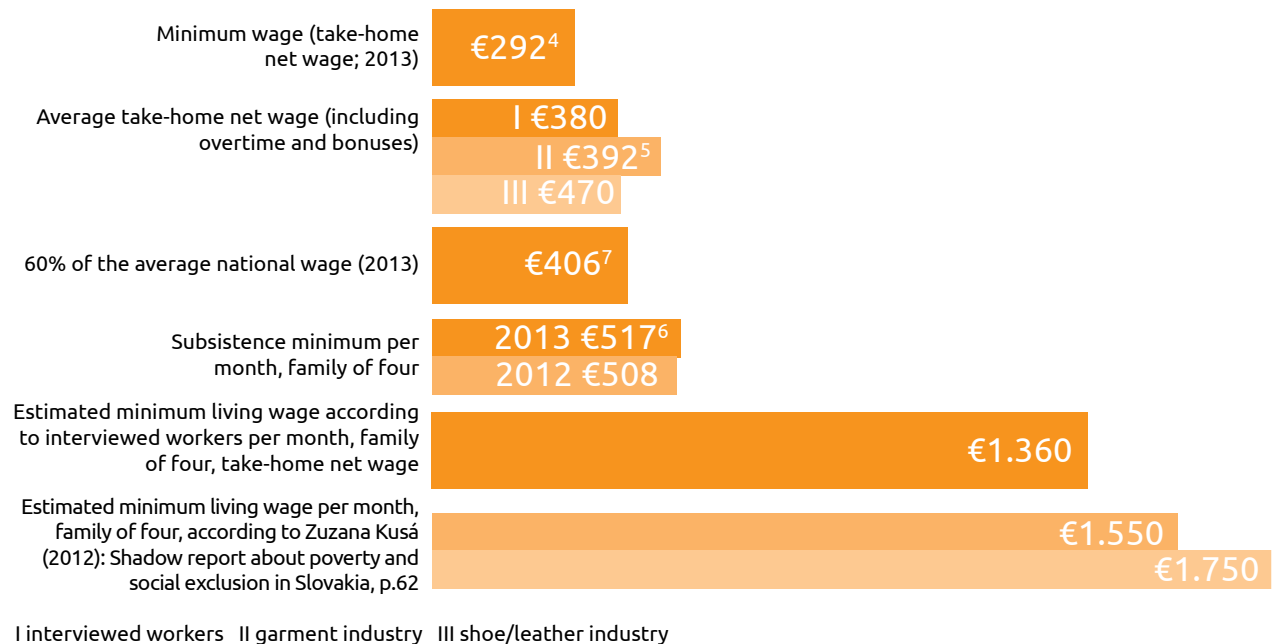


WAGE COMPARISON



DEMANDS TO BUYERS

- ▶ **As a first immediate step**, global buyers have to make sure that workers in Slovakia receive a basic net wage (without overtime and bonuses) of at **least 406 Euro** (60% of the national average wage). As a **further step**, the basic net wages have to be **increased towards the level of the estimated minimum living wage**.
- ▶ Buyers have to **analyse and adapt their price structure** in order to make sure that the actual price they pay to the supplier allows for these wage hikes.
- ▶ Formally “self-employed” seamstresses should be treated like regular wage earners with regards to working time and social insurance (ILO Convention 177 art 4: Equality of treatment as concerns Occupational Health & Safety (labour inspection), access to social protection).
- ▶ The misuse of short-term contracts must be stopped.

SLOVAKIA'S GARMENT AND SHOE INDUSTRY AND REMUNERATION SITUATION

The garment sector remains one of Slovakia's main industrial employers and exporters. Exports and employment stabilised over the previous five years. However, the share in overall employment dropped from 16% in 1999 to about 7% nowadays. In 1989, about 100,000 workers worked in the textile, garment and shoe industry; today there are approximately 25,000 registered workers. In addition to the 25,000 registered workers, there are self-employed workers or workers without a contract. An estimated 5,000 workers are engaged in these semi-formal and informal types of employment. 90% of the workers are women⁸.

Two thirds of all garments and shoes produced in Slovakia are exported; the prevailing system of production and export is the “Lohn”/OPT (Outward processing Trade) scheme.

A considerable part of the textile and garment factories in Slovakia are foreign-owned. The Slovakian government facilitates foreign investment through Bilateral Investment Contracts which guarantee the free transfer of funds, profits, dividends and the compensation for any loss caused by government decisions.

The minimum wage is set through tripartite negotiations in the Economic and Social Council (HSR) where the social partners have to be represented. For instance a representative union must have at least 100,000 members in different sectors. The minimum net wage in 2013 was **292 €** and the subsistence minimum was set at **517 €**. Thus the legal minimum wage is far below the subsistence level.

According to national statistics (2012), the manufacturing sector with the highest wage is coke and oil processing. Workers, predominantly men, earn up to 1098 Euro net.⁹ The sector with one of the lowest net wages is the garment industry. Workers, predominantly women, earn 389 Euro net.

AN AVERAGE NET WAGE of a garment worker covers



of a minimum living wage.

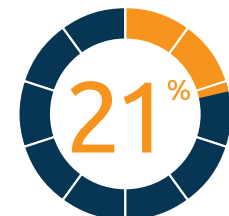
An average salary of a garment worker

€ 380

is far below the subsistence minimum

€ 517

The legal minimum wage covers



of a minimum living wage.

WAGE RELATED RIGHTS VIOLATIONS

- Low wages
- While the labour law provides for rest of two consecutive days per week, the reality is that workers often work six days a week
- Misuse of self-employment status: Many factory workers are “self-employed”
- Short-term contracts of 3 months
- Closure of factories without paying outstanding wages (sometimes for several months) and severance payments
- Overtime or work on Saturdays is paid just like standard working hours

FIELD RESEARCH FINDINGS¹⁰

In Slovakia, it was very hard to find workers who would agree to be interviewed. Workers were extremely afraid because they feared repression and reprisals from the management. Some said they had to sign statements confirming they wouldn't talk about the conditions in the factory others could not see how the research would help. They stated since the revolution, nobody cared about workers anymore and that there is no protection for them. Interviewees said the situation had changed since the revolution and that even trade unions don't work. All of those interviewed had families to support and they hardly survive with their income. They live from month to month, without saving money for the future. They don't see any other options to get a job in the region.

The take-home net wage including overtime and bonuses of the interviewed workers ranged between 300 Euro and 420 Euro – 380 Euro on average. One woman who has been working in one of the factories for 28 years still just earns minimum wage. The workers receive a fixed quota that they have to fulfil and are paid at piece rate.

Workers report that the quota is set very high and that only experienced and fast working women can reach it within normal working hours. Therefore, regularly working unpaid overtime is common. They usually do not see this extra work as overtime. They consider it work they did not manage to do during normal working hours. Without overtime and without meeting the quota, workers just earn legal minimum wage. Women can refuse to work overtime. Due to family duties, a third of the interviewed women don't work overtime and as a result of that they just earn the minimum wage. Other women worked between three and eight hours of overtime per week. One worker regularly works on Saturdays which is illegal.

According to workers, buyers of the researched factories include: Prada, Armani, Max Mara, Pierre Cardin, Daniel Hechter, Lacoste

“The wages went down. We used to have € 430, then it went down to € 330. You can't imagine what kind of a disaster this causes for the family. When they started to sack many fellow employees, the most common reason for dismissal was age. At 48 years, I was too old.”

Research revealed that women are mostly seen in sewing and ironing departments whereas management positions, machine operations and storehouse jobs are predominantly occupied by men. This gendered division of labour in the factory also has an impact on wages. While women work on a piece rate, men are paid on an hourly basis. Women working at the sewing machine are often seen as 'unskilled', while male machine operators are considered 'skilled'.

If they had decent wages, workers would go to the dentist regularly or go on holidays which they cannot afford at present. Their current wages are just enough for buying food.

"I feel sorry for those women who died there [Rana Plaza, Bangladesh]. We were also crammed in our factory like sardines, but at least the occupational health and safety was on a better level."

"The biggest problem is low wages."

"Almost every woman in the factory has problems with her back."

IVANA'S STORY – FACTORY WORKER IN SLOVAKIA

Ivana started working in the garment industry in 1986 when she left secondary school. It was the only chance to easily find a job. At that time, the regime was very different; the factory was prosperous and there was a big workforce with many women. She enjoyed working there.

Since 2009, the situation has changed. Many of her colleagues were dismissed and there are rumours that the management is planning on closing the factory. Even though she only earns the minimum wage and it's impossible for her and her family to live a decent life. She is glad to have a job at all. After working in the factory for so many years, she can't imagine working anywhere else, and worries she would not find another job at her age and with her skills.

"With a monthly gross wage of 380 €, I am counting every penny to cover basic needs. I have three children. Luckily, one has already left home and has a job, but we still have to help him. The other two are girls; they are in secondary school."

From Monday to Friday, she gets up at 5.00 in order to be at work on time, she returns home at about 14:30. Although the wage is low, she appreciates that her employer respects the normal working hours (eight hours) as it allows her to be at home when her children come home from school.

Her husband works in a nearby engineering factory and earns very little as well. Their household budget is less than 800 € a month.

Saving money is impossible. "We live from month to month without any guarantee for the future. I don't know what we will do if our daughters want to go to university. We can't save money for them. Sometimes I hope they finish with secondary school and start to work as I did when I was their age." All of their money is spent on basic needs, especially food. The cost of food has risen in recent years and is now very high, the quality of food they can afford is poor and they can afford meat only once a week.

"I don't know how all this can be changed. I am afraid to lose my job. Many colleagues don't work here anymore and I heard that they are still without a job or work in other factories where the wages are the same and the working conditions even worse. Five years ago, workers were asking for better wages. All workers signed a petition and sent it to the management. But there was not even a response, not to mention any change."

“My husband is unemployed. If I lost my job, I can’t imagine what would happen. It is a very difficult time for us. The management intimidated us with threats saying that in other factories women work for less money. They asked us what we really wanted, why we were complaining and said that we should be glad that we have a job. I have to work for minimum wage, because I don’t have another opportunity to find a job. We are also afraid to go to the doctor out of fear of losing our job. I needed to go to an allergist, but I blew all possible dates only because I did not want to get fired. Finally, I went to the doctor to get my injection for my allergy, but the doctor refused to treat me because the company hadn’t paid my insurance.”

“I feel that life is hard being a garment worker. I am sure that managers and politicians don’t know anything about our living conditions. I would like to change my life, but I am too old for that.”

¹ Data from Statistical office of SR - Infostat. Broken by SK NACE: registered companies over 20 employees; study for trade union by Juraj Zelezník, Slovak Centre for Communication and Development; another source mentions over 800 companies.

² Employees and average monthly wage, Statistical office of the Slovak republic SOSR: 2012, p.19

³ National Statistics Office: data of export of garment and shoe industry and total export, file: ZO_def_12.xlsx, sheet: 40-41

⁴ <http://spravy.pravda.sk/domace/clanok/247896-najmensi-zarobok-sa-zvysi-o-desat-eur/>, 14 July 2013. Soňa Pachterová: The lowest wage is going to rise by about 10 €, 3 September 2012

⁵ Own calculation on the base of a gross salary of 476,31 EUR (garments) and 587.18 EUR (shoes-leather) respectively in publication of Statistical office - the attached document - SR: RESULTS OF ANNUAL SURVEYS ON INDUSTRY OF THE SR, PRODUCTION AND SALES OF SELECTED GOODS IN 2012, table Z50, page 14, column 8

⁶ www.pp.sk/1547/Zivotne-minimum-od-1-7-2012-a-co-ovplyvni-jeho-zvysenie_43642.aspx, 25 August 2013. Bibiána Špániková: The subsistence minimum from 1st of July 2012 and what influence its extending, 1 August 2012; www.szsm.sk/informacie/legislativne/vseobecne/375-zivotne-minimum-platne-od-1-7-2013-a-suvisiace-zmeny-s-jeho-valorizaciou-v-socialnej-oblasti, 21 October 2013, Zuzana Dvořáčková: The subsistence minimum (valid from 1 July 2013) and changes connected with valorization in social area, 11 July 2013

⁷ <http://portal.statistics.sk/showdoc.do?docid=67083>

⁸ Employees and average monthly wage, Statistical office of the Slovak republic: 2012, p.19

⁹ Group of section of industry statistics of Slovak Statistical Office: The results of quarterly surveys in industry of Slovak republic and production of selected goods, September 2012 – researchers net calculation of 2088 € gross

¹⁰ Between May and October 2013, nine qualitative interviews with workers from five different factories were conducted

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