



# **Multinational Corporations' Obligation for the Right to Fair Wages: the Case of Industrial Parks in Ethiopia**

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**Multinational Corporations' Obligation for the Right to Fair Wages; the Case  
of Industrial Parks in Ethiopia**

*A thesis submitted in partial fulfillment of the requirements for the Award of  
Master of Laws (LLM) in Human Rights Law at School of Law, College of Law  
and Governance Studies Addis Ababa University*

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**June 2020**

## **Declaration of Originality**

I, **Rediet Sisay Belayneh** hereby declare that the thesis entitled as **Multinational Corporations' Obligation for the Right to Fair Wages; the Case of Industrial Parks in Ethiopia** is my original work and that it has not been submitted for any degree or examination in any other university. Reference materials employed under this paper have been duly acknowledged.

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### **Approval Sheet by Board of Examiners**

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## **List of Abbreviation**

BITs- Bilateral Investment Treaties

CSR- Corporate Social Responsibility

EIC- Ethiopian Investment Commission

EPZ-Export Processing Zones

FDI- Foreign Direct Investment

FDRE- Federal Democratic Republic of Ethiopia

HCES- Ethiopian household consumption expenditure Survey

ICCPR- International Convention on Civil and Political Rights

ICESCR- International Convention on Economic, Social and Cultural Rights

ILO- International Labour Organization

IP- Industrial Park

IPDC- Industrial Park Development Cooperation

MNC- Multinational Corporation

MOLOSA-Ministry of Labour and Social Affairs

OCED- Organization for Economic Cooperation and Development

RACB- Right to Association and Collective Bargaining

TNC- Transnational Corporations

UDHR- Universal Declaration of Human Right

UNCTAD-United Nations Conference on Trade and Development

UNGA- United Nations General Assembly

## **Abstract**

*The study was conducted with the objective of assessing multinational corporations operating in industrial parks compliance with fair wage requirement. Even though international human right instruments and soft laws has recognized fair wage requirements on the state and business entities the legal instruments fail to provide follow up and implementation procedures. Based on empirical evidence, the wages paid at industrial parks are not living wages that suffice to cover basic human needs. To measure whether the wages are living wages and suggest probable living wage Anker methodology was utilized. According to this methodology, the ILO conventions and FDRE labour law the benefits and allowances are not considered as elements of fair wages. The study found that the absence of minimum wages regulation in Ethiopia is a barrier to the realization of Multinational Corporation's obligation to fair wages after doing due analysis.*

## CHAPTER ONE

### INTRODUCTION

Wages are the constant earning of employees which enables them to fulfill basic human needs. However the absence of clarity on the meaning of fair wage, inclusion and exclusion of other payments on fair wage and controversies on the amount of fair wage leaves the issue of wages to employer's discretion. Under this chapter the background of the study, the statement of the problem, research question, objective of the study, significance of the study, scope and limitation of the study, and organization of the research will be briefed.

#### 1.1. Background of the Study

International organizations like Oxfam are working to make sure the poor gets its share from the power and resource that will help to reduce poverty and inequality.<sup>1</sup> According to Oxfam international, since 2015 the richest 1% has owned more wealth than the rest of the planet.<sup>2</sup> Ensuring social justice through international business transactions can be a means to balance this inequality, to this end ensuring fair wages has irreplaceable role as significant number of people earn livelihood through employment. In the globalized world it has become easier to operate all over the world through supply chains as a result various job opportunities has been created. However with globalization uncertainty in the world of work has increased and required involvement of international organizations.<sup>3</sup> As a solution to balance the increasing inequalities there are legal measures taken by the UN and ILO using terminologies like fair wages, equal remuneration, living wage and minimum living wage. The main focus of the research is the responsibilities of business entities specifically MNC's because of their special character of acting outside of their country and shareholders from different countries.

MNCs carry obligations from international human right instruments, UN and ILO soft laws and voluntary initiatives like OCED guidelines, UN global compact. However the implementation

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<sup>1</sup> Oxfam International, Extreme inequality and essential services <[www.oxfam.org](http://www.oxfam.org)> accessed Nov 30, 2019.

<sup>2</sup> Ibid

<sup>3</sup> ILO, Declaration on Social Justice for a Fair Globalization, adopted by the International Labour Conference at its 97th Session, Geneva, 10 June 2008.

and enforcements of these instruments is not adequately regulated as a result of the voluntary nature of international laws.

Ethiopia has not ratified minimum wage regulation and neither have domestic minimum wage regulation. Therefore the absence of both local remedy and international remedy for the right to fair wages puts the right to fair wages at risk.

## **1.2. Statement of the problem**

MNCs are usually attracted to a particular country by the incentives offered by the country. Availability of labour force is among the attractions because MNCs intending to invest considers the human resources in the host country. However it is widely criticized many corporations in developing countries do not actually pay a living wage, even if they claim they accept the principle that they should.<sup>4</sup> Especially in the garment sector which requires large number of labour force, developing countries like Ethiopia with high unemployed youth are potential destinations. In Ethiopia global brands that based their headquarters all over the world established their supply chains at IPs.<sup>5</sup> These brands have other supply chains in other countries but the wages in Ethiopian IPs is found to be smaller than other supply chains.

The FDRE labour proclamation stipulates minimum wage board will be established which still is under process.<sup>6</sup> Moreover the power of the minimum wage suggested by the board is not clear whether it is binding or just recommendations. Currently, wage determination is left to the market which leaves workers at the grace of the employers.

The vagueness of the terms fair wage, living wage and fair remuneration is also another problem as terms are subjected to wide interpretation. In IPs investors tend to take the minimum public service pay as living wages<sup>7</sup> and others take the IPs labour market wage as living wage.<sup>8</sup> They also consider the benefits and allowances as a living wages; however literatures and ILO

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<sup>4</sup> Richard Anker, *Estimating a living wage: A methodological review, conditions of work and employment programme*, Condition of work and employment serious No. 29 (ILO Geneva 2011) 1.

<sup>5</sup> Ethiopian Investment Commission, [www.investethiopia.gov.et](http://www.investethiopia.gov.et) Accessed 25 April 2020.

<sup>6</sup> Interview with Fekadu Gebdu Senbete, Director, Harmonious Industrial Relations Directorate at Ministry of Social and Labour Affairs (Addis Ababa, 24 March 2020).

<sup>7</sup> Interview with Dawit Feleke Woldemaryam, Chief of staff to the deputy Commissioner for Industrial Parks, Ethiopian Investment Commission, (Addis Ababa, 15 April 2020).

<sup>8</sup> Interview with Tizita Taye, Human resource manager at Ever top Sportswear PLC (Addis Ababa, 27 March 2020).

instruments do not allow such an extended interpretation of the terms. Wages are central issue of the research because employer's legally enforceable obligation mainly lies on wages. For example if the employee's contract is illegally terminated the Ethiopian labour law provides severance payment calculation in accordance with the average daily wage of the employee.<sup>9</sup> The social security payment like pension and compensation for work injuries are calculated based on wages.

Moreover, respect for the right to collective bargaining has substantial interrelation with the right to fair wage. The role of labour unions in ensuring fairness of wages is irreplaceable. However the absence of labour union at the IPs underlines the absence of bargaining for wages along with the various problems in IPs.<sup>10</sup>

In addition, minimum wage regulation is considered to be disadvantageous to the newly emerging industrial investment.<sup>11</sup> However the human rights based approach to development instructs development should not be gained at the cost of human rights.<sup>12</sup> The right to fair wage as a decent work requirements one of the UN sustainable development goal target should not be disregarded.

Furthermore, though states and MNC's both has responsibility to safeguard fair wages no research has focused on MNC's obligation to the right to fair wages based on international hard and soft laws. Consequently the lack of awareness by the state, academicians and MNC's operating in industrial parks necessitates the conduction of this research.

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<sup>9</sup> Labour proclamation 2019, Art 40, proc. No1156 Neg. Gaz. Year 25, no. 89

<sup>10</sup> Interview with Measho Beriu, International and Public Relation Department Head, Confederation of Ethiopian Trade Union, (Addis Ababa, 10 April 2020)

<sup>11</sup>Yirgalem Germu Berega *The Law and the Practice of Minimum Wage at Industrial Parks of Ethiopia* (Addis Ababa University 2019)

<sup>12</sup> United Nations Declaration on the Right to Development, adopted by General Assembly, Res. 41/128, 4 December 1986.

### **1.3. Research question**

To address the problem statement above the research is designed to answer the following research questions;

#### **1.3.1 General Question**

The most important research question in this study is whether MNCs operating in Industrial parks in Ethiopia respect the right to fair wage of their employees or not.

#### **1.3.2 Specific Question**

- Is the right to fair wage a human right?
- Does MNCs have an obligation to pay fair wages?
- Are the wages paid in IPs fair wages?
- What are the factors that impact MNC's compliance with fair wage requirements?
- Can the right to fair wage be respected in the absence of minimum wages?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objective**

The main objective of this study is to assess the fairness of wages in industrial parks in Ethiopia together with MNC's obligation to ensure fair wages.

#### **1.4.2. Specific Objectives**

- To assess the position of the right to fair wage as a human right under the national and international legal framework
- To understand MNC's obligation to fair wages
- To evaluate the fairness of wages in IPs based on ILO accepted methodologies
- To analyze factors that impact the compliance MNC's obligation to fair wages
- To assess whether the right to fair wages can be respected in the absence of minimum wage stipulation

### **1.5 Scope of the study**

The scope of the study is limited to MNC's operating in IPs so individual investors and other forms of business will not be part of this research. Due to time and resource limitation the

research will be limited to Bole Lemi IP, Hawassa IP and Eastern IP. The variety of country of origins of MNC's and the location of the parks in different areas (Hawassa IP in SNNPR, Eastern IP in Dukem, Oromia Region and Bole Lemi IP in Addis Ababa) the living cost of each area is different so the research evaluates how the corporation's accommodate to comply with the living wages in these areas.

## **1.6. Significance of the Study**

This research influences MNC's to consider fair wages as part of their human right obligation. The research hopes to initiate the government to ensure remedy for the violation of the right to fair wages by MNC's through domestic minimum wage stipulation. The research also suggest what the upcoming wage board under labour law should take into consideration in suggesting minimum wages. Alarming NGO's and civil societies in Ethiopia to promote the protection and respect of the right to fair wages and advocate measures to ensure social Justice is one of the significance of the study.

## **1.7. Research Methodology**

The researcher has applied doctrinal and non-doctrinal research methodology. To analyze MNC's obligation to fair wages from the existing international human right instruments and soft laws, doctrinal research methodology has been employed. Non doctrinal research methodology was used to evaluate the fairness of wage in IPs. Both primary and secondary source of data was employed.

### **1.7.1 Research Design**

Qualitative research design has been deployed as the researcher carried out the study based on collecting and analyzing non numerical data to discover MNC's obligation to the right to fair wage and if the wages in IPs are fair wages. In estimating the potential living wages central statistics agency reports has been utilized.

### **1.7.2 Primary Data**

To collect primary data interview and different international, regional and regional legislations have been utilized. Interview questions were forwarded to the key informant's in order to collect qualitative data. Due to the Covid 19 outbreak the researcher was not able to have a face to face interview with the respondents. However telephone interview has been conducted with the

industrial park EIC branch managers. Subsequently as contacted by the branch managers 7 voluntary MNC's human resource managers or general managers has participated in the research via telephone. As a result 3 MNC's from Bole Lemi IP, 2 MNC's from Eastern IP and 2 MNC's from Hawassa IP were participant to the study. Most of the companies had provided contact numbers of worker's to participate in the interview, however the researcher has contacted additional employees from the IPs to have a balanced data thus a total of 4 employees from each IPs as a result a total of 12 employees has been key informant to the research.

Furthermore, chief of staff to the deputy commissioner for industrial parks at Ethiopian Investment Commission (EIC) and Ministry of Labour and Social Affairs (MOLOSA) Director of Harmonious Industrial Relations Directorate and International and national public relation directorate of the Confederation of Ethiopian Trade Union (CETU) has been interviewed for this research. Finally, the gender program manager at Oxfam Ethiopia was also interviewed to evaluate NGO's contribution on ensuring fair wages as a factor for the MNC's compliance with fair wages. Observation of industrial parks profile and export contributions provided by EIC was another primary source data, to evaluate on factors that determine the wage of workers in the IPs. Additionally, different national, regional and international jurisprudence at UN, ILO and organizational level legal documents are also primary sources of data for the study.

### **1.7.3 Secondary Data**

Books, articles, commentaries, journal, guidelines, official reports, electronics and press news outlets, (un) published thesis was used.

### **1.7.4 Sampling Technique**

To conduct the research, purposive<sup>13</sup> sampling technique was utilized. The reason for selecting this sampling technique is to choose research sample size based on the researcher's judgment. Bole Lemi IP I, Eastern IP and Hawassa IP were selected because they take the highest share on the number of employees and the Export contribution from all the IPs according to Ethiopian investment commission (EIC) data. The three IP's are purposely selected as the living cost in the three areas are different Bole IP I which is located in Ababa, Eastern IP which is located in Dukem, Oromia Region and Hawassa IP located in SNNPR. The other reason is to ensure the

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<sup>13</sup>Yitayew Alemayehu and Wondemagegn Tadesse, *Human right Research: A practical Guidebook on methodology and methods* (Center of Human rights AAU 2013) 131



participation of MNC's from different countries of origin as much as possible. Eastern IPs is mainly composed of Chinese companies. Bole Lemi has tenants from South Korea, India, China, and Taiwan. Hawassa IP is more diversified as it composes USA, India, Sri Lanka, China, India, Indonesia, Singapore, France and Belgium.

The selection of employees to the interview was non-random, even though the respondents from the company has mostly provided a contact number of line leaders, the researcher has further selected operation level workers to avoid redundancy and ensure variability.

#### **1.7.5. Analyzing and Interpreting the Collected Data**

Inorder to test fairness of wage the researcher utilized ILO methodologies to determine wheather the wages in IPs are living wages. Among the methodologies accepted for developing countries to estimate living wage, the Anker methodology which calculates living wage taking into consideration of food and non-food costs was be applied.<sup>14</sup> Similarly the data on MNCs' fair wages obligation under the international law and soft laws was summarized to conclude MNC's obligation to secure living wage. Significant factors that underlies for MNC's compliance with its fair wage obligation has been highlighted to conclude what factors contributed to amount of wages at IPs.

By utilizing the data collected and summerized the researcher acquires findings on fairness of wages and MNC's compliance with human right obligations at IPs. By using these findings, conclusions and reccomendations has been made.

#### **1.8. Limitation of the Study**

Unanticipated Covid-19 virus outbreak has made the data collection difficult because of the travel bans and difficulty to enter into IPs to reduce Covid 19 spread. As a result it was impossible to conduct face to face interviews and make observation of company's documentations so the research relies on the interviews that have been conducted by telephone. Time was also limitations to conduct this research.

#### **1.9. Organization of the Study**

The research have five chapters. The first chapter covers an introduction which includes background of the study, statement of the problem, significance of the study, research methods

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<sup>14</sup> Richard Anker (n 4) Table 16

and methodology. The second chapter briefly discusses the literature reviews on the conceptual framework of the right to fair wages, meaning of fair wages and historical background of MNCs obligation are overviewd in detail. The third chapter discusses the international, regional and national legal framework and soft laws regulation of MNC's fair wage obligation and right to fair wages as a human rights. The fourth chapter evaluates the fairness of wages at IPs, rights affected and interrelated with the right to fair wages and the role of buyers and the absence of minimum wage regulation along with other factors that affected the right to fair wages. Finally conclusions and recommendations are presented.

## CHAPTER TWO

### Conceptual Framework of the Right to Fair Wages and Multinational Corporations Human Right Obligation

#### 2.1. Introduction

Under this chapter literatures reviewed on the concerns of fair wage and MNC's obligations are presented. Terminologies usually used regarding standard of wages has been clarified in this chapter; fair wages, living wages, decent wages, minimum wage and fair remuneration are among the terminologies discussed. Theories on the status of fair wage as human right are also highlighted in this chapter. On the other hand literatures reviewed regarding MNC's are conferred under this chapter, the history of MNC's human right obligation, MNC's at industrial parks and empirical researches on Industrial parks are deliberated.

#### 2.2. Meaning of fair wages

Lack of comprehensively accepted definition for generally accepted meaning of living wages is taken as a reason why the living wages are not applied.<sup>15</sup> Fair wages, living wages, decent wages are interchangeably used in international human rights instruments and ILO constitution by referring to a wage that provides decent and dignified living for themselves and their families. The terms as used in the human right instruments refers to a wage that enable workers a dignified living in exchange for his/her labour. Under the UDHR and ICESCR fairness, livability and decentness are based on affording "decent lives for themselves and their families"<sup>16</sup> "existence worthy of human dignity"<sup>17</sup>.

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<sup>15</sup> Richard Anker, *Estimating a living wage: A methodological review, conditions of work and employment programme, Condition of work and employment serious No. 29* (ILO Geneva 2011) 2

<sup>16</sup> Universal Declaration of Human Rights, G.A. Res. 217, U.N. GAOR, 3<sup>rd</sup> Sess., U.N. Doc. A/810 (1948), Art 23

<sup>17</sup> International Covenant on Economic, Social and Cultural Rights Adopted and opened for signature, ratification and accession by GA Res. 2200A (XXI), 16 December 1966, entered into force 3 January 1976, Art 7

However the term minimum wage is used in a different context than living wages. Even though the 1919 ILO constitution uses the term living wages, subsequent ILO declarations and conventions uses the term minimum living wage, this has not been accidental rather it follows the adoption of the ILO minimum wage convention of 1928.<sup>18</sup> The term minimum wage is predominantly used in the ILO conventions, as the UN human right instruments usually refer to the term fair wage and living wage. The term minimum wage is usually used in a legally fixed minimum amount of wage or statutory context. It sets the minimum amount of wage payable per hour, day or month, it can also be determined at sectorial level. However minimum wages are not always fair or living wages, sometimes legal minimum wages are less than living wages.

Several companies point out that they pay the legal minimum wage as a substitute for a living wage as they believe it is up to the government and labour unions to ensure legal minimum wages are living wages.<sup>19</sup> Similarly in a certain forum it has been reported that the legal minimum wage is so much lower than a real living wage that must be paid to meet the vital needs of workers and their families.<sup>20</sup> This indicates not all legal minimum wages are fair wages that can lead to dignified life. Efforts have been undertaken in countries including those which has adopted minimum wage to comply with the underlining concept which is living wage.

The other terminology that is wrongly enumerated with fair wags is fair remuneration. ILO convention for equal remuneration defines remuneration as a package including the ordinary, basic or minimum wage and any additional emoluments, payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment.<sup>21</sup> As a result the right to remuneration comprises of all the benefits a worker can get from employment including wages. As a result overtime pay, allowances, bonus, commission, and other incentives are not considered as living wages rather they are elements of remuneration.

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<sup>18</sup> Richard Anker (n 15) 4

<sup>19</sup> Richard Anker (n 15) 8

<sup>20</sup> Living Wage Now Forum, Synthesis Report, (Forum organized in Brussels from 12 to 14 October 2015 by achACT, the Schone Kleren Campagne and the Clean Clothes Campaign) < <https://cleanclothes.org>> accessed April 2020

<sup>21</sup> ILO, Equal Remuneration Convention No 100, adopted by International Labour Conference at its 34<sup>th</sup> Session, Geneva, 6 June 1951, Art 1

### 2.3. The Right to Fair Wages as a Human right

There are theories about the status of labour law as human rights. The first approach is positivist approach which argues labour rights are protected under human rights treaties so this evidences that labour rights are human rights.<sup>22</sup> Under the Bill of rights the right to work, equal pay for equal work, fair remuneration, the right to association and similar labour rights are recognized as human rights. The second theory is instrumental approach which designates; the character of labour rights as human rights is endorsed if states and international institutions, like courts, or civil society organizations, like trade unions and NGOs, promote them as human rights.<sup>23</sup> They assert judicial attitudes and precedents are determinative of whether certain rights are human rights. At international level living wages has got considerable promotion as a human right by different organizations that are striving to ensure living wage. The third approach which is mainly advocated by Hugh Collins takes the definition of human rights as rights that are accorded to all human beings by virtue of their humanity.<sup>24</sup> Basing this definition he argues labour rights do not have some key characteristics of human rights that we find in this definition, and should therefore not be categorized as human right. He argues labour rights do not represent the same urgent and compelling moral claims, they are not universally applicable as other human rights, and evolve over time, while universal human rights are timeless.<sup>25</sup> But practically universal applicability of human right doesn't forbid human right protection to some vulnerable groups.

This thesis adopts the positivist approach because human right instruments has incorporated some labour right. The labour rights included in the instruments has essential nature of human right. The right to fair wages is specifically interrelated with the right to food, shelter, health, education, and almost every basic right that defines humanity. The violation of the right to fair wages results labour exploitation, which impacts liberty and dignity. As a result human rights instruments has incorporated the right to fair wages as a human right.

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<sup>22</sup> Virginia Mantouvalou, *Are Labour Rights Human Rights?* European Labour law Journal, Vol 3, NO 2,(2012) 5

<sup>23</sup> Ibid 7

<sup>24</sup> Ibid 15

<sup>25</sup> Ibid 16

## 2.4 Historical Background of MNCs' Human Right Obligation under International Law

The Definition given for TNC which can be interchangeably used with MNC is:-

*“The term 'transnational corporation' refers to an economic entity or a group of economic entities operating in two or more countries, whatever the legal framework, the country of origin or the country or countries of activity, whether its activity be considered individually or collectively. Transnational corporations are legal persons in private law with multiple territorial implantations but with a single Center for strategic decision making.*

*They can operate through a parent corporation with subsidiaries; can set up groups within a single economic sector, conglomerates, or alliances having diverse activities; can consolidate through mergers or acquisitions or can create financial holding companies.”<sup>26</sup> [Emphasis added]*

The concept of MNCs' human right obligation has always been debatable. During the new international economic order in the early 1970s the recently decolonized nations insisted for improved control of the activities of TNCs.<sup>27</sup> However creating binding instrument was difficult because of the different position taken by developed and developing countries. Developing countries as a host state to foreign investments and developed countries as a capital sending take different positions on the obligation of MNCs'. Because of the divergence of views as to whether human right obligations should be enforced against MNCs, many of these instruments were aborted, and the few that did come into being contained soft law prescriptions like the OECD, which wanted a binding multilateral agreement on investment, had end up drafting a voluntary code of conduct for MNCs.<sup>28</sup>

The effort of OCED in establishing human right obligation of MNCs take a significant contribution to the current arena, Even though it wasn't presented as a binding instrument. In 1976, OECD adopted the guidelines for MNC's and at the same time ILO adopted the tripartite declaration of principles concerning multinational enterprises and social policy which contains a general provision relating to the obligation to respect human rights.<sup>29</sup> But neither of them is

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<sup>26</sup> Melik Ozden, *Transnational Corporations and Human Rights* (Brochure, Part of a series of the Human Rights Programme of the Europe-Third World Centre) available online <<http://www.cetim.ch>>

<sup>27</sup> Oliver De Schutter ed., *Transnational Corporations and Human Rights*, (Hart Publishing, 2006) 2

<sup>28</sup> M. Soranjah, *The International law on Foreign investment*, (3<sup>rd</sup>ed, Cambridge University Press, 2010) 146

<sup>29</sup>Schutter (n 27) 4-5

binding instruments. There is no sanction on TNC's in violation of human right and the only punishment is adverse publicity under the OCED guidelines and the ILO declaration.<sup>30</sup>

At the UN level, codes of conduct were drafted by the United Nations commission on transnational corporations (UNCTC) in order to control TNC's.<sup>31</sup> However these codes have been rejected by developed countries and the UNCTC by itself has been absorbed into United Nations conference on trade and development (UNCTD). Some scholars trust downsizing UNCTC was itself a reflection of the dominant UN actors' attitude towards creating binding codes.<sup>32</sup> From the mid-1980s onwards, efforts to draft such a code were abandoned and later in the 1990s instruments that were adopted in abundance emphasized investment protection rather than control of the activities of MNCs' with the rise of neo-liberalism.<sup>33</sup> With the increase of laws on investment protection, corporation's obligation to human right has been impliedly avoided. The developing countries interest with this regard declined when they started on a course of liberalization aimed at attracting foreign investment.

History conveys economic globalization of the 1990's has changed the attitude of developing countries towards TNC's human right obligation and at this time voluntary initiatives like UN global compact become developed in 1999.<sup>34</sup> In 2005 Professor Ruggie was appointed as the UN Special Representative for human rights in relation to TNC's and other business enterprises with a task of clarifying the roles and responsibilities of states, companies, and other social actors in business activity.<sup>35</sup> The establishment of this representative leads to the unanimously welcomed the "Protect, Respect and Remedy" policy framework on the issue of human rights and transnational corporations and other business enterprises.<sup>36</sup> This marked the first time the UN has taken a substantive policy position on business and human rights, it puts obligation to respect human rights on businesses however it doesn't have a binding power. The history of MNC's

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<sup>30</sup> Ibid 9

<sup>31</sup> Soranjah (n 28) 237

<sup>32</sup> Ibid, foot note 6

<sup>33</sup> Ibid 147

<sup>34</sup> Schutter (n 27) 1

<sup>35</sup> Oxfam Technical Briefing, *Business And Human Rights, An Oxfam Perspective On The United Nations Guiding Principles* (2013) <[www.Oxfam.Org](http://www.Oxfam.Org)> accessed April 20,2020

<sup>36</sup> United Nations General Assembly Resolution A/HRC/11/13 adopted 15 May 2009

human right obligation concludes by stipulating soft laws by the OCED, UN and ILO level as it was impossible to reach on a consensus towards impose binding human right obligation.

## 2.5. Multinational Corporations in Industry parks

Industrial Zones, Industrial Clusters, Export Processing Zones (EPZ) are interchangeably used in literatures to refer to a pool of foreign investments in certain zone which are processing raw materials either from the local resource or imported raw materials with a purpose of exporting. Industrial park proclamation of Ethiopia defines industry parks as;

*“an area with distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfillment of infrastructure and various services such as road, electric power and water, one stop shop and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of pollution on environment and human being and development of urban centers, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board”<sup>37</sup>(emphasis added)*

Some scholars believe the industrial zones are legitimate trade zones however some labor rights activists view them as manifestation of ‘the brutal face of globalization’.<sup>38</sup> They criticize states compromise labour standard just like other incentives. The ILO survey which indicate some countries like Togo limit basic right like trade union and equality at export processing zones (EPZ) and Kenya had granted temporary exemptions from health and safety measures as incentive to investment.<sup>39</sup> The reason behind such compromises is intention to attract more investment to alleviate poverty, unemployment and gain foreign currency. The economic benefit of EPZ’s to the developing states is undeniable however ensuring sufficient control mechanism is necessary.

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<sup>37</sup> Industrial Park Proclamation, 2015, Proclamation No. 886/2015, Fed. Neg. Gaz., Year 21 No. 39, Art 2(1)

<sup>38</sup> Chu Yun Juliana Nam, *Competing For Foreign Direct Investment Through The Creation Of Export Processing Zones: The Impact On Human Rights* in Oliver De Schutter ed., *Transnational Corporations and Human Rights* (Hart Publishing 2006)

<sup>39</sup> Ibid 164



## 2.6. Empirical Research on Ethiopian Industrial parks

A human right research conducted by Tsige G/Michael under the title “Major Challenges and Opportunities of Realizing Rights of Employees: The Case of Female Employees of SHINTS Textile and Garment Factory at Bole Lemi Industrial Zone”<sup>40</sup> which is submitted to Addis Ababa University College of Law and Governance Studies Center for Human Rights has studied the working condition of women in industrial parks. The research evaluates the working condition of women in industrial parks and makes recommendation to the government in consideration of the government obligation with respect to the working condition of workers. The research focus is not centered at MNC’s human right obligation.

The other empirical research in this area is a research submitted to business law at School of Law, College of Law and Governance Studies Addis Ababa University by Yirgalem Germu Berega under the title “The Law and the Practice of Minimum Wage at IPs of Ethiopia”.<sup>41</sup> The research is a business law study which views the concern of minimum wage from legal right perspective and it is focused on government obligation towards wage requirements. The researcher assesses the advantage and disadvantage of minimum wage in Ethiopia and concludes Ethiopia should not stipulate minimum wages.

After carefully reviewing such related literatures, the small number of empirical study on the area and the non-availability of study of the right to fair wage from standpoint of MNCs’ human right obligation have motivated the researcher to conduct this study. Yirgalem has recommended minimum wage should not be stipulated in order to protect the emerging industry.<sup>42</sup> However, the study at hand assesses the need of minimum wage regulation from a human right perspective. The absence of legal research that clarifies meaning of living wage and measurement of living wage is a gap for the government and companies to apply living wages. Therefore, the researcher identified the gap from the literature reviewed and conducted the research.

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<sup>40</sup> Tsige G/Michael ‘*Major Challenges and Opportunities of Realizing Rights of Employees: The Case of Female Employees of SHINTS Textile and Garment Factory at Bole Lemi Industrial Zone* (Addis Ababa University 2019)

<sup>41</sup>Yirgalem Germu Berega, ‘*The Law and the Practice of Minimum Wage at Industrial Parks of Ethiopia* (Addis Ababa University 2019)

<sup>42</sup> Ibid

## CHAPTER THREE

### Legal Framework on MNCs' Obligation to the Right to Fair Wages

#### 3.1. Introduction

Under this chapter international, national and regional legal framework on MNC's human right obligation and the right to fair wages are discussed in line with soft laws and voluntary initiatives. Therefore the legal basis, controversies, issues of enforceability and gaps on the MNC's human right obligation and right to fair wages are elucidated in this chapter.

#### 3.2. International Law

##### 3.2.1 International Bill of rights

###### *The Universal Declaration of Human Rights (UDHR)*

The preamble of the declaration extends the regime of accountability to every organ of the society including business enterprises by saying,

*“...every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of Member States themselves and among the peoples of territories under their jurisdiction.”*<sup>43</sup>

This provision extends the accountability of human right stipulations to non-state actors. Based on this TNC's and other business enterprises are considered to be responsible for promoting and securing human rights which includes the right to fair remuneration.<sup>44</sup> Article 23 under sub article 3 guarantees the right to “just and favorable remuneration”. Remuneration includes packages of wages, allowances and benefits. Even though the declaration is a non-binding legal

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<sup>43</sup> Universal Declaration of human Rights, 1948 Universal Declaration of Human Rights, G.A. Res. 217, U.N. GAOR, 3<sup>rd</sup> Sess., U.N. Doc. A/810 (1948).

<sup>44</sup> Oliver De Schutter ed., *Transnational Corporations and Human Rights*, (Hart Publishing, 2006) 11

document some scholars argue it has a customary law status.<sup>45</sup> In the binding conventions that stems from UDHR the labour rights under the as a civil and political rights and others as socio economic rights.

### **International Covenant on Civil and Political Rights (ICCPR)<sup>46</sup>**

The covenant under Article 22 provides the right to freedom of association, including the right to form and join trade unions for the protection of his interests. It also prohibits any sort of legislation that would prejudice the right to freedom of association. The right has a significant interrelation with the right to fair wages because right to association enables collective bargaining with regard to living wages. Regarding its enforceability, the first optional protocol to ICCPR recognized a right to individual petition before the human rights committee in an additional protocol so civil and political rights are clearly immediate implementation.<sup>47</sup> However the convention limits obligation to states parties so MNC's and business entities cannot be held liable by individual petition.

### **International Covenant on Economic Social and Cultural Rights (ICESCR)<sup>48</sup>**

Most labour rights are categorized under socio economic right. Article 6 of the ICESCR provides the right to work which specifically focuses on the right of everyone to earn his/her living with employment. It elaborates the ways state parties can implement such right through technical and vocational guidance and training programs, policies and techniques to achieve steady economic, social and cultural development and full and productive employment. Compared to UDHR it sets a more descriptive and higher standard for remuneration, according to the convention it is one of the indicators to just and favorable conditions of work. According to the convention fair wages

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<sup>45</sup> Demelash Shiferaw and Yonas Tesfa, Human Rights Law Teaching Material, (Prepared under the Sponsorship of the Justice and Legal System Research Institute, 2009) 17

<sup>46</sup> International Covenant on Civil and Political Rights Adopted and opened for signature, ratification and accession by GA Res. 2200A (XXI), 16 December 1966, entered into force 23 March 1976

<sup>47</sup> Optional Protocol to the International Convention on Civil and Political Rights Adopted and opened for signature, ratification and accession by General Assembly resolution 2200A (XXI) of 16 December 1966 *entry into force* 23 March 1976

<sup>48</sup> International Covenant on Economic, Social and Cultural Rights Adopted and opened for signature, ratification and accession by GA Res. 2200A (XXI), 16 December 1966, entered into force 3 January 1976

are the standard to measure just remuneration. Regarding its enforcement, there is no individual complaints mechanism unlike civil and political rights however the committee on civil and economic rights in its general comment No. 9 remarks many of the provisions in the covenant including the right to fair wages and equal remuneration are capable of immediate implementation so they are justiciable.<sup>49</sup> Literatures suggest labour rights are exemplary of social economic and cultural rights are of justiciability of duties of immediate effect. Among socio-economic rights the prohibition of discrimination, the prohibition of forced labour, the right to fair remuneration, and the right to enjoy conditions of work compatible with human dignity are illustrated as duties of immediate effect.<sup>50</sup>

### **3.2.2. Declaration on the right to development<sup>51</sup>**

The declaration locates human person as the central subject of the development process thus, development policy should make the human beings the main participant and beneficiary of development. According to the declaration, countries' development is determined by how much humans are developed. The declaration protects civil and political rights and socio economic rights of individuals; right to fair wages is protected under the regime of individual's right to development. The declaration promotes fair distribution of benefits from development; facilitation of the working condition of workers and ensuring fair wages and remuneration is one way through which wealth can be distributed fairly. Therefore the whole concept of the declaration invalidates the justification of "development" which is usually raised by the government for compromising the wage standard of workers.

### **3.2.3 ILO instruments**

According to ILO constitution one of the aim of ILO is to achieve "policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection."<sup>52</sup>

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<sup>49</sup> General comment no.9, *the domestic application of the Covenant*, U.N. Doc. E/C.12/1998/24 (1998) para.10

<sup>50</sup> International Commission of Jurists, *Courts and the Legal Enforcement of Economic, Social and Cultural Rights: Comparative experiences of justiciability; Human rights and rule of law series no 2* (2008) 14

<sup>51</sup> United Nations Declaration on the Right to Development, adopted by General Assembly, Res. 41/128, 4 December 1986.

<sup>52</sup> International Labour Organization (ILO), Constitution of the International Labour Organization, 1 April 1919

Since the 1919 ILO constitution precedes the international bill of rights, it introduces the term and concept of fair wages for the first time. In order to achieve this goal ILO has adopted 189 conventions including minimum wage conventions however the power of the convention is dependent on state ratification. Business entities obligation has even been discussed in certain declaration however they do not have legal power of enforcement. ILO declaration on fundamental principles and right at work, declaration on gender equality, declaration concerning aims and purpose of ILO (declaration of Philadelphia) and ILO declaration on social justice for fair globalization are among the main declarations passed by international labor constituents. These instruments have similar legal status to the constitution.

### **The Declaration Concerning the Aims and Purpose of ILO 1944** <sup>53</sup>

It is also called Philadelphia declaration; it stipulates wages and all sort of earning of employed should be able to ensure a just share of the fruits of progress to all, and a minimum living wage. The declaration bases on the belief that social justice is the only way to achieve sustainable peace and respecting employees and considering employees as not just a “commodity”. Injustice in payment and un favorable working conditions ultimately leads to grievance for the state and un productivity to the employer. Therefore the aim of ILO which is revealed under this declaration serves as overriding principle in the interpretation all ILO conventions.

### **Declaration on Fundamental Principles and Rights at Work 1998** <sup>54</sup>

This declaration affirms that all members, even if they have not ratified the Conventions in question, have an obligation, arising from the very fact of membership in the organization, to respect, to promote and to realize, in good faith. The 4 principles are freedom of association and collective bargaining; the elimination of all forms of forced labour; abolition of child labour; and elimination of discrimination in respect of employment and occupation are the principles. The right to living wages is not included as fundamental principle and right at work. Some argue these 4 rights as fundamental labour right only are considered as a human right. However picking four labour rights as fundamental human rights, while leaving others outside the scope of the

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<sup>53</sup> ILO, Declaration of Philadelphia, Declaration Concerning the Aims and Purposes of The International Labour Organization, adopted at the 26th session of the ILO, Philadelphia, 10 May 1944.

<sup>54</sup> ILO Declaration on fundamental principles and right at work, adopted at 86<sup>th</sup> International Labour conference, Geneva, 18 June 1998.

declaration, was criticized for excluding traditional and important socio-economic rights, such as the right to a minimum wage.<sup>55</sup> Since the declaration includes a follow up procedure it can be inferred that the aim of picking these right is to facilitate the reporting process but not to limit labour rights which are human right.

### **Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy<sup>56</sup>**

The declaration understanding complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies recognize the rise to concern either in the home or in the host countries, or in both. The special feature of the declaration is the provision with regard to wages. It stipulates the MNC's obligation not to pay wages less favorable to other comparable employers. Where there are no comparable employers MNC's should provide the best possible wages, benefits and conditions of work, within the framework of government policies. The right to collective bargaining of multinational enterprises workers should be recognized according to this declaration.

### **ILO Declaration on Social Justice for a Fair Globalization<sup>57</sup>**

The declaration which was adopted in 2008 by the representatives of governments, employers and workers from all ILO member States, expresses the contemporary vision of the ILO's mandate in the era of globalization. The declaration presents concept of decent work as a central goal to achieve the issue of fair globalization. The declaration implies decent work is the center of economic and social policies so while creating vast employment opportunity through globalization the concept of decent work should not be ignored.

#### **3.2.4 Soft Law Stipulations**

Soft law stipulations on business activity and human right discourse are available at UN, OCED and ILO level. Even though they are indicative of the consensus and the value given by the

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<sup>55</sup> Virginia Mantouvalou, Are Labour rights Human Rights? (2012) <https://www.researchgate.net/publication/256013033>> accessed 4 March 2020

<sup>56</sup> ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, Adopted by International Labour Organization at its 204<sup>th</sup> session, Geneva, November 1977.

<sup>57</sup> ILO, Declaration on Social Justice for a Fair Globalization, Adopted by the International Labour Conference at its 97th Session, Geneva, 10 June 2008.

members, they are merely voluntary initiatives which have no legal force. Soft laws don't usually stipulate sanction in case of non-compliance. Retaliation and a reputational sanction are available in response to breach of soft laws even though they are insufficient to provide for an efficient level of compliance.<sup>58</sup> Even though MNC's endorsements to these soft laws indicate their commitment to human rights, sometimes MNC's enter into such agreements for good publicity as a good name and acceptance of brands has a great place in business. The media, the organizations (UN and OCED) and NGO's advocacy on such initiatives have a great role. In additions the business enterprises can use these instruments as a self-control code of conduct of themselves and their supply chains.

### **UN global Compact**

In 2000, the compact which is a voluntary initiative engaging companies and civil society promoting in the areas of human rights, labor standards, environmental protection and corruption become operational.<sup>59</sup> It was centered at responsibilities of business enterprises. It is an agreement at the UN level which is aimed at achieving sustainable development targets. UN global Compact affirms the corporate responsibility on what principles state must operate.

The 10 principles on the UN global compact are derived from UDHR, ILO declaration of fundamental principles and rights at work, Rio declaration on environment and development and the UN convention against corruption.<sup>60</sup> Under this compact human rights and labour right's encompass 6 of the principles. Even though the right to fair wage is not expressly mentioned the guideline narrate "business should support and respect the protection of internationally proclaimed human right" under principle 1.<sup>61</sup> Similarly, principle 3 proclaims business should uphold freedom of association and recognize the right to collective bargaining.

Global compact has become the world's largest corporate social responsibility initiative, with more than 12,000 Businesses from every sector and sizes are signatories.<sup>62</sup> Business enterprises should support and respect the protection of the right to fair wage as a human right concern.

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<sup>58</sup>Andrew T. Guzman and Timothy L. Meyer, 'International soft law'(2010) Journal of Legal Analysis Spring, Volume 2, Number 1, 183

<sup>59</sup>Jhon Gerard Ruggie , *Business and Human Rights: The Evolving International Agenda*, (2007), 819

<sup>60</sup> United Nations Global Compact < <https://unglobalcompact.org>> accessed 1 February 2020

<sup>61</sup> Ibid

<sup>62</sup> Ibid

MNC's in IPs are also members of this initiative for example PVH Arvind Manufacturing PLC From Hawassa IP and parent company of ever top sportswear PLC at Bole Lemi with its global brand name YOUNGONE.<sup>63</sup>

### **United Nation Framework on Business and Human Right**<sup>64</sup>

It was endorsed by the special representative of the UN secretary general professor John Ruggie. The framework has three pillars which delegate human right responsibility to the state and the business enterprises. The state has duty is to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, and adjudication. The framework plainly recognizes state's duty under international law to protect everyone in their jurisdiction including from abuses by business enterprises. On the other hand, business enterprises have a duty to respect human rights by avoiding any form of violation on the rights and to address adverse impacts with which they are involved. Both have to ensure the need for greater access to judicial and non-judicial remedy for victims of business-related abuse. Theoretically business enterprises responsibility is independent of states ability or willingness to fulfill their duty because international law stipulations oblige them. However, even though the framework provides remedy to the victims through judicial and non-judicial system, it is impossible to ensure domestic remedy without the state's policy, legislation and regulatory measures.

### **United Nations Guiding principles on Business and human rights**<sup>65</sup>

The guideline situates the responsibility of business enterprises to respect human rights refers to internationally recognized human rights at minimum those human of the rights under international bill of human rights and ILO fundamental principles and rights at work.

Furthermore, UN resolution no 26/9 on the elaboration of an international legally binding instrument on TNCs and other business enterprises with respect to human rights was adopted by human rights council on 14 July 2014 to establish working group on TNCs and other business

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<sup>63</sup> Ibid; global brand name of Evertop sport's wear has been discovered through interview with Interview with Tizita Taye, Human resource manager at Ever top Sportswear PLC ( Addis Ababa March 27,2020)

<sup>64</sup> United Nations Framework on Business and Human Right 2008, Human Rights Council 8<sup>th</sup> session Agenda item 3, A/HRC/8/5, 7 April 2008.

<sup>65</sup> UNGA, Human Right council Resolution 17/4



enterprises with respect to human rights.<sup>66</sup> The resolution though stresses that the obligations and primary responsibility to promote and protect human rights lies with the State, it also affirms TNCs and other business enterprises have a responsibility to respect human rights. The resolution to promote and protect requires positive measures while “respect” requires exempting from acts that would infringe the rights provided under state and international laws. So MNCs’ have negative responsibility towards human right. Even when state fails to comply with its protect and promote obligation’s the MNCs’ human right to respect stays binding at least with regard to the international human right standards. As a result it can be argued living wage requirement is intact even if minimum living wage is not stipulated at domestic level.

### **Organization for economic cooperation and development (OCED) Guidelines**

As discussed in the history of MNC’s human right obligation, the OCED was not able to come up with binding codes of conduct so the guidelines are voluntary initiatives by members. The commentary on the 2011 OCED guidelines on human right stipulates "Respect for human rights is the global standard of expected conduct for enterprises independently of states’ abilities and/or willingness to fulfill their human rights obligations, and does not diminish those obligations."<sup>67</sup> The OCED commentary on MNC’s obligation is viable even if the state is not for any reason unable to enforce the obligation to promote, protect and respect the labor rights of its citizens.<sup>68</sup> With regard to the wage and earnings requirement the OCED guidelines provides wages should be determined in consideration of the economic status of the enterprises, and should pay best possible wages when multinational enterprises operate in developing countries. When the economic condition of the enterprises does not allow there should be at least adequate wage to satisfy the basic needs of the workers and their families.<sup>69</sup> Correlating wages with the economic condition of the MNC is a new concept that is not discussed in ILO and UN legal instruments protecting wages as a result the researcher believes the OCED definition of adequate wage is not in line with human right instruments.

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<sup>66</sup> UNGA, Human Right council Resolution no 26/9

<sup>67</sup>OECD (2011), *OECD Guidelines for Multinational Enterprises*, OECD Publishing <http://dx.doi.org/10.1787/9789264115415-en> 32

<sup>68</sup> Ibid

<sup>69</sup> Ibid 35

### 3.3. Regional Legal Protection

Under the African human right system, African Charter on Human and Peoples right Article 15 recognizes the right to work under equitable and satisfactory conditions, and shall receive equal pay for equal work.<sup>70</sup> The charter recognizes favorable working condition however with regard to wages it stipulates is equality of payment. The charter highlights the equal priority given to the socio-economic right. There are progress on enforcement of the rights at AU level, *Malawi African Association and Others v. Mauritania* case presented before the African commission on human and peoples' rights has indicated the right to work has duties of immediate effect.<sup>71</sup> The communication was brought by an NGO and the Commission considers the African charter, UDHR, and ICESCR in investigation of the right to work.

The European Social Charter<sup>72</sup> accepts the right of all workers to a fair remuneration sufficient for a decent standard of living for themselves and their families as the aim of their policy. European Union grants special protection and a mechanism to inquiry MNC's. The European Union (EU) gives remedy if the domestic legislation of the location of the violation does not protect the right to a living wage, that domestic legislation, being insufficiently protective of the rights of the victims, can be over-ridden and judges shall have the duty to protect the basic human rights of victims, however this has not been practiced yet.<sup>73</sup> The other unique feature in European regional protection is MNCs' internal control on corporations headquartered in Europe is International Framework Agreement (IFA). It is an agreement negotiated between a TNC and

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<sup>70</sup> African [Banjul] Charter On Human And Peoples' Rights, Adopted June 27, 1981, OAU Doc. Cab/Leg/67/3 Rev. 5, 21 I.L.M. 58 (1982)

<sup>71</sup> International Court of Justice, 'Courts and the Legal Enforcement of Economic, Social and Cultural rights; Comparative Experience of Justiciability' (2008) Human Right and Rule of Law Series no 2, 27-28

<sup>72</sup> European Social Charter (Revised), Adopted by the Council of Europe, Strasbourg, 3.V.1996 Part I, para. 4, and Article 4, para. 1.

<sup>73</sup> Living Wage Now Forum, Synthesis Report, (Forum organized in Brussels from 12 to 14 October 2015 by achACT, the Schone Kleren Campagne and the Clean Clothes Campaign)< <https://cleanclothes.org>> Accessed April 2020, 9

a global union federation (GUF) concerning the international activities of that company in all of its workplaces.<sup>74</sup>

American declaration of the rights and duties of man provides that every person who works has the right to receive such remuneration as will that assures a standard of living suitable for himself and his family.<sup>75</sup> The American regional system have a specific protocol to the American convention on human rights in the area of economic, social and cultural right which details the right to work under Article 6 of the protocol. Opportunity to secure the means for living a dignified and decent existence by performing a freely elected or accepted lawful activity as provided in sub article 1, so the ultimate goal of the right to work under the protocol is securing dignified and decent living for workers.<sup>76</sup>

### 3.4. National Legal Review

FDRE constitution Art 9(4), explicitly states the international conventions ratified by Ethiopia are an integral part of the Ethiopian law. In addition, Art 13 (2) prescribes fundamental rights and freedoms shall be interpreted in line with the principles international instruments adopted by Ethiopia. Hence, the Ethiopian government has an obligation to implement the legal conventions through national laws and the formulation of strategies, policies, programs and development priorities in conformity with all human rights and fundamental freedoms. Article 41 of the constitution on the economic, social and cultural rights have stipulations regarding the right to job however the right to living wage is not explicitly mentioned. However Article 89(8) of the constitution provides government shall protect the health, welfare and living standard of the working population as one of the economic objective of the constitution. Facilitating favorable working condition, including ensuring fair wage that allows adequate living standard and dignified life for the worker and his family is perceived from the policy objective of the constitution.

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<sup>74</sup> LISA R PRICE; *International Framework Agreements: A Collaborative Paradigm for Labor Relations* Oliver De Schutter ed., *Transnational Corporations and Human Rights*, Hart Publishing (2006) 243

<sup>75</sup> American Declaration of the Rights and Duties of Man, Approved at the 9<sup>th</sup> International Conference of American States, Bogotá, Colombia, 1948.

<sup>76</sup> Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights, (Protocol of San Salvador), Adopted November 17, 1988.

Nonetheless, the right to fair wage is a human right concern and the constitution adopts human right obligation under international law is part and parcel of the national law of Ethiopia. But the issue of enforceability is another problematic issue just like other socio economic rights that are protected under international human rights law. In analyzing the justiciability of human rights in Ethiopia Art13(1) of the constitution which imposes a duty to enforce the right under the constitution definitely extends to applying human rights provisions to specific case and also the federal courts proclamation empowers federal courts shall have jurisdiction on matters arising out of the constitution, federal laws and international laws.<sup>77</sup> Consequently, the Ethiopian legal framework provides adequate protection to the human right to fair wages even though as mentioned by Sisay Alemahu the practicability has deficiency as courts hesitate to apply human right provisions on litigations provided they are not published in Federal Negarit Gazetta.

Adequate protection of the right to fair wage is ensured through domestic legislative measure so that victims get remedy. The labour Proclamation announces the future establishment of wage board which is composed of government representatives, employees and trade unions that will periodically revise minimum wage based on studies on countries' economic development, labour market and other considerations.<sup>78</sup> The formation of the board is in process and it will be accountable to the ministry of labour and social affairs.<sup>79</sup> Even though the labour proclamation has announced the formation of a board to determine minimum wage, the board is not clearly empowered to set a binding minimum wage. The ILO minimum wage machineries recognize fixing minimum wage through wage committees, councils, or boards. Argentina, Colombia, Philippines and UK has determined minimum wage in the same way.<sup>80</sup> Among the forms of minimum wage fixing machinery recognized in the decision of a previously constituted agency like the competent authority, wages boards or councils, court decisions.<sup>81</sup>

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<sup>77</sup>Sisay Alemahu Yeshanew, '*The Justiciability of Human Rights in the Federal Democratic Republic of Ethiopia*', Vol 8, No 2 (2008), 273 ff

<sup>78</sup>Labour proclamation, 2019, Proc. No. 1156, Fed. Neg. Gaz. Year 25, No.89 Art 55(2)

<sup>79</sup> Interview with Fekadu Gebdu Senbete, Director, Harmonious Industrial Relations Directorate at Ministry of Social and Labour Affairs (Addis Ababa, 24 March 2020)

<sup>80</sup> ILO, *Minimum Wages, Wage Fixing machinery, application and supervision*, (International labour Conference 79<sup>th</sup> session, Geneva 1992) 41

<sup>81</sup> Ibid

## CHAPTER FOUR

### Law and Practice of the Right to Fair Wages and MNCs Human Right Obligation in Ethiopian Industrial Parks

#### 4.1. Overview of Labor Market in Industrial parks

Bole IP which is mainly engaged on garment sector has 11 MNCs' whose country of origins are China, India, Bahrain (whose shareholders are Chinese) and South Korea.<sup>82</sup> They are engaged in garment with the exception of 2 companies who are engaged on shoe and glove manufacturing.<sup>83</sup> Eastern IP is the first large-scale private industrial park which is located in Oromia Region, Dukem. There are 119 enterprises at the park among which 13 are MNC's and total of 20,000 employees at the park.<sup>84</sup> The companies are engaged in more diversified sectors like garment, chemical and building material. Hawassa IP takes the highest share of employees which is around 35,000 employees among total 75,000 IP employees.<sup>85</sup> The park is tenanted by big companies with high experience in garment sector like PVH Arvind Manufacturing PLC which has experience in garment sector for the past 40 years.<sup>86</sup> Among 24 companies in the park 3 are Ethiopian companies and the rest are MNCs' from USA, India, China, Sri Lanka, Hong Kong and Belgium.<sup>87</sup>

The three IPs have a significant contribution in exporting their products and attracting foreign currency to the country. From July 2018 to June 2019 Eastern IP, Bole IP and Hawassa IP has each contributed \$ 26,890,260.16, \$39,601,331.09, \$ 54,108,067.59; The 2019/2020 half budget year report indicates July 2019- January 2020 each has export share of \$ 12,986,801.90, \$

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<sup>82</sup> Interview with Anwar Kemal, EIC Branch manager, Bole Lemi I Industry park (Addis Ababa, 24 March 2020)

<sup>83</sup> Observation EIC compiled report

<sup>84</sup> Interview with Yosef Sultan, EIC Branch manager, Eastern Industry park (Dukem, 14 April 2020)

<sup>85</sup> Ibid

<sup>86</sup> Ibid

<sup>87</sup> Interview with Belay H/Michael, EIC Branch manager, Hawassa IP industry park (Hawassa, 16 April 2020)

29,445,069.91 and \$ 48,395,932.75.<sup>88</sup> This indicates IPs are making huge contribution to the macro economy of the country by bringing competitive amount of foreign currency.

In addition, currently around 75,000 workers are employed all over the IPs, which are young and less educated. Having similar advantages like transfer of skill and technology, the government is expanding IPs all over the country. Considering the increasing number of IPs in Ethiopia the researcher believes extensive studies on the area of IPs should be made to assess the tangible impact entities are having and the advantages they are bringing to the economy at the macro and micro level.

#### **4.1.1 Wages at Industrial Parks and Estimate of Living Wage**

The wage ranges from 900 Birr -1400 Birr at Bole Lemi I, 900 Birr-1400 Birr at Eastern IP and 850-1400 Birr at Hawassa IP, according to the EIC branch managers.<sup>89</sup> However interview with companies revealed 750 Birr minimum wage is paid for an entry level worker.<sup>90</sup> Employees work for a wage as minimum as 25.5 \$per month for the full time work at the park.<sup>91</sup> The labour turnover has reached up higher to 84%.<sup>92</sup> Workers at the park shift from company to another for just a 50 Birr or 100 Birr wage differences within the park.

Lack of an agreed measurement of living wages is used as an excuse for avoiding living wages; companies and governments interested in paying a living wage are perplexed by the lack of an accepted definition and measurement methodology.<sup>93</sup> Living wage covers basic living costs which includes at minimum food, housing, transportation, medical expenses, education expense and emergency savings. Among the calculation methodology accepted by ILO is Anker

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<sup>88</sup> Observation, n 83

<sup>89</sup>Interview with Anwar Kemal (n 82); Interview with Yosef Sultan(n 84); Interview with Belay H/Michael (n 87)

<sup>90</sup>Interview with Mr. Charita General manager at Best international garments (Hawassa, 2 May 2020) ; Interview with Ayele Tadesse, HR manager Hirdaramani Garment PLC ( Hawassa, 30 April 2020);

<sup>91</sup> As per Currency exchange rate on April 26,2020 <https://nbebank.com> accessed April 26,2020

<sup>92</sup> Interview with Anwar Kemal,(n 82)

<sup>93</sup> Richard Anker 'Estimating a living wage: A methodological review conditions of work and employment programme, (Condition of work and employment serious No. 29, ILO Geneva 2011) 2

methodology which estimate the cost of a basic but decent life for workers and their family.<sup>94</sup>  
 The estimation of living wage is calculated as per the formula below:

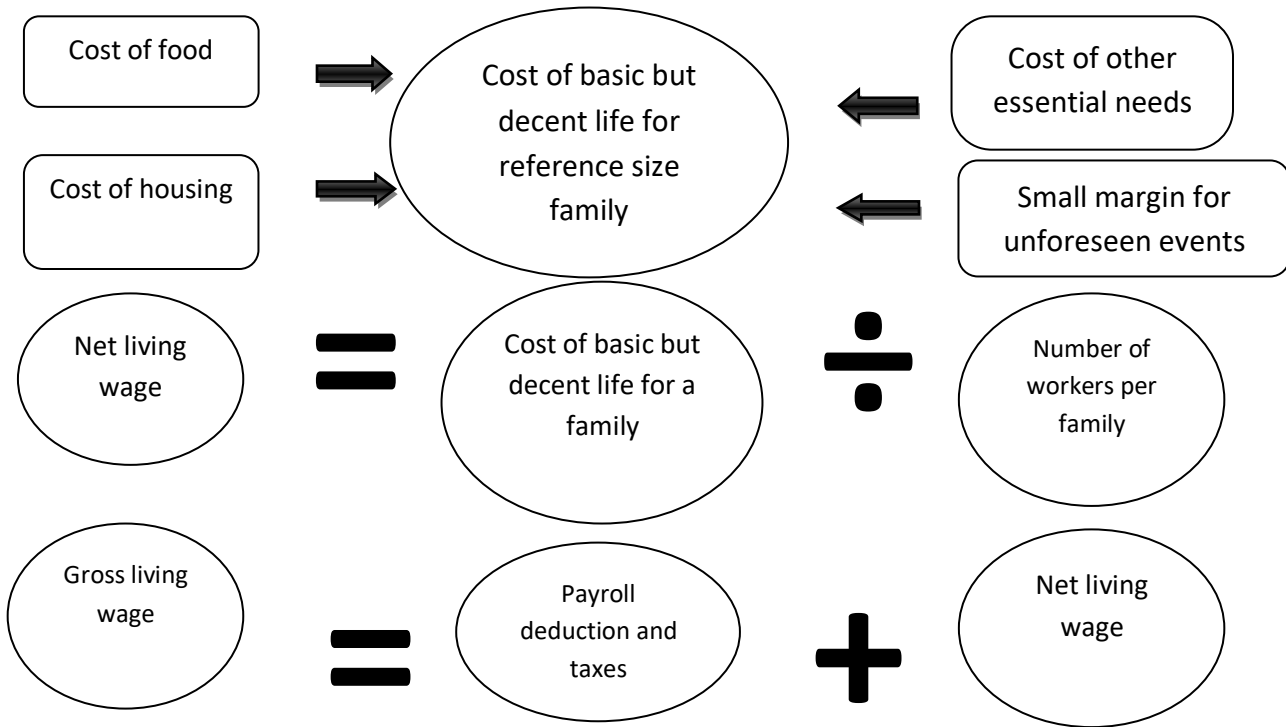


Figure 1 Methodology for estimation of living wage<sup>95</sup>

Cost of food, cost of housing, cost of other essential needs, and small margin of unforeseen events are the basic costs that are considered in calculating living cost. The methodology allows to calculate the living cost at different locations so it is adequate methodology to calculate regional living wages. To utilize this methodology it is necessary to estimate the per capita cost of a basic, but decent, quality life style that is acceptable for the society and times.<sup>96</sup> The cost of food will be calculated by building model diet for accepted calorie, and housing in the location with an acceptable standard generally defined in terms of size, number of room. Next to that cost

<sup>94</sup> Ibid, Table 16

<sup>95</sup> The Anker Methodology for estimating a living wage, <<https://www.globallivingwage.org>> accessed April 27, 2020

<sup>96</sup> Richard Anker (n 93) 6

of other needs, such as transportation, education, health care, child care, household furnishings and equipment, recreation and cultural activities, communications, and personal care and services.<sup>97</sup> Finally, total cost for a household is defrayed over the number of full-time equivalent workers assumed to be working in a house.<sup>98</sup>

To calculate the living wage estimate an independent quantitative research should be conducted as the amount of calorie intake per day and the type of model diet should be studied in a very articulated study that should be conducted considering the type of food that specific community intakes. With this methodology living wage in Ziway has been reported as part of a series of living wage reports for the global living wage coalition.<sup>99</sup> The research finds the gross living wage per month for a standard of 5 family size and 1.653 full time workers per family is 3,367.00 Birr.

This research tries to develop living wage in Addis Ababa to assess the fairness of wage at Bole Lemi IP. However the living wage calculation is not accurate because of the data limitation and the methodological limitations. However the researcher believes providing a probable living wage is needed to condemn or appreciate the wages at IPs. In this section except the cost of house rent the rest of data is dependent on the 2015/2016 Ethiopian household consumption expenditure Survey (HCES) data.<sup>100</sup> Secondly the researcher directly takes the COICOP (classification of individual consumption according to purpose) survey of HCES which is a general survey however living wage should be calculated based on specific model diet after surveying the household food consumption cultures. In this research the 3<sup>rd</sup> Quintile of COICOP Per Capita was referred because the 1<sup>st</sup> Quintile is the poorest and 5<sup>th</sup> Quintile the wealthiest household therefore the 3<sup>rd</sup> Quintile which is the average household is taken.

The result indicates the food cost was 1938.59 Birr per month in reference to the annual household food and non-alcohol beverage expenditure which was 23,263.19 Birr. However this amount is highly affected by the inflation rate as the food price is highly increased with inflation. Then housing cost was taken from the very recent (March 2020) update of housing in Addis

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<sup>97</sup> Ibid

<sup>98</sup> Ibid

<sup>99</sup> Ayelech (Ayu) Tiruwha Melese; *Living Wage Report Non-Metropolitan Urban Ethiopia; Ziway Region Context Provided in the Horticulture Sector*, ( Global living wage coalition , series 1, report 6, 2017)

<sup>100</sup> CSA, *The 2015/16 Ethiopian Household Consumption – Expenditure Results For: Addis Ababa City Administration*; (Survey Report, March 2018) 643 ff



Ababa, the monthly updated data on housing indicates a house with two rooms and 32-40 meter square area as a minimum which amounts to Birr 3731. 48. One room house rent cost are not included in the CSA survey, though the respondents in the study has mentioned the house rent price that for a single room is 850, 1200 and 1400 Birr.<sup>101</sup> However it is inappropriate to take the substandard housing needs of IP workers as a standard to measure living cost.<sup>102</sup> Clothing and foot wear cost per household of 3<sup>rd</sup> Quantile per household is annually Birr 1,935.98 Birr and 161.33 per month, health annually 512.44 which is 42.70 per month and transport 1,415.46 which is 117.95 per month, education 271.80 which is 22.65 per month.<sup>103</sup> The Third Quintile household has predominantly 4 members of a household.<sup>104</sup> Cost of basic but decent life for reference size family is 6,013.54. If we take the household has two workers the net living wage will be 3,006.77 Birr. Tax deductions and pension payments will be added to get the gross wage. As a result the amount of living wage in Addis Ababa is at least 3 times more than the actual wages paid in IPs.

The wage determination in IPs is problematic for different reason, firstly, MNC's at the parks do not in consideration of the living cost of the area in wage determination the only thing they consider is the labour market at IPs.<sup>105</sup> The similarity of wages at different sectors of investment is another problem on the wage determination at IPs, in Eastern IP a construction material manufacturing company pays 900 Birr minimum wage just like the textile sectors, which is inconsiderate of the nature of work and their productivity.<sup>106</sup> Thirdly, the wage that is paid at IPs is lower than the same sector outside of the IPs. CETU criticizes the off park garment sector is relatively twice than what is paid at IPs because in the dominantly minimum waged textile sector, companies outside IPs pay minimum wage from 1300-1800 Birr. Lastly, the wage in

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<sup>101</sup> Interview with Sikuare Moges, Sewing machine operator at Sumec( Addis Ababa, 9 April 2020); Interview with Habtamu Alemu, Sewing operator at Sumec (Addis Ababa, 9 April 2020); Interview with Dessie Enyew, Production line leader at Sumec (Addis Ababa, 9 April 2019)

<sup>102</sup> Richard Anker (n 93) 126

<sup>103</sup> CSA, n 100

<sup>104</sup> Ibid, 57, Table A2.1 (a)

<sup>105</sup> Interview with TizitaTaye, Human resource manager at Ever top Sportswear PLC (Addis Ababa, 27 March 2020); Interview with Lema Tegegn, Legal and Human resource manager at Jay Jay textile garments PLC(Addis Ababa, 27 March 2020)

<sup>106</sup> Interview with Shimelis Lema, Human resource manager at Di Yuan Ceramics PLC( Dukem, 4 April 2020)

Ethiopian IPs is smaller compared to the MNC's other supply chains, the existence of minimum wage and other factors like ease of logistic in Bangladesh justifies such variance.<sup>107</sup>

#### 4.1.2 Payments Other than wages

Different types of benefits are provided by companies which are attendance bonus, performance bonus, line bonus, group bonus, transport, food (lunch).<sup>108</sup> Dawit argues it's not only the wage but the benefits provided by the companies should be considered in determining whether the wages are fair or not. Similarly companies claim they provide sufficient benefits to employees and that is substitute for wage. However attendance bonus is fully paid to the worker only if the worker attends full month with no absence even for legitimate reason, the amount will be deducted and 3 absentees leads to 0 Birr.<sup>109</sup> Performance bonus and line bonus is a type of bonus to be paid by assessing the good performance of workers either per individual or in group. This is done as incentive to create competitive work spirit between workers and the benefits are not regulated properly to ensure its consistency.

These benefits cannot replace fair wage requirement because Wage by definition is constant earning proportional to the tasks the worker performs.<sup>110</sup> Because wage relates to social security issues like pension and compensation in case of work related injuries as they are calculated based on the wage earning of workers.<sup>111</sup> This argument is supported by Ethiopian Labour law, if a person is on sick leave or a woman is on maternal leave only the wages that is going to be paid to the worker. In addition, if the employee's contract is illegally terminated the Ethiopian labour law provides severance payment in accordance with the average daily wage of the employee.<sup>112</sup> The social security issues like pension, taxes and compensation in case of work injuries are calculated based on wages. The possible reasons behind avoiding fair wages and trying to replace it with different benefits is to avoid local income tax, to avoid legal obligation from

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<sup>107</sup> Interview with Tizita Taye (n 107 )

<sup>108</sup> Interview with Dawit Feleke Woldemaryam, Chief of staff to the deputy commissioner for industrial parks, Ethiopian Investment Commission (Addis Ababa, 15 April 2019).

<sup>109</sup> Interview with Ayele Taddese(n 90)

<sup>110</sup> Interview with Dawit Feleke(n 108)

<sup>111</sup> Ibid

<sup>112</sup> Labour proclamation 2019, Proc. No. 1156, Fed. Neg. Gaz. Year 25, No.89, Art 40

wage, to minimize the amount of bonus or allowances paid as the benefits are calculated based on the employees wage.

A Line leader with a degree in textile engineering and 2 years' experience claims, "I have asked for wage increment but they do not want to make wage raise rather they prefer making adjustments in Bonus" he believes the company want to make control their earnings as a result are not constant.<sup>113</sup> Fixed amount of earning is important for an employee as they have constant living cost for the livelihood of themselves and their family. Because of the fluctuating earning workers with more than 4 years' of work experience at the park are forced to be dependent of financial support from their parents in rural areas instead of helping them.<sup>114</sup> Workers cannot make legal claims about the amount of performance/line/group bonuses because the amount is regulated by employer's assessment and it is not fixed and regulated. Their letter of employment mentioned only wages so the benefits are not guaranteed as all my respondents told me. As a result the payments other than wages cannot be a substitute to the constant wage earning.

There are different country experience on whether such bonus, allowances, fringe benefits are included in minimum wage determination. However the approach taken by ILO conventions and different NGO's working on living wage is exclusive of benefits and allowances from living wage. Anker methodology takes into account what to exclude in determining if worker receives a living wages, firstly overtime work is excluded as living wage needs to be earned in standard working hours, secondly productivity allowance and bonus are excluded unless guaranteed, Thirdly mandatory taxes are taken into consideration so gross wage is taken as living wage, Fourthly, fair and reasonable value for in kind benefits.<sup>115</sup> The ILO intention is reflected on ILO conventions for example convention 109 (Wages, Hours) excludes overtime pay, allowances, bonus, commission, and other incentives are not considered as wage.<sup>116</sup> NGO named Asia Floor wage Alliance in describing living wage for developing countries excludes any payment for

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<sup>113</sup> Interview with Dessie Enyew(n 101)

<sup>114</sup> Interview with Sikuare Moges (n 101); Interview with Meselech Ayele, Sewing operator at TAL Garment (Hawassa,16 April 2020)

<sup>115</sup> Anker Methodology (n 95)

<sup>116</sup> ILO, Minimum Wages, Wage Fixing machinery, application and supervision, (International labour Conference 79<sup>th</sup> session, Geneva 1992)

overtime or other bonuses/allowances from being considered as wage.<sup>117</sup> The FDRE labour proclamation follows the same approach; wage is defined as “the regular payment which a worker is entitled in return for the performance of the work that he performs under contract of employment.”<sup>118</sup> So terminologies like fair wage and living wage are specifically used to refer to the fixed amount of basic wages earned by the worker.

#### 4.1.3 Overtime Work payments

An overtime culture is a common in Eastern IPs both obligatory and voluntarily. At Linde Garment PLC the working hours is from 1:30 A.M-11:30 P.M local time including 1 hour of overtime each day<sup>119</sup> similarly a worker at Lonto Garment PLC works 11 hours of overtime work in addition to the 48 hours regular hours per week.<sup>120</sup>

Dependency on overtime pay is harmful for workers in different ways. Firstly, overtime hours fluctuate from month to month thus earnings also fluctuate, but monthly expenditure are difficult to change frequently; which leads workers to unstable livelihood. Secondly, continuous work is extremely harmful for the workers physical and mental health. Furthermore, the amount of overtime work payment is very low as it is calculated based on their scale worker at Hawassa IP worker utters overtime work is not obligatory however the amount is very low around 10 Birr per hour.<sup>121</sup> In addition, the workings hours doesn't allow workers to peruse in their education. Safety and security threats to workers who walks to their home at night is one risk to workers especially female workers. As a matter of fact workers engage in overtime work so that they can ensure better monthly income. In order to ensure a stable life without the necessity of overtime work, a minimum wage should be based on improved compensation for normal working hours. In statutory minimum wage determination it is important to avoid overtime earning while calculating the minimum wage. In most definition of living wages and minimum wage it is described that wages which is earned in normal working hours.<sup>122</sup>

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<sup>117</sup> ILO methodology, Table 12

<sup>118</sup> Labour Law, n 112, Art 53

<sup>119</sup> Interview with Asnake Hailu, Human resource manager at Linde Garment PLC (Dukem,08 May 2020)

<sup>120</sup> Interview with Seble, Quality worker at Lonto Garment PLC (Dukem, May 7,2020)

<sup>121</sup> Interview with Meselech Ayele (n 114 )

<sup>122</sup> Richard Anker (n 93)

#### 4.1.4. Kind Benefits

Housing, food, and transportation are the kind benefits available at IPs however not all companies provide all benefits. Transport Service and food are not uniformly available and the amount paid as allowance for these services is not sufficient to cover transport and food costs. As mentioned above some companies' do not provide lunch in kind.<sup>123</sup> In companies where lunch is not provided workers cannot afford to buy lunch and workers steal each other lunch boxes.<sup>124</sup> Some workers complain about the quality of the food that the food is causing them stomach pain.<sup>125</sup> There is no housing provision in Hawassa IP, only one company provides housing in Bole Lemi IP and some companies at Eastern zones has provide housing.<sup>126</sup> In living wage determination fair and reasonable value for the kind benefits will be taken into consideration as per the Anker methodology discussed above.

#### 4.2. Assessment of Key rights Interrelated to the Right to Fair Wages

The widely acceptable principle of living wage is that full-time workers and their families should earn enough to afford a basic acceptable living standard and so not have to live in poverty.<sup>127</sup> The right to fair wage as a human right is interrelated and interdependent with other rights.

##### 4.2.1. Right to Food, Housing and Clothing

Ensuring access to decent salaries and working conditions is the main strategy for indirectly satisfying the basic needs of the population.<sup>128</sup> IP workers earning do not survive them throughout the month so they enter into debts and sometimes ask support from their parents at rural areas.<sup>129</sup> In certain company where lunch is not provided sometimes workers steal packed lunches of other workers as they couldn't afford their own lunch.<sup>130</sup> Workers are not able to get the required food calories as they can't afford to ensure variability in their diets. Workers share single room house with 2 or 3 other IP workers so that they could disaggregate the housing cost

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<sup>123</sup> Interview with Dessie Enyew(n 101)

<sup>124</sup> Ibid

<sup>125</sup> Interview With Meselech Ayele (n 114 )

<sup>126</sup> Interview with Yosef Sultan(n 84); Interview with Anwar Kemal,(n 82); Interview with Belay H/Michael (n 87)

<sup>127</sup> Richard Anker (n 93)

<sup>128</sup> International Commission of Jurists (n 37) 15

<sup>129</sup> Interview With Sikuare Moges (n 101)

<sup>130</sup> Interview With Dessie Enyew (n 101)

which is equivalent or more than their basic wage.<sup>131</sup> They buy clothing's mostly in holidays and some of them prefer to buy clothes from a salvages market which is much cheaper than new cloths.<sup>132</sup> Sanitary equipment is also basic considerations as most production level low pay workers are women.

#### **4.2.2. Right to Education**

Most of the workers are young employees whose education levels are below Diploma and high school dropout. The workers are youths who have plenty of time ahead of them. Inability to afford night education is raised by workers as a barrier to continue with their education as they don't have surplus money from food and house rent.<sup>133</sup> The Price data of CSA for SNNP for private college tuition fee for night class is 200.00 Birr.<sup>134</sup> Other than affordability, regular and/or overtime working hours have negative impact on the right to education of workers. The working hours at certain company at Hawassa IP is from 12:00 AM to 8:00 AM local time and then 8:00 AM to 4:00 PM local time, so a young women who is grade 10 dropouts told me she couldn't pursue her education as the working hours are not suitable for extension class.<sup>135</sup> In a household where there are children the right to education of the children is also affected by the wages, as education cost extends to school fee, uniforms, and education materials.

#### **4.2.3 Right to Health**

The research has assessed the adequacy of health service IP workers are able to receive. At Hawassa IP workers get medical service at company clinic, park clinic and finally the referral Hospital depending on the case.<sup>136</sup> Even though there are health facilities for IP workers the service is limited to IP workers as a result medical cost should be affordable for at a household level. Nevertheless, workers do not receive sufficient wage to save up for health emergency of themselves and their family.

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<sup>131</sup> Interview with Meselech Ayele (144), Interview with Interview with Feven Amene, Sewing operator at TAL Garment (Hawassa, 24 April 2020)

<sup>132</sup> Interview with Meselech Ayele (n 144 )

<sup>133</sup> Interview with Sikuare Moges (n 101)

<sup>134</sup> Observation of CSA data on SNNP price index for March 2020

<sup>135</sup> Interview with Meselech Ayele (n 144)

<sup>136</sup> Interview with Belay H/Michael (n 87)

#### 4.2.4 The right to Development

Expanding of IPs is part of the government development plan. In fact the IPs are attracting foreign investors who contribute large amount of foreign export. The declaration of development centers human person as central subject of the development process so development policy should make the human being the main participant and beneficiary of development.<sup>137</sup> Employment opportunity is also one endeavor to promote individual's right to development however the inadequacy of wages paid at IPs has negative impact on the right to development of workers. Recently, human right based approach of development emerged as a result of demand driven by a concern with global poverty as an injury to human freedom and dignity, but also as a matter of injustice.<sup>138</sup> Labour rights are socio economic right which should be taken into consideration while conducting development activities.

In undertaking development plans, it should not succeed at the cost of the dignified life of the employees is not in accordance with the principle of the right to development. As a result even though IPs has a great contribution to the economy at a macro level human right should not be compromised in lieu of development. In this regard Measho argues job opportunity should be an advantage to which the job opportunity is claimed to have been created- the employees.<sup>139</sup> Similarly Ankets from Oxfam reflects a view, providing job opportunity is not enough by itself as it can be disempowering and limit self-worth and confidence.<sup>140</sup> In addition, goal 8 of the 2015 sustainable development Goals (SDG)'s is decent work and economic growth which.<sup>141</sup> MNC's at IP claim that their human resource management is line with the decent job requirement.<sup>142</sup> However as adequate earning is one of the indicatives of decent job, the government and MNC's are violating individual's right to development.

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<sup>137</sup> United Nations Declaration on the Right to Development, adopted by General Assembly, Res. 41/128, 4 December 1986

<sup>138</sup> Sakiko Fukuda-Parr; *Human Rights and Human Development* ; Economic Rights Working Paper Series working paper on 4 Nov 2007

<sup>139</sup> Interview with Measho Beriu, International and Public Relation Department Head, Confederation of Ethiopian Trade Union (Addis Ababa, 10 April 2020)

<sup>140</sup> Interview with Ankets Petros, Gender program Manager, Oxfam Ethiopia, (Addis Ababa 3 April 2020)

<sup>141</sup> UN, Transforming our world; the 2030 Agenda for Sustainable Development, A/RES/70/1

<sup>142</sup> Interview with Tizita Taye (n 107)

#### 4.2.5 Right to Association and Collective Bargaining (RACB)

RACB is one of the 4 ILO fundamental principles.<sup>143</sup> RACB has special relation with the right to fair wages a concern of both labour law and human rights. However CETU has confirmed there are no labour unions at the companies in IPs even though the confederation has been struggling to ensure the RACB at the parks however their effort has not result a success yet.<sup>144</sup> The possible reason for the absence of trade union according to Measho is the employers “Hidden Hands” and sometimes explicit refusal to allow establishment of labour union and government’s hesitance to enforce this right.<sup>145</sup> He utters currently the confederation is at the verge of establishing trade unions though there has been obstacles and now the Covid-19 Outbreak. The confederation advocates on the regulation of minimum wage at national level. Interview with company managers or human resource managers confirms the fact that companies do not have labour unions.<sup>146</sup> Some companies have workers council which addresses joint meetings,<sup>147</sup> and some have single worker representative that is selected by workers to present their issue to the management.<sup>148</sup> However the council has no bargaining power regarding wages.<sup>149</sup> Such informal consultation is accepted under the ILO, however it’s clearly stipulated that such consultation should not be a substitute for collective bargaining.<sup>150</sup>

#### 4.3. The Role of International Buyers

As it is IPs as called in other countries export processing zones makes production for the international market. MNC’s in Ethiopian IP gets incentives like the access to wider market in addition to the tax incentives, young labour force and other incentives. COMESA (Common Market for Eastern and Southern Africa), AGOA (African Growth and Opportunity) and GSP (General system of Preference) of the US Government initiative and finally the EBA (Everything

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<sup>143</sup> ILO fundamental principles and rights at work adopted at 86<sup>th</sup> International Labour conference, Geneva, 18 June 1998.

<sup>144</sup> Interview with Measho Beriu (n 139)

<sup>145</sup> Ibid

<sup>146</sup> Interview with TizitaTaye (n 107 )

<sup>147</sup> Interview With LemaTegegn (n 105)

<sup>148</sup> Interview with TizitaTaye (n 107 )

<sup>149</sup> Interview with Mr Charita (n 90)

<sup>150</sup> ILO Tripartite Declaration on Principles Concerning Multinational Enterprises and Social Policy, Adopted by International Labour Organization at its 204<sup>th</sup> session, Geneva, November 1977.



but Arms) of the European Union are market access for Ethiopian manufacturers.<sup>151</sup> Market access is one of the leading motives behind deciding to invest in Ethiopia.<sup>152</sup> 93% of the buyers are from Europe and America, 6.5% from Asia and the rest to Africa as explained by Anwar.<sup>153</sup> These markets are common to all IPs though the figure may vary. These Buyers undertake buyer's compliance test audit twice a year or within 3 months in IPs.<sup>154</sup> Auditing criteria's differs depending on the buyer but work safety and hazardous condition assessment, management, finance, logistics, humanity are considered.<sup>155</sup> Some companies consider housing condition, fairness of salary to avoid extreme exploitation, security, health facilities and more than 45 list of compliance test are undertaken.<sup>156</sup>

The buyers are not just a customers but who franchise their brands and allow their brands on the products that are manufactured in the supply chain. The buyers are also strategic partners to the government they bring in MNCs' to produce their brands.<sup>157</sup> It is a great opportunity for Ethiopia to be a destination for this known and prominent Corporation's and Brands. However the role of these international buyers should be more than procedural and Interfere in wage determination as the wages at the park is not living wage. In one scenario certain buyer opts to buy from an Ethiopian producer taking into consideration of the fairness of wages it pays to its employee.<sup>158</sup> But for the most part buyers do not seem to take the matter of wage as human right concern.

#### **4.4 Absence of minimum wage regulation as barrier to enforce the right to fair wages**

The UN framework on business and human rights stipulate states has a duty to protect human rights and business entities have a duty to respect human rights. Respect is refraining from infringing the rights protected by state and other legal frameworks. However if the state has not taken a legislative measures MNC's obligation to respect will not materialize enough to request remedy for violation. MNC's obligation to ensure living wages can't be enforced at national level without minimum wage regulation. The research will not engage on pro and against

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<sup>151</sup> Ethiopian Investment Commission website, [www.investethiopia.gov.et](http://www.investethiopia.gov.et) Accessed on 25/04/2020 5:52 PM

<sup>152</sup> Interview With LemaTegegn (n 105); Interview with TizitaTaye (n 107 )

<sup>154</sup> Interview with Yosef Sultan(n 84);Interview with Anwar Kemal,(n 82);Interview with Belay H/Michael (n 87)

<sup>155</sup> Ibid

<sup>156</sup> Ibid

<sup>157</sup> Interview with Dawit Feleke (n 108)

<sup>158</sup> Ibid

arguments on minimum wage regulation, however as evidenced from this empirical study the right to fair wage is not respected by MNC's in the absence of minimum wages even though they have entered to different international commitments.

Repeated unrest and strikes occur in all IPs and most of them are attributable to wages at the park. Though IPDC and EIC know strikes occur for different reasons including wages, they assert they can't control the amount of wage as long as it is not promulgated with the law and the wage determination is left to the market.<sup>159</sup> Fekadu from MOLOSA also confirms the same attitude by saying the wage determination is left to the market and the ministry has no role in wage determination.<sup>160</sup> He also states the ministry is aware of frequent strikes and concerns about wages however as wages are left to employer and employee's agreement the ministry role is advisory. Similarly, Measho believes it is impossible to ensure the fairness of wages without minimum wage regulation.<sup>161</sup> Ankets from Oxfam supports this argument by saying it's impossible to protect right to fair wage in the absence of minimum wages as they are very important to use them as a benchmark of the level of payments, to influence the government for change of minimum wages if it is inadequate, and for policy advocacy in general terms.<sup>162</sup> As a result even though living wage requirement is widely accepted by MNC's as per their soft law commitments and international human right instruments, remedy for the violation of the right to fair wage is not available in the absence of minimum wages.

As discussed earlier the new Labour proclamation announces the upcoming formation of wage board that determines minimum wage. The ILO minimum wage machineries recognize a minimum wage fixing through wage committees, councils, or boards for example Argentina, Colombia, Philippines and UK has determined minimum wage by an ad-hoc bodies established for this purpose.<sup>163</sup> In Colombia legislative decree amending the labour code authorizes the national labour board to fix minimum wages of a general or limited nature.<sup>164</sup> Their power is not limited to giving recommendation rather they have authority to fix minimum wage. Similarly in

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<sup>159</sup> Interview with TizitaTaye,(n 107 ); Interview with Anwar Kemal,(n 82)

<sup>160</sup> Interview with Fekadu Gebdu ( n 79)

<sup>161</sup> Interview with MeashoBeriu (n 139)

<sup>162</sup> Interview with Ankets Petros (n 140)

<sup>163</sup> ILO Minimum Wages wage fixing machinery (n 80) 40-42

<sup>164</sup> Ibid 40

the UK wage council covering a specific industry or branch of economic activity as a result there is agricultural wage board to determine agricultural minimum wages as a result sectorial boards are established.<sup>165</sup> The legal document establishing the board should cover specifics on the board like whether the board fixes binding minimum wage, whether the board determines sectorial minimum wage, whether regions has their own wage boards etc.

#### 4.5. Comparative study of the right to fair wages in Kenya Export processing zones

Kenya has the highest number of single enterprise zones or Industry zones which is 61, followed by Nigeria and Ethiopia 38 and 18 respectively.<sup>166</sup> The industry sector in Kenya is highly developed at Africa level. Kenya has minimum wage setting policy that includes 17 minimum wage orders that vary by occupation, sector and location since independence<sup>167</sup>. The current minimum wage in Kenya is 126 Dollars per month.<sup>168</sup> As reported by Associated Press, Ethiopia's garment workers are the world's lowest paid which is \$26 a month compared to Chinese garment workers who earns \$340 a month, Kenyans who earn \$207 and Bangladeshis who earn \$95.<sup>169</sup> Investors in Ethiopia and Kenya EPZ are producing similar products, having similar inputs and similar market access like AGOA and COMESA, with similar productivity yet the minimum wage at Ethiopia EPZ is 5% smaller than Kenya's. Export processing zones (EPZ) manufacturers in Kenya have been seeking an exemption from the country's minimum wage to spur competitiveness to strengthen their arguments they refer market like Ethiopia which continue to attract manufacturers.<sup>170</sup> However the government is not willing to compromise the

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<sup>165</sup> Ibid 41-42

<sup>166</sup>UNCTAD, Foreign Direct Investment to Africa defies global slump rises 11%, <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2109> Accessed 12 June 2019

<sup>167</sup> Andalón M. and Pagés C. 'Minimum Wages in Kenya', Forschungs institut zur Zukunft der Arbeit Institute for the Study of Labor, IZA DP No. 3390 (March 2008)

<sup>168</sup> Trading Economics, Kenyan Minimum wages 1994-2019 Data/ 292020-2022 forecast <available online [tradingeconomics.com](http://tradingeconomics.com)> The dollar exchange rate as per May 17,2020

<sup>169</sup> Elias Meseret, Correction; Ethiopia's garment workers are the world's lowest paid at \$26 a month, Associated Press, 9 May 2019

<sup>170</sup> Mumbai Warui , For Citizen Digital, EPZ processors seek minimum wage exemption <https://citizentv.co.ke> accessed May 15,2020

wage standard at the Export processing zones and workers get equal minimum wage with other workers in the same industrial sector.

According to 2019 UNCTAD report on FDI in Africa, Ethiopia is the top FDI destination in Sub Saharan Africa region taking the leading place from Kenya.<sup>171</sup> It has been reported high electricity cost and logistic challenges are also predicted to affect competitiveness of Kenyan EPZ.<sup>172</sup> As a result by availing logistic and other incentives it's possible to attract investors irrespective of the labour cost. Yet wages at Ethiopia industry zones is unreasonably lower than Kenyan industry zones because of absence of minimum wage regulation. CETU also compares the wage at Ethiopian industrial parks is unreasonably smaller compared to the MNC's in Kenya export processing zone (EPZ) which uses similar machineries and have similar market access.<sup>173</sup>

#### **4.6. Factors that Impacts wages paid by MNCs operating in Industrial parks**

As reviewed by Elisa Giuliani, different scholars have analyzed economic impacts of MNCs and others have investigated the impact of MNC operations on human rights including on adequate wages.<sup>174</sup> There are factors that mediate positively and/or negatively on host developing countries.

Education and skill of the workers determines the fairness of wages paid at IPs. As interviewed from IEC and MOLOSA the main factor for the low wages at the IPs is illiteracy of the employees and if they were educated enough they would have gotten into competitive jobs.<sup>175</sup> At Hawassa IP production level employees' are grade 8-10 level dropouts and only 10% are college graduates.<sup>176</sup> They are employed at sewing operation level and the wage they receive is 850 as discussed earlier. Contrary to that, degree level educated workers are professional workers gets

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<sup>171</sup> UNCTD, n 166

<sup>172</sup> World Bank Group < documents.worldbank.org> Accessed 15 May 2020

<sup>173</sup> Interview with Measho Beriu (n 139)

<sup>174</sup> Elisa Giuliani and Chiara Macchi (2013), "MULTINATIONAL CORPORATIONS' ECONOMIC AND HUMAN RIGHTS IMPACTS ON DEVELOPING COUNTRIES: A REVIEW AND RESEARCH AGENDA", Discussion Papers del Dipartimento di Economia e Management – Università di Pisa, n. 158 (<http://www.dse.ec.unipi.it/index.php?id=52>)

<sup>175</sup> Interview with Dawit Feleke (n 108); Interview with Fekadu Gebdu Senbete (n 79)

<sup>176</sup> Interview with Belay H/Michael (n 87)

paid with more than 2000 Birr minimum wage,<sup>177</sup> This implies degree level graduates fit into living wage compared to diploma and below level employees.

The role of local NGOs, activist groups, and communities of people living close to MNCs' operations, is considered to play an important role on resulting positive impacts especially increased respect for human rights.<sup>178</sup> CETU is working advocacy works for the right to association because other problems arises from the violation of this core right, had the right has been respected they would have been respected through bargaining wages and other concerns in IPs would have been solved.<sup>179</sup> However, civil societies and NGO's don't have much involvement in advocating for living wages in IPs. Oxfam Ethiopia is an NGO which promotes social justice and working on underlying causes of poverty and marginalization however have not involved in Industrial parks.<sup>180</sup>

The other factor is the intensity of technologies. Mostly the garment technology the investors bring to the country is manually operational and requires large number of workforces. So they are attracted to Ethiopia with the excessive workforce and competitive youth labour.<sup>181</sup> High numbers of employees are employed because of the human intensive low tech investment in IPs. Though creating many job opportunities is an advantage, as long as living wages are not granted it can be taken as a massive labour exploitive. Contrarily, particular Italian textile company operating in Kombolcha IP operates textile manufacturing with automated machineries which is advanced in technology as a results pays the highest wage compared to all textile manufacturers in IPs and the number of employees at that company is much lower than others.<sup>182</sup> Thus, technological intensity is a factor that determines wage.

The sector of investment should be a factor in wage difference because of the nature of work, the cost of production, and the effort put on work differs. Nonetheless, a construction material manufacturing company (not an MNC) in Eastern IP pays a minimum wage of 900 Birr,

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<sup>177</sup>Interview with Dessie Enyew (n 77); Interview with Bizunesh Tagesse, Planning Recorder at KGG garment PLC (April20,2020);Interview with Ayele Taddese (n 72)

<sup>178</sup> Elisa Giuliani and Chiara Macchi (n 174)14

<sup>179</sup>Interview with Dawit Feleke (n 108)

<sup>180</sup> Interview with Ankets Petros (n 140)

<sup>181</sup>Interview with Ayele Taddese (n 72)

<sup>182</sup>Interview with Dawit Feleke (n 108)

similarly to the textile and garment factories.<sup>183</sup> As a result in IPs the wage determination is not sector based which is completely unfair.

The other factor that is presented to impact the right to fair wage as a human right is home state of MNCs. There are views that MNCs from advanced countries (especially Western cultures) will be more likely respect the host country's human rights compared to emerging economies however there are also opposing views claiming the emerging economies take corporate social responsibility initiatives more seriously.<sup>184</sup> The research finding indicates home state of MNC's does not matter in wage determination. In Bole Lemi IP Jay Jay textiles Garments PLC which is an Indian MNC pays minimum of 1400 Birr wage which is the second highest minimum wage in the whole IPs.<sup>185</sup> Contrarily MNC of Indian origin at Hawassa IP pays a minimum wage of 750 Birr Basic wage.<sup>186</sup> Dawit utters Italian company at Kombolcha IP pays highest wage and PVH Arvind Manufacturing PLC, an American and Indian origin MNC's at Hawassa IP pays the highest wages incentives packages than other MNC's operating in Hawassa IP.<sup>187</sup> As a result the home state of the company doesn't have practical impact on wage determination.

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<sup>183</sup> Interview with Shimelis Lema (n 106)

<sup>184</sup> Elisa Giuliani and Chiara Macchi (n 174) 22

<sup>185</sup> Interview with Anwar Kemal (n 82); Interview with Lema Tegegn (n 105)

<sup>186</sup> Interview with Mr. Charita (n 90)

<sup>187</sup> Interview with Dawit Feleke (n 108)

## CHAPTER FIVE

### Conclusions and Recommendations

#### 5.1 Conclusions

The research has examined different international aspirations that put obligation MNC's to ensure fairness of wages and then it investigates whether the wages at the park is a living wage or not. To explain the imposition of human rights obligation of MNC's the research at the beginning justifies the concern of fair wages is a human rights concern.

The doctrinal assessment of MNC's human rights obligation indicates, given the history and the controversy on MNC's human rights UN, OCED and ILO were unable to come up with a binding legal document for MNCs. However the UDHR, UN global compact, ILO declaration on social justice for fair globalization, UN Framework on business and human rights, UN guiding principles on business and human rights and ILO declaration on fundamental principles and rights at work are the soft laws and corporate social responsibility frameworks that put an obligation MNCs'. Consequently the research concludes MNC's have obligations to fair wages however all of this instruments have failed to provide remedy in case of violation of such rights.

The research with the empirical evidence reveals the wages being paid by MNC's in Ethiopian IPs is below the living wage regardless of their human rights obligation. The living wage estimate that should be paid is 3 times higher than the basic wage paid at IPs. As a result of the low wage the right to food, shelter, and clothing, the right to education, the right to health, and the right to development of IP workers are negatively affected. The research recognizes different kinds of benefits and overtime payments are provided for IP workers. However based on analysis of UN perception of living wages, other countries experiences and ILO conventions benefits and overtime payments are not considered as wage. The benefits and allowances paid by IPs are not considered as elements of fair wages and are not considered as a minimum wage. Therefore the thesis concludes the wages at IPs are not living wages.

The thesis has Recognized States and MNC's has different obligation regarding business and human rights. The soft law stipulations on MNC's and business entities human rights obligation is independent of state's obligation however practically MNC's do not comply with their obligation unless enforced with domestic law as they ultimately intend to expand their profits. The finding of this research indicates absence of minimum wage has an impact on the fairness of wages paid to production workers at IPs'. To this effect the research concludes minimum wages should be regulated to enforce the right to fair wage and protect from violation by MNC or any actor. MNC's obligation to respect human rights will not materialize unless the rights are protected by the state. For MNC's, minimum wage regulation will not create a new obligation rather it's enforcing what they have already pledged obligation on human rights instruments, soft laws and different voluntary initiatives.

Factors that affect MNC's compliance with living wage requirement in specific and human rights in general are also discussed as a result the research finding indicates social capability of IP workers, state capacity to enforce laws, the technological intensity and the role of civil societies are concluded to impact the human rights impact of MNC's. On the other hand the MNC's nationality and the sector of investment are insignificant on the respect of the right to fair wages in IPs. In addition, international buyers have power in regulating MNC's behavior however with regard to wages in IPs their roles have been insignificant.

## **5.2. Recommendations**

In Ethiopia minimum wage should be regulated in consideration of the living cost in certain location and sector of work, the upcoming minimum wage to be determined by the board should have binding power to be imposed legally by the executive and judiciary organs of the government. It is the principal way to ensure remedy for the right to fair wages. ILO minimum wage conventions should be ratified by the government as it gives guideline on what to include and exclude on minimum wage determination.

The minimum wage board shall strictly consider the living cost in different localities and the sector of work. The minimum wage should be updated in order to comply with the changing inflation rates, as minimum wage regulation is the best possible way to ensure living wage and grant a locally remediable right to fair wage.



In the meantime regulating benefit packages with law and providing different incentives to companies paying adequate payment is recommended. In IP's payment of benefits and allowances is common culture therefore regulating the benefits with law is important to guarantee the constant earning of IP workers. Securing the benefits with a similar legal regime like the wages ensures adequate remuneration. Incentivizing companies to pay adequate wage creates competition within investors to pay living wages. By adding different incentives as a reward to the companies paying living wages, the government and the company's bilaterally shares the labour cost that could cause harm on competitiveness to the emerging industry sector.

Civil societies and NGO's operating in Ethiopia should advocate for the living wages in Ethiopia. Without social justice no democracy and stability of a country will be safeguarded. As the role of civil societies are high in influencing government and MNC's as international actors. Medias should also take part in naming and shaming MNC's operating in Ethiopian IPs acting in contrary to the commitments they have entered under different voluntary initiatives. Because adverse publicity which results reputational harms are ways to enforce soft law stipulations, as MNC's enter into such agreements for good publicity to get acceptance of their brands in the international markets.

Finally, when remedy is not available at domestic level there should be remedies at international and Regional level. As a result UN and ILO should act accordingly to control MNC's business activity. They should take serious response when MNC's act in contrary to the pledges and declarations unless otherwise MNC's enter into the pledges for publicity purposes and no consequences and commitments follow them.

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- 20.** Interview with Yosef Sultan, EIC Branch Manager, Eastern Industry park (Dukem, 14 April 2020).

## Annexes

### Annex I

#### Interview Questions for IP workers

Age

Education level

Work Position

1. When were you employed?
2. Do you have any work Experience before you got employed here?
3. Do you have written work contract? Does it the wage and other benefits was mentioned on the contract?
4. How many hours do you work per week? How many hours of overtime work do you work?
5. How much was your basic wage when you were employed? And how much is now?
6. How much do you get from benefits/allowances?
7. Where do you live? With whom do you live? Is that rental house? How much do you pay (if rental housing)?
8. Do you have any children? Any dependents?
9. Does your company provide you transportation service? How about when you work overtime work? If not how much is your transportation cost?
10. Are you able to afford balanced food for you and your family?
11. Are you able to afford education for yourself and/or your family?
12. Have you or your family been ever been sick? Were you able to cover your families medical cost? Does your company have a medical center?
13. How frequent you buy clothes for yourself and your family?



## **Annex 2**

### **Interview questions for MNC human resource managers or general managers**

Name of Company:-

Name of the respondent:-

Position of the respondent:-

1. Where is the companies' country of Origin?
2. How many employees are employed in your corporation?
3. How do you determine wages? What are the factors you take into consideration in wage determination?
4. What is the scale of wage for production level workers in your Company? how much is the minimum wage in your company?
5. What types of benefits do you provide to your workers?
6. How many branches do the company has all over the world? Is the minimum wage similar to the Ethiopian branch?
7. What has motivated you to establish this factory in Ethiopia?
8. Does the corporation have human right policy?
9. Is your corporation part of the UN global compact, an initiative to promote corporate social responsibility?
10. Does the company have labour Union? If yes, do they involve in wage determination?
11. Have you ever faced labour strike in the work place? What was the cause of strike? How did you manage it?

### **Annex 3**

#### **Interview Questions for EIC head Office, EIC Branch managers and IPDC Branch office**

1. How many Tenants in the Industry Park? How many of them are Multinational Corporations?
2. How many employees at the park? What is the age and educational level of employees in average?
3. Which countries are customers to buy the products of manufactured goods at the park?
4. What are the lists of auditing criteria's for Buyer Compliance test? How frequently are they done by the buyers?
5. Who determines the wages at Industrial parks? What is your role in wage determination?
6. What is the range of wages being paid at the park for production line workers? What kinds of benefits are available at for workers at Production level?
7. How much (in percent) is the labour Turnover in the past two years?
8. Were their strikes in relation to wages? How did you respond to the complaints by the workers?
9. Is housing provided for employees?
10. Is there medical Center at the park?

## **Annex 4**

### **Interview Questions for EIC head Office**

1. How many Industrial parks in Ethiopia? How many of them are operational?
2. Do you have the statics of labour in Industry parks? What ages of citizen are benefited from the job opportunity at Industrial parks? What is their Educational Background?
3. How much is the investment share of Bole Lemi and Eastern Industry Park?
4. What documents are required for Multinational Corporation's to join industrial parks? Are the codes of conduct or human right or environmental policy requirements for corporate investors?
5. Any different requirement when the investor who wants investment license is a corporation? Is there a difference in requirement when the investor is individual or corporation which based it headquarter in other country?
6. Are they required to incorporate their human right and environmental policies under their proposal?
7. How many multinational corporations have joined Industrial parks? Can you give as the list and the country they came from?
8. Who determines the wages at Industrial parks? What is your role in wage determination?
9. Do you think corporations have obligation to pay fair wages?
10. Does your Institution Believes the defacto minimum wages at Industrial park are fair wages? Are the wages considerate of living cost in the areas?
11. What are the reasons for labour Turnover in Industrial parks?
12. Were their strikes at the parks in relation to wages? How was it managed and how did you respond to the complaints?
13. What is the role of your institution in ensuring the respect of human rights of employees?

## **Annex 5**

### **Interview Questions for MOLOSA**

1. What is the ministries' role in Wage determination regarding industry parks?
2. After the promulgation of the new labour proclamation 1156/2011 what efforts have been taken to prescribe minimum wage practically? Is the wage board stipulated operational?
3. What is the current minimum wage for Industry sector?
4. What are considerations to determine minimum wage? Countries' economic development, labour market and other considerations? What about the factories financial capacity?
5. Has complains about wages in industry parks presented to this institution? How did you manage to solve the complaints?
6. What do you think is the role of corporations in Industry parks in respecting the human right of employees?
7. Is there a way to protect the right of workers when there is no minimum wage fixed under the law? How?

## **Annex 6**

### **Interview questions for confederation of Trade Union (CETU)**

1. How much is the Minimum wage paid in Hawassa Industrial Park, Eastern Industry park and Bole Lemi Industrial Park?
2. Is this minimum wage less than the minimum wage paid at similar sector outside of the Industrial parks?
3. Do you think the wages paid by companies at Industrial parks able to cover the cost of living of workers?
4. Does The Benefits being paid to Industry Park Workers replace the right to fair wages?
5. What kinds of Complaints are filed to you from Industrial park workers?
6. How many Labour unions are available at The 3 Industrial Parks?
7. How do you suggest a country should balance the need to create job opportunity and the need to protect favorable working condition including ensuring fair wages?
8. What is the role of minimum wage regulation to Industry park workers? Do you think it's possible to respect the right of workers without minimum wage regulation?
9. When a state doesn't ensure the workers right to fair wage, do you think Multinational Corporation are still obliged to respect the right to fair wages?
10. What are factors to determine fair wage requirement?
11. Were there strikes in relation to wages? How was it managed and how did you respond to the complaints by the workers?
12. What is the role of The Confederation in determining wages? According to the new labour proclamation 1156/2011 labour unions participate wage board, is it operational yet?

## **Annex 7**

### **Interview Questions for Oxfam International Ethiopia**

Name and position of the Respondent:-

1. What does the organization have done to decrease poverty through ensuring fair wages In Ethiopia?
2. In Ethiopia industrial parks companies including Multinational corporations pay small amount of wages, as part of ensuring sustainable livelihood does the Organization engage in solving this problem in any way?
3. The issue of fair wages being decent job requirement is there any way to enforce the promotion, respect and remedy of this right?
4. Do you think Multinational corporations have human right obligation? How can it be enforced?
5. How do you think the need to create job opportunity and the need to protect favorable working condition including ensuring fair wages are balanced?
6. When a state is unable to promote the workers right to fair wage for different justifications do you think MNCs are still expected to respect the right to fair wages?
7. Do you think it is possible to ensure the Right to fair wages without domestic minimum wage regulations?