Towards Better Work:
Managers' and Female Workers' Perception of Social Upgrading in Foreign-Owned Apparel Factories in Ethiopia

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[1] The photo is provided by the 3WE project

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List of abbreviations

AGOA   African Growth and Opportunity Act

CSR   Corporate Social Responsibility

FDI   Foreign direct investment

GNP   Production net work

GVC   Global value chain

IP   Industrial Park

NGO   Non-Governmental Organization

OECD   Organisation for Economic Co-operation and Development

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Abstract

To mitigate youth unemployment and bolster its export-oriented industrialization, Ethiopia attracts foreign direct investment (FDI) to its apparel industry. The employment of low-skilled workers in firms integrated into global value chains (GVC) has brought about a debate regarding whether FDI jobs result in social upgrading for these workers. The existing literature either focuses on one specific labor issue without a holistic analysis of social upgrading or lacks a comparison of workers' and managers' understanding of social upgrading. To address this gap, this thesis examines female workers' and managers' understanding of social upgrading in foreign-owned apparel factories. This thesis draws on data from 13 managers' and 11 workers' interviews and measures social upgrading through the lens of processual and relational well-being. This thesis reveals the conflict between managers' long-term strategies and female workers' aspirations for social upgrading, posing a challenge for the Ethiopian government in adapting its public governance to address the ongoing issues. Despite the disadvantaged working conditions, female workers could still use themselves as a labor agency to achieve their ends by starting their businesses. It also shows that managers and workers bring their original countries' culture into the garment factory, affecting their view on social upgrading. Additionally, the heterogeneity of workers and managers suggests intersectionality is a potential approach to understanding the complexity of social upgrading.

Keywords

Social upgrading; Wellbeing; Female workers; Apparel

1. Introduction

Ethiopia has been considered one of the fastest-growing economies in the African region, with an average of 10% economic growth in the past decades (World Bank, 2023). Therefore, it has attracted an influx of foreign direct investment, concentrated on the manufacturing sector in the textile and apparel sectors (Nicholas, 2017). With the Ethiopian government's favorable trade and tax policy established in the industrial park (IP), Ethiopia has become a rising star in the garment sector with decades of development. The impact of foreign direct investment (FDI) on Ethiopian apparel factories includes capital flow and technology transfer (Whitfield et al., 2020). It also offers the potential to join the apparel value chain and integrate into the global economy, promoting economic upgrading and industrialization (Muse & Mohd, 2021; Whitfield et al., 2020). Additionally, FDI can create job opportunities and alleviate poverty (Geda, 2022; Staritz et al., 2016), particularly for young migrant female workers from rural areas of Ethiopia with a lower socio-economic background (Oya & Schaefer, 2021; Barrientos et al., 2010).

The massive employment of low-skilled workers in firms integrated into GVC has brought about a debate regarding whether FDI jobs result in social upgrading for these workers. *"Social upgrading"* refers to the improvement process in the rights and entitlements of workers as social actors, which enhances the quality of their employment (Barrientos et al., 2010; Marcato & Baltar, 2017). Social upgrading in the apparel sector could occur under two specific conditions: an increase in employment within the sector and an increase in real wages within the sector (Bernhardt, 2014), while social upgrading is closely affected by economic upgrading. The traditional presumption about their correlation is that economic upgrading can directly lead to social upgrading (Salido & Bellhouse, 2016). However, scholars argue that economic upgrading can create the conditions for social upgrading, but the correlation between them is not universally applicable (Bernhardt & Milberg, 2011; Khattak et al., 2017). Hence, it is necessary to integrate other factors into a social upgrading analysis, such as gender and value chain governance.

Social upgrading is commonly studied from the workers' perspective, mainly focusing on their disadvantaged working conditions, such as limited skills development, labor turnover rate, and limited collective voice (Bamber & Staritz, 2016; Asgedom et al., 2019; Halvorsen, 2021; Hardy & Hauge, 2019). Several studies have integrated gender into their analysis to understand the feminized nature of labor and the socioeconomic inequality of social upgrading (Islam, 2016; Raman & Krishnan, 2021). Since female workers are a heterogeneous category,

scholars have also used intersectional approaches to understand workers' inequality and subordination (Haq, 2013; Samarakoon et al., 2022). In contrast, social upgrading studies from managers' perspective are very limited. Most focus on managers' adaptation to the local context, culture, legal structure, and labor conflict (Fourie et al., 2024; Opondo, 2009; Oya & Schaefer, 2021). For example, managers might take advantage of governance deficiencies, such as weak corporate social responsibility (CSR) policies and the absence of labor unions, to exploit workers' rights (Gereffi & Mayer, 2006; Islam et al., 2017; Mayer & Pickles, 2014). However, most studies focus on Asian countries, and very few investigate social upgrading in Ethiopian garment factories. Furthermore, the existing literature mainly focuses on one specific labor issue without a holistic analysis of social upgrading in foreign-owned apparel factories. Methodologically, these studies often use quantitative methodology, such as survey questions, to analyze and explore one specific issue. These studies usually do not distinguish between local or foreign-owned garment factories. Additionally, there is a lack of comparison studies that include workers' and managers' perceptions of social upgrading in the Ethiopian foreign-owned garment sector.

To fill this gap, this thesis investigates how managers and female workers understand the social upgrading in Ethiopian foreign-owned apparel factories. By doing so, it aims to provide a top-down perspective through the manager's imagination of social upgrading and a bottom-up perspective of social upgrading through the eyes of front-line female workers in foreign-owned garment factories. Apart from the academic relevance of social upgrading, this thesis also contributes to our understanding of what factors matter in achieving social upgrading in garment factories. To answer the research question, this thesis uses interview data from two researchers of the 3WE project (Well-being, Women and Work in Ethiopia). This thesis assesses 11 female workers and 13 managers' interview data collected by two 3WE researchers. This thesis measures social upgrading through the lens of processual and relational well-being, looking at social upgrading beyond its conventional scope, such as working conditions, but also analyzes how relationships affect social upgrading.

This thesis firstly reveals a conflict between managers' long-term strategy and female workers' desire for social upgrading, which presents a significant challenge for the Ethiopian government in adapting its public governance to address the ongoing issues. Secondly, despite poor working conditions, female workers could still use themselves as their labor agency to achieve their ends by starting their own businesses. Thirdly, the cultural lens is often overlooked when conducting social upgrading analysis. Managers and workers bring their original countries' culture into the garment factory, affecting their view on social upgrading.

Fourthly, the heterogeneity of workers and managers suggests that an intersectionality approach has the potential to understand the complexity of social upgrading.

The thesis is structured as follows. The following chapter outlines the background of foreign investment in the Ethiopian apparel sector. A conceptual, analytical framework based on the indicators of social upgrading is proposed, and related literature is reviewed in Chapter 3. The adoption of the interviewing research approach is justified; the case selection, data collection, and data analysis process are discussed in Chapter 4. Chapter 5 compares managers' and female workers' perceptions of social upgrading: their perceptions of "social upgrading over time" and "relationships and social upgrading." The thesis ends with a discussion of the findings in Chapter 6.

2. Foreign direct investment in the Ethiopian apparel sector

Before discussing the conceptual framework on social upgrading, it is helpful to comprehend the overall context of foreign investment in the Ethiopian garment industry. This chapter thus covers the historical trajectory and the favorable policy of FDI in the Ethiopian apparel sector. It also outlines how this sector provides employment opportunities for local women.

Ethiopia is located in the north-eastern part of Africa, with a population of about 123 million (UNDP, 2022). It is also identified as a least developed country by the UN and a low-income country by the World Bank (UNDP, 2022). Despite the significant efforts to eradicate poverty, the Ethiopian government continues to face challenges, such as the high youth unemployment rate. Around two to three million young people join the labor each year yet struggle to find employment in rural and urban areas (Mohammed Shuker & Hashim Sadik, 2024, p.2). Therefore, FDI is seen as a critical force for economic growth and employment in Ethiopia.

Due to its mature technology and labor-intensive nature, the garment industry has historically served as a springboard for export-oriented industrialization in many developing nations(Alderin, 2014). Ethiopia thus aims to achieve structural transformation through export-oriented industrialization, leveraging the labor-intensive nature of the apparel sector (Whitfield et al., 2020). Furthermore, participation in the apparel value chain could open doors to international trade for Ethiopia, upgrade the sector to higher value-added activities, and foster the growth of local competitive firms that can contribute to the national economy (Whitfield et al., 2020; Staritz et al., 2016; Dura & Bizuneh, 2023). However, the country lacks the

technology, capital, and know-how to compete internationally (Hardy & Hauge, 2019, p.716). Hence, FDI in the Ethiopian apparel sector is becoming increasingly important.

FDI in the Ethiopian apparel sector began in the early 2000s, driven by a close diplomatic relationship with the Turkish government (Whitfield et al., 2020; Feldt & Klein, 2016). Turkey faced challenges with rising wages domestically; the Turkish government encouraged Turkish firms to seek alternative low-cost supplier sites, leading them to consider Ethiopia (Whitfield et al., 2020; Feldt & Klein, 2016). Subsequently, the Ethiopian government attracted transnational apparel producers from various Asian investor countries, including China, Taiwan, Hong Kong, India, Sri Lanka, Bangladesh, and Indonesia (Whitfield et al., 2020; Vallejo & Mekonnen, 2021). In addition to these Global South countries, Ethiopia has also attracted investors from Organisation for Economic Co-operation and Development (OECD) countries such as the USA, Italy, Netherlands, Israel, Belgium, France, and Canada (Dura & Bizuneh, 2023, p.111). This influx of investment has significantly shaped the Ethiopian garment industry, positioning it as a rising star in the textile industry with a decade of development (Kühl & Dixon, 2023).

There are several reasons why Ethiopia has grown as a popular apparel-sourcing destination in recent years. Firstly, it benefits from a privileged geographic location. It features a state-of-the-art container port and has easy access to international value chains (Ethiopian Investment Commission, n.d.). Secondly, its advantageous climatic and soil conditions provide the potential to develop a competitive cotton or textiles industry (Ethiopian Investment Commission, n.d.). Thirdly, the Ethiopian government has a supportive strategy to facilitate FDI in its apparel sector. Initially, the Ethiopian government aimed to achieve industrialization through an export-promoting policy, which supported companies in exporting priority items such as textiles and leather (Staritz & Whitfield, 2017). The Ethiopian government has recently constructed several IPs to attract large foreign investors to textile and apparel (Dura & Bizuneh, 2023). The Ethiopian government provides various benefits to international investors within the IPs. These include infrastructures such as factory buildings, low labor costs, inexpensive, accessible energy, electricity, water supply, telecommunications, banking, and customs clearance services, further facilitating businesses' operational efficiency (Whitfield et al., 2020; Dura & Bizuneh, 2023). With the government's favorable policies, 13 IPs were established for manufacturing industries, including the textile and garment sectors (Kühl & Dixon, 2023). The IPs are located in cities such as Addis Ababa, Hawassa, Kombolcha, Mekelle, and Amhara (Cepheus, 2020).

The governance of the value chain in the Ethiopian apparel sector exhibits significant deficiencies. FDI in this sector is mainly characterized by firms exporting their products and taking advantage of cheap labor and production costs. Most workers in foreign-owned apparel factories are young girls who have migrated from rural areas. Employment in foreign-owned garment factories is frequently characterized by poor working conditions and low pay (Addisu, 2022; Oya & Schaefer, 2021), high worker turnover rates (Asgedom et al., 2019; Halvorsen, 2021), and poor labor relationships (Chu & Fafchamps, 2022). These issues highlight the need to investigate women workers' social upgrading in FDI-driven apparel factories, bringing to light the social implications of FDI in the apparel sector.

3. Conceptual framework and literature review

The previous chapter has outlined the general background regarding Ethiopia's integration into the global apparel value chain through FDI. This chapter elaborates on the concept of social upgrading and explores it through the lens of processual and relational well-being. First, section 3.1 defines the concept of social upgrading and investigates its connection to economic upgrading. Then, section 3.2 analyzes social upgrading through the lens of processual and relational well-being. Section 3.3 studies how gender and intersectionality influence workers' social upgrading and reviews the literature on female workers' perceptions of social upgrading. Section 3.4 explores how governance structures affect managers' social upgrading and includes a literature review on managers' perceptions of social upgrading.

3.1 The concept of social upgrading

The GVC analysis encompasses all the processes and activities by firms and workers to bring a product from conception to end use (Jones et al., 2019). These processes include social upgrading and economic upgrading. Therefore, this section begins by defining economic and social upgrading in the GVC analysis. "Upgrading" or "Economic Upgrading" primarily focuses on the process or the possibility of economic actors, usually in developing countries such as nations, firms, and workers, to move up the value chain, "either by shifting to more rewarding functional positions or by making products that have more value-added invested in them and that can provide better returns to producers"(Gereffi & Fernandez-Stark, 2016; also seen in Milberg & Winkler, 2011; Gereffi, 2005).

"Social upgrading" refers to the improvement process in the rights and entitlements of workers as social actors, which enhances the quality of their employment (Barrientos et al., 2010; Marcato & Baltar, 2017). The improvement includes working conditions, worker's rights, workplace safety, employment insurance arrangement, gender quality, labor regulation, workforce development, and social protection (Marcato & Baltar, 2017; Gereffi & Luo, 2014; Bernhardt & Milberg, 2011). Therefore, an understanding of social upgrading can enhance workers' employment quality by promoting decent work and adherence to international labor standards (Barrientos et al., 2010; Bernhardt, 2014). Bernhardt (2014) suggests that social upgrading in the apparel sector could occur under two specific conditions: an increase in employment and real wages. In addition, the ILO (1990) decent work framework could serve as a potential benchmark for measuring social upgrading (Ghai, 2003). However, Selwyn(2023) argues that social upgrading has analytical and political ambiguities and weaknesses. He contends that improving workers' conditions should be collaborative among elite entities such as businesses, governments, and international organizations (p.76). However, this perspective overlooks the realities of capitalist exploitation and a 'top-down' conception of social upgrading (p.76). The decent worker framework is criticized for overlooking causes of indecent work and class relations, which are identified as exploitation characteristics of capitalist social relations (Selwyn, 2023, p.81). In this thesis, the decent work framework overlooks labor relationships affecting social upgrading in garment factories.

Regarding the correlation between economic upgrading and social upgrading, the neoclassical economic theory suggests that economic upgrading could directly lead to social upgrading (Salido & Bellhouse, 2016; Mulubiran, 2016). In contrast, many scholars argue that the link between economic and social upgrading is not as linear as assumed by neoclassical economic theory (Bernhardt & Milberg, 2011; Barrientos et al., 2010; Bernhardt, 2014; Marcato & Baltar, 2017). They argue that economic upgrading can create the conditions for social upgrading, but the correlation between them is not universal (Khattak et al., 2017; Jindra et al., 2019; Marcato & Baltar, 2017; Khan et al., 2020). For example, economic upgrading has successfully transferred to social upgrading in several Asian countries' garment factories, such as China, Vietnam, and Turkey, between 2000 and 2012 (Bernhardt & Pollak, 2016, p.1227). Despite moving to more value-added activities, this does not lead to social upgrading in the case of South Asia's apparel industry, such as Bangladesh and Sri Lanka (Khattak et al., 2017; Islam & Stringer, 2020). Bangladesh's apparel sector still sees workers face disadvantaged working conditions, engage in home-based work, and experience casual employment (Islam & Stringer, 2020). Coger et al. (2014) highlight that workers seldom benefit from economic

upgrading, especially those in the informal sector in the African apparel sector. The employment conditions for informal workers remain extremely precarious, even resulting in social downgrading (Coger et al., 2014). Therefore, to measure social upgrading in Ethiopian apparel factories, it is crucial to consider economic upgrading and factors like governance patterns and institutional factors that impact social upgrading conditions (Khattak et al., 2017).

3.2 Social upgrading through the lens of processual, relational wellbeing

This thesis asks how workers and managers understand social upgrading in the context of Ethiopian foreign-owned apparel factories. As previously discussed, criticisms have been made concerning the decent work framework and the concept of social upgrading. Therefore, this thesis looks at social upgrading through the lens of processual and relational well-being. This idea of well-being originated from Amartya Sen, who argues that workers, as social agents, highlight their well-being in terms of both their capabilities and entitlements(Robeyns, 2005). Wage laborers largely depend on access to rights that enhance their well-being, which can be affected by participation in GVCs (Barrientos et al., 2010). This thesis seeks to understand how female workers and managers perceived a good life through employment in FDI apparel factories. Therefore, this thesis recognizes that social upgrading is not just about achieving specific material standards but also about continuously enhancing the quality of work and life for workers (Copestake, 2008; Fourie et al., 2024).

This thesis measures social upgrading through processual well-being. A processual well-being lens reveals that improving well-being is an ongoing process rather than in a fixed state to be achieved (White, 2015). Therefore, the thesis suggests that understanding well-being involves reflections on past experiences and expectations for the future into current perceptions of well-being (White, 2015). By joining the apparel GVCs, one of the Ethiopian government's objectives is to create employment opportunities for locals, particularly unskilled female workers (Staritz & Morris, 2016, p.4). However, it is hard to say that the quality of these jobs is reasonable, given the reality of these GVCs' reliance on cheap labor costs. The lens of processual well-being allows us to see how workers' jobs and life quality gradually change before, after, and during employment in the garment firm.

Looking beyond the conventional definition of social upgrading, this thesis also looks at social upgrading through relational well-being. Relational well-being suggests that the well-being of workers is socially and culturally constructed, rooted in a specific time and location (Ferraro & Barletti, 2016, p.1). It further views workers as subjects, emphasizing the social and

collective dimensions of well-being rather than focusing solely on individual aspects (White, 2015, p.3). Therefore, this lens allows us to explore the meanings of well-being from the viewpoints of managers and workers working in garment factories. It also helps us to understand social upgrading holistically rather than focusing on individual experience. In addition, relational well-being emphasizes the value of relationships in the workplace, framing well-being as a result of interactions among people, things, and places (White, 2015; Atkinson, 2013). These relationships in the garment factories could be between foreign managers and workers, local supervisors and female workers, the relationships among female workers, and relationships outside the workplace. Through relational well-being, this thesis could examine how this relationship shapes the understanding of female workers' social upgrading in garment factories.

3.3 Social upgrading and worker's role in literature

3.3.1 Social upgrading through a gender lense

The apparel factories usually attract economically disadvantaged migrant young girls from the rural region of Ethiopia, as they are more efficient in the various job types available in the garment industry (Engdawork & Sintayehu, 2023, p.202). Several studies, therefore, have integrated the gender lens to understand the feminized nature of labor and the socioeconomic inequality of social upgrading (Bamber & Staritz, 2016; Salido & Bellhouse, 2016; Barrientos et al., 2019; Gagliardi et al., 2018). Participating in apparel GVCs has a positive social and economic impact on women, such as creating jobs and promoting economic independence (Barrientos et al., 2019). However, gender-based challenges limit women's ability to move beyond low-value jobs into higher-value jobs that are often dominated by men (Bamber & Staritz, 2016). Women are also negatively affected by certain aspects of GVC participation, such as skill development and innovation, which hinder their ability to move into higher and more complex value-added positions (Bamber & Staritz, 2016). Therefore, several studies have shown that women in garment factories face disadvantaged working conditions and human rights violations (Shewly & Laila, 2024; Sproll, 2022). Their jobs are characterized by low wages, deskilling, minimal union representation, informal employment, and limited career mobility (Bamber & Staritz, 2016; Shewly & Laila, 2024; Sproll, 2022). Moreover, female workers usually face socioeconomic inequality and traditional gender norms when integrated into GVCs (Bamber & Staritz, 2016). Women often face particular challenges from combining paid work with unpaid care responsibilities (Bamber & Staritz, 2016; Fourie et al.,

2024). Moreover, gendered exploitation characterized by gender-based discrimination and sexual and verbal abuse occurs both within and outside garment factories in the Asian context (Ali & Islam, 2017; Akhter et al., 2019; Haque et al., 2020; Raman & Krishnan, 2021; Morandi, 2020). Therefore, this thesis argues for integrating a gender lens into analyzing waged labor in Ethiopian foreign-owned garment factories.

3.3.2 Social upgrading through intersectionality lense

Developed by Kimberlé Crenshaw in the 1990s, intersectionality theory initially aimed to examine how the intersection of race, class, and gender contributes to the oppression and disempowerment experienced by black women (Crenshaw, 1989). Female workers represent a heterogeneous category in foreign-owned garment factories in Ethiopia (Ternsjö, 2018). Looking at GVCs vertically, it is highly asymmetric between Global North and South countries, where gendered, low-classed, and cheap labor in the Global South becomes the bottom of the chains (Siddiqi & Ashraf, 2022). For example, Bangladeshi female workers are described as forced to engage in "the race to the bottom" within the textile value chain, where suppliers compete to minimize costs and overlook labor expenses and environmental standards(Souplet-Wilson, 2014). Therefore, an intersectional approach can help understand Global South factory workers' experience of inequality and subordination due to the intersection of multiple social hierarchies(Morandi, 2020). The intersectionality approach recognizes that workers' unfair treatment and working conditions are shaped by multiple interconnected social structures such as gender, class, caste, race, religion, ethnicity, and marital status (Gunatilaka, 2018; Haq, 2013; Marslev et al., 2022; Sproll, 2022; Ternsjö, 2018). However, limited research focuses on how these intersecting identities shape women's employment in the context of Ethiopian foreign-owned garment factories. Most studies are focusing on Asian garment factories. In the case of apparel factories in Sri Lanka and Bangladesh, social factors such as gender, poverty, and rurality are impacted by power structures such as patriarchy and capitalism, as well as political inequalities, which play a role in determining the inequalities and subordination experienced by women workers (Samarakoon et al., 2022; Siddiqi & Ashraf, 2022). In the case of India's home-based garment sector, migrant female workers belonging to certain castes face discrimination based on the intersectionality of gender, poverty, and caste (Morandi, 2020). Thus, this paper argues that looking at how different identities shape female workers' social upgrading in Ethiopian foreign-owned apparel factories is also necessary.

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3.3.3 Social upgrading from workers' perspective in literature

Apart from the above two sections, most existing literature focuses on specific labor issues of social upgrading or working conditions in the apparel industry. Several studies show that workers are negatively affected by work-related physical, mental, and occupational injury issues in the context of Bangladeshi and Ethiopian garment factories (Aderaw et al., 2011; Birhan et al., 2022; Fitch et al., 2017; Zele et al., 2021). Garment factories face pressure from big buyers to produce cheaper and faster products. With the rising production cost, the wage is the only thing factories can save on, leading to workers' wages falling below subsistence levels in the apparel sector in both Asian and African contexts (Perry et al., 2015; Mitta, 2023; Dito et al., in preparation). Many Asian workers endure harsh working conditions; some are even described as "slave labor" (Chowdhury, 2019).

Poor labor conditions could affect productivity improvement in Ethiopian garment factories (Asgedom et al., 2019). Several studies, therefore, investigate the high absenteeism and labor turnover rate in Ethiopian government factories (Halvorsen, 2021; Hardy & Hauge, 2019; Fink, 2023; Mitta, 2023). To summarise their arguments, they suggest that unrealistic expectations about wages and work effort prevent female workers from sustaining their livelihoods with low salaries (Fink, 2023; Mitta, 2023). Coupled with female workers not getting enough respect in the workplace, it exacerbates the problem of retaining the workforce in the sector (Fink, 2023; Mitta, 2023). Workers also have limited opportunities to voice their dissatisfaction collectively (Asgedom et al., 2019). As a result, many express their discontent by leaving employers when working conditions fail to meet their expectations (Hardy & Hauge, 2019). Halvorsen (2021) incorporates a gender perspective to analyze the high turnover, suggesting it is a consequence of poor working conditions combined with the challenges women face in balancing domestic responsibilities.

Bad labor relationships between workers and management usually lead to labor conflicts in garment factories, which could challenge the industry's stability and growth. Chu and Fafchamps (2022) suggest a misperception between managers and workers in Chinese-owned factories. Managers perceive employees as using labor laws to take advantage of them, whereas employees see labor laws as a basis for harmonious labor relations (p.1). These misaligned perceptions about the role of local labor institutions may be an essential driver of conflict in foreign-owned firms (Chu & Fafchamps, 2022). Oya and Schaefer (2021) suggest

that many industrial conflicts result from the collision of the productivity imperatives of manufacturing firms tied into demanding but low-value-added segments of global production networks (GPN) with the expectations of workers with limited prior experience in industrial jobs. These conflicts are further compounded by the contradictory actions of different state agencies, a lack of formal unionization, and the contingent interactions of factory-based grievances with local political conflicts (Oya & Schaefer, 2021). All these labor issues have generated significant obstacles for local and foreign firms attempting to participate in GVCs (Hardy & Hauge, 2019).

However, these studies do not distinguish between local and foreign-owned garment factories. These studies often use quantitative methods such as surveys to analyze and explore one specific issue of female workers in garment factories, and provide recommendations and policy suggestions directed toward management and government. However, there is a need for a holistic analysis of social upgrading in foreign-owned apparel factories.

3.4 Social upgrading and the managers' role in literature

3.4.1 Social upgrading through the lense of value chain governance

Managers are pivotal in foreign-owned garment factories, overseeing the production process, quality control, and meeting deadlines. Their understanding of social upgrading is intricately linked to the garment value chain governance, which refers to the authority and power dynamics that determine the allocation and flow of financial, material, and human resources within the chain (Gereffi & Fernandez-Stark, 2016), including public governance, private, and social governance. A manager's understanding of social upgrading can be shaped by private governance. Private governance mechanisms, usually in the form of social norms, codes of conduct adopted by businesses, and other social responsibility practices, outline the obligations for chain actors to adhere to (Feldt & Klein, 2016; Islam & Stringer, 2020; Mayer & Pickles, 2014). Within private governance, CSR policies could set codes of conduct and certification schemes for managers (Teipen & Mehl, 2022; Mayer & Pickles, 2014). Garment factory managers, therefore, incorporate CSR into their operations by strategically balancing ethical concerns and improving workers' well-being with the commercial pressures of cost and lead time (Perry et al., 2015). However, different investors' CSR practices affect workers' social upgrading differently. For example, several investors such as Sri Lanka (Samarakoon Mudiyanselage, 2022), China (Eyasu & Endale, 2020; Jindra et al., 2019), and Bangladesh (Haque, 2008), have incorporated CSR into business strategy, but the CSR department is

marginalized in garment factories. For example, managers in Sri Lankan garment factories view CSR as necessary for compliance rather than going above and beyond regulatory requirements (Samarakoon Mudiyanselage, 2022; Koswatte, 2015). Therefore, CSR has been used to deflect female apparel workers' attention and their voices from exploitative factory practices (Samarakoon Mudiyanselage, 2022; Perry et al., 2015). Therefore, this diversion may affect workers' working conditions and labor relationships, impacting workers' overall well-being from these investment apparel factories (Chu & Fafchamps, 2022).

Managers' views on social upgrading can also be shaped by public governance. Public governance mechanisms are usually in the form of governmental policies, rules, and regulations (Mayer & Pickles, 2014). The apparel sector often faces public governance deficiency in many Global South countries (Islam et al., 2017; Gereffi & Mayer, 2006). For example, the government of Bangladesh uses its comparative advantage in low-cost export production, and therefore, it faces a dilemma in balancing economic growth and ensuring decent working standards for workers (Islam et al., 2017). Despite the efforts of the Ethiopian government, female workers do not have a minimum wage in the garment factories (Worker Rights Consortium, 2018). The managers may exploit the policy deficiency and the workers' rights. Therefore, it is necessary to consider the public governance factor when investigating managers' attitudes or behavior toward local workers in garment factories.

Additionally, managers' understanding of social upgrading can also be shaped by social governance. Social governance usually involves social actors, such as labor unions and non-governmental organizations (NGOs), advocating for improved working conditions (Islam et al., 2017). For example, labor unions use collective bargaining and actions like strikes to influence buyers' and suppliers' behavior (Lee, 2016). Trade unions are absent from enforcing these rights in Bangladeshi garment factories (Rahman & Langford, 2012; Nur & Nanakorn, 2018). Therefore, laborers' right to collective bargaining cannot be established without the movement of trade unions (Nur & Nanakorn, 2018). Managers thus may exploit the deficiency of labor unions to mistreat their workers.

3.4.2 Social upgrading from managers' perspective in literature

Managers are crucial in coordinating various departments, managing resources, and implementing strategies to improve productivity and profitability in garment factories. The literature on social upgrading in garment factories is rarely analyzed from managers' perspectives, as it is common sense that managers prioritize improving working conditions and

labor relationships for productivity, profit, and the pressure to meet big buyers' orders (Asgedom et al., 2019; Haque, 2008).

From my literature review, only Fourie et al. (2024) examine social upgrading in garment factories from a holistic perspective. She suggests that managers bring their own cultural and historical perspectives on well-being to the workplace (p.15). For example, they suggest that China and Ethiopia, as newly industrialized countries, often take a more long-term and collectivist view of social upgrading but frame this as survival and modernization rather than well-being (p.15). Other scholars focus on specific aspects of social upgrading and generate a negative picture of working conditions in garment factories. For example, several scholars investigate human rights violations, including workplace violence, sexual harassment, and physical and verbal abuse in garment factories in Asia (Gibbs et al., 2019; Morris & Rickard, 2019; Yimer, 2020). Morries and Rickard (2019) suggest that lacking internal complaints and grievance mechanisms can promote violence and harassment, which may intensify power imbalances between production workers and managers (p.10). Furthermore, incentive structures for supervisors may also result in sexual harassment as supervisors can encourage abusive behavior to meet targets in Bangladesh garment factories (p.11). Gibbs et al. (2019) claim that managers' view on workplace violence was due to the higher levels of burnout and more hierarchical attitudes towards workers.

Labor relations are seen by employers as a significant challenge, impeding productivity and efficiency, and a bad relationship may result in a decrease in productivity (Asgedom et al., 2019). A bad relationship could lead to a high turnover rate and labor conflict in the garment factories (Fink, 2023). Despite decent welfare for workers, such as free lunches, adequate pay, medical services, and annual leave, the turnover rate remains high in Ethiopian garment factories (Fink, 2023). Managers, therefore, often attribute the reason for the high turnover rate to the workers' "mindset" and their "poor work ethic" in Ethiopian garment factories (Fink, 2023, p.17). In addition, a poor labor relationship could result in labor conflicts. In a Chinese-owned factory, managers view employees using labor laws to gain an advantage over them in garment factories as a conflict (Chu & Fafchamps, 2022). Several studies show that foreign investment management often cannot adapt to the local culture (Oya & Schaefer, 2021; Opondo, 2009; Fourie et al., 2024). Oya and Schaefer (2021) highlight that management needs to adopt an understanding of labor regulations based on the specific political dynamics of the local context in Ethiopian garment factories. Fourie et al. (2024) also suggest that there is something "going wrong" between foreign managers and frontline workers due to cultural differences and language barriers. Chinese managers imported labor practices from China to Kenyan garment

factories but without consideration of the local African realities, which resulted in accusations of human rights violations against workers (Opondo, 2009).

This review highlights a clear gap in investigating social upgrading from managers' perspectives in Ethiopian garment factories. There is also a lack of comparison between managers' and workers' perspectives on social upgrading , and thus of a holistic understanding of social upgrading in the context of foreign-owned garment factories.

4. Research Methodology

This chapter outlines the methodology employed in the research process. First, it justifies the choice of female workers in the apparel sector in Ethiopia as a case study. Then, it outlines how data was sourced, elaborates on the sampling strategy, and discusses how data was analyzed. Finally, it discusses ethical issues, researcher positionality, and thesis limitations.

4.1 Case selection

This thesis chose Ethiopia as a case study for several reasons. Inspired by the export-oriented industrialization policies in East Asian countries in the mid-to-late 20th century (Whitfield et al., 2020), the Ethiopian government strategically integrated its economic development into the global economy. The significance of the textile and garment industry was identified as the first step towards achieving structural transformation from an agriculture-based economy to industry-based growth (Staritz et al., 2016). Ethiopia, thus, aims to become the African hub for light manufacturing (Vallejo & Mekonnen, 2021) through participating in the apparel value chain. To attract foreign investors, Ethiopia provides a favorable investment environment, such as the concept of an IP with favorable tax exemptions and a well-developed infrastructure (Ethiopian Investment Commission, 2017). Currently, 12 IPs have been built in Ethiopia. Aiming to become a leading manufacturing hub in Africa by 2025, the Ethiopian government places much importance on IP development and expansion (Ethiopian Investment Commission, n.d.). The garment and apparel firms are mainly located in Addis Ababa, Hawassa, Kombolcha, and Mekele among others (Ethiopian Investment Commission, 2023, as cited in Dito et al., in preparation). The apparel industry is usually characterized by low entry barriers, simple technology, and a labor-intensive character (Staritz et al., 2016). As a result, it has attracted many unskilled female workers. However, the low-wage laborers working in the factories face poor working conditions. Therefore, it is worthwhile to investigate the social upgrading of female workers in these factories.

4.2 Data sources

This study aims to understand how managers and workers understand social upgrading in Ethiopian foreign-owned apparel factories. It is a qualitative study with an explanatory purpose. The assessment of this thesis is based on the "Wellbeing, Women, and Work in Ethiopia" project, also known as the 3WE project. The 3WE project assessed female workers' daily experiences and employment trajectories in two Ethiopian FDI-intensive and largely female-staffed industries, horticulture and apparel manufacturing (3WE, n.d.). This thesis incorporates the analysis from female workers' and managers' perspectives. Therefore, two of the 3WE datasets have been analyzed. The first dataset focuses on female workers, consisting of exploratory in-depth interviews conducted with women employees in foreign-owned apparel factories in Ethiopia (3WE, n.d.). The second dataset concerns semi-structured, in-depth interviews with employers and senior managers of selected apparel factories in Ethiopia (3WE, n.d.).

The selection of the interview samples follows criteria that align with the thesis' research questions. The 3WE project covers the horticulture and garment industry. Filtering by industry identifies 19 managers as potential samples for analysis. Secondly, this thesis investigates foreign-owned investment in apparel factories, not a single country. Consequently, interview samples from OECD countries such as Canada and Spain and non-OECD countries like China, Ethiopia, and India were also considered. Positions and gender are considered in light of managers' heterogeneity. For example, despite the generally low number of female managers, this thesis includes four. Managers' positions in apparel governance, human resources, and training are also taken into account. It is noteworthy that this thesis also incorporates one nurse and some independent consultants, as they can provide perspectives on apparel governance.

Compared to managers' interviews, female workers' interview data is easier to gather. Considering the large size of the workers' interview data, a simple random sampling strategy was first applied. Factors such as age, marital status, and length of employment in the apparel sector were considered to ensure a representative sample. This thesis gathered 11 qualitative interview samples from female workers and 13 interview samples from factory managers or garment governance managers in total. Tables 1 and 2 below show the profiles of the interviewed managers and workers. To maintain the confidentiality of interviewees' identities, this thesis uses interview codes such as M (manager) and W (worker) to replace their names.

Table 1

Managers' interview data

Manager code	Sex	Nationality	Relevant position(s)	Company HQ	Sector
M1	Female	Ethiopian	Various managerial positions	India, US	Apparel
M2	Female	Ethiopian	Labor Market Governance Researcher	Ethiopia	Apparel governance
M3	Female	Ethiopian	Nurse	Ethiopia	Apparel governance
M4	Female	Ethiopian	Manager	Israel, Indonesia , Singapore	Apparel
M5	Male	Ethiopian	Training Development and Gender Counselling Officer	Turkey and OECD experience	Apparel
M6	Male	British	Independent consultant	China	Apparel governance
M7	Male	Chinese	HR Manager	China	Apparel
M8	Male	German	Independent consultant	Germany	Apparel governance
M9	Male	Ethiopian	Operations /productions Manager	China	Apparel
M10	Male	South African	Many senior positions	Various	Apparel governance
M11	Male	Australian	Independent consultant	China	Apparel governance
M12	Male	Ethiopian	Transformation CEO	Ethiopia	Apparel governance
M13	Male	Ethiopian	HR Manager	Bangladesh	Apparel

Table 2

Female workers' interview data

Worke's codes	Age	Position	Hired company
W1	22	Operator	Spain Based knitwear/sweater company
W2	22	Operator	Cananda owned garment factory
W3	20	Operator	Chinese owned garment factory
W4	20	Team leader	US based textile and apparel factory
W5	19	Operator	Chinese/Sri Landka owned garment factory
W6	22	Operator and supervisor	Chinese garment factory
W7	35	Operator	Turkish garment factory
W8	19	Operator	Indoesia owned apparel and textile farm
W9	22	Operator	Canada owned apparel and textile companies
W10	21	Team leader	UK registered firm (managed by Sri Lankan managers)
W11	22	Operator	Spain based/registered apparel and textile factory

4.3 Data analysis

Social upgrading was operationalized through the lens of processual and relational well-being. This thesis measures social upgrading beyond its conventional definition and

incorporates female workers' well-being. The interview data from managers and workers were coded multiple times separately. Firstly, through a deductive analysis of the processual and relational well-being lens, two categories of codes were developed: "social upgrading over time", and "relationship and social upgrading". This thesis measures social upgrading over time by asking managers and workers about the quality of life before, after, and during employment in the garment firm. The relationship and social upgrading is measured by asking both sides how the labor relationships affect social upgrading. Secondly, an inductive approach was taken to develop several sub-codes within these two main categories, shown in Table 3. Under the "social upgrading over time" codes, I created codes such as wages, training, promotions, etc. Under the code of "relationship and social upgrading," I created codes such as "relationship between foreign managers and workers," "relationships outside of the workplace," etc. The ATLAS.ti software was employed to organize the data, categorizing it according to thematic topics. Eventually, a coding tree is generated, shown in the Appendix (Appendix A, B, C, and D).

Table 3

Operationzation of social upgrading

Social upgrading over time	Relationship and social upgrading
Wages; working hours; housing issues; safety issues; training; gender-specific issues; promotion etc.	Relationship between foreign managers and workers; relationship between local managers and workers; relationship among workers; relationship outside of workplace

4.4 Limitations, Positionality, and Ethics

This thesis has several limitations. To begin with, as the interview was conducted during the COVID-19 pandemic, some of the semi-structured interviews were conducted by telephone. Despite the flexibility of telephone interviewing, the researcher may miss valuable visual cues and non-verbal cues, such as hesitation and sighs (Sturges & Hanrahan, 2004, p.114), which may affect the quality of the interview data. The second limitation is that I did not conduct the interviews myself; instead, I used the interview data already collected by the 3WE project. Not participating in the interview process posed a challenge for me in understanding the social and cultural background of the project. This also poses the problem of the student researcher's positionality. To address this issue, I conducted an extensive literature review to familiarize myself with the project's background, objectives, and social

context. Furthermore, I engaged in the project as an intern, which allowed me to collaborate with both the thesis and internship supervisor, thus gaining valuable insights into the project's objectives. Thirdly, as an educated student researcher who already has some knowledge of the social and economic context of employment in Ethiopia, I keep separating the information I "know" from the information I am "seeing." Moreover, as a Chinese researcher who already knew about Chinese investment in Africa, I tried to step back and remain critical during data analysis.

Regarding ethics, firstly, the 3WE project was required to sign an ethical approval from the Ethical Review Committee of Inner-City Faculties (ERCIC) of Maastricht University before collecting data through fieldwork. I also signed the ethics form for Globalization and Development Studies master students before officially joining the project. However, social upgrading is a sensitive topic. Thus, the researcher must keep the interviewees' personal information and responses confidential. Therefore, before the interviews, the female workers were informed of the objectives of the project and were asked about their willingness to participate in the interview. Throughout the interviews, the workers were also allowed to discontinue their participation if they felt uncomfortable with the topic or any specific questions. In the data analysis process, the workers' information was kept anonymous and only accessible to the project team members.

5. Findings and Discussion

This chapter presents the results of the interview analysis through the lens of processual and relational well-being. It examines the understanding of social upgrading from the manager's and female workers' perspectives in Ethiopian foreign-owned apparel factories. The methodology chapter has shown that the analysis is based on interviews with 11 workers and 13 managers. Section 5.1 and 52. explores how managers and workers respectively perceive social upgrading ; Section 5.3 compares their perspectives, highlighting both similarities and differences.

5.1 Managers' perception of social upgrading

5.1.1 Managers' perception of social upgrading overtime

This section shows how managers' understanding of social upgrading varies over time, namely before, during, and after employment. Most managers view the low wages in apparel factories as problematic. Notably, the absence of minimum wage in the textile industry hinders

workers' social upgrading. An Ethiopian labor governance researcher (M2) described an average female worker's portrait. They are most often young girls from rural areas without skills and education, having migrated to the apparel factories in IPs for job opportunities (M2). The regular wages are insufficient to cover their life expenses, such as housing, transportation, and food. Sometimes, the young girls used the wage to continue their education on weekends. A female Ethiopian manager (M1) identifies with the female workers and feels "pain" and "sadness" about the workers' plights. A South African manager (M10) noted that parents sometimes need to support these young girls financially, even if they are employed at a factory. He mentioned that for long-term gains, such as acquiring skills, these girls have to endure challenging conditions with low wages.

> With this 800 ETB, 900 ETB, and 1000 ETB, you can't do anything. You cannot rent a house. You cannot be able to feed your family for a month. You cannot get clothes, you cannot use this for transport, nothing. (M2)

> Parents would literally say to their daughters, "Okay, go and work in a wycech, even though you aren't making enough money to live on, we'll send you money and stick it out in order to get the skill, okay". (M10)

However, the managers feel powerless to change the payment structure (M4). As noted by an Ethiopian manager (M12), Ethiopia has been suspended from the African Growth and Opportunity Act (AGOA), which offers advantageous quota and tariff-free access to the US market (Mengistu & Molla, 2023). Ethiopia was among the top beneficiaries of the AGOA, and the garment manufacturing sector was the largest AGOA beneficiary in the country (Mengistu & Molla, 2023). Coupled with the negative impact of the COVID-19 pandemic, the managers also claim that maintaining the profitability of factories becomes challenging due to the decrease in orders from international buyers. Despite government efforts to help factories establish local markets in Ethiopia, low profitability threatens workers' regular wages. In addition, a manager highlighted the gender pay gap between women and men in the same positions.

Access to affordable housing is another challenge faced by apparel workers. Since renting a house near the working area is expensive, female workers are forced to rent accommodation houses in rural sub-districts far from their workplace (Haileyesus et al., 2023). This also increases the risk to female workers' safety. An Ethiopia apparel governance staff

(M12) highlighted the imbalance of housing demand and the actual needs of the workers, noting that this discrepancy currently presents significant challenges in the sector and leads to worker dissatisfaction.

A notable phenomenon observed from the data is that managers express their frustration over the high turnover rate among female workers. While our interview data hardly reveal a specific turnover rate, Halvorsen (2021) provides detailed documentation of annual labor turnover rates of approximately 80-100 percent annually. Hardy and Hauge (2019) reveal that employee turnover has been the most common and costly labor issue and is considered the leading cause of poor performance by firms. This thesis presents several managers referring to this as a systemic problem and attributes it to several factors. First is the expectation gap between female workers and managers. Female workers often do not have a long-term career development plan in garment factories. For example, managers mentioned that female workers often resign due to better salaries or incentives such as food and dormitories provided by other factories. Secondly, the imbalanced relationship between managers and workers, characterized by mismanagement and verbal abuse, presents significant challenges for retaining workers within the factories. However, managers also experience distress as they grapple with substantial production pressures, leading to inevitable anxiety and pressure. Facing this challenge, managers have to lower their expectations of their workers. However, this also potentially reduces the possibility of training opportunities for female workers. In addition, few managers have conducted exit surveys with workers, which could help better understand the turnover phenomenon and thus benefit both managers and employees.

> When you're talking about the resignation, there are too many factors in manufacturers, one is the system, and one is the the management system, the other is about your payment. (M7)

Aware of female workers' various challenges, managers aim for a long-term approach to addressing workers' social upgrading. Factory manager M12 indicates that both the factory and the government are attempting to address housing and minimum wage issues, but it would take time to find a solution. The factory offered competitive incentives for female workers, such as free lunches, essential daily items or transportation allowances to ease workers' high turnover (M1). Following the policy and regulations for foreign investors, health insurance is usually provided for female workers to cover short-term or long-term sick leave.

> The employer is building apartments for their workers. In Hawassa, private developers have also started building communal housing that can accommodate more than 6500 workers. So, different employers are taking active measures to deal with the problem. (M12)

Concerning this manager's long-term strategy, job training can potentially improve female workers' long-term social upgrading. Working at foreign-owned apparel factories usually means better training for workers than in local factories. Adhering to the Better Work program, factories in IPs are striving to meet compliance requirements through training initiatives (M1). Apart from hard skills, such as sewing skills, managers consider that female workers could gain soft skills, such as multicultural communication with foreign managers. A Chinese HR manager (M7) mentioned that a few female workers have even had the opportunity to receive skills training in China. The manager believes the skills that female workers could gain are valuable and transferable to different areas. For example, even if the employee resigns from the job in the apparel factory, workers could potentially operate their businesses using the skills and knowledge acquired in the factory.

Furthermore, some managers mentioned that training on sexual harassment is also provided in some apparel factories. Sexual harassment and verbal abuse are sometimes reported in apparel factories. An Ethiopian HR manager (M13) observed that female workers tend to remain silent due to the imbalanced power dynamics between managers and workers. However, he highlighted that female workers with education are more likely to recognize sexual harassment and speak out against it. Furthermore, sexual harassment sometimes happens "outside in the workplace" (M9). As mentioned by a female manager, female workers sometimes work overtime.,which poses a high risk of sexual harassment or safety issues when they walk back home by themselves in the evening (M1). However, there is a lack of transparency in discussing sexual harassment; therefore, the manager argues that "maybe 10% or 20% [of sexual harassment] is reported in the company" (M9). In addition to factory work responsibilities, older female employees bear the burden of childcare and household chores. However, Ethiopia does not have the culture to provide childcare services for women workers in the manufacturing sector (M9). It becomes urgent to deliver training for female workers on gender-specific issues.

> When I was at XX we were hiring and two female computer science graduates applied. Then one of the expats sexually harassed one of these employees. He

told her he will give her a dollar if she sleeps with him. And she said 'I am here for work not to prostitute'. Because they are educated, they did not keep silent. They directly came to the HR department and informed me then I passed the information to the manager and the owner of the company. They immediately called a meeting with all the expats and he was fired on the spot because they wanted to make an example out of him. (M13)

Training is also directly connected to the workers' promotion in apparel factories. In the manager's view, A worker could get promoted when she meets specific criteria, such as sewing and communication skills. Workers could communicate with foreign managers and more easily get promoted. A female manager indicated that promotions follow a vertical system based on a grading system (M1). They also preferred to promote local operators from within the factory rather than relying on foreign workers. Despite being promoted, women still earn lower salaries than their male counterparts (M9). A female governance researcher is developing a skill development program to assist factories in creating feasible plans for their workers(M10). However, a female Ethiopian manager (M1) suggests that the workers getting promoted usually have a background in the urban region rather than the countryside with a farming background. From it, it could suggest that intersectionality, such as gender and class, potentially posed injustice in the promotion system. An Ethiopian HR manager (M13) observed the gender disparity in leadership positions. He highlighted that female workers can attain the highest rank as team leaders in the production department, which suggests barriers preventing women from ascending to higher leadership positions.

The highest rank female employees have reached in this structure is team leader. We have had very few male employees in the production department. For instance, we had a few sewing machine operators but the majority are female. (M13)

Most of them come from rural areas. They have a background in farming with their family, of course. In workers in higher positions are usually from the city, not the center but nearby the city and not from farming families. (M1)

In summary, the findings show managers are aware of the unfavorable working conditions faced by front-line workers, such as the low-wage lack of affordable housing, lack

of transparency about sexual harassment, and high factory turnover rate. The traditional assumption about managers' view on social upgrading suggests that managers prioritize raising employees' social upgrading only to increase factory productivity (Asgedom et al., 2019). The findings show managers are aware of the unfavorable working conditions and advocate for long-term strategies to improve social upgrading in Ethiopian garment manufacturers.

5.1.2 Managers' perception of relationships and social upgrading

This section moves from managers' perceptions of social upgrading to relationships and social upgrading. It shows managers' understanding of labor relationships and social upgrading in apparel factories.

The relationship between foreign managers and workers is a sensitive topic. The data shows that, in general, foreign investment in Ethiopian apparel factories follows the essential compliance, laws, and standards in the Ethiopian apparel sector. A female Ethiopian labor governance researcher (M2) noted that the government had implemented strict regulations or laws to oversee investor businesses. Furthermore, the buyer can verify that the production process meets international standards. All these measures are to ensure that the managers' behavior toward workers is compliant with established law. Just as a Chinese HR manager (M7) mentioned: "[The regulations] in Ethiopia are stricter than in China; they give more protection to employees, rather than to the employers." As highlighted by a German independent consultant (M8), a good relationship between managers and workers is significant for female workers' social upgrading. Therefore, female workers desire to maintain a good relationship with their managers. However, due to imbalanced power dynamics between managers and workers, maintaining a good relationship largely depends on the managers' behavior. An Austrian independent consultant (M11) mentioned that if a manager trusts the capability of their female workers and provides them with opportunities, the workers can exceed expectations in their feedback. Just as female manager M1 mentioned, if the manager

> "Tries to make her feel like family, try to make her feel like they care about her, that really makes a difference. When a worker feels like her manager really cares about her wellbeing, she will start trusting the company. (M1)

Resonating with Fourie et al. (2024, p.195), the data shows that things " going wrong" do happen between managers and female workers at garment factories. This might happen due

to inappropriate management approaches, lack of local context, or cultural and language barriers. As Chinese HR manager M7 mentioned, many managers in Chinese-owned garment factories are recent graduates without working experience. He mentioned that before he came to work in Ethiopia, he had only undergone "self-training" regarding the local culture and context in Ethiopia. Chinese factories tend to implement the same management system in Ethiopia as in China. An Ethiopian manager (M13) working in a Bangladeshi garment factory criticized foreign managers' behavior towards workers as being hierarchical and sometimes "aggressive and disrespectful" towards frontline workers. According to M13, these behaviors result in high turnover among female workers. However, as female Ethiopian manager M1 highlighted,

> Ethiopians are very proud by nature, and they do not want to be mistreated by anyone. Any expat who wants to give orders or who wants to give maybe a warning (for workers) or any communication with Ethiopians, has to do so with respect. (M1)

The foreign manager often brings their expectation of workers' performance, such as the working productivity and efficiency, based on their home country (M13). When a foreign manager does not understand the local culture and context, misunderstandings and conflicts may arise between them and frontline workers. The data shows that foreign managers with an excellent educational background who can quickly adapt to the local culture are more likely to maintain good relationships with workers. Foreign investment in Ethiopian garment factories typically receives the investing country's government's policy support, such as "going global" and "Belt and Road Initiative" in China and diversifying away from garment single-sector dependency in Bangladesh (Akinrebiyo, 2024). However, foreign managers do not receive any practical support and need to figure out everything by themselves. In some cases, foreign managers desire to implement change, but coping with the situation without training is still challenging. Therefore, foreign managers usually need a period to adapt to the local culture, language, and management methods. The tight production task coupled with all the challenges deepen managers' mental health issues, and tension between managers and workers can arise quickly. In addition, the data also indicates that different investors display different management practices. For example, Chinese factories tend to emphasize collective activities based on the industrialization of China. Therefore, "team building" efforts can be seen in Chinese factories.

However, apart from foreign managers reflecting on their frustration with relationships, our data shows that local managers did not seem to reflect on their own problems but blamed everything on the inappropriate behavior of foreign managers. However, this contradicts the perception of front-line workers, which is presented in the next chapter. As Ethiopian manager M13 mentioned, supervisors have the authority to evaluate workers' performance, which creates a power imbalance. As a result, workers often remain silent about verbal abuse from supervisors, worrying it could negatively impact their evaluations and potential promotion opportunities. An Ethiopian manager discussed the efforts to improve workers' well-being. The management team works closely with the employee union to address issues that are raised in the factory. For example, they discussed and took action to solve transportation issues during the night shift to ensure worker safety. He highlighted preferential treatments for pregnant women, such as restricting their work hours to 8 hours, ensuring they work only during the daytime, providing meals, and designating breastfeeding times. Female Ethiopian manager M1 expressed the necessity for fostering a supportive and empathetic work environment for the well-being of employees. She also suggested that local managers could prioritize a more supportive managerial style rather than an authoritarian approach. She explains,

> If a worker did not come yesterday, ask her why she was absent yesterday, intead of immediately giving a written warning or an order warning. Try to make her feel like family and make her feel like you care about her; that makes a difference. When a worker feels like [her] manager cares about her well-being, she will trust on the company. (M1)

> When it comes to verbal abuse, we try to address it but most of [the workers] do not bring the complaint to us. Because the supervisor has authority over their evaluation and if they complain about him, he will damage their assessment in a way that affects their promotion. For this reason, employees do not come to us until they reached the point where they cannot bear it anymore. (M13)

Compared to things "going wrong" and imbalanced power dynamics between managers and female workers, women's relationship with their peers seems less problematic. The data shows that few managers talked about problems among workers, but also few mentioned that female workers would support each other. For example, a German independent consultant (M8) observed that female workers avoid entering the staircases alone, whether for safety

considerations or to avoid sexual harassment, waiting until two or three can go together instead. Regarding relationships outside of the workplace, Ethiopian female managers seem to better understand the challenges female workers face outside the workplace than their male counterparts. A female Ethiopian manager (M1) highlighted several challenges faced by female workers, for example, the safety concerns of returning home after working overtime, the need for some young workers to attend evening classes, and the additional household responsibilities that older women often shoulder, especially in caring for children. Early working hours result in insufficient sleep, which leads to a female worker's statement, "Life is difficult for me" (W1). Despite that, a German independent consultant (M8) noted that despite the intense pressure, workers still aspire to become financially independent and provide support for their families.

> On the one hand, they want to be independent. On the other hand, they say "I want to support my family, but I want to manage by myself", but the pressure is very high. (M8)

In summary, the findings demonstrate that the relationship between managers and workers seems to have several problems, whereas the relationship between workers and those outside the workplace is generally more supportive. The analysis shows that foreign and local managers reflect issues such as things "going wrong" between foreign managers and front-line workers due to cultural differences, language barriers, and a lack of understanding of the local context, resulting in wrong management toward workers. The data indicates that local managers directly address workers' concerns; therefore, a more supportive managerial style is recommended over an authoritarian one.

5.2 Workers' perception of social upgrading

5.2.1 Workers' perception of social upgrading overtime

Female workers' views on social upgrading display a certain level of similarity. They first highlight the negative aspects of social upgrading, particularly those aspects that are closely related to their fundamental interests and rights. These aspects include fair wages, reasonable working hours, and gender-based violence, among others.

Most female laborers migrate to IPs for job opportunities in rural areas (Gonsamo, 2019). Without formal education, the regular wage thus becomes much more significant for them to cope with poverty and manage the high cost of living in

urban regions. However, the data reveals that most female workers are dissatisfied with the wages earned in garment factories. Female workers are also unhappy with the annual wage increases. A female worker in a Chinese garment factory (W3) mentioned that employees who ask for wage increases even face the risk of layoff. Young migrant girls need to cover rent and living expenses with their wages, and women workers with families have to bear the costs of their children. Therefore, "waiting for a whole month" (W9) to receive their wages has become common for employees at the garment factory.

When I think of the salary, I hate it a lot. I mean, after waiting for a whole month, what would I do with only 800 Birr? When I talk to my family, my mother says, "look at our salary". And after waiting for a month, at least I thought about buying something with it, and for the others... I mean, as I told you, there are people who rent and live together in groups of three or four, those who are married spend the whole day at work and are going back home. And after a month, it is this money that they earn. And when you look at the high living costs currently, it is very... you know. When I think about that, I hate it a lot. (W9)

When female workers describe their daily routines, they use the words "boring" (W1), "very tiring" (W4), "non-stop" (W1), and "stressful and exhausting" (W10, W1). Several workers mentioned that working at the machines is physically demanding, as they have to work while standing for long hours. Coupled with working overtime, sometimes workers have little time for leisure or entertainment and do not get enough sleep. Female workers W3 and W4 mentioned that they did not get the full salary they should have gotten or that their salary was reduced by taking a holiday in a Chinese garment factory. In addition, they need to manage a tight workload within a limited time frame, such as making "twenty-four sweaters in one hour" (W1). The intense daily routine at the factory has led some female workers like (W4) to mention their mental health issues, "screaming in the evening" after the heavy work in the daytime. The repetitive and labor-intensive nature of garment work, coupled with low wages, has led to dissatisfaction with work and life among female workers.

[It is] very tiresome, especially when people on your line are absent it's you who will be working. [I don't work] only at one station, I have to move from place to place. For those who are responsible for ironing clothes it is very difficult,

especially when the weather is warm. They spend the whole day working standing up, and they don't even get paid more for that hardship. They sometimes faint at work because of the heat. (W4)

The data reveals that female workers are asked to show their commitment to productivity, and the managers impose a strict hierarchy or surveillance over the workers at the factories. For example, female workers indicate that they have limited time for lunch and restroom breaks (W1), restrictions on phone use during work time, and restricted access to drinking water within a limited timeframe (W3). Management control includes "job control" and "schedule control" (Wheatley, 2017); managers could justify banning "chewing gum, taking on phones" (W1) to enhance productivity and enforce a strict working schedule. However, female workers may lose autonomy in the workplace. Autonomy is one of the measurements of workers' subjective wellbeing (Wheatley, 2017). This can easily create tension between managers' and female workers' wellbeing. This may also increase the risk of high turnover rates among female workers (W1). Female workers expressed a strong desire to have their own small businesses, no matter whether they "sell coffee or tea" (W1), because the autonomy of starting their business could allow women to combine their work with childcare, household duties, and social and personal life (Annink & den Dulk, 2012).

You cannot chew gum; you cannot talk on the phone. In the first place, the connection does not work. Even for a few minutes, you cannot touch your phone. So, they control a lot. And it happens that a person works from 12:00pm to 4:00pm, which is a long time, right? (W1)

The data suggests that workers have a different picture of promotion than their managers. Some mentioned that promotion sometimes happens without transparency. Worker W11 mentioned that the possibility of getting promoted is higher if workers have a close relationship with the management team. Another worker (W3) mentioned that the factory prefers promoting workers from abroad and that the managers use promotions to create tensions among workers. The data indicates that workers often face a trade-off between training and salary since engaging in training means spending less time on the production line, thereby reducing their regular earnings. Despite this, many workers still prioritize training opportunities, valuing the long-term benefits of skill enhancement over immediate financial gain (W1).

She is my friend, the one I told you about [W4], and just I do not know if he [the local manager] wants to cause a problem between us [her and W4]. He said "I am giving her promotion to you" or something like that. And I said to him, "I do not want to work replacing her, and just I do not like it. As long as she is my friend, I do not want to work in her place." And he said, "You must work in her place." And I said that I want to get out, and he said,"You can't get out, you won't leave." (W3)

Women workers sometimes face verbal abuse in the workplace. A female worker (W6) indicates that most of the harassment comes from local Ethiopian employees or supervisors because front-line workers rarely have the chance to communicate with foreign managers. In some cases, refusing the sexual approaches of their superiors also increases pressure on them at the workplace. Therefore, female employees sometimes cannot say no when faced with such situations. In addition, sexual harassment could also happen outside of the workplace. For example, it could happen when workers get home too late from overtime or go to work too early. In addition, women with reproductive responsibilities face difficulties when working overtime because it prevents them from balancing their roles in childcare at home and their work obligations (W2).

Despite the challenges, female workers highlight the positive aspects of working in the garment factories. For example, most companies offer incentives like lunch to female workers. Compared to her unemployment before working at the factory, worker W6, working at a Chinese garment factory, says she does not have to sit at home the whole day. She can learn new things, e.g., sewing skills, interacting with foreign managers, time management, and socializing with other employees, improving her morale and energy. This job also gives her hope for life. She believes that if she works hard, she can improve her current bad situation step by step. Sometimes, she can use her wages to support her family. This is a promising start for her.

Worker W11 enjoys her work, particularly assembling in a Spanish-based garment factory. She mentions that many employees can start their own businesses by saving up their wages. Worker W7 compares her job at a bar where she was "disrespected and mistreated" by the patrons. In contrast, the garment factory transcends being just a workplace and becomes "my mother's place" where she could get respect and a salary. She describes her work as "It gave me peace, it gave me mental peace because I am not any less than others, no one mistreats

or spits on you here." Worker W9 is a seasoned employee in a Canadian apparel factory. She suggests that the work makes her happy. When she hurt her legs sitting behind a sewing machine, the factory covered her medical expenses. Furthermore, the factory allows her to transfer to other positions, even allowing her to do a part-time job at home to supplement her income. As described by W9, "Only those who want to do it do it. And they do it for the extra pay." Worker says her satisfaction comes from making a living through employment rather than "looking for handouts from anyone" or "staying idle at home." She can get training, learn how to make a sweater, manage her time, get along with her colleagues, and communicate with foreign managers.

In summary, workers show a greater sense of urgency to change their working conditions and lives compared to the managers' awareness. However, "any wage is better than nothing" (Fourie et al., 2024, p.13), and female workers could gain income and escape from more extreme poverty. Furthermore, female workers can acquire valuable skills, such as sewing, communication, and time management through training. All these further enhance workers' confidence in life and work, enhancing their overall happiness.

5.2.2 Worker's perception of relationships and social upgrading

This section analyses workers' perceptions of relationships and social upgrading. Labor relationships include those between workers-foreign managers, workers-local managers, relationships among female workers, and relationships outside the workplace. Good labor relationships foster a positive work environment and significantly improve workers' well-being. As worker W3 mentioned, "If officials would understand me, I would be happy," highlighting the pivotal role of understanding and support from factory managers.

Regarding the interactions between workers and foreign managers, the data indicates that foreign managers are less acquainted with frontline workers than local managers (W11). This could be attributed to the fact that foreign managers, usually in higher positions, face language barriers, limiting their interaction with frontline workers. However, some female workers seem to have a more favorable rating with their foreign managers, indicating a potential for improved communication and understanding. A female worker (W1) notes that she can learn skills from foreign managers, such as effective communication with foreigners, time management, and enhanced sweater-making techniques. She mentions that the Indian female managers sometimes work alongside them, teaching them how to improve their work, and she appreciates how they teach her teamwork and mutual respect. A female worker (W5) highlights that foreign

managers tend to encourage frontline workers, believing in their ability to learn new things. However, Ethiopian managers are generally more discouraging towards workers. Worker W5 indicates that she feels happy when she is respected and listened to by foreign managers and able to cooperate with coworkers.

> There are some Indians, older ladies, and who work on sewing sweaters. And they normally do not control the others. There is another woman who controls the Ethiopians. And these, I mean, they are young, and they are older mothers, that is, the Indians. [It's interesting to notice that there are Indian managers, supervisors, while the company is said to be/registered as Spain based] And I saw how the Indian bosses, they go down to our level and show us by working with us, made me think that it could be nice doing like this. For instance, in sweaters, there are quality controls. So, that means, they check after you sew the sweater and put it together. And they are there, for instance the men, after they work, it is our bosses who check for them.(W1)

However, worker W3 mentions experiencing tension with foreign managers, especially when they fail to meet production targets. She notices that foreign managers, such as Sri Lankan managers, often yell at workers; sometimes, Chinese managers collaborate with local Ethiopian managers to verbally abuse workers in the factory. During the COVID-19 pandemic, companies adapted to stricter production requirements. Despite employees' efforts to meet them, there were no wage increases, and some workers chose to resign. However, worker W3 mentions that a Chinese manager targeted her to advocate for other workers' interests, such as wage increases. Additionally, she mentions that workers are getting verbally abused and sexually harassed by Chinese managers in the factory. However, their voices were hardly heard due to the imbalanced power dynamics between managers and workers. Managers' disrespectful behavior towards workers often leads to conflict.

> W3: I mean laughing or going to the girls…just going into [touching] women's
> breasts and … if they do not laugh when they touch them or if they do not act in
> the way they want them to, then they will attack her
> Interviewer: They touch bodies like that?
> W3: There is one Chinese man that I know. I mean, there is one Chinese that I
> have seen touching the girls like that.

Interviewer: Does this happen often or is it something that happens from time to time?

W3: I mean, during the times when there is no one around. If the higher managers or the office workers do not see it, he does not hesitate to do such things. But if he thinks he can be seen then he doesn't do it. Besides the Chinese help each other. If we went and tell them, who would listen to us? There is no one who would listen to us. Because, they would put the blame on us by saying "why did you not say no or do so this or that?".

Interviewer: Are they the ones saying that?

W3: Yes, "if a donkey goes, a donkey comes"

Interviewer: Aha, okay.

W3: And saying, "we do not care about people". They say these kinds of things

Interviewer: Are these the Habeshas or the Chinese?

W3: Both the Habeshas and the Chinese talk like that. I mean, those in higher positions are the ones that say things like that. I know there are employees who say "we'll beat them up", when they hear such things...

Interviewer: Do the employees say that?

W3: I mean, when they [the managers] say things like that or when this sort of thing happens, when they don't try to understand them, they say they will beat them up outside. And why not? They are right... have some truth.

The data shows that local managers interact more with the factory's frontline workers than foreign managers. Firstly, this is because they share the same cultural background as the workers. Additionally, local managers are often the first people responsible for production tasks. Thus, they are more directly involved in addressing workers' issues and providing solutions for their concerns. The data shows that local managers can have a good relationship with frontline workers. Foreign managers may have to stay in Ethiopia temporarily due to short-term contracts, after which they leave for their home country. Ethiopian local managers tend to stay longer at factories, which enables them to understand female workers' concerns better. A female worker (W7) mentioned, "They understand us; they tell you to correct things, but they will not punish us beyond that." As the production tasks are very demanding, a female worker mentioned that local managers feel the same pressure as they do. In this situation, managers and workers could easily have disputes if they cannot finish the task on time (W10).

Considering the close interaction with local managers, worker W3 usually reports complaints or dissatisfaction to the local managers first, such as requesting promotions and salary increases. Nevertheless, the workers say they do not know if the local managers deliver their needs to the higher management team as they do not get any feedback on their concerns.

A female worker (W1) expressed her desire for the local managers to be more sociable and encouraging towards them. She said she is happy to work with respect from managers, which can positively enhance workers' productivity. If local managers only focus on production tasks and do not care about workers, it is difficult for them to feel encouraged. Workers understand that local managers are in an unfavorable situation as they may receive criticism from their superiors (foreign managers) if they fail to keep up with production progress. Thus, foreign managers may mistreat Ethiopian managers or abuse them verbally under this pressure. However, workers note that treating workers or subordinates without respect is foreign to the Ethiopian workplace culture. Interestingly, two workers (W3, W6) mention that local managers are the ones who harass women rather than foreign managers. In addition, some employees mention that a few local managers obtained their positions not due to their working experience and capability but rather through private connections, which often has adverse effects inside the workplace.

> You sit on a chair and work. So, a person who does that work, gets bored and so on. And bosses, lowering themselves, being sociable and encouraging their employees, if they pass doing such things and checking, you would also be happy and be able to talk to them easily. For example, it is XX who is our boss, and when there is a time that I would be able to say "XX, should it be like this?", you would be happy, and work happily until you are surprised by how quickly the time passes. (W1)

The worker-manager relationship shows imbalanced power dynamics rooted in authority relations that govern the manager's control and subordination of workers (Halaby, 1986). The relationship among workers shows less power dynamics, instead emphasizing shared experience and peer support. A female worker (W4) described their relationships as "sisters and friends" (W4), fostering a sense of solidarity and emotional support. For example, this supportive social network among workers can help them handle challenges together, such as pressures from management or meeting difficult production tasks. Young workers sometimes

complain about the disadvantages of the work, such as the low wages. For many young girls, working as an operator at garment factories is their first job. When someone complains, the older worker provides encouragement and emotional support (W7). In addition, workers also have representatives who can help them deliver their needs to seek collective bargaining with managers on issues such as wages, tight production tasks, and sexual harassment.

> One of the reasons why I stayed at the industrial park after all those things, is because I didn't want to lose my friends. I didn't want to lose their love, not because we were happy with the work (W4).

Social relationships outside the workplace can buffer the adverse effects of stressful demands (Jolly et al., 2021), which helps female workers cope with challenges at work and in their personal lives, thereby enhancing their overall well-being. However, female workers seldom have time for leisure activities after work due to the repetitive nature of working as an operator and the long working hours they endure during the daytime. The compressed evening time leaves them trapped in a rental house, waiting for the next day's work. Furthermore, as already mentioned, many female workers are recent graduates who quit school to start their first job as garment factory operators. Particularly during the COVID-19 pandemic, factories were struggling with diminished profits. Young female workers thus worry about the possibility of losing their income or being dismissed by the factories, causing them significant mental stress. As a result, these workers express a strong desire for close emotional bonds and financial support from their families to manage their work and living conditions. However, most of them migrated from rural areas to IPs for employment. They rarely receive financial support or proximate emotional support from families.

In summary, workers seem to have a positive imagination about foreign managers, except for a few negative examples, as they could learn new things such as skills and culture. Local managers interact more with front-line workers, yet workers seem to have more negative imaginations about them. Front-line workers understand the local managers' pressure from the tight production task but still desire local managers to show encouragement to management rather than use verbal violence. Compared to the imbalanced power dynamics between managers and workers, the relationships among workers show fewer power dynamics, instead emphasizing shared experience and peer support. Social relationships outside the workplace could buffer the adverse effects of stressful demands at the workplace. Nevertheless, female

workers rarely receive financial and proximate emotional support from their families or communities.

5.3 Discussion

This thesis aims to provide a top-down perspective through the managers' imagination of social upgrading and a bottom-up perspective of social upgrading through the experience of front-line female workers working in foreign-owned garment factories. This section discusses the findings that are relevant to the current literature.

Firstly, the analysis has revealed that managers and workers have a similar awareness of several aspects of social upgrading, such as low pay, long working hours, and verbal abuse. Nevertheless, female workers and managers have a different interpretation of social upgrading over time. Resonating with Fourie et al. (2024), the analysis shows that managers tend to pursue long-term strategies to enhance social upgrading in garment factories by focusing on skills transfer through training and industrialization to alleviate the current deprivation of workers. Conversely, these labor issues are pressing concerns for front-line workers that require immediate resolution. These low-paid jobs cannot guarantee a decent living, and they contribute to health problems and workplace violence. However, one motivation of investors in Ethiopian apparel factories is to use their capital and patriarchal norms and take advantage of the low-cost labor as a business opportunity (Islam, 2016; Whitfield et al., 2020). Whether these investors can comply with CSR policies or go beyond them to enhance workers' social upgrading is unclear. It implies the difficulty of reconciling the managers' long-term policies with the female workers' urgent needs for social upgrading. This presents a significant challenge for the Ethiopian government in adapting its public governance to address this ongoing issue.

Secondly, managers are frustrated with the high turnover of frontline female workers. Workers attribute it to the mismatch between low pay and high workload, whereas managers attribute it to the workers' "mindset" and their "poor work ethic" (Fink, 2023). Unlike the above results, this analysis shows a shared interpretation among managers and workers: poor working conditions, such as low-paid long working hours, and an imbalanced labor relationship between managers and workers characterized by mismanagement and verbal abuse lead to a high turnover rate in garment factories. Moreover, this thesis uncovers a notable finding: working in garment factories is more like a "springboard" for female workers. They aspire to accumulate capital and skills through their work in garment factories to pursue their own small

business. Working in a garment factory as an organizational employee often entails hierarchical management systems such as managers' surveillance over workers. Instead, women can enjoy greater autonomy and flexibility while balancing private life and work (Parasuraman & Simmers, 2001). An agency perspective examines how individuals and groups make sense of their place and potentially reposition themselves more advantageously with the accumulation process (Fourie et al., in preparation; Morandi, 2020). This thesis, therefore, argues that female workers use themselves as a labor agency to achieve their ends by starting their businesses.

Thirdly, the conventional GVC analysis of social upgrading focused on economic upgrading often overlooks the power of culture. My findings show that foreign managers have difficulty adapting to the working culture in Ethiopian garment factories. For example, things "going wrong" between foreign managers and frontline workers due to a lack of local context, cultural differences, and language barriers. This thesis, therefore, argues that cultural factors are significant in assessing social upgrading in the case of Ethiopian foreign-owned apparel factories. The analysis shows that both foreign managers and workers bring their working culture into garment factories. Foreign managers' attitude towards frontline workers is deeply rooted in the investing country's working culture. As an example, Chinese investment in the Ethiopian garment sector is deeply rooted in Chinese state development policies, such as the "Going Global" Policy (2000) and the Belt and Road Initiative (BRI) (2013). Chinese managers believe that industrialization is the most viable path to social upgrading, drawing from their experience of rapid industrialization in China since 1978. A collectivist culture has emerged nationwide to achieve the state development goals. Furthermore, Chinese managers hold Confucian values in the workplace, such as "Old Fool Moving Mountains" (愚公移山)[2](Cheng & Liu, 2023), "Eating bitterness to taste sweetness" (先苦后甜)[3](Chu & Fafchamps, 2022). Therefore, Chinese managers may use their work experience in China to organize collective activities such as team building. However, conflicts will likely occur in Chinese factories without understanding Ethiopia's local culture or context.

Frontline workers perceive managers' disrespectful behavior as contrary to Ethiopian cultural norms. This is rooted in Ethiopia's history of resisting European colonization, and efforts to maintain its cultural and religious identity have shaped a sense of pride among Ethiopians (Mekonin, 2023). This historical resilience is deeply ingrained in Ethiopian citizens and has become a "habitus" (Edgerton & Roberts, 2014) even in the workplace. Furthermore,

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[2] The old foolish man who moves the mountain", illustrating collective actions to achieve industrialization.
[3] "Eating bitterness to taste sweetness" refers to the hard work of achieving industrialization.

frontline workers are familiar with local law, view local law as a starting point for amicable relations, and expect their managers to follow formal legal requirements and conflict resolution processes when labor relations are antagonistic (Chu & Fafchamps, 2022). Therefore, frontline workers expect managers to treat them with respect and transparency. Disrespect or mistreatment by foreign employers is seen as a severe violation of workplace ethics and an extension of historical foreign aggressions, eliciting strong emotional reactions (Mekonin, 2023).

Lastly, this thesis highlights that an intersectional approach is rarely taken to understanding social upgrading, yet it is a valuable tool for comprehending social upgrading in foreign-owned apparel factories. Workers and managers are not homogeneous but have different social and cultural identities. Women with higher education can recognize and respond assertively to sexual harassment; workers' intersecting identities as low-class migrant women from rural regions affect their chances of promotion in the garment factories, which aligns with the findings of Samarakoon (2022), as gender, poverty, and rurality are impacted by power structures such as patriarchy and capitalism, as well as political inequalities, which play a role in determining the inequalities and subordination experienced by women workers in Sri Lankan garment factories. Female workers face career barriers, and the highest rank they can attain is that of a team leader in the production department. Managers' identities, characterized by nationality, gender, and education, affect how they deal with workers. For example, Ethiopian female managers seem to understand better the challenges female workers face outside the workplace than their male counterparts. One Chinese manager also mentions that his educational background helped him quickly adapt to the local culture, thus fostering a good labor relationship with front-line workers.

6. Conclusion

The present study has examined how managers and female workers understand social upgrading in Ethiopian foreign-owned factories through the lens of processual and relational well-being. This thesis examines social upgrading beyond primary working conditions and labor rights. Instead, it examines social upgrading over time and how relationships affect social upgrading in garment factories. It aims to provide a top-down perspective through the manager's imagination of social upgrading and a bottom-top perspective of social upgrading through front-line female workers' eyes. This thesis answered the research question by

analyzing interviews with 13 managers and 11 female workers collected by two researchers in the 3WE project.

Regarding managers' perception of social upgrading over time, managers are aware of the unfavorable working conditions faced by front-line workers, such as low wages, a lack of affordable housing, a lack of transparency about sexual harassment, and a high turnover rate among workers. The traditional assumption about managers' view on social upgrading suggests that managers prioritize raising employees' social upgrading only to improve the factories' productivity (Asgedom et al., 2019). However, managers are aware of the unfavorable working conditions and advocate for long-term strategies to improve social upgrading in Ethiopian garment factories. Regarding managers' perception of social upgrading and relationships, the findings demonstrate that the relationships between managers and workers seem to have more problems, whereas the relationships between workers and those outside of the workplace are generally more supportive. Foreign and local managers reflect on issues such as "things going wrong" between foreign managers and front-line workers due to cultural differences, language barriers, and a lack of understanding of the local context, resulting in unsuitable management toward workers. Local managers directly address workers' concerns; therefore, a more supportive managerial style is recommended over an authoritarian one.

Regarding workers' perception of social upgrading over time, workers show a greater sense of urgency to change their working conditions and lives compared to the managers' awareness. However, "any wage is better than nothing" (Fourie et al., 2024), and female workers can gain income and escape from extreme poverty. Furthermore, female workers can acquire valuable skills, such as sewing, communication, and time management through training. All these further enhance workers' confidence in life and work, enhancing their overall happiness. Regarding workers' perception of social upgrading and relationships, the findings reveal that workers seem to have a positive image of foreign managers, except for a few negative examples, as they can learn new skills. Local managers interact more directly with frontline workers, yet workers seem to have more negative opinions of them. Frontline workers understand the pressure on local managers to fulfill production goals but still desire local managers to show encouragement rather than be verbally aggressive. Compared to the imbalanced power dynamics between managers and workers, the relationships among workers show more equal power dynamics, emphasizing shared experience and peer support. Social relationships outside the workplace could buffer the adverse effects of stressful demands. Nevertheless, female workers rarely receive financial and proximate emotional support from families or communities.

This thesis has first uncovered the conflict between managers' long-term strategy and female workers' urgency to improve their disadvantaged working conditions. It presents a significant challenge for the Ethiopian government to adapt its public governance to address this ongoing issue. Secondly, working in garment factories is more like a "springboard" for female workers. Acknowledging the low wages and imbalanced power relationships between managers and workers, female workers use themselves as a labor agency to achieve their ends by starting their own small businesses. Thirdly, a conventional GVC analysis of social upgrading focused on economic upgrading often overlooks the power of culture. The thesis reveals that managers and workers bring their working cultures into the garment factory, affecting their understanding of social upgrading and labor relationships.

Future studies could take an intersectional approach to conduct a more detailed analysis of how the workers' and the managers' identities influence their understanding of social upgrading. Future studies could also explore the specific investor countries' views on social upgrading, such as Chinese investors. Chinese investors usually copy their labor management practices in China, which can easily lead to conflicts within factories in the host country. Such an analysis could shed light on the role of different national contexts in understanding labor relationships in shaping social upgrading.

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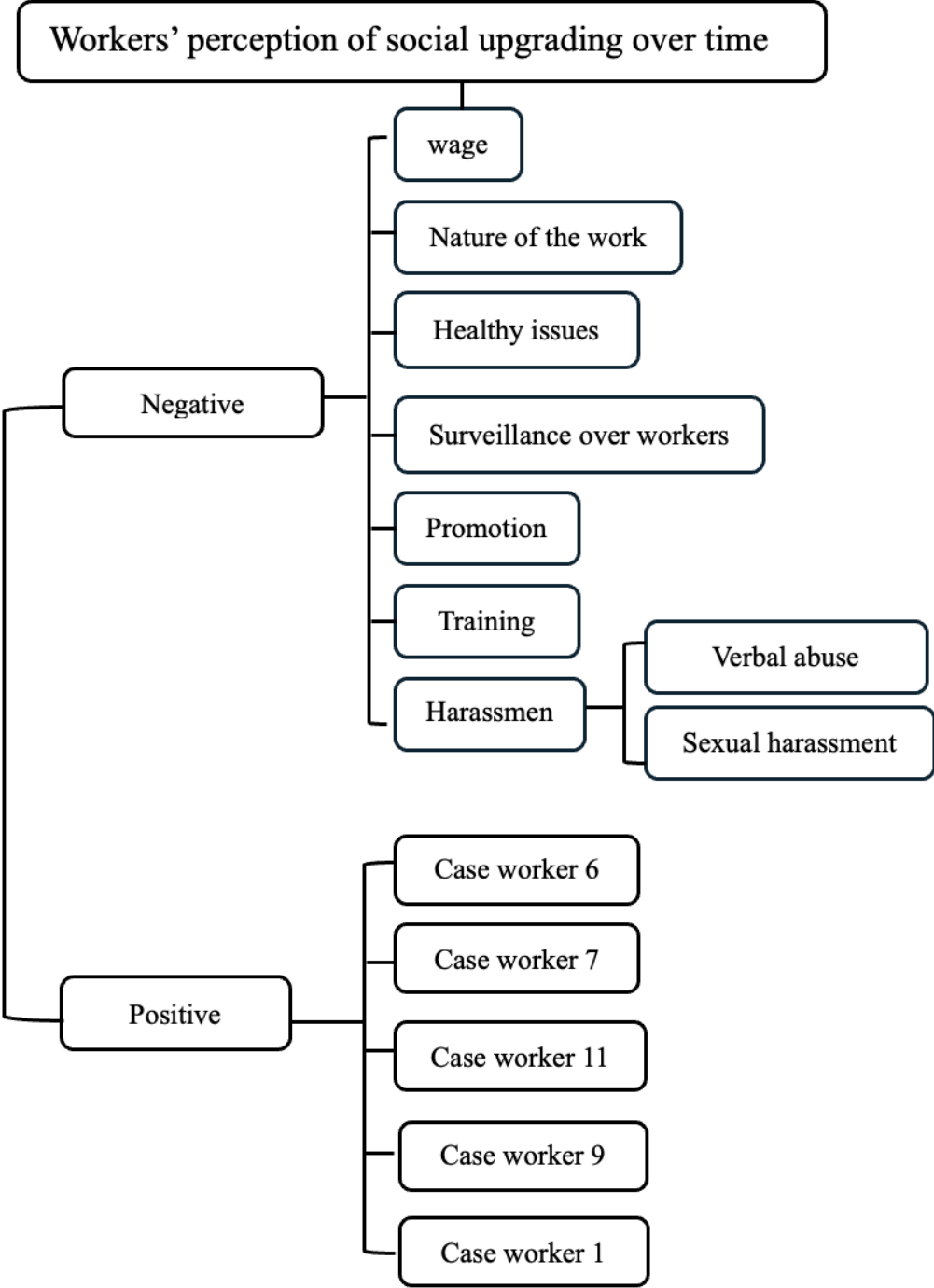
Appendix A coding tree: managers' perception of social upgrading over time
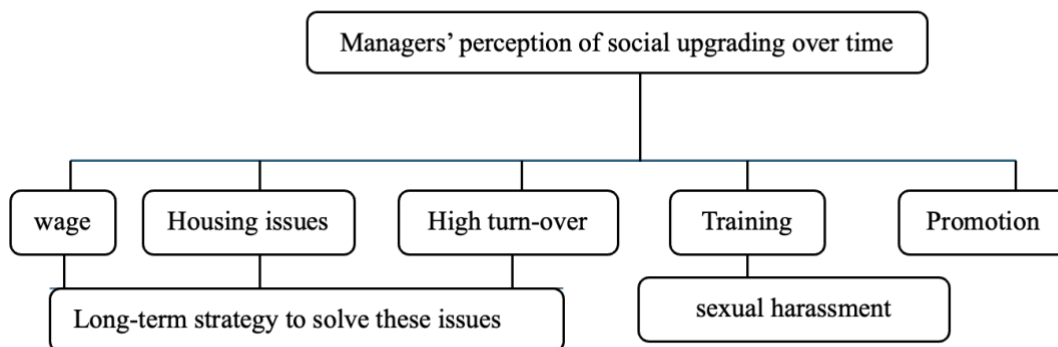
Appendix B coding tree: managers' perception of relationship and social upgrading
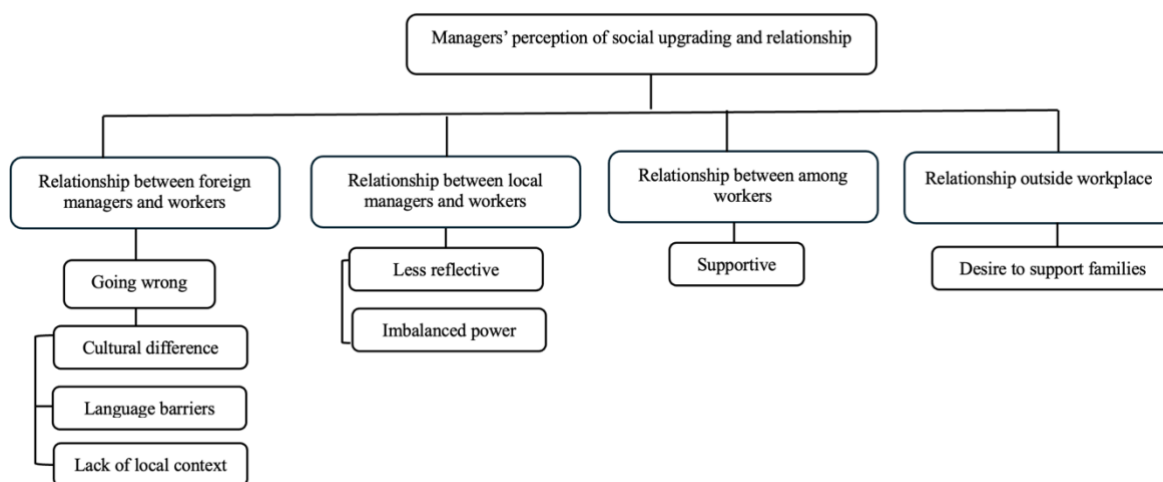
Appendix C coding tree: Workers' perception of social upgrading over time

Appendix D coding tree: Workers' perception of social upgrading and relationship