

* Summary

This is a report about giant retailers – often referred to as supermarkets or big box retailers – such as Walmart, Tesco, Carrefour, Lidl, and Aldi. What makes these retailers special is their size: their global reach and their huge market share in many countries. Using their size to dominate suppliers and push them into offering lower prices is how the Giants do business.

It is also a report about the clothing industry, in which the giant retailers are big players. In the UK, for example, more than a quarter of all clothing is bought from chain stores that also sell groceries. One in two German shoppers buys clothing in discounters such as Aldi and Lidl. And Carrefour is Europe's fourth-largest clothing retailer.

But most importantly, it's a report about the people – mostly women – who make the clothes on sale in giant retailers. Women like Amanthi in Sri Lanka, who sews clothes for Tesco.

"I leave home at six in the morning and come back home at nine in the evening", she says. "I leave when my daughter is still in her dreams and come back home to see her gone to sleep. She sees my face only one day of the week."

Or women like Salma and Kusum, who work in a factory in Bangladesh supplying Lidl, Carrefour, and Walmart.

"Coming home I feel so drained that I do not even feel like eating", says Salma. Kusum adds, "At times it gets unbearable and I cry. After a while I have to put myself together because there is no other way, I must keep working."

During 2008, Clean Clothes Campaign researchers spoke to 440 such workers in 30 workplaces across four countries - Sri Lanka, India, Bangladesh and Thailand. All of the workplaces were producing clothes for one or more of the five retailers who are the subject of our report: Aldi, Carrefour, Lidl, Tesco and Walmart.

It is these women and their families who are absorbing the costs as giant retailers push their garment suppliers into agreeing to lower prices, faster turnaround times, and greater uncertainty. Purchasing practices that increase pressure on suppliers are only possible because of women workers' disempowered, disadvantaged position, which means they have no option but to accept whatever conditions of employment are on offer.

Worse, the impact on patterns and terms of employment serves to further entrench that disadvantage. As belts tighten at a time of financial crisis, women workers and their families are subsidising the profits

Shopping at the Giants

\$ 345,000,000,000 (€ 253,000,000,000): Walmart's total sales in 2007, equivalent to US\$ 10,940 (€ 8,035) per second. ¹

25,000,000: the number of people who shop at Carrefour every day.

1 in 7 euros spent in British shops is spent at Tesco.

80% of German consumers shop at Aldi.

24 European countries have Lidl stores. Only five of the EU 27 do not.

of giant retailers through poor working conditions and terms of employment, and poverty wages. They cannot, and should not have to, afford to provide these subsidies, but economic necessity leaves them with no choice. Far from lifting women out of poverty, the Giants are cashing in on it.

Working excessive hours for poverty wages

“I feel so sick and tired after a day’s work that I do not want to work the next day. But hunger does not allow thinking of sickness, the thought of living with an empty stomach makes everything else forgotten. We work to save ourselves from hunger.”

Woman at a Walmart and Carrefour supplier, Bangladesh

Garment workers in the Giants’ supply chains should have the right to earn a living wage – one that meets their basic needs and those of their families – within a working week of no more than 48 hours. Our research shows that they are robbed of this right, three times over.

First, low hourly wages mean that they are deprived of the right to earn a living wage, no matter how hard they work. In Bangladesh, the lowest basic wage (before overtime) was € 13.50 a month at an Aldi supplier; the lowest take-home wage (including overtime) was € 21 at a Lidl and Walmart supplier. In India, unskilled workers started on € 45 per month, and in Sri Lanka, the figure was € 33.50. Nowhere do workers earn a wage that meets their basic needs.

“We have to sleep in crowded rooms made out of wooden planks for walls. The rooms do not get enough ventilation. And there is no escape from mosquitoes... I use the meagre salary I receive very frugally as I have to pay for the boarding house and spend for food while sending some money home for sisters’ studies.”

Woman in a Sri Lankan factory supplying Tesco, Walmart and Carrefour

Second, their free time is stolen by managers who force them to stay late. The 48 hour basic working week is a meaningless concept when overtime is compulsory and a daily occurrence, and even the 60 hour with-overtime maximum is frequently ignored. Workers in a Sri Lankan factory supplying Tesco said they worked an average of more than 64 hours per week. Of ten factories surveyed in Bangladesh, no factory had a regular working week of less than 60 hours; more than half exceeded this, and in four the average week was over 80 hours.

“We have to work from 9 in the morning till 1 in the night. We can’t choose to work only during day or

night. This is full-day work. We’ve to work thirty days in a month like this.”

Woman at a Carrefour supplier, India

Third, and most outrageously given their difficulty making ends meet, these women and men are not even paid for the extra hours that they do. The notion that overtime should be compensated at a premium rate is a long way off when in most cases it is not compensated at all.

“We do a lot of overtime. Almost every day there is at least one hour extra. We are called on Sundays as well. However, our monthly wage slip will not show all the overtime that we do. It will quote only 1-2 hours as overtime in a month.”

Woman at a Tesco supplier, India

Workers deprived of a voice

“If we try to form a union we will lose our job. So I do not want any union.”

Worker at a Lidl and Walmart supplier, Bangladesh

The litmus test of whether any brand or retailer is taking its responsibility seriously is not that a trade union forms in a workplace, but that workers have the confidence that if they were to try to organise, there would be no retaliation. This requires strong signals from the buyer to workers and management, and effective education by trusted local people. In not one case from our sample was this evident, and in nearly every case workers stated that management’s attitude would make it impossible to form a trade union.

“Are you joking? We are not even allowed to talk to each other inside or in the premises of the company. And you are talking about unions [...] One can never even imagine building a union in our company.”

Worker in a Carrefour factory, India

For example, at an Aldi supplier in Bangladesh, one male worker had been fired for association with a trade union, while two female workers were not only sacked but forced to leave the neighbourhood for attempting to organise workers. Workers recounted management tactics to stifle dissent that included beatings, firings, and raising false legal charges against workers.

“If you form a union, you will be out. You will be evicted at any time without any prior notice. It has also been mentioned in the call letter.”

Worker at a Tesco supplier, India

Lack of job security

“Workers coming directly from the company will be paid more. Others hired through contractors will be paid less than them.”

Worker at a Carrefour supplier, Delhi

Our research in India, Sri Lanka, and Thailand has shown that workers producing clothes for giant retailers do not have the right to job security and permanent employment. Workers employed by contractors and those on temporary contracts face lower pay, poorer conditions, and a constant fear that they will lose their jobs. In a Tesco supplier in Sri Lanka, more than half the workforce were employed on casual contracts, compared to just a few in another Tesco supplier: twice as many workers in this first factory said that they were afraid of losing their jobs. The turnover of temporary workers and the ease with which they can be dismissed means it is even harder for them to join a trade union.

“Unionisation seems impracticable. People working on behalf of some company can do that because they are permanent there, [but] the interference of contractor is so huge that people can’t come together.”

Walmart worker, India

This is not a question of a few workers brought in every so often to help with an urgent order; it is a systematic and spreading use of precarious forms of employment both to manage fluctuating orders and to further tip the power balance in favour of employers.

“I worry about my security. I don’t have job security because we are subcontracted. I am always afraid that I will have no money to pay in a month.”

Tesco supplier, Thailand

In Thailand, workers in subcontracting workshops supplying Tesco and Walmart faced some of the worst working conditions. Hours were longer, pay was lower, and many workers had given up and left because they couldn’t survive.

Purchasing practices to blame

“To be honest, if we try to implement all these standards, there will be no suppliers left who can make garments.”

Tesco sourcing employee, India

Giant retailers favour purchasing practices that aim to get the maximum flexibility and the lowest prices from their suppliers. At the same time, they say that they are improving the systems they have in place to enforce their codes of conduct on labour rights. These two factors are frequently in tension, because the

Giants’ purchasing practices create a number of pressures that are bad for workers.

“Of course the buyer [Walmart] has many compliance standards. If we try to implement all of them, we can sit at home. No production will happen... To ask us to complete production with a code of conduct is one thing and to implement it is another thing.”

Factory manager, Tirupur, India

First, there is a selective pressure on the suppliers they use. The low prices and other poor purchasing practices associated with giant retailers bias their supply chains towards factories whose owners are more desperate or less scrupulous than might otherwise be the case.

“If I personally feel that the costs cannot be covered, I will not take those orders. Even if we reject an order, there are many buying houses here that take up the same orders with the target price the buyer quotes or even less... I do not know how they manage.”

Walmart supplier, India

Second, the pressure created by competing demands of good working conditions and faster, cheaper production can be relieved through cheating the compliance procedures. Our research uncovered faked time-sheets and payslips, workers forced to lie to inspectors, and many other such tricks. Whatever store the Giants may place on social audits in their head offices and public statements, the evidence cited in this report demonstrates that their staff on the ground are blasé about the gap between conditions in factories and those reported in audits.

“You know Asda [Walmart’s UK subsidiary]. They are the worst. They keep on giving changes until the last minute. After that we will be finding it so difficult to finish production before the shipment date. But they will never accept that it is their fault.”

Walmart supplier, India

Third and finally, the time and cost pressures are passed on directly to workers in the form of insecure, poorly paid employment. In effect, garment workers are subsidising the low prices on supermarket shelves. The subsidies come in the form of two widespread cost-cutting measures: the increasing use of contract workers, and systematic, unpaid, compulsory overtime.

“[Tesco] Lotus pays us less for difficult products. We have to spend much more time but get much less money... We feel very stressed working for Lotus. They give us very little time.”

Subcontracting workers, Thailand

Women bear the brunt

“I am a girl but I do not have a pair of earrings. I do not have means of dressing fashionably because the pay I get is hardly enough to afford everything. What could I do?”

Woman in a Sri Lankan factory

Time and cost pressures on a workplace lead to poor pay and working conditions, trade union suppression, and insecure employment. But these impacts on workers are not distributed equally: they fall disproportionately on women. Women are more likely to be in jobs where labour rights abuses are common, including precarious forms of work.

Women are more susceptible to labour rights abuses when they occur. Productive, reproductive and domestic responsibilities constrain women’s ability to seek other work, to take action to improve their working conditions, or to speak out about the abuse they face. Cultural and economic constraints create obstacles to women workers speaking out about their conditions and joining a trade union.

“This factory has mainly women workers, so we can not call strikes.”

Woman at a Lidl and Walmart supplier, Bangladesh

In our research we found frequent examples of gender discrimination, especially in Bangladesh: women workers earning less than male workers, and with less opportunity for promotion; and beatings and verbal insults - many of them sexual - were the rule, not the exception.

“They use language I cannot tell you. It makes you feel so dirty that you want to leave the job.”

Woman at a Bangladeshi factory supplying Walmart, Carrefour, and Lidl

In most of the ten factories we visited in Bangladesh, we found cases of heavily pregnant women forced to work the same hours as everyone else – including late evening shifts and even night shifts in some cases – right up until they went on maternity leave.

“If the factory works until 10, the pregnant workers have to work until that time as well.”

Woman at a Walmart, Carrefour, and Lidl supplier, Bangladesh

All but two of the ten Bangladeshi factories had a room that acted as a childcare centre, but workers explained that in half of those with childcare centres, supplying all five of the Giants between them, these rooms were only used when the factories were visited by buyers or auditors.

Giant size means giant responsibility

Giant retailers say they are taking steps to resolve the abuses of labour rights throughout their supply chains. But it’s clear from the evidence we found that these steps are not enough – and, further, that the Giants’ purchasing practices are making matters worse. Giant retailers and their suppliers should:

1. Adopt a **code of conduct** with labour standards equivalent to or higher than those set out in the CCC Code of Conduct. The code should apply to workers at every stage in the supply chain, including those in retail and distribution as well in manufacture.
2. Implement, monitor and verify compliance with the code through direct engagement with trade unions and labour rights groups in a credible **multi-stakeholder initiative (MSI)**, in which these organisations are represented at all decision-making levels up to the very highest.

In doing so, pay special attention to:

- Taking proactive and identifiable measures to promote access to **freedom of association**. All workers should have the right to form and join unions and other representative bodies of their own choosing, and to engage in bona fide collective bargaining with their employers.
 - Developing a methodology to determine and implement a **living wage**, and in the meantime taking immediate steps to increase wages. Living wage figures should be based on regular working hours and apply to all workers.
 - Eliminating **gender-based abuse and discrimination**, including differences in recruitment, pay, training and promotion.
 - Ensuring that workers undertaking a factory’s principle work have the right to permanent employment. **Precarious forms of employment** should not be used to undercut the legal rights and benefits to which permanent employees are entitled.
 - **Disclosing** factory names, locations and audit results.
 - Not **cutting and running** from suppliers when violations are found.
3. Assess the impact of their purchasing practices on all workers, take steps to remediate the negative impacts, and communicate the results of assessment and remediation to workers throughout the supply chain, their representatives and the public.

4. Set retail prices in a responsible manner. Refrain from advertising that creates consumer expectations of unsustainably low prices.

Governments throughout the supply chain – in countries where garments are made and where they are sold – should:

1. Ratify, implement and enforce all relevant Conventions of the International Labour Organisation (ILO). Ensure that national labour legislation upholds internationally-recognised standards and is enforced effectively; Emphasis should be placed on a robust legal framework for trade union rights, on setting minimum wages that are living wages, and on ensuring that precarious forms of employment are not used to undercut the legal rights and benefits to which permanent employees are entitled. Promote respect for workers' rights through and within the ILO.
2. Ensure that concessions made to foreign direct investors allow host countries to regulate their investment and labour markets, and enforce existing labour law. Include mechanisms to hold all supply chain actors to account in their home countries for actions that undermine respect for workers' rights throughout the supply chain.
3. Put in place a legal framework that holds giant retailers to account for workers' rights violations throughout their supply chains, and gives workers a legal right of redress. This legal mechanism should exist both in countries where the products concerned are sold and in the country where the retailer is headquartered.