

EXTENDED ABSTRACT

Working and Living Conditions of Export Processing Zone Workers

A Case study of Averiwatta , Katunayaka

Omala Perera

Department of Geography

University of Colombo

Introduction

The concept of the Export Processing Zones (EPZs) is an outcome of the changed management strategies of the global corporation. The establishment of the EPZs which are enclaves dealing with export processing was adopted as a strategy to restore the profit of global corporations in a recession ridden world economy. This strategy was speedily welcomed by the less developed countries (LDCs) like Sri Lanka as it coincided with the most unsuccessful strategy of import substitution.

The main concept of EPZs was conceived in the World in Mid 20th century as a unit bearing clusters of specially designed zones of aggressive economic activity for the promotion of export. EPZs that facilitate direct foreign investments have been defined by the World Bank (1992) as “*fenced-in industrial estates specializing in manufacturing for exports that offer firms free trade conditions and a liberal regulatory environment*” (Madani, 1999). The primary goals of EPZs are; to enhance foreign exchange earnings by promoting non-traditional exports, to provide jobs to alleviate unemployment, to assist in income creation to attract foreign direct investment (FDI) and to produce technological transfer and knowledge spill-over. Thus, EPZs are expected to bring together many employees to serve in the assembly lines of garment and other factories.

The Sri Lankan government introducing this concept as an industrialization strategy in the late 20th century invited foreign investors to invest in EPZs. Beginning with the Katunayake, the largest EPZ, many others such as Biyagama and Koggala EPZs followed gradually spreading to other parts of the country with the whole country being declared as an industrial zone for foreign direct investments. Among these EPZ factories established 43 % is owned by Multinational Companies (MNCs). There were 126,366 workers (out of which 60% are female workers) in 12 EPZs by the end of 2013 (BOI, 2013).

Many of these establishments do not seem to be aware of the social responsibilities that they were expected to adhere to. Corporate Social Responsibility (CSR) is one of the newest management strategies adopted by companies to try creating a positive impact on society while doing business. CSR includes consideration of key issues such as human rights, employee rights, environmental protection, community involvement and supplier relations. Holme and Watts (2000) emphasizing the fact that well-being of employees is vital have defined this concept as “ *the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.*” CSR addresses three central concerns: the environment, society, and the economy.

Both the government and the company owners have therefore a shared social responsibility towards enhancing the well being of the EPZ workers. This study on the working and living conditions of the EPZ employees, attempts to investigate the living and working conditions of the EPZ workers living in Averiwatta Grama Niladhari (GN) division, belonging to the Katunayake EPZ. The objectives of the study are: to ascertain the working and living conditions of the EPZ workers and to identify the issues related to the said conditions in order to recommend possible solutions for the issues identified.

Methodology

This study employs a mixed approach, using quantitative and qualitative data. Averiwatta GN division covering approximately 90% of the allotments of Katunayake EPZ, has been selected as a case study. A sample of 50 assembly line workers representing 3% of assembly line workers residing in Averiwatta GN division was selected for the study. The study is based on primary data gathered through a questionnaire survey. The respondents were selected using purposive sample method in order to include two categories of workers namely local workers (who reside permanently in Averiwatta in the Gampaha district) and migrant workers who have migrated from other districts.

Findings

The demographic characteristics of the selected EPZ workers: Forty eight percent of these workers were found to belong to the age group 21– 25years while the median age of the workers was 25years. There were only 4 % above 41 years (n=2, both are local workers). It is important to note that 16% of the workers were below 20 years of age. Seventy percent in the sample of workers were female workers. Fifty six percent of the total number of workers was single and all the married were females.

Seventy percent of the total sample had completed ordinary level examination and 20% of them had done advanced level examination. Only 10% of the workers could not prove beyond grade 10. The place of permanent residence of the selected 50 workers was dispersed over 12 districts including Gampaha with 44 of them having migrated from other districts mainly from Kurunegala (25%) and Ratnapura (18%) districts.

Living conditions of the EPZ workers : The migrant workers from other districts live in rented rooms sharing the minimum facilities offered with the other tenants. The average monthly rent was Rs.2463. The minimum room rent is reported to be Rs. 1500/= where the full room rent is shared by two or three tenants. The highest room rent was Rs. 3600.

Seventy six percent of the boarding places were of the type of line rooms with at least two adjoining rooms. These boarding houses were made of bricks or cement blocks walls; roof of tiles or asbestos; cement floor. They had only one door and one window for ventilation. The average floor area was 10 x 15 feet and the space was shared by a maximum of three boarders. Electricity was supplied to all the rooms. The source of water for 95 % of the boarders was taps available outside the line rooms. Five of the workers had to fetch water from a well. Three of them were local workers. None of the workers have the benefit of attached bathrooms. Sharing toilets with other tenants and/or main household is common among 92% of the workers.

The workers are provided with breakfast and lunch by the companies (and the dinner in the case of night shifts) either free of charge or for a nominal fee. Otherwise, the workers cook their own meals with 74 % using LP gas and 12 % using kerosene stoves and 6% using wood. Six male workers buy their meals either from the main household or from an outside source.

Working Conditions of EPZ workers: During the survey it came to light that 22% of the workers had sister/s or brother/s working in Katunayake EPZ. Thirty two percent of the workers have decided to do this job in the EPZ to earn certain income while another 22% have chosen this job since they do not have any alternative. The workers have served for the EPZ for 3.6 years in average. Three months on the job training is the most common method of training. The basic monthly salary for the workers in the sample ranged from Rs. 10150 to Rs. 25000 on an average of Rs.14736. Most of the workers (92%) earn overtime payments on an average of Rs 4464 per month. Thus, the average of total monthly salary is equivalent to Rs. 19346. Besides this, the workers those who worked for at least one year were normally entitled to receive bonuses twice a year paying in April the equivalent of the basic monthly salary and in December half of the monthly basic salary.

The number of working hours per day ranges from 8 to 12 hours. On an average workers have to work 9.8 hours per day to get the basic salary. The normal working hours of 62 % of the workers is

reported as equal or above 10 hours per day.. The workers normally work for six days per week averaging to 25 days per month. Provision of overtime varies by the time, product and the company.

Conclusion

The mean age of workers migrated from other districts was 24.7 years while the mean age of local workers was 35.8 years showing a gap of 11 years. However there were cases which flouted the minimum age requirement (18 years) of BOI Sri Lanka. A common characteristic discovered among the workers was that members of the same family have opted to work in the EPZ. Therefore, the benefits would remain within the same family for generations. None of the workers have migrated from Colombo or Kalutara districts.

Although many young people migrated to the area in search of employments they apparently have a huge problem in hand as neither the government nor the companies has taken the responsibility of providing reasonably acceptable accommodation facilities. The boarding house owners are reluctant to provide facilities of quality for a lower rent. The correlation between basic monthly salary and monthly rent is positive but not significant (0.19). However, if they were paid well they may have gone for better accommodation with better facilities. Only a certain number of companies have provided free and better accommodation facilities for their workers. Most of the EPZ companies in Katunayake EPZ tend to provide free meals and free transport for their workers.

The workers are not properly trained for their work. The basic salary is determined by global levels of education or training. The correlation between the highest grade passed and the basic salary was 0.19 and the correlation between training period and basic salary was 0.04. However, it was revealed that the EPZ workers earn a higher salary than the mean monthly per capita income of workers in the country at the national level (Rs.11932) (Department of Census and Statistics – 2012). It was revealed that workers of the branded MNCs were better paid with better working and living conditions. Almost all the companies have organized entraining events such as musical shows, social gatherings and tours. BOI maintains a medical center that provides free medical care for all EPZ workers.

Recommendations

Provision of safe living and working conditions to these workers in order to provide a better quality of life for the sweat machines is the responsibility of EPZ companies who flout many financial and labour regulations to generate foreign exchange earnings. The workers who have been provided accommodation, meals and transport by the company seem to have a better quality living. Therefore, the companies should provide accommodation, meals and transport facilities for the workers in order

to enabling them to have a better living standard. Increasing basic salary is also recommended. The EPZ companies demonstrate their concern of social responsibility by providing donations to schools and religious places on request. EPZ companies should increase their contribution in such common requirements of the society.

Key words

Export Processing Zones (EPZs), Corporate Social Responsibility (CSR), local workers, migrated workers, living conditions, working conditions

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