 2020. Once it started, the pay could not support the needs of my family, especially as food and education costs increased. Now I work as a tailor in a micro enterprise three days a week, nine hours a day while also working as a domestic worker on the weekends.*

Consistent with these experiences, an analysis of the life history of 20 women garment workers in Bengaluru, India, over the age of 40 years found a common employment trajectory from garment factories to the informal sector in Bengaluru. Among the women interviewed, 17 out of 20 women left the industry with considerable amounts of debt, ranging from INR 50,000 (USD 730) to INR 500,000 (USD 7,305). None of the 20 respondents reported leaving with any savings. After leaving Bengaluru's garment factories, women workers took up domestic work in private households and offices, home-based garment work, or agricultural work (Mezzadri and Majumder 2018).

Downgraded from factory employment, women who found work within the informal economy were particularly at risk when the COVID-19 pandemic hit. The International Domestic Workers' Federation (IDWF) explains:

*During the pandemic, alongside inhumane work hour increases of those who remained employed, domestic workers suffered massive losses of jobs with no safety nets to fall back on in the absence of social protection. With no immediate resources to spend on their livelihoods, domestic workers found themselves battling long-seated structural barriers to decent life: displacement, food insecurity, risks of homelessness, amongst other. (IDWF September 2021: 7).*

## **B. PRODUCTION STATE PRACTICES OF INFORMALISATION**

Employment security, protected by a contract between a worker and employer, is fundamental to economic security at the individual and household level. A regular

employment contract specifies rights that are mutually recognised by workers and employers and protected by the state. Despite the critical importance of the labour contract for workers and their families, during the past five years, governments in Cambodia, India, Indonesia, and Sri Lanka are rolling back labour rights protections by facilitating informal employment, reducing labour law protections, and allowing lax enforcement of labour and employment laws (AFWA March 2021). As described in the previous section, standard contracts in the garment industry are being replaced by informal employment practices (including daily, monthly, and fixed-term contracts). Legal exclusion, or the withdrawal of the protection of the state, not only leaves the structural violence of supply chain exploitation unchecked, but also enacts symbolic violence by reinforcing the status of garment workers as unworthy of legal protection (Silliman Bhattacharjee 2023).

Fashion brands demand production at prices and on schedules that are often incompatible with labour and employment laws. To meet these demands, governments have prioritised garment exports as a means of economic growth by weakening labour rights protections and their enforcement. Across Asia, over the last decade, workers have been systematically excluded from drafting laws and setting wages that affect their interests, temporary employment has been integrated into labour law reforms, union protection has been restricted, and social safety nets have been systematically unravelled (AFWA March 2021; Silliman Bhattacharjee 2018).

- In **Cambodia**, the Trade Union Law, 2016, restricted the right to form, join, register, and make rules for a union in full freedom. The Trade Union Law, 2016, also restricted the rights to lawfully strike and to represent members without government interference. While the Trade Union Law was amended in 2020, the amendments fall far short of addressing concerns raised by trade unions. Notably, the Law on Minimum Wage, 2018, expands wage protection by extending minimum wages set through tripartite wage-setting processes to all workers within the ambit of the Labour Code, 1997. However, during wage setting processes in the garment industry, only 5 out of 17 union representatives came from independent trade unions, leaving wages below union demands. (AFWA March 2021: 10-17)
- In **India**, the Code on Wages, 2019, sets wages by region and skill level, permits low minimum wages and reduces protection against wage theft and wage discrimination. The Industrial Relations Code, 2020, formalises fixed-term employment. When an employer does not renew a fixed-term contract, workers are not entitled to notice. It also makes it easier to terminate permanent employees,

makes a legal strike impossible since striking triggers mandatory conciliation and striking is illegal during conciliation, and restricts union leadership. It also makes it possible for labour tribunals or opposing parties to deny workers the right to representation in labour tribunals, and further denies access to civil courts in cases of unfair adjudication. The Occupational Safety, Health and Working Conditions Code, 2020, and the Code on Social Security, 2020, reduce safety standards and social protection, respectively. This 2020 slate of legislation passed despite a pan-India strike by central unions, a boycott by the opposition party, and large-scale protests by unions. (AFWA March 2021: 19-33). These codes are yet to take effect in India.

- In **Indonesia**, beginning in 2003, the government has systematically deregulated labour protections—including, in 2008, with a joint regulation by the ministers of Manpower and Transmigration, Internal Affairs, Industry, and Trade calling upon regional governors not to raise minimum wages that may deter foreign investment. The Job Creation Law No. 6/2023—widely referred to as the Omnibus Law on Job Creation—exempts certain sectors from minimum wages, increases permitted overtime hours, reduces availability of paid leave, and eliminates limits on fixed-term employment and subcontracting. The Omnibus law passed despite worker protests. (AFWA March 2021: 34-41).
- In **Sri Lanka**, the draft labour and employment law permits an employer to terminate a contract unilaterally and without compensation in response to a broad range of allegations against an employee without impartial inquiry. It also seeks to recognise manpower agencies as the principal employer for manpower workers, further reducing employer liability among factories and brands. The draft law permits extended working hours, unpaid overtime, and overnight work. The draft law also places restrictions on freedom of association by making it more difficult to form a trade union and restricts the right to strike (AFWA March 2021: 42-54).

The systematic weakening of trade unions in Asia undercuts all other labour rights and their enforcement. First, freedom of association is a cornerstone right because it creates the conditions for trade unions and workers' movements to intervene in structural violence by advancing, defending, and enforcing all other labour rights. In the arena of legislation and policy, trade unions have the capacity to impact labour standards beyond the capacity of any individual worker. For instance, where social protection floors exist—nationally defined guarantees of essential health care and income security—they were won through protracted struggles by trade unions and trade union engagement in social dialogue (GLJ-ILRF 2021; ILO 2023; Silliman

Bhattacharjee 2023).

Systematic deregulation within garment production countries reduces costs of production. Accordingly, low labour costs have come to be seen as a comparative advantage, and the deregulation of labour along with weakening of trade unions, has become a precondition of export-led development (Mezzadri 2008). In fact, a 20-year analysis of the relationship between export-oriented development and workers' rights (1989-2010) revealed that garment suppliers in countries with higher incidence of labour rights violations increased their share of exports, while those demonstrating a higher incidence of labour rights protections saw export drops (Anner, Bair, and Blasi 2012).

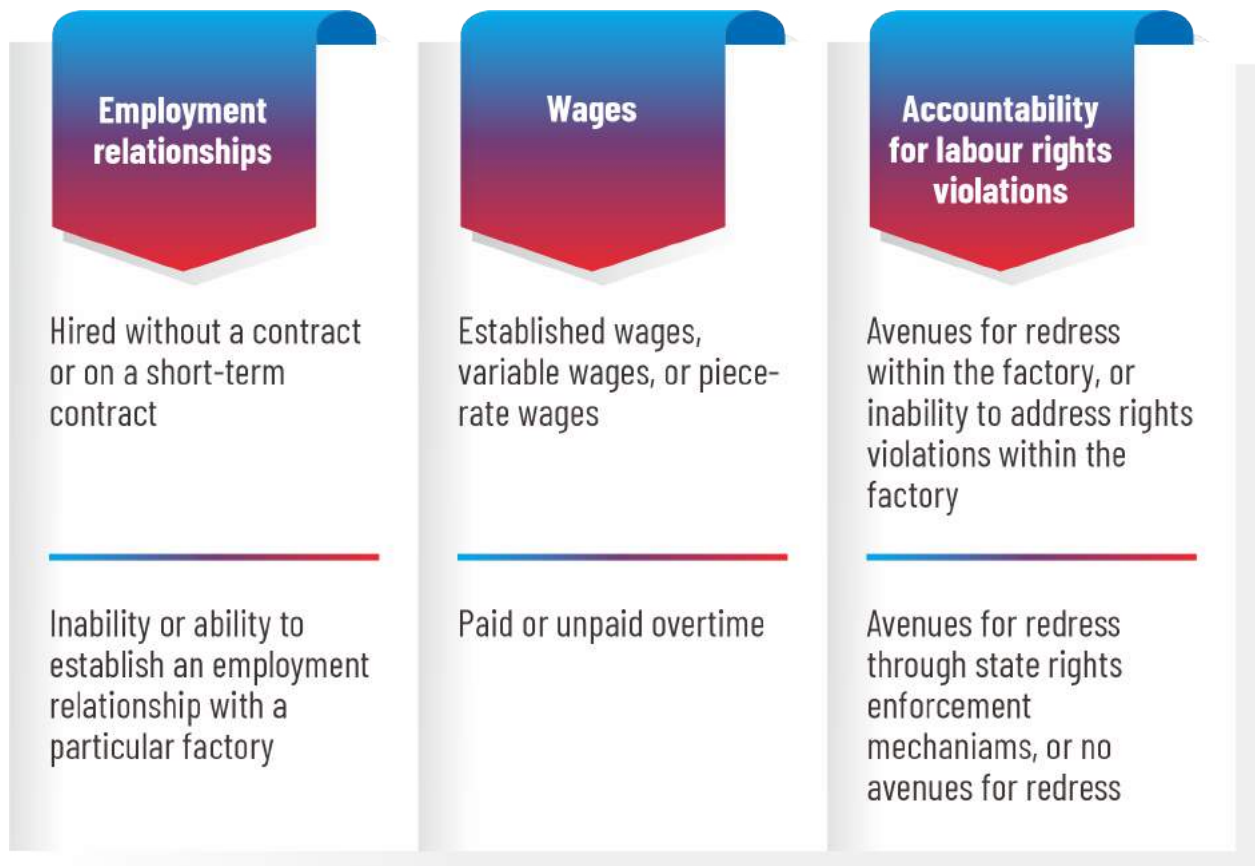
In short, nation-states facilitate the labour exploitation of workers by excluding these workers from labour rights protections. These practices of legal exclusion have been systematically reinforced by deregulation of national labour markets in the late twentieth century—which, in developing markets in the Global South, has been driven by structural adjustment aimed at facilitating the inflow of foreign direct investment and contracts from lead firms (Lee, Gereffi, and Beauvais 2012) on fast fashion supply chains.

## PART II

# INFORMALITY, WORKPLACE HIERARCHY, AND DISCRIMINATION

The informal employment relationships described in Part I correspond with varying degrees of diminished labour rights protections, predictability, and security due to variations in employment relationships, wages, and accountability for rights violations (Figure 3).

Figure 3: Variations in labour rights protections, predictability, and security for garment workers in informal employment

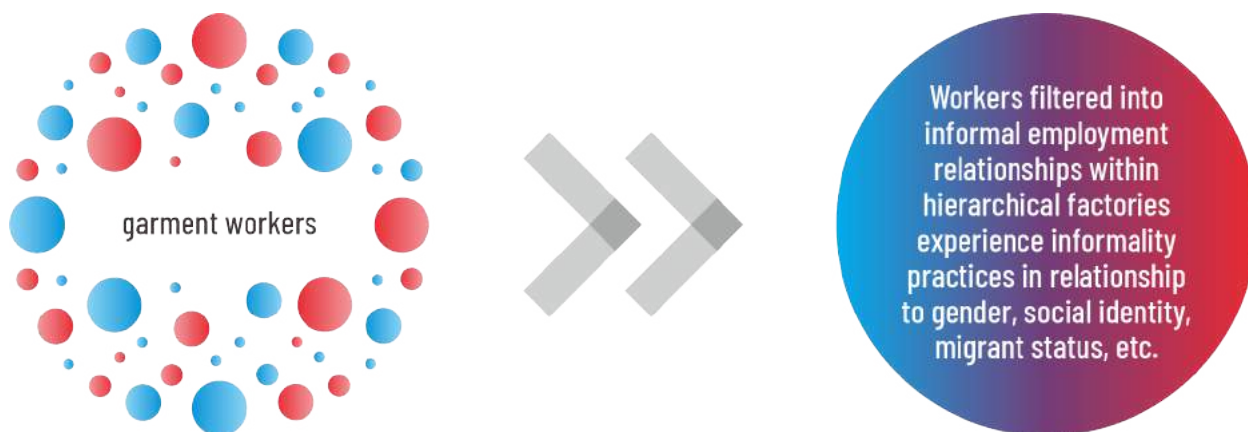


Workers are filtered into roles along this spectrum of informality on the basis of gender, social identity, and other axes of discrimination. AFWA research found



that across Asia, women workers are disproportionately concentrated in informal employment. We documented heightened discrimination against pregnant women, mothers, and women over the age of 35 years in informal employment.

Figure 4: Workers are filtered into roles along this spectrum of informality on the basis of gender, social identity, and other axes of discrimination



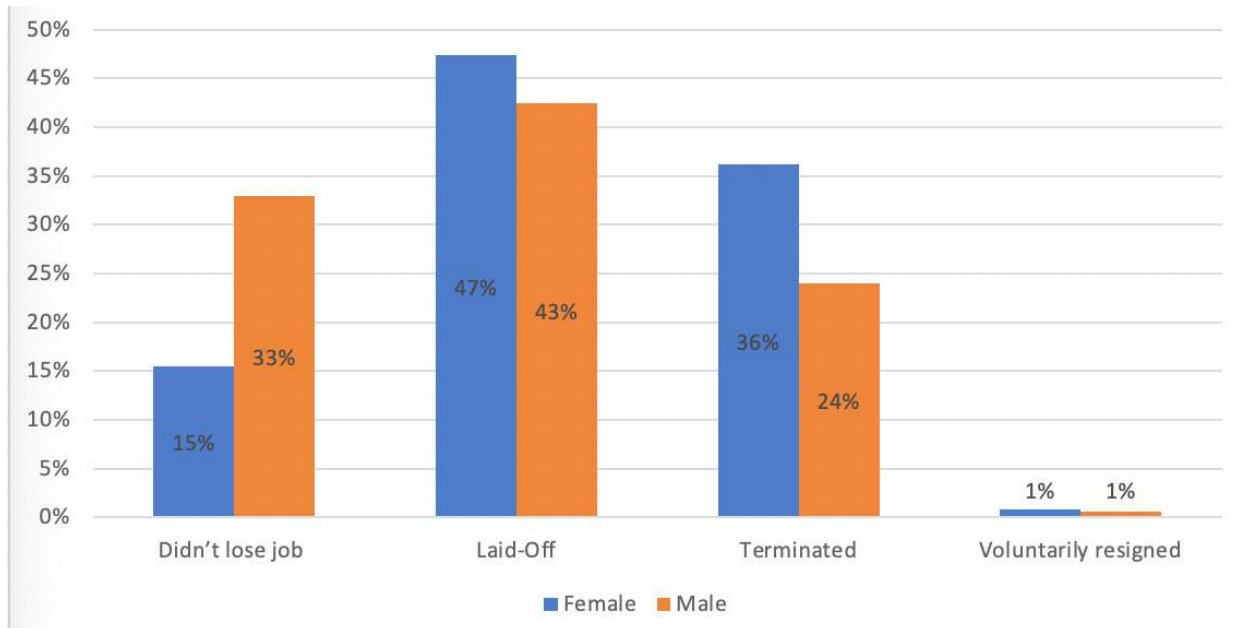
### ***Concentration of women workers in informal employment***

Women make up approximately 75% of the garment workforce worldwide, amounting to more than 60 million garment workers globally (Solidarity Center 2019). Gender-based occupational segregation powerfully conditions the demand by employers for low-skilled women workers, partly because women are paid less than men (e.g., UN Women 2022).

Across the garment sector in Asia, women workers are overwhelmingly concentrated in informal employment in the production department. Within factories, they hold subordinate machine operator, checker, and helper roles, and are overwhelmingly supervised by male line managers. (AFWA et al. 2018a-c; AFWA et al. 2022; Silliman Bhattacharjee 2020).

Women workers in informal employment have little to no job security and can be laid off or terminated at the will of the employer. For instance, across Bangladesh, Pakistan, India, Indonesia, and Cambodia, of the women interviewed for this study, only 15% retained their employment when the COVID-19 pandemic disrupted global production networks. 43% of women were laid off and 36% were terminated. An additional 1% resigned from employment. By contrast, 33% of male workers retained their employment, 43% were laid off and 24% were terminated. (Figure 5)

Figure 5: Employment status in relationship to gender during the COVID-19 pandemic



### ***Discrimination against pregnant women and mothers in informal employment***

During the COVID-19 pandemic, our research found that pregnant women in informal employment in Cambodia, India, Indonesia, Pakistan, and Sri Lanka were also among the first to be terminated or forced to resign when factories contracted their workforce during periods of lock down or supply chain disruption.

In some factories in India, workers reported that all pregnant women were terminated immediately after the COVID-19 lockdown. In a garment factory in Bengaluru, for instance, women workers reported that all pregnant women were given half their monthly salary and laid off when the lockdown began. Women also reported all pregnant women losing their jobs in factories in Bengaluru and Faridabad that supply garments to American Eagle, Nautica, Old Navy, Vans, and other VFC brands. One factory in Bengaluru went so far as to force all women workers to undergo mandatory ultrasound scans, violating their privacy and bodily rights, and used the results to terminate pregnant women workers. Consistent with the wage theft dynamics described previously, none of these workers received full severance benefits.

Women workers employed as piece-rate workers in a factory in Pakistan described women facing threats of termination if they requested leave to look after their children when they were sick:

*If any worker refuses to stay for double duty and says she has young children or her children are sick, she is threatened that she will be dismissed.*

Across garment supply chains in Cambodia, India, Indonesia, Pakistan, and Sri Lanka, mothers of young children were also forced out of employment when factories refused to open legally mandated creche facilities<sup>5</sup> following the COVID-19 pandemic. For instance, in India, the Maternity Benefit (Amendment) Act, 2017, requires factories with more than 50 employees to provide creche facilities for children under six years old. However, our research found that young women workers in Karnataka were forced out of employment when garment factories refused to reopen creches after the lockdown. Trade union respondents from Karnataka described this as a deliberate move to force young women workers in informal employment to resign (AFWA May 2020: 14).

Trade union leaders in Sri Lanka explained that women with children are disproportionately concentrated in manpower work because they are forced to drop out of work due to being granted no maternity leave or limited maternity leave. When they return to work, manpower jobs are typically the only jobs they can access.

Discrimination against pregnant women and mothers does not stop with factory employers. Women workers employed through manpower agencies in Sri Lanka also reported discrimination in hiring against pregnant women and women with small children. According to Chaturika, employed through a manpower agency in a Nike supplier factory in Sri Lanka:

*The company is not hiring new workers these days and they do not hire pregnant women or mothers with small babies.*

### **Age discrimination against women in informal employment**

It is common practice on garment supply chains for women workers to age out of employment by the age of 35. In fact, researchers have documented this trend of workers leaving factories when they are between 30 and 35 years old in Bangladesh, Cambodia, India, and China (War on Want 2011, 2012; Pun Liu, and Lu 2015; Mezzadri and Majumder 2018; AFWA et al. 2022). The systematic practice of terminating women workers by age 35 is facilitated by hiring them in informal employment without job security.

Consistent with these industrial trends, women interviewed for this study described

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<sup>5</sup> Maternity Benefit (Amendment) Act, 2017, India (factories with more than 50 employees are required to provide a creche for children under six).

industrial practices of firing women over the age of 35 in order to downsize the workforce during the COVID-19 pandemic. In Pakistan, women workers from a factory supplying to Inditex and NEXT reported that all staff over the age of 50 were terminated—a total of 10 women workers, including four widowed women. In Triangle Apparels, a garment factory in Bengaluru that produces garments for Gap Inc., women reported that all women over the age of 50 were terminated when the lockdown began. In Kapashera and Faridabad, women workers also described more senior workers as the first to lose their jobs during the pandemic.

A woman garment worker in Bangladesh described the pressure she faced to quit her job:

*When the COVID-19 situation started, my supervisor said to me, 'You are old, corona will attack you and then you will kill all of us. You should quit your job.'*

When workers over the age of 35 lose factory jobs it is particularly hard for them to find other work in the garment sector. Pech Som Ath—age 37—who worked in the laundry department in a garment factory in Cambodia explained:

*I lost my job during the COVID-19 pandemic and it has been extremely difficult for me to find a new job due to my old age.*

According to Safia, in informal employment on piece rates in a factory in Pakistan, when women above the age of 35 are fired from the factory, they are hired by contractors at lower wages.

Systematic practices of retrenching senior workers leave young women workers without access to their seniority and tacit experience in responding to workplace violence and, therefore, make them more vulnerable to abuse (GLJ-ILRF 2020; AFWA et al. 2022). Across the factories we studied in Bangladesh, Cambodia, India, Indonesia, and Pakistan, 75% of workers over age 55 were male and only 25% were female.

Piece-rate workers also described aging out of employment. A homemaker employed on piece rates by a factory in Lahore, Pakistan, described being refused piece-rate homework due to her age, despite working for the factory for a decade:

*The factory refused to hire me for home-based work because I am over 50 years old, even though I have been working in the factory for a decade.*

### ***Concentration of migrant workers in informal employment***

Despite poor wages and working conditions for garment workers in informal employment, workers continue to migrate for employment to garment production hubs. Migrant workers from rural areas are willing to migrate for wages even below or just at the legal minimum wage since wages in urban areas and production hubs are still higher than in agriculture and other rural sectors. This is especially true as rising temperatures lead to crop failures in rural areas across the globe. Women earn even less than men in rural areas, and accordingly, are willing to migrate for informal employment at even lower wages than their male counterparts. (AFWA et al. 2022: 13,14). Depressed wages for women workers in developing countries corresponds with lower wages within the garment sector. In Cambodia, Indonesia, Pakistan, and Sri Lanka, AFWA research finds that women workers earn between 10% and 25% less than male workers for similar work.

### ***Concentration of Dalit and Muslim workers in informal employment***

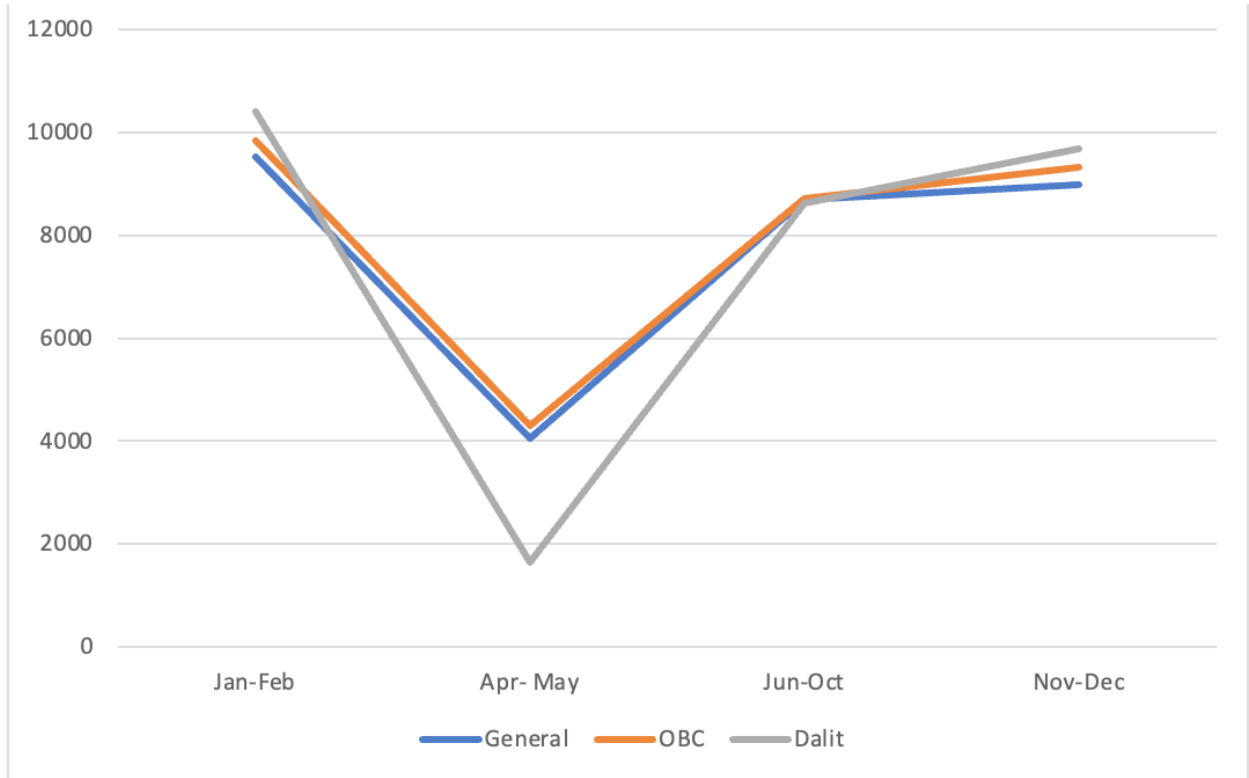
Dalit women interviewed by AFWA reported applying for jobs as tailors, but instead being hired as cleaning staff in informal employment on the basis of their caste. Saraswathi, informally employed as a cleaner for a factory based in Tirupur, India, described her experience:

*I applied for a tailoring position, but due to my caste, I was asked to join as cleaning staff and made to clean dirty toilets, factory floors, and the open ground around the factory. I am paid INR 150 (USD 1.81) per day for a 10-hour shift—and I have to stay even longer if the tailors are working overtime. I am hired as a contract worker, so I have no social security benefits.*

Dalit workers in garment factories in India also experienced a sharper dip in wages during the COVID-19 pandemic. While all workers experienced significant reduction in earned wages between April and May 2020, Dalit workers experienced a sharper drop in wages than all other categories of workers (Figure 6).

Within India, moreover, Dalit and Muslim workers are disproportionately represented in homework. Due to higher incidences of poverty among these marginalised social groups, workers accept the lower wages associated with homework (AFWA et al. 2022: 157).

Figure 6: Loss of wages (INR) in 2020 by social identity categories in India



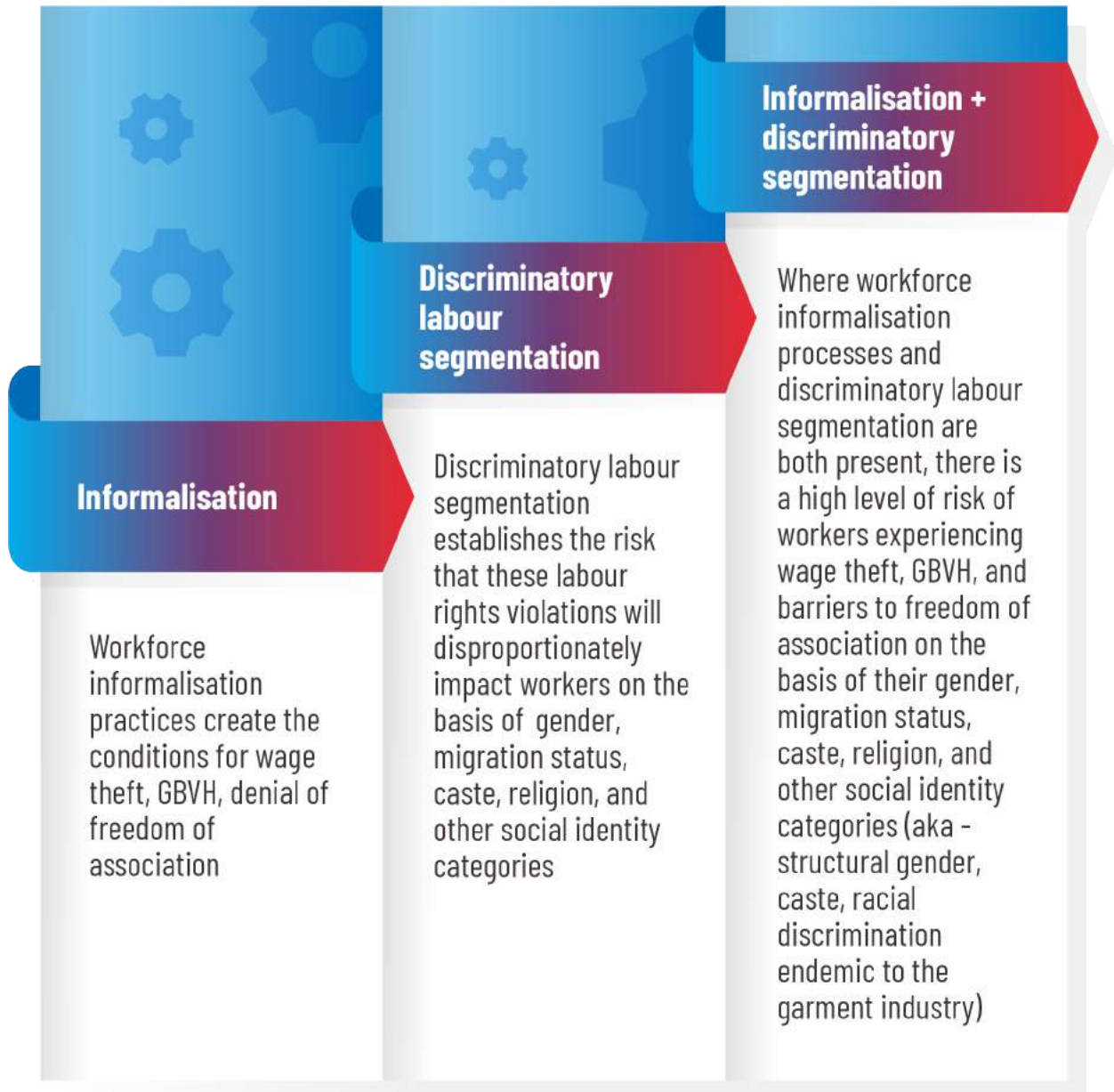
## PART III

# **INFORMALITY, DISCRIMINATION, EXPLOITATION, AND GENDERED VIOLENCE**

This chapter establishes the relationship between rights violations in the garment sector and informalisation. In particular, it focuses on how abrupt termination of employment, wage theft, GBVH, and barriers to freedom of association are authorised and facilitated at the nexus of informalisation practices and discriminatory labour segmentation. Informalisation creates the conditions under which abrupt termination, wage theft, GBVH, and barriers to freedom of association violations persist unchecked. Workers who are not protected by labour laws are more vulnerable to abuse. First, where there are no legal consequences for workplace rights abuses, employers and managers commit rights violations without fearing any consequences. Second, workers who are in insecure employment—and therefore at perpetual risk of losing their jobs—are less likely to resist exploitative conditions. Together, these factors contribute to a culture of impunity in the workplace.

Due to discrimination in hiring and job assignment, labour rights violations disproportionately impact workers on the basis of gender, migration status, caste, religion, and other social identity categories. Where indicators of informalisation and discriminatory labour segmentation are both present, there is a high level of risk of workers experiencing GBVH, wage theft, and barriers to freedom of association on the basis of structural gender, caste, racial discrimination endemic to the garment industry. According to AFWA research conducted in 2021, women workers reported being at disproportionate risk of violence at the intersection of gender, caste, migration status, and age (AFWA 2021).

Figure 7: Rights abuses facilitated by informalisation and discriminatory labour segmentation include GBVH, wage theft, and barriers to freedom of association



## A. INFORMALISATION AND EMPLOYMENT INSECURITY

Workers in informal employment have no employment security, leaving them particularly vulnerable to layoffs and terminations. As a result, workers employed without contracts disproportionately lost their jobs due to COVID-19 supply chain disruptions and lead firm practices of cancelling orders or refusing to pay for already completed orders.

Cambodian garment workers in informal employment, for instance, were



disproportionately impacted by widespread layoffs in the wake of COVID-19—layoffs impacted 84% of garment workers in informal employment on FDCs and 62% of workers in regular employment on UDCs. In December 2023, Cambodian trade union leaders and representatives of civil society organisations reported that due to a nearly 19% drop in apparel exports in the first six months of 2023, workers continue to face looming threats of termination.

Amira, a 30-year-old garment worker employed in a Levi's supplier factory in Faisalabad, Pakistan, described her working conditions:

*Before we were laid off in May, we had to work 14 hours a day, but had no contracts or access to social security benefits. Women workers who had worked for more than a decade in the factory were terminated overnight and were given no severance benefits. For the few who were laid off like me, no financial support was given.*

Particularly vulnerable to termination, workers employed by contractors and as trainees faced high rates of job loss during the COVID-19 pandemic. Across Asia, garment supplier factories utilise arbitrary hiring and firing practices in order to cut costs in periods where they have less business. AFWA research found that during the COVID-19 lockdown period, for instance, suppliers from Bangladesh, Cambodia, India, Indonesia, Pakistan, and Sri Lanka cut costs by selectively laying-off higher paid workers. Notably, these practices leveraged pre-existing gender pay gaps, retaining women workers who received lower wages while laying off men who earned higher wages. Post-lockdown periods, male workers were rehired. Women workers, however, were faced with a reduced number of workdays.

In Sri Lanka, for instance, in April and May 2020, when compared with regular and permanent workers, trainees and workers hired through labour contractors disproportionately lost their jobs. During this period, 83% of regular workers and 30% of manpower workers were laid off, and 13% of regular workers and 60% of manpower workers were terminated. When factories reopened at less than full-capacity, workers were hired with higher production targets.

When COVID-19 broke out across the Free Trade Zones (FTZs) in Sri Lanka due to inadequate safety standards, workers again abruptly lost their jobs. In each of these rounds of layoffs, trainees did not receive termination benefits and manpower workers did not receive severance payments. While the Sri Lankan government established a tripartite wage agreement in May 2020, the benefits of this agreement accrued only to

regular workers (AFWA 2021: 21,25).

This widespread job loss hit garment workers particularly hard since they had little, if any, capacity to save money from below living wage salaries across the industry. In fact, in Sri Lanka, among both male and female workers having an average of five years of work experience in garment production, all workers reported not having enough savings to tide over even a one-month lay-off period without reducing consumption, incurring debt, or liquidating assets.

## **B. INFORMALISATION, LOW WAGES, WAGE THEFT, AND BODY MINING**

### ***Homework, transferred costs, and payments below minimum wage***

Across garment production countries in Asia, minimum wage regulations typically do not apply to homeworkers. While garment factory workers are typically employed at or around minimum wage, homeworkers earn significantly less. Analysis of Indian labour force data for 2019, for instance, revealed that women homeworkers earn 77% less than the average wage earned by women factory workers; and men homeworkers earn 28.5% less than the average wage earned by men in factories. This difference can be explained, in part, because men are likely able to put in more hours at economic work than women; and—as in factories—women are more likely hired to perform unskilled or semi-skilled tasks (AFWA et al. 2022: 158). In Pakistan, a study of 406 homeworkers and their assistants found that by working for 12.4 hours a day, 6 days a week, homeworkers earned a monthly income of PKR 4,342 (USD 41.42) per month, which was less than one-third of the minimum wage (Broembsen, Harvey and Chen 2019).

Moreover, homeworkers incur costs associated with production—they produce in their own homes, cover their own electricity costs, and purchase their own production equipment (including scissors, needles, and even sewing machines). A woman in informal employment as a homemaker in Sri Lanka described the costs she incurs:

*I have to pay LKR 2,500 (USD 13.50) for the stitching machine. And those who give the order don't give the money on the same day, so we borrow and settle this debt when we get money.*

According to HomeNet South Asia, these non-wage costs passed on to homeworkers amount to 25% of the piece rate (HNSA 2020; AFWA et al. 2022).

## ***Low wages in informal factory employment***

Workers in informal employment as casual, contract, or manpower workers within factories have a starting salary that is less than regular workers. Prior to the outbreak of the COVID-19 pandemic in India, contract workers described earning lower wages than regular workers despite being engaged in similar tasks as tailors and working for almost the same hours. Casual workers reported even lower wages than either regular or contract workers since they were typically engaged in more poorly paid jobs—including as cleaners who remove cotton waste from factory floors. According to a study of 80 workers in Tirupur and 60 workers in industrial areas of Delhi-NCR in India, regular employees earned around INR 10,000 (USD 120.34) per month while contract and daily wage workers are paid INR 8,100 per month (USD 97.48) (AFWA et al. 2022: 82).

These trends are consistent across countries in Asia. For instance, in March 2020 in Sri Lanka, regularly employed workers earned, on average, LKR 34,989 (USD 189) per month while manpower workers earned, on average, LKR 26,478 (USD 142) per month. FTC workers in informal employment in Indonesia also earn significantly lower wages than workers within the same factories who are hired on regular contracts. In 2020, prior to the pandemic, FTC workers in Indonesia earned wages about 12% lower than regular workers on Unspecified Term Contracts (UTCs).

## ***Wage theft***

Supplier factories meet low price quotes by increasing working hours on production lines without increasing wages, and then withdrawing wages during periods when orders wane. In short, they meet low price quotes through wage theft—defined by AFWA to encompass any reduction in owed monthly wages—including non-payment of legally mandated minimum wages, non-payment of overtime, illegal wage deductions, and reduced workdays (AFWA 2021).

- In **Cambodia**, 80% of the workers we interviewed who were in informal employment on Fixed Duration Contracts (FDCs) experienced wage theft during the COVID-19 pandemic—compared to 57% of workers in regular employment who held Unspecified Duration Contracts (UDCs).
- In **India**, casual workers experienced an 86% dip in wages and contract workers experienced a 100% decline, compared to a 69% decline in wages among regular

workers. Put another way, all the contract workers engaged in this study in India reported that they received no wages between April and May 2020.

- In **Pakistan**, 90% of the casual workers we interviewed experienced wage theft in 2020, whereas 60% of the regular workers we interviewed experienced wage theft during the same period.
- Workers hired in informal employment on FTCs in **Indonesia** also experienced drastically higher levels of wage theft than regular workers at the height of the COVID-19 pandemic. In June 2020—following the worst decline in the Indonesian garment export market that lasted from March-May 2020—FTC workers employed in low minimum wage regions of Indonesia<sup>6</sup> reported wage theft of 40%. In high minimum wage regions,<sup>7</sup> FTC workers also reported a steep decline in wages by 57% (from IDR 4,450,720/USD 336.74 in the pre-recession period to IDR 1,896,257/USD 130.5 in June 2020). By contrast, regular workers reported a decline of 30%. In these high minimum wage regions, regular workers saw their wages recover by the end of the year, but FTC workers' wages remained 18% lower than pre-recession levels.

Fitri, a 37-year-old garment worker employed in a supplier factory in Indonesia, explained how her informal employment as an FTC worker left her exposed to withheld wages, extended working hours, and unpaid overtime:

*Despite working in the factory for more than four years, I was still employed as an FTC worker, making it easier to deny my wages. On paper, the working hours were from 6 am until 4 pm, but I ended up working until 9 pm on most days. I was not allowed to leave until I met the production targets, which was difficult due to the reduced number of workers in the production line. We worked a single day with a two-day workload, without receiving wages for our extra work.*

Workers in informal employment on FDCs also reported 30-35% deductions in hourly wages during July and August 2020, whereas workers in regular employment on UDCs reported deductions in hourly wages from 10-12% during the same period. Put another way, in Cambodia, both workers in informal employment and regular workers experienced systematic wage theft as brands and their suppliers displaced the costs of the COVID-19 pandemic onto production line workers. However, absent job

6 These figures include reports from workers in Cianjur, Majalengka, Subang, and Sukabumi Regions of Indonesia where the minimum wage is less than USD 250 per month.

7 These figures include reports from workers in Bogor, Cakung, Jakarta, Kabupaten Bogor, Purwakarta, Serang, Tangerang, and Kota Bandung Regions of Indonesia where the minimum wage is above USD 250 per month.

security, workers in informal employment in Cambodia experienced greater exposure to these rights violations—they were more likely to experience wage theft, and when they did, it was of a greater magnitude than workers in regular employment.

### ***Unpaid overtime***

Workers in informal employment who have no direct employment relationship also have no mechanism to hold contractors, employers, and lead firms accountable. Accordingly, non-payment of overtime is particularly common among casual and contract workers.

In India, for instance, predating the COVID-19 pandemic, 46% of the contract workers and 67% of the casual workers we interviewed reported that they did not receive any overtime payments despite routinely working overtime hours. By contrast, only 23% of permanent workers reported that they did not receive overtime payments. Put another way, contract workers were twice as likely as regular workers to be denied overtime payments; and casual workers were nearly three times as likely as regular workers to be denied overtime payments.

In Pakistan, in a factory where all workers were downgraded from regular employment status to informal employment as daily wage workers, workers described being forced to complete unpaid overtime:

*We were called into the factory early and forced to work overtime but the management was not paying us for that work. When we asked for the overtime payments, the management said that the company's financial situation was not good, and when it improves, the company will pay overtime. Also, we have not received any payment for the overtime we did last year. The company did not allow us to take leave during the lockdown. Even if any family members fell sick, they deducted the payment from our salaries.*

In short, the factory accommodated their COVID-19 financial losses by withholding overtime but did not accommodate workers who experienced health-related impacts during the pandemic.

Cambodian workers in informal employment were also more likely to work overtime, and less likely to be paid for overtime hours. Our research found that on average, workers in informal employment on FDCs performed 30 hours of overtime per month

in 2020, while workers in regular employment performed only 18 hours of overtime per month. This can be attributed, in part, to the fact that the hourly wages of FDC workers in informal employment are much lower than wages of UDC workers in regular employment. Moreover, whereas 14% of regular workers on UDCs were denied mandatory overtime payments, 41% of workers in informal employment on FDCs did not receive legally mandated overtime payments.

### ***Non-payment of wages***

Due to unequal power dynamics with contractors and employers, workers in informal employment are also subjected to non-payment of wages. Ashok, a contract worker at a Walmart supplier factory in Tirupur explained:

*My contractor did not pay me for days I worked in March. He switched off his phone and disappeared. My family was left with no work or money for two months.*

Homeworkers were particularly vulnerable to non-payment of wages during the COVID-19 pandemic. As with factory-based contract workers, homeworkers in Tirupur found that contractors who provided them with work disappeared when the lockdown started at the end of March 2020 (Broembsen 2020).

### ***Body mining***

Payments below living wages and extended working hours leave women workers on production lines earning wages that do not even cover the food they require to compensate for the calories they expend by working on production lines. The calorie deficit is magnified for women who also expend energy on unremunerated care and reproductive work, and frequently leave home without having breakfast in the morning. These routine practices within the garment industry of unremunerated, forced overwork with wages linked to impossible targets are not new and have been well documented through field-level studies for at least two decades (e.g., Custers 1997). This report breaks new ground by linking wage theft and body mining to systematic workforce informalisation practices within the garment industry.

In May 2021, Kanchana, employed in a factory in Bengaluru that produces goods for

Marks and Spencer, described a woman on her production line fainting at work:

*Some of the women on my line do not eat breakfast because they come from a long distance away. One of them fainted before the lunch break last week.*

During the COVID-19 pandemic, workers who faced wage theft described drastically reducing their calorie intake in order to meet the needs of their families. A woman worker employed in a factory in Pakistan described restricting her caloric intake after she was terminated without severance pay:

*We were paid nothing when the factory closed, and it became difficult for us to manage expenses and bills. We used to suppress our hunger in order to meet the needs of food for the rest of the family. The rest of the family also ate less than. We used to fall ill frequently and feel weak. We were not earning enough to meet our basic needs.*

Prolonged calorie restriction has severe health implications, including reduced fertility and weaker bones. Introduced by Nathan, Shaheen, and Dehaghan (2018), the term 'body mining' refers to the physical toll on women that results from this poor nutritional intake, combined with no weekly rest day, and the physical demands of work. Their study found that among 38 garment workers (21 women and 17 men) in two garment factories in India, 33.3% of women fainted at work and 28.6% received a glucose drip within the previous year. All of the women who reported fainting had worked overtime. These findings were confirmed in a 2018 study by the Society for Labour and Development where, among 75 women surveyed, 40% had received a glucose drip in the last year. Calorie deficit is compounded for women workers in South Asia who commonly suffer from anaemia due to discrimination in access to food at home and women's heavy burden of unpaid domestic and care work (AFWA et al. 2022).

### ***Informality and economic harm as a form of GBVH***

As described in the previous sections on informality, low wages, wage theft, and body mining, informal employment within the garment industry exposes women workers to a range of economic harms. On June 21, 2019, the General Conference of the International Labour Organization adopted the ILO Violence and Harassment Convention, 2019 (C190), and Recommendation 206 (R206). Women trade unionists, workers, and allies from around the world celebrated this landmark standard,

articulating the rights of all workers to be free from violence and harassment—including for the first time in ILO history, the substantial problem of gender-based violence and harassment (GBVH). The sustained momentum of organising to expose and eliminate GBVH globally across formal and informal sectors—including significant research conducted by AFWA (AFWA 2018a-c)—has had a significant impact in elevating and prioritising the effect of workplace GBVH in the global human rights arena. In turn, the ILO standard setting process on violence and harassment in the world of work catalysed a groundswell of organising around the world to win the international standard, provide legitimacy to transform workplaces, and bring together labour and women's organisations in new and important ways (GLJ-ILRF 2020).

"Economic harm" as a form of GBVH is recognised by the International Labour Organization in Convention 190 and Recommendation 206 on Violence and Harassment. Applying these internationally recognised frameworks to understanding the experience of women garment workers on global supply chains in Asia, forgoing AFWA research (AFWA December 2021) provides a detailed account of economic harm as a form of GBVH on garment global supply chains. AFWA research found that the gendered economic harm faced by women workers on garment supply chains is multi-dimensional—including (1) gendered wage theft, (2) gendered structuring of the workforce, including through gendered practices of informalisation in hiring and establishing employment relationships, gendered termination practices, and intensification of work; and (3) industrial trauma at the intersection of economic harm and exposure to verbal, physical, sexual, and other coercive forms of GBVH wherein women workers experience other forms of GBVH in context of extreme stress induced by economic insecurity (AFWA December 2021: 35-38). This report builds upon and contributes to an understanding of economic harm on garment supply chains by interrogating how informality practices are used to structure a gendered workforce excluded from labour law protections.

### **C. INFORMALISATION AND EXPOSURE TO GENDER-BASED VIOLENCE AND HARASSMENT (GBVH)**

*Verbal, physical, and sexual harassment exists in every garment factory—not just this one. It existed before COVID, it exists during COVID, and it will exist after COVID. We just consider it part of our lives.*

–Smita, a garment production line worker at a garment factory in Tirupur, a supplier for George Clothing by ASDA, Carrefour, and TESCO



GBVH on garment production lines is firmly rooted in longstanding brand purchasing practices. Violence on the factory floor cannot be dismissed as just a factory-level problem. Instead, it must be understood as an “industry-wide culture of violence” at the dangerous intersection of, on the one hand, brand purchasing practices driven by fast fashion trends and pressure to reduce costs; and on the other, gendered ideologies and social relations that structure industrial discipline on factory floors (AFWA et al. 2022; AFWA December 2021; AFWA et al. 2018a-c).

Informal employment practices heighten exposure to abuse since, as explained above, women workers in informal employment are at constant risk of losing their jobs. As a result, they face added pressure to reach production targets in order to avoid termination. They are also subjected to termination as a form of retaliation for speaking out against violence, largely foreclosing channels to relief. For instance, a study of informal garment workers employed in unregistered facilities in Bangladesh found:

- 66% had experienced actual or threats of physical or sexual violence, and nearly 17% had been subjected to actual physical or sexual violence.
- 44% faced restriction of movement or communication.
- 67% have endured abusive or coercive employment practices.
- 91% reported deceptive, unfair, or unsafe working environments. (GFEMS 2022)

### ***Production acceleration, informal employment, and industrial discipline practices***

Where brands once had four style seasons a year, fast fashion has accelerated to as many as 24 style seasons each year (McFall-Johnsen 2019). These retail practices, in turn, have accelerated the speed and quantity of production on garment supply chains by requiring supplier factories to produce new orders on condensed timelines. Intensification of work on garment production lines increases the risk of GBVH for women garment workers in informal employment—including routine verbal abuse, restrictions on mobility, and even physical abuse (AFWA et al. 2018a-c; AFWA 2019; AFWA December 2021; Silliman Bhattacharjee 2020).

Since 2018, AFWA research has systematically documented the relationship between pressure to meet production targets from lead firms and GBVH. Faced with pressure to meet fast-turn-around orders, managers on garment production lines drive women workers to meet production targets through industrial discipline practices, including verbal abuse, restrictions on their mobility, forced overtime, and even physical

abuse. This report builds upon extensive AFWA research on GBVH (AFWA et al. 2018a, 2018b, 2018c; AFWA 2019; AFWA December 2021). Here, we advance AFWA's conceptualisation of the spectrum of violence by exposing the links between informal employment and risk factors for violence.

As described by Meenakshi, who works at a factory in Bengaluru that produces garments for Nautica, Vans and other VFC brands, production pressure is directly related to pressure from lead firms on fast fashion supply chains:

*Production pressure comes from the buyers. Sometimes managers ask us to stitch difficult styles in very short time periods. Then we can't even take breaks to go to the bathroom or drink water. In this factory... we are not allowed to leave until we complete the targets.*

Production targets and corresponding pressure to complete escalating targets increases when supplier factories reduce the size of their workforce. A worker in a factory in Pakistan described an increase in production targets in response to COVID-19 layoffs:

*The workload has increased because there are fewer workers in the factory. Overtime became routine for us but we were not paid overtime wages. We were subjected to verbal abuse if we did not meet the targets. We were also threatened that we would be terminated if we did not meet the targets.*

A woman worker in informal employment without a contract in another factory in Pakistan described increased workloads and reduced salaries:

*We have to meet higher targets but our salaries have been reduced. We used to get PKR 17,500 (USD 108.18) per month and now get PKR 15,000 (USD 92.73). Previously, if we had a target of stitching, trimming, and over lock of 1,000 jeans, it has been increased to 1,500. As a consequence, our working hours have increased. We are forced to do excessive overtime for 2-3 hours per day. Supervisor treats us like robots. My supervisor constantly yells, shames, mocks, and threatens to dismiss us... We keep silent due to fear of losing our jobs; we don't have contracts or access to any social benefit schemes.*

As described above, managers drive women workers on production lines to meet unreasonable production targets using a range of industrial discipline practices—including verbal abuse and threats of termination. Amira, a 30-year-old woman worker in informal employment—without a contract—at a Levi's supplier factory in

Faisalabad, Pakistan, described working under constant threats of being fired:

*We are constantly threatened with termination and are yelled at for even drinking water during work hours.*

Women employed as daily wage workers for a garment factory in Indonesia that supplies to a range of global brands—including Avirex, Hanson, Greenlight, Cardinal, Fila, Chicco, Andrew Smith, Hush Puppies, Minimal, S. Oliver, SPAO, ELAND, Forever 21, and 3Second—described being screamed at and threatened with termination on a daily basis.

Women production line workers in informal employment as Fixed Duration Contract workers in another factory in Indonesia also described working in a particularly stressful environment where they were ridiculed, humiliated, and threatened with termination. This factory belongs to a group that supplies to American Eagle Outfitters, Zara, Pull & Bear, Macys, Kohls, Saks, Lands End, Maurices, New York & Co., Jones New York, Nygard, Tom Tailor, Carters, Oshkosh, Aeropostale, and Alfred Dunner.

Sarin Sovanny—in informal employment on an FDC in a garment production factory in Cambodia that supplies to Walmart—described the mental and emotional toll of being driven to meet production targets under threat of job loss:

*I have bad dreams about going to work. I dream about being blamed by my line manager. The pressure, verbal and mental abuse by line managers is extreme.*

A woman worker employed in a factory in Pakistan explained:

*Every woman on the production line is exposed to verbal and mental abuse. We find it difficult to work in these conditions because of the constant pressure. We are always afraid of making a mistake and losing our jobs.*

A trade union leader from Sri Lanka described the abusive language commonly used in factories:

*The managers address workers using the language "dog, donkey, or fucker." If they are referring to a woman worker, they may say "call that whore, call that cunt." This is how they speak.*

Women in informal employment as daily wage workers in a garment factory in Bandung, Indonesia, that produces for Adidas and Mizuno described increased blood pressure in response to the stress of being driven to meet production targets. In this

particular factory, 300 out of 817 workers are hired as daily wage workers in informal employment.

Ongoing verbal abuse has significant health consequences, including increasing stress and fear for women workers in informal employment that if they do not reach production targets, they may lose their job. Bopha, a woman employed in a supplier factory in Cambodia supplying to Nike, explained the impact of sustained verbal abuse on her mental health:

*'You are useless'—that is the word that Chinese manager called me. It is just a word but it hurt my heart. It hurt much more than the physical violence I received. I try so hard every day to avoid making mistakes and to reach the target, but I could not complete the amount of work in time. So, he blamed me and called me useless.*

Women workers in informal employment in Bangladesh, Cambodia, India, Indonesia, and Sri Lanka all described high levels of stress associated with constant spoken and implicit threats of being dismissed. Women described this stress interfering with their ability to sleep and eat.

Homeworkers also describe pressure to meet production targets. According to a study of 1,452 homeworkers engaged on garment supply chains in India, 25% of homeworkers described being penalised if work was not completed on time (Kara 2019). A woman in informal employment as a homeworker in Sri Lanka described staying up all night to meet production deadlines:

*I do my housework, look after my children, and stitch from home to earn about INR 1,000 (USD 13.53) to INR 1,500 (USD 20.29) per day. Sometimes I stitch without sleeping if the delivery needs to be done quickly. I work overnight sometimes. I finish housework, sew until midnight, then wake up at 3 or 3 am to stitch.*

According to workers in Pakistan, the impact of these threats is heightened for homeworkers because they work in isolation:

*Homeworkers work under pressure, in precarious conditions for lower wages. They also suffer psychological impacts, made worse by loneliness. At least talking to other co-workers facing the same thing at a factory can have a cathartic and therapeutic effect. Homeworkers hardly get a chance to leave their homes.*

## **Informality and GBVH escalation**

The routine infliction of industrial discipline practices upon women in informal employment on garment production lines entrenches the hierarchy between workers and management and normalises violence, authorising sexual harassment and violent retaliation against workers who speak out against rights abuses.

Women workers from a factory in India supplying to Super Dry, Polly, American Regal, IMC, and Nest and Taylor reported that physical abuse in the factory was common—estimating that 25%-30% of women workers face various forms of physical abuse—including inappropriate touching; pushing chairs when workers are seated; throwing rejected materials, either on the floor or at workers; and threats of being slapped by managers who raise their hands.

Respondents from a supplier factory that makes clothes for Super Dry and s.Oliver in Cambodia reported that the supervisor regularly throws stacks of garments or even books at workers when he is angry.

Women on Fixed Duration Contracts (FDCs) in a factory in Indonesia estimated that approximately 10% of workers in the factory had experienced physical violence. This factory belongs to a group that supplies to American Eagle Outfitters, Zara, Pull & Bear, Macys, Kohls, Saks, Lands' End, Maurices, New York & Co., Jones New York, Nygard, Tom Tailor, Carters, Oshkosh, Aeropostale, and Alfred Dunner.

In a focus group discussion with nine women workers in informal employment on Fixed Duration Contracts (FDCs) in a factory in Indonesia, all nine women reported experiencing unwanted physical touch from supervisors. Marleni described her experience:

*I experience unwanted touch from my manager, a foreign worker from South Korea. He touches me, hugs me, and pinches me on my buttocks whenever he visits the production line or calls me into his office. Other workers on the production line experience this as well because Mr. Wang always chooses female workers he finds attractive. I think 20% of the workers who work under Mr. Wang face regular sexual harassment. I don't want to tell my manager because I may be fired, but I have submitted complaints to the complaint box. Nothing has happened so I try to avoid Mr. Wang as much as possible.*

The factory where Marleni works produces garments for Carters, Walmart, DELTA, Fambrands, and the Children's Place.

Women workers also face sexual harassment from sewing machine mechanics who they rely upon to keep their machines in good working order so they can reach their production targets. A trade union leader from Sri Lanka explained:

*The issue is more severe with mechanics; if a worker does not talk to him in a loving way, get him to the machine holding his hand, if he is not allowed to press against the body of the female worker while he is fixing the machine, he may not fix it. Women have to depend on the mechanic to meet their targets. This has become a norm, and female workers cannot oppose it.*

Women workers in informal employment are particularly vulnerable to this type of harassment since missing their production targets can cost them their jobs.

Types of GBVH associated with industrial discipline practices intersect and also escalate in intensity over time. Providing a framework for understanding the relationship between the various forms of GBVH in garment production lines, in 2019, AFWA developed the concept of a GBVH escalation ladder, based upon distinguishing gendered bullying, more aggressive forms of behavioural GBVH, and employment-practice-based GBVH. AFWA identified three types of GBVH on the factory floor:

- **Gendered bullying** includes hostile behaviours that are devoid of sexual interest that function to insult and reject women, including the milder forms of gendered industrial discipline practices.
- **Behavioural GBVH** practices are most commonly perpetrated by male workers in hierarchical positions, including supervisors, line managers, and mechanics, and include physical and sexual violence and verbal abuse.
- **Employment-practice-based GBVH** manifests as retaliation when women workers refuse sexual advances or challenge factory-level practices. (AFWA 2019)

According to AFWA research, gendered bullying practices routinely escalate to more aggressive forms of GBVH—or behavioural GBVH practices, including physical and sexual violence and verbal abuse. Behavioural GBVH can, in turn, escalate into employment-practice-based GBVH that is rooted in control over job placement and security. Our research found that women workers in informal employment are particularly vulnerable to exploitation and escalated forms of violence due to managerial control over their job placement and security (AFWA 2019).

According to trade union leaders in Sri Lanka, female manpower workers face heightened levels of harassment—not only from mechanics but also in the numerous

factories where they work and in transit:

*Our experience is that female manpower workers face the most harassment. They do not know which factory they will work in each day, what time they have to work, and the type of work they will do until they go to the manpower agency. The factory she works in today may not be the place she will have to work in tomorrow. They are transported in over-crowded vehicles. They face many difficulties before the factory, at the factory, and on the way to the factory. They face harassment and pressure everywhere. Manpower agency managers take women to places they don't know in their vehicles, and when they arrive tell them things like, "if you can lift your skirt, you can earn the highest rate."*

This type of harassment can escalate into sexual violence. Another trade union leader from Sri Lanka explained:

*They have taken female workers to hotels in the guise of taking them to do manpower work. They choose female workers who are attractive. Some are able to refuse, some cannot.*

#### **D. INFORMALISATION AND FEAR OF REPORTING RIGHTS VIOLATIONS**

Women in informal employment are at constant risk of losing their jobs, heightening barriers to reporting rights violations. In fact, across Bangladesh, Cambodia, India, Indonesia, and Sri Lanka, women workers we interviewed for this study reported fear of retaliation—especially job loss—as a barrier to reporting rights violations.

During the COVID-19 pandemic, Mony, a 34-year-old garment worker in informal employment on a Fixed Duration Contract (FDC) at a factory in Cambodia, described tolerating long working hours and verbal abuse to avoid termination:

*Most of the women workers in my factory were employed on FDCs in the pre-COVID-19 period, and most of us were laid off in May, at the peak of the pandemic. When workers like me who were laid off were asked to re-join the factory in July, the workforce had reduced significantly and we were asked to work longer hours without additional pay, handling multiple tasks and facing constant verbal harassment. Being in deep debt and knowing we won't find better jobs, we suffered the insults and long work hours, hoping we won't be terminated like many of our colleagues.*

Mony describes experiencing layoffs together with her colleagues who were also in informal employment on FDCs. Her experience of being laid off, asked to rejoin with a higher workload at the same pay, and being faced with constant verbal harassment underscores her precarious and unprotected position in the factory. Facing debt and lack of other employment opportunities, she describes a common decision among women in informal employment to suffer overwork and verbal abuse in order to avoid termination and further debt.

Women employed as daily wage workers in a factory in Indonesia described a pattern of sexual harassment and intimidation perpetrated by a particular production manager:

*A lot of us—about 20% of women in the factory—experience sexual harassment from the production manager Mr. Park Jae Yun. He teases and objectifies us—patting our asses, laughing loudly, and making the atmosphere intimidating. We do not dare confront him because he is a boss and quite fierce. He often makes threats that he will dismiss workers. Some workers have made complaints in the suggestion box. They have been transferred to other areas of the factory where the work is even more difficult and demanding—but Mr. Park keeps treating us this way.*

This factory supplies clothes to Aero, The Children's Place, Oshkosh, Foot Locker, and LF.

A woman worker from India, employed in a garment factory that supplies to Kohl's, linked challenges women face in reporting sexual harassment to fear that they would lose their jobs—an extreme risk for women in informal employment:

*Management pressures women workers to engage in sexual acts by promising them lower production targets and higher pay. One woman was told that her supervisor would cut her targets by half if she went out with them. She was too scared to complain about it to the Internal Complaints Committee (ICC). It requires a lot of courage to speak out about sexual harassment. Now we are more scared to talk about it—we fear we will lose our jobs.*

Another woman worker employed in a factory in Dindigul, Tamil Nadu, also described how making a complaint in the face of harassment could lead to increased harassment, termination, and even blacklisting within the garment industry:

*They will torture us if we make a complaint to the ICC. Either management will turn the harassment on us, or they will dismiss us for being troublemakers. They*



*tell us that we will be blacklisted by the entire industry and never find a job if we complain against management. The company will go to any extent to cover up any issues [in the factory].*

Notably, these women described fear of losing their jobs despite protection under India's Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which mandates Internal Complaints Committees in every factory.

Workers who resist violence face retaliation from management. Our research found that during the COVID-19 pandemic, fear of retaliation and economic insecurity led women to tolerate or refrain from reporting unwanted and abusive behaviours, despite higher levels of verbal abuse, physical violence, and sexual harassment on production lines and during commutes.

Homeworkers also face threats of retaliation for challenging exploitative working conditions. For instance, a study of homeworkers in Pakistan found that when women tried to ask for a higher piece rate, they faced retaliation—including the threat that they would lose the work they had (Broembsen, Harvey and Chen 2019). Homeworkers in Tirupur, India, report being scared to engage in interviews (Sinha and Mehrotra 2016).

## **E. INFORMALISATION, OVERWORK, AND OCCUPATIONAL HEALTH AND SAFETY**

Women garment workers in informal employment have little, if any, control over their working hours. Hera, in informal employment on an FDC in Indonesia described extended working hours to meet production targets:

*My working hours are long—around 10-12 hours. I have to arrive at work by 6 am and I do not reach home until 8 or 9 pm.*

The factory where Hera works belongs to a group that supplies to American Eagle Outfitters, Zara, Pull & Bear, Macys, Kohls, Saks, Lands' End, Maurices, New York & Co., Jones New York, Nygard, Tom Tailor, Carters, Oshkosh, Aeropostale, and Alfred Dunner. Women workers from this factory described being required to meet production targets even when they are unwell, leading workers to routinely collapse from physical exhaustion during production.

Extended overtime to meet production targets also results in injuries. A woman in

informal employment—on a fixed duration contract—at a supplier factory in India that produces for H&M explained:

*Accidents in the workplace have been happening regularly after the COVID-19 lockdown as production targets have increased. At least one accident happens every day. Cutting your hand or cutting your fingers while sewing buttons—this happens regularly. I, myself, have cut my fingers several times as I am always rushing to finish the production targets. There are hardly any safety measures being taken.*

Male and female workers employed as daily wage workers at a factory in Indonesia described being shouted at by the production manager for resting during eight-and-a-half hour shifts. One worker explained:

*We are not allowed to look like we are resting—such as sitting or stopping for a moment to recover from fatigue. If we do, we will be shouted at by the production manager. I have seen workers faint from being so tired.*

This factory produces clothing for Aero, OPCO, The Children's Place, Oshkosh, Foot Locker, and LF.

Mandatory acceleration of work and long hours for women in informal employment on garment production lines heightens health risks. A woman worker employed on piece rates at a factory in Faisalabad, Pakistan, described the health challenges women face in her workplace:

*Those of us who work in the garment sector suffer leg, joint, and muscular pains. Women workers also have a high risk of heart attack. We get headaches, strain in muscles—especially shoulders—and suffer low vision. Due to sitting for long hours, our feet get swollen and we have stomach problems. Our fingers often get injured by needles and cutters. Pulling thread with our mouths during clipping affects our lungs and respiratory systems and causes pain in facial bones and jaws. Buttoning off each piece causes pain in nails and fingers. We face challenges in accessing health care. We leave our homes early morning and get home around 11 pm. After finishing domestic chores post-work, we are left with no time to take care of our health. There is no facility for medical treatment, ultrasounds, X-rays or even to take rest at our work place.*

As described above, women work long hours at the factory without access to medical care at the workplace, and their extended hours also prevent them from seeking

medical attention outside the factory.

The health costs of accelerated work are particularly extreme for pregnant women. According to a union leader from a plant in Indonesia, these risks were not addressed even when brought to the attention of management:

*We have continuously tried to remind and report to the management that excessive working hours and overtime have resulted in female workers having miscarriages. They are also not getting maternity leave. They need better rest. What made us stressed, the management never gave a good response regarding this matter. The rules are very clear under the labour law and one of the articles of our collective bargaining agreement—the right to leave for maternity to avoid miscarriage is 1.5 months before and 1.5 months after...*

In Pakistan, women workers described an incident where a pregnant woman fainted and was then terminated from factory employment:

*We are denied sick leave. Even if a woman is pregnant, she is not allowed to take off if she falls sick. A pregnant woman in our factory was sent home when she fainted. Later she was terminated without payment of dues.*

A woman worker in informal employment without a contract in the same factory in Pakistan described the experience of working in high temperatures with low ventilation:

*There is no proper ventilation and therefore we feel suffocated since chillers [air conditioners] are not installed in the packing and clipping units. As temperatures soar, it is really difficult to work wearing a mask. We feel exhausted and by the end of the workday, our blood sugar levels and blood pressure often drops. There is no facility for cold drinking water despite soaring temperatures.*

Women workers also report depression, stress, anxiety, and even suicidal ideation as a result of increased work intensity and economic insecurity.

The physical and mental harms sustained by women workers on garment production lines constitute a form of violence, recognised under the Convention to Eliminate all forms of Discrimination against Women (CEDAW) and ILO Convention 190 on Violence and Harassment in the World of Work.

## F. INFORMALISATION AND BARRIERS TO FREEDOM OF ASSOCIATION

Arti and Shivika, garment production line workers employed by a PVH supplier in Bengaluru and members of KOOGU, explained the role of their union in protecting worker rights:

*The management knows there are KOOGU union members in the factory, and we have organised protests in the past, so management is careful.*

*Building the factory union has really helped reduce harassment for women workers... Supervisors in the finishing department still yell at workers a lot—but they don't yell at union members. They are scared to yell at us. Physical and sexual violence has also reduced.*

These experiences highlight the importance of unionisation and local networks in ending violence on the factory floor. On the other hand, barriers to unionisation, inadequate representation of women workers in supervisory and managerial positions, and migration for employment are risk factors that heighten GBVH for women workers on garment production lines. They also increase exposure to wage theft, overwork, and a range of rights violations.

Informalisation and casualisation, however, weakens trade unions and collective bargaining:

- First, constant threats of termination create a significant barrier to organising a union for women in informal employment. Within garment production units, very few workers hold continuous employment for more than a year. By hiring workers in informal employment, the contractor and the factory can fire workers in retaliation for engaging in union activities.
- Second, the structure of work for women in informal employment in garment supplier factories further undermines freedom of association. Long working hours deny workers the opportunity to engage with one another. Workers are also commonly prevented from speaking with one another on production lines, and during the workday. They are also frequently forbidden to leave factory premises on breaks. Prohibitions on leaving the factory for breaks during working hours, combined with extended working hours—at times up to 17 hours a day—functionally eclipses the potential for workers in informal employment to exercise their fundamental rights to freedom of association and collective bargaining. Put another way, preventing workers from responding collectively to violence furthers cultures of impunity for GBVH and other workplace rights violations (AFWA et al.

2018a-c; GLJ-ILRF 2020; AFWA et al. 2022).

Trade union leaders from Sri Lanka explained that informal employment of women workers on short-term contracts creates a constant fear of termination that discourages workers from joining unions. When contract workers do join unions, regular termination leads to high levels of fluctuation in union membership and makes it difficult for workers on short-term contracts to hold leadership positions in unions. Trade union leaders from Sri Lanka also described high levels of exposure to GBVH among women workers who are informally employed on short-term contracts as a significant barrier to unionisation. Verbal abuse, escalating violence, fear of escalating violence, and pressure to meet production targets make it extremely difficult for garment workers to move freely in factories and industrial zones, further undermining opportunities for collective action.

During the COVID-19 pandemic, for instance, garment factories supplying to major fashion brands used COVID-19 as a cover to crack down on trade unions across garment global supply chains—including in Bangladesh, Cambodia, and Myanmar. Sothy, a 36-year-old garment worker employed in an Adidas supplier factory in Cambodia, described facing retaliation for her union activity:

*The COVID-19 crisis was used by my factory to selectively terminate unionised workers like me. Even in the pre-COVID-19 period, women union members like me have been threatened with termination and cuts in social security benefits, but the reduction in orders by brands during the COVID-19 pandemic was used by suppliers to openly attack workers' freedom of association by unfairly dismissing unionised workers.*

Systematic union-busting during the COVID-19 pandemic has been documented by AFWA (AFWA 2020, 2021), Business and Human Rights Resource Center (BHRRC 2020), and Global Labor Justice – International Labor Rights Forum (GLJ-ILRF 2020).

Union leaders also report challenges in advancing workplace protections due to the risk that their members in informal employment may face heightened workloads—or lose their jobs. A trade union leader from Indonesia explained:

*The unions are currently feeling hopeless. The more we raise the issue of the long working hours experienced by female workers, the more the management insists on increasing their working time to produce. For example, they currently work seven full days, no time off. If they refuse, they are always intimidated by threats*

*of changing jobs or positions and unilaterally terminating their work contracts.*

Another Indonesian trade union leader described challenges advocating on behalf of women garment workers with disabilities:

*I have often submitted complaints, not only about violence and other forms of gender-based harassment, but also requiring long working hours for pregnant women, women who are ill, and workers with physical disabilities. I have filed applications so these workers are not required to work overtime. However, the union is always faced with a choice—it is always possible that our members will be terminated.*

A trade union leader in Pakistan also described significant risks to workers who attempted to organise or came forward with complaints—including downgrading the nature of their employment:

*In our factory, workers face surveillance for attempting to organise workers. Management has hired people to keep an eye on workers. We are not allowed to talk or gather even outside factory premises. Workers are threatened if they try to organise. If any worker lodges a complaint in the labour department, they are surveilled and intimidated by different methods—namely, late payments, change in employment nature, and deductions in wage and overtime payments.*

In addition to risks faced by workers who come forward with individual cases, union leaders described threats to the entire workforce if they mobilise: the factory may relocate—threatening the livelihood of all employees. An Indonesian trade union leader explained:

*Our short-term plan is to submit information and complaints through official letters... If there is still no change, we will go on strike. We are now seeking views and opinions from our members about how they feel about the risk of going on strike. The response of the factory could be to close operations or move the factory to another location or region.*

Barriers to freedom of association and collective bargaining on garment supply chains, maintained by regular practices in the industry, foreclose important pathways for redress by women workers in cases of GBVH and other workplace rights abuses.

## **G. INFORMALISATION AND REDUCED LABOUR STANDARDS FOR ALL WORKERS**

Informalisation practices not only drive down labour standards for workers in informal employment, but they also impact the livelihoods and working conditions of all workers on garment global supply chains.

- First, as described above, practices of creating a sub-category of unprotected and exposed workers within factories creates conditions for exploitation described above. Ongoing exploitation and abuse of workers in informal employment normalises poor working conditions, violence, and harassment on the factory floor. These practices not only impact workers in informal employment, but also workers who are regularly employed.
- Second, workers in regular employment are at constant risk of being replaced by workers in informal employment—or, as described in Part 1 of this report, being downgraded to informal employment. This system of dividing workers into segments with distinct rights and entitlements allows employers to selectively hire different groups of workers in order to meet their needs.

Kavita, employed as a permanent worker at a garment factory in Sri Lanka, described the factory choosing to use “manpower” or contract workers while their own regularly employed workers were on site, but told not to come to work.

*[The management] told other factories not to hire workers [from our factory] to do manpower work. Then we could not go to work in those places. [The factory management] told us to stay home and that they will call us when there is work. Then they hired outside workers as manpower workers to do our work, paying them LKR 800-900. That is outrageous. While we were idling at the boarding places, they hired outsiders to work. They could have given that money to us. These are our factories.*

This practice of dividing workers and pitting groups against one another undermines collective action to improve working conditions for all workers on garment global supply chains.

## PART IV

# **RECOMMENDATIONS—ADDRESSING INFORMALITY, DISCRIMINATION, AND RIGHTS ABUSES IN THE GARMENT SECTOR**

### **A. STATE ACTION TO PROTECT THE RIGHTS OF GARMENT WORKERS IN INFORMAL EMPLOYMENT**

#### **1. Production countries should take urgent action to strengthen legal protections for garment workers**

- Mandate that all employers provide all workers with a written contract, including daily wage workers, workers on fixed-term contracts, third party/contractor/manpower agency workers, and home workers completing outsourced production.
  - Require written contracts to have provisions that promote and incentivise skill upgradation.
  - Require written contracts to recognise seniority in establishing pay grades and employment benefits.
  - For trainees, require that written contracts include a clear pathway to fixed-term employment and then regularisation.
- Protect the legal and normative rights of all categories of workers to join and be represented by trade unions.
- Work with trade unions, worker organisations, and industry representatives to negotiate and set an acceptable ratio of formal to informal workers within the workforce. If informality exceeds the determined ratio, disproportionate hiring of workers in informal employment should be recognised as a risk factor for labour and human rights violations.
- Work with trade unions, worker organisations, and industry representatives to define acceptable productivity targets and related piece rates in order to reduce excessive labour intensification.



These recommendations are consistent with the ILO June 2015 Transition from the Informal to the Formal Economy Recommendation (No. 204), the first international standard to focus on the informal economy. ILO Recommendation (No. 204) is structured around three interventions. It seeks to: (a) facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods, and entrepreneurship; (b) promote the creation, preservation, and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection, and other social policies; and (c) prevent the informalisation of formal economy jobs. This framework acknowledges the processes of informalisation that are taking place within workplaces once within the formal economy.

This concept of a transition from the informal to formal economy as a mode of addressing the rights of informal workers has also been adopted within the framework of Sustainable Development Goal 8 which aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

## **2. States where lead firms are based should strengthen legal protections for garment and other supply chain workers through binding human rights due diligence laws**

- Require lead firms to ensure that all workers across their supply chains, regardless of their employment relationships, have written contracts. This includes daily wage workers, workers on fixed-term contracts, third party/contractor/manpower agency workers, and home workers completing outsourced production.
  - Require written contracts to have provisions that promote and incentivise skill upgradation.
  - Require written contracts to recognise seniority in establishing pay grades and employment benefits.
  - For trainees, require that written contracts include a clear pathway to fixed-term employment and then regularisation.
  - Consider failure to ensure written contracts as a risk for human and labour rights abuses.
- Require lead firms to ensure that all categories of workers across their supply

- chains, regardless of their employment relationships, have the legal and normative right to join trade unions and be represented by trade unions. Consider failure to protect the fundamental rights to freedom of association and collective bargaining as a risk for human and labour rights abuses.
- Require that lead firm contracts with suppliers base their pricing on minimum labour costs, as established through negotiations between trade unions and worker organisation, supplier association, lead firm, and production state representatives. Pricing considerations must support the costs of acceptable productivity targets and related piece rates in order to reduce excessive labour intensification.

At the core of these recommendations is the recognition that voluntary brand codes of conduct, implemented through social auditing mechanisms, have failed to improve the conditions of supply chain workers. Instead, we need mandatory mechanisms that bind brands to implement human rights due diligence as outlined by the United Nations Guiding Principles on Business and Human Rights. The urgent need to regulate global supply chains in order to address labour, human rights, and environmental impacts has been widely recognised by policy makers in the countries where lead firms are domiciled, and especially in the European Union. As laid out above, new and emerging human rights due diligence laws should not only comply with national legislation in production countries, but also be designed to overcome legislative and enforcement gaps, including by mandating fast fashion brands to take action to address the rights violations in this report.

### **3. States should uphold commitments to ethical employment for garment workers through public procurement**

- Set standards for public procurement, including that public buyers source garments from suppliers that hire workers on regular contracts and pay living wages.
- Public buyers should maintain stable relationships with supplier factories that meet these standards in order to encourage technical upgrading and ongoing regular employment.

## **B. LEAD FIRM ACTION TO PROTECT THE RIGHTS OF GARMENT WORKERS IN INFORMAL EMPLOYMENT**

- Ensure that all workers employed under manufacturing contracts are given written contracts.
  - Lead firms must identify the absence of verifiable written contracts as a risk factor for labour and human rights violations and require corrective action.
- Base pricing on minimum labour costs that account for statutory wage, benefits, and entitlements and the cost of maintaining ethical standard practices.
- Work with trade unions and workers' organisations to identify and remediate all forms of GBVH across all supply chains, including through liability incorporated into manufacturing contracts with suppliers. Implement the Asia Floor Wage Alliance Safe Circle Approach (AFWA 2019).
- Invest in grievance mechanisms at the factory level that are co-created with women workers and accessible to all workers, including those in informal employment. Grievance mechanisms should have safeguards against retaliation for registering complaints and allow workers to be represented by organisations of their choosing. Workers should be educated on how to access these mechanisms and be placed in charge of monitoring their implementation.

Consistent with these recommendations, the United Nations Guiding Principles on Business and Human Rights (UNGPRBHR) call for business enterprises to carry out human rights due diligence to identify, prevent, mitigate, and account for how they address their adverse human rights impacts (Article 17). This responsibility includes internationally recognised human rights, including the right to be free from GBVH, which has evolved as a principle of customary international law under CEDAW and has been applied to the world of work under ILO Convention 190/ Recommendation 206.

The UNGPRBHR calls upon business enterprises to (a) avoid causing or contributing to adverse human rights impacts and address such impacts when they occur and (b) seek to prevent or mitigate adverse human rights impacts linked to their business relationships, explicitly including supply chains (Article 13). Accordingly, in line with these recommendations, business enterprises must identify and assess any actual or potential adverse human rights impacts with which they may

be involved—either through their own activities or as a result of their business relationships (Article 18).

### **C. SUPPLIER FACTORY ACTION TO PROTECT THE RIGHTS OF GARMENT WORKERS IN INFORMAL EMPLOYMENT**

- Provide all workers, regardless of their employment relationships, with written contracts.
  - Ensure that written contracts have provisions that promote and incentivise higher skills and respect seniority.
- Invest in technical upgrading and upskilling of workers. Leverage enhanced technical expertise to secure stable production contracts with lead firms.
- Establish a clear pathway to fixed-term contract jobs and regularisation for all trainees. No worker can be continuously kept as Trainee or on an FTC.
- At the industry level, suppliers' associations should fix and uphold a minimum labour cost, which includes statutory wage, benefits, and entitlements and the cost of maintaining ethical standard practices.

### **D. TRADE UNION ACTION TO PROTECT THE RIGHTS OF GARMENT WORKERS IN INFORMAL EMPLOYMENT**

- Trade unions and worker organisations should work with industry and the State to negotiate and set an acceptable ratio of formal to informal workers within the workforce. If informality exceeds the determined ratio, disproportionate hiring of workers in informal employment should be recognised as a risk factor for labour and human rights violations.
- Trade unions and worker organisations should work with industry and the State to define acceptable productivity targets and related piece rates in order to reduce excessive labour intensification.

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