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The impact of international codes of conduct on employment conditions and gender issues in Chinese flower companies

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The study examined how international codes of conduct address employment conditions and gender issues in the Chinese flower industry. A sample of 20 companies was purposively selected and 200 workers from these companies were interviewed. The adoption of international codes did not improve workers' conditions and gender issues and codes were poorly enforced. There was evidence of discrimination based on workers' status of employment and gender. A permanent worker mean daily wage was RMB14.1 higher than a casual worker. Although welfare benefits were provided to permanent workers, males and females beneficiaries differed significantly by 32.4 and 24.1%, respectively. This paper provided the basis for the need to gender audit, mainstream flower companies and adopts participatory auditing for flower companies' compliance to the use of codes of conduct.

Key words: Codes of conduct, Chinese flower industry, mainstream, gender, permanent worker, casual worker, employment conditions.

INTRODUCTION

Cut flower production has become a major part of China's economy with a wholesale value of US$1,172 million production in 2009 (Ando, 2009). China success in selling flowers to the international market has attracted a lot of attention to the industry social issues. Concerns emanating from consumers, supermarkets and civil society organizations have made flower companies in China to comply with a number of codes of conduct developed by international organizations. These codes supplement the China Labor laws, the Chinese Constitution and the conventions of the International Labor Organization (ILO). The codes are meant to address the employment conditions of workers and gender issues in the industry.

The flower industry worldwide is noted as a sector where poor labor conditions, environmental damaging production processes and gender inequalities are widely practiced. The use of codes of conduct has been assumed as one effective way of tackling employment, production and gender issues in the industry. The flower industry worldwide is noted as a sector where poor labor conditions, environmental damaging production processes and gender inequalities are widely practiced. The use of codes of conduct has been assumed as one effective way of tackling employment, production and gender issues in the industry.
Chinese flower industry attracted large female and male labor employment. However, the available data is limited to production, export and import values of floricultural products (China international flower trade, 2007) and hardly any on employment conditions or gender. In addition, the present agriculture policy restricts female farmers from accessing loans without their husbands’ authorization (Garcia, 2006).

As the Chinese flower industry grew rapidly in the last 15 years, the questions about labor conditions and gender issues in flower production became a cause for concern for government, consumers and many international organizations. This prompts questions about the mechanism of auditing procedures to verify employment, gender and production processes’ violations. Thus, the adoption of codes of conduct became one of the criteria for Chinese flower companies to become members of the China international flower trade (CIFT) association and able to sell flower products in the international markets. However, the questions that remain to be addressed include whether the companies registered with CIFT have adopted the use of the codes and to what extent the use of the codes has helped to improve the gender issues and labor conditions in the flower industry? To answer these questions, first, the authors reviewed the limited literature on codes of conduct. They used the provisions of the codes, Labor Act (1995), China Constitution (1982) and the ILO conventions that directly deal with employment practice to assess the extent they have been adopted and identify any gendered gap in the implementation that may require gender mainstreaming (GM).

Secondly, a research survey was conducted using the gender analysis (GA) methodology (Peter, 2006) to find out the employment conditions and level of participation and roles of both men and women in the flower industry. Codes of conduct are voluntary regulations and guide lines that are meant to shape the attitude of employers and employees and the culture of a company. They had been in existence since the mid-twentieth century (Murray, 1998). In floriculture, the concept of codes became increasingly important in the 1990s as the consumption of flower products surged and consumers concern about the level of toxic substances in flower products and the ill treatment of workers in exporting flower countries increased (Van Lijnt, 2000). Two categories of codes exist in the industry; codes that are adopted at the local level (internal) by companies or local flower associations and those adopted by international organizations such as overseas supermarkets. Internal codes hardly function as the mechanism for monitoring is ineffective (Auret, 2007). The international codes have been developed by the European Retailers Producers working group for Good Agricultural Practice (EUREGAP), the British Retail Consortium (BRC), Millieu Project Siereteeth (MPS). At the start of the codes implementation, the codes were limited to cover issues like use of chemicals, environment, post harvest management and product traceability (Barrientos et al., 2001). However, codes have now been made part of the ILO conventions and the International Code of Conduct (ICC) for cut flower and the Max Havelaar and Fair trade Foundation criteria for Fair trade for cut flower have been adopted. With increased pressure from developed countries’ supermarkets on suppliers, the social contents of codes of conduct that relate to workers welfare have been included (Hale and Opondo, 2005).

The existence of codes does not guarantee ethical trading unless gender relations improve and effective mechanisms of social accountability of the use of the codes exist. In Kenya, farms that were regularly audited reported cases of labor abuses (Opondo, undated). This suggests that the current auditing procedures are not enough to identify key workers issues unless the workers themselves are involved in the process. This will therefore require gender-sensitive approaches such as GM in order to sensitize workers in the flower industry. GM is a new strategy to achieve gender equality (UNDP, 2006) at work place. In China, the use of codes began in the 1990s and was largely meant to regulate foreign firms like the toy industry which had grown extensively. Codes in China are enshrined in the labor laws of the country and are enforced by local authorities at the county level (Murray, 1998). Since China became a member of the ILO in 1919, it had ratified many ILO conventions including those pertaining to labor conditions. In China, undue pressure from within and without flower industry organizations had led to the adoption of codes. However, China has not developed a national base code for social accountability like the Ethical Trading Initiative (ETI) in Kenyan flower industry. Nevertheless Chinese flower products are required to meet the same production standards and all international codes appli-cable to the industry. However, despite the much attention given to codes, monitoring remains a huge challenge. It is reported that 90% of the corporations in China circumvent use of codes by either bribing, or tricking monitors with inaccurate double entering of records or training workers on what to say to monitors (Prieto-Carrón et al., 2006). Retail chains and brand companies from the North put considerable pressure down the supply chain thereby influencing production attitudes in the corporations. These flower corporations are noted to produce and reproduce unequal power structures using codes of conduct and practices but at the same time neglecting the voices of women workers and their organizations (Prieto-Carrón, 2008).

The study was done on twenty (20) flower companies that are members of the CIFT and two hundred workers from the companies in four provinces (Yunnan, Zhejiang, Hubei and Sichuan) in the country. Companies registered with CIFT are the most progressive in the flower industry. They are export driven and are expected to use codes in their operations in accordance to CIFT membership criteria. To maintain anonymity, we use alphabets to
Objectives of the study

1. To assess the extent codes of conduct have been adopted and applied in the operations of the companies.
2. To analyze the impact of the use of codes of conduct on the workers.
3. To determine the necessity for the adoption of social accountability and gender mainstreaming measures in the companies.
4. To identify areas of gender inequalities in the companies.
5. To recommend measures that will be useful in social accountability and gender mainstreaming in the flower industry so as to improve gender relations and the reputation of the industry.

RESEARCH METHODOLOGY

Study approach

The gender analysis (GA) approach method (Peter, 2006) was used to study the application and impact of codes in the flower industry. GA is a useful tool that helps show differences and similarities in roles of men and women. We used pre-tested structured questionnaires (SQs) for companies and interview schedules (ISs) for workers as suggested by Kumar (2005).

Selection of the study population

Twenty flower companies were purposively selected and contacted for the study. The criteria for selection included companies with established administrative structure, legally registered with the central or regional governments, applying codes and willing to take part in the research. A sample of two hundred workers was selected from the twenty companies. An even number of one hundred males and one hundred females was selected using a stratified random sampling method based on gender and employment status (permanent, casual). The total number of workers in these companies was 1298. A ratio was calculated using the formula (Dolan et al., 2002):

\[ F = \frac{n}{N} \]

Where, \( F \) = Ratio of the sample population; \( n \) = sample size and \( N \) = population size. Therefore, \( F = \frac{200}{1298} = 0.1540 \), this ratio was used to determine the number of workers selected from each company.

Data collection and analysis

All SQs and ISs had a cover letter explaining the relevance of the study and seeking the consent of the participant. Follow up telephone calls and e-mails were made to the companies after one month elapsed. Clarification of some questions was made by email and telephone. The SQs were collected when the interviewers went to interview the workers. The workers were interviewed face to face by the interviewers and all the responses recorded in the recording schedule by the interviewers. The interviewers and the interviewees clarified all the points and confirmed the recordings. Among many questions, the key questions the participants were asked included:

1. Please indicate the type of code of conduct implemented by your company and year of adoption.
2. Do you find use of codes of conduct useful in your operations?
3. Do you fully understand the requirements of the codes of conduct adopted by your company?
4. How do you monitor the application of the codes of conduct?
5. What is the daily wage by gender and employment status in your company?
6. State the representation by gender in the management and board levels of your company.
7. Do you have a gender committee in your company?
8. What wage and non-wage benefits your company provides to workers?
9. Where is the flower products sold?
10. Are you a member of trade union organization?
11. Indicate among the following: pack house, flower maintenance, flower protection and Greenhouse where you work daily.
12. How many hours do you work daily?

RESULTS AND DISCUSSION

Demographic and socio-economic features of the workers

In the twenty flower companies studied, 51 and 49% of the workers were males and females respectively but not significantly different (\( P<0.05 \)). This is different from the general trend in which cut flower companies are typically known to employ largely more female labor than men (Meier, 1998). This is likely because the companies investigated included potted flower companies that employ normally larger number of men than women. The sample interviewed represented 15.4% of the total number of workers in the companies. The percentage of married and single respondents was 99.1 and 0.9, respectively. All the males were 100% head of households and none of the females was head of household. None of the respondent belonged to an organized religion though over 50% believe in life hereafter. In terms of age composition, 30% of the respondents were 50 years older, 32.5% were between 40-49 years, 22.5% were between 29-39 years and 15% were between 18-28 years old. 0.3% of the respondents had no formal education, 1.5% had primary education, 9.3% had gone through middle school, 16.3% had high school education, and on average 26.3% have vocational education and 46.3% tertiary education. There was twice the number of male with tertiary education than female. In terms of income disparity, 43.5% of the respondents earned RMB (renminbi) 34.3 and 56.6% earned RMB 50.4 mean daily income.

Type of codes of conduct and adoption period

The companies have adopted at least one of the codes since 2000 though majority started within the last three
years. Seven codes such as; Flower Label Program (FLP), Milieu Programma Sierbeet (MPS), Max Havelaar, Marks and Spencer Safeway (M&S Safeway), Ethical Trading Initiative (ETI), European Retailers for Good Agricultural practice (EUREGAP) and the British Retail Consortium (BRC) had been adopted by the companies (Figure 1). Companies are anonymous and indicated with a letter.

Two codes (EUREPGAP & BRC) that are not related to work conditions were applied to three companies. MPS, FLP and M&S Safeway were the most widely used codes since most of the flowers were meant for export to the European markets. Only 20% of the managers claimed to fully understand the requirements of the codes they adopted. According to all the managers, codes were meant to satisfy the market demands and not for social responsibilities contrary to the general principles of codes (Smith and Feldman, 2003; Barriestos et al., 2001; Dolan et al., 2002; Hale and Opondo, 2005). In all the companies, codes were internally monitored by managers and externally by local government officials once a year. We verified the log books used for the monitoring. The log books provided a check list of employees, wages, farm inputs and workers’ time-book. However, the monitoring was done by the managers and none of the low ranking workers was involved in the process. No third party audit to verify compliance with the code had been done on the farms by either flower organizations or consumer groups although third party audit is a requirement for companies that adopt EUREPGAP code.

Employment conditions in the companies

The authors identified the following employment conditions in the companies:

Employment status

The companies had two categories of employees; Permanent and casual workers. Permanent workers are workers on a longer employment contract over one year with full remuneration and work related benefits. Casual workers are contracted on daily basis and paid only the days and numbers of hours worked for, a period not longer than six months. However, the casual workers in these companies had been employed for over a year and they performed equal work as the permanent workers. This violates the requirements of FLP and ICC codes which stipulate that provisions for non-permanent workers should not be less than favorable than permanent workers when workers provide equal work and time (Smith and Feldman, 2003). The study found that 32.4 and 24.1% of males and females, respectively, were permanently employed while 18.3 and 25.2% of males and females, respectively, were casual workers. This indicates that female workers provide largely the casual labor in the twenty companies studied than men.

Gender by nature of work

Our survey noted a division of labor by gender (Figure 2). Men were largely, 55 and 100% concentrated in tasks associated with flower maintenance and protection. This is consistent with the conclusion of Lastarria-Cornhiel (2006) research which found out that men concentrated on task that demanded physical strength in flower production. Women dominated 90 and 85% in the value added tasks like processing, picking, bar coding, grading probably because flowers are delicate and luxurious products that require people with special handling qualities/skills like care and high mental concentration which women are thought to possess.
Worker wage

Differences in mean wage for workers were noted (Table 1). Although not significant, male workers' mean wage was slightly higher than female workers by RMB 6.3 daily; a similar situation is reported on coffee workers in Mesoamerica (Lyon et al., 2009). What was more interesting was the significant differences in mean daily wage between the permanent and casual workers irrespective of gender. A permanent worker daily mean wage was RMB14.1 higher than a casual worker per day even though both performed the same task and worked the same hours. A male permanent worker earned RMB 17.2 higher than a male casual worker daily while a permanent female worker earned RMB13.70 more than a casual female worker per day. This suggests wage discrimination is not strongly rooted on gender but on the employment status of the worker. This is contrary to the provisions of the Labor Act (1995), ILO conventions 100 and 111 (2002), FLP and ICC codes (Smith and Feldman, 2003) and China constitution (1982) which strongly condemn any form of discrimination and demand equal numeration for the same job.

Employment contracts

The management claimed that all employees were on formal contract but only in company A, a sample of written contract was provided. We noted that only 20% of the permanent workers had a written contract with clear terms and conditions of employment. None of the casual workers had formal written contract. This breaches the provisions of the FLP, Max Havelaar and MPS codes.
Table 2. Mean score of representation at administrative level by gender (t-test)

<table>
<thead>
<tr>
<th>Administrative level</th>
<th>Representation mean</th>
<th>Standard deviation</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Workers' Committee</td>
<td>2.5</td>
<td>0.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Board Member</td>
<td>3.6</td>
<td>1.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Management team</td>
<td>6.3</td>
<td>1.4</td>
<td>3.6</td>
</tr>
</tbody>
</table>

*(Significantly different at P<0.05.)*

(Wijnands, 2005) and ILO convention 122 (2002) and the Labor Act (1995), which stipulate that workers should be given written and legal binding employment contracts.

**Benefits associated with wages**

**Overtime pay:** Casual workers provided 90% of the overtime work with relatively low wage of about 20% of normal daily basic salary contrary to section 44 of the provision of the Labor Act (1995) which stipulates between 150-200% remuneration of the normal wage for any extra work done after the normal hours work. Only one company conformed to the Labor Act provision.

In addition, three companies (N, O and P) provided maternity leave with half basic pay for permanent workers only. Casual workers did not benefit from maternity pay in the three companies. This breaches ILO convention 183 which stipulates maternity rights for workers and ICC provision which requires companies to comply with ILO convention of universal human rights standards. H and J companies provided maternity leave pay for all workers. None of the companies provided paternity leave. Annual leave was provided by all companies to only permanent workers. Paid sick leave, social security pension and funeral expenses were provided to permanent workers.

**Non-wage benefits**

Fifteen companies provided housing or housing allowance and some form of medical assistance to workers. No company provided child care facilities or education allowance except company A, contrary to FLP code stipulation. Production bonuses and annual dinner was provided by all companies except Company T.

**Working conditions**

The authors noted normal working hours were 8 -10 per day. Men worked on average 8.35 h and women 8.09 h daily. However, the daily hour worked by men and women in flower production was not significantly different (P<0.05). The authors also discovered that in the past 4 -5 years, only companies A and H provided managerial training to few of their workers. However, 92.3% of those trained were men. The ICC and Labor Act (1995) make it mandatory for employers to upgrade their employees’ skills through training. The management reported that hiring and promotion policies in the companies were base on merits and length of service. However, some workers refuted that and alleged that some promotions were based on the relationship with management and the nature of employment. Only permanent workers were promoted to supervisory level.

**Workers’ association**

The survey noted that gender committee did not exist in any of the companies. Workers’ committee was found in eight companies (B, C, D, F, G, I, J and T). In all twenty companies, only permanent workers were eligible to join the national workers' union. This violates ILO conventions 11, 87 and 98 (2002) and ICC, FLP codes (Smith and Feldman, 2003) which demand that workers should have freedom to collective bargaining and association. However, China has not yet ratified the ILO conventions 87 and 98 (International Confederation of Free Trade Unions, 2006) that will allow collective bargaining and association for workers.

**Representation at administrative level by gender**

Companies were asked to state the gender representation on the Board of trustees, management team and workers’ committee. The results are represented in Table 2. Table 2 showed significant difference (P<0.05) in gender representation in the Board, Management and worker committee. Men dominated in all three structures; workers’ committee, board and management. This breaches the provisions of the Labor Act (1995), China constitution (1982), ILO 111 and 19 (ILO, 2002) and MPS, BRC, ICC, FLP, Max Havelaar and M&S Safe ways codes (Smith and Feldman, 2003) which demand full gender equality and condemn any form of segregation at the work place.

**Conclusion**

The study found that despite the provisions in the constitution, Labor Act, the ILO conventions and the adoption
of codes, there is still evidence of gender discrimination in:

1. Employment status (more women in casual labor than men).
2. Low proportion of female participation in management, committee and board.
3. Wage disparity, men earned higher wage than women.
4. Large proportion of women was denied maternity rights.
5. No child facilities or education allowance for child, this was a problem for women migrant workers with no relative to care for their children while at work.
6. Training was provided for supervisors who were mainly men. Also we found evidence of discrimination irrespective of gender; casual workers were grossly denied benefits that permanent workers had.

In addition we noted that the codes were poorly policed and management understanding of them was very limited, thus could not be effective in improving workers conditions and gender relations. To make codes effective, the workers should be involved in the monitoring process (participatory auditing). Also third party audit should be done regularly. Gender mainstreaming approaches such as the establishment of gender committee, training women for management tasks and instituting policies that promote equal opportunities like changing the present agricultural policy to be gender sensitive, will ensure the socio economic and social rights of women and other workers are respected.

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