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Better Work and Global Governance

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Better Work and Global Governance

By

Paul Alois

A dissertation submitted to the Graduate faculty in Political Science in partial fulfillment
of the requirements for the degree of Doctor of Philosophy, The City University of New York.

2016

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This manuscript has been read and accepted for the Graduate Faculty in Political Science in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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Abstract

Better Work and Global Governance

by

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This dissertation is a case study of Better Work, a program run by the International Labor Organization and the International Finance Corporation. It aims to improve working conditions and productivity in the apparel industry. The purpose of this case study is to examine the role that international organizations can play in global governance. The research presented here comes from interviews, document analysis, and an examination of quantitative data on factories' working conditions. In-person interviews were conducted in the United States, Switzerland, Vietnam, and Indonesia; many phone interviews took place with individuals in other countries. Both publicly available documents and internal reports provided by Better Work were analyzed. Publicly-available quantitative data on changes to working conditions are also examined.

Four conclusions from this research stand out. First, Better Work is able to satisfy its many stakeholders by focusing on “win-win” solutions; these are solutions that benefit multiple stakeholders. This focus has led to significant, sustainable improvements on some issues. The program has been less effective in promoting “zero-sum” solutions wherein improvements to working conditions impose a cost on other actors in the industry. Second, the key to Better Work's success has been training factories in management systems and specific topics. Most international labor rights initiatives have focused almost exclusively on monitoring - and these initiatives have achieved very little.

The experience of Better Work shows that monitoring must be complemented with training to be effective. Third, the International Labor Organization has acted as an “anchor” for Better Work, allowing the program to remain impartial amongst the competing demands of its stakeholders. Fourth, the research emphasizes the importance of local stakeholders in promoting the scope and sustainability of Better Work’s efforts.

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This dissertation would not have been possible without the help of many people. That said, the conclusions presented here are entirely my own and do not necessarily reflect the views of my advisors, the ILO, the IFC, or Better Work.

Better Work and Global Governance

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List of Acronyms

ACP: African, Caribbean, and Pacific countries
BWI: Bretton Woods Institutions
CAFTA: Central American Free Trade Agreement
CAT: Compliance Assessment Tool
CBA: Collective Bargaining Agreement
CSR: Corporate Social Responsibility
DFID: Department for International Development
EA: Enterprise Advisor
FLA: Fair Labor Association
FOA: Freedom of Association
FSC: Forest Stewardship Council
GATT: General Agreement on Tariffs and Trade
GGS: Global Governance Studies
GSP: General System of Preferences
GUF: Global Union Federations
HOPE: Hemispheric Opportunity through Partnership Encouragement Act
IAEA: International Atomic Energy Agency
IFC: International Finance Corporation
IGLHR: Institute for Global Labour and Human Rights
ILAB: International Labor Affairs Bureau
ILC: International Labour Conference
ILO: International Labour Organization
IO: International Organization
IOE: International Organization of Employers
ITUC: International Trade Union Confederation
LAB/ADMIN: Labor and Administration
MFA: Multi-Fiber Arrangement
MG: Management Group
MNC: Multinational Corporation
MOLISA: Ministry of Labor, Invalids, and Social Affairs
MOMT: Ministry of Manpower and Transmigration
NAFTA: North American Free Trade Agreement
NGO: Non-governmental organization
OECD: Organization for Economic Co-operation and Development
OSH: Occupational Safety and Health
PAC: Project Advisory Committee
PCI: Private Compliance Initiatives
PICC: Performance Improvement Consultative Committee
USCIB: United States Council for International Business
WHO: World Health Organization
WRAP: Worldwide Responsible Apparel Production
WRC: Workers Rights Consortium
WTO: World Trade Organization

Introduction

Everyone recognizes that the global problems confronting humanity are not being met by existing international institutional arrangements. The post-war hegemony of the west is giving way to a diffusion of power across states from every continent. Furthermore, states themselves are becoming less and less able to control their populations, territories, economies, and natural environments. Non-governmental organizations and multinational corporations have moved into the vacuum left by states, but their effect on world order has hardly been coherent.

As a result of the twentieth-century's two world wars, many idealists as well as some realists have placed their hopes in international organizations to address global problems, but time and again these institutions have disappointed. The world's major international organizations, the United Nations and Bretton Woods Institutions (BWIs), were created over 70 years ago for a different world and a different set of problems. Current problems like climate change, tax evasion, drug trafficking, genocide, and refugee flows have all confounded existing international organizations.

Despite this failure, there is no political will for a wholesale reform of international institutional arrangements. Human beings are going to have to confront global problems using the system as it is. And in order to do that effectively, people need to ask fundamental questions about the nature of international organizations. What exactly can international organizations do? How can they work with states, civil society, and the private sector? And, more importantly, what *could* and *should* international organizations be doing to address the myriad problems facing humanity?

This dissertation addresses these questions through a detailed case study of a rare success story: the Better Work program. The program improves labor standards and productivity in the garment industry and currently operates in eight countries: Bangladesh, Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua, and Vietnam.

Better Work's political arrangement embodies the contemporary chaos of world order. It jointly run by two international organizations with very different cultures and missions, the International Labor Organization (ILO) and the International Finance Corporation (IFC). Moreover, it receives input from developed and developing country governments, international labor unions, multinational corporations, domestic labor unions, and employers' associations. Astonishingly, the program has been able to satisfy the demands of these stakeholders and keep them talking at the same table.

But Better Work is not just an exercise in international dialogue – its practical implementation has also been exemplary. Its efforts have led to significant, sustained improvements in working conditions. These improvements include child labor, fire safety, contracting procedures, overtime, worker harassment, gender discrimination, and freedom of association.

All this has happened in the face of enormous pressures that run against labor rights in the garment industry. Consumers and investors demand cheap clothing and high returns from multinationals; multinationals push factory owners for cheaper and faster production; factory owners pressure workers; and governments in developing countries are often unwilling to protect their workers for fear that production will move to countries with more compliant work forces.

The fact that Better Work corrals a host of actors and successfully addresses a global problem in a challenging industry makes it a valuable case study for students of world politics. This case study shows how international organizations can work with states, civil society, and the private sector without being overwhelmed. It also provides practical lessons for how international organizations can implement programs that will truly have an effect on the ground.

Research Methods and Dissertation Outline

The most valuable source of information about Better Work came from interviews with staff, stakeholders, and observers of the program. 51 formal interviews were conducted with people all over the world, including: representatives of the private sector in New York City, IFC and US

government officials in Washington D.C., ILO staff in Geneva, Switzerland, and Better Work staff in Indonesia and Vietnam.

A host of publicly available documents about Better Work constituted a building block, including articles written by independent scholars. Privileged access to many internal documents at Better Work's headquarters in Geneva helped frame the argument although they are not cited directly because of the confidentiality governing access to institutional archives.

The research here is mainly qualitative, although chapter 8 presents quantitative data. This chapter looks at changes to compliance rates among factories that are monitored by Better Work in order to determine which issues have had the most improvement. This is the one use of quantitative data found in this dissertation, but even this analysis is heavily influenced by interviews because the data is not a perfect representation of reality. Making sense of the data requires understanding the complex challenges to monitoring labor standards, all of which requires qualitative information.

A major downside to conducting a detailed case study of a complex, dynamic program is that there is always some ambiguity to one's conclusions. No one is completely sure what stakeholders want or do not want; no one knows exactly why a policy worked or did not work; and no one can predict exactly what the future holds. Given that the facts themselves are sometimes in question, the conclusions are supported by multiple sources of information (in the language of qualitative research, this is called "triangulation").

Chapter one of this dissertation discusses the academic literature on international organizations and summarizes the questions that are currently of central importance. Two specific literatures are addressed in detail: that of constructivism and of global governance. The constructivist literature has gone the farthest in theorizing about how international organizations exercise authority in the world, and a case study of Better Work serves to test these theories. The global governance literature also theorizes about how and why power is used, but it also makes

prescriptions about how power should be used. The lessons from Better Work speak very directly to prescriptive questions in world order.

Chapter two analyzes the global apparel industry. It begins by looking at the supply chains that connect seamstresses on factory floors in developing countries with consumers in developed countries. The central insight of this chapter is that each link in the supply chain is connected to other links through a “buyer’s market” in which buyers have extraordinary power over sellers. This long chain of buyers’ markets creates enormous pressure against good working conditions. The chapter also discusses the political aspects of apparel and shows how politics, as much as market forces, have shape the industry.

Chapter three provides a history of different international attempts to promote labor rights. It focuses on three different strategies to create international labor standards: international law, embedding labor clauses in trade treaties, and private compliance initiatives. As the chapter discusses, all three of these strategies have proven ineffective.

The next five chapters cover crucial aspects of the Better Work program. Chapter four discusses the program’s activities. These activities can be divided into two categories: “core operations” that improve working conditions with factories and “stakeholder engagement” in which Better Work creates partnerships to improve working conditions beyond factory gates.

Chapter five describes the perspectives of each of Better Work’s different stakeholders. The major stakeholders at the international level include donor governments from developed countries, the international labor movements, multinational corporations, and international employers’ associations. At the domestic level, major stakeholders include government agencies, labor unions, and employers. The relationship between Better Work and other labor rights actors is also discussed.

Chapter six gives a history of the program. The chapter begins by discussing the program’s inception in a 2001 agreement between the United States, Cambodia, and the International Labor Organization. The chapter provides an account of how the program changed

direction in 2007 and began expanding to new countries. The chapter concludes with a short description of each of the eight country programs.

Chapter seven compares the Better Work programs in Indonesia and Vietnam to determine how domestic variables can influence the program's implementation. The chapter's main conclusion is that domestic politics determines how influential the program has been beyond the participating factories, but politics have not been that deterministic in the program's ability to work within factories.

Chapter eight's data evaluate Better Work and conclude that the program's ability to address a labor rights problem is conditional upon several variables: the cost of addressing the problem, the benefit to owners, whether a solution requires changed to policy or changes to actual conditions, the degree to which a problem is driven by cultural norms, and if a solution alters the balance of power in a factory. This chapter also discusses three key characteristics of the program: its emphasis on problems with "win-win" solutions, its reliance on multinationals, and the tension that exists between monitoring and solving problems.

Chapter nine concludes by applying empirical evidence to the theoretical questions raised in chapter one. This final chapter addresses questions that are relevant to both academia and public policy. One main conclusion is that international organizations can have genuine authority in world politics, even if they lack the enforcement power of states. For international organizations, authority is derived from a combination of expertise, claims to moral authority, delegated authority from states and multinationals, and a history of success. A second main conclusion is that international organizations should focus on global problems with "win-win" solutions, they should emphasize training alongside constructing incentives, they can "anchor" multistakeholder initiatives to ensure neutrality, and they should work with domestic actors to a far greater extent than is the norm.

Chapter One: Academic Debates on International Organizations

This dissertation is motivated by the question of what role international organizations (IOs) can play in the current world economy. This motivation was partly intellectual and partly personal. Intellectually, the proliferation of IOs with universal membership is a unique feature of the modern era and has no precedent in previous periods of human history. Understanding what, if anything, these IOs achieve is interesting and useful. On a personal level, after spending some time working within an IO, I had begun to wonder exactly what these types of institutions are capable of doing.

This dissertation speaks to two related but independent literatures within international relations: constructivism and global governance studies. This dissertation will test a constructivist theory of IOs by examining the extent to which it explains Better Work. It will also contribute to global governance studies by elaborating on the lessons from Better Work for global governance broadly.

This chapter's first part will discuss the academic debates surrounding IOs in international relations and justify the value of the theory being tested here. The chapter's second part will discuss the global governance literature and explain how a case study of Better Work will contribute to this field.

1. The Study of International Organizations

Rationalism and Constructivism

The study of IOs became an important topic in political science after World War II. In the two decades following the war, international relations scholars engaged in descriptive and normative studies of IOs. These studies were sophisticated in their empirical

analysis, but scholars did not attempt to construct any grand theories of IOs or world order more broadly (Martin and Simmons 1998).

By 1970, realism and neorealism had come to dominate the study of international relations within American academia, which had an effect on the study of IOs (Katzenstein et al 1998). Neorealism's basic assumptions were that states are rational, unitary, selfish actors that compete with each other in an anarchic world; further, the only important difference between states is the amount of power they have. This theory gave scant importance to IOs. It argued that IOs serve the whims of powerful states and have no independent significance (Waltz 1979, Krasner 1976, Gilpin 1987, Mearsheimer 1994). Neorealism also asserted that states fear each other too much to cooperate under most circumstances, making IOs little more than arenas for states to compete.

In the 1980s, the neoliberalist school of international relations developed as a counterpoint to realism and neorealism. Neoliberalism shared some of neorealism's basic assumptions and treated states as rational, unitary, and selfish. Neoliberalism, however, was far more optimistic about the possibility of states cooperating (Keohane 1982). These scholars saw international cooperation as commonplace and they saw IOs as the institutionalization of this cooperation (Young 1989, Axelrod and Keohane 1985, Keohane 1998, Maggi 1999, Koremenos 2001, Milner 1997).

The neoliberalist school saw IOs as important because they performed various services that states wanted. IOs reduced the transaction costs associated with cooperation; IOs monitored states and enforced compliance with rules to discourage free riders, defection, and cheating; IOs resolved redistributive conflicts that resulted from cooperation; finally, IOs could "lock-in" specific equilibria, making it harder for rising

states to alter arrangements. IOs could only perform these functions if they had some autonomy, and so states endowed IOs with a degree of autonomy.

Throughout the 1990s, neorealists and neoliberalists vied for intellectual dominance in international relations and one of their central debates was whether or not IOs really mattered. By the end of the decade, this debate had grown rather stale (Martin and Simmons 1998). Both theories shared the same basic assumptions and the weaknesses of these assumptions became apparent.

One weakness was theoretical: neither theory could explain how states got their identity and interests or why states' interests change (Katzenstein et al 1998). These theories claimed to be universally true, but they could not explain other periods in western history nor could they explain other cultures. Finally, these theories vacillated between being descriptive and being prescriptive about state behavior. Sometimes they argued that states *were* rational; other times they argued that states *should be* rational. They attempted to reconcile this by claiming that irrational states would be destroyed by other states, leading to a system where all states were rational, but this claim hardly made sense after World War II when states almost never went out of existence.

Another weakness was methodological. Neorealism and neoliberalism both imagined states responding rationally to incentives, leading to a methodological enthusiasm for game theory and formal models. However, these scholars could not support their models with evidence because events in world politics cannot be reduced to neat data sets. Instead, scholars would support their mathematical models with case studies, which is a mismatch of theory and evidence because these models need to be

tested with a large number of easily-quantified observations (Eichengreen 1998).

Marshalling one or two case studies to support a formal model hardly constitutes proof.

Finally, events in the real world began to undermine these schools' emphasis on states (March and Olsen 1998). These theories could not adequately account for expanding trade, environmental treaties, international human rights, the end of apartheid, humanitarian interventions, the importance of non-state actors, and the effect of domestic politics on a country's foreign policy.

By the early 2000s, references to neorealism and neoliberalism had almost vanished from the academic literature as both schools were subsumed under the school of "rationalism." Rationalism essentially keeps the assumptions of neoliberalism in place, but it relaxes them by allowing for the importance of ideas and values in state behavior; rationalism also accepts that non-state actors have an influence.

Constructivism is another school of international relations that developed during the 1990s and has become the counterpoint to rationalism in academic debates. Constructivism took insights from sociology (Meyer 1980, Meyer 1997) to posit world politics is constructed by actors' identities, ideas, beliefs, values and norms; this was opposed to rationalism which assumed that military power and, occasionally, economic power were the only important variables. The following quote from a sociologist neatly captures the insight that modern world order is not based on a priori principles of power and reason, but rather on socially constructed norms and values:

Many features of the contemporary nation-state derive from worldwide models constructed and propagated through global cultural and associational processes...

If an unknown society were "discovered" on a previously unknown island, it is clear that many changes would occur. A government would soon form, looking something like a modern state with many of the usual ministries and agencies. Official recognition by other states and admission

to the United Nations would ensue. The society would be analyzed as an economy, with standard types of data, organizations, and policies for domestic and international transactions. Its people would be formally reorganized as citizens with many familiar rights, while certain categories of citizens—children, the elderly, the poor—would be granted special protection. Standard forms of discrimination, especially ethnic and gender based, would be discovered and decried. The population would be counted and classified in ways specified by world census models. Modern educational, medical, scientific, and family law institutions would be developed. All this would happen more rapidly, and with greater penetration to the level of daily life, in the present day than at any earlier time because world models applicable to the island society are more highly codified and publicized than ever before. Moreover, world-society organizations devoted to educating and advising the islanders about the models' importance and utility are more numerous and active than ever.

What would be unlikely to happen is also clear. Theological disputes about whether the newly discovered *Indios* had souls or were part of the general human moral order would be rare. There would be little by way of an imperial rush to colonize the island. Few would argue that the natives needed only modest citizenship or human rights or that they would best be educated by but a few years of vocational training. (Meyer 1997, 144-146)

This quote creatively shows how world politics are based on a series of mental models that differ markedly from other historical eras. This contradicts the rationalist assumption that world politics are governed by deterministic laws that exist independent of human beings.*

Constructivism has different strains, but they all share certain core assumptions (Finnemore 1996; Finnemore and Sikkink 1998; Ruggie 1992; Ruggie 1998; Wendt 1995; Wendt 1999). First, human interactions are defined by ideas, not material power. Second, the most important ideas are “intersubjective,” meaning that they are not reducible to the individuals that hold them and can be treated as an independent object of study. Third, these intersubjective ideas are responsible for creating actors' identities and

* This is not an exaggeration of rationalism. In the one and only reference to empirical reality in Kenneth Waltz's *Theory of International Politics*, he claimed that the Pelopponesian War and World War I were subject to exactly the same deterministic laws.

interests. Fourth, ideas form the “constitutive” rules of international politics. These are the deep rules that form the system of world politics itself; these rules include the idea that states exist, that individuals have citizenship in a state, that treaties should be negotiated, etc.

It is worth noting that constructivism does not reject rationalism outright. Constructivists admit that states often behave in their rational self-interest and that states are worried about power and survival. However, constructivists place a primacy on ideas and norms. On the other hand, rationalists have also adopted constructivism’s insights and now admit the important of norms, albeit as second to rational self-interest. Several excellent attempts have been made to integrate the two schools (Barnett and Duvall 2005; Simmons et al 2006), but the division remains.

There is also a third school of international relations, “historical institutionalism,” that challenges both constructivism and rationalism (Fioretos 2011; Pierson and Skocpol 2001). This school believes that institutions shape norms (not the other way around) and that the inflexibility of institutions dominates the fluidity of norms. Historical institutionalism also emphasizes that impact of history on the present and the powerful effect of random events. This is a useful counterpoint to theories of political science that unconsciously assume that the world had to end up the way it has. It is also a valuable reminder to constructivists that norms are constrained by institutions.

With respect to IOs, constructivists tend to view IOs as autonomous actors within world politics. Constructivists posit that IOs have the legal aspects of autonomy put forth by rationalists, but go beyond rationalism in discussing the importance that IOs have in the social realm. This point of view has been most clearly articulated in a 1999 article by

two leading constructivists (Barnett and Finnemore 1999). They point out that IOs have legal authority in international law; they have bureaucratic autonomy from the states that oversee them; they have knowledge and expertise that gives them authority; and IOs can claim political neutrality, giving them a certain legitimacy in international negotiations. IOs use their authority to define tasks, raise or lower the prominence of issues in world politics, and spread ideas and institutions around the world. Finally, IOs have “pathologies” in that their rules can be irrational, they can succumb to bureaucratic universalism, they can be insular, and they can experience internal conflict that prevents the IO from fulfilling its mission.

There has been a large body of work from the constructivist school supporting the contention that IOs are autonomous, influential actors in world politics. An early study showed that UNESCO is responsible for states creating science ministries (Finnemore 1993). Another study argues that the European Union is “socializing” states within it to adopt certain norms and ideas (Checkel 2005; Zurn and Checkel 2005). Another argues that the World Health Organization was influential in changing China’s policy during the SARS crisis (Fang and Stone 2012). Two scholars have shown that bureaucrats within IOs have been able to influence the designing of new IOs even against the wishes of powerful states because these bureaucrats have unique expertise (Johnson and Urpelainen 2014). Several studies have looked at the relationship between IOs and non-state actors, showing that IOs are increasingly a site of contestation for non-state actors (Talberg et al 2014). A very insightful study showed how IOs can strategically interact with movements of non-governmental organizations (NGOs) to promote their own agendas.

The IO being studied was able to promote an “inner circle” of key NGOs that had an agenda in line with the IO while excluding other NGOs (Dany 2014, 433.).

A Constructivist Theory of International Organizations

The upshot of all this literature is that IOs can reasonably be treated as autonomous actors with independent authority. The insights gained from this body of work were synthesized by leading constructivists in the book *Who Governs the Globe?* (Avant, Finnemore, and Sell 2010). This book develops a theory of IOs that explains both *why* IOs have power and authority as well as *how* IOs use this power.

The book begins with the insight that authority does not rely solely on coercion – there are multiple avenues through which actors can generate deference from other actors. This insight is important when studying IOs because this type of actor has very limited coercive power in world politics. According to the authors, IOs have authority from five sources: institutional, delegated, expert, principled, and capacity-based.

Institutional authority is the power that staff within IOs have. This type of power is domain specific; for example, an inspector at the International Atomic Energy Agency (IAEA) can raise a red flag about a country’s nuclear policies but not about the country’s environmental policies. *Delegated authority* comes from the power that other actors give to an IO. Delegated authority usually comes from states, e.g. a World Trade Organization (WTO) Arbitration Panel, but it can come from any actor with its own authority. As I will discuss later, Better Work has delegated authority from multinational corporations. *Expert authority* is based on the special knowledge that an IO possesses, such as the World Health Organization’s (WHO) expertise on preventing pandemics. *Principled authority* comes from an IO embodying widely accepted moral values. The

United Nations General Assembly is an excellent example; the only power its resolutions have is that they represent the view of a majority of the world's states. *Capacity based authority* derives from a history of competence. The WHO is a good example of this as well. The organization not only has the knowledge of how to stop pandemics, it also has a successful track record of doing so. This record is an important reason that actors defer to the WHO during a crisis.

The authors of this book also discuss the ways that IOs can use their authority. These include: setting agendas and raising issues, making rules, implementing and enforcing rules, and monitoring and evaluating outcomes. The United Nations Secretary General, for example, can set an agenda by using his office to bring certain issues before the Security Council. Similarly, the World Bank Development Report can lead to an issue becoming central to development discourse. Of course, IOs can also marginalize issues or narrow a discussion.

Another use of authority by IOs is making rules. For example, the rules set by the United Nations have made climate negotiations relatively open to NGOs; these NGOs have used this access to push states beyond what they might have committed to on their own. Another use of authority is implementing and enforcing rules. The International Labor Organization, for example, advises countries on how to implement international labor conventions into domestic law. In another example, the WTO enforces the agreements of its underlying treaties by sanctioning countries that do not comply. A final use of authority by IOs is monitoring and judging outcomes. The IAEA, for example, judges whether or not countries are complying with the Treaty on the Non-Proliferation of Nuclear Weapons.

Finally, the authors posit that the authority of IOs is both dynamic and relational. It is dynamic in that the degree and type of authority possessed by an IO changes over time as the IO changes and the politics surrounding it change. The Security Council, for example, has become more powerful because of outside factors: it went from a rather moribund talk-shop during the Cold War to a central arena for global diplomacy after the collapse of the Soviet Union. The World Bank, in another example, changed its mission in the 1950s from focusing on European reconstruction to focusing on the development of third-world countries. IO authority is relational in that authority is always exercised in relationship to other actors. As such, authority can be enhanced through cooperation, it can be weakened through confrontation, or can be altered through contestation from other actors. The recent Chinese-sponsored Asian Infrastructure Investment Bank, for example, is a challenge to the US dominated World Bank.

One goal of this dissertation is to use Better Work as a test case for this theory. In this dissertation's concluding chapter, Better Work will be examined through the lens of this theory to determine how well the theory explains the program's reality and to see if the theory has gaps.

2. Global Governance Studies

A separate school of international relations has developed alongside the debate between rationalism, constructivism, and historical institutionalism; this school could be called Global Governance Studies (GGS).[†] GGS has its origins in an edited volume from 1992 titled *Governance Without Government* (Rosenau and Czempiel). This book's central claim is that all societies develop rules and institutions that are necessary to perform social functions; these rules and institutions constitute governance. Modern, formal

[†] This school does not have a widely-used title; GGS is only used in this article.

governments are just one possible form of governance. At the global level, there is no formal governance; there is, however, both a global society and set of rules that constitute global governance. The authors argue that scholars of international relations should focus their studies on how global governance works.

GGG does not attempt to formulate grand theories of how the world works, nor is it interested in parceling out whether rational states are more important than norms or institutions. Instead, GGS assumes that norms, rationality, and institutions are all equally important and focuses instead on how power actually works in the world. Another important aspect of GGS that sets it apart is that it makes normative suggestions about how the world should work. Finally, GGS focused on practical issues like human rights and security rather than on theoretical abstractions like norms or power (Weiss and Wilkinson 2014a; Weiss and Wilkinson 2014b). To put it more succinctly, GGS asks three questions. How is power exercised in the world? How did the current arrangement of power come about? And where should we go from here?

In the GGS literature, the question of whether or not IOs have autonomy from states does not arise because nothing is truly autonomous. At the same time, IOs are not just puppets of powerful states. IOs are seen as actors in their own right even though IOs cannot be studied in isolation from the other actors that surround them. The GGS literature tries to understand how IOs operate in a world where western states are becoming relatively less powerful, non-state actors are becoming more important, the world is more interconnected through technology, trade, finance, and environmental problems even as there is no global government that can force actors to obey rules. The literature also tries to put forth ideas of what IOs should be doing and what the world can

reasonably expect from IOs. The entire literature is too extensive to cover properly here, but three prominent examples are discussed below.

James Rosenau, an editor of *Governance Without Governance*, elaborated on his ideas in a 1995 article. He argues that no global actor has the ability to issue commands; rather, on any given issue, multiple actors attempt to “steer” governance by influencing other actors. In this context, IOs are state-sponsored steering mechanisms that try to influence states, NGO, multinational corporations, sub-state governments, and individuals. IOs are just one actor among many and not privileged among them.

Kenneth Abbot and Duncan Snidal, two legal scholars, have also written extensively about the role that IOs can and should play in world politics. Like Rosenau, they recognized that IOs lack the power to force compliance in other actors. However, they believe that IOs are well positioned to play two important roles in “regulatory collaboration” and “orchestration.” In regulatory collaboration, IOs involve themselves in the already-existing web of private, transnational regulations that have cropped up in industries around the world. IOs can use persuasion to get firms to join these regulations and have participating firms increase their compliance. IOs can also use their voices to single out firms that fail to comply with these private regulations. In some rare cases, IOs can also change the material incentives for firms to participate and comply with private regulations (Abbott and Snidal 2013).

The second role for IOs is that of an “orchestrator.” In this role, IOs work with intermediary actors to pursue their goals. IOs are forced into this role because they usually lack the power to actually implement solutions to the problems they are mandated to solve. Intermediary actors, from corporations to NGOs to states, often have a greater

capacity to implement policies on the ground. What they lack is the global mandate and legitimacy that IOs possess. In their role as orchestrators, IOs can pursue solutions to global problems by overseeing the activities of disparate, localized actors (Abbott and Snidal 2009).

John Ruggie is a scholar who has been writing about the role of IOs for decades. He is also one of the leading architects of the United Nations Global Compact and United Nations Guiding Principles on Business and Human Rights. In a recent article, he wrote that the “old governance model” of states signing treaties and enforcing them in a top-down fashion is not viable in many domains, notably human rights (Ruggie 2014). This model does not work because states strongly disagree about which human rights matter, they disagree about how to enforce these rights, businesses oppose being subjected to human rights laws, and human rights laws push against trade and investment laws. Therefore, this domain requires a new model of “polycentric” governance based on persuasion, informal cooperation, public-private partnerships, and multistakeholder approaches. Polycentric governance also tries to integrate public law (both national and international), civic governance from non-state actors, and private corporate governance.

What these authors have in common is that they recognize that although IOs lack the coercive power of governments, IOs are still key actors in global governance. For all these scholars, IOs are uniquely positioned to coordinate global cooperation and regulation. Moreover, these authors not only make claims about what IOs are, they also make very specific arguments about what IOs *should* do.

This dissertation adds to this body of literature by discussing how Better Work came into existence, how it exercises power, and, mostly important, what Better Work can teach us about how IOs should go about solving global problems.

The Rest of this Dissertation

This chapter has outlined the two academic debates that are addressed by this dissertation. The next two chapters will discuss the apparel industry and attempts to promote international labor rights. Chapters four through eight will discuss Better Work in detail. Chapter nine will return to the questions raised here and address them using the evidence presented in the intervening chapters.

Chapter Two: The Modern Apparel Industry

The apparel industry is worth examining for students of the modern global economy. Textiles began the Industrial Revolution in England in the early nineteenth century and laid the foundation for more advanced enterprises in almost every other industrialized country (Rivoli 2009; Staritz 2011).

From England, the center of global apparel production shifted to the northeastern United States by the late 1800s, thanks largely to industrial espionage and cheap American cotton. As wages rose, apparel production shifted to the south, especially the Carolinas; production in continental Europe and Japan also increased. The Great Depression and World War II greatly reduced world trade, but by the 1950s Japan emerged as the world's major producer of low-skilled apparel. In the 1960s and 1970s, as Japanese firms began producing more sophisticated products, Korea, Taiwan, and Hong Kong followed on its heels. By the 1980s, production was rapidly moving into mainland China, Southeast Asia, and Latin America. As rising wages in China today make apparel production expensive, a host of other countries in Southeast Asia, Africa, and the Middle East hope to enter the apparel industry and begin climbing the ladder of industrialization.

The apparel industry is among the most globalized industries in the world. Its supply chains stretch across continents and connect the world's most privileged people with the world's poorest. A sweater designed by Manhattan fashionistas will use cotton picked by children in Pakistan, be sewed together in Vietnam, be packaged and shipped by a massive Korean intermediary, and finally placed on a shelf in a mall in London. And if sweater is donated to charity, it may have a second life Uganda or Macedonia.

This chapter will explain how the contemporary apparel industry is organized. Particular attention will be paid to the pressures in the industry that work against worker rights; aspects of the industry that are irrelevant for worker rights will be touched on but not explored in detail.

This chapter has three sections. The first will discuss the economic conditions of the apparel industry. The section's punchline is that the apparel industry is like a totem pole of "buyer's markets." At the top of this pole sit consumers and investors, who exercise a great deal of choice and control. At the bottom of this totem pole are the people who sell their labor in factories; they have few choices and must take what is offered (and often must accept less than what has been promised).

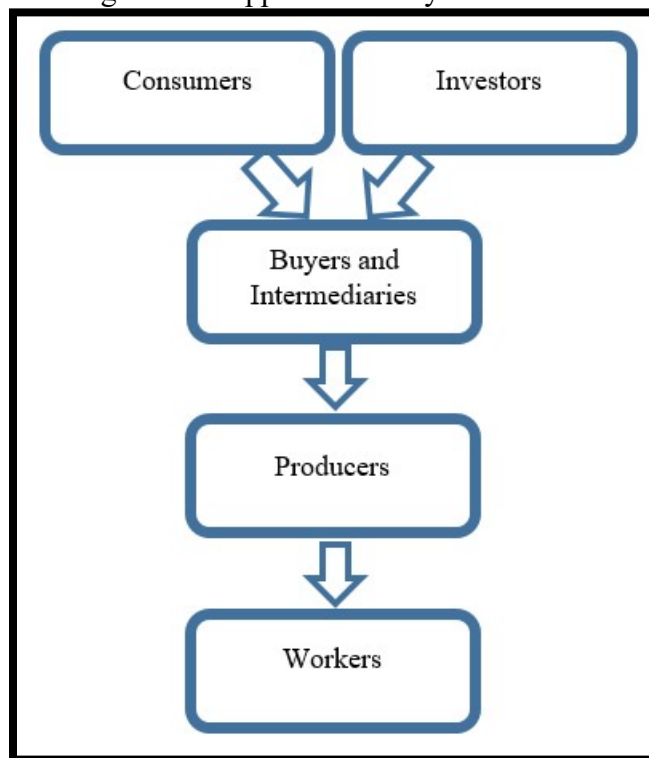
The second section of this chapter discusses the politics of the industry, which are divided into domestic and international levels. Domestic politics, which govern the relationship between workers and producers, shape a country's competitiveness in international markets. International politics, meanwhile, structure the relationships between producer countries and consumer countries.

The chapter's third section will discuss five broad trends that will shape the apparel industry over the coming decades. These trends include the fading legacy of a world-wide quota system, rising wages in China, more durable relationships between producers and multinationals, emerging economies as consumers of clothing, and technological change.

1. The Economics of Apparel

This section will elaborate on a simple “totem-pole” model of the apparel industry illustrated in Figure 4.1.[‡] A totem-pole is a more appropriate metaphor than the common metaphor of a chain (i.e. a supply chain). In chains, each unit is equal to all others. But in a totem-pole, units are organized hierarchically, with the top of the pole having the most power.

Figure 2.1: Apparel Industry Totem-Pole



In the apparel industry, each actor exerts enormous power over the levels beneath them because actors are connected through “buyer’s markets.” In a buyer’s market, the

[‡] This model is similar to previous scholars’ models, such as the “global commodity chain” of Immanuel Wallerstein and Terrence Hopkins (Hopkins and Wallerstein 1994), the apparel commodity chain of Gary Gereffi (Gereffi 2002), or the value-chain of Michael Porter (Porter 1998). But it is different in two important ways. First, the model focuses on firms and individuals, rather than on processes. For our purposes, it makes little sense to distinguish processes that occur within the same firm. Second, this model makes the political dimensions of apparel more explicit.

supply of a product exceeds demand, allowing buyers to demand low prices and other concessions. Sellers in these markets face enormous pressure, they have low profit margins, and they are constantly looking for ways to cut costs.

Consider the relationship between consumers and brands. A consumer can choose from dozens of stores, online sellers, second-hand stores, or simply choose not to buy new clothing. In this market, an individual brand is mostly powerless (there are a few exceptions, such as Nike's Michael Jordan sneaker, but these products are deviations from the norm).

Brands are weak with respect to consumers, but they are powerful in their relationship with factories. A brand can source from dozens of factories located almost anywhere in the world. It can demand ever-lower prices, faster production times, and can impose penalties for errors or late delivery. An individual factory has little bargaining power in this market.

A similar dynamic holds between factories and the workers whom they hire. The world's villages have hundreds of millions of people who want to escape rural poverty, giving the factory owners power to suppress wages and other worker rights. Moreover, factories are mobile between countries while workers are not – if workers in a country demand higher wages, factory owners can simply shut down production and move. This pits workers in one country against every other worker on the planet.

Each level of the totem pole tries to extract as much benefit as possible from the level beneath them. Consumers want cheaper clothing, investors want higher returns, brands want lower wholesale prices from producers, and factories want to pay their

workers as little as possible. In a nutshell, every level is squeezed by the level above, with the workers existing at the receiving end of a long chain of pressure.

In interviews with brand representatives and factory owners, many admit that workers are often underpaid and treated unfairly, but at the same time these businesses feel unable to do anything about it. They are subjected to intense pressures from their consumers and from their competition. While they may wish in the abstract to improve workers' lives, as a practical matter they do not give it too much thought.

The following sections discuss the different levels of the apparel totem-pole and how they influence worker rights.

Consumers

Since the apparel sector ultimately makes money only when consumers make purchases, it is worth considering what it means to buy clothes at this point in human history. Most people in wealthy, industrialized countries live in consumer societies. Traditional sources of identity (e.g. hereditary caste, religion, ethnicity, nationalism) have declined in importance and people increasingly find identity in what they consume.

This makes shopping a mentally taxing experience. When people buy clothing, they not only have to think about what they want to wear, they have to think about who they are, who they want to be, and how society will perceive them (not to mention price, quality, comfort, durability, and function).

Considering all these factors, it is no surprise that consumers are selfish. One survey, conducted by a large marketing firm, found that Americans would not care if 93 percent of brands disappeared; also, respondents thought that only 9 percent of brands improve people's quality of life (Havas Media 2013; The Economist 2014). In the same

vein, consumers have not consistently demanded better working conditions for the people who make their clothing.

To get a better sense of consumers, I conducted an online survey among Baruch College students. The survey was anonymous and optional. The survey had two rounds that occurred six months apart with 75 students in each round. I asked them how much of their clothing they thought was made in sweatshops, and 45 percent said “most” or “all.”

They had to imagine that they wanted to buy a \$50 shirt made with unknown labor standards; they could also purchase the same shirt for \$60 and know it was made using good labor standards. In the first round of 75 respondents, 59 percent said they would not be willing to pay the extra \$10. In follow-up discussions, most respondents reported believing that their individual purchases would not make any difference; only a few people said they did not care about labor rights.

The second round of the survey asked a follow-up question to respondents who would not buy the more expensive \$60 shirt (in this second round, 58 percent said they would not pay the extra \$10). In the follow-up question, 33 percent said their purchases would not change anything; 28 percent said that sweatshop workers needed jobs too; and nine percent said that the extra \$10 will not go to the people who need it. Only 16 percent said that they did not care.

This survey indicates that consumers have complex feelings about the labor conditions. On the one hand, 41.5 percent were willing to spend more on a guarantee of good working conditions. On the other hand, more than half were not willing spend more mainly because they did not believe their individual behavior would change the system.

Another issue that complicates the relationship between consumers and workers is a lack of information. Among the 150 respondents to the survey, only 30 percent could name one brand that they believed did not use sweatshops. Further, when asked if they would believe a brand that claimed to not use sweatshops, only 6 percent of respondents said that would completely believe the claim (although 60 percent said they would “sort of” believe the claim). These responses indicate that consumers have not looked into how to purchase sweatshop-free clothing and that they would not believe corporate reports anyway.

It appears that labor conditions only influence consumers in extreme cases where bad conditions taint a brand. Nike in the 1990s is the classic example. In the early 1990s, Nike dominated the athletic shoe market by a wide margin, but negative reports about labor conditions in its supply chain hurt the brand. By the end of the decade, Nike had lost considerable market share to Adidas and Reebok (Clancy 2011). Another example of an extreme case was a brand being produced by talk-show host Cathy Lee Gifford. Before her line hit the stores, labor activist Charles Kernaghan revealed that children in Honduras produced some of the clothing. The revelation irreversibly damaged the brand and forced Gifford onto the defensive. It is difficult to measure how damaging the reports were to sales, but Gifford’s name became synonymous with sweatshops for many people. These examples indicate that consumers care about labor standards in rare cases, but in general they care more about how their clothing defines their identity.

Investors

Investors are the other “consumers” of apparel companies in that they buy securities issued by these brands. Investors exert a lot of control over a company. They vote on the board of directors, they set compensation for senior management, and they can seamlessly exit a company by selling their shares.

Investors, even more than consumers, sit in the ultimate buyer’s market. Investors can literally choose from thousands of investment opportunities around the world, be they in apparel or some other industry – all they care about is the rate of return. Given the short-term focus of financial markets, apparel companies must constantly monitor their share prices and ensure a good return.

The evidence suggests that companies focus intently on keeping their shares in good standing. An industry report by S&P Capital IQ of the United States’ largest apparel companies found that only 23 percent had negative earnings per share in 2008 and only 10 percent had negative earnings in 2009 (Asaeda 2103). This means that in a time of economic crisis, lower sales, and the laying off of personnel, the vast majority of companies managed to ensure that their investors profited.

Interviewees with experience in the private sector all emphasized that pressure from investors is an important reason why apparel companies squeeze their suppliers for every last penny, which in turn depresses workers’ salaries. Investor pressure also works against companies adopting sustainable strategies for creating supply-chains with good labor standards. One professional with years of experience in corporate-social responsibility reported that European and American firms respond to labor rights crises differently because of differences in financial markets. I was told that American firms,

which have to post quarterly earnings, are much more likely to implement short-term solutions. European companies, which report bi-annually or annually, tend to implement longer-term, more sustainable solutions. Further, the two American brands with the best reputations for labor standards, Levi-Strauss and New Balance, are both privately-owned, and several people attributed their high labor standards to the fact that they do not have to satisfy impersonal investors.

Buyers and Intermediaries

The next group of actors sit between factories and consumers. They broadly fall into two different business models, buyers and intermediaries. “Buyers” are firms that buy finished clothing from factories and sell to consumers. “Intermediaries” are supply-chain experts that buy from factories on behalf of brands. Although they are different types of businesses, they occupy the same position in the totem-pole and so are discussed together.

There are several different types of buyers. Some buyers own the factories that produce their clothing, but this is becoming increasingly rare. It is more common for buyers to contract among dozens or hundreds of different factories. Some buyers are a brand (e.g. The Gap), while other buyers own dozens of brands (e.g. PVH); finally, some brands are large retailers that invent brands to sell in their own stores (e.g. Macy’s or Wal-mart).

Buyers are collectively powerful but individually weak. IBISWorld, a leading business intelligence firm, classifies the US industry’s competition level as “high” (IBISWorld 2014) compared to other industries. Gender-specific stores, family-clothing stores, department stores, discount retailers, and on-line retailers are all in intense competition with each other. IBISWorld gives the industry a “medium” score for barriers

to entry because it is difficult to establish a brand and create a supply chain. Nevertheless, some of the most successful buyers in the US market are recent entrants, such as Underarmour, Lululemon, and H&M.

Buyers generally focus on designing, marketing, and selling clothing; they contract with factories to actually produce the clothing. Today, almost all apparel production takes place in developing countries (the major exceptions are European countries that produce expensive, high-quality apparel). Buyers began sourcing from developing countries in the 1970s and 1980s (Korzeniewicz 1994) to maintain profitability. This process escalated in the 1990s as buyers turned against trade protectionism and began lobbying for free trade in apparel, much to the dismay of US producers (Kunz and Garner 2007).

When dealing with a factory, a buyer has to take a lot into consideration. A classic book on sourcing divides the buyer's position into three costs: direct costs, macro costs, and indirect costs (Birnbaum 2005). Direct costs are the cost of material plus the cost of production; these are the only costs that a buyer can really control. Macro costs are the political costs of sourcing from a factory: delays due to bad infrastructure, corruption, quotas and tariffs charges, weak rule of law, and reputation risk from human rights problems. Indirect costs include traveling to the factory, defective or low-quality work, shipping errors, and payments to intermediaries and agents. This list shows that labor standards are certainly a consideration for a buyer, but they are just one consideration among many.

Over the last twenty years, almost all buyers have created corporate-social responsibility (CSR) departments to deal with labor rights in their supply chain, but there

is wide variation in the degree of influence that these departments have within the firm. Industry insiders reported in interviews that a few buyers take labor rights seriously, many consider it a second tier priority, and many are totally unconcerned. Fortunately, there does seem to be a general consensus, even among skeptics, that buyers are taking labor rights more seriously than a decade ago.

Intermediaries are also very important in the apparel totem-pole. Intermediaries are firms, mainly from Hong Kong, South Korea, and Taiwan, that contract with brands and other apparel sellers to buy from factories. Intermediaries work with small brands that do not want to construct an in-house supply-chain (for example, a celebrity that wants to launch an apparel line); intermediaries will also work with large buyers on specialized projects outside the buyer's expertise (for example, if a formalwear brand wants to create a swimsuit for just one season). Intermediaries may also be used to purchase raw materials, to ship finished goods, or to coordinate other aspects of the supply chain. The head of the world's largest intermediary, the Hong Kong based Li & Fung, described his company as an "orchestrator" that: "focuses on designing the best possible processes across a global network for delivering the right product to the right place at the right time at the right price (Fung et al. 2008)."

With respect to labor conditions, intermediaries do not face the same pressures as branded buyers. Since they have no public face, intermediaries do not have to worry about consumers. They do, however, have to worry about embarrassing the brands that they contract with. There is no hard evidence on whether intermediaries act differently than branded buyers, but the general consensus among interviewees is that they worry a

lot less (Li & Fung, however, is a partner in Better Work; see chapter 6 for more information on partners).

Buyers and intermediaries exist in an intensely competitive market vis-à-vis consumers, but they have considerable buying power over the producers that sit below them in the totem pole (Applebaum et al. 1994; Gereffi 2002). While there are dozens of large buyers in the world, there are thousands of small and medium producers scattered across the developing world.

Producers

Producers are businesses that actually make apparel. There are a wide variety of producers. They run the gamut from massive factories to household workshops, and they produce everything from haute-couture fashion to solid white t-shirts. Most luxury apparel production takes place in Europe, while most non-luxury apparel is produced in developing countries. For obvious reasons, non-luxury apparel producers are the most exposed to competition and have the worst labor standards.

This level of the totem-pole is characterized by low barriers to entry, low concentration of firms, excess production, and very slim margins (Gereffi 1994; IBISWorld 2013). Consider a sobering statistic: IBISWorld defines a “major player” as a firm with 5 percent market share in its industry. The largest non-luxury apparel producer in the world is VF Corp, which has a market share of 0.3 percent. This makes apparel production one of the least centralized and most competitive industries in the world. The 2008 recession was particularly hard on producers, with a reported 13.8% drop in total revenue and countless firms going bankrupt (IBISWorld 2013).

Over the last several decades, several issues have shaped apparel production. The most important factor has been the shifting quotas and tariffs of the Multi-Fiber Arrangement (MFA). This will be discussed in more detail below, but the key point is that production moved around the world in search of quotas and low tariffs, and although the MFA expired in 2005, its legacy can be seen in the wide geographic distribution of production.

Another important issue has been the rise of “fast fashion” among buyers (Abernathy et al. 1999; Abernathy et al. 2006). Under the traditional buyer-producer relationship, buyers placed large orders many months in advance. Buyers assumed most of the risk because they lost money if consumers did not want the apparel they had purchased from producers. Under “fast fashion,” buyers order small batches and expect delivery in several weeks. If the initial batch sells well, then producers are expected to quickly make more. And if the line sells poorly, then it is simply discontinued. Fast fashion requires producers to have better communication with buyers, better technology, a more fluid labor force, and better management systems. It also forces producers to assume more risk, because producers must hold fabric and even finished products that buyers may never want. In an extensive survey, one research found that a producer’s profitability was directly tied to its ability to adapt to fast fashion (Abernathy 1999, 257).

This transformation occurred in the 1990s, a time when labor conditions also came to the fore. Therefore, producers were struggling to adopt a business model that is bad for workers (less stability in orders, faster turn around, faster changes in style) while also being pressured to improve working conditions.

The 2008 financial crisis led to many producers going out of business. A decline in orders contributed, but many producers were also heavily in debt, many operated unprofitably before the crisis, and many depended on cheap borrowing. As capital dried up, these producers were forced to close shop (Forstater 2010).

In this market, buyers and intermediaries are able to use their position to force ever-lower prices and other concessions onto producers. This is good for consumers, as the relative cost of apparel has shrunk compared to other consumer goods (Asaeda 2013), but it is bad for producers and their employees (Forstater 2010).

IBISWorld provides an estimate of the average producer's costs. 60 percent come from the fabric they purchase; 19.7 percent come from operating costs other than wages; and 16.3 percent come from wages. Profits after of taxes and interest payments varies from country to country, but it can be less than 1 percent in many cases. Producers have no control over their major cost (i.e. fabric), and little control over their operating costs, so their attempts to cut costs are often directed at workers.

These numbers are enlightening. Assuming a factory makes a one percent net profit, if they decrease their wage bill by just one percent of total costs then their profits will *double*. Looking at the numbers this way, it is clear why apparel workers are constantly exploited over small amounts of money.

Workers

Workers in non-luxury apparel production live in dozens of countries with a wide variety of contexts, but a few commonalities exist. The vast majority of workers are women in their early twenties. They are often from rural areas, they are not well educated, and they have few skills. They expect to work for several years in order to support family

members and save enough money for a dowry. For many of these women, working in apparel is an unpleasant interlude between childhood and motherhood, but a sacrifice worth making for a better life. In this sense, Asian women making clothing today are very similar to English women working in mills 150 years ago (Rivoli 2009 makes this point very nicely).

Workers in apparel production generally have worse labor rights than other industries. Workers may not be educated enough to know what their rights are. Employers and governments may collude to prevent unionization and effective enforcement of labor laws. Unionization, even under a favorable political climate, is complicated by high turnover in the workforce. In many countries, the availability of workers exceeds demand, so employers can set low wages. Moreover, employers often arrange labor contracts in ways that facilitate exploitation; techniques include delaying wages by several months, holding identification cards, fining workers arbitrarily, and forcing workers to live on company-controlled compounds.

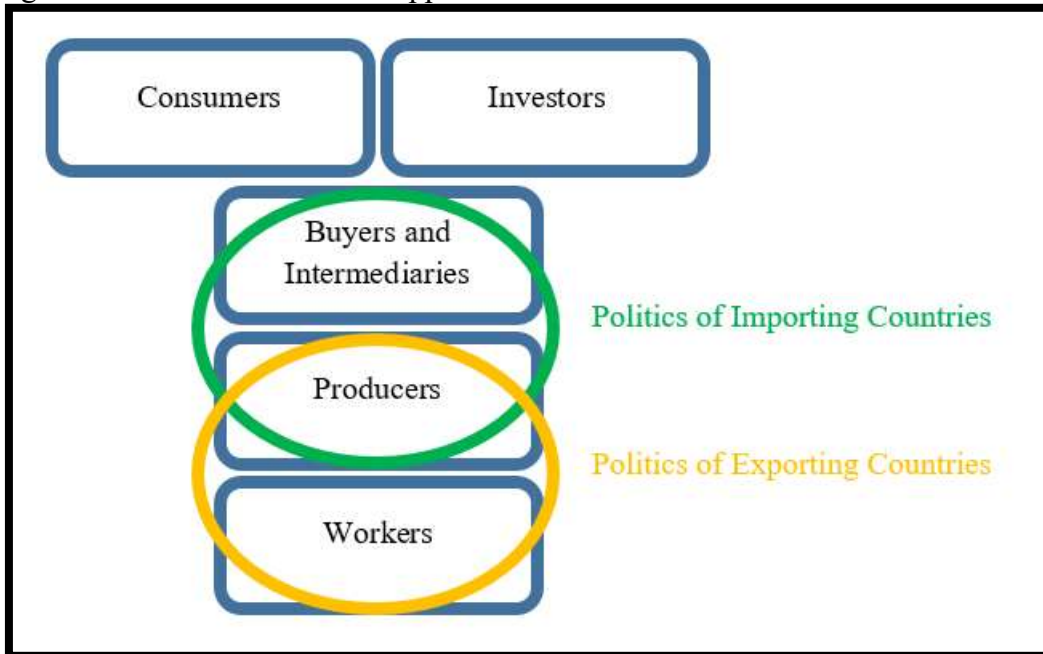
Salaries vary from country to country. In Eastern Europe, workers can make \$3.00-\$4.00 per hour. An hourly wage in Mexico is approximately \$2.50; it is under \$1.50 in Central America and the Caribbean; under \$1.00 in China and most East Asian countries; and under \$0.50 in India, Bangladesh, and Pakistan (Kunz and Garner 2007). This variation contradicts the simplistic notion that apparel production is constantly chasing the cheapest workforce. Low labor costs are obviously important, but productivity, quality, speed, flexibility, and political stability are equally important.

The next section of this chapter will examine the apparel industry from the country-level perspective in order to flesh out these issues.

2. The Politics of Apparel

In general, the politics of apparel can be divided into those of importing countries, which govern the market between buyers and producer, and the politics of exporting countries, which govern the markets between producers and workers. Figure 4.2 provides a simple illustration.

Figure 2.2: The Politics of the Apparel Totem Pole



Before discussing the details of these two categories, it is worth looking at the data on trade flows. Table 4.1 shows the percent of world apparel exporters accounted for by each of the ten largest exporting countries. It also shows all eight countries that participate in Better Work (of which three belong in the top 10 and five do not).

Table 2.1: Percent of World Exports from Top 10 Producers and Better Work Participants			
	2002	2012	Difference in Share
China	20.3%	37.8%	17.5%
EU 27(a)	30.6%	25.8%	-4.8%
Hong Kong	11.0%	5.3%	-5.7%
Bangladesh*	2.4%	4.7%	2.4%
Turkey	4.0%	3.4%	-0.6%
Vietnam*	1.3%	3.3%	2.0%
India	2.9%	3.3%	0.4%
Indonesia*	1.9%	1.8%	-0.1%
United States	3.0%	1.3%	-1.6%
Malaysia	1.0%	1.1%	0.1%
Mexico	3.8%	1.1%	-2.7%
Cambodia*	0.6%	1.0%	0.4%
Jordan*	0.3%	0.2%	0.0%
Haiti*	0.1%	0.2%	0.1%
Lesotho*	0.1%	0.2%	0.1%
Nicaragua*	<0.1%	<0.1%	0.0%
World Total	\$208.6 billion	\$441.8 billion	
Source: (WTO 2014)			
(a) This includes intra-EU trade			
* Countries with a Better Work program			

The numbers from China immediately stand out. Since 2002, China has almost doubled its market share. This came mainly at the expense of the European Union (EU), Mexico, and the United States; Hong Kong also appears to have lost market share, but it is likely that much of its 2002 exports were produced in China and routed through Hong Kong to take advantage of lower quotas.

Table 4.2 shows the change in apparel imports just to the United States. The major finding is that China increased market share at the expense of America's regional neighbors.

Table 2.2: Change in US Apparel Imports			
Country	2002	2012	Difference in Share
China	9.8%	37.8%	28.0%
CAFTA-DR(a)	16.0%	10.2%	-5.8%
Vietnam	1.6%	9.2%	7.6%
Indonesia	3.6%	6.4%	2.8%
Bangladesh	3.3%	5.8%	2.5%
Mexico	13.0%	4.8%	-8.2%
India	3.3%	4.0%	0.7%
Cambodia	1.8%	3.3%	1.5%
EU 27	4.2%	2.5%	-1.7%
Sri Lanka	2.5%	1.9%	-0.6%
Pakistan	1.5%	1.9%	0.4%
Philippines	3.2%	1.5%	-1.7%
Thailand	3.0%	1.4%	-1.6%
Jordan	0.7%	1.3%	0.6%
Egypt	0.6%	1.1%	0.5%
Haiti	0.4%	1.0%	0.6%
WORLD	\$57.0 billion	\$76.8 Billion	
Source: (OTEXA 2014)			
(a) Includes Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua			

Table 4.3 shows the global share of apparel imports accounted by the 10 largest importers. The most important finding in this figure is that the market share of the top importers decreased between 2002 and 2012, although the United States and EU still remain by far the largest importers. These decreases were not offset by any one country (but keep in mind that they lost market *share*; their absolute imports increased). Rather, a number of countries have increased their share by small amounts. Among the fabled BRICS, Russia has increased its share by 1.8 percent, Brazil by 0.5 percent, China by 0.4 percent, South Africa by 0.3 percent, and India by 0.1 percent. Other emerging economies such as Chile, Panama, Turkey, and the United Arab Emirates had increases of 0.5 percent.

Country	2002	2012	Difference in Share
EU 27 (a)	43.6%	38.5%	-5.1%
United States	32.0%	19.9%	-12.1%
Japan	8.4%	7.7%	-0.8%
United Kingdom	7.0%	5.1%	-1.9%
Hong Kong, China	7.5%	3.7%	-3.8%
Canada	1.9%	2.1%	0.2%
Russian Federation	0.3%	2.1%	1.8%
Republic of Korea	1.1%	1.4%	0.3%
Australia	0.9%	1.4%	0.5%
Switzerland	1.7%	1.3%	-0.4%
World Total	\$208.6 billion	\$441.8 billion	
Source: (WTO 2014)			
(a) Includes intra-EU trade			

The changing distribution of imports reflects changes to the global economy as a whole. The traditional centers of economic activity, the United States and EU, are slowly but inexorably losing relative importance to emerging economies. In the coming decades, the consumers, buyers, and governments in developed countries will have less and less power to influence apparel producers. What this means for labor standards is uncertain. Because almost all labor rights initiatives come from western countries, their declining importance could mean that apparel producers will ignore international efforts to improve conditions. But if emerging markets pick up the baton, then pressure will remain on producers. Only time will tell which scenario comes to pass.

Politics of Importing Countries

Most apparel production is for international trade (IBISWorld estimates that 75.4 percent of the industry's revenue comes from international trade). Among non-luxury apparel, the share accounted for by international trade is probably higher, given that most production for domestic markets is of European luxury goods.

The United States and EU are by far the world's largest markets; this gives their governments the leverage to set terms in trade. These governments have used their leverage repeatedly over the last forty years to protect domestic industries through quotas and tariffs. Quotas put limits on imports from a specific country and can be measured by piece or by value. Tariffs are special taxes placed on imports which can also be calculated by piece or by value.

The United States and EU have deployed these trade barriers to different ends. The EU has historically allowed cheap imports of non-luxury apparel. This has caused European producers to focus on high-quality, luxury apparel. As a result, Europe today has very open trade with most apparel producing countries, with the exception of China and Hong Kong (Gereffi and Frederick 2010, 6). European countries also have large and profitable luxury apparel industries.

The United States, on the other hand, has used trade barriers to protect its low-quality apparel industry. This began in the 1950s, when the US government negotiated a so-called "voluntary-export restraint" agreement with Japan. Under the terms of this agreement, Japan would voluntarily restrict its exports of cotton apparel to the United States. This trend continued in the 1960s when President John F. Kennedy negotiated the ironically named Short-Term Arrangement on Cotton Textiles, under which the United States imposed quotas on trade. This arrangement was negotiated as an exception to the General Agreement on Tariffs and Trade (GATT) under the GATT's provision that free trade should not cause "undo disruption." The Short-Term Arrangement quickly gave way to the Long-Term Arrangement, which gave way to the MFA in 1974.

The MFA has had a powerful effect on the global apparel industry. Under the MFA, countries were able to impose quotas and tariffs at will on exporting countries. This led to the geographic dispersion of apparel production as producers opened up factories in countries without quotas (Gereffi and Frederick 2010; Rivoli 2009). Bangladesh, for example, had virtually no apparel production in the 1970s and so was omitted from the MFA. To take advantage of quota-free exports, in 1979 a Korean company began production in Bangladesh; by 1987, the country exported 2.3 million shirts (Elms 2007, 1). Of course, Bangladesh had quotas imposed during the next round of the MFA and so production shifted to neighboring countries like Cambodia and Vietnam.

During the GATT's Uruguay Round, importers agreed to phase-out the MFA between 1995 and 2005. European countries moved quickly to end the system, since their domestic apparel industries had upgraded to luxury goods (Kunz and Garner 2007, 109). The US, however, dragged its feet and today continues to impose tariffs and quotas on apparel exporters.

The US's trade barriers have had some unintended consequences. The US apparel industry has focused on getting trade protection instead of upgrading to luxury apparel, and so the industry continues to compete directly with producers in developing countries. US buyers, on the other hand, have not been able to concentrate their supply chains into a few countries, nor have they been able to develop long-term relationships with factories because they are always chasing the lowest quota around the planet (Rivoli 2009).

Beyond restrictions on apparel imports, the United States also includes "yarn-forward" and "fabric-forward" provisions into its trade agreements. Under these

provisions, producers must use fabric and yarn from the United States in order to receive preferential trade access. This complicates the industry, because some countries are only competitive if they buy fabric from the United States, while others are competitive regardless of their fabric's origin.

In addition to protecting domestic industries, the United States and EU also use trade access to promote various foreign policy agendas. During the Cold War, the United States gave preferential access to South Korea and Taiwan. Today, the US-Jordan Free Trade Agreement is a reward for Jordan's recognition Israel (Kunz and Garner 2007, 303). The EU, on its side, has given preferential access to former USSR countries and to Turkey as a way to create ties with these countries short of EU ascension. Individual European countries have also promoted trade with former colonies as a means of reparations for colonialism.

Trade access has been used as a tool to promote human rights, although this has happened far less than labor activists would like and these moves have often been mixed with political motives. For example, the United States and EU erected trade barriers against Myanmar in the 1990s when the military government jailed Aung Sang Suu Kyi; these trade barriers strangled the country's nascent apparel industry. (Cynics could argue that it was Myanmar's geopolitical opposition to the United States, not its human rights, which prompted the trade barriers.)

The US-Cambodia trade agreement from the late 1990s, which created the first iteration of Better Work, is a clearer example. The United States dropped all quotas and tariffs against Cambodian apparel provided the industry allow independent monitoring (Polaski 2006). More recently, the United States and EU have both used the threat of

tariffs to force Bangladesh's government to make significant improvements in labor rights following the Rana Plaza and Tazreen factory disasters (Saini 2014).

The next chapter of this dissertation provides a much more detailed discussion of these efforts by importing countries to promote labor rights around the world.

Politics of Exporting Countries

The politics of apparel in exporting countries are surprisingly complex; many countries have tried and failed to become exporters because an apparel industry requires a reasonably modern political system. The apparel industry may seem primitive, but a country must have the basic foundations of a developed economy in order to compete internationally. These foundations include basic physical infrastructure of roads, electricity, and water. The country must have a legal system to protect property and state institutions cannot be too corrupt. The workforce must be somewhat educated and have a work ethic that is conducive to doing repetitive tasks for long periods of time. The owners of factories and workshops must be able to meet strict deadlines, manage multiple customers from different countries, and provide an environment that will attract workers.

All of this requires a delicate balance between workers, employers, and the government. If each of these groups uncompromisingly pursues their best interests, the industry will collapse. Workers would like high salaries, bonuses, vacations, and shorter working hours. But if their compensation rises higher than their productivity, the industry will fail and buyers will go elsewhere.

Employers, on the other hand, would like to pay their workers as little as possible for as much work as possible. But employers do need to attract skilled workers, they

need to protect multinational buyers from reputation risk, and they need to avoid trouble with the law.

Governments have the trickiest role. All governments, even authoritarian dictatorships, need some semblance of public legitimacy and so they must appear to side with workers. But government elites and economic elites are so intertwined in most countries that governments will usually support employers. Elites also want to attract foreign investment and trade. This has led to many countries having excellent laws supporting of workers' rights, but no one actually enforces the law. This allows political elites to maintain the façade of caring about workers' rights without having to confront economic elites or threaten foreign investment.

As mentioned above, despite the relative simplicity of apparel, the industry does require a government capable of providing basic public services (Tewari 2006 discusses three cases that illustrate the key role of governments). Property rights must be protected; otherwise, foreign firms with the necessary expertise will not risk investing in the country. The basics of industrial infrastructure must be put in place and maintained; i.e. roads, electricity, running water, and ports. In the case of incipient industries, the government may need to provide favorable loans, export subsidies, tax credits, and other forms of assistance; and in the case of mature industries, the government may need to assist producers in moving to higher value-added functions in apparel or into new industries all together. Political stability is necessary for producers to succeed in global supply chains and attract international buyers; if a country has frequent riots or military coups, then foreign businesses will not be willing to invest in the country.

Finally, corruption must be kept within acceptable levels. Although corruption is the target of endless criticism from developed countries, in truth corruption itself is not an impediment to economic development. Corruption only becomes a problem when its costs are too high, when it is unpredictable, and when the person asking for a bribe cannot deliver the promised service. One industry expert wrote that China's success in exporting clothing in the 1990s was due part to Beijing routinizing corruption in export zones (Birnbaum 2005). Corruption in these zones was still widespread, but the bribes were predictable and the bureaucrats then did their jobs without demanding more. This allowed foreign businesses to treat corruption as a simple business cost that did not impede trade.

An additional political complication arises between central governments and local governments. Central governments are focused on the regime's legitimacy, the industry's international competitiveness, and the country's reputation, so they usually want to protect workers and minimize corruption. But local governments do not think beyond the few factories in their jurisdiction; they are usually colluding with employers at the expense of workers and the industry as a whole. In several Better Work countries, for example, the program acts to support the central government's priorities in areas where the local governments have failed (Amengual and Chirot 2015 discusses a poignant example).

Another complication is foreign ownership. In earlier phases of industrialization, factory owners and workers came from the same country and were subject to the same political systems (e.g. England, America, Japan, Korea). But today, many factories in developing countries are owned and managed by firms from East Asian countries, mainly

Korea, Taiwan, and Hong Kong (Gereffi and Frederick 2010). Foreign ownership creates a strange set of dynamics. To use Albert Hirschman's terminology, foreign owners usually have little "voice" in the government, but they also find it easier to "exit" (Hirschman 1970). This means the foreign owners are ready to move factories to a different country should a problem arise, so governments must be sensitive to their needs. On the other side, however, governments worried about their legitimacy are often loathe to defend foreigners at the expense of their own populations. In Vietnam, for example, the government allowed massive demonstrations against Chinese factory owners even though the government usually never allows its citizens to organize. This conflict leads to governments and employers needing each other without fully trusting each other.

There is no single political arrangement that works for exporting countries. Many balances are possible depending on culture, economy, and type of government. From the perspective of labor rights, however, it worth keeping in mind that the domestic politics of an exporting country has a far stronger effect on labor conditions than international law, corporate codes of conduct, or any other variable (Locke 2012; Mosley 2010).

3. Future Trends

The future of the apparel industry will be shaped by a several trends. First, as the effects of the MFA fades, production will leave countries whose competitiveness is based on quotas. Second, rising wages in China will probably cause the country's share of apparel production to decline. Third, buyers and producers will likely develop more permanent relationships that will change the nature of the industry. Fourth, emerging economies will become more important as apparel importers, making western countries less central

to the demand side of the industry. Finally, technological change is a wildcard that could have little effect or could upend the industry.

Although the MFA expired in 2005, its legacy remains. In the run-up to its expiration, many analysts predicted that China would dominate production and many countries' industries would collapse (Rivoli 2009). Mexican and Central American suppliers to the United States, along with North African and Eastern European suppliers to the EU, seemed especially vulnerable because their wages were so much higher than China. Although these countries did not immediately lose market share in 2005, by 2014 they had lost market share to lower-cost countries. Given that many of these regions were only competitive under the MFA, it is likely that they will continue to lose market share as production consolidates in East and South Asia (Staritz 2011).

The trend towards consolidation, however, is being offset by rising wages in China (Asaeda 2013). Chinese workers in coastal cities no longer have to accept the low wages that come with apparel, placing China's industry at a crossroads. It can either expand into China's interior where wages are lower or it can move into poorer Asian countries. If production begins leaving China, the existing apparel producing countries will not have the capacity to absorb China's losses. This will bring new countries and regions into the industry, such as Myanmar and Sub-Saharan Africa.

The growing interdependence between buyers and producers may also reshape the industry. In the past, buyers have kept producers at arms-length to keep producers in bidding wars with each other. But as buyer's needs have become more complex, they have deepened their relationships with producers. This trend is supported by the end of the MFA's system of shifting quotas. As buyers and producers develop deeper

relationships, successful producers will have to be more sophisticated, organized, and modern. Successful producers will also gain some leverage with buyers, since buyers cannot simply go across the street to find a new producer. This may ease the pressure being put on producers and raise profit margins (Gereffi and Frederick 2010; Staritz 2011; Azmeh and Nadvi 2014). What this holds for workers is uncertain. Less pressure on producers could lead to less pressure on workers, but producers could also continue to squeeze workers just as hard.

Technological change is the ultimate wildcard. Although technology has transformed most aspects of the apparel industry, actual apparel production has proven resistant to technology. Machines simply cannot handle soft fabric well enough to make two pieces line up properly (Abernathy 1999). As a consequence, the demand for labor in garment production has kept pace with demand for finished goods (apparel may be the only manufacturing industry where this is the case). However, one day someone may invent a cheap, effective robot that can out-perform a human. Such a technology would be catastrophic. Tens of millions of workers would lose their jobs and dozens of developing countries would fall into recession. It would also close off the bottom-rung of the ladder of industrialization.

Conclusion

It would be nice to imagine that improved labor rights is one of the top issues that will shape the apparel industry over the coming years, but there is not much evidence that it will. At best, labor rights remains a second-tier issue for actors in the apparel totem-pole, especially since existing initiatives to address labor rights have provided an adequate

response to sporadic labor rights scandals. The next chapter will discuss these initiatives, along with efforts proposed by states, to improve working conditions.

Chapter Three: A History of International Labor Rights in Apparel

Modern labor rights began proliferating across the Western world in the late 1800s, roughly a generation after urbanization and industrialization transformed these societies (Karl Polanyi's *The Great Transformation* gives an excellent discussion of this time period). Not long after, states and labor unions began pushing to elevate labor laws into the international arena.

Over the last century, efforts to promote labor rights internationally fell into three broad categories. The first effort is the promotion of international labor law and the creation of the ILO, an international organization founded in 1919 to coordinate international labor treaties. The second effort to promote labor laws is the embedding of labor provisions in trade treaties. These attempts began in the 1980s when the United States and European Community began insisting that their trade partners in developing countries agree to human rights provisions as a condition of completing trade agreements. This effort reached its pinnacle in the 1990s and, although it continues today, is generally considered a failure. The third effort to promote international labor rights comes from private compliance initiatives (PCI) in which multinational corporations, NGOs, and auditing agencies monitor the working conditions in corporate supply chains. This effort began in the 1990s and has increased in intensity ever since despite the evidence that PCIs are not effective.

The following sections discuss each of these three categories: international labor law, embedding labor rights in trade treaties, and private compliance initiatives. The sections will discuss when these efforts began, how they have fared, and why each has

been found unsatisfactory. The final section of the paper discusses how Better Work fits into these three categories while going beyond them in important ways.

1. International Labor Law

International labor law has always been intimately connected with the institution designed to coordinate its creation and implementation, the ILO. The ILO was founded after World War I during the Treaty of Versailles and was originally part of the League of Nations. The ILO's purpose was to help countries coordinate the creation of treaties governing international labor law, monitor countries' compliance with their treaty obligations, and persuade countries to join treaties and enforce the treaties they have ratified. Early labor rights conventions focused on working hours, minimum working ages, women's rights, and labor rights on the sea (ILO NORMLEX 2015).

The ILO's effectiveness was hobbled by the weakness of the League of Nations, the Great Depression, the schism between Communism and the liberal west, and the outbreak of World War II (Hughes and Haworth 2011, chapter 1). In the 1930s, the ILO was salvaged from the League of Nations and relocated to Montreal. It was subsequently attached to the United Nations at the end of World War II and renewed its constitution through the 1944 Declaration of Philadelphia. At the time, the ILO was championed by the United States government, which saw the ILO as a counterweight to Communism by promoting labor rights within a capitalist economy.

The ILO came to disappoint the US's expectations. The organization remained neutral in the Cold War, so both the United States and Soviet Union regarded it with suspicion. The Soviet Union constantly criticized the ILO as being dominated by the United States, while the United States actually withdrew from the organization in the late

1970s when the director general appointed an assistant director from the USSR (Hughes and Haworth 2011, chapter 1). The United States eventually rejoined, but the organization remained on the sidelines as the more powerful Bretton Woods institutions dominated international economic discussions in the 1980s.

The end of the Cold War and the rise of globalization created a new set of challenges for the ILO. Instead of being caught between two powerful states, the ILO had to define its relevance in an era when labor rights were seen as an impediment to market forces. The ILO had always been a critic of the market orthodoxy that had pervaded in the West in the 1980s, but was generally ignored. The 2008 global financial crisis and its aftermath have left an ideological vacuum within which the ILO may gain prominence by promoting alternatives to market orthodoxy, but whether or not it can do this is an open question (Onis and Guven 2011).

The ILO has a complex governance structure. The International Labor Conference (ILC) sets the broad policies of the organization. Each member country has four representatives at the ILC: two from government, one from labor, and one representing employers. These four representatives each have their own vote and can vote against each other. The ILC elects members of the ILO's Governing Body, a smaller organization that directs more detailed policies and elects the Director-General.

The ILC's core purpose is adopting international labor "standards," which are aspirations more than laws. Once the ILC adopts a standard, it becomes one of the ILO's conventions. However, member states are under no obligation to join the convention, even if their representatives voted for it at the ILC. The ILO currently has 189 conventions (see ILO NORMLEX for a full list), eight of which are deemed

“fundamental” by the ILO. These fundamental conventions cover four topics, sometimes referred to as the four “core labor rights.” These are freedom of association, child labor, forced labor, and unfair discrimination.

The ILO’s approach to labor rights has some obvious weaknesses. ILO member states do not have to join any convention they do not wish to, even the eight fundamental conventions. The United States, for example, despite being one of the ILO’s largest donors, has only ratified two of the eight core conventions.

The ILO monitoring function is also weak (Hagen 2003). Countries self-report on their compliance with conventions while the ILO only conducts cursory investigations. Further, the ILO only looks at whether or not a country’s domestic laws are in compliance with international conventions – the ILO almost never concerns itself with how laws are actually implemented, a glaring oversight given that many countries have excellent laws on the books but no implementation.

Finally, the ILO lacks enforcement power. The ILO’s Constitution allows the ILO to hear complaints brought against countries, either by other countries or by groups within the country. If a complaint is brought, the ILO is supposed to create a commission to investigate and make recommendations. If the country ignores the recommendations, then the issue will be heard by the Governing Body, which will propose action. If the country ignores the recommended action, then the Governing Body may recommend that the ILC hear the case and “take such action as it may deem wise and expedient to secure compliance forthwith” (ILO Constitution, Article 33). In its entire history, the ILO has only used this power once, in 2000, on the issue of forced labor in Myanmar (Elliott and Freeman 2003). As one scholar put it, “the procedures that must be followed to obtain

an actual condemnation by an official organ of the ILO are truly cumbersome. The scopes open for obstructionism or complete evasion of any responsibility are considerable (Hagen 2003, 23).”

The weakness of international labor law and the ILO became salient in the 1970s as global trade intensified and developed countries became increasingly open to manufactured goods from developing countries. Unions and labor rights activists in developed countries became frustrated with traditional international law and turned to more unilateral actions, notably putting human rights issues in trade treaties. The next section will discuss these efforts.

2. Embedding Human Rights in Trade Treaties

Beginning in the 1980s, the United States and European Union (then the European Community) began introducing human rights clauses into trade treaties with developing countries. The exact motivations of these governments remains disputed, but it was some combination of concern for egregious violations in developing countries, demands for protection from unions and industries within their borders, and pressure from human rights NGOs (Hafner-Burton 2013).

The United States first combined labor rights and trade in the 1984 Renewal Act of the General System of Preferences (GSP). The GSP, created in 1974 by the US Congress, lowered tariffs on products from certain developing countries. Its purpose was to incentivize cooperation with US priorities, such as counter-terrorism, resisting communism, and participating in anti-drug activities. The 1984 Renewal Act contained a provision stating that the US President could remove countries from the GSP if that

country “has not taken or is not taking steps to afford internationally recognized labor rights (Alston 2003, 72).”

This provision set a precedent subsequent trade treaties. The North American Free Trade Agreement (NAFTA) included a side agreement on labor rights that set up a special commission to investigate violations. The Central American Free Trade Agreement (CAFTA) also contained language requiring countries to uphold their own labor laws.

In the 1990s, the United States pushed to have labor rights included in discussions for the WTO. Developing countries, however, feared this would lead to protectionism and were adamant that WTO negotiations not even discuss labor rights (Gadbaw and Medwig 2003). After much discussion, the WTO Singapore Ministerial in 1996 asserted that labor rights would be the sole provision of the ILO (Singapore WTO Ministerial 1996). One observer wrote that this was “the WTO vigorously batting the ‘ball’ of trade–labor linkage back into the ILO’s court, expecting the ILO simply to drop the ball (Blackett 2015).”

Regardless of its failure to include labor rights in the WTO, the United States, even under the Bush administration, included provisions in bilateral free trade agreements with Chile, Colombia, Jordan, Korea, Oman, Panama, and Singapore. The Trans-Pacific Partnership, an ambitious trade treaty that has been signed by President Barack Obama but not yet ratified by the US Senate, also contains labor rights provisions, notably a side agreement with Vietnam to improve freedom of association.

The EU followed a similar path in its trade agreements with African, Caribbean, and Pacific (ACP) countries. These ACP countries are former European colonies that

receive preferential trade access as reparations for colonialism. They first received preferential trade access to Europe in the Lomé Convention of 1975 between the European Community and ACP countries. The original convention did not mention labor or human rights, but the fourth version of the convention, signed in 1990, required ACP countries to respect human rights, democracy, and rule of law. The Cotonou Agreement, signed in 2000, replaced the Lomé Convention and had similar requirements. The Agreement contained specific provisions to a “political dimension” that calls for countries to discuss and uphold treaties regarding the “arms trade, excessive military expenditure, drugs and organized crime, ethnic, religious or racial discrimination... human rights, democratic principles, the rule of law and good governance (Cotonou Agreement, Article 8.4).” As can be seen from this list, the EU has pursued a broad spectrum of issues while the United States has focused narrowly on labor rights and child labor (Hafner-Burton 2013). The EU included similar language in bilateral treaties with Bangladesh, Kazakhstan, and Venezuela.

Although embedding labor rights in trade treaties has become standard practice in the United States and EU, scholars looking at this practice deem it ineffective at improving actual rights on the ground. Politicians in developed countries have rarely had the will to strongly enforce these provisions; governments in developing countries were usually bullied into signing these agreements and had no plans to put them into effect; and labor activists have been unable to use these treaties to get justice for rights violations.

Under the GSP, for example, the first President George H.W. Bush never removed a country for labor rights violations, even when the US State Department issued

reports condemning the country's labor conditions. The GSP Subcommittee responsible for hearing complaints refused to take action on any number of reports. As a test case, labor rights activists brought a case to the subcommittee and, after much effort, the case foundered on procedural issues and the substance of the matter was never considered. One scholar believed that this was deliberate obfuscation on the part of the Bush administration, writing that the subcommittee did its best to "undermine" the labor provisions of the GSP (Collingsworth 2003). President Bill Clinton used the GSP to pressure small countries like Guatemala to improve working conditions, but he ignored equally egregious rights violations in important markets like Indonesia and Malaysia (Compa and Vogt 2001). Clinton even brought Pakistan into the GSP for diplomatic reasons despite the country's terrible working conditions and supported China's ascension to the WTO without regard for its abysmal labor rights record.

The labor side agreement of NAFTA is similarly toothless. An arbitration court, called the National Administrative Office, was created to hear cases of labor rights abuses, but the actual process of having a case heard is long, expensive, and opaque. One scholar estimated that it would take almost four years to have a case heard (Diamond 2003). This author points out that NAFTA's protections for workers are incredibly weak compared to the treaty's protections for investors and intellectual property. The CAFTA agreement also lacks enforcement (Cuyvers and de Meyer 2012); its labor rights provisions have only been invoked once, against Guatemala (US Trade Representative 2015).

If bilateral trade treaties have any effectiveness, it occurs before the treaty is signed. One expert found that both Oman and Chile both substantively altered their labor

laws, especially around improving freedom of association, in order to finalize a trade treaty with the United States (Hafner-Burton 2013). This was done to mollify Democrats in the US Senate who would otherwise vote against the treaty. Once trade treaties have been signed, however, the labor rights provisions are almost never enforced by the United States.

The Cotonou Agreement between the EU and ACP countries has also been weakly enforced. These countries continue to enjoy preferential access to EU markets despite frequently violating the political dimensions of the agreement. On a positive note, however, the EU has threatened several countries with expulsion from the ACP after military coups and crooked elections (Hafner-Burton 2013). This threat has given the EU some leverage over these countries to push for free elections and democracy. The EU's treaty with Bangladesh was similarly invoked after the Rana Plaza disaster to pressure the country to improve worker safety.

Enthusiasm about embedding labor rights in trade treaties peaked in the late 1990s when developing countries resisted inclusion of a social clause at the WTO. At this point, labor activists despaired of working with states and turned directly to the private sector, leading to rise of private compliance initiatives.

3. Private Compliance Initiatives

PCIs began rapidly proliferating in the 1990s.[§] Their rise was due in part to frustration with international law and trade treaties, but was also driven by the ideology of the NGOs that pushed for them (Compa and Darricarrere 2003). These NGOs differed from labor unions in that they understood how to pressure the media and public opinion far more

[§] The earliest example of a US corporate code of conduct is the Sullivan Principles that addressed apartheid in South Africa. The author of this code repudiated it as ineffective and called for US legislation instead (Compa and Darricarrere 2003).

effectively then they understood how to lobby their governments; they were more globally-minded than unions, which tend to be nationalistic; they also wanted immediate improvements in working conditions rather than pushing for lofty political victories like improved legislation on freedom of association.

The final reason PCIs spread was that multinational corporations (MNC) proved surprisingly willing to adopt these initiatives in response to activist pressure. It is worth remembering that, just two decades ago, Nike's top executive in Indonesia reported that he never asked factories in his supply chain about labor conditions, saying: "I don't know that I need to know (Barnet and Cavanagh 1994, 328)". Today, Nike has a large department committed solely to monitoring working conditions in its supply chain and virtually every other apparel company participates in at least one PCI. It is hard to know why apparel companies did not simply refuse to accept responsibility. If they had collectively refused, perhaps the activist pressure would have dissipated and PCIs would never have come into existence.

PCIs have proliferated in other industries as well, with the Kimberly Process for diamonds, the Forest Stewardship Council for forest products, the Harkin-Engel Protocol to eliminate child labor in cocoa production, the Electronics Industry Citizens Coalition, and the United Nations Global Compact which covers all industries. Today, it has become a norm for MNCs with global supply chains to at least pay lip service to PCIs. One study of over 500 large companies found that 88 percent had an internal PCI, 39 percent participated in an industry PCI, and 32 percent participated in a universal PCI (Sethi and Schepers 2013).

The first code of conduct in apparel was implemented by Levi Strauss Corporation in 1991. The company took a strong stance against forced labor and child labor and refused to source products from China. Other companies followed suit, but labor activists criticized these internal codes of conduct and began demanding more transparent codes that were conducted by independent entities (Meyer and Gereffi 2010). This led to a proliferation of overlapping and competing industry standards with a mix of corporate and NGO control.

At one end of the spectrum, there were corporate-controlled standards like Worldwide Responsible Apparel Production (WRAP), which creates standards and then certifies for-profit companies to inspect factories in accordance with WRAP standards. Social Accountability 8000 has a similar model to WRAP but has some input from NGOs, although it is generally considered a corporate-controlled initiative (O'Rourke 2006).

The Workers' Rights Consortium (WRC) is at the other end of the spectrum. The WRC encourages universities to adopt codes of conduct and inspects factories that produce branded apparel for universities (e.g. a Reebok sweatshirt being sold in Penn State's bookstore). The WRC is also the only organization that accepts and investigates complaints directly from workers. Its board of directors is composed of NGOs, universities, and multinationals and is the most strident in its demands for improved working conditions. The WRC has never achieved a wide reach because of its perceived antagonism to the private sector, but it has leveraged the power of universities to give itself a strong voice in discussions over international labor rights.

The Fair Labor Association (FLA) has become the premier industry standard by equally balancing NGOs and MNCs, thereby achieving credibility from both sides. The FLA's core function is certifying the internal codes of conduct created and implemented by brands themselves. The FLA also conducts its own assessments of factories that participate in the supply chain of member brands.

In Europe, the Ethical Trading Initiative, a British program with ties to NGOs, industry, and the government has focused on conducting research and disseminating best practices. The Fair Wear Foundation, originally a Dutch initiative, plays a role similar to the FLA in that it certifies brands internal codes of conduct and inspects a small percentage of factories to ensure compliance.

The sociologist Tim Bartley provides an insightful explanation for why standards in the apparel industry are so fractured (Bartley 2007). He points out that PCIs are not technocratic responses to problems, but rather are a site of political contestation bounded by norms and institutions. As a counterfactual, he contrasts apparel with the forest goods industry, an industry in which the Forest Stewardship Council (FSC) is the single dominant standard ensuring that forest products are harvested sustainably. Bartley determined that several key variables have driven the differences between standards in apparel and forest goods.

In the forest industry, all major buyers of wood adopted the FSC early on and cooperated with each other to implement the program. In apparel, buyers have not cooperated well and have resisted giving any authority to industry-wide associations like the FLA (for example, the FLA only certifies buyers' internal codes while the FSC certifies the actual producers of forest products).

In the forest industry, environmental NGOs coordinated to play a dominant, early role in the FSC and defined the terms of the program before industry came on board. Further, the FSC institutionalized equal participation between NGOs from the global north and south (Dingworth 2008) which increased the program's legitimacy and kept NGOs united. In apparel, however, labor NGOs never coalesced around a single approach and were always playing catch-up with MNCs. Even in initiatives with NGO involvement, the MNCs were simply too powerful and well organized for the NGOs to balance them (Meyer and Gereffi 2010). The only labor groups with the organizational capacity to stand up to MNCs were labor unions, but they were pushed out of the FLA because the program would not demand a living wage or freedom of association (Howard 1999). The departure of unions, however, did not stop the FLA from becoming the dominant standard in labor rights. This signaled to MNCs that they could "shop around" for compliant NGOs to partner with.

A final difference between forestry and apparel is that FSC quickly achieved worldwide reach, such that one can see the FSC seal on paper and wood products all around the world. In apparel, meanwhile, different governments stepped in to promote different standards, leading to divisions between the United States and Europe that persist today.

All these factors created a situation where almost every apparel company has its own internal code, occasionally hires third party monitors, and belongs to numerous industry-wide initiatives and standards. The system is so inefficient that factory owners complain about the amount of time and energy that they must put into satisfying frequent

inspections. And despite all this effort, the monitoring of working conditions in apparel has had almost no effect.

Every academic analysis of PCIs has found that these initiatives had, at best, a small impact on labor rights. Theoretical papers have pointed out the numerous flaws in PCIs (Locke et al 2009; Meyer and Gereffi 2010; Wells 2007). The first flaw is that the agents of a PCI may be unwilling to find problems. Internal monitoring by MNCs may only try to protect the MNC from scandal and so the PCI will ignore anything other than child labor and egregious safety violations. Third party monitors, who are paid by MNCs or factories, similarly have no incentive to write a harsh report when their competitors are willing to write a glowing one. One former monitor wrote an op-ed in which he claimed that his employer deliberately avoided making waves for factories or brands in order to ensure repeated business (Frank 2008).

The second flaw in the PCI approach is that sincere monitors are often unable to find problems. Factory owners have an incentive to hide problems and they are usually better at covering up problems than auditors are at finding them. The flaw is particularly acute for more nuanced issues like sexual harassment, gender discrimination, or freedom of association violations. Managers will obviously not engage in these behaviors directly in front of auditors and will coach workers in how to talk to auditors. Therefore, auditors must visit workers offsite, return to a factory repeatedly, and interview union representatives to assess these issues. Very few PCIs are willing to devote the resources to conducting such thorough audits.

The third flaw is that finding problems rarely leads to those problems being addressed. The PCI model assumes that MNCs will punish code violators and reward

factories with good records, but in practice this almost never happens (Better Work Research Brief 2011b). MNCs only worry about factories violating the worst labor laws, such as child labor and forced labor. Beyond these issues, MNCs care far more about price, quality, and timeliness. Additionally, even in the case that an MNC does sincerely want to pressure a factory, the factory may ignore the MNC. Apparel factories usually have orders with half a dozen buyers at once and rarely receive a guarantee of repeat business, so they have no reason to radically change labor practices in response to a single MNC. They are more likely to implement meaningless surface changes and hope that the pressure goes away.

Empirical analyses have corroborated the theoretical criticisms discussed above. One academic followed a team of PriceWaterhouseCoopers auditors in China and Korea and determined that the audits were “significantly flawed.” The auditors got most of their information from managers, they allowed managers to select workers for interviews, and they interviewed workers at the factory with managers nearby. As such, auditors missed significant safety problems, double bookkeeping, and freedom of association violations (O’Rourke 2000).

Another academic was given access by Nike to the company’s internal monitoring reports, providing the most complete analysis of an MNC’s code of conduct. He found little evidence of improvements in Nike’s supply chain and some evidence of worsening (Locke 2007; Locke 2013). This finding is significant because Nike has one of the industry’s most comprehensive monitoring programs. The company has over 100 staff members around the world dedicated just to monitoring working conditions; their audit is relatively comprehensive; and the FLA also audits five percent of the company’s supply

chain. If Nike's monitoring efforts have not yielded improvements, then one can reasonably infer that other MNCs' internal codes are equally ineffective.

An analysis of the FLA's monitoring and remediation efforts is a little more positive (Anner 2012). This academic found that FLA auditors were able to remediate many of the violations they found related to child labor, wages, and safety. However, the FLA was far less able to confront freedom of association problems. Of the total number of violations found by FLA auditors, only 5 percent related to freedom of association while 40 percent related to safety and 31 percent related to wages. Remediation rates were also lowest for freedom of association issues (and these remediation rates were self-reported by the FLA so they likely overstated success). The author concluded that the FLA was able to enforce a basic minimum of labor standards but was unable to address deeper problems.

There is some evidence that PCIs can have an effect when they operate outside the normal model. For example, health and safety issues improved in factories that worked with Nike when the MNC had a long-term relationship with the factory and conducted repeated trainings (Locke 2013). In this case, the improvements were not the result of monitoring, they were the result of collaboration and problem solving. Similarly, child labor in the soccer ball sewing industry was eradicated from Pakistan after MNCs worked together with local NGOs and formed a comprehensive approach to eliminating child labor from the supply chain; it also helped that MNCs threatened to leave the country altogether if producers did not comply (Nadvi et al 2011).

All of this suggests that PCIs can have some effect when they cooperate with local actors such as governments, unions, and NGOs (Meyer and Gereffi 2010, Locke

2013). Further, PCIs can be more effective if they focus less on monitoring and more on cooperating with factories to jointly develop solutions and share best practices (O'Rourke 2003, Locke 2009). Lastly, MNCs must occasionally make credible threats of sanctions against factories that refuse to comply.

These insights, unfortunately, seem not to have penetrated the public discussion around PCIs. When I read newspaper articles or NGO reports, people are generally calling for more comprehensive monitoring or stricter incentives for factory owners to cooperate. Hopefully there will be a paradigm change in PCIs in the near future, with more of an emphasis on solving problems than on simply monitoring them. Regardless, PCIs remain a very common response to supply chain problems and will doubtless continue to proliferate for the foreseeable future.

Conclusion

This chapter has discussed three efforts to improve international labor rights. International labor law, which began at the turn of the twentieth century; embedding labor rights in trade agreements, which became a norm in the 1980s; and PCIs which have been proliferating since the 1990s. All three efforts continue today despite little evidence that they work to improve actual working conditions.

The Better Work program is closest to a PCI in its operations, but it incorporates international law and, in some countries, trade treaties. Better Work is like a PCI in that it monitors factories, provides reports to MNCs, and relies on pressure from MNCs to drive factory participation in the program. Better Work upholds international law by monitoring for the ILO's eight fundamental conventions, regardless of whether or not countries have joined these treaties. Better Work also links with trade treaties in Haiti, Jordan, Lesotho, and Nicaragua. In these four countries, some of Better Work's authority is derived from US trade treaties that call for improved labor rights.

Better Work goes beyond other PCIs by doing what the experts discussed in the previous section recommend. The program cooperates closely with local governments and, when possible, local unions. It also emphasizes cooperating with factories and developing long-term solutions instead of quick fixes. These efforts allow the program to develop comprehensive solutions to problems and have led to real change in the countries where it operates. In this way, Better Work goes far beyond what any other PCI has achieved. The next five chapters of this dissertation turn to a discussion of Better Work.

Chapter Four: Better Work's Operations

Better Work's activities cover a wide breadth. Better Work is the largest ILO program in all the countries where it operates and is often one of the country's largest United Nations programs. Moreover, Better Work has unparalleled access to stakeholders and knowledge of local conditions; this makes it a desirable partner for many other actors including other ILO and IFC departments, multinational buyers' aid programs, and academic researchers.

This chapter will describe these activities in two categories. The first category covers the program's "Core Services." These are activities that take place within factories and include monitoring working conditions and helping factories improve. The second category, "Stakeholder Engagement," refers to Better Work's activities outside the factory gates and includes working with government ministries and national labor unions, partnering with international buyers, and contributing to intellectual discussions about labor rights and economic development at the global level.

1. Core Services

Better Work's "Core Services" are activities that are directly aimed at improving labor conditions and productivity in individual factories. These activities form the center of the Better Work model, they are the easiest activities to understand, and their effect is the easiest to measure.

In Better Work's internal language, Core Services are divided into three categories: monitoring, advising, and training. "Monitoring" involves a lengthy inspection of working conditions in the factory using a detailed checklist. "Advising" involves helping a factory set priorities and organize a worker-manager committee to

implement changes (The term “advising” is a bit misleading. Better Work does not actually *advise* factories on specifically what to do; rather, it tries to create the underlying conditions for factory-led improvements.) Every factory that joins Better Work agrees to a series of monitoring and advising visits by Better Work staff. “Training,” the third Core Service, refers to optional classes that factories can participate in for an additional fee. These three types of core services are discussed in more detail below.

Monitoring

When a factory begins to participate in Better Work, it agrees to give Better Work staff, called Enterprise Advisers (EAs), uninhibited access to the factory. EAs do not have to announce their visits, they can meet privately with anyone in the factory, and they can inspect any part of the factory that they choose. Factories are monitored once a year, but EAs visit a factory roughly once a month for Advising visits (discussed below).

The EAs use a 256 point checklist called the Compliance Assessment Tool (CAT). The CAT is organized into eight broad categories called Compliance Clusters. Four of these clusters are the ILO’s four core labor rights: abolition of child labor, abolition of forced labor, abolition of discrimination, and freedom of association and collective bargaining. The other four clusters contain questions based on domestic labor law; they are compensation, contracts and human resources, occupational safety and health, and working time.

These eight Compliance Clusters are each then subdivided into roughly a half dozen Compliance Points, which are more specific. For example, the cluster on discrimination is divided into four points: race and origin, religion and political opinion, gender, and other. Table 4.1 shows how clusters are divided into points (this table has

been taken from Better Work’s annual reports). These Compliance Points are further subdivided into yes-or-no questions that EAs actually monitor. For example, the Gender Compliance Point is divided into 11 questions that ask if job applications refer to gender, if applicants must submit to a pregnancy test, if gender is a factor in promotions, etc.

	Compliance Clusters	Compliance Points
Core Labor Standards	1 Child Labor	Child Laborers Unconditional Worst Forms Hazardous Work Documentation and Protection of Young Workers
	2 Discrimination	Race and Origin Religion and Political Opinion Gender Other Grounds
	3 Forced Labor	Coercion Bonded Labor Forced Labor and Overtime Prison Labor
	4 Freedom of Association and Collective Bargaining	Union Operations Freedom to Associate Interference and Discrimination Collective Bargaining Strikes
Working Conditions	5 Compensation	Minimum wages Overtime wages Premium Pay Method of Payment Wage Information, Use and Deduction Paid Leave Social Security and Other Benefits
	6 Contracts and Human Resources	Employment Contracts Contracting Procedures Termination Dialogue, Discipline and Disputes
	7 Occupational Safety and Health	OSH Management Systems Chemicals and Hazardous Substances Worker Protection Working Environment Health Services and First Aid Welfare Facilities Worker Accommodation Emergency Preparedness
	8 Working Time	Regular Hours Overtime Leave

The CAT is standardized across Better Work countries, but there is some variation on specific questions. National legal experts and the labor ministry give input on the specific questions that inform the Compliance Points so that the questions make sense in the local context. The CAT also varies across countries because Better Work only monitors for compliance with domestic law (however, if domestic law contradicts or has a lower standard than the ILO conventions, international law prevails). For example, Jordanian law does not have a maximum number of work hours in a week, while other countries do, so Better Work cannot monitor that point in Jordan. To give another example, Indonesian law requires that one percent of a factory's workforce be disabled, so Better Work only monitors this point in Indonesia.

The strengths and weaknesses of the CAT engenders some debate within Better Work. One strength is its level of detail: everyone interviewed agreed that Better Work's CAT is far more extensive than the reports done by buyers' CSR departments or by third-party monitors. EAs go to factories in teams of two and conduct a two-day long inspection; private monitors usually spend half a day and often go alone. These private monitors also often do not speak the local language, while EAs are recruited locally so they understand the language and culture. Another strength of the CAT is that it monitors for international law, so omissions in domestic laws will not affect the quality of the reporting. Further, Better Work explicitly includes freedom of association issues, which are usually overlooked by private-sector monitoring schemes. Even the much-publicized Bangladesh Accord and Alliance only monitor for fire and building safety. The final strength of the CAT is that buyers like it and are willing to pay for it.

The CAT has several weaknesses. The first is that the CAT is essentially a long list of yes-or-no questions, even though many labor rights issues are qualitative in nature and are not easily reduced to a series of binary questions. This partly an issue of degree: a factory with a few minor safety violations and a factory that is about to explode may fail a similar number of questions, despite one being in far worse shape. The greater problem is that many issues cannot be captured with a binary yes-or-no question. For example, a factory that does not have an explicit anti-union policy will not fail a freedom of association question even if workers believe they will be fired for attending union meetings. In a case like this, a qualitative, subjective report that contains interviews would be far more enlightening than a checklist.

Another weakness with the CAT is that a factory may improve on the CAT without actually improving working conditions. For example, a factory may implement a written fire safety policy and form a fire safety committee, leading to improvements on the CAT; but these new policies may not lead to actual improvements in safety. In such a case, the factory's CAT would improve even though workers' actual safety has not changed. This weakness is especially salient for subjective problems like sexual harassment. For example, a factory could institute an explicit anti-sexual harassment policy and hold a sexual harassment workshop, leading to improvements on the CAT. But these policies could have no effect on a culture of sexual intimidation of workers by managers. In this case, the CAT would show improvement even when the conditions of women have not actually improved.

Monitoring by Better Work is also different from other inspections in a fundamental way. Other inspectors, such as labor inspectors or buyers' monitors, visit a

factory to uncover violations and threaten sanctions. Better Work EAs, on the other hand, treat the initial evaluation as a “needs assessment” whereby the EAs and the factory work together to identify problem areas to be improved upon.

To use an analogy: other inspectors are like the police, seeking to identify and punish criminals. Better Work EAs, on the other hand, are like doctors trying to find and cure a disease. This approach is one of Better Work’s strengths. Over the last two decades, factory managers have become adept at hiding problems from monitors sent by international buyers. Managers routinely keep two sets of books, they coach workers on what to say, and they make superficial changes to safety equipment when inspectors are around. By promising to work with factories and not punish them, Better Work’s model theoretically leads to factory managers being more forthcoming about problems.

Not all factory managers, however, immediately view EAs as partners coming to help them. Frequently, managers are not even aware of the differences between Better Work and all the other monitors that come to their factory. Officials at employers’ associations at the international and domestic levels reported that it can take several years for factory managers to begin understanding the Better Work model and appreciating that Better Work can help them if they are honest about problems.

A further complication comes from the buyers. Although buyers that participate in Better Work promise not to punish factories that are honest about problems and trying to improve, factories may not believe that buyers will give them time to improve and so will try to hide problems. All of this leads to a delicate balancing act based on trust and reputation, both of which take a long time to build, can evaporate quickly, and are based as much on perception as on reality.

A case in Jordan in 2012 is illustrative of this balancing act. Better Work Jordan began operating in 2008 and spent over three years convincing factories in the country to begin participating in Better Work. Then, in the beginning of 2012, an NGO released a report that a manager in a Jordanian factory had sexually assaulted dozens of women (Kernaghan 2012).

How should Better Work respond when a report like this is published? If Better Work does not respond right away, then it loses credibility in the eyes of buyers and labor rights advocates. But if Better Work suspends the presumption of innocence and immediately condemns the factory, then it will lose the trust of owners. The program has no perfect response. (This case is discussed in more detail in chapter 8; the main point here is that Better Work staff have a difficult time maintaining the faith of every stakeholder.)

Another way Better Work ensures that factories will not be punished for violations is by keeping reports confidential from the government. There are, however, rare exceptions to the confidentiality of factories, so-called “zero-tolerance” violations, which are extreme violations like child labor. If an EA finds a zero-tolerance issue, then it will inform the government.

Another limitation of Better Work monitoring is that it is so labor intensive. According to an internal evaluation, EAs in several countries spend more time on monitoring than on advising and training activities. Given that Better Work’s goal is to improve labor conditions, not simply document them, monitoring is a poor use of staff time. In May of 2015, the program implemented some changes to its model to reduce the amount of time spent on monitoring; this new model is covered at the end of this chapter.

Advising

Advising is Better Work's second Core Service and is also a mandatory activity for factories that participate in the program. "Advising" is poorly named because it gives the impression that EAs are telling factories what to do. The reality is that, during these activities, Better Work staff set up the conditions for factories to improve themselves.

The main activity in advising is the formation of the awkwardly-named Performance Improvement Consultative Committees (PICCs). These PICCs have equal representation from workers and managers; ideally, the worker representatives are directly-elected by other workers, although this is not implemented properly in all factories. The manager representatives are chosen by management. The PICCs' mandate is to prioritize problems in the factory and develop solutions that are jointly-approved by workers and managers.

During advising visits, Better Work EAs go to factories in order to supervise elections for workers' representatives, to stimulate discussion between workers and managers, to present the results of the CAT, and to generally make the PICCs run smoothly. The EAs are not supposed to actually run the meetings. The goal is for the PICCs to eventually operate without any Better Work staff present.

All the stakeholders who were interviewed emphasized that PICCs are one of Better Work's key innovations in improving workplace conditions. Although they are simple from a technocratic perspective, PICCs can be profoundly transformative because there is often so little communication between workers and managers. Survey results have shown that managers often misunderstand what workers want (Domat 2013). Additionally, workers often have no formal way to communicate with managers and even

when compliant procedures are in place, they are not used. Several stakeholders went so far as to say that many strikes could be prevented if workers could voice their concerns about relatively minor issues.

The PICCs create a channel for communication between workers and employers where none previously existed. This makes it possible for managers to become aware of worker complaints early-on and take action to remedy or ameliorate the problem. The PICCs also provide a way for workers to make suggestions on how a factory can improve both productivity and working conditions, which can lead to better policies.

The most important, but hardest to measure, impact of the PICCs is their potential to change the culture and working environment of a factory. When workers are treated as adults who are capable of meeting managers as equals, then the workplace becomes more enjoyable, workers are more loyal, and operations are generally smoother. A direct relationship between the two has not been established, but most of the stakeholders who were interviewed believed that PICCs improve the workplace environment.

One of the biggest obstacles to the PICCs are cultural barriers. One barrier is that managers often have a paternalistic view of their workers. Hee Won Khym, a senior staffer at a prominent labor rights NGO, relayed a story in which one Korean factory owner had literally told her that his workers were like his children and he was like their father; he provided them with jobs and in turn they should be obedient to him. A bi-partite committee that gives workers equal voice with managers would challenge this man's worldview. Further, the workers may have an aversion to the PICC. They may feel that they do not have a right to speak up, they may lack confidence, or they may fear punishment for standing out. In countries with a history of authoritarianism and

paternalism, workers have been conditioned to accept poor conditions rather than advocate for change. All of this is compounded by linguistic, racial, and caste differences between managers and workers. In many Better Work countries, factory owners and managers are from Taiwan, Korea, or China. The managers may not speak the local language, or only speak it poorly, and they may not understand the customs of their workers.

As a result of these obstacles, it can take years for a factory to have a proper PICC with worker elections, open and honest debate between PICC representatives, and implementation of the PICC's decisions. But once managers and workers begin trusting the PICC, then it can form the basis for continuous improvements far beyond what monitoring alone can achieve.

A final challenge to the PICCs is that they create tension with local labor unions. Strictly speaking, PICCs do not engage in the core mission of labor unions, i.e. organizing workers and negotiating collective agreements. The line between PICCs and unions, however, can get blurry. Factory owners sometimes refuse to meet with unions after forming a PICC in their factory, claiming that the PICC makes unions redundant. Also, PICCs cover some of the issues that labor unions have addressed, such as safety and compliance with labor law. A final source of confusion comes from collective bargaining agreements. PICCs do not negotiate collective bargaining agreements, but they can be a forum for discussion if an agreement is not being implemented properly. In this case, the PICC and the union overlap in function. In most countries, Better Work programs have had to spend a lot of effort clarifying the line between the program and labor unions.

Training

The “Training” Core Service is relatively straightforward. When factories begin participating in Better Work, they become eligible to receive specific trainings from EAs. These trainings are optional and factories must pay extra for them. The trainings can be held at the factories, at Better Work’s headquarters, and more than one factory can receive training at a time.

The trainings on offer cover a wide spectrum. Some trainings are relevant for everyone in the factory and cover working conditions, such as occupational health and safety, labor law, compensation issues, and how to run and use a PICC. Other trainings are specific to jobs within a factory. There is specific training for human resource personnel; the most popular training shows supervisors how to motivate workers without resorting to threats and shouting. Some trainings are relevant for workers’ lives outside the factory and include maternal health, nutrition, and financial literacy. Another category of trainings focus on interpersonal skills like communication, conflict resolution, and negotiation. A final category of trainings focus on improving productivity.

There are two issues worth discussing with trainings. First, they are expensive for Better Work. Even though the factories must pay for them, the price of the trainings does not cover their full cost. This leads to the strange situation wherein the governments of developed countries are subsidizing the training of factory personnel in developing countries. It is an open question if factories would be willing to pay the full cost of the trainings, but given the industry’s short horizon, it is possible that factory owners would not pay for trainings even if the benefits could be recovered in a year or two.

The second issue with the trainings is the tension between labor rights and productivity. For obvious reasons, the factory owners are more interested in paying for productivity training than for trainings that improve workplace compliance. The ILO and donors, on the other hand, prefer to support trainings related to working conditions.

2. Stakeholder Engagement

After several years of operating, Better Work staff realized that the apparel industry could not be improved one factory at a time; the industry is simply too big and too dynamic.

The hope of Better Work is that it can leverage its work within factories into sustainable, widespread policies that effect an entire country or even the entire industry. To this end, Better Work programs have engaged in a variety of activities with stakeholders such as advocating changes to laws, working with social partners, facilitating communication between stakeholders, influencing the ILO and IFC, and providing support for academic research and other development projects.

Advocating Changes to National Laws

In many countries with Better Work programs, the laws have not kept pace with the changing needs of an industrializing economy. At times, Better Work country offices have successfully advocated for legal reforms. In no case, however, did Better Work unilaterally push for changes in the law. The pressure for reform always came from one of the three domestic social partners (governments, union, and employers); Better Work's role was to provide support for the reform.

The clear examples of Better Work influencing labor laws come from Vietnam and Jordan. Vietnam's national union, the Vietnam General Confederation of Labor (VGCL), was looking for a model to improve industrial relations within large businesses.

The VGCL studied Better Work's PICCs and was impressed by the model, especially the direct elections of workers. When the Vietnamese legislature began drafting an updated Labor Code, the VGCL advocated for the inclusion of a law that would require all large businesses to have a committee modeled on the PICCs. Although not all groups in Vietnam were supportive, the VGCL could point to years of research by Better Work showing that the PICCs improved working conditions. Ultimately, the new Labor Law included a provision that all large business had to have bi-partite committees with direct workers elections, an interesting law for a communist, authoritarian country (Better Work Case Study 2013a).

In early 2012 in Jordan, the government, employers, and unions began discussing a collective bargaining agreement (CBA) that would cover the entire industry. Better Work Jordan began promoting the idea, training union and migrant worker association leaders, and bringing in ILO experts to provide advice. After a series of negotiations, a CBA was signed by all parties that affected all 55,000 workers in Jordan's garment industry. The CBA covered issues such as wages, safety, legal recognition of unions, and working hours. The CBA was especially important because it provided equal treatment for migrant workers, who make up the majority of the country's garment sector workers and were provided few rights under the previous law (Better Work Case Study 2013b).

There are several other examples of Better Work influencing laws. In Cambodia, BFC organized a meeting of social partners that successfully advocated for a law that banned exports from Cambodian prisons. In Indonesia, Better Work was part of a larger effort to advocate for a recentralization of the labor ministry; this is important because a decentralization of the ministry after the Asian Financial Crisis had led to local labor

inspectors being captured by elites. And in Haiti and Lesotho, Better Work has been formally contributing to labor and safety law revisions, although these efforts have not led to changes yet.

The upshot of all these efforts is that Better Work cannot change a country's labor laws on its own. But in cases where there is a negotiation occurring between different actors within a country, Better Work's support for a particular position can tip the balance.

Working with the Government

Better Work always works closely with a country's government. This is common practice for an IO, but is unusual for a compliance program in apparel. The labor ministry is usually the closest partner, although ministries of trade and commerce are also often involved. Better Work's activities with the labor ministry tend to fall into two categories: capacity building and partnerships. Capacity building activities cover a broad spectrum: helping the labor inspectors design an assessment tool; training inspectors in techniques for conducting inspections; and teaching government officials domestic and international law. In a few countries with low capacity, Better Work programs have also given input on how the labor ministry can reform its structure. In Haiti, for example, Better Work staff have been central to an ILO program to essentially build a labor inspectorate from the ground up.

In countries where the labor ministry is better staffed and has more resources, Better Work and the ministry work more as partners in promoting joint priorities. Better Work and the labor ministry often co-host information sessions and trainings for

employers, they may work jointly with unions, or the central ministry may cooperate with Better Work to train staff at the local level.

An interesting example of this cooperation comes from Indonesia. In 2014, the Indonesian government passed a law that required factories to appoint an employee who was responsible for ensuring that the factory complied with labor laws. Indonesia's labor ministry subsequently requested that Better Work train and provide certification for these employees. Better Work in Indonesia has also played an important role in forcing factories to comply with national laws regarding wage negotiations. In cases where factories have gotten illegal "permission" from provincial authorities to violate national law, Better Work has been the agent enforcing national labor law and requiring factories to negotiate properly with workers (Amengual and Chirot 2015).

Other Social Partners

Better Work programs make an attempt to work with unions because it was clear from BFC's early years that a strong labor movement is crucial to good working conditions. There is, however, a great deal of variation between countries. Some countries, such as Vietnam, Nicaragua, and Jordan, have a fairly centralized, organized labor movement. But other countries, notably Cambodia and Indonesia, have fractured labor movements with a lot of internal competition. This variation means that Better Work's activities with unions cannot be generalized across countries; however, every Better Work program does try to coordinate with unions as much as possible.

Better Work's activities with employers' association are straightforward. Employers' associations give Better Work feedback on how factories perceive the program; Better Work will use the associations to disseminate information to factories

within the country; and Better Work can help employers communicate with the government, unions, and buyers.

Channel for Communication

Better Work plays a role as a channel for communication in two ways. First, between different domestic stakeholders and, second, between domestic and international stakeholders. Although it is often difficult to connect this activity with a clear outcome, numerous people emphasized the value of Better Work facilitating communication.

In many developing countries, the three social partners often do not communicate very effectively among themselves. In a context like this, Better Work can facilitate communication through its annual meeting with stakeholders and through periodic meetings and discussions. For example, in an interview at the employers' association in Vietnam, I was told that Better Work helps factory owners communicate their concerns to the government. While it may seem odd that employers in Vietnam need an international organization to help them communicate with their own government, the Vietnamese government does not have a history and culture of discussion with the public.

Better Work also connects the domestic social partners with international actors. International buyers, for example, are often interested in meeting with government officials or unions leaders, but they do not know how to go about contacting these groups. In this case, Better Work can help connect both actors. Better Work also connects domestic actors with donor governments and other departments in the ILO and IFC. For example, an ILO program to improve the capacity of Haiti's labor inspectorate relied heavily on Better Work staff for local knowledge because the ILO department in charge of the program did not have enough expertise on Haiti. In another example, when

the IFC wanted to launch a program to finance trade for Vietnamese factories, it used Better Work to promote the program among factory owners.

Influencing the ILO and IFC

Better Work staff want their research to have an influence on the ILO and IFC. In practice, this means trying to persuade the ILO that the power of private sector can be harnessed in the service of improved labor rights while convincing the IFC that unions and labor rights are not detrimental to economic development and job creation.

Within the ILO, Better Work has had an effect on the institution's ideology simply by being so successful. In Better Work's early years, many people within the ILO were skeptical about partnering with the private sector. But by late 2014, the program had a positive reputation among ILO staff in Geneva and it generated a lot of interest. In an institution that often fails to achieve results on the ground, Better Work was one of the few programs that could point to a concrete impact for its efforts.

Within the IFC, Better Work's research made a significant contribution to the 2013 *Jobs Study* that has set the institution's current agenda. A section on "Quality of Jobs" relies heavily on Better Work research and academic articles based on Better Work (IFC 2013 130-139); the section concludes that good quality jobs are good for businesses, good for development, and good for social cohesion.

The extent to which this lesson has penetrated the IFC's culture is hard to determine, but the IFC and World Bank are going through a period of intellectual soul-searching. The 2014 World Development Report discusses the human mind and has a chapter on the how the mental models of development experts cloud their judgment (World Bank 2014 180-191). The report argues that development experts should base

their decisions on evidence, not models learned in graduate school. If this is taken to heart by World Bank staff, it presents an opportunity for Better Work, with all its research, to have a strong influence within the institution.

Academic Research

One of Better Work's main missions is to support academic research on its operations and on the apparel industry in general. This mission has a dual purpose. It provides Better Work's stakeholders and donors with independent assessments of the program; it also creates a channel for Better Work to share its lessons with the world. Further, because academics are independent, their research has more credibility in the public's eye than reports by Better Work staff.

The largest research project supported by Better Work is a multi-year, multi-country survey of workers and managers organized by a team of academics and based at Tufts University. This project has conducted computer surveys of thousands of factory employees in five countries. The compiled dataset is one of the largest datasets in the world containing microdata on workers' lives; it also contains a lot of information about factory operations. The data is available for use by any interested researcher and has formed the basis for numerous papers, most of which are summarized in chapter 8.

Better Work has supported several other research projects. One survey specifically looked at the difference between workers' and managers' attitudes towards the workplace (Pike and Godfrey 2012). Another project, yet to be published looked at the effect of PICCs on the prevalence of strikes and labor unrest in Vietnam. A third study found that Better Work increased the likelihood of factories properly negotiating wage contracts in Indonesia (Amengual and Chirot 2015).

Platform for Development Activities

Better Work country programs often support development activities by donors, international organizations, and multinational buyers. Since Better Work already has close connections with stakeholders in a country, and also has access to thousands of workers, an organization wishing to implement a program can achieve far more working through Better Work than it can setting up a program alone.

Programs by donors include the US Department of Labor funding a program in Vietnam to build the capacity of trade unions. The Canadian government funded a project in 2012 to improve Haiti's labor inspectorate; in 2014, the Canadian government began supporting a project to improve the capacity of all three social partners in Vietnam.

Better Work has supported the ILO's Labor and Administration (LAB/ADMIN) office in implementing two large programs to build the capacity of the labor inspectorates in Haiti and Vietnam. In these countries, Better Work has used its connections with the inspectorates to smooth the operations of LAB/ADMIN. Better Work programs in Nicaragua and Jordan have also organized periodic workshops by ILO experts for labor inspectors. With respect to the IFC, Better Work has helped support the IFC's desire to work more closely with buyers and producers in the apparel industry.

Multinationals have also partnered with Better Work to implement corporate-social responsibility programs. The Levi Strauss Foundation, a non-profit supported by the apparel company, has funded several development activities through Better Work. The Disney Corporation also made a large donation to Better Work to cover the cost of a specific training course, titled "Supervisory Skills," for factories in Better Work, regardless of whether or not these factories supply Disney. American Eagle, another

company, funded HERproject in Cambodia; this is a program that educates women about nutrition, hygiene, and maternal health.

Influencing Buyers

A final activity is trying to influence international buyers. Better Work organizes frequent Buyers' Forums at the global, regional, and national level. The forums are a chance for buyers to meet with each other, with Better Work, and with domestic stakeholders to discuss the most salient issues in labor rights. Better Work uses these forums to highlight specific issues and attempt to raise the floor on behavior by buyers.

The clearest example of Better Work's organizing buyers was in Cambodia in 2014 after numerous union members had been killed or arrested during political protests. As the crisis unfolded, BFC helped coordinate a letter from 25 multinational buyers demanding due process for people who had been arrested and a good faith resolution to the labor disputes. The letter indicated that these buyers had already begun reducing their orders from Cambodia and threatened to pull even more orders if the violence and human rights abuses continued. The letter included large buyers like Wal-Mart, PVH, and H&M and reportedly influenced the government to resolve the dispute.

The Buyer Partnerships are the central way that Better Work tries to influence buyers. When buyers become "partners," they sign a legal agreement with the ILO and IFC that entails certain commitments. These include not duplicating audits in factories that participate in Better Work, not pulling orders from factories that are transparent about their problems, encouraging all the factories in their supply chain to participate in Better Work, and supporting Better Work's factory-specific plans to remediate problems.

The agreement also contains a provision that buyers should identify and address their own business practices that contribute to non-compliance from their suppliers.

This last commitment deserves some extra discussion. Everyone interviewed highlighted the fact that buyers' business practices are one of the main drivers of poor working conditions in the industry. Buyers consistently want better quality, cheaper prices, and faster turnaround, all of which puts a lot of pressure on factory owners and workers. Many people reported that one of Better Work's weaknesses is that buyers are not required to alter their behavior in any way. The Partnership Agreement attempts to compensate for this weakness by having buyers commit to addressing business practices, but the simple truth is that Better Work has no levers for getting buyers to change their behavior. As such, Better Work has to rely on persuasion, public opinion, and the changing culture of the apparel industry to effect change.

Conclusion

Better Work's operations can be divided into two broad categories: its "core services" that improve labor standards within factories and "stakeholder engagement," processes through which the program partners with other actors to improve conditions beyond individual factories. This chapter has discussed these operations in detail.

The next chapter looks at Better Work's governance and stakeholders. It provides the political context for the program's operations, showing how the interests and power of each stakeholder define the parameters of the program's day to day activities.

Chapter Five: Perspectives from Different Stakeholders

Better Work's most fascinating aspect is the diversity of its stakeholders. The program receives input from governments in developed and developing countries, multinational corporations, national employers' associations, the global trade union movement, and two international organizations. Each one of these stakeholders has a powerful voice and has the ability to disrupt or even stop Better Work altogether. Wealthy governments could withhold funds, governments in developing countries could refuse to allow the program to continue, multinationals could stop subscribing to reports, trade unions could destroy Better Work's legitimacy by pulling support, and employers' associations could urge their members not to participate.

Given this diverse set of interests, it is impressive that Better Work manages to satisfy all these constituencies. If we understand Better Work not as a technical response to a problem but rather as a site of contestation between actors with conflicting interests, then the questions arises: why do all these actors participate in Better Work rather than pushing their own initiatives or simply doing nothing? Or to take Albert Hirschman's famous phrasing: why do these stakeholders choose "voice" and "loyalty" over "exit" (Hirschman 1970)? This chapter discusses each of Better Work's major stakeholders and explains why they support, or at least do not resist, the program.

1. The Management Group, the ILO, and the IFC

The highest source of authority for Better Work is the Management Group (MG). The MG is always composed of two senior officials from the ILO and two from the IFC. The MG sets the long-term direction of the program, deciding on which countries to enter,

whether or not to expand to new industries, and to incorporate new types of assessments (e.g. environmental assessments).

In interviews, everyone stressed that the MG operates by consensus and there is very little friction between the ILO and IFC representatives. Although each organization is interested in Better Work for different reasons, their goals are not mutually exclusive and often overlap. One interviewee pointed out that the MG's structure does not lead to conflict for two reasons. First, the ILO and IFC staff appointed to the MG are senior enough that they can make decisions independently of their own bureaucracies. If the staff on the MG needed approval from multiple individuals within their own organizations, then agreement would probably be far more difficult.

The second reason for a lack of conflict between the ILO and IFC is their different competencies. The ILO is obviously the expert on labor rights and has a lot of credibility in the eyes of unions and labor rights NGOs. The IFC, on the other hand, has expertise in productivity and efficiency, trade promotion, and financial sustainability. This division of competencies has fostered collaboration and sidestepped the turf wars that often accompany partnerships between organizations.

At first glance, it would seem to be a problem that Better Work is positioned between two international organizations that are known for having stifling bureaucracy. In several interviews, however, senior staff stressed that Better Work's position between two organizations has actually been beneficial. Instead of being swamped by two bureaucracies, it has remained somewhat independent of both, allowing the Management Group and the directors to make decisions quickly and without excessive reporting and oversight.

The ILO

The ILO and IFC are each interested in Better Work for different reasons. The ILO's position on Better Work and has gone from skeptical in 1999 to an optimistic embrace today. This change is partly a response to the ILO's perpetual crisis of legitimacy. Since its founding in 1919, the organization has always had to argue that its work is relevant to the changing world economy (Maupain 2013). Today, the ILO claims relevancy on two grounds: it hosts international labor rights forums and it conducts technical capacity building programs. On the first count, the ILO is clearly relevant: no other international organization is devoted to labor rights (although it relies on countries to self-report and lacks enforcement).

On the second count, technical capacity, the ILO is less relevant. The ILO's work on addressing child labor has met with some success, but its effect is miniscule compared to the scale of the problem (Elliott and Freeman 2003, 101). Its other capacity building programs have had less measurable results. In 2012, the United Kingdom's development agency, Department for International Development (DFID) released an audit of international organizations in which the ILO received one of the lowest scores (DFID 2012). DFID's low confidence in the ILO is mirrored by the FUNDS project's survey of several thousand UN experts. The survey found that 51 percent of respondents consider the ILO to be "highly relevant," but only 16 percent consider it "highly effective" (Browne and Weiss 2014).

On top of its weak reputation for capacity building, the ILO is adapting poorly to globalization (Maupain 2013). The ILO's tripartite model assumes strong states and corporatist unions and employers; it is not well suited to the contemporary economy in

which multinational corporations drive production in countries with weak states and nascent labor movements.

In this context of crisis, ILO personnel perceive Better Work as a solution to the organization's shortcomings. Better Work has improved labor rights in a highly globalized industry, it involves multinationals more directly than any other ILO initiative, it provides some support for the idea that responsible labor practices are good for business, and it provides a platform for other ILO departments to work in countries. Other ILO departments are eager to partner with Better Work because the program had local knowledge, staff on the ground, and connections with key domestic stakeholders.

There is, however, resistance to Better Work from two sources in the ILO. The first source is unions, which are generally suspicious of public-private partnerships. The unions accept Better Work because they are given a voice on the Advisory Group, but union representatives fear that programs like Better Work will dull the voice for stronger unions within developing countries. The second group of skeptics are the governments and employers in developing countries. They see, correctly, that Better Work is driven by western governments and corporations, so they instinctively fear a loss of control and sovereignty. They also worry that international labor standards could support protectionism in western countries.

The IFC

From the IFC's perspective, Better Work is an answer to both external and internal pressures. The first source of external pressure is image. The IFC (and the World Bank more broadly) are often perceived as being so focused on macro-economic indicators that they ignore the human element of economic development (whether or not this is

warranted is a whole other dissertation). Through its involvement in a labor rights program like Better Work, the IFC is able to show its critics that it too cares about people.

The second source of external pressure on the IFC is its declining relevance. The IFC used to be the dominant source of financing for the private sector in developing countries. In recent years, however, private banks, sovereign wealth funds, and other development banks have been increasingly willing to invest in developing countries. Today, the IFC is a relatively small player in many developing countries, leading some to question what purpose it serves.

Nigel Twose, a Director at the IFC, argued in an interview that the IFC remains relevant in two ways. First, it makes loans in countries and industries that private finance will not risk entering. Second, the IFC's loans are more socially beneficial than private sector loans. Key to this has been the IFC's "Performance Standards," a set of eight standards that cover the environment, labor rights, and social justice issues. All firms that borrow from the IFC must comply with these eight standards, which allegedly ensures that the IFC's loans will be socially beneficial (IFC 2012). Better Work, and programs like it, clearly fit into the IFC's agenda of promoting standards in order to support socially-beneficial lending.

The IFC's interest in Better Work is also a response to internal pressures. The new World Bank president, Jim Yong Kim, has redirected the World Bank away from a focus on overall economic growth towards focusing on the poorest 40 percent of the population in each country (Kim 2014). Moreover, recent World Development Reports focusing on women in 2012 and jobs in 2013, have altered the organization's focus.

Many IFC staff specifically brought up the importance of the 2013 World Development Report on Jobs (World Bank 2013) and the IFC Jobs Study (IFC 2013). According to them, after this report was published, IFC staff began focusing intensely on job creation as the measure of a project's success.

These internal pressures (focusing on the poorest 40 percent, women, and job creation) have led the IFC to renew its interest in the apparel industry. As discussed in chapter 2, the apparel industry mainly attracts women from rural areas at the bottom of the income distribution; it is also a labor intensive industry that creates a lot of jobs. Several people I spoke with reported that Better Work is one of the IFC's entry points into the apparel industry.

A final way that the IFC benefits from Better Work is through the program's connections with multinationals. The IFC has a long history of working with the private sector in developing countries, but it has not built strong relationships with western multinationals. IFC staff reported that the organization would like to work more closely with international corporations and Better Work is one avenue to do this.

Outside of the MG, other departments in the IFC and ILO have one lever of control over Better Work. International buyers have been encouraged by Better Work to sign a Partnership Agreement. This gives the buyers special privileges within Better Work but also commits the buyers to specific activities. These Partnership Agreements are legal documents and, because Better Work does not have legal personality, it is the legal departments at the ILO and IFC that sign the agreements. Therefore, other departments within these organizations can weigh in on which multinationals become partners.

2. The Global Advisory Committee

Better Work's Global Advisory Committee is the second body that provides oversight for Better Work. Its members include donors, multinational buyers, international trade unions, international employers' associations, academics and NGOs. The Global Advisory Committee does not have any *formal* authority; it does not vote on policies, nor can it veto any policies. Its voice, however, is given a lot of weight by Better Work's director and the Management Group.

The director of Better Work, Dan Rees, reported that he would probably not implement a policy if a member of the Advisory Committee were dead-set against it, but he does not require strong support from every member on every decision. Given that the members of the Advisory Committee have different and occasionally-conflicting interests, policies with strong support from one constituent may raise resistance in another. That said, the goal of the Advisory Committee is to reach consensus among the different stakeholders.

Donors have a strong voice, since they ultimately control the purse strings. International unions and employers' associations have a strong influence through the ILO's tripartite model. Multinationals are important because they drive factories into the program and their subscription fees are a source of revenue. The academics and NGO representatives probably have the least powerful voice, although their expertise is valued on specific topics. Table 5.1 gives the names, titles, and affiliations of the Advisory Committee.

Table 5.1: Members of the Advisory Committee in 2015		
Name	Title	Affiliation
Government		
Mark Mittelhauser	Associate Deputy Undersecretary for International Affairs	U.S. Department of Labor
Valerie Berset Bircher	Deputy Head International Labour Affairs	Swiss State Secretariat for Economic Affairs
Jos Huber	Senior Policy Advisor	Ministry of Foreign Affairs, Netherlands
Christian Bundegaard	Attache	Permanent Mission of Denmark to Geneva
Employers		
Roberto Suárez Santos	Deputy Secretary General	International Organisation of Employers
Ariel Meyerstein	Vice President of Labor and Corporate Responsibility	US Council for International Business
Labor Unions		
Sharan Burrow	General Secretary	International Trade Union Confederation
Monika Kemperle	Assistant General Secretary	IndustriALL
Multinational Corporations		
Kindley Walsh-Lawlor	Vice President Social & Environmental Responsibility	Gap Inc.
Tobias Fischer	Development Sustainability Manager	H&M
Academics and NGOs		
Stephanie Barrientos	Senior Lecturer	University of Manchester
Naila Kabeer	Professorial Fellow	Institute of Development Studies, Brighton
Richard M. Locke	Professor of Political Science	Brown University
Aron Cramer	President and CEO	Business for Social Responsibility

Interviews were conducted for this dissertation from all the representatives from governments, employers, and unions; multinational were the only powerful stakeholders who did not respond to several requests for interviews. The section below that discusses the position of multinationals is based on interviews with individuals from the private sector and from the Better Work staff members who liaise directly with buyers.

Donors

The donors have the strongest voice on the Global Advisory Committee because Better Work remains dependent on donor funding. As of January 2015, the major donors to Better Work are the United States, the Netherlands, Switzerland, and Denmark; Australia had been a major donor until a conservative government was elected in 2013 that cut off all funding to the ILO.

Interviews with government officials from each country uncovered a lot of similarities in their interests. All the countries supported Better Work because they believe that the program is very effective at improving labor conditions; they all like that

Better Work involves many stakeholders, especially multinationals; they like the detailed research and reporting that Better Work provides; and they like that Better Work is aiming for financial sustainability.

Further, all donors had similar critiques: they would like Better Work to expand faster into new countries and new industries; they want Better Work programs to achieve financial sustainability, and they believe that Better Work is still rather expensive (it is worth noting that these criticisms work at cross-purposes; donors want the program to take on more responsibility but also reduce costs). There were, of course, differences between the donors that are discussed below.

The United States has been the sole donor for Cambodia since 2000 and became a donor to Better Work at the program's inception. The US government funds Better Work programs in Bangladesh, Haiti, Indonesia, Jordan, Lesotho, and Nicaragua; it also funds a special union building program in Vietnam. It has pledged over \$20 million between 2009 and 2016; \$9 million have been directed towards the program in Haiti; \$4.5 for Nicaragua and Lesotho; over \$2 million for Cambodia, and less than a \$1 million for other countries. The US does not fund the Global program because Congress mandates that all funding must be directly tied to development results. This does not seem to weaken the US's voice within Better Work, but it is ironic that the program's oldest donor cannot support the part of the program that sets long-term policies.

Funding from the US government comes from the Department of Labor's International Labor Affairs Bureau (ILAB). The United States is unique among Better Work's donor in explicitly tying its aid to trade agreements. In fact, ILAB is expressly tasked by Congress to undertake programs in countries with which the United States has

a trade agreement. This explains why the US government supports Better Work programs in Haiti, Jordan, Lesotho, and Nicaragua, countries with marginal importance to the apparel industry.

ILAB's support for Better Work was not automatic in 2007; it could have fulfilled its Congressional mandate through programs other than Better Work. Its deep commitment to Better Work partly stems from its involvement in BFC, but is also largely the result of one woman, Sandra Polaski. She was director of ILAB in 2009 and pushed ILAB to support Better Work. ILAB staff told me that this support met with some resistance because the bureau had historically worked almost exclusively with labor ministries, not unions or the private sector, so Better Work challenged its culture. Today, however, Better Work is one of ILAB's premier programs and has strong support within the bureau. Further, Sandra Polaski is now Deputy Director for General Policy at the ILO and a member of Better Work's Management Group.

The staff at ILAB were very positive about Better Work; their main criticism was that the program did not spend enough resources on capacity building of labor ministries (this is understandable, given ILAB's long history of working with labor ministries). They pointed out that Better Work does not have a clear plan on how to work with labor ministries and transfer skills and knowledge. They also reported that Better Work is less effective on freedom of association than on other issues because the problem is so challenging (this is discussed in more detail in chapter 8).

The Dutch government began funding Better Work in 2010 and currently funds the Global program and programs in Bangladesh, Indonesia and Vietnam. Funding comes from the Department of Foreign Affairs and is motivated by traditional aid

considerations. Jos Huber, the Dutch officer responsible for Better Work, emphasized that her government likes two aspects of the program. First, Better Work's use of a "social democratic" model (i.e. the state mediates negotiations between unions and employers). This is the Dutch model of domestic political economy and they believe that it can work in other contexts. Second, Ms. Huber likes that Better Work explicitly includes union capacity building in its mission; strong unions are an integral piece of social democracy that is missing in most developing countries. She pointed out that BFC had lacked this component and so Cambodia never developed a strong, centralized labor movement.

The Swiss government funds the Global program and programs in Bangladesh, Indonesia, and Vietnam. The funds come from the State Secretariat for Economic Affairs (SECO), a ministry that blends domestic economic policy, international trade and commerce, and labor policy. Their involvement in Better Work is part of a larger vision to have programs running in the entire clothing supply chain, from raw materials to textiles to apparel. In this vision, Better Work would improve apparel production while other programs would operate farther downstream. Compared to the other donors, the Swiss really emphasize the business productivity aspect of Better Work. They would like to see Better Work focus more on productivity training and proving the business case for compliance. The Swiss also like the multi-stakeholder aspect of Better Work because social dialogue is so central to Swiss culture.

The Danish are the most recent major donor, joining Better Work in 2014. Their funding goes to the Global program and is to be used for the Bangladesh program and to pilot an environmental assessment program. Funding comes from the Ministry of

Foreign Affairs's Department for Green Growth, not the ministry of aid nor the Danish government's usual partner to the ILO, the Ministry of Labor. This is significant because the Danish government's support for Better Work is motivated in large part by its Green Growth initiative, a strategy to promote environmentally friendly economic development. As such, some of the Danish government's funds will be used to support a pilot program in Vietnam for Better Work to begin monitoring and improving environmental standards in factories. The Danish government also stressed the important of Better Work's newly opened office in Bangladesh. Several Danish apparel companies source from Bangladesh and the Danish would like to protect their reputation by ensuring decent labor conditions in the country.

The final donor worth discussing is the Australian government. They were one of the original donors to Better Work in 2010 and supported programs in Cambodia, Vietnam, and Indonesia. The 2010 Partnership Agreement between the ILO and the Australian government indicated that fully half of Australia's AUD\$15 million extrabudgetary commitment to the ILO should go to Better Work (DFAT 2010). In 2013, I had an email exchange with a staffer in the Department of Education, Employment, and Workplace Relations (the department has subsequently been split into two departments, one for education and one for employment). She wrote that Australia supported Better Work because Southeast Asia was priority region, it led to improvements in the Millennium Development Goals, and it supported the ILO's Decent Work agenda. She wrote that they were very satisfied with the program's performance. In late 2013, however, a conservative party government entered power in Australia and promptly cut all funding to the ILO, including money pledged to Better Work. Everyone interviewed

believed that the cutting of funding was ideological and not a result of problems with the program.

In these interviews, every country supported Better Work for the same reasons: its effectiveness, its access to stakeholders, and its clear reporting. But each country also emphasized different aspects. The United States wanted a program to accompany its free trade agreements; the Dutch wanted to promote social democracy; the Swiss believed in private sector development as the key to growth; the Danish wanted to improve the environmental impact of the apparel industry; and Australia placed a priority on Southeast Asia.

All the donors also believed that Better Work is the most successful program anywhere with respect to improving labor rights. They had criticisms, certainly, but they all stressed that Better Work is effective in an area that traditional aid programs have almost always failed. This universal support is a strong piece of evidence in support of Better Work's success.

Multinational Corporations

Multinationals have always been included on Better Work's Advisory Council because they were so instrumental in ensuring the success of Better Factories Cambodia after the end of the MFA. There are always two representatives from multinationals; one from Europe and one from the United States.

Better Work distinguishes multinational buyers into two categories: participants and partners. Participants are companies that subscribe to Better Work reports to either supplement or substitute for their own internal audits. Participants are mainly interested in Better Work's assessment activities as a means of protecting their brands and are not

that engaged with the advising and training aspects of the program. Some Better Work staff noted that these buyers are frustrated when advising activities do not immediately lead to improvements on the CAT.

Partners have a more formal relationship with Better Work. Partners not only subscribe to reports, they also sign a Partnership Agreement with the ILO and IFC to cooperate with Better Work in various ways. These include encouraging their supply chains to participate in Better Work, to stop duplicating audits, and to not punish factories that are honest about their problems. As of late 2015, there were 30 partners.

Multinationals usually become partners because they have tried programs that rely exclusively on monitoring and found that these programs had little effect. Partners come to Better Work because the program offers advising, training, cooperation with domestic governments and unions, and a long-term commitment to a country.

No one could pinpoint exactly why a buyer becomes more sincere about labor rights and moves from a participant to a partner. Some interviewees put the emphasis on the buyer's CEO and senior executives; others believe that there is a broader cultural shift in the apparel industry towards improving labor rights. Also, no one is clear on how willing buyers are to enforce labor conditions, especially when doing so interferes with cost. But regardless of the lack of precision, the number of partners in Better Work is increasing and their commitment to labor rights appears to be getting more serious.

International Unions

In keeping with the ILO's tripartite model, the Global Advisory Committee has two representatives from the international trade union movement. One representative comes from the International Trade Union Confederation (ITUC), which is an association for

domestic trade unions. It has 328 members representing 162 countries (ITUC 2014). The ITUC's members should be the peak union association in each country (for example, the AFL-CIO in the United States), but since many countries do not have a peak association, there are multiple members from many countries. The ITUC is not open to government-controlled unions, so Vietnam's trade union is not a member.

The ITUC's primary function is advocating for labor rights in international arenas. It is the main voice for unions at the ILO, other UN agencies, and the Organization for Economic Co-operation and Development (OECD). It also conducts research on labor rights and has various campaigns focused on labor rights abuses, such as a campaign focusing on Qatar's mistreatment of migrant workers in preparations for the World Cup.

The other union representative on the Global Advisory Committee comes from IndustriALL. Founded in 2012, IndustriALL combines three so-called "global union federations" (GUF). GUFs are international associations of unions that are organized by industry (rather than by country, as in the ITUC). One of IndustriALL's founding members was the International Textile, Garment, and Leather Workers' Federation, which was represented on Better Work' Advisory Committee until 2012. The goal of IndustriALL and other GUFs is to negotiate international labor agreements that apply to workers across an entire industry, regardless of their country. GUFs also target multinational corporations rather than governments. An example of this is an agreement between IndustriALL and Total, the French mining company, which covers all of Total's 100,000 workers spread across 130 countries (IndustriALL 2015).

GUFs are a novel solution by the trade union movement to globalization and multinational production, but their success remains an open question. One team of scholars concluded that GUFs had been very successful since the 1990s in increasing their membership, but far less successful in achieving concrete results (Müller et al 2010). To the best of my knowledge, IndustriALL has not concluded a global agreement with any multinationals in the textile industry. And even if an agreement was concluded, it is not clear how enforceable it would be. For example, IndustriALL's agreement with Total has no provisions related to monitoring or enforcement.

IndustriALL's greatest success in apparel has probably been negotiating the Accord on Fire and Building Safety in Bangladesh, one of the responses to the Rana Plaza building collapse that killed over 1,100 workers. The Accord has been signed on to by many European apparel companies and several American ones; it requires apparel companies to support their Bangladeshi suppliers in achieving fire and building safety. The Accord, however, has weaknesses. Most American apparel companies chose to join a different agreement; the Accord only focuses on safety, not wages, freedom of association, discrimination, or a host of other important labor issues; lastly, the Accord only applies in Bangladesh, falling far short of a global agreement.

Representatives from the ITUC and IndustriALL had similar praise and criticism for Better Work. They both like that Better Work gives unions a seat at the table, unlike virtually all other programs that monitor apparel. Both like that Better Work has a wide scope. It does not focus just on safety or child labor, it also includes broad political issues such as industrial relations, freedom of association, and the capacity of governments and unions.

That said, both critiqued Better Work for not effectively confronting employers on issues like wages and freedom of association. They concede that Better Work staff have pushed a lot on these issues, but that Better Work has spent far more energy on surface-level issues that employers are happy to talk about: fire safety, the health of workers, and child labor are examples of these surface issues. The interviewees emphasized that strong unions and a productive climate for negotiations are the foundation for good working conditions and they would like to see Better Work put these issues front and center.

Employers' Associations

The Global Advisory Committee has two representatives for employers. One is from the United States Council for International Business (USCIB), which advocates for US businesses in international forums like the International Chamber of Commerce, the OECD, the World Trade Organization, and the United Nations. Their mission statement proclaims that the USCIB: “promotes open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and regulatory coherence.” After interviewing staff there and looking at some of their documents, one gets the sense that their primary job is to prevent international regulations that may be harmful to US multinationals while promoting free trade and low taxes. Within the context of Better Work, the USCIB represents US multinational apparel companies.

Adam Greene, the former Vice President for Labor Affairs and Corporate Responsibility (he now works at the ILO in Geneva in the office that represents employers), reported that Better Work does a good job at improving labor conditions, but

he was clear to emphasize two points. First, he believes that multinational brands cannot improve working conditions in factories because very few factories work exclusively with one brand. Most factories work with lots of brands at once, and so the pressure that an individual brand can exert at any one time is weak. He believes that in the few cases where brands have really pushed factories, the factories have just hidden the problem or ignored the brand outright. His second major point is that the responsibility for good working conditions lies with governments, not brands. He argued that only governments have the legitimacy and the capacity to force factories to obey working conditions (he was quick to dismiss unions as corrupt).

The central role of governments ties into his major critique of Better Work: that the program does not do enough to strengthen government capacity in the countries where it operates. In this sense, his critique echoes the critique of the unions, i.e. that Better Work should focus less on short-term improvements and more on changing the underlying country context. Of course, the USCIB wants to see governments strengthened, not unions. He had two other critiques: that Better Work is expensive for what it does and that it sometimes alienates employers in developing countries.

Employers in developing countries are represented on the Advisory Committee by the International Organization of Employers (IOE), an association for national employers' associations (for example, the USCIB represents the United States at the IOE). The IOE has 150 members from 143 countries. Based in Geneva, the IOE is heavily focused on advocacy within the ILO, but it also advocates within other international organizations.

The IOE has a split mission in the apparel industry because its members include both multinationals in developed countries and factory owners in developing countries. Although technically it should be advocating for both equally, in practice it is much closer to factory owners for two reasons. First, IOE policy is set by a General Council where each country has one vote; since there are far more developing countries than developed, their voice sets policy. Second, multinational brands are not actually employers in apparel production, they are employers in apparel sales. Several knowledgeable people reported that the IOE has had a difficult time figuring out how multinationals fit into their model. This is another example of an older organization (the IOE was founded in 1920) being confused by globalization. Staff at the IOE says that multinationals are now included directly in conferences specifically about the apparel industry; on conferences about broader issues, however, multinationals must speak through their national representatives.

Two staff members at the IOE were both positive about Better Work. They like that the program focuses on practical solutions and is not ideological; they like that Better Work includes advising and training alongside monitoring; and they like that Better Work tries to make the “business case” for labor compliance.

They did, however, have some criticisms. The first criticism is that Better Work does too little to transfer lessons to the government. The second criticism is that Better Work is dominated by buyers, the ILO, government, and unions; factory owners have the weakest voice, even though they must implement the most changes. The IOE especially points out that Better Work has not altered buyer behavior even though pressure from buyers often forces factories to violate labor rights. The third criticism is that the

business case for Better Work does not have a lot of evidence to support it and factories do not feel like they are rewarded with contracts from buyers based on their participation.

The fourth criticism deserves some extra discussion. The IOE staff reports, accurately, that Better Work does not report legal violations committed by unions while highlighting violations by factories. Violations by unions include striking in the middle of honest negotiations and threatening violent protests unless they receive pay-offs. IOE staff would like Better Work to be more critical of unions.

This criticism of Better Work makes some sense, given that trade unions engage in criminal activities in many countries. But on the other hand, employers also collude with the government to violently suppress legal union activity. It is doubtful that unions are so powerful in any Better Work country that Better Work should step in to protect employers; rather, workers and unions are far more likely to be victimized by employers than vice-versa.

3. Project Advisory Committees

Every Better Work country program receives input from a Project Advisory Committee (PAC). These PACs replicate the ILO's tripartite model at the country level, containing representatives from the government, unions, and employers (collectively known as "social partners" in ILO-lingo). The PACs are similar to the Global Advisory Committee in that they have no formal power over Better Work but still have a great deal of influence.

The PACs influence is arguably greatest at the very beginning of a Better Work program, since it is ILO policy not to begin operating in a country until all three social partners agree to support the program. This has led to situations where employers and

unions negotiate very forcefully in the beginning because they know their power will be diminished once the program is underway.

Receiving and maintaining the PAC's support is important to Better Work for both ideological and practical reasons. Ideologically, the ILO is committed to the ideal of tripartite negotiations, even if the actual negotiations fall far short of the ideal. As a practical matter, Better Work is simply too weak to force its will onto actors in a country. The program depends on the support of all three social partners to be able to function, even if the support it receives is often lukewarm.

Although all the PACs have representatives from government, unions, and employers, there is enormous variation between countries' PACs. One source of variation is economic: the poorest country, Haiti, has per-capita GDP of \$820 while the wealthiest, Jordan, has a per-capita GDP of \$5200. This difference leads to very different levels of education, health, infrastructure, and the capacity of government agencies.

Another source of variation is political. For example, Vietnam and Nicaragua have similar incomes, but Vietnam is an authoritarian country where the government, unions, and employers are all controlled by the Communist Party. Nicaragua, on the other hand, has democratic elections, several strong, independent unions, and an independent employers' association. This leads to different dynamics within the PAC.

The final source of variation is ideological. Jordan, for example, is a monarchy where democratic elections are mostly cosmetic (Freedom House 2015) and the labor force in apparel is mainly composed of migrant workers. However, because the ruling family has an ideology of responsible paternalism, the Jordanian labor ministry has partnered very closely with Better Work and has made considerable improvements to

working conditions in its apparel industry. On the other hand, Bangladesh, ostensibly a democracy, is ruled by elites who seem to have no sense of public duty towards their citizens.

Given the variation between countries, it is difficult to generalize across Better Work countries. There are, however, some similarities among the three social partners in each country which I will discuss below.

Governments

The most important of the social partners is the government. As the sovereign authority in a country, their support for a Better Work program is necessary and they could technically end a program overnight.

One reason governments support Better Work is to burnish their international reputation. Governments hope that participating in Better Work will differentiate their country from other apparel producers and assure multinationals that they will not be caught in a labor scandal. Better Work programs also signal to trading partners in North America and Europe that the country is serious about working conditions. In some interviews, people stressed that no government wants to be put in the same camp as Bangladesh. The Rana Plaza disaster led a lot of governments to take fire and building safety seriously to protect their reputations.

Governments also use Better Work to bolster their legitimacy at home. Labor ministries face two problems: they are underfunded and understaffed, and they are often captured by local elites, who in many cases are factory owners. Better Work offers a solution to both. In newly industrializing countries, the labor ministry is rarely able to keep pace with the increasing demands on its resources. This has eroded the legitimacy

of the government in many countries because the government is ostensibly responsible for protecting workers but is simply unable to deal with the scope of the industry. By supporting a Better Work program, the government is able to show its population that it is serious about protecting workers' rights. This touches on a related issue. Local governments are often captured by local industry, so even if the central government takes labor rights seriously, it is unable to control the local agencies. Better Work programs allow the central government to bypass corrupted local government agencies.

The relationship between Better Work and domestic governments contradicts expectations. One would assume that governments would view Better Work as a threat to their sovereignty and legitimacy and, therefore, would only grudgingly accept Better Work due to international pressure.

The evidence, however, showed something different. To begin with, domestic pressures to protect workers and promote the industry usually have more influence on a government than international pressure. Further, it turns out that governments are absolutely unconcerned that the ILO will usurp their sovereignty. They know that the United Nations is too small and weak to control events in their own countries. Finally, workers in these countries do not see an ILO program as a sign that their government is illegitimate; quite the opposite. Workers see an ILO program as an indication that their government takes the problem of labor rights seriously. This suggests that the antipathy felt in the west (and especially America) towards international organizations is not shared by populations in developing countries. They recognize that their governments lack the ability to cope with the challenges of industrialization; therefore, populations take it as a

positive sign when the government works with international organizations to address social problems.

Unions

The role that unions play in the PAC varies between countries because labor movements are organized differently around the world. Ideally, the PAC should include the peak association for trade unions in the country. But most countries do not have a peak association, so the PAC will attempt to include the unions with the most representation in apparel. This creates challenges for the PAC because the unions sitting on the PAC may be in competition with each other, they may be focused on industries other than apparel, or they may be union association that cannot control their members. When labor movements are decentralized and non-hierarchical, it makes it difficult for them to speak as one voice and so decisions made by the PAC will not filter down to local unions.

Contrary to what one would expect, unions tend to be skeptical or hostile towards Better Work, at least initially. Unions approach Better Work with hesitation because they view the program as a threat to their position as a representative of workers' rights. This skepticism is only partly warranted. Better Work deals in similar issues, but the model is clearly designed to not overlap with unions. Better Work does not organize workers, it does not encourage or engage in collective bargaining, and it does not routinely advocate for higher minimum wages or other changes labor laws. Rather, Better Work only monitors for labor laws that domestic groups have agreed to.

Although Better Work does differentiate itself from unions, this distinction is not immediately apparent to unions. Further, some employers have used Better Work as a pretext for refusing to meet with unions, claiming that they already discussed labor issues

with Better Work staff or saying that unions are redundant. In cases like these, Better Work staff have to intervene and tell the factory managers that meeting with unions is a requirement of participating in the program, but the damage to Better Work is already done. Unions are also concerned that Better Work will allow the government or international buyers to stop pressuring employers to improve working conditions.

Better Work programs are usually able to gain the support of unions once operations begin and unions realize that the program can actually support them. But it takes time for unions to realize what Better Work does and learn how to work with it.

Employers

Employers' associations are the third leg of the tripartite model. Their role on the PAC varies across Better Work countries due to several factors: the importance of the apparel industry to the economy, the voice of factory owners within the organization, and professionalism of the association itself.

That said, employers' association tend to emphasize similar things. They like that Better Work goes beyond monitoring and provides training in safety and human resources. They also like that Better Work provides a forum for employers to speak with domestic and international stakeholders. In terms of criticisms, they would like Better Work to be less strict in its reports, they would like Better Work to cost less, and they want Better Work to relieve some of the pressure they get from buyers.

4. Other Labor Rights Organizations

A final category of actors are other organizations in the field of labor rights. Although they are not actually "stakeholders" in Better Work, other organizations can have an influence on Better Work in various ways. They may cooperate with Better Work on

various initiatives. For example, Better Work and the Fair Labor Association have discussed harmonizing the audits done by different companies to reduce the burden of audits on factories. Other organizations can also affect Better Work's reputation by either supporting or criticizing the program. Given that Better Work is a complex program that is not well known, these reports can powerfully shape public opinion. The following section discusses the relationship between Better Work and several of these organizations.

Apparel Companies' Corporate Social Responsibility Departments

Virtually all major apparel companies have CSR departments that are tasked with ensuring that the company's supply chain has good labor and environmental standards. The CSR departments may also run small initiatives in their supply chain such as women's health, safety training, etc.

CSR departments both cooperate and compete with Better Work. They cooperate in that many departments use Better Work monitoring reports, they attend Better Work's Buyer Forums to discuss labor issues, and some companies use Better Work as a platform for their own initiatives.

CSR departments compete with Better Work in that they both monitor factories. CSR departments have developed an expertise over the years in monitoring and they are loathe to give this up. Several knowledgeable people reported that CSR departments are afraid to stop doing audits themselves because it will undermine their position within the company. Better Work staff have tried for years to get apparel companies to stop auditing the factories that participate in Better Work, but few have been willing to stop. As a result Better Work has been unable to fulfill one of its promises to factory owners:

that factories who join Better Work will be relieved of redundant audits from apparel companies.

The Fair Labor Association

The FLA is the pre-eminent NGO in international labor rights. Its main work is in apparel, although it has branched into cocoa and electronics. The FLA and Better Work mostly complement each other by approaching the issue of labor rights from different points. The FLA focuses on the behavior of apparel companies, while Better Work focuses on the behavior of factories. There are also informal connections between the two organizations because quite a few people have worked at both organizations over the years.

There is some competition between them. As Better Work tries to have a greater influence over buyers, it will begin overlapping with activities conducted by the FLA. These include getting buyers to make legal commitments and hosting events where buyers meet to discuss pressing issues. Better Work's monitoring, advising, and training also overlap with the FLA. There is probably room for both organizations to co-exist, given the size of the apparel industry, but the potential for conflict exists as Better Work becomes increasingly important.

The Workers Rights Consortium

The WRC is another prominent labor rights NGO. Founded around the same time as the FLA, the WRC institutionalized the anti-sweatshop protests happening on college campuses in the 1990s by monitoring the working conditions in factories that produce apparel for universities. The WRC's board is composed of university administrators, professors, student associations, and the AFL-CIO. Aside from monitoring working

conditions, the WRC also produces a lot of research on international labor rights and advocates for better working conditions. The WRC's strength is that it leverages the buying power of universities into demanding relatively high standards for suppliers; its main weakness, like the FLA, is that it focuses on monitoring rather than remediation and training. The WRC also does not include any voices from the private sector.

The WRC has always taken a much harder line on labor rights than the FLA. The WRC has historically been very critical of businesses and it prefers to demand high labor standards rather than seek compromise and develop pragmatic solutions. Because of this preference, the WRC has been critical of Better Work for not publishing its reports and for not putting more pressure on international buyers.

The WRC has written one report that is highly critical of Better Factories Cambodia, titled *Monitoring in the Dark* (WRC 2013a). The report's criticisms fall into two broad categories. One category critiques Better Factories Cambodia's (BFC)** model, citing the lack of transparent reporting, the increasing use of subcontractors that are not monitored by BFC, BFC's lack of power over brands, and BFC's policy not to respond to complaints from individual workers. The second category lists problems with the Cambodian apparel industry that the WRC believes BFC should be more active in addressing, such as the failure of pay raises to keep pace with inflation and the lack of a strong, independent labor movement.

The report does mention that almost all the people interviewed in Cambodia believe that BFC monitors are fair and independent and that the program has an important role to play in the country. The report also acknowledges the cooperation of BFC with its

** The Better Work program in Cambodia is called Better Factories Cambodia. It also has a different model from the other countries. The next chapter explains this discrepancy in detail.

research project. The report does, however, use a very critical tone in its assessment of the program. Its first page, for example, reads:

Cambodia's longstanding reputation as a "success story" in efforts to end sweatshop abuses in export garment production – a reputation which has stood, in significant part, on the presence of the ILO's long running BFC factory monitoring program – is wearing thin.... Our research suggests that during the eleven years of BFC's operations in Cambodia, wages and basic job security have actually declined for Cambodian garment workers.

I believe that this report is an excellent piece of advocacy but a flawed piece of research. Its basic flaw is that it ignores the context that BFC operates in. Cambodia is an impoverished country with a corrupt, inefficient government; the labor movement is also split into dozens of small unions, many that are controlled by employers or are fronts for criminal organizations. BFC has to satisfy multiple stakeholders with competing interests, so its failure to perfectly protect labor rights is understandable.

As advocacy, however, the report serves a useful purpose. The WRC's contribution to the "ecosystem" of international labor rights is that it uncompromisingly pushes for higher standards, thus shifting the terms of the debate slightly in favor of workers. This position means that the WRC is excluded from major initiatives with the private sector and lessens its scope. But given that the FLA and Better Work can implement pragmatic policies, the WRC can demand a higher standard even if that standard is unrealistic.

The strengths and limitations of the WRC's advocacy can be seen by changes to BFC following the report's publication. One of the report's key recommendations was a return to transparent reporting by BFC. Shortly after the WRC report was published, BFC began posting individual factories' performance on a subset of issues (the full reports are not made public). Moreover, BFC published a list of "low compliance"

factories that had especially poor scores. A number of Better Work staff reported that this policy had been very successful in getting recalcitrant factories to finally comply with BFC standards. Of course, this policy change was not directly attributable to the WRC report; it was in discussion for a long time before the report came out. But the WRC report put pressure on Better Work's major stakeholders and made it harder for some groups, like the Cambodian employers' association, to oppose transparency.

The limitations of WRC's approach is also apparent. The central issue the report emphasizes is the declining *real* wages of workers (nominal wages were increasing but at a slower rate than inflation). This issue is beyond the purview of BFC, which has no role in setting minimum wages, organizing collective bargaining, or controlling inflation. As such, nothing has been done to address this issue. Several other problems noted in the report, such as restrictions on freedom of association, have also not been addressed by BFC because the program simply lacks the authority to force a dictatorship to respect workers' political freedom.

The WRC has written two other reports, one on Haiti and one on Vietnam, which discuss Better Work (Better Work 2013b, Better Work 2013c). The report on Vietnam's garment industry reported pervasive labor rights abuses and relied heavily on Better Work research. It did not directly evaluate the program, except to say that Better Work does not publicly release information about participating factories. The report on Haiti focused more narrowly on "wage theft", i.e. paying workers below the minimum wage or paying them incorrectly for overtime. The report relied heavily on data from Better Work reports. The report is critical of the way that Better Work interprets rules on overtime, but otherwise does not evaluate the program.

These two reports show how Better Work's research can be picked up by advocacy groups that take very uncompromising positions on labor rights. Better Work cannot take these positions itself without alienating its stakeholders, but the program can support advocacy through its public reports. This will likely increase as Better Work implements the Transparency Initiative.

The Institute for Global Labour and Human Rights

The Institute for Global Labour and Human Rights (IGLHR) is a small NGO housed in Pittsburgh, PA and run by Charles Kernaghan. The IGLHR has specialized in investigating labor rights abuses, linking these abuses to American companies, and generating enough media attention to push for change. For example, Kernaghan was the person who found that Kathy Lee Gifford's clothing brand was being made using child labor, effectively ruining the brand.

In 2005, Kernaghan wrote a damning report about Jordan's apparel industry (Greenhouse and Barbaro 2006). This report forced the US and Jordanian governments to search for a solution, which they found in Better Work. In this case, the IGLHR report had a very positive effect on labor rights in Jordan.

In 2010, Kernaghan wrote specifically about Better Work Jordan, saying: "There is no reason to doubt that the Better Work Jordan project is well-intentioned. But there is also no hope of Better Work Jordan significantly improving internationally recognized labor rights standards for the tens of thousands of foreign guest workers (IGLHR 2010)." According to his analysis, the foreign workers that composed most of Jordan's industry are simply too weak to avoid being exploited by factory owners, and a Better Work program will be unable to compensate for this power differential. This report probably

attracted very little attention, but a report the following year was picked up by major newspapers around the world.

In 2011, Kernaghan wrote a report titled *Sexual Predators and Serial Rapists Run Wild at Wal-Mart Supplier in Jordan* (Kernaghan 2011). The report alleged that a manager at the Classic factory in Jordan had raped numerous Sri Lankan girls over a period of several years and that he had been protected by other managers while the authorities turned a blind eye. The report generated a lot of publicity around the world. It also tarnished Better Work's reputation because the Classic factory participated in Better Work.

The problem with the report is that none of its allegations were confirmed by other organizations. In the months following the report, investigations were conducted by the Jordanian Ministry of Labor, the Sri Lankan Ministry of Foreign Employment, the Jordanian National Centre for Human Rights, and Better Work Jordan. Better Work's investigation was very thorough; the staff interviewed managers, the factory nurse, and 65 randomly selected workers without management presence. The investigation did not find any evidence of sexual assault, although some female workers reported having been spoken to in a derogatory fashion (BWJ 2012). Several staff members involved in the investigation, all of them genuine labor rights advocates, said that the allegations made by Kernaghan were fabricated.

Better Work Jordan published the results of these investigations in February 2012 and there was no response by the IGLHR. In April 2012, the IGLHR published a report calling the investigation by the Jordanian and Sri Lankan governments a "whitewash,"

the report does not mention Better Work at all (IGLHR 2012). I emailed IGLHR for comment but did not receive a response.

The report put Better Work in a tricky situation. If the program assumed the report was accurate, expelled Classic Factory from the program, and urged buyers to stop working with Classic, then Better Work would lose credibility with owners and the government. On the other hand, if Better Work presumed that the factory is innocent until proven guilty, then NGOs will claim that Better Work is not being responsive and international buyers will worry that Better Work is not protecting their brand's reputation.

Better Work's response was to conduct a slow, careful investigation. This bolstered its reputation in Jordan but hurt its international reputation because people remember the scandal, not the follow-up. One person interviewed at a major apparel company said that Better Work's greatest failure was not catching the sexual assaults at Classic factory; this person was unaware that subsequent investigations did not find any evidence to support the scandal.

It is not easy to judge the contribution of an organization like IGLHR to the international labor rights movement. On the one hand, their firebrand style of reporting has led to several internationally covered incidents that raised public awareness of worker abuses and led to real change. On the other hand, IGLHR's willingness to exaggerate or fabricate evidence makes it easier to discredit the labor rights movement, it makes international corporations more likely to hide behind their public-relations departments, and it makes factory owners even more paranoid of western labor monitors. Regardless,

IGLHR remains very active, especially in Bangladesh, where it will no doubt be reporting on Better Work's activities in the country.

Conclusion

Better Work's stakeholders were all positive about the program. Granted, every stakeholder wanted Better Work to focus more on the issues they care about: e.g. labor unions want more focus on freedom of association, factory owners want lower costs, and governments want capacity building. Overall, however, the program has a remarkable history of satisfying actors with competing interests. It is additionally impressive that the program can achieve this without turning into an ineffectual talk shop, as so many international initiatives do. The key for Better Work is probably that the program has a clearly defined purpose that is easily measured (i.e. improving factories' scores on the CAT).

There is a downside to Better Work's need to satisfy stakeholders - the program does not tackle important issues that might alienate actors. A simple example of an issue like this is wages, which is currently outside the mandate of Better Work (it is up to governments to set minimum wages and unions to negotiate higher wages, Better Work simply monitors for compliance). The single biggest contribution that Better Work could make to the lives of apparel workers is getting them higher wages, but any move in this direction would alienate factory owners and multinationals. This speaks to an important aspect of Better Work that is fleshed out in more detail in chapter eight.

The next chapter gives a history of Better Work in order to show how the operations and governance structures discussed above came about.

Chapter Six: The History of Better Work

This chapter covers the history of Better Work. The program has its origins in an innovative program that began in 1999 in Cambodia. In 2007, the program began expanding to new countries with a model that corrected for the shortcomings of the Cambodia program. Today, Better Work is operating in eight countries; the different country programs are compared in the chapter's final section.

1. The US-Cambodia Bilateral Textile Agreement

Better Work has its origins in a program proposed by the US government. The program provided duty-free access to US markets for Cambodian apparel, provided the industry allow unfettered access to labor rights monitors. This program, created in 1999, was motivated by several trends unfolding in the 1990s.

The first trend was the sudden increase in apparel exports from Cambodia to the United States. Between 1990 and 2000, Cambodia's apparel exports to the United States went from zero to \$850 million dollars (OTEXA 2015). This increase was due to Cambodia not having been assigned any quotas or tariffs under the MFA as well as its proximity to other major apparel producing countries in East Asia.

Within the United States, two groups were pushing the US government to response to increased imports. One group, US apparel producers, wanted the government to impose tariffs and quotas on Cambodia by including it in the MFA (Polaski 2006). Another group, labor rights activists, were concerned about the appalling working conditions in Cambodian factories. Forced overtime, wage theft, physical intimidation, and unhealthy conditions were common across the industry (Kolben 2004). These

problems led to a spate of demonstrations and strikes within Cambodia that US activists leveraged to pressure their government.

The US government responded to demands from its domestic constituents in a novel way. It proposed a scheme to the Cambodian government that would link quota access to labor conditions. Given that the US government could unilaterally restrict market access, the Cambodian government had little choice but to acquiesce. In 1999, they signed the US-Cambodia Bilateral Textile Agreement.

The central challenge to making this agreement work was finding appropriate monitors for the Cambodian industry. The Cambodian labor inspectorate was inadequate. Inspectors made \$28 per month, compared to \$61 a month for a garment worker (Polaski 2006). Inspectors depended on bribes and second jobs to survive. Private actors, both non-profit NGOs and for-profit auditors, were considered but none were found that would be acceptable to all major stakeholders. The US and Cambodian governments ultimately turned to the ILO.

As discussed in chapter 3, the ILO was not an organization that had ever monitored working conditions at the firm level. The ILO's expertise was in coordinating the creation of international labor standards and then monitoring countries' translation of these standards into domestic law; it had never actually looked at conditions on the ground. As such, the ILO was initially hesitant to accept the US and Cambodian governments' proposal (Polaski 2006). In fact, the ILO's initial proposal for the program called for inspectors to be employed by the Cambodian government with the ILO acting as a technical advisor (Kolben 2004).

The ILO went through several rounds of discussions with the US and Cambodian governments before creating a proposal in 2000 that was acceptable to all parties. The proposal called for the ILO to monitor labor conditions in factories and issue a public report on industry conditions. If the conditions improved each year, then the US government would progressively increase quotas. The program would cost \$1.4 million dollars from 1999 to 2001; \$1 million would come from the US government, while the Cambodian government and Cambodian garment manufacturers put in \$200,000 each. The new program originally had a long, awkward name that was subsequently changed to its pithy current name, Better Factories Cambodia (BFC).

According to Sandra Polaski, a long-time observer of Better Work and current Deputy-Director General for Policy at the ILO, BFC's model contained several important innovations. The first innovation was the use of "positive incentives" in a trade treaty. Previous US trade deals had incorporated labor conditions, but these treaties simply threatened punishments if labor conditions worsened. The US-Cambodia agreement promised to progressively increase market access if labor conditions improved, creating a strong incentive for factories to have better working conditions. The second innovation was the use of the ILO as a credible, effective monitor, which became crucial when Better Work begins expanding to other countries (Polaski 2006).

The third innovation, arguably the most important, was transparent reporting of each factory's working conditions. Because the US quotas were given to the country as a whole, factories with poor working conditions threatened the entire industry. Therefore, factories faced pressure from other factories, the employers' association, and the government. Moreover, multinational brands that sourced from Cambodia also began

using the ILO reports in their buying decisions. GAP, for example, required that all the factories it sourced from in Cambodia provide an ILO report (Kolben 2006).

BFC led to significant improvements in working conditions, although there was variation between factories and across issue areas. Between 1999 and 2001, payment of wages along with health and safety improved a great deal; compliance with overtime improved less dramatically; and freedom of association improved the least. Improving freedom of association has always been particularly challenging for Better Work; this will be discussed more in chapter 8.

The presence of ILO monitors also indirectly changed the culture of the industry, making it easier for workers to organize and voice their concerns. To quote one scholar:

“the incentives in the agreement, the presence of ILO inspectors, and the knowledge gained by the workers led some to form unions and demand change in working conditions. The AFL-CIO opened a Solidarity Center... and in July 2000, garment workers successfully pressured the government to establish Cambodia’s first minimum wage (Elliott and Freeman 2003, 118).”

As discussed in the last chapter, the presence of a Better Work program often influences the political landscape of country in a way that indirectly leads to improvements in labor conditions, and Cambodia was the first example of that.

2. The MFA’s Expiration Creates Pressure for Change

The MFA was set to expire in 2005, threatening BFC in two ways. First, many observers feared that the apparel industry would collapse as production moved to China. In fact, many of the countries that had complained about the quota system under the MFA found themselves begging the United States to extend the quotas from a fear that China would undercut them and become the world’s single apparel producer (Rivoli 2009). The second threat to BFC lay in the end of Cambodia’s preferential treatment. Observers

wondered why factories would comply with the program after the US had given up its ability to restrict market access through the imposition of tariffs.

The fear of China turned out to be overblown, not just in Cambodia but in all producing countries. Although China's apparel production did increase after 2005, it did not do so at the expense of other significant producers. Cambodia's exports to the US actually increased from \$1.4 billion in 2004 to \$2.4 billion in 2008, only dropping in 2009 because of the financial crisis before increasing again.

The fear of factories exiting BFC also turned out to be unwarranted as several factors contributed to the program's continuing relevance. Arguably the most important was the collective voice of multinational buyers. According to Casper Edmonds of the ILO, buyers told Cambodia's economics minister that they would only continue to source from Cambodia if BFC continued. (It is debatable whether brands would have actually exited the country; after all, they were sourcing from Bangladesh and other countries with terrible conditions.) Regardless of its credibility, however, the threat was effective enough to keep the Cambodian government and employers' association committed to the program.

Moreover, the brands were probably pushing on an open door. The Cambodian government, despite being a dictatorship, does have to maintain some semblance of legitimacy. BFC was well-known and popular among garment workers in 2005; allowing it to end would not have looked good. Furthermore, the Cambodian employers' association understood the value of BFC in burnishing the national industry's reputation, so they were supportive.

To adapt to the post-MFA environment, BFC instituted several reforms. First, the factory assessments would no longer go to the US government, they would now be directed at buyers. Second, unions would be included more directly. Prior to 2005, BFC had only superficially engaged with unions; its main partners had been the government and the employers' association. In the new program, unions were supposed to be treated as an equal third partner (unfortunately, unions have not become an equal partner because the labor movement is split into hundreds of small unions that compete with each other). In the third reform, BFC was weakened by the end of transparent reporting. In the original program, BFC would publicly name factories with persistently poor labor conditions. After 2005, only buyers would have access to these reports, not the government or civil society, a policy that would not be reversed until 2012.

3. The Creation of Better Work

In 2007, BFC's director Ros Harvey believed that the program could be replicated in other apparel producing countries. Now that the program was driven by international buyers, not the US government, in theory it could be in every country that exported garments.

The IFC enters the picture here. Several insiders reported that the ILO had mixed feelings about BFC in 2007 and did not immediately support a proposal to expand the program. The IFC, which had been peripherally involved in BFC, saw the program as a means to improve the competitiveness of a country's apparel industry. As a result, the IFC gave BFC a \$1 million grant to expand the program and seconded one staff member to the ILO. In exchange, the IFC became an equal partner to the ILO in the new program, which would be named Better Work.

Although Better Work was based on BFC, the model was different in several important ways. While BFC emphasized workers' rights, Better Work expanded the focus to include the "business case," i.e. the argument that Better Work was actually good for business. Better Work marketed itself as good both for workers and for owners by claiming that better labor conditions would improve worker productivity, reduce conflicts between workers and managers, attract buyers, and reduce the burden of audits by brands.

The emphasis on the business case was related to another crucial difference between BFC and Better Work: the voluntary participation of factories. In Cambodia, the government mandated that factories participate, even after the end of the MFA. But in other Better Work countries, factories participate on a voluntary basis. This was a political and logistical necessity. Politically, few governments want to anger their employers and discourage investment by bringing in ILO monitors. Logistically, the industry is so large in most countries that mandatory participation is unfeasible. Given that the participation is voluntary, the new Better Work programs had to attract factories and promoting the business case was a way to do that.

The voluntary nature of the program presents two challenges. First, Better Work does not have the power to compel factories to change. It can cajole and persuade, but it cannot threaten factories or industries with losing access to US markets. Second, there is the risk that only factories with high standards will join or that factories will outsource work that might threaten their reputation, thereby simply shifting the problem to where it is hidden. There are, however, some benefits to a voluntary program. It ensures that the

factories who participate are genuinely committed and it ensures that Better Work is responsive to factories' needs.

The third important difference between BFC and Better Work was the strong commitment to training factories and helping factories fix problems. BFC's model emphasized auditing factories and pressuring factories to reform themselves. This model assumed that factories knew how to change but simply lacked the willingness. After years of experience, Ros Harvey and others had discovered that factories often had no idea how to improve. Factory managers were experts in making clothing, but they had little experience in human resources, building safety, chemical safety, and industrial relations. Better Work was designed to invest heavily in providing advice and, today, most Better Work programs spend more resources on advising than on auditing.

A fourth difference, this one included at the insistence of the IFC, was the goal of financial sustainability. BFC had originally been funded by donations from the US government, Cambodian government, and Cambodian employers' association. Better Work, however, would charge factories for services while also charging subscription fees to multinational buyers. Better Work's financial plan was to rely on money from donors in the beginning, but over time increase revenue from the private sector while reducing funds from donors until all operational costs were covered by fees.

The final difference between BFC and Better Work was the high priority places on capacity building for social partners. BFC had always had a mandate to strengthen Cambodia's labor inspectorate, but in practice it ended up substituting for it. The Cambodian factory owners and workers treated BFC as the de facto authority in labor law, and the Cambodian government saw little reason to reform or invest in its labor

inspectorate. Better Work hoped to avoid this substitution by explicitly planning to strengthen labor inspectorates and unions.

4. Better Work's Expansion from 2007 to Today

Better Work divides its history into three “phases.” Phase I, from 2007 to 2009, laid the groundwork. Staff were hired at the ILO’s headquarters in Geneva, the staff began developing assessment and training tools, and a plan for engaging with stakeholders was developed. As discussed in chapter 3, the ILO’s tripartite governance structure includes governments, unions, and employers, so most ILO programs replicate this model using stakeholders that are relevant for their purposes. Better Work began putting in place a tripartite Advisory Committee that was finalized during Phase II.

During Phase I, the program began operating in three countries: Vietnam, Jordan, and Haiti. Vietnam was an ideal candidate because it is Cambodia’s neighbor, it has a large and growing industry, and the government supported bringing in Better Work.

The inclusion of Jordan and Haiti made less sense and was driven mainly by the US government. The United States and Jordan concluded a Free Trade Agreement in 2000 that created a garment industry rife with abuses; Better Work was their solution to this embarrassing situation. Haiti’s program was actually created by US legislation, not a trade treaty, that ties market access to working conditions.

Phase II of Better Work went from 2009 to 2012. During this phase, the program finalized its management. The program would be overseen by a Management Group, which included two senior staff from the ILO and IFC each. The Management Group was given final decision making authority over the program’s long-term direction. The Global Advisory Committee was also created in 2009. This Committee included

representatives from Better Work's donors, from the international labor movement, from the International Employers Organization (which represents factory owners), and from multinational buyers. Although the Committee had no formal power, Better Work is quite responsive to its input. These two oversight bodies were discussed in the last chapter.

During Phase II, Better Work began adding new donors, the major ones being Australia, Switzerland, and the Netherlands. Better Work also attracted more buyers and began asking them to sign a set of Buyers' Principles. These principles included working with factories on improving; not duplicating Better Work's monitoring efforts; and participating in Better Work conferences. These principles were voluntary and vaguely worded, but they created the groundwork for Better Work to begin addressing the role of buyers in labor rights abuses. Lastly, Better Work recognized the importance of working with domestic unions and developed an explicit strategy for union engagement.

Better Work expanded to Lesotho, Indonesia, and Nicaragua during Phase II. Its expansion to Lesotho and Nicaragua was driven by US foreign policy. Both countries are relatively small producers who survive through preferential trade deals with the United States. Indonesia's inclusion, on the other hand, made sense for buyers because it has a large and growing industry.

Phase II was successful, but Better Work's limitations were also exposed. One limitation was financial sustainability. Better Work's original plan had called for achieving sustainability within five years. By 2012, not a single program was on target to achieve this goal. This limitation was linked to another one: the program's cost. Better Work's monitoring and advising activities were resource intensive, requiring highly

trained staff to spend a lot of time in each factory. To give a comparison, a private monitoring companies have staff spend at most one day in a factory each year - Better Work staff spend approximately ten days a year in each factory. The program also cannot implement economies of scale: there is a linear relationship between the number of factories that participate and the number of staff, so expanding the program is costly.

Better Work also did not expand to as many countries as planned or into any new industries. Launching a new Better Work program in a country requires an agreement between the ILO's three domestic social partners, it requires pressure from international buyers or the US government, and it requires donors who are willing to support it. This alignment only happened in the three countries mentioned above. Better Work also did not expand into any other industries because the conditions are not right in any other industry. An appropriate industry needs to be labor intensive and geographically concentrated, it needs labor-conscious international buyers, and there needs to be a marked failure by government or NGOs to enforce working conditions. No other industry perfectly fit these criteria.

Phase III began in 2012 and will end in 2017. During this phase, the program will expand and reform some aspects of its operations, but it is not planning any major changes. The program expanded into one new country, Bangladesh, in late 2014. Bangladesh is one of the top five apparel producing countries in the world, and it has very poor labor conditions, so Better Work's expansion there makes a lot of sense. Better Work also expanded into footwear factories in Cambodia and piloted a program in Vietnam that focused on environmental standards.

An important part of Phase III is moving the financially sustainable programs out from under the ILO umbrella. In this model, Better Work will have a small staff that are still part of the ILO but will outsource its operations to a national entity (the exact type of legal entity will vary from country to country). The Better Work office will be responsible for overseeing operations, it will work with national stakeholders, it will coordinate with brands, and it will do capacity building and development activities. The national entity, for its part, will do the actual factory inspections and trainings. This new model will allow Better Work to move away from dependence on donors; it will also reduce the administrative burden on the operations side. The ILO is a complex bureaucracy that moves very slowly and this has created logistical problems for Better Work.

Another important reform during Phase III is a shift in the emphasis of operations away from monitoring towards more advising and training. The original BFC model focused almost exclusively on monitoring; the Better Work model in 2009 was meant to include advising in addition to monitoring. But over the years, Better Work staff have found that monitoring and advising can work counter to each other. Better Work's monitoring activities are threatening to factories owners and put Better Work staff in the position of policing and punishing; this role makes it difficult for Better Work to return to a factory and try to be a partner in advising and training. The model being rolled out during Phase III reduces that amount of time spent on monitoring and puts advising front-and-center.

This reform has an important implication for global governance. Virtually all attempts at governance focus on creating rules and then trying to ratchet up the

consequences for failure to comply. What the Better Work model shows is that advising and training can be more important than monitoring and enforcing (this is discussed more in chapter 9).

The final reform to be implemented during Phase III is the Transparency Initiative, in which all factories will be included in a public report that shows their performance on a series of indicators. This initiative is intended to put additional pressure on factories that have resisted improvements. It will also allow governments, unions, and civil society to take advantage of Better Work's monitoring efforts.

5. An Overview of Each Better Work Country Program

As of 2015, Better Work had programs in eight countries. It is useful to think of each country as a separate program because the exact constellation of domestic and international stakeholders leads to a different set of challenges, despite the model being standardized across countries. This section briefly discusses each country program and highlights relevant differences.

Table 6.1 contains important information about each Better Work program and is a good starting point for discussion. The third column shows the percent of global apparel exports accounted for by each country. It is clear that countries fall into two groups: major and minor producers. The major producers are Bangladesh, Vietnam, Indonesia, and to a lesser extent Cambodia. These countries are all in Southeast Asia and all are expected to increase their share of global apparel production in coming years. The minor producers are Haiti, Jordan, Lesotho, and Nicaragua, all of which account for around 0.2 percent of global exports. As compared to the major producers, the future of

these countries' industries is unclear; without preferential trade agreements, it is unlikely that their industries will grow or even survive competition with Asian producers.

When matched against the last column in the table, we see that all the small countries are funded exclusively by the US Department of Labor. This tells us something important: the inclusion of these countries in Better Work is driven more by US foreign policy than by the relevance of these countries to the apparel industry. For these countries, the government has been pressured to participate in Better Work has a condition, either explicit or implicit, of a trade agreement.

1	2	3	4	5	6	7
Country	First Year of Operations	Share of Global Apparel Exports 2012	Apparel Exports as a Share of GDP 2012	Voluntary or Mandatory Participation	Number of Factories in Dec 2015	Major Donors
Bangladesh	2014	4.7%	13%	Voluntary	94	D/S/N/US
Cambodia	1999	1.0%	25%	Mandatory	563	US
Haiti	2009	0.2%	9%	Mandatory	26	US
Indonesia	2011	1.8%	1%	Voluntary	150	S/N
Jordan	2008	0.2%	3%	Mandatory	70	US
Lesotho	2011	0.2%	24%	Voluntary	15	US
Nicaragua	2011	0.3%	13%	Voluntary	26	US
Vietnam	2009	3.3%	8%	Voluntary	369	S/N/US
WTO 2014 is the source for data on apparel exports.						
World Databank is the source for GDP data.						
Among donors, D is Denmark, S is Switzerland, N is the Netherlands, and US is the United States.						

Column 4 shows the percent of national GDP accounted for by apparel exports. This shows the importance of the apparel industry to the economy and is a rough estimate of the leverage that Better Work and international buyers have. As we can see, apparel is

an important industry in every country except Indonesia. Bangladesh, Haiti, and Cambodia are three countries where external pressure drives the presence of Better Work. In Indonesia, domestic stakeholders have been least interested in Better Work. That said, there is not a clear relationship between industry size and support for Better Work. The two countries that have been most receptive to Better Work are Jordan and Vietnam, even though their industries are smaller than others.

Column 5 shows whether the Better Work program is mandatory or voluntary for factories. Cambodia was originally made mandatory before the end of the MFA and has remained so due to buyer pressure. Haiti's program is made mandatory by the HOPE II legislation. Jordan's was made mandatory by national law. After several years of operating with relatively low participation, the government decided a mandatory program would be good for the industry.

It is important to point out that mandatory participation in larger industries is not a goal of Better Work simply because it would be too expensive. Indonesia's exports are twice Cambodia's, but the industry is geographically disbursed across an enormous country. Even if Better Work Indonesia could hire enough staff, the transportation cost and time between factories would make the program unmanageably expensive.

Column 6 shows the number of factories that participate in Better Work. Cambodia is by far the largest, but Vietnam is increasing quickly and will likely overtake Cambodia in several years. Indonesia is also expanding, but at a slower pace than Vietnam. Better Work Bangladesh has set an ambitious target to add approximately 100 factories per year over the next five years. If successful, it will be the largest program.

The smaller programs are not expected to increase enrollment significantly and two programs, Lesotho and Nicaragua, are being phased out.

The remainder of this chapter gives a brief discussion of important issues in each of the eight countries.

Bangladesh

Discussions to enter Bangladesh had been ongoing for several years as Better Work and the three social partners struggled to agree on the exact terms. Insiders to the negotiations reported that the labor unions had been resisting the program for fear that the government and employers would use Better Work to circumvent or disempower national labor unions (a common concern among national unions). The unions may also have been hoping to improve national labor law and get a higher minimum wage before agreeing to Better Work's expansion.

The Rana Plaza disaster in 2013 that killed over 1000 people created the energy necessary to overcome the deadlock. The international attention on Bangladesh pushed the government to reform national law and the ILO was able to convince unions that Better Work did not represent a threat.

Better Work opened an office in mid-2014 but could not start operations until the Bangladeshi legislature approved a new set of labor laws. The laws were approved by early 2015 and 94 factories had enrolled in the program by the end of the year.

Bangladesh presents a major challenge for Better Work. The country has a huge industry spread across a large area, labor conditions are very poor, and the government and employers are probably not participating in good faith. The program's ability to effect change within factories and in the industry at large is an open question.

Cambodia

The Cambodian program predates Better Work and is still called BFC. It began in 2001, the program had 563 participating factories in 2015, and apparel exports count for 25 percent of GDP. The program is not expected to grow in size. National legislation makes participation mandatory by all factories. Its model focuses heavily on monitoring rather than advising. It has been the largest program in Better Work although Vietnam will soon be larger.

As opposed to other countries, BFC has quasi-governmental authority in Cambodia. It is widely viewed by workers and managers as the country's true labor inspectorate. Further, the importance of apparel to the country's economy means that BFC and international buyers have a lot of power. When BFC proposed leaving the ILO and becoming a national entity, the government and employers' association were dead-set against BFC leaving the ILO umbrella because they want to ensure that the program remains credible.

Haiti

The Haiti program began in 2009, it had 26 factories in 2015, and apparel exports account for 9 percent of GDP. The program is not expected to grow. The program is made mandatory by US Congressional legislation called the Hemispheric Opportunity through Partnership Encouragement Act (HOPE) that gave Haiti various apparel-related trade preferences in 2006. An amendment to the legislation in 2008 included a requirement that Haiti's industry comply with ILO labor law, a provision written specifically with Better Work in mind. This effectively forces Haiti's apparel industry to comply with a Better Work program at the risk of losing its access to US markets.

Constant political upheaval and an earthquake in 2010 have created a country virtually without a functioning government. Labor unions are also very weak and face violent opposition from factory owners. This has left factory owners as a source of authority unto themselves, making this one of the more challenging countries for Better Work to operate in. On a positive note, however, Better Work has a great deal of authority in this country because factories must comply with the program.

Indonesia

Better Work's Indonesia program is one of its largest and most successful programs. It began in 2001, it had 150 factories in 2015, but apparel exports only account for 1 percent of GDP. The program is expanding quickly because international buyers want the program and domestic stakeholders are supportive. The program's biggest challenge is that the apparel industry is shifting within the country. It has historically been around Jakarta, but as the minimum wage increases in Jakarta, producers are moving to different provinces, making the industry geographically dispersed and located in areas that are just beginning to industrialize.

Jordan

The Jordan program began in 2008, it had 70 factories in 2015, and apparel exports account 3 percent of GDP. The program is not growing. The US-Jordan Free Trade Agreement is the basis for Better Work's expansion into the country. Concluded in 2000, the agreement included an Article directly in the text that called for both parties to respect domestic and international labor law, it prohibited the relaxing of labor laws to promote trade, and it allowed parties to erect trade barriers if the labor parts of the treaty were violated (Polaski 2003; TCC 2000; Weiss 2002).

This arrangement created a strange enclave economy within Jordan where Chinese factory owners hired women from Sri Lanka and Bangladesh to sew clothing. Labor abuses were severe and widespread. After a US NGO brought them to light, the US Department of Labor and the Jordanian government supported a Better Work program as a facing-saving device for both governments. Despite the program's inauspicious start, the government has become a strong supporter and mandated participation by all factories in 2012.

Lesotho

The Lesotho program began in 2011, it had 15 factories in 2015 (down from 30 in 2014), and apparel exports account for 24 percent of GDP. The program is funded entirely by the US DOL, which has decided not to continue funding the program after October 2016. It covers half the country's apparel industry and is in all the factories that export to the United States under the African Growth and Opportunity Act, a piece of legislation that gives many African countries preferential access to US markets.

Nicaragua

The Nicaragua program began in 2011, it had 26 factories in 2015, and apparel exports accounted for 13 percent of GDP. The program began as a pilot program for a larger CAFTA-wide Better Work program. In 2009, both the US government and international buyers were supportive of an initiative that would cover all CAFTA countries (the Central American Free Trade Agreement includes Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua). The program was funded solely by the US DOL.

Nicaragua was the best country to pilot program because it already had a Tripartite Commission that included government, employers, and unions; all three stakeholders were strong supporters of a Better Work program. The program, unfortunately, took several years to begin operating and, once it did, the stakeholders were resistant to the program's findings and policies.

After several years, the program's results were disappointing and it was more expensive than other Better Work programs. Further, international brands had lost interest in CAFTA because Asian countries were becoming more competitive on price and efficiency, while Bangladesh had absorbed most of the brands' energy on corporate-social responsibility. US DOL has decided not to continue funding the program beyond October 2016.

Vietnam

The Vietnam program began in 2009, it had 359 factories in 2015, and apparel exports make up 8 percent of GDP. The program has been expanding rapidly and will soon be the largest program.

Vietnam was the first country that Better Work expanded into and was an ideal candidate for several reasons. Vietnam has a large and growing industry, so international buyers wanted a Better Work program in the country. The government wanted to increase its apparel exports to the US and viewed Better Work as a way to differentiate itself from competitors. The government also hoped Better Work could bolster its domestic legitimacy. The expansion to Vietnam was supported by the ILO and IFC because both already had a presence in the region and had seen the value of BFC.

Vietnam is on track to be the largest Better Work program by 2016. It is one of the programs that is closest to achieving financial sustainability and spinning its operations off into a national entity. The main challenge facing the program is its expansion into new regions of the country. The program has been centered around Ho Chi Minh City, where apparel production is concentrated and factories are relatively sophisticated. As the program moves into more rural regions with less experienced factories, the program may find it more challenging to raise standards.

Conclusion

This history of Better Work contains two interesting lessons about how public policies are created and evolved. The first lesson is that Better Work was not conceived and implemented in a top-down fashion by policymakers with extraordinary foresight – the program’s creation and development has been far more haphazard. For example, the inclusion of the ILO as a monitor was not part of the original plan by the US and Cambodian governments. The ILO was only considered after other options were discarded, and even then the ILO resisted taking on this new role. Then, in 2005, the ILO resisted expanding the program to new countries. The expansion only occurred because the IFC provided funding, which was an unusual choice for an institution that loans money at interest to private firms. It is ironic that Better Work is now one of the ILO’s flagship programs given how much the institution resisted supporting the program in its early years.

A second lesson is the importance of individuals. Ros Harvey, the director of BFC in 2005, was a main driver behind the program’s expansion about of Cambodia. Without her energy, Better Work might not exist today. Another important individual is

Sandra Polaski, who supported the program within the USDOL despite other officials' reluctance. Finally, within the eight Better Work countries, individuals in positions of power have often been champions of the program and their support has been key to getting Better Work off the ground.

The next chapter goes into detail about Better Work programs in two countries, Indonesia and Vietnam. The chapter fleshes out how Better Work cooperates with stakeholders in the countries where it operates; it also discusses how the constellation of domestic actors shapes the program's effectiveness.

Chapter Seven: Comparing Better Work in Indonesia and Vietnam

The international politics of Better Work is this dissertation's focus, but the analysis would be incomplete if it did not also investigate how the program interacts with the domestic politics of the countries where Better Work operates.

This chapter discusses the politics and practical implementation of Better Work in Indonesia and Vietnam, two countries with very different histories and political systems. Its central conclusion is that domestic politics do not have much of an effect on Better Work's ability to perform its functions inside the factory gates. However, domestic politics strongly determine Better Work's ability to have an influence outside the factory.

1. Why Compare Indonesia and Vietnam

I chose to compare Indonesia and Vietnam because their industries have many similar characteristics but their political systems are different. By holding constant a number of characteristics, a comparison between the two has the potential to yield interesting insights about the effect of the political systems on Better Work.

Similarities between Indonesia and Vietnam

Indonesia and Vietnam have a number of similarities. Both countries have large apparel industries that are expected to grow in the coming years (in 2012, Vietnam was the world's sixth largest exporter of apparel and Indonesia was eighth). Both countries also have diversified industrial economies that are not wholly dependent on apparel. This means that domestic politics cannot be held hostage to the mandates of foreign actors, be they international buyers or governments in importing countries, so Better Work needs to be responsive to domestic stakeholders.

Another important feature of the program in both countries is that participation by factories is voluntary. In fact, both countries have such large industries that Better Work does not strive for universal participation because that would require an enormous staff and bureaucracy. The voluntary nature of these programs is significant because it forces Better Work to prove its relevance to domestic stakeholders.

In the same vein, neither country's participation in Better Work is a product of US foreign policy. As discussed in the previous chapter, several countries belong to Better Work primarily because they were pressured to join by the US government in exchange for trade preferences. In Indonesia and Vietnam, however, both governments wanted Better Work. Comparing two countries that are free from pressure by the United States ensures that politics of Better Work more accurately reflect domestic politics.

The Main Difference between Indonesia and Vietnam

Indonesia and Vietnam differ in one significant aspect: their domestic political systems. Since the fall of Suharto in the 1998, Indonesia has been a chaotic, multi-party democracy. Vietnam, on the other hand, has had one ruling party since 1975 and this party exercises control of the government, the economy, and quite literally every social organization down to recreational soccer leagues (Hayton 2010). The comparison allows us to determine how differences in political systems shape Better Work's implementation. This section gives a brief history of each country that focuses on how the current political system came to be.

Indonesia's History

Indonesia, as a modern state, is a product of European colonialism. From the 1500s until independence in 1949, the archipelago that makes up Indonesia was controlled by the

Netherlands. The Dutch took thousands of islands that contained hundreds of ethnic groups, languages, and religions and bound them into one administrative unit for the purpose of colonialism. Without the intervention of the Dutch, it is hard to imagine Indonesia existing today as a country.

The creation of Indonesia is so counterintuitive that it inspired Benedict Anderson's wonderful book *Imagined Communities* (Anderson 2006). In this book, Anderson makes the case that "Indonesians" in the 19th and early 20th centuries only became aware of themselves as Indonesian through their connection with the Dutch administrative apparatus. This gave the Indonesians at independence a shaky sense of nationalism and identity, which has been compensated for by a chauvinist nationalism and xenophobia towards foreigners.

At independence in 1949, Indonesian elites had three challenges: forming political institutions, growing the economy, and generating a national identity among millions of people with little in common.

Politically, Indonesia became a parliamentary democracy at independence with Sukarno, a former independence fighter, as President. The first decade after the country's independence was marked by political instability within Parliament and a variety of independence movements, leading Sukarno to adopt a more authoritarian system. This system was inherited by his successor Suharto in 1966. Suharto was a military general who further centralized power by killing hundreds of thousands of his political opponents in the Communist Party and elevating his military allies and family members into positions of power (MacDonald 2014, 39). Suharto remained tightly in the control of the country until 1998.

Indonesia's planned industrialization, which began under Sukarno and continued under Suharto, was fairly successful. An influential report by the World Bank, *The East Asian Miracle*, cited Indonesia as one of Asia's eight "high performing economies" that successfully blended state intervention with market mechanisms (World Bank 1993). The true success of Indonesia's planned industrialization is debatable, given the economy's collapse after the Asian Financial Crisis, but it did create a strong industrial base.

The project of nation building was also fairly successful during Indonesia's authoritarian years. Indonesian nationalism was built around a blend of traditional Javanese mysticism, Islam, and pride in the country's ancient civilizations. This national story managed to include most of the population, but it also pushed many of Indonesians' citizens into the category of "other," exacerbating ethnic tensions and encouraging periodic independence movements in various parts of the country. Furthermore, it was predicated on a suspicion of foreigners that has made cooperation with international organizations problematic.

The Asian Financial Crisis in 1998 hit Indonesia especially hard and created a disjunction between the present and the past. During the crisis the economy collapsed, the currency lost almost all its value, and many banks closed and lost depositors' life savings. Politically, Suharto and his family were forced to abandon power, the military's political power was greatly diminished, and the country took a rocky road back to democracy. Over the last two decades, Indonesia has firmly consolidated elections and a democratic transition, and a return to military authoritarianism seems very remote.

However, the country's parliament has not created stable parties and successive governments' performances have been disappointing (MacDonald 2014 227).

Two political changes occurred after the Asian Financial Crisis that are relevant for the apparel industry. First, a new trade union law was enacted that allowed 10 people to create an independent union, in contrast to the illegality of independent trade unions under Suharto. The new law has led to a proliferation of unions across the garment industry. There are literally thousands of factory-level unions that may or may not belong to one of a hundred union confederations, which may then belong to one of eight national unions. This decentralized union movement has created challenges for Better Work that are discussed below.

The second relevant reform after the fall of Suharto was the decentralization of public services. Suharto had centralized control over most state institutions, placing an enormous financial burden on the central government and leading to policies that were out of touch with local conditions. Decentralization was supposed to alleviate financial pressure on the national government while putting local governments in charge of their own policies. This has affected Better Work because the decentralized labor inspectorates gives the Labor Ministry in Jakarta very little authority over labor inspectorates at the provincial and district level.

Vietnam's History

Vietnam presents a different picture. Long before French colonization, the modern country of Vietnam was populated by an ethnically and linguistically homogenous civilization. Therefore, even though today's Vietnam is a modern construct, it has been able to base its national narrative on sturdier ground than Indonesia. This has

paradoxically led to less xenophobia and paranoia towards foreigners and has made the Vietnamese more welcoming to foreign direct investment and to advice from international organizations. The only exception to this openness is the Vietnamese's intense suspicion of China.

Contemporary Vietnam began at the end of its civil war in 1975. The Communist elites based in Hanoi defeated the western-allied, Catholic elites in Saigon, unifying the country under their control. What followed was a half-hearted attempt at Soviet-style communism, with a centrally planned economy and the near eradication of independent social organizations. But Vietnam had come to the party a little too late. By the 1980s, both China and Russia were abandoning communism and, after a few economically disastrous years, very few people in Vietnam believed in it either.

In 1986, after just a decade of communism, the party began instituting *Doi Moi*, a series of policies designed to move Vietnam towards an industrialized, market economy that would be integrated into the larger world economy. *Doi Moi* would also bring Vietnam closer to the United States and Europe, thus providing the country with some protection from its historic enemy China.

Doi Moi has been a spectacular economic success, with per capita GDP shooting from \$98 in 1990 to \$2,052 in 2014 (World DataBank 2015). All this has been achieved without the Communist Party facing any serious challenges to its control. The Party controls all the top positions in government; it also exercises firm control over private enterprise and what passes for civil society.

In fact, the main political challenge of the Communist Party today is how the central government can exercise control over provincial and district governments (Hayton

2010). Vietnam's rapid industrialization and economic expansion have created a simultaneous rise in demands on the government to protect workers, protect the environment, invest in public goods and infrastructure, and redistribute wealth. These are all functions that the government is not capable of performing, a problem exacerbated by the increasing opportunities for corruption on the part of local government officials. As Vietnam liberalizes, local governments are increasingly being captured by local elites, discrediting the entire Communist Party in the eyes of the public. If the Party is going to retain broad support, then it must be perceived by Vietnamese people as acting in the public interest.

This is precisely where Better Work comes in. The central government's strong support for the program can be seen as an attempt by the central labor ministry's to push its agenda into districts where the local inspectors are unable or unwilling to protect workers' rights. This is discussed in more detail below.

2. Comparing Better Work in Indonesia and Vietnam

This section compares Better Work's interactions with the three "social partners" in Indonesia and Vietnam (government, unions, and employers' associations). It will tease out how different political systems have determined Better Work's ability to carry out its activities. Its main finding is that the political system has not affected Better Work's activities within factories, but it has strongly determined Better Work's ability to influence the sector and economy more broadly.

A lot of the information presented in this section is the result of interviews conducted in both countries. In Indonesia, I accompanied an ILO research team through an intense three days of interviews with Better Work staff. I was able to speak with the

project's senior staff and front-line factory inspectors. I was also able to accompany two EAs on a visit to an apparel factory. In Vietnam, I spoke with the project's director as well as several senior staff. I also met with representatives from the three social partners, although these meetings were not very useful given the Vietnamese tendency to never air disagreements.

Since most of the information is from interviews, it is subjective and biased by the person giving the information. To compensate for this, information is only present as fact if it comes from multiple sources. In cases where there is disagreement or ambiguity, it has been noted

The remaining pages of this section give a detailed comparison of the social partners in Indonesia and Vietnam and show how they affect Better Work's ability to have an influence outside factory gates. In order to impose structure on a lot of disparate information, each social partner is discussed from three angles. First, this section explains *what* the social partner is; then, it explains *why* it cooperates with Better Work; finally, the section explains *how* each partner's institutional make-up conditions its relationship with Better Work.

Governments

The government is Better Work's most important social partner. Because of sovereignty, the government's acquiescence to the program is required and active support from the government is helpful in getting other actors in the country to participate. In both Indonesia and Vietnam, Better Work's main partner in government is the labor ministry.

These two ministries are structured quite differently. This has had a strong impact on Better Work. Indonesia's Ministry of Manpower and Transmigration (MOMT) in

Jakarta is an avid supporter of Better Work and has been a strong partner. The MOMT, however, does not carry out actual inspections. The decentralization law after the Asian Financial Crisis devolved responsibility for inspections to districts, which is one level below provinces (comparable to counties in the United States). The district-level inspectors report directly to the mayors in their district, not to the MOMT. Surprisingly, they are not accountable to the MOMT in any way. Furthermore, labor inspectors are not on a fixed career path within the inspectorate; most of them will be rotated into other agencies after several years at the whim of the mayor. This means that inspectors have no incentive to perform their work properly and no ability to stand up to local elites.

The MOMT was initially skeptical of Better Work and it took a year for the Better Work staff to earn their trust. The MOMT initially thought that Better Work would replicate the role of Indonesian labor inspectors, which raised alarm bells because of Indonesians' perpetual fear of foreign influence. The MOMT was persuaded to work with Better Work because of pressure from international brands, a realization that Better Work offered advising and training to factories, and Better Work's recruitment of excellent staff. The Chief Inspector at the MOMT also thought that Better Work could help implement one of his flagship programs that focused on getting factories to self-report. Today, the MOMT and Better Work collaborate very closely, but cooperation with district inspectorates is much weaker.

The decentralization of the labor inspectorate means that Better Work and the MOMT often act as partners in trying to improve the performance of district inspectors (see Amengual and Chirot 2015 for some detailed examples). These inspectors, unfortunately, are usually not interested in being trained and know that their jobs are

controlled by local elites that do not place a high priority on labor rights. This means that Better Work has not had much of an effect at the front-lines of the inspectorate.

Additionally, when Better Work moves into a new district, it must build a relationship from scratch with the local inspectors and cannot rely on the MOMT to give a directive.

In Vietnam, the labor inspectorate is centralized. The central ministry is the Ministry of Labor, Invalids, and Social Affairs (MOLISA). Beneath MOLISA are provincial and district-level inspectorates that follow MOLISA's policy directives. Inspectors are on a proper career path within the inspectorate, receive relatively good training, and will not be transferred to other agencies. Corruption is an issue, but it is perceived to be less pervasive than in other developing countries.

MOLISA has cooperated closely with Better Work from the start. In 2009, when Better Work wanted to expand from Cambodia, Vietnam's Senior Labor Inspector invited Better Work into the country for several reasons. He recognized that the capacity of his ministry was far too low to adequately meet the needs of an industrializing economy, he thought the Better Work model would be effective, and he wanted help implementing a program for factories to self-diagnose problems. This collaboration has been perceived as a great success by the government. In my interview with a senior official at MOLISA, he said they were so happy with Better Work that they would like the program to expand to other labor-intensive industries.

All of this makes cooperation with inspectors very fluid for Better Work in Vietnam. The program is able to conduct information sharing, coordinate priorities, and conduct capacity building with ease. And when Better Work moves into a new district,

the local labor inspectors receive a directive from headquarters to cooperate with the program.

Unions

Labor unions are also an important social partner for Better Work. Unions have knowledge of local working conditions, they can apply pressure on factory owners and the government, and they generally ensure that workers' rights and interests are upheld.

The labor union movement is structured differently in Indonesia and Vietnam. In Indonesia, the labor movement is decentralized and chaotic (Caraway 2008). Under the post-Suharto trade union law, just 10 people can get together and form an independent union. This means that one factory may have a host of different unions that negotiate separately with management and compete among themselves for members and influence. The managers may also put up a union that they control behind the scenes (i.e. a "yellow union"). Managers may also try to prevent the formation of independent unions. At the factory level, unions are generally weak and unable to effectively negotiate with management on equal footing, a situation that is exacerbated by the country's economic problems and the general unwillingness of the state to defend unions (Suryomenggolo 2008; Tjandra 2008).

Factory unions often join union federations, which organize unions along regional or industry lines. There are roughly 100 federations, 10 of which are specifically for the garment industry. The federations can further organize into national confederations, of which there are eight (the ILO, however, only works with four national confederations). These national confederations are focused on national political struggles and are each allied with different political parties, which often means they are in competition. Further,

the national confederations are vertically decentralized, meaning that the national confederation leaders cannot tell their constituents what to do. Therefore, if Better Work comes to an agreement with national leaders of a confederation in Jakarta, there is no guarantee that the confederation's members in a specific factory will honor that agreement.

Better Work staff report that the unions in Indonesia do not have a long term agenda on how to work with the program; instead, they tend to want ad-hoc cooperation on single events. The unions are also not in agreement amongst themselves about how to approach Better Work. One union kept asking Better Work staff to organize factory employees into their union (which Better Work does not do). Another union refused to cooperate with Better Work in any way until early 2015, fearing that Better Work wanted to replace them. On a more positive note, one garment-sector federation, Garteks, has cooperated extensively with Better Work by organizing working in participating factories and by having its members get trained by Better Work.

The labor movement's lack of structure and long term vision makes it challenging for Better Work to cooperate with unions, both at the national level and at the factory level. At the national level, when Better Work wants to meet with union representatives, it must organize a meeting with all four confederations and try to get consensus among them. This can be logistically and politically difficult.

Indonesia's union structure also creates challenges within each factory. The factory may have one union, but it may be manager controlled. A factory may have multiple unions, but they may be allied with different national political parties and thus be antagonistic towards each other, or they may not be allied with any federations. This

makes it difficult for Better Work staff to know how to approach and cooperate with unions.

Vietnam is a different story. To begin with, there is only one union, the VGCL, and independent trade unions are illegal. VGCL staff are government employees and the head of the VGCL is always a member of the Communist Party's Central Committee. This gives the VGCL considerable authority within the Communist Party, at least at the highest level of setting policy and law.

The VGCL contradicts basic western political theory. According to the narrative in the west, government-controlled unions are political puppets that serve the interests of elites and, therefore, only independent unions can adequately protect workers. We can see this today in demands made by US trade unions that Vietnam allow independent unions as price of their admission to the Trans-Pacific Partnership (AFL-CIO 2015). In reality, however, the VGCL has been an effective advocate for workers' rights within the Communist system (Tran 2011). According to several interviews, the VGCL has been adapting reasonably well to the pressures that come with industrialization.

The VGCL is a hierarchy with four levels. These four levels are: national, provincial, district, and enterprise (which refers to individual businesses). At the provincial and district levels, the unions are called Federations of Labor (FOL). The VGCL sets long-term policies that are then carried about by the subordinate FOLs. The capacity and resources of the VGCL decrease through the levels, and the VGCL is notoriously weak at the factory-level. In fact, many union representatives are management-appointed and controlled.

The VGCL's weakness at the factory level is one of the main reasons that it switched from an initial opponent of Better Work to a strong supporter. When Better Work first entered the country, the VGCL feared that the program would create a parallel structure for organizing workers that would duplicate its mission. But instead, Better Work has indirectly encouraged more workers to join the union, it has strengthened union independence at the factory level, and it has raised the union's capacity by increasing its organization and by training individual members.

Better Work indirectly supports the union through the PICCs (the bipartite committees that Better Work sets up in each factory during "advising" visits, discussed in section 1 of chapter 4). In these PICCs, worker representatives are directly elected by workers. They do not need to be VGCL members to get elected, but they join the union after their election. This is not a formal rule of Better Work or the VGCL, but one gets the sense that there is strong social pressure to join, which is tantamount to a rule in a country like Vietnam that puts such an emphasis on conformity.

Having all the worker members of the PICC join the VGCL has given the union a huge boost where it was weakest – within each factory. Not only has it increased union membership, the PICCs have also guaranteed that the VGCL members are organized and have a structured relationship with management. Moreover, as PICC members, they are able to take advantage of Better Work trainings.

All this has made the VGCL a strong supporter of Better Work. The union routinely meets with Better Work, it paves the way for the program to enter new districts, and it supports having its members receive trainings. Better Work is also the platform for a USDOL-funded program to improve the VGCL's capacity.

Employers

The employers' associations are the third social partner for Better Work. These associations are the collective voice for the factory owners in a country and the best way for factories to voice concerns (or complaints) to Better Work. In Indonesia and Vietnam, the employers' association is the weakest partner at the national level even though factory owners are often very powerful at the local level.

In Indonesia, the employers' association does not seem to contribute very much. Better Work staff did not mention any coordination between the employers and Better Work. This is partly because Indonesia's economy is large and diverse, so apparel is not a high priority for the association. It may also be that employers' association discriminates against its non-Indonesian members, which would be relevant here because almost all Better Work participating factories are Korean owned. In fact, Better Work in Indonesia has often had to work with the Korean Garment Association and the Korean embassy to get the collective voice of employers.

In Vietnam, the employers' association is more active. It organizes a Factory Focus Group of participating factories to discuss Better Work and give the program feedback. The employers' association also coordinates with Better Work to approach the government when there is confusion about the law. The employers' association representative reported that factories are generally happy with Better Work, although they feel that reporting is too strict and the cost of training is too high (as one might expect). Further, the current director of Better Work used to be a senior staffer at the association, so there are strong informal ties as well.

3. Lessons from Comparison

When comparing the improvements in compliance rates between Indonesia and Vietnam, there is not a significant difference. Table 7.1 shows non-compliance rates among factories at the beginning of each country's program (the table is placed at the end of the chapter). Starting conditions were similar in both countries; the correlation between the two is 0.62. The biggest differences come from Vietnam having high non-compliance in freedom of association and Indonesia having high non-compliance in its employment contracts.

Table 7.2 shows changes in non-compliance for both countries over time. Vietnam shows significant improvements in the first two years, especially with respect to occupational health and safety and freedom of association. Better Work in Indonesia got off to a difficult start as the business environment worsened, but by the second and third years there were significant improvements. Taken together, these tables show that Better Work is able to improve conditions in factories in both countries in roughly the same degree (the next chapter contains a detailed discussion of this data).

Outside the factory gates, however, Better Work is having a much stronger effect in Vietnam. The program is able to set a long-term agenda with its social partners and then see this agenda through. Better Work in Vietnam has worked closely with the inspectorate and the unions to improve all parties' capacities to carry out their missions. Better Work has also been able to participate in national discussions about the apparel industry as a whole.

In fact, one of Better Work's greatest successes worldwide came through the VGCL. In 2012, the VGCL completed a study of Better Work's PICCs and concluded

that they were very successful at improving working conditions. The VGCL then used this research to push for reforms to Vietnam's labor law that required all large enterprises to institute bipartite committees modelled on the PICC (Better Work Case Study 2013a).

Nothing comparable has happened in Indonesia. Better Work in Indonesia has not been able to cooperate with any social partner as effectively as the program in Vietnam. The Indonesian program is close the central Labor Ministry and one union, but it rarely works with local inspectors or with other unions. Better Work has also not contributed to wider discussions about the apparel industry, in part because such discussions are simply not happening in a country with no dominant political authority.

At first glance, this comparison seems to support the idea that authoritarian governments are inherently better at development than democracies – but this conclusion would make little sense. After all, for every successful dictatorship like Vietnam there are ten failures like Mubarak's Egypt. Vietnam's success can be attributed to a host of factors. One is the threat from China, which has disciplined Vietnam's elites into growing the economy and strengthening the country. Without their fear of China, Vietnamese elites would likely be far more corrupt. Another factor is ethnic homogeneity. Almost all citizens of Vietnam are of the Viet ethnicity, they speak the same language, and are mostly Theravada Buddhists. This homogeneity creates a sense of solidarity that does not exist in many developing countries. The lingering Communist ideology is another factor. Despite *Doi Moi*, Vietnamese are still indoctrinated with Communist thought that emphasizes the common good.

The final source of Vietnam's success is the independence of state institutions, especially the labor inspectorate and the national union. The Communist Party in

Vietnam created state institutions with the intention of penetrating society during and after the American invasion, and so these institutions are capable of acting autonomously and effectively when they get clear directions from the top.

The problem with Indonesia is not democracy *per se*, the problem is that Suharto centralized all power in the country under his control and so his abdication led to a vacuum that has yet to be filled. The labor movement is fractured, state institutions are weak, and no political party has risen to dominance, so there simply no one setting a national agenda. On top of this, Indonesia is ethnically heterogeneous and geographically dispersed, making cooperation difficult, and the country has no threatening neighbors that would force different groups to cooperate.

Conclusion

The main lesson drawn from this comparison for Better Work, the United Nations, and development agencies broadly is that domestic politics are not necessarily important for a program's *implementation*. A development program can do its work quite well with or without active support from domestic stakeholders. However, if a program wants to have a broader impact on the country, then domestic actors must pick up the baton themselves. The next chapter will provide a more comprehensive analysis of Better Work activities.

Country		Indonesia	Vietnam
Number of Factories		20	32
Year of Publication		2012	2011
Child Labour	Child Labourers	0	0
	Unconditional Worst Forms	0	0
	Hazardous Work	0	6
	Documentation and Protection	0	22
Discrimination	Race and Origin	0	0
	Religion and Political Opinion	0	0
	Gender	35	22
	Other Grounds	20	100
Forced Labour	Coercion	0	0
	Bonded Labour	0	3
	Forced Labour and Overtime	0	0
	Prison Labour	0	0
Freedom of Association and Collective Bargaining	Union Operations	25	100
	Freedom to Associate	NA	NA
	Interference and Discrimination	5	97
	Collective Bargaining	30	66
	Strikes	5	9
Compensation	Minimum wages	10	12
	Overtime wages	50	9
	Premium Pay	NA	3
	Method of Payment	5	3
	Wage Information, Use, Deduction	25	25
	Paid Leave	15	78
	Social Security and Other Benefits	50	3
Contracts and Human Resources	Employment Contracts	75	25
	Contracting Procedures	45	19
	Termination	5	12
	Dialogue, Discipline, Disputes	80	44
Occupational Safety and Health	OSH Management Systems	100	90
	Chemicals, Hazardous Substances	95	100
	Worker Protection	100	100
	Working Environment	100	22
	Health Services and First Aid	100	81
	Welfare Facilities	100	100
	Worker Accommodation	5	9
	Emergency Preparedness	100	72
Working Time	Regular Hours	30	47
	Overtime	80	97
	Leave	10	12

See footnote for details regarding the data in this table

††

†† The data for tables 7.1 and 7.2 come from the publicly-available Compliance Synthesis Reports, which can be found at www.betterwork.org. These reports show the findings from Better Work's compliance assessment tool, which is discussed in detail in chapter 6. Compliance on each of the 38 issues in the tables is based on a series of yes-or-no questions. Non-compliance on just one of these questions leads to compliance on the entire issue. A cell with NA means that this information is not collected by this country program.

Year of Publication		Indonesia			Vietnam				
		2013	2014	2015	2012 (Mar)	2012 (Oct)	2013	2014	2015
Number of Factories		11	23	71	52	77	87	121	111
Child Labour	Child Labourers	0	0	0	0	0	-1	1	1
	Unconditional Worst Forms	0	0	0	0	0	0	0	0
	Hazardous Work	0	0	3	0	-5	3	5	4
	Documentation and Protection	-9	4	6	12	2	-2	7	9
Discrimination	Race and Origin	0	4	0	0	0	0	0	0
	Religion and Political Opinion	-9	4	0	0	0	0	0	0
	Gender	18	30	3	2	4	2	6	3
	Other Grounds	9	0	13	0	0	0	P	P
Forced Labour	Coercion	0	0	0	0	0	-1	-2	2
	Bonded Labour	0	0	0	4	3	0	0	0
	Forced Labour and Overtime	0	0	1	2	0	0	1	0
	Prison Labour	0	0	0	0	0	0	0	0
Freedom of Association and Collective Bargaining	Union Operations	0	-4	4	0	0	P	-4	45
	Freedom to Associate	18	4	6	NA	NA	P	NA	NA
	Interference and Discrimination	0	-4	6	P	31	P	-2	13
	Collective Bargaining	0	0	3	23	10	P	13	-11
	Strikes	0	0	0	6	4	P	-1	1
Compensation	Minimum wages	-45	0	14	4	6	0	11	-6
	Overtime wages	-45	-4	17	0	4	-6	-13	-5
	Premium Pay	NA	NA	NA	2	3	0	-2	-1
	Method of Payment	0	9	6	0	0	1	-2	1
	Wage Information, Use, Deduction	-27	9	11	-11	-3	1	7	7
	Paid Leave	-27	9	17	P	-8	2	21	4
	Social Security and Other Benefits	18	0	-7	-2	-7	-7	-7	3
Contracts and Human Resources	Employment Contracts	0	22	8	P	5	13	-2	10
	Contracting Procedures	x	-22	17	P	0	16	14	6
	Termination	0	-17	-15	2	7	-3	-22	-9
	Dialogue, Discipline, Disputes	0	0	18	19	13	9	-2	P
Occupational Safety and Health	OSH Management Systems	9	9	3	44	27	P	11	P
	Chemicals, Hazardous Substances	0	13	10	10	8	9	26	5
	Worker Protection	9	4	10	25	20	-3	7	-6
	Working Environment	27	9	18	10	11	6	-2	8
	Health Services and First Aid	0	13	3	P	0	6	26	P
	Welfare Facilities	9	17	13	2	0	1	6	P
	Worker Accommodation	0	0	3	0	0	2	-2	1
Working Time	Emergency Preparedness	0	17	-3	31	22	0	P	5
	Regular Hours	-36	-4	19	5	P	-8	5	9
	Overtime	-9	-4	7	-4	-5	-3	2	4
	Leave	-27	-48	28	15	P	P	1	11
Total		-117	70	242	201	152	37	107	114

See footnote for details of this table

Color Code	
below -15	
from -10 to -14.9	
from -5 to -9.9	
from -4.9 to 4.9	
5 to 9.9	
10 to 14.9	
15 and up	

⁷ Changes in compliance are calculated for factories that have been in the program for more than one year. Changes are based on a factory's score from the previous year, not since the beginning of the program. The data shows the change in average compliance, so a positive 10 indicates that 10 percent of total factories assessed improved on that issue. A cell with P means that changes to compliance on that issue were driven by changes to domestic law or changes to Better Work's policy, not changes in factories.

Chapter Eight: Evaluating Better Work

This chapter will evaluate Better Work. The first three sections judge the program's success against three specific benchmarks. The first section looks at changes in compliance rates on the CAT. It shows that compliance has improved on all issues in all countries, albeit unevenly. The second section examines the modest evidence that Better Work has gathered in support of the business case for compliance. The third section looks at the influence the program has had on national apparel industries and shows that Better Work has been able to shape entire industries through partnerships with domestic stakeholders.

The fourth and final section does not judge Better Work against any specific criteria. Rather, it discusses three of the program's core characteristics that shape its ability to be effective. These characteristics are: a focus on "win-win" solutions, the buyer-driven nature of the program, and a history of emphasizing monitoring problems instead of solving them.

1. Improvements to the Compliance Assessment Tool

The simplest way to evaluate Better Work is to look at whether or not factories have improved their performance on the specific issues measured by the CAT. This section will begin by summarizing data from the CAT that has been collected in six Better Work countries over the last several years (monitoring had not begun in Bangladesh at the time of analysis and Cambodia's assessment tool is not compatible with the countries that came later). The section will then discuss the underlying characteristics that drive compliance.

Changes to Compliance Rates

Table 8.1 shows non-compliance rates during the first round of Better Work evaluations in each country. These numbers illustrate working conditions in these factories at the moment Better Work programs began.

Country		Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average
Number of Factories		21	20	15	10	20	32	
Child Labour	Child Labourers	0	5	0	0	0	0	1
	Unconditional Worst Forms	0	0	0	0	0	0	0
	Hazardous Work	0	0	7	0	0	6	2
	Documentation and Protection	0	0	0	0	0	22	4
Discrimination	Race and Origin	29	0	20	0	0	0	8
	Religion and Political Opinion	0	0	0	0	0	0	0
	Gender	38	35	0	0	15	22	18
	Other Grounds	0	20	0	10	95	100	37
Forced Labour	Coercion	10	0	74	0	0	0	14
	Bonded Labour	0	0	0	0	0	3	1
	Forced Labour and Overtime	0	0	0	10	0	0	2
	Prison Labour	0	0	0	0	0	0	0
Freedom of Association and Collective Bargaining	Union Operations	42	25	100	10	0	100	46
	Freedom to Associate	NA	NA	NA	NA	0	NA	0
	Interference and Discrimination	5	5	0	20	5	97	22
	Collective Bargaining	0	30	0	0	40	66	23
	Strikes	0	5	0	0	0	9	2
Compensation	Minimum wages	NA	10	20	10	0	12	9
	Overtime wages	NA	50	33	30	5	9	21
	Premium Pay	0	NA	NA	0	NA	3	1
	Method of Payment	5	5	27	10	20	3	12
	Wage Information, Use, Deduction	56	25	74	30	60	25	45
	Paid Leave	61	15	33	0	35	78	37
Contracts and Human Resources	Social Security and Other Benefits	75	50	7	10	50	3	33
	Employment Contracts	46	75	53	50	90	25	56
	Contracting Procedures	10	45	47	20	10	19	25
	Termination	19	5	NA	10	60	12	18
Occupational Safety and Health	Dialogue, Discipline, Disputes	28	80	53	80	50	44	56
	OSH Management Systems	85	100	33	70	95	90	79
	Chemicals, Hazardous Substances	100	95	27	80	90	100	82
	Worker Protection	100	100	100	100	90	100	98
	Working Environment	46	100	40	90	65	22	60
	Health Services and First Aid	91	100	86	70	90	81	86
	Welfare Facilities	91	100	100	80	90	100	93
	Worker Accommodation	0	5	86	30	5	9	23
Working Time	Emergency Preparedness	85	100	93	90	90	72	88
	Regular Hours	100	30	40	50	40	47	51
	Overtime	85	80	20	20	45	97	58
	Leave	5	10	20	20	75	12	24

Non-compliance rates are measured as a percentage of total factories. The rows shows the CAT's eight "compliance clusters;" the first four clusters are the ILO's core labor rights, the second four relate to domestic law. Better Work's public reports divide these clusters are into 38 "compliance points" which are measured by several yes-or-no questions. The specific questions are not shown on public reports, although certain high non-compliance questions are highlighted in annual reports. If a factory is non-compliant on just one of these yes-or-no questions, then it is labeled non-compliant on the entire compliance point. The source for this data is Better Work's compliance synthesis reports, which can be found online at www.betterwork.org.

Table 8.1 contains a few key lessons. Child labor and forced labor have almost no violations. There are also few cases of discrimination. These tend to be instances of factories only hiring women or not hiring the legal quota of disabled people.

Freedom of association (FOA) and collective bargaining is more mixed. Some countries have very high non-compliance rates, other have virtually no non-compliance. However, it is likely that the data here understates the extent of FOA violations in these countries because FOA is by far the most difficult of the eight compliance clusters to measure. Factory owners rarely oppose FOA outright in ways that are easy to observe. Instead, they attempt a variety of tricks to prevent workers from organizing and bargaining collectively.

These tricks include forming a management-controlled union, not allowing workers to take breaks to attend meetings, firing union members on pretexts, promoting union leaders to positions with high salaries, spying on union meetings, and generally pressuring workers not to attend. Managers also coach workers on how to speak with Better Work EAs to give the appearance that the factory respects FOA. Finally, managers may not understand the law so may violate FOA without realizing it. All of these violate Better Work's CAT and usually also break domestic law, but these issues can be difficult to for EAs to find.

Compensation issues have a moderately high rate of non-compliance across all countries. Non-compliance on these issues usually relate to informing workers about their salaries and deductions as well as properly paying workers for wages beyond their base salary. These other wages include overtime pay, paid leave, bonuses, and payments into national social security programs.

Contracts have a fairly high rate of non-compliance. Non-compliance in this cluster tends to be driven by factories improperly using short-term contracts, terminating employees

illegally and denying them severance pay, and lacking any mechanism for grievances and dispute resolution.

Occupational safety and health (OSH) has by far the highest non-compliance rates among the eight clusters. For several compliance points, the average non-compliance across countries exceeds 90 percent. These high non-compliance rates are driven partly by poor safety records in factories, partly by the ease with which these issues can be measured, and partly by the frequency with which improvements on these issues can backslide.

Working hours also has a moderately high rate of non-compliance. In many cases, factories simply exceed the domestic legal limit on working hours per week. Non-compliance can also be driven by more factories keeping two sets of books, not providing workers with sick leave or allowing new mothers to take breastfeeding breaks, and having security personnel and other support staff work excessively long hours.

Table 8.2 captures changes in non-compliance rates over time. Each column in table 8.2 shows the average change in non-compliance across all countries during a given year of Better Work operating in that country. For example, the first column of numbers shows the average change in compliance among the six countries after the program had been in operation for one year (the columns cannot be divided by calendar year because different Better Work country programs started at different times). The next column shows changes during the program's second year of operation in each country, and so on.

		Years of Monitoring and Advising					Total
		One	Two	Three	Four	Five	
Child Labour	Child Labourers	0	0	0	0	0	0
	Unconditional Worst Forms	0	0	0	0	0	0
	Hazardous Work	2	-1	2	2	2	7
	Documentation and Protection	1	2	2	2	2	9
Discrimination	Race and Origin	6	3	-11	0	-1	-4
	Religion and Political Opinion	1	3	-1	2	0	5
	Gender	8	8	-1	5	3	23
	Other Grounds	3	0	4	15	16	38
Forced Labour	Coercion	4	8	8	2	2	24
	Bonded Labour	-4	-2	7	4	1	5
	Forced Labour and Overtime	0	2	0	2	-1	4
	Prison Labour	0	0	0	0	0	0
Freedom of Association and Collective Bargaining	Union Operations	2	0	1	-1	13	16
	Freedom to Associate	3	6	2	0	-2	9
	Interference and Discrimination	2	7	2	-2	6	14
	Collective Bargaining	0	4	3	4	-19	-8
	Strikes	0	2	0	-1	1	2
Compensation	Minimum wages	-2	2	4	1	-1	4
	Overtime wages	-12	12	2	1	-16	-13
	Premium Pay	1	3	-1	-6	-3	-6
	Method of Payment	-3	9	9	2	2	18
	Wage Information, Use, Deduction	3	4	6	6	0	20
	Paid Leave	-2	9	10	6	1	24
	Social Security and Other Benefits	-3	11	-1	-1	-10	-4
Contracts and Human Resources	Employment Contracts	9	21	17	-5	2	45
	Contracting Procedures	8	1	11	-2	3	20
	Termination	6	5	-5	-7	2	1
	Dialogue, Discipline, Disputes	16	13	2	2	10	44
Occupational Safety and Health	OSH Management Systems	23	20	5	1	19	68
	Chemicals, Hazardous Substances	0	12	10	8	6	36
	Worker Protection	4	8	5	5	-3	19
	Working Environment	0	12	12	-10	10	24
	Health Services and First Aid	-9	13	9	14	1	28
	Welfare Facilities	6	20	1	5	1	33
	Worker Accommodation	-2	5	1	0	-1	3
	Emergency Preparedness	5	11	3	-4	5	20
Working Time	Regular Hours	-5	18	6	9	-8	19
	Overtime	6	-4	10	8	-5	14
	Leave	6	1	23	7	2	39
Total		80	249	157	75	41	

Color Code	
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from -10 to -14.9	
from -5 to -9.9	
from -4.9 to 4.9	
5 to 9.9	
10 to 14.9	
15 and up	

This table summarizes an enormous amount data and the significant variation between countries has been lost. This chapter's Annex has tables that show changes for each country in each time period and contains technical details about how the numbers were found, sorted, and analyzed.

There are some limitations to the data presented in this table. The 38 compliance points are measured by several specific questions; non-compliance on a single question leads to non-compliance on the entire point. As such, factories may be improving on individual questions without showing improvement on the compliance point. Also, the change in compliance in a given year is calculated by Better Work to include all factories that have been assessed more than once. Therefore, data from factories that have participated for many years are combined with factories with only one year in the program. This weakens the inferences that can be made about how factories improve over time. A final limitation to this data is that changes in compliance may be driven by factories being more transparent or by EAs getting better at finding violations (changes in compliance due to legal reforms or alteration to Better Work policy were omitted).

The upshot of these limitations is that table 8.2 probably *understates* the improvements made by Better Work. Improvements on specific questions do not necessarily lead to improvements on the compliance point; the improvements in factories during their early years are mixed up with factories that have been in for longer, after the rate of improvement has slowed; and increases in non-compliance may be due to better measurement rather than worsening conditions.

Despite these limitations, there are some useful inferences that can be drawn from this table. First, there has been a lot of improvement in all countries on all compliance clusters. The total change in average compliance is positive for all but five of the 38 compliance points. Increased compliance is highest in the areas with the highest initial non-compliance rates. These are OSH, contracts and human resources, and compensation.

Second, the rate of improvement is modest after one year, becomes very high in the second and third years, and then slows down during the fourth and fifth years. The table's

bottom row adds the average changes to compliance for each year and shows that the total was 80 for year one, 249 for year two, 157 for year three, 75 for year four, and 41 for year five.

Improvements are slow the first year of a program for a few reasons: factories are still learning about the criteria for compliance, Better Work staff are learning how to use the assessment tool, and some changes take time to implement. The escalation of improvements in years two and three, followed by a slower rate of improvement in later years, indicates that factories can address the easiest issues within the first three years. By the fourth year, remaining improvements will be more challenging.

In looking at each compliance cluster, we see little improvement in child labor or forced labor, which is to be expected given the very low rates of non-compliance to begin with. In the discrimination cluster there is modest improvement in gender, indicating that factories are no longer exclusively hiring women for production roles (also, they are not exclusively hiring men for security, maintenance, and transportation). Discrimination against people with disabilities (captured in the “other grounds” point) improved moderately as well because factories in Indonesia and Jordan began complying with local laws mandating that a small percentage of employees must be disabled.

The FOA cluster shows a few compliance points with small and modest improvements; there is one point with a decrease in compliance driven by Jordan and Vietnam in their fifth year. As discussed above, FOA is hard to measure and so the CAT probably paints an inaccurate picture. To better understand FOA, it is necessary to supplement CAT data with qualitative data from interviews and reports. When qualitative information is taken into account, three countries have had improvements in FOA: Haiti, Jordan, and Vietnam.

Shortly after Better Work began operating in Haiti, EAs began finding extensive FOA violations and not a single factory in Haiti had union representation. Better Work spent several years working with factories, training unions, and organizing tripartite discussions. By 2014, FOA violations had fallen significantly and 70 percent of the factories in Better Work had unions (Better Work Haiti 2015). In Jordan, FOA has improved since Better Work's inception through the sector-wide CBA. This CBA gave migrant workers more rights and legalized a national union (Better Work Case Study 2013b). Vietnam is the one country where FOA has improved noticeably in the CAT because of a concerted effort by Better Work, the labor ministry, and the national trade union to increase workers' representation in the garment sector.

The compensation cluster shows modest improvements during the second and third years followed by a flattening-out of improvements during the fourth and fifth years. Improvements occur across almost all categories of issues, including paying the minimum wage, correctly calculating bonuses, making payments to social security, and implementing transparent reporting of wage information. Overtime pay is the main issue where compliance declined because the law in most countries gives workers double their regular salary for overtime work. Factory owners employ a variety of tricks to avoid paying this rate, especially in conditions where overtime is prevalent and workers are ill-informed about their rights.

The contracts and human resources cluster show significant increases in the first three years followed by few improvements in later years. The improvements in early years occur across all issues. By the fourth year, two central issues remain high in non-compliance. One is the improper use of probationary contracts under which workers have lower salaries, less benefits, and fewer rights. The second major issue is employers not informing workers about the exact terms of their contracts, their rights under national law, and the provisions of relevant

CBAAs. Weak unions contribute to this problem because they may not be informing their members either.

Occupational safety and health, the cluster with the highest rates of initial non-compliance, has seen the greatest improvements. By far the greatest improvement has come in OSH management systems. Chemicals and hazardous substances, along with worker facilities have also seen significant improvements. Despite these improvements, however, overall non-compliance remains stubbornly high across all the issues covered by OSH.

The working time cluster also shows improvements. The “leave” compliance point shows significant improvement, mostly because factories are allowing workers to take legally mandated breaks. The compliance points that look at regular and overtime hours show more modest improvements even though overall non-compliance on these issues remains quite high.

Characteristics that Drive Changes in Compliance

The previous section shows that factories in the Better Work program have improved their compliance across almost all issues measured by the CAT. The degree of improvements, however, varies over time and over issue area. This section of the paper looks at the underlying characteristics of issues that drive the degree to which they improve.

The conclusions presented here are based on a few sources of information. The first is the CAT data discussed above. Second, a dataset provided by Better Work that contains information on each of the CAT’s yes-or-no questions. Third, an internal report conducted by Better Work’s research team in Geneva. Fourth, and by far the most important, is interviews with Better Work staff in Geneva and in field offices.

The five characteristics that determine the rate of improvement are: the cost of implementation, the benefit to factory owners, whether the issue looks at policies instead of

conditions on the ground, the extent to which an issue challenges cultural norms, and how much an improvement might alter the balance of power in a factory.

Unsurprisingly, one of the strongest drivers of changes in compliance is the cost of remediating the issue. Better Work has had a lot of success in improving compliance with issues that are inexpensive to address but has struggled to get factories to invest in expensive improvements. To give a telling example, the “welfare facilities” compliance point in the OSH cluster asks one question about handwashing facilities and another question about toilets. When looking at detailed data for each question, there is rapid improvement in the question on handwashing, but little improvement in the question on toilets. This disparity can be explained by the simple fact that installing sinks with soap dispensers is a lot cheaper than installing gender-separated toilets.

Another telling comparison is between two issues that are workers’ top priorities: safety and temperature. When looking at detailed questions from the CAT about training workers to be safe, there is rapid improvement in all countries. On questions about heat levels, however, there is very little improvement over time. Even in Cambodia, where the program has been operating for over a decade, 69 percent of factories are too hot (Better Factories Cambodia 2015). Like in the issue above, this disparity is driven by the high cost of infrastructure improvements in factories compared to the low cost of training workers. Given the industry’s low profit margins and pressure from buyers, factory owners are unwilling to invest in these improvements, especially if they are renting the facilities from landlords or, in the case of some countries, government agencies in industrial zones.

One exception to cost is the extent to which the improvement will benefit owners. When looking at questions related to fire detection and fire-fighting equipment, the rate of

improvement is moderate to high across countries. Although these investments can be expensive, they protect the owners' property and so are implemented while investments that solely benefit workers are omitted.

The next important driver of change is whether or not a compliance question looks at a factory's policy versus the factory's actual conditions. For example, the compliance point on OSH management systems has shown by far the highest improvement of all points in table 8.2. Despite this, actual OSH conditions in factories continue to be the greatest source of non-compliance. Another example comes from the compensation cluster. The highest improvement has been on the "wage information, use, and deduction" compliance point. This point looks at whether or not factories have properly informed workers about how their pay was calculated. Despite the improvement on this point, there has been an overall decrease in compliance with respect to overtime pay, indicating that workers are being paid incorrectly even though they are receiving more information about their wages. A final example is employment notices that discriminate on the basis of gender by only requesting female applicants. This once-common practice has been almost completely eliminated, but this does not mean that gender discrimination does not continue in less obvious ways.

These examples show that factories are willing to quickly change their policies in order to be compliant, but that these policy changes do not necessarily lead to improvements in actual working conditions. These policies may signal a sincere effort by management to address problems, but they may also be an attempt to raise compliance scores without having to commit to real change. The evidence on whether or not changes to policy lead to changes on the ground is inconclusive. The only study that looks at this question found that OSH policies loosely

correlate with actual improvements to OSH conditions over time, but the direction of causality is unclear (Eisenbraun et. al. 2015).

A third driver of change is the extent to which non-compliance is driven by cultural norms. A central component of Better Work, the PICC, is a good example. PICCs are a requirement for all participating factories in Better Work, they are mandated by domestic law in several countries, they are inexpensive to implement, and they have clear benefits for factory owners. Despite this, Better Work EAs in Vietnam and Indonesia reported that many factories struggle to implement this reform because factory managers are not used to communicating openly with workers and workers are not used to voicing their concerns. The Vietnamese employers' association representative reported that factories often become strong supporters of PICCs, but only after several years and a leap of faith on the part of both managers and workers. Other examples of issues that challenge cultural norms are bipartite OSH committees, sexual harassment, and verbal abuse.

A final driver of change is whether or not reforms alter the balance of power between managers and workers. This characteristic is most directly related to the FOA and collective bargaining cluster. Other issues, however, also play a role in determining power structures. These include contracting procedures, promotion opportunities, and payment schedules.

At present, the balance of power in factories lies with employers. Unemployment is high in most countries with a Better Work program; unions are weak and workers are intimidated when they attempt to organize; employers cooperate and often have allies in the government; and multinational brands are not concerned with FOA violations in their supply chain. This uneven balance of power makes it possible for factory owners to ignore improvements in working conditions and cheat workers in a variety of ways. If workers could easily organize and bargain

collectively, they could ensure that their rights are protected. For obvious reasons, factory owners tend to resist improvements on FOA issues.

When looking at Better Work countries, FOA improvements have occurred in Haiti, Jordan, and Vietnam. These improvements came about because a powerful authority was able to put pressure on factories to comply. In the case of Haiti, it was the US Department of Labor, which can revoke the country's privileged access to the United States and which independently uncovered FOA abuses in the country's garment sector. In Jordan, it was the Jordanian government responding to pressure from the US government under their bilateral free trade agreement. In Vietnam, the labor ministry and the national union made a concerted effort to improve worker representation. Better Work played an important facilitating role in all three countries, but the program was not able to overcome owners' resistance to FOA by itself.

Indonesia is a useful comparison. The Indonesian labor ministry does not effectively enforce FOA and the country's labor movement is decentralized and disorganized, so the Better Work program in this country does not have a lot support in its efforts to improve FOA.

In interviews conducted in Indonesia, staff and EAs indicated an uncertainty about how to approach FOA. During assessment visits, EAs often do not have the time to investigate FOA violations thoroughly enough to prove them. Moreover, EAs may overlook FOA problems during their assessment visits in order to not alienate managers and make future cooperation more difficult. EAs would rather focus on OSH and fire safety problems during the assessment visit and address FOA issues during advising visits. All of this leads to underreporting of FOA violations and no clear strategy about how to improve FOA violations.

It is possible that similar circumstances have led to underreporting in Lesotho and Nicaragua, where the CAT shows very little non-compliance on FOA. A study in Lesotho, for

example, found that eight of 17 focus groups with workers in Lesotho mentioned FOA violations (Pike and Godfrey 2012). Another report by the ITUC found “a large and fast-rising number of petitions, complaints and reports filed against practices of textiles employers” (ITUC 2009, 6). Nicaragua has stronger unions and a more leftist government than Lesotho, but Freedom House gives the country a score of six out of 12 on *Associational and Organizational Rights*, writing: “Employees have reportedly been dismissed for union activities, and citizens have no effective recourse when those in power violate labor laws (Freedom House 2015b).” Given these reports, one would expect to see higher FOA violations on the CAT in these countries.

When looking across the countries with Better Work programs, it appears that the program can address FOA issues most effectively when a powerful authority stands behind it. When acting on its own, Better Work’s main source of authority is multinational buyers, and their priorities are child labor, fire safety, and OSH, not FOA.

That said, the Better Work program does take FOA issues very seriously. One staff member in Geneva works solely on this issue and one person in each country office coordinates industrial relations policy (there are no other issues that receive such dedicated attention). The program conducts a lot of trainings on FOA and has implemented various initiatives in different countries to improve FOA. The scope of the problem, however, is so vast that an international program has limited ability to address it without strong local support; previous initiatives in labor standards have also struggled with FOA (see Anner 2012 on the FLA; see Locke, Amengual, and Mangla 2009 on corporate codes).

When looking across the characteristics that drive change, we can see that Better Work has been able to significantly improve compliance on issues that are inexpensive, easy to implement, benefit owners, and do not challenge cultural norms or power relations. As issues

become more expensive, difficult, and challenging, the rate of improvement declines. This unsurprisingly conclusion says something important about how Better Work is structured: the program is not an “authority” that can compel factories to alter their behavior. Rather, the program must rely on persuasion most of time and can only rely on other sources of authority in narrow instances.

Section four of this chapter extensively discusses Better Work’s structure. But before turning to that, the next two sections of this chapter evaluate Better Work’s effectiveness on two other criteria: proving the business case for compliance and improving a country’s apparel industry as a whole.

2. Proving the Business Case

One of Better Work’s goals is to demonstrate that good labor practices benefit businesses themselves. This is subtly different from the dominant argument in support of labor rights; i.e. that labor rights are good for an economy as a whole despite the challenges they impose on businesses (chapter 8 of the World Bank’s 2013 *World Development Report on Jobs* summarizes this debate).

Demonstrating the business case for compliance with labor codes is partly a way for Better Work to fulfill its core mission and partly a way for the program to influence larger debates about economic policy. These efforts support Better Work’s core mission by convincing factories to join the program and improve their labor conditions without constant pressure from buyers, unions, labor rights groups, and Better Work staff. Two decades of sustained labor right advocacy in this industry, coupled with some pressure from international buyers, has proven that labor conditions will not improve significantly unless management and owners buy into the process. Convincing them that labor rights are in their self-interest is key to the program.

Better Work maintains that factories will receive a number of benefits by participating in the program and improving compliance. One claim is that factories will improve their relationships with international buyers. Another is that happier, healthier workers are more productive and less likely to quit. A final claim is that innovations in human resources and organization of production will improve efficiency. Over its years of operation, Better Work has compiled modest evidence in support of these claims.

A series of studies conducted by independent academics and supported by Better Work have found a few positive links between labor rights compliance and improved positions in the apparel supply chain. One finding is that good compliance scores are a prerequisite for factories to work with “reputation-conscious” buyers. These buyers usually build longer relationships with factories and their orders have a higher profit margin, so factories aspire to work with these buyers (Better Work 2011a; Oka 2012; Robertson 2011). Good compliance on labor rights, naturally, is not a sufficient condition; factories still must deliver on price, quality, and timeliness, but this finding does show that better buyers demand better labor conditions.

One survey of 14 international buyers found that almost all of them check a factory’s labor conditions before placing an order. But once the order has been placed, it is virtually unheard of for a buyer to cancel the order due to labor compliance issues, indicating a modest commitment to labor rights (Better Work 2011b).

Several studies have found a correlation between labor rights and worker productivity. One study using a survey of workers found a positive correlation between workers’ perceptions of working conditions, factory profits, and speed of production (Brown et al 2015). Other studies found that factories had lower profits when they had higher reported incidents of verbal abuse (Rourke 2014) and sexual harassment (Lin et al 2014).

These two studies found that the link between harassment and profitability is partly due to factories paying hourly wages rather than paying worker per piece. This leads to problems because workers have no financial incentive to hurry, while managers experience pressure to speed up production. As a result, managers feel that they have to harass workers to motivate them. This particular finding could hopefully be used to convince factories across the industry to adopt pay-by-piece wage systems.

Better Work's final claim is that improved labor rights lead to more efficient management systems that can improve productivity independent of worker effort. There is a good deal of evidence to suggest that apparel factories are not running at maximum efficiency. In a famous experiment, economists from Stanford University hired a team of top-tier international consultants to advise apparel factories around Mumbai on management and production systems. The factories subsequently had a 17 percent increase in productivity in the first year after being advised (Bloom et al 2013).

One reason that factories are not efficient is because managers rarely communicate clearly and openly with workers. Better Work has found a lot of evidence to support the theory that managers are not aware of what workers truly value. Assuming that managers are willing to improve working conditions, they would presumably want to maximize workers' happiness at minimum cost. This would require knowing precisely which issues workers care about. In a series of surveys of both workers and management, researchers found that managers' perceptions of workers' interests are not aligned with what workers actually want (Domat et al 2013). Workers' most important issues, by a significant margin, were temperature and air quality; management assumed that this issue was unimportant for workers. Other issues, such as safety

and proper grievance procedures, were far more important to workers than managers realized (Better Work 2013; Pike and Godfrey 2012).

One piece of evidence to support the idea that Better Work improves management systems is that factories with improved scores are likely to stay in business longer (Brown et al 2011). Another study that looked specifically at BFC found that labor conditions did not deteriorate after the program stopped publicly reporting factories' scores. The authors argue that the absence of backsliding indicates that improvements benefited owners by increasing productivity (Robertson et al 2011; Brown et al 2012).

Taken together, Better Work has amassed a substantial amount evidence that improved compliance is good for business. This evidence, however, is not strong enough for the program to convince skeptical factory owners. Representatives from the IOE praised Better Work's focus on the business case but reported that their constituencies remained unconvinced that compliance was good for their bottom line. The ultimate driver of factory participation in Better Work remains pressure from MNCs, not a belief in the business case.

A major test of whether or not Better Work can convince factory owners of the business case will come as country programs become independent of donor funding and begin to rely solely on fees from factories and buyers. If Better Work's activities are truly good for business, then these businesses should be willing to pay the full cost.

3. Improving a Country's Entire Apparel Industry

In most countries where Better Work operates, the apparel industry is far too large for the program to ever cover all factories. In these countries, the program strives to improve the entire sector through two pathways. One path is through a "modeling effect" in which non-

participating factories imitate the best practices of participating factories. The other path is by working with social partners.

Regarding the modeling effect, there has not been any evidence outside of Cambodia that Better Work is affecting factories that do not participate in the program. In most Better Work countries, compliance rates remain low among factories during their first year of participation. If the program were influencing the entire industry, then compliance rates among new participants would be higher. Further, a study commissioned by the World Bank in Vietnam examined factories that were not in Better Work. They compared factories in areas with high participation in Better Work to factories in areas with low participation. They did not find differences in working conditions, indicating that a modeling effect is not taking place (Kotikula 2015, 84).

The only country with evidence of a modeling effect is Cambodia, where compliance rates among new participants have improved significantly over the life of the program (Better Factories Cambodia 2015, 5). But Cambodia is a special case among Better Work countries. Participation is universal and mandatory, the program covers the entire industry, and the program has been in the country for a decade and a half. This suggests that Better Work has the ability to improve an entire industry, but the program must be on a scale sufficient to achieve change and it must stay for a long time. Given this, one could expect industry-wide gains in countries like Haiti and Lesotho over the next decade. Unfortunately, such a change is unlikely in Indonesia and Vietnam, much less Bangladesh, absent a significant increase in the program's capacity.

On a more positive note, there are many instances of Better Work influencing an entire industry through partnerships with governments, employers, and unions. Examples of these partnerships include: capacity building for the national union in Vietnam; training labor rights experts in Indonesia; supporting a collective bargaining agreement in Jordan; organizing

tripartite discussions in Haiti; and requiring Bangladeshi labor law to comply with international law as a condition of the program beginning operations (see section II of chapter six for more details about each example).

By working with social partners, Better Work is able to have an effect on the wider industry. This pathway has limitations, of course, given that it is highly dependent on domestic actors. The upshot here is that Better Work can have influence on an entire sector via domestic actors, but it is unlikely that factories that do not participate in Better Work will start modeling the behavior of participating factories.

4. A General Analysis of Better Work

The previous sections judged Better Work's effectiveness. This section highlights three core characteristics of Better Work that lead to the program's strengths and weaknesses. First, Better Work maintains the support of its diverse stakeholders by focusing on "win-win" solutions and avoiding "zero-sum" conflicts. Second, Better Work is "buyer-driven," which gives it some power over factory owners but no power over buyers themselves. Third, Better Work is struggling against an older labor rights model that focuses on monitoring and is moving into new terrain with its emphasis on remediation.

Leveraging Small Commitments for Win-Win Solutions

Better Work's most interesting feature is the diversity of its stakeholders. No other actor in the field of international labor rights pulls together governments, factories, multinationals, labor unions, and international organizations. This is a strength for the program because it can draw on support from so many quarters, but it also puts Better Work in a precarious position because any policy that is strongly advocated by one stakeholder may raise opposition in another. Moreover, many of these actors have only a minimal commitment to improving labor rights.

Two questions that motivated this research project were how Better Work could satisfy these stakeholders and how the program can induce the private sector to take concrete steps to improve labor rights. The answer to both of these questions is that Better Work focuses on problems with “win-win” solutions; i.e. solutions that benefit all stakeholders or at least do not harm the interests of any stakeholder. By focusing on win-win solutions, Better Work is able to avoid alienating any of its stakeholders while still achieving significant, concrete results.

Examples of win-win solutions include: improving fire safety, which benefits workers and owners; teaching managers to motivate workers through positive relationships rather than threats, which raises productivity and improves the workplace culture; developing PICCs to improve workplace communication without altering power relations; and organizing Buyers’ Forums to improve communication between buyers and other stakeholders.

This strategy of focusing on win-win solutions has allowed Better Work to achieve considerable success, but it also exposes the program central weakness. Better Work is generally unable to address “zero-sum” problems in which one party’s gain comes at another’s loss. If the program pushes too hard on any zero-sum problem, it risks losing the support of a key stakeholder, which the program cannot afford to do.

This explains why some issues on the CAT have not improved at all (e.g. light and temperature control, health facilities, toilets, breastfeeding breaks). Remediating these issues would provide a lot of benefit to workers but would be disadvantageous for owners, making them classic zero-sum problems. Many factories have been non-compliant with respect to these issues for years and Better Work has not insisted that they comply because such a demand could cause factories to exit the program.

Consider another issue, that of the distribution of profits across the apparel industry. The apparel supply chain, which is compared to a totem-pole in chapter two, provides the greatest benefits to those at the top of the pole: consumers in wealthy countries and shareholders in multinational companies. Those at the bottom of the pole, workers, have the least ability to extract a share of the profits from the supply chain. In this situation, young women making \$1500 a year work 60 hours a week so that American and European consumers can change their wardrobes seasonally. Only the most narrow minded free-market economist can look at such a system and feel that it is moral.

In a more just world, workers in the apparel industry would have their incomes doubled and western consumers would have to pay five percent more for their clothing. Arguably, the best thing that Better Work could do to improve workers' lives would be to push for higher wages. The program, however, does not have the authority to address payments to factories or salaries to workers (it only monitors if factories are paying the legal minimum wages and complying with CBAs). And if Better Work did launch an initiative to encourage higher salaries for workers, multinationals and factories would likely exit the program. In fact, real wages in Cambodia have actually *decreased* over the life of Better Factories Cambodia because of competition from other countries (Robertson 2011).

Another simple example of a zero-sum issue that Better Work avoids is the unionization of workers. Better Work and the ILO claim that their role is not to directly organize workers. Rather, unions in each country are responsible for organizing workers and engaging in collective bargaining; Better Work's role in this process is simply to monitor whether or not factories are negotiating in good faith and following the CBAs they have signed.

This stance of neutrality between unions and employers makes sense for the ILO in developed countries with strong labor unions, but it hardly makes sense in countries like Bangladesh, Cambodia, or Haiti, where employers and government officials collude to suppress unions, often violently. In countries like these, an ideal program to improve workers' rights would be more active in organizing workers, supporting unions, and protecting union leaders from violence. But Better Work is unable to actively take the side of unions in the countries where it operates without alienating employers and, in some cases, governments. Avoiding of this zero-sum problem is necessary for the program to maintain the support of all domestic stakeholders, but it means that workers are constantly losing battles that are distributional in nature.

This analysis does not lead to a prescription that Better Work should start immediately addressing zero-sum conflicts. If it did so, the program would lose its support from key stakeholders and cease to be effective at all. The point here is that many labor rights issues in the apparel industry are inherently zero-sum and that Better Work is not designed to address these issues. The program has been able to resolve some zero-sum conflicts around pay, health and safety, and FOA, but in these cases Better Work had a powerful authority supporting it (e.g. multinationals, the domestic government, or the US government). The upshot here is that Better Work is most effective in contexts where another actor has the authority to resolve zero-sum problems, leaving Better Work in the position to address problems with win-win solutions through its expertise on advising and training.

This emphasis on the win-win also extends to the relationship between factories and international buyers. In its work with buyers, Better Work focuses on issues that benefit both parties and does not address the zero-sum issues that lead to labor rights problems, such as

payments to factories. This is the second key characteristic of the Better Work, which the next section discusses in detail.

Better Work is Buyer-Driven

One frequently hears the term that Better Work is a “buyer-driven” program, meaning that pressure from international buyers, rather than western governments, is now the deciding factor in influencing factories in developing countries to join the program. Buyers are also Better Work’s main source of authority because factories are often more responsive to buyers than to their own governments.

The obvious corollary of Better Work’s dependence on buyers is that the program has no leverage through which it can get buyers to change their policies that lead to labor rights abuses. International buyers have indirectly exacerbated labor abuses over the years by consistently driving down prices, playing factories off against each other, charging factories penalties for late delivery or quality problems, and never making long-term commitments to factories. These business practices put enormous stress on factory owners who then push that pressure down onto their workers.

Better Work staff have discussed problematic business practices with buyers and have included a provision in the Partnership Agreement that asks buyers to look at their business practices and take steps to alter policies that worsen labor conditions. The provision that discusses this, however, is vaguely worded, unenforceable, and is not being measured or monitored by Better Work. Further, most of the apparel companies that participate in Better Work have not signed the Partnership Agreement; they are subscribers to Better Work’s reports and have varying degrees of commitment to the program.

Another area where buyers' practices have fallen short is with respect to supporting Better Work. Ana Aslan, the US Department of Labor's point-person for Better Work, said that buyers could do more to encourage their entire supply chain to join Better Work; they could also do more to reward factories with higher compliance rates and pressure factories that persistently resist addressing their problems. Even if buyers do not change their business practices, they could significantly improve labor rights by more explicitly linking their orders with compliance on the CAT.

Going forward, it seems likely that Better Work will get increasing support from buyers. It is in the buyers' self-interest to continue pushing their supply chains into Better Work and reduce duplicating audits and remediation plans. However, it seems unlikely that buyers will significantly alter purchasing practices that lead to labor rights abuses. These buying practices are driven by competition between buyers and there is no reason to expect these competitive pressures to subside. The best that can be achieved is a gradual raising of standards through persuasion, education, and changes in the apparel industry's culture. There are, fortunately, indications that this is happening and that Better Work is a key player, but the ultimate effect of this pressure remains indeterminate.

Moving from Monitoring to Training

A final key characteristic of Better Work is its origins in a time when international labor rights initiatives focused almost exclusively on monitoring factories. As such, the first program, BFC, heavily emphasized monitoring problems instead of addressing them. Later Better Work programs put more of a focus on training and advising, but monitoring has still taken up most of each program's resources (there is variation across countries, with a few countries now devoting more resources to advising and training than monitoring).

One of Better Work's key contributions to labor rights is its demonstration that monitoring is less effective than advising and training. This point was emphasized in numerous interviews with international and domestic stakeholders. Better Work's PICC was especially lauded, even though successful PICCs do not automatically lead to improved scores on the CAT. An internal evaluation of Better Work's trainings found that almost all participants thought trainings were relevant and high quality (Better Work 2015). And while Better Work is more expensive than pure monitoring programs, it is cost effective. The program only costs several dollars per worker per year (the cost varies quite a lot across countries, so a single number is not available).

Despite the clear advantages of a focus on remediation, Better Work programs still must devote a lot of resources to monitoring. One reason is that advising is not a substitute for monitoring – it is a complement. Someone must monitor factories and apply incentives for factory owners to change. The problem for Better Work is that it must be both monitor and adviser; to put it another way, the program has to be both a policeman and a friend. This dual (and conflicting) role complicates working with factory owners because it creates a relationship that is partly adversarial and partly cooperative. Ideally, the government in these countries should monitor and police factories, freeing up Better Work to focus solely on advice. Unfortunately, few countries have the resources to properly monitor factories, so the program must continue in this dual role.

Another reason Better Work must continue to focus on monitoring is that its stakeholders want the program to provide constant reports. International buyers, in particular, are very attached to the reports they get from Better Work. These reports, rather than concrete improvements in their supply chains' working conditions, is the actual reason that most buyers

participate in the program. The reports provide them with assurance that their factories are obeying basic labor laws and protect them in the event of a scandal. The US government is also still committed to the monitoring paradigm. The legislation behind Better Work Haiti, for example, calls for biannual monitoring reports which are so resource-intensive that the program cannot devote enough energy to advising and monitoring. Unions and labor rights advocates also want Better Work to monitor more intensely and make these reports public so that these groups can make use of them to pressure factories. The paradigm of remediation and cooperation with factories still runs counter to their thinking.

The final obstacle to Better Work increasing its commitment to advising and training is that the program is not exactly sure about the way to proceed. No other program has done this before, so there is not a set of best practices that Better Work can draw on. No one knows exactly which types of trainings are most effective nor does anyone know the best way to set up a successful PICC. Better Work's EAs are often learning by doing on these issues and the global program is unclear about how to set policy. As such, there is a good chance that the program will make some mistakes or false starts before learning what does and does not work.

In mid-2015, Better Work rolled out a new model that focuses less on monitoring and more on advising. It will be interesting to see how successful this model is in using the program's limited resources and satisfying stakeholders. Hopefully, this new model will point towards a way that other labor rights initiatives and global governance programs can effect change.

Conclusion

Better Work has done more to improve labor rights than any other existing international labor rights program. It operates in a challenging environment where numerous pressures run against

labor rights and has still managed to achieve significant, concrete, sustainable results on almost all the issues it monitors. Better Work has also been able to work with domestic social partners to improve the entire apparel industry in many countries through capacity building programs and progress in social dialogue. Moreover, the program only costs several dollars per worker per year, making it well worth the investment for donors and subscribers.

That said, the program is not a substitute for a functioning state and a well-organized labor movement. Many problems related to labor rights are inherently zero-sum and can only be addressed by domestic institutions. In an ideal world, Better Work would operate in tandem with labor ministries and labor unions, with each actor focusing on its advantages. Labor ministries would monitor factories and punish non-compliance, unions would push for workers' interests, and Better Work could be a trusted advisor that provides training and advice.

Annex: Technical Notes for the Tables

The raw data for the tables presented in this chapter come from the Compliance Synthesis Reports published by Better Work. These reports are available at the program’s website:

www.betterwork.org.

Tables 8.3 to 8.7 show compliance data for each country. The year of the data was published is included, but the countries are organized by the number of years they have been in operation rather than calendar year to account for different start dates. The cells are color-coded along these lines:

Color Code	
below -15	Yellow
from -10 to -14.9	Yellow
from -5 to -9.9	Yellow
from -4.9 to 4.9	White
5 to 9.9	Light Blue
10 to 14.9	Blue
15 and up	Blue

Cells that contain the letters NA indicate that the country does not collect data for that compliance point. Cells with the letter P indicate the changes in compliance that year were driven by changes to domestic laws or Better Work’s policies. Dropping these measurement-driven changes was important because they often led to enormous fluctuations that overwhelmed actual changes in working conditions. Haiti’s biannual reports were out of sync with annual reports from other countries, so the changes to compliance were added together from the two reports in 2013 and 2014 to get the numbers in tables 8.5 and 8.6. Vietnam third synthesis report was the first to contain changes in compliance, but it was omitted because so many of the changes were policy related. Vietnam’s fourth synthesis report is the source of the data for Vietnam in table 8.3.

Table 8.3: Change in Compliance After One Year of Monitoring and Advising							
Country	Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average Change
Year of Data Publication	2011	2013	2011	2013	2015	2012 (Mar)	
Number of Factories	15	11	10	9	20	52	
Child Labour	Child Labourers	0	0	0	0	0	0
	Unconditional Worst Forms	0	0	0	0	0	0
	Hazardous Work	0	0	10	0	0	2
	Documentation and Protection	3	-9	0	0	0	12
Discrimination	Race and Origin	4	0	30	0	0	6
	Religion and Political Opinion	17	-9	0	0	0	1
	Gender	22	18	0	0	5	8
	Other Grounds	NA	9	-10	11	P	0
Forced Labour	Coercion	4	0	20	0	0	4
	Bonded Labour	0	0	-30	0	0	-4
	Forced Labour and Overtime	0	0	0	0	0	0
	Prison Labour	0	0	0	0	0	0
Freedom of Association and Collective Bargaining	Union Operations	0	0	0	11	0	2
	Freedom to Associate	NA	18	0	0	NA	3
	Interference and Discrimination	0	0	0	0	10	2
	Collective Bargaining	0	0	-10	-11	0	23
Compensation	Strikes	-4	0	0	0	0	0
	Minimum wages	P	-45	20	11	0	4
	Overtime wages	0	-45	-20	-11	5	0
	Premium Pay	0	NA	NA	0	NA	2
	Method of Payment	0	0	-20	0	0	0
	Wage Information, Use, Deduction	35	-27	10	0	10	-11
	Paid Leave	P	-27	20	-11	10	P
Contracts and Human Resources	Social Security and Other Benefits	P	18	10	-33	-10	-2
	Employment Contracts	13	0	-10	22	20	P
	Contracting Procedures	0	x	20	11	0	P
	Termination	30	0	-10	11	5	2
Occupational Safety and Health	Dialogue, Discipline, Disputes	4	0	40	22	10	19
	OSH Management Systems	26	9	0	33	25	44
	Chemicals, Hazardous Substances	0	0	-20	-11	20	10
	Worker Protection	-4	9	0	0	-5	25
	Working Environment	-26	27	0	0	-10	10
	Health Services and First Aid	0	0	-20	-33	10	P
	Welfare Facilities	4	9	10	0	10	2
Working Time	Worker Accommodation	0	0	0	-11	0	0
	Emergency Preparedness	-13	0	0	0	10	31
	Regular Hours	9	-36	10	0	-20	5
	Overtime	57	-9	20	-11	-20	-4
Leave	Leave	P	-27	10	0	30	15
							6

Table 8.4: Change in Compliance After Two Years of Monitoring and Advising								
Country		Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average Change
Year Data was Published		2012	2014	2012 (Mar)	2014	.	2012 (Oct)	
Number of Factories		22	23	16	13	.	77	
Child Labour	Child Labourers	0	0	0	0	.	0	0
	Unconditional Worst Forms	0	0	0	0	.	0	0
	Hazardous Work	0	0	0	0	.	-5	-1
	Documentation and Protection	5	4	0	0	.	2	2
Discrimination	Race and Origin	0	4	12	0	.	0	3
	Religion and Political Opinion	0	4	12	0	.	0	3
	Gender	20	30	-6	-8	.	4	8
	Other Grounds	NA	0	0	0	.	0	0
Forced Labour	Coercion	5	0	33	0	.	0	8
	Bonded Labour	0	0	-14	0	.	3	-2
	Forced Labour and Overtime	10	0	0	0	.	0	2
	Prison Labour	0	0	0	0	.	0	0
Freedom of Association and Collective Bargaining	Union Operations	5	-4	0	0	.	0	0
	Freedom to Associate	NA	4	NA	8	.	NA	6
	Interference and Discrimination	0	-4	0	8	.	31	7
	Collective Bargaining	0	0	12	0	.	10	4
Compensation	Strikes	10	0	-6	0	.	4	2
	Minimum wages	-5	0	0	8	.	6	2
	Overtime wages	10	-4	28	23	.	4	12
	Premium Pay	5	NA	NA	0	.	3	3
	Method of Payment	0	9	28	8	.	0	9
	Wage Information, Use, Deduction	0	9	8	8	.	-3	4
	Paid Leave	5	9	17	15	.	-8	6
Social Security and Other Benefits	37	0	12	15	.	-7	11	
Contracts and Human Resources	Employment Contracts	22	22	39	15	.	5	21
	Contracting Procedures	0	-22	29	0	.	0	1
	Termination	26	-17	0	8	.	7	5
	Dialogue, Discipline, Disputes	6	0	17	31	.	13	13
Occupational Safety and Health	OSH Management Systems	27	9	P	15	.	27	20
	Chemicals, Hazardous Substances	-11	13	35	15	.	8	12
	Worker Protection	5	4	13	0	.	20	8
	Working Environment	-11	9	22	31	.	11	12
	Health Services and First Aid	0	13	50	0	.	0	13
	Welfare Facilities	9	17	38	38	.	0	20
	Worker Accommodation	0	0	0	23	.	0	5
Emergency Preparedness	9	17	7	0	.	22	11	
Working Time	Regular Hours	32	-4	11	31	.	P	18
	Overtime	0	-4	-19	8	.	-5	-4
	Leave	27	-48	11	15	.	P	1

Table 8.5: Change in Compliance After Three Years of Monitoring and Advising								
Country	Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average Change	
Year Data was Published	2013	2015	2012 (Nov)	2015	.	2013		
Number of Factories	23	71	29	.	.	87		
Child Labour	Child Labourers	0	0	0	.	.	-1	0
	Unconditional Worst Forms	0	0	0	.	.	.	0
	Hazardous Work	0	3	3	.	.	3	2
	Documentation and Protection	-1	6	3	.	.	-2	2
Discrimination	Race and Origin	0	0	-45	.	.	0	-11
	Religion and Political Opinion	-4	0	0	.	.	.	-1
	Gender	-9	3	P	.	.	2	-1
	Other Grounds	NA	13	P	.	.	.	7
Forced Labour	Coercion	0	0	31	.	.	-1	8
	Bonded Labour	0	0	28	.	.	.	7
	Forced Labour and Overtime	0	1	0	.	.	.	0
	Prison Labour	0	0	0	.	.	.	0
Freedom of Association and Collective Bargaining	Union Operations	0	4	0	.	.	P	1
	Freedom to Associate	0	6	NA	.	.	P	2
	Interference and Discrimination	0	6	0	.	.	P	2
	Collective Bargaining	0	3	7	.	.	P	3
Compensation	Strikes	4	0	-3	.	.	P	0
	Minimum wages	-1	14	3	.	.	.	4
	Overtime wages	-5	17	0	.	.	.	2
	Premium Pay	-4	NA	NA	.	.	.	-1
	Method of Payment	0	6	28	.	.	.	9
	Wage Information, Use, Deduction	-5	11	17	.	.	.	6
	Paid Leave	-1	17	21	.	.	.	10
Contracts and Human Resources	Social Security and Other Benefits	9	-7	3	.	.	-7	-1
	Employment Contracts	27	8	21	.	.	13	17
	Contracting Procedures	0	17	P	.	.	16	11
	Termination	9	-15	-10	.	.	-3	-5
Occupational Safety and Health	Dialogue, Discipline, Disputes	-18	18	0	.	.	9	2
	OSH Management Systems	13	3	0	.	.	P	5
	Chemicals, Hazardous Substances	5	10	17	.	.	9	10
	Worker Protection	0	10	14	.	.	-3	5
	Working Environment	1	18	21	.	.	6	12
	Health Services and First Aid	0	3	28	.	.	6	9
	Welfare Facilities	-18	13	7	.	.	1	1
Working Time	Worker Accommodation	0	3	0	.	.	2	1
	Emergency Preparedness	1	-3	14	.	.	.	3
	Regular Hours	14	19	0	.	.	-8	6
	Overtime	32	7	3	.	.	-3	10
Leave	Leave	18	28	24	.	.	P	23

Table 8.6: Change in Compliance After Four Years of Monitoring and Advising								
Country	Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average Change	
Year Data was Published	2014	.	2013 (Dec)	.	.	2014		
Number of Factories	25	.	47	.	.	121		
Child Labour	Child Labourers	0	.	0	.	.	1	0
	Unconditional Worst Forms	0	.	0	.	.	0	0
	Hazardous Work	0	.	0	.	.	5	2
	Documentation and Protection	0	.	0	.	.	7	2
Discrimination	Race and Origin	0	.	P	.	.	0	0
	Religion and Political Opinion	5	.	0	.	.	0	2
	Gender	4	.	P	.	.	6	5
	Other Grounds	NA	.	15	.	.	P	15
Forced Labour	Coercion	0	.	9	.	.	-2	2
	Bonded Labour	0	.	13	.	.	0	4
	Forced Labour and Overtime	5	.	0	.	.	1	2
	Prison Labour	0	.	0	.	.	0	0
Freedom of Association and Collective Bargaining	Union Operations	0	.	2	.	.	-4	-1
	Freedom to Associate	0	.	0	.	.	NA	0
	Interference and Discrimination	0	.	-4	.	.	-2	-2
	Collective Bargaining	0	.	-2	.	.	13	4
Compensation	Strikes	0	.	-2	.	.	-1	-1
	Minimum wages	-13	.	4	.	.	11	1
	Overtime wages	1	.	15	.	.	-13	1
	Premium Pay	-9	.	NA	.	.	-2	-6
	Method of Payment	8	.	0	.	.	-2	2
	Wage Information, Use, Deduction	-3	.	15	.	.	7	6
	Paid Leave	-9	.	6	.	.	21	6
Contracts and Human Resources	Social Security and Other Benefits	10	.	-6	.	.	-7	-1
	Employment Contracts	1	.	-13	.	.	-2	-5
	Contracting Procedures	0	.	-21	.	.	14	-2
	Termination	-17	.	17	.	.	-22	-7
Occupational Safety and Health	Dialogue, Discipline, Disputes	5	.	4	.	.	-2	2
	OSH Management Systems	-17	.	9	.	.	11	1
	Chemicals, Hazardous Substances	-2	.	0	.	.	26	8
	Worker Protection	10	.	-2	.	.	7	5
	Working Environment	-13	.	-15	.	.	-2	-10
	Health Services and First Aid	1	.	P	.	.	26	14
	Welfare Facilities	1	.	9	.	.	6	5
Working Time	Worker Accommodation	0	.	2	.	.	-2	0
	Emergency Preparedness	-3	.	-4	.	.	P	-4
	Regular Hours	18	.	4	.	.	5	9
	Overtime	19	.	2	.	.	2	8
Leave	Leave	17	.	2	.	.	1	7

Country		Haiti	Indonesia	Jordan	Lesotho	Nicaragua	Vietnam	Average Change
Year Data was Published		2015	.	2015	.	.	2015	
Number of Factories		26	.	55	.	.	111	
Child Labour	Child Labourers	0	.	0	.	.	1	0
	Unconditional Worst Forms	0	.	0	.	.	0	0
	Hazardous Work	0	.	2	.	.	4	2
	Documentation and Protection	-4	.	2	.	.	9	2
Discrimination	Race and Origin	0	.	-4	.	.	0	-1
	Religion and Political Opinion	0	.	0	.	.	0	0
	Gender	4	.	2	.	.	3	3
	Other Grounds	NA	.	16	.	.	P	16
Forced Labour	Coercion	0	.	5	.	.	2	2
	Bonded Labour	0	.	2	.	.	0	1
	Forced Labour and Overtime	0	.	-2	.	.	0	-1
	Prison Labour	0	.	0	.	.	0	0
Freedom of Association and Collective Bargaining	Union Operations	0	.	-5	.	.	45	13
	Freedom to Associate	-4	.	0	.	.	NA	-2
	Interference and Discrimination	4	.	0	.	.	13	6
	Collective Bargaining	0	.	-45	.	.	-11	-19
	Strikes	0	.	2	.	.	1	1
Compensation	Minimum wages	4	.	0	.	.	-6	-1
	Overtime wages	-31	.	-13	.	.	-5	-16
	Premium Pay	-4	.	NA	.	.	-1	-3
	Method of Payment	0	.	4	.	.	1	2
	Wage Information, Use, Deduction	-4	.	-2	.	.	7	0
	Paid Leave	-4	.	2	.	.	4	1
Social Security and Other Benefits	-4	.	-29	.	.	3	-10	
Contracts and Human Resources	Employment Contracts	-7	.	4	.	.	10	2
	Contracting Procedures	0	.	2	.	.	6	3
	Termination	11	.	5	.	.	-9	2
Occupational Safety and Health	Dialogue, Discipline, Disputes	12	.	7	.	.	P	10
	OSH Management Systems	19	.	P	.	.	P	19
	Chemicals, Hazardous Substances	15	.	-2	.	.	5	6
	Worker Protection	0	.	-4	.	.	-6	-3
	Working Environment	23	.	0	.	.	8	10
	Health Services and First Aid	4	.	0	.	.	P	1
	Welfare Facilities	0	.	2	.	.	P	1
	Worker Accommodation	0	.	-4	.	.	1	-1
Working Time	Emergency Preparedness	4	.	5	.	.	5	5
	Regular Hours	-30	.	-4	.	.	9	-8
	Overtime	-23	.	4	.	.	4	-5
	Leave	-4	.	-2	.	.	11	2

Chapter Nine: Lessons for Academia and Public Policy

This chapter unfolds in two parts. The first part evaluates the constructivist theory of IOs as outlined in *Who Governs the Globe?*, by Avant, Finnemore, and Sell. Some modifications to the theory are suggested, but on the whole the theory proves very useful for understanding Better Work. The second part of this chapter addresses the global governance literature that seeks to prescribe how world politics should work. This section extracts some of the main lessons from Better Work that are relevant for other multistakeholder initiatives.

1. Testing an Academic Theory

This section uses Better Work as a detailed case study to determine the usefulness of the theory laid out in *Who Governs the Globe?* The section will begin by applying to Better Work the theory's arguments about sources of IO authority. Then, the section will discuss how this authority is used. Finally, it will assess the theory's utility and point out some areas that could be clarified.

Sources of Better Work's Authority

The theory provides a comprehensive explanation of the sources of Better Work's authority. Three sources are particularly relevant: delegated, expert, and capacity-based. Three actors delegate authority to Better Work: MNCs, the US government, and domestic governments, although the importance of each actor varies across countries. In all countries, MNCs are important because they pressure factories to join Better Work and they give the program the power to evaluate these factories on their behalf. To some extent, factory owners believe that their business relationships with MNCs depend on cooperating with Better Work. In Haiti, Better Work is delegated power by the US government because the industry could lose its preferential trade access if it does not comply with the program. Better Work programs in

Jordan, Lesotho, and Nicaragua are also delegated authority from the US government, although the connection is much weaker than in Haiti. These countries have trade agreements with the United States and so they must maintain a semblance of respect for labor rights, but there are no consequences for individual factories nor are there clear consequences for a country. Finally, Better Work is delegated authority from domestic governments to varying degrees. At one extreme, in Cambodia the Better Work program effectively substitutes for the labor inspectorate in the apparel industry. In another case of strong delegation, the Jordanian government made participation in Better Work mandatory for apparel factories. The program does not have the ability to impose sanctions, but it does work very closely with the labor inspectorate. In other countries where participation is voluntary, Better Work's close cooperation with the labor inspectorate makes it harder for factories to ignore it.

Expertise is another important source of authority. The program hires staff with years of monitoring experience and then trains them extensively. It also organizes joint trainings and information sharing with government agencies to ensure that its monitoring is of the highest quality. Better Work also has unique expertise in training and improving factories performance. No other labor rights initiative in the apparel industry comes close to Better Work's focus on improvements. This expertise gives Better Work authority that MNCs, governments, unions, and even factory owners respect.

Related to this is Better Work's capacity-based authority, in which the program's history of effectiveness leads to more power from actors. Better Work has proven itself to be competent: donors are all happy with it, MNCs consider it effective, factory owners report that the trainings are of high quality, governments have seen the value, and labor unions often

become supporters. This has led to donors giving the program continued funding, more MNCs want to participate, and domestic stakeholders support it.

The theory discusses two sources of authority that are not particularly relevant for Better Work: institutional authority and principled authority. According to the concept of institutional authority, Better Work could receive authority from being part of the ILO and IFC. But the ILO does not have very much authority to begin with, and the IFC does not use its main lever of authority (i.e. access to finance) to drive compliance with Better Work. As such, the program cannot claim institutional authority. Principled authority is similarly weak for Better Work. The program prefers to adopt a pragmatic, consensus-building approach to problems that frames labor standards as a technical problem requiring a technical solution, not a moral problem requiring a crusade. Other actors in labor rights, such as the WRC or the AFL-CIO, rely far more on principled authority.

How Better Work's Authority Is Used

The theory in *Who Governs the Globe?* puts forth a number of ways in which IOs use authority. Three uses stand out for Better Work: setting agendas, implementing rules, and evaluating compliance. Two uses of authority, rulemaking and enforcement, are only slightly applicable.

The concept of IOs setting agendas and creating issues is relevant for Better Work. For example, program staff began promoting the idea of transparent reporting in 2014. Until this point, Better Work did not publicly report any data on the factories it covered (except the factory names). Under the proposed plan, Better Work would publish certain compliance information about factories on a publicly accessible website. Better Work staff, particularly the director Dan Rees, promoted this idea among the Management Group and Advisory Committee; he was eventually able to convince all stakeholders that it was a good idea. Another example of agenda-

setting is that, in its new 2015 model, the program emphasized advising and training over monitoring. This is in contrast to other labor rights programs that focus heavily on monitoring. This focus on advising has the potential to shift the long-term discussion on labor standards across the apparel industry. A final example is Better Work meeting with MNCs and discussing how MNC buying practices can worsen labor conditions. Raising this issue has not led to demonstrable changes in MNC behavior, but it is significant that Better Work has raised the issue.

Better Work's authority is also clearly used to implement and evaluate rules. The program is very active in helping factories implement the rules that they are supposed to comply with. The program educates factories about regulations, advises them how precisely how to comply, and assists them with putting in place the management systems that will lead to improvements in compliance. And with respect to evaluating, monitoring factories' compliance with rules is one the program's core operations.

Better Work's authority in rulemaking is far less clear. Half of the CAT is determined by the ILO's four core labor rights, while the other half of the CAT is based on domestic law and the details of these questions are negotiated with the local government. As such, the program has imperfect authority over *what* it monitors (although it has discretion over *how* it monitors).

Better Work is also not able to directly enforce rules. The program publishes its findings in a report that MNCs subscribe to, but there is no guarantee that MNCs will take any action. Moreover, Better Work does not share non-compliance findings with governments, so it cannot rely on labor inspectors' enforcement power. The exception to this is rules that fall under the Zero Tolerance Protocol. In these cases, Better Work informs MNCs and labor inspectors when

violations are found. This gives Better Work enforcement power over this narrow range of issues. On other issues, however, Better Work ability to enforce compliance is indeterminate.

Evaluating the Theory

Overall, the theory put forth by Avent, Finnemore, and Sell provides a useful framework for analyzing Better Work. This research, however, did find three areas in which the theory could be improved through more clarity. The first is the concept of principled authority; the second is a stronger emphasis on relationships; and the third is a number of ways in which IOs exercise authority.

The concept of principled authority needs clarification. The authors define this as follows: “principled authority is legitimated by service to some widely accepted set of principles, morals, or values (Avant et al, 13).” This definition is problematic because it assumes that there are “widely accepted” principles in global politics. There is good reason to believe that this is never the case. Even in an extreme case like genocide, at least one important actor (i.e. the perpetrators), will have some principled justification for their action, however thin.

With labor rights, claims to morality and principled authority are highly contested. All actors, from unions to factory owners to MNC to importing and exporting governments, make valid claims to be on the side of morality. Moreover, hypocrisy is rife. Consumers want good labor rights and cheap prices; MNCs have one office that pressures factories to improve working conditions and another office that demands cheaper, faster production; government elites care more about exports and foreign exchange than about their citizens; and so on.

Given this, it makes little sense to ask if IOs have principled authority – since they all claim it. It seems far more valuable to ask which other actors agree with the IO’s claim and how this effects the IO’s authority. A full answer to this question requires more research, but it is

likely that the power of the other actors is key. Powerful actors in global politics are necessary for an IO to get funding, but most IOs do their important work in developing countries where governments, businesses, and civil society are weak actors on the global stage. Therefore, the actors who control the IO are often not the ones that must defer to the IO's authority. It is instead weak actors are expected to defer to the IO. This leads to three possible scenarios.

If an IO's moral claims are accepted by powerful actors but not accepted by weaker ones, then weaker actors will simply evade or ignore the IO (e.g. the International Monetary Fund). If an IO is accepted by weaker actors but not by powerful ones, then it will be underfunded or replaced by an alternative (e.g. the ILO). But if an IO can have its claims supported by both powerful and weaker actors, then it will have strong support and the cooperation of actors on the ground (e.g. UNICEF).

The second modification to the theory suggested by this dissertation is a stronger focus on relationships. Avant, Finnemore, and Sell do write that "an [IO's] ability to affect outcomes almost inevitably depends on her interactions with others (Avant et al, 22)." The theory, however, focuses a lot on "global governors" and their autonomous use of authority. In the case of Better Work, the program almost never exercises autonomous authority. The program can certainly be viewed as an autonomous actor with its own authority, but its authority mostly gets it a "seat at the table" and sometimes the head of the table – its authority is very rarely sufficient for it to act alone.

Rulemaking for the CAT is a good example. Half of the rules are based on the ILO's four core labor standards, which were agreed on by the ILO's Governing Body. Better Work has authority over how to translate these core standards into specific questions, but it does not have the autonomy to ignore these standards or add different standards. The other half of the CAT is

based on domestic law in each country and the labor ministry has a say in how the questions are designed. This means that the CAT is a negotiated process between Better Work and domestic stakeholders, not a process in which Better Work has autonomy.

Enforcement is another example. Better Work cannot force factories to do anything, but it would be inaccurate to say that the program has no enforcement power. Through its connections to other actors such as governments and MNCs, Better Work staff can put pressure on factories to improve compliance and the factories respond. However, the factories are not sure how much they need to respond and Better Work staff are not clear how much pressure they can really apply. This adds up to more than nothing but less than clear enforcement power.

Setting agendas is final example. Better Work staff can propose issues and try to steer the agenda, but the program's ultimate agenda is set through discussions and negotiations with a host of other actors at the global and national levels. Donors have a say in the program through their control over funding; MNCs have a say because they can exit the program; and domestic governments have sovereignty over their territories and can shape the program too. The analogy of having a seat at the table is very apt with respect to setting agendas. Better Work cannot autonomously set agendas but it can direct the conversation.

This critique of the theory points to a larger epistemological problem in social sciences. It is hard enough to classify actors – and it is even harder to classify relationships between actors. Relationships are fluid, dynamic, contextual, and just plain slippery as actors change, new actors emerge, old actors fall away, and the conditions in the world outside the IO change. One could end with the familiar call for more research, but it is likely that the nature of relationships will be impossible to capture except in the broadest terms. Despite this challenge, however, students of

world politics should focus on the relationships between actors as much as they focus on the actors themselves.

Finally, there are also some uses of IO authority by Better Work that are not captured by the theory. The first is *conducting and supporting research* on labor conditions in the apparel industry. This is an area where research is logistically challenging and Better Work has an excellent vantage point to conduct unique and impactful research. From this position, the program can shape the research agenda of the entire field of labor rights by emphasizing certain issues over others. It can also use its research and knowledge to promote certain “best practices,” standards, and norms. This suggests that IOs can shape broad debates on their issues if they are proactive in using their authority to support and guide research.

A second important role played by Better Work is *creating and empowering other actors*. The PICCs set up by the program are an example of empowering workers and actually creating a new actor in the field of labor rights. In some countries, Better Work also enhances the power of unions by informing workers about rights, monitoring the implementation of collective bargaining agreements, and flagging violations of FOA.

The third use of authority by Better Work is *creating channels of communication* between different actors. These channels include connecting MNCs with labor inspectorates, unions with employers’ associations, and the ILO or IFC with individual factories. These actors are affected by similar issues but rarely communicated with each other before Better Work. The program’s institutionalization of communication through meeting like the Buyers Forum and the Project Advisory Committee creates path for communication that did not exist before. Although Better Work does not control these channels, by facilitating them the program gains a degree of authority over how they are structured and which issues are discussed.

Altogether, this case study strongly supports the value of the constructivist theory from *Who Governs the Globe?* The important sources of Better Work's authority are accounted for and most of the ways in which Better Work uses its authority are covered. The theory also takes into consideration the importance of relationships, albeit to a lesser degree than is warranted.

Finally, it worth briefly discussing why the rationalist approach to IOs falls apart rather quickly when studying Better Work. First, actors in Better Work do not have fixed interests. Instead, they define their interests over time through interaction with others. Factory owners, for example, do not have a clear set of preferences with respect to labor rights. Instead, their interests change over time as they interact with others. Domestic labor unions are another example. Many oppose Better Work at first because they fear duplication or replacement, but almost all eventually change their minds as they learn more about the program. MNCs are a final example. Everyone agrees that MNCs have an interest in labor rights to some degree, but no one, including employees of MNCs, can say how important labor rights are compared to business issues. Their interest in labor rights changes over time, is always contested by different departments with the MNC, and is subject to pressure from external actors. This refutes the core rationalist assumption that world politics is driven by actors negotiating their pre-determined interests.

The lack of a fixed interest points to the second weakness of rationalism: actors often do not have very good information. Rationalism assumes that actors understand what the outcomes of agreements will be. But in the case of Better Work no one knows what the impact of various agreements will be. The transparent reporting policy is an example. All the actors on the Advisory Committee eventually agreed that the policy should be implemented, but it is questionable what effect this will have on labor rights and business conditions.

Finally, the assumption that IOs are agents of states does not hold up. It is true that donors have a lot of influence over Better Work, but there is little evidence to support the classic principle-agent model. To begin with, there are four major donors, so which one is the principle? Further, donor agencies within governments need to justify themselves to their superiors by supporting successful projects. Better Work is a successful project that agencies want to support, and so Better Work helps agencies in their achieving their goals, switching the principle-agent model on its head.

Advocates of rationalism want to view global politics as precise and tidy so that scholars can uncover patterns and make predictions. Personally, this author would be happy if the world worked that way too. But a fine-grained analysis of Better Work and, frankly, every other issue in global politics quickly reveals a world that is too messy for neat theorizing. The constructivist approach takes a less scientific view of the world, which may disappoint some scholars, but it provides a more useful frame for thinking about global politics than theories that grasp for an ever-elusive precision.

2. Lessons for Global Governance Studies

The second purpose of this dissertation is to address the growing literature of GGS, which looks at how power is exercised in the world and makes recommendations for how the world should be. Better Work is an excellent example of Abbott and Snidal's call for IOs to act as "orchestrators" and of Ruggie's model of "polycentric" governance. The section above discussed what Better Work does and how it does it. This section will address the lessons that can be learned from Better Work for how multistakeholder initiatives (MI) *should* be designed. It will then conclude with a brief discussion of future research topics inspired by this dissertation.

Non-coercive Methods Can Yield Significant Results for Certain Problems

A starting point for much of the GGS literature is that IOs rarely have the power to coerce other actors into compliance, and this is certainly true for Better Work. As a result, Better Work must focus on solutions that are beneficial for all actors (or at least not harmful for any actors) rather than on solutions that are distributional in nature (i.e. in which one actor's gain comes at another's loss). Despite this limitation, however, Better Work has been able to achieve some significant improvements for workers.

This is an important insight because many people automatically assume that standards can only be improved through coercion. According to this line of thinking, substantive results can only come about through the MI having coercive power over another (Haack and Scherer 2014 call this the "strict father" model of governance). The evidence from Better Work shows that this is not automatically true - there is no reason to assume that solutions requiring coercion will lead to more meaningful improvements than solutions requiring cooperation. Instead, the underlying structure of the problem being addressed by the MI determines whether coercion or cooperation is most appropriate.

In the context of apparel, problems like fire safety, worker health, and management practices can be improved through cooperation because their improvement is beneficial for workers, managers, and MNCs. Problems like wages or paid leave, on the other hand, are clearly distributional in nature and require a more coercive approach (either from unions or from governments).

We can speculate on other domains as well. Deforestation of the rainforest, for example, is a problem that can be solved through cooperation because protecting forests is in the interest of people in wealthy countries as well as people living next to the forest who benefit very little

for deforestation. The key here is finding solutions that benefit the people who are cutting down trees just to survive. Conflict diamonds, on the other hand, requires a coercive approach because the people who own diamond mines in conflict zones will clearly lose if these diamonds cannot enter international markets. This explains why the success of the Kimberley Process, an MI designed to eliminate conflict diamonds, is contingent upon the ability to states to use their coercive force (Global Witness 2013).

This comes back to Tim Bartely's point that MIs are a site of political contestation, not a technocratic response to a problem (Bartely 2003). In the case of problems that require a coercive response, actors that wish to protect their interests may push for an MI that focuses on cooperative solutions with the understanding that such an MI will not be able to harm them. In these cases, we should be skeptical that an MI will be effective. On the other hand, when we see an MI addressing a problem with solutions that are mutually beneficial, we should be optimistic that the MI can be successful as long as it has sufficient capacity and can train actors in how to implement beneficial solutions.

These two points speak directly to the next two lessons from Better Work for GGS: that the state remains a crucial actor because it has coercive power and that training is an important complement to incentives.

The Enduring Importance of the State

An important lesson from studying Better Work is that the state remains a central actor in governing global problems. While it is true that inter-state cooperation may no longer be *sufficient* to solve many global problems, state participation remains a *necessary* component of almost any MI. States have knowledge of local conditions and access to local actors – but more

importantly, states have the power and legitimacy to apply coercion to a degree that foreign actors (e.g. states in developed countries, MNCs, and international NGOs) rarely have.

In the history of Better Work, individual programs have been most successful in countries where the state has used its authority as a complement to Better Work. In Cambodia, the government mandates participation. In Jordan, the government also mandated participation after several years, its labor inspectors work closely with Better Work EAs, and the state helped sponsor a sector-wide CBA. And in Vietnam, the labor ministry and national union have always been strong advocates of Better Work. In countries where the state is less supportive – for example, Lesotho and Nicaragua – the program has not been as effective.

Training is a Key Complement to Incentives

Another central lesson that comes from Better Work is the importance of providing information and training to factory managers and workers. In countless interviews with Better Work personnel and observers of the program, these trainings were emphasized as a key complement to monitoring.

This is striking because the literature on MIs and regulation focus almost exclusively on incentives. The literature divides MI tasks into three categories: rulemaking, in which the regulations are negotiated and formalized. Monitoring, in which the MI accesses the activities of the regulated actors through various means that include self-reporting, monitoring by the MI, or third-party monitors. Finally, enforcing, in which rewards and punishments are applied by the MI to incentivize behavior (Abbott and Snidal 2009 and Bartely 2011 both provide very insightful recommendations but do not mention training).

Theories that focus exclusively on incentives implicitly assume that regulated actors are omniscient about alternatives to current practices and non-compliance is only caused by a lack of

willingness to comply or by a rational calculation that the cost of compliance exceeds the benefits. Better Work staff report that factories may not comply with regulations for a variety of other reasons.

Factories may not comply because they simply do not know the law. In developing countries where laws change quickly, there are few lawyers and government agencies do not educate businesses. It is perfectly possible for factories to violate the law for many years without realizing it. Another reason factories may not comply is because they simply do not know how to do so. Factory managers may represent generations of experience in producing textiles and apparel, but they may know nothing about modern fire safety, electrical equipment, or human resource practices. Factory owners may wish to improve, but they do not know how to improve or know where to go for assistance. A final reason that factories resist change is an emotional attachment to existing patterns of behavior. This is often overlooked in the literature, but research from psychology suggests that it is powerful (World Bank 2014).

Training can help the regulated overcome these obstacles and come into compliance with rules. In the absence of a clear path to compliance, regulated actors are likely to cheat, hide problems, or make surface changes that appeal to monitors but do little to change actual conditions. This indicates that MIs should include training as a key task in between monitoring and enforcing.

There is a tension here that should be noted. When an MI engages in both training and enforcing, it must adopt two conflicting roles. Training requires cooperation and transparency on the part of the regulated. Enforcing is inherently confrontational and encourages obfuscation from the regulated. Ideally, the training and enforcing arms of an MI should be separated or, even better, a single problem should be addressed by two MIs, one to enforce and one to train.

The Value of an Anchor

Returning to Tim Bartely's point that MIs are a site of political contestation, it should be noted that this contestation does not end once the MI has been created – it continues on as stakeholders jockey for influence over the direction of the MI. This is highly salient problem for MIs because stakeholders often have wildly different degrees of power. MNCs with billions of dollars in revenue may share a table with NGOs on the verge on insolvency, while powerful countries like the United States may be negotiating with impoverished nations like Botswana. The Kimberley Process to prevent conflict diamonds faces this problem. The program was initially successful, but it is falling apart because of inertia by massive diamond suppliers and diamond producing states. The small NGOs trying to reinvigorate the process are not able to pressure these other actors (Global Witness 2013).

One of the lessons from Better Work has been the value of the ILO and IFC in allowing Better Work to maintain its neutrality. This is in stark contrast to other MIs in the apparel industry in which certain stakeholders, usually multinational corporations, have gained control. The ILO and IFC have acted as “anchors” for Better Work by providing political independence from stakeholders. These IOs also provide practical, logistical benefits. They provide office space, computers, logistical support, human resource departments, financial oversight, and connections to domestic actors in countries where programs operate. All of these practical issues would be difficult for a start-up NGO to put together as quickly as an IO.

The lesson here for other MIs is that they should also have an anchor, at least for the first few years. IOs are well positioned to act as anchors, but other actors could do it as well provided they could act as neutral brokers between stakeholder (e.g. domestic state agencies, large foundations, etc). The main downside of having IOs as an anchor is that their internal

bureaucratic processes can be cumbersome for an MI that is trying to adapt quickly to novel situations. Also, some IOs may be less effective than others. The OECD, for example, does not have universal membership, so it would be less impartial in a global initiative than a UN agency.

Multinational Corporations can be Responsible Partners but not Leaders

There is a perception among the general public that MNCs only join MIs like Better Work out of a cynical, grudging desire to protect their reputations. I did not get this sense after interviewing several individuals from MNCs. Similarly, Better Work staff who liaise with MNCs did not report getting this impression. The attitude of MNCs towards labor rights in their supply chains could be more accurately summarized as one of a desire to do something, without knowing exactly what to do, while also running a business and protecting their reputations.

MNCs' support for Better Work does demonstrate their commitment to labor rights, especially in countries with voluntary programs. MNCs request that factories in their supply chains join Better Work even though these MNCs are not under public pressure to go beyond their already-existing internal codes of conduct. If MNCs had no desire to improve working conditions, then they would likely ignore Better Work and stick with their internal efforts. Better Work staff also report that some MNCs put pressure on factories to improve their compliance over time.

That said, MNCs are obviously not primarily interested in improving labor rights – they are businesses that want to make money. Adam Greene, formerly the US Council on International Business's representative to the Better Work Advisory Committee, reported that MNCs do not want to be responsible for conditions in their supply chains. They would much rather governments take responsibility so they can focus on their business. Better Work is useful

in this context because it does alleviate MNCs from the pressure to be solely responsible for their supply chains.

The evidence from the apparel industry suggests that MNCs can be responsible partners in MIs that controlled by other actors, as they have been with Better Work. But it also suggests that MIs which are controlled by MNCs, like WRAP or SAI, are unlikely to achieve results because they depend on the MNCs to provide the impetus for change. The International Council on Mining and Metals Sustainable Development Framework and the United Nations Global Compact are other examples of corporate-controlled MIs that have failed to achieve any noticeable results (see Sethi and Schepters 2013 and Sethi 2014).

Domestic Stakeholders are Indispensable

The final lesson from Better Work for MIs is the valuable role that local actors play in translating a global initiative into policy on the ground. In the context of Better Work, these local actors include various government agencies, employers' association, and labor unions. These domestic stakeholders contribute to MIs in four ways.

First, they have knowledge about local conditions. MIs with global scope must act in countries with very different contexts and situations, and it is simply impossible for the people headquarters in Geneva, Washington, or Brussels to understand these conditions. Even in an industry like apparel with some homogeneity among producers, the differences between countries and between regions within countries are stark. Without input from local actors, MIs run the risk of committing the bureaucratic universalism that plagues international organizations.

Second, local actors can help translate an MI's policies into practices that make sense in the local context. For example, Better Work cooperates with labor inspectors to develop its monitoring tool in each country to ensure that both actors interpret the law the same way.

Third, MIs can leverage the power of local actors to improve compliance with their goals. MIs rarely have coercive power; by enlisting state agencies in their goals, MIs can gain some measure of coercive support. In apparel, labor unions are also important in putting pressure on factories to comply.

Fourth, local actors spread the lessons of the MI beyond the scope and timespan of the program. Better Work has been able to effect the entire apparel industry in countries where it operates through working with local partners by advising on labor law, training union members, informing workers about their rights, and working with government labor inspectors. These local actors can also cement improvements in place, making sure that they will persist beyond the life of the MI.

This lesson is not new – “local ownership” has been a trope in development discourse for quite a while. But global MIs often give local partners an ancillary role or simply play lip service to local actors. Better Work’s experience suggests that domestic stakeholders should play a central role because many of the program’s greatest successes have come through collaboration with local partners. These include changes to Vietnam’s labor law, negotiating Jordan’s collective bargaining agreement, and organizing tripartite discussion in Haiti.

This lesson also indicates that the ILO’s tripartite model can be valuable for newly-industrializing countries. The ILO’s model was created almost 100 years ago in Europe, and some have questioned whether or not it is applicable to other regions. The experience of Better Work suggests that the tripartite model is not just applicable to emerging economies, it is actually a model that countries could aspire to.

Topics for Further Research

The lessons discussed above are based on a single case study and need more research to be fully fleshed out. Two topics that are worth researching in more depth are discussed in this final section.

The difference between issues requiring coercion and those requiring cooperation needs clarification. While some issues clearly fall into one category or the other, many issues blend the two. The abolition of child labor is an example. On the one hand, it is in the interest of an entire society to protect its children and educate them so they can be more productive adults, so this problem seems to require cooperation. But certain actors will be harmed, notably employers of children and, occasionally, the children themselves. In a fascinating study on the abolition of child labor in Bolivia, the authors found that child laborers opposed abolishing their employment because they depended on an income to support their families (Fontana and Grugel 2015). This indicates that even a problem as straightforward as child labor could require some coercion.

The possibility also exists for coercive problems to be convincingly reframed as cooperative problems and vice-versa. For example, Better Work tries to frame freedom of association issues as cooperative. It argued that a strong union movement is good for employers because workers will be happier and more productive, and there will be fewer strikes. I do not believe that they have convinced employers of this reframing, but the point is that problems can be interpreted differently. In another example, early negotiations on climate change approached the problem as one requiring coercion; but more recent discussions have emphasized the cooperative nature of the problem.

This indicates that an MI should incorporate both coercive and cooperative elements, but the ideal mix will be determined by the problem at hand. The problem may also require

cooperation among one set of actors but coercion with respect to a different set of actors.

Finally, the MI may need the ability to reframe problems.

A second issue that needs more research is the relationship between monitoring and educating. In monitoring, an MI sets up incentives for compliance and then monitors other actors. In training, the MI sets aspirational goals and then helps actors achieve those goals. It is hard for an MI to do both well. A look at other MIs would be very instructive to see if there are best practices available for overcoming this challenge.

Conclusion

The Better Work program is a highly effective MI. It is able to maintain the support of a diverse set of stakeholder and still achieve concrete improvements to labor standards. Moreover, it is able to do this in an industry where so much pressure runs against good working conditions.

Better Work provides numerous lessons for other MIs in other areas. It also provides some hope that existing international institutions, if they are creative enough, can address the myriad global problems facing humanity.

Appendix: List of Interviews

Better Work Global, ILO, and IFC

Amy Luinstra
Former Head of Policy and Research
Better Work

Ayesha Barenblat
Former Buyer Relations Officer
Better Work

Casper Nicholas Edmonds
Sustainable Business Advisory
International Finance Corporation

Dan Rees
Director
Better Work

Juliet Edington
Buyer Relations Officer
Better Work

Maria Soledad Requejo
Operations Officer for Better Work
International Finance Corporation

Nigel Twose
Former Director, Development Impact Department
International Finance Corporation

Roopa Nair
Head of Partnerships and Communication
Better Work, nair@ilo.org

Ros Harvey
Former Director of Better Factories Cambodia
Former Founding Global Director of Better Work

Tara Holeman
Former Consultant
Better Work

Tara Rangarajan
Program Manager
Better Work

Tonia Lozansky
Regional head of Advisory Group, East Asia
Member of Management Group, Better Work
International Finance Corporation

Donor Governments

Ana Aslan
Global Coordinator, Better Work Program
Department of Labor, United States

Christian Bundegaard
Attaché
Permanent Mission of Denmark to the United Nations in Geneva

Jos Huber
Senior Policy Advisor
Ministry of Foreign Affairs, Netherlands

Kristin Letts
Former Director of International Labor Policy
Department of Education, Employment, and Workplace Relations, Australia

Mark Mittelhauser
Associate Deputy Undersecretary
Department of Labor, United States

Valerie Berset Bircher
Deputy Head International Labor Affairs
State Secretariat for Economic Affairs, Switzerland

Private Sector, Unions, Academics, and NGOs

Adam Greene
VP for labor affairs and corporate responsibility
US Council for International Business

Adam Ziedenweber
Production Coordinator
G-III Apparel Group

Alison Tate
Director of External Relations
International Trade Union Confederation

Ben Hensler
General Counsel
Workers' Rights Consortium

Cristabel Flores
Senior Manager of Social Compliance
Macy's Merchandising Group

David Uricoli
Vice President of Global Human Rights Compliance
Ralph Lauren Corporation

Fanja Rasolomanana
Programme Officer
IndustriALL Global Union

HeeWon Brindle-Khym
Former Acting Director, Civil Society Engagement
Fair Labor Association

Oliver Williams
Professor of Management
Notre Dame University

Prakash Sethi
Professor of Management
Baruch University

Rajeev Dehejia
Professor Public Policy
New York University

Roberto Suarez Santos
Deputy Secretary-General
International Organization of Employers

Sandra D'Amico
Vice President
Cambodian Federation of Employers and Business Associations

Sarah Labowitz,
Former Washington Coordinator
Fair Labor Association

Shawn MacDonald
Director of Program and Research
Verite

Thannaletchimy Thanagopol
Officer for Asia
International Organization for Employers

Vietnam

Arno Gasteiger
Former Intern
Better Work Vietnam

Bui Thi Ninh
Deputy Director, Bureau for Employers Activities
Vietnam Chamber for Commerce and Industry

David Williams
Technical Officer
Better Work Vietnam

Huynh Tan Dung
Chief Inspector
Ho Chi Minh City, Department of Labor, Invalids, and Social Affairs.

Nguyen Duc Thien
Enterprise Advisory, Industrial-Relations Focal Point
Better Work Vietnam

Nguyen Hong Ha
Program Manager
Better Work Vietnam

Nguyen Phi Ho
Legal Department
Ho Chi Minh City Federation of Labor

Pham Quoc Thuan
Enterprise Advisor Team Leader
Better Work Vietnam

Indonesia

Dinah Paramita Madiadipura
Senior Enterprise Advisor for Assessment
Better Work Indonesia

Irawati Aprisiani
Enterprise Advisor
Better Work Indonesia

Muce Mochtar
National Programme Officer
Better Work Indonesia

Mohamad Anis Agung Nugroho
National Operation Manager
Better Work Indonesia

Nenden Aminah
Enterprise Advisor, Industrial-Relations Focal Point
Better Work Indonesia

Olivia Krishanty
Senior Enterprise Advisor for Advisory and Training
Better Work Indonesia

Pipit Astri Savitri
Enterprise Advisor
Better Work Indonesia

Shelly Woyla Marliane
Training Officer
Better Work Indonesia

Simon Field
Former Chief Technical Advisor
Better Work Indonesia

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