**Better Work: a policy solution to place labour at the heart of global production networks**

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**Abstract:**

The analysis of how global production networks (GPNs) operate and function in the global marketplace has been a defining feature of the academic discourse of the last decades, as well as a key question for policy making at the national and international level. In recent years, there is a growing body of literature emphasizing the need for analysing labour in GPNs. It focuses on understanding the outcomes of participation in GPNs for workers, especially those operating in supplier firms in developing countries, in terms of how their rights, working conditions, voice, empowerment, and opportunities within and outside the workplace have changed as a result of their employment in firms producing for the global economy. This paper explores how improved rights and working conditions are instrumental in sustaining broader economic and social development goals by analysing the ILO/IFC Better Work Programme. Better Work is taken as an example of how GPNs can be harnessed to simultaneously achieve social and economic upgrading. The paper argues that Better Work is a policy instrument that recognises respect of labour standards and workers’ rights not only as a necessary floor but as a ladder fostering economic upgrading and competitiveness in GPNs. The paper supports this argument by presenting factory-level evidence from the Better Work Programmes in Cambodia, Haiti, Jordan and Vietnam.

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1 Views expressed in this paper are those of the authors and are not attributable to Better Work, the International Labour Organization nor the International Finance Corporation.
1. Introduction

The analysis of how global production networks (GPNs) operate and function in the global marketplace has been a defining feature of the academic discourse of the last decades, as well as a key question for policy making at the national and international level. GPN analysis, together with its more firm-centric counterpart, global value chain analysis, is being widely used as an instrument to unpack the complexity of relations in the wake of global production. In recent years, there is a growing body of literature emphasizing the need to analyze labour in GPNs. While initially labour was not explicitly addressed as anything different from a factor of production, literature on GPNs increasingly recognised that labour cannot be treated as a commodity, as stated in the ILO Declaration of Philadelphia (ILO, 1944). Understanding the outcomes of participation in GPNs for workers, especially those operating in supplier firms in developing countries, means assessing how workers’ rights, working conditions, voice, empowerment, and their opportunities within and outside the workplace, have changed as a result of their employment in firms inserted in GPNs.

This paper explores how improved rights and working conditions are instrumental in sustaining broader economic and social development goals by analysing the ILO-IFC Better Work Programme. Better Work is taken as an example of how GPNs can be harnessed to simultaneously achieve social and economic upgrading. Aimed at improving working conditions and promoting competitiveness in the global apparel production network, Better Work uses GPN analysis from an applied perspective, identifying the key actors shaping the social and institutional context in which garment production is situated, and interacting with global, regional and local stakeholders in its operations. The paper argues that Better Work is a policy instrument which effectively demonstrates that compliance with labour standards and respect for workers’ rights are not only a moral obligation but importantly a ladder fostering economic upgrading and competitiveness in GPNs.

The paper is structured as follows: first, we discuss the literature on global value chains and GPNs, highlighting the recent studies touching upon labour in global production, illustrating both conceptual and empirical findings. Secondly, the history of Better Factories Cambodia and Better Work is discussed, underlining the crucial aspects that make these projects unique in the governance landscape of the apparel GPN. Subsequently, the impact of the projects on working conditions, worker wellbeing and firm competitiveness is discussed. We conclude by laying out the next steps in measuring the impact of Better Factories and Better Work as well as by identifying priorities for future research.

2. Labour in GPNs: taking stock

Global value chain analysis has established an effective framework to understand global production in the wake of increased liberalisation and capital movements, in particular in terms of developing country participation and the choices they face between a ‘race to the bottom’ based on exploiting comparative advantage of cheap labour costs vs. a ‘race to the top’ strategy built on skills, capacity building and productivity advancements – in one word, on upgrading. Most early global value chain studies focussed on industrial or economic upgrading, defined as the process that allows commercial actors to move from low-value to relatively high-value activities in GPNs. Seminal work by Gereffi (1994) highlighted the role of global buyers and their dynamics as ‘lead firms’, and laid out the path for a number of studies concentrating on the role of these lead firms in governing chains and in
enabling or restricting entry and upgrading prospects of supplier firms. In parallel, the global production networks literature recognises that economic activity and actors’ behaviours are strongly influenced by the social context in which they operate (Granovetter, 1985), and encompasses not only the economic and commercial actors involved in global production, but also the whole range of actors operating in the social and institutional context that surrounds and influences global production such as states, supra-national organisations, business associations, trade unions and non-government organizations (NGOs) (Bair, 2009; Henderson et al., 2002). The GPN approach provides an effective analytical framework to investigate how insertion in GPNs translates into opportunities and challenges for workers, because it is well placed to consider labour as something more than a factor of production.

The literature on labour in GPNs can be grouped in three categories: (a) conceptualization and development of an analytical framework; (b) understanding the impact of participation in GPNs for workers and their families; and (c) describing and analysing the role of private or multistakeholder initiatives aimed at improving labour conditions in GPNs. Labour issues have become more fully integrated in global value chain analysis through the introduction of the concept of social upgrading, i.e. the process of improvements in the rights and entitlements of workers as social actors by enhancing the quality of their employment (Barrientos et al., 2011). This concept, articulated on the basis of the ILO’s decent work agenda, has been formulated, analysed and measured in different ways. Qualitative analysis has tended to categorise in two broad dimensions, building on Elliot and Freeman (2003): measurable standards such as occupational health and safety, wages and working hours; and enabling rights, such as representation, voice and non-discrimination (Hess & Coe, 2013; Pipkin, 2011; Plank et al., 2012; Rainnie et al., 2011). Quantitative analysis has taken a more ‘parsimonious’ approach defining social upgrading as the nexus of increases in real wages and employment growth (Bernhardt & Milberg, 2011; Milberg & Winkler, 2011). Critics of this approach have argued that this strand of literature tends to consider labour as a “passive victim of restructuring processes” connected to insertion in GPNs (Cumbers et al., 2008:369), and that a closer focus on the “labour process, class relations and workers’ movements and actions” would advance the conceptual understanding of labour in GPNs (Selwyn, 2013: 85).

Empirical findings of workers’ outcomes in the wake of participation in GPNs enrich the conceptual framework provided above. Evidence is mixed regarding the implications of participation in GPNs for developing country firms and workers. On the one hand, globalised production in developing countries is often associated to employment growth and an increase in labour force participation rates from worker categories that previously did not have access to waged employment, such as women workers. Moreover, there is evidence that wages in export processing zones are higher than those in sector oriented to the domestic market (Harrison and Scorse, 2010). On the other hand, there is also robust evidence that globalisation of production has often been associated with an increase in flexible and vulnerable labour arrangements, such as temporary, contract and migrant labour. For these categories of workers, participation in GPNs may have led to increased vulnerability and insecurity (Oxfam International, 2004; Raworth & Kidder, 2009; Standing, 1999; Tallontire et al., 2005).

Absent a final verdict in the empirical evidence related to the quality of jobs linked to the global economy, there is sufficient concern over the potential negative impact of participation in GPNs for workers that initiatives and policy instruments aimed at promoting and sustaining social upgrading have proliferated. For the purpose of this analysis, we turn our attention to the apparel GPN.
Apparel production has often been considered the epitome of globalised production, given its labour intensity and the low barriers to entry in the industry. It is also starkly characterised by the increasing domination of brand name lead firms, which outsource the manufacture of apparel products to low cost production locations, usually in developing countries, and retain no manufacturing capacity, focusing instead on marketing and brand management (Gereffi, 1994, 1999). It also has been taken as an example of poor working conditions and violations of labour standards (Collins, 2003; Hale & Wills, 2005). As a consequence, media and civil society exposés in the 1990s highlighting that well-known brand products were being produced in sweatshops sometimes involving child labour, had a dramatic impact on apparel lead firms (Locke, 2003), leading them to take action. The first reaction to address these labour rights violations in GPNs was the emergence of Corporate Social Responsibility (CSR) as a unilateral response from apparel lead firms in the 1990s, with virtually all brands developing codes of conduct outlining basic labour requirements to be followed in their supply chains.

From a scholarly perspective, buyer codes of conduct, their content and their impact on working conditions and labour rights also took centre stage (Blowfield, 1999; Jenkins, 2005; Jenkins et al., 2002; Lund-Thomsen, 2008; Merk, 2009; O'Rourke, 2003; Pearson & Seyfang, 2001; Utting & Marques, 2010). Codes of conduct and the auditing infrastructure that lies at the core of buyers’ CSR activities have had observable impact on specific issues. More in detail, Barrientos and Smith (2007) show that codes do succeed in changing occupational safety and health practices, especially in terms of raising awareness on the importance of emergency preparedness and the negative implications of hazardous chemicals. Codes of conduct seem to bring improvements also in terms of good housekeeping, i.e. better management of contracts and payslips.

However, CSR initiatives have been plagued with criticism. First, many codes of conduct do not directly acknowledge the ILO core labour standards (elimination of child labour, forced labour, discrimination and freedom of association and collective bargaining) (Mamic, 2003). In its 1998 Declaration, the ILO has identified these standards as key dimensions of decent work across countries, regardless of their ratification of the corresponding conventions. A code of conduct that does not fully incorporate these standards is seen as setting the bar too low and as a form of ‘window-dressing’ to protect the brand’s reputation.

Secondly, the audit process through which codes of conduct are monitored in factories, whether carried out internally by the buyer or by a third party auditor, is often flawed (Frank, 2008; Locke & Romis, 2006; O’Rourke, 2002). Problems range from basic inaccuracy and lack of attention to details, to failure to consult workers, cultural differences and translation problems, and corruption. These flaws in the auditing process may also contribute to explaining why codes of conduct often stop short of assessing more intangible workers’ rights, such as non-discrimination and freedom of association (Barrientos & Smith, 2007; Barrientos et al., 2011), that require a close observation of factory dynamics and a trusting relationship with interviewed workers.

Furthermore, due to the urgency with which buyers reacted and their desire to differentiate themselves as particularly socially responsible, buyers developed their codes of conduct and associated implementation guidelines individually with little coordination. This has created two significant problems which further limit the success of codes of conduct in improving conditions for workers in low income countries. First, the content of codes and associated guidelines is not homogeneous creating confusion and even cynicism among supplier factories. Second, each buyer
typically conducts or arranges for its own labour audit of supplier factories. For most supplier factories that are producing for many buyers, this can lead to scores of audits every year, a considerable waste of resources in direct costs and lost productivity.

Another important dimension that hinders private CSR initiatives from having a sustainable long term impact on workers’ wellbeing is the fact that they are unilaterally developed and implemented by buyers, often without prior consultation with other actors in the GPN. For this reason, the last decade has seen the emergence of a variety of multi-stakeholder initiatives, especially in the apparel sector, bringing together different mixes of brands, trade unions, NGOs and employers’ associations in supplier countries. Having explicit commitment from brands, suppliers and worker organisations has contributed to advancing the impact of labour compliance initiatives (Barrientos & Smith, 2006). However, these initiatives often mainly engage with the commercial and social actors of the GPN without directly encompassing government or institutional actors. Even though it is fundamentally a governance gap, that is, poor enforcement of national labour law and weak or non-existent institutions for collective bargaining, dispute resolution, or social dialogue, that prompted the need for CSR labour initiatives in the first place, very few company-driven or multi-stakeholder initiatives engage with the public authorities or the local social partner organizations that arguably hold the key to sustainable change. Such institutions include the public labour administration and inspection services in supplier countries as well as the local industry associations and trade unions.

The ability to convene governments, workers’ organisations and employers’ organisations as well as brands is one of the key factors differentiating our case study, the Better Work programme, from multi-stakeholder initiatives. The fact that Better Work is a partnership involving firms, inter-governmental agencies such as the ILO and the International Finance Corporation (IFC), and national governments in the governance of labour standards has been noted as a unique policy case to explore (Wetterberg, 2011). The programme is further discussed in the section below.

3. **Better Factories Cambodia and Better Work**

Better Factories Cambodia (BFC) is a project of the ILO established in 2001 to monitor working conditions in apparel factories in Cambodia. The programme was designed to provide neutral and reliable information on labour standards compliance to further the implementation of the US-Cambodia Bilateral Textile Trade Agreement of 1999, which granted increased quotas for Cambodian garment exports in exchange for improvements in compliance with labour standards. Better Factories Cambodia marked the first time in which the ILO became directly involved in factory-level monitoring, something that Polaski (2006: 922) identifies as a “[...] a critical element of continued relevance for the ILO, as global production chains increasingly elude the control of national labor ministries and labor inspectorates.”

Better Factories Cambodia is based on a model of positive incentives. Initially, the mechanism rewarded improved compliance with labour standards with preferential access to the US market. As the Ministry of Trade linked export licenses to participation in BFC, all Cambodian exporting garment factories joined the project, making it effectively industry-wide². The programme was therefore the expression of policy coordination between different institutional actors at the global and national

² Since 2012, BFC covers also second-tier suppliers in the GPN.
levels aiming to improve the competitiveness of the Cambodian garment industry alongside compliance with international and national labour legislation. With the global garment quota regime, the Multi-Fibre Arrangement (MFA), phase out in 2005, there was concern the Better Factories Cambodia programme would end in the absence of a trade policy incentive. Policymakers and advisors in Cambodia were even more concerned that a purely competitive global garment trade would endanger the entire Cambodian garment industry which was expected to lose out in competition from other low-cost and more logistically efficient suppliers in Asia. However, commitment from all BFC stakeholders to stand by the project, and in particular from buyers, who continued to source from Cambodia after the MFA phase out because of its attention to labour standards (FIAS, 2005), guaranteed the survival of the industry and the consolidation of its competitiveness on the basis of ethical working conditions (Berik & Van der Meulen Rodgers, 2010). The positive incentives at the core of BFC therefore evolved from being trade-based to market(buyer)-based.

Stemming from the experience in Cambodia, the Better Work Programme was founded in 2007 as a partnership of the ILO and the IFC with the objective of improving working conditions and promoting competitiveness in global supply chains. As of January 2013, Better Work is operational in Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam, covering more than 800,000 workers. Building upon the experience in Cambodia where the programme primarily conducted factory monitoring, Better Work significantly expanded service delivery by providing a range of advisory and training services aimed at building capacity of workers and managers to foster improvement. While BFC offers comprehensive training curriculum and is piloting advisory services, remediation efforts have been at the core of Better Work from the onset. Better Work recruits and trains local staff to perform factory assessments aimed at identifying non-compliance with the ILO core labour standards and national and international legislation regulating compensation, contracts, occupational safety and health and working time. Assessments are unannounced, take an average of 4 person days per factory, and are carried out approximately once a year by a team of two Better Work Enterprise Advisors. After each assessment is completed, a report is shared with the factory management and with the current or prospective buyers who have subscribed to Better Work.

Unlike in buyer-driven models, the compliance assessment marks just the first step in engagement with the factory on labour issues. Another unique feature of the Better Work programme is that the process of improvement is built on a model of social dialogue. Once areas of non-compliance are identified, Better Work staff launch advisory services which consist of a series of factory level meetings aimed initially at establishing a Performance Improvement Consultative Committee (PICC) composed of equal numbers of factory management and worker representatives. Once the PICC is formed, a list of priority actions to remediate the non-compliance identified during the assessment is established and monthly meetings are scheduled. Identified needs for capacity building are addressed through tailored training courses such as occupational safety and health, supervisory skills, workers’ rights and responsibilities, and human resource management. Better Work staff

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3 BFC is advised by a project advisory committee, composed of the Royal Government of Cambodia, the Garment Manufacturers Association in Cambodia (GMAC) and the country’s trade unions. For a detailed account of the negotiations among different stakeholders and how the project design was finalised, see Kolben (2004).

4 Better Work is also currently undertaking a design phase in Bangladesh with potential rollout in mid-2013.
closely accompanies the PICC through the process of establishing priorities and implementing changes emphasizing the value of social dialogue between workers and management.

Besides the factory-level activities of assessments, advisory services and training, Better Work also works at the industry level to address endemic issues and promote a culture of compliance. Talking about potential for replicating Better Factories Cambodia, Polaski (2006) identifies the regular consultations among BFC stakeholders and the clarity over the goals and objectives of the project as critical aspects sustaining its success. Each Better Work country programme is advised by a project advisory committee composed of members of the government (from Ministries of both Labour and Trade) and employers’ and workers’ organisations. These committees offer the opportunity to establish an effective dialogue at the national level, to discuss the non-compliance challenges assessed by Better Work staff, and to address national-level policy decisions that directly impact supplier factories’ ability to comply with international labour standards.

Better Work also stimulates policy dialogue on labour issues of importance through publishing compliance synthesis reports in every country programme twice per year. In Haiti, Jordan and Cambodia, the programme covers all garment exporters. In Vietnam, Indonesia, Nicaragua and Lesotho participation in the programme is stimulated by buyers’ pressure on their suppliers. An aggregate overview of non-compliance findings across factories participating in each country programme is regularly published on the programme’s website. In Cambodia synthesis reports originally included the names of factories found non-compliant with each topic. This degree of transparency has been hailed as a contributor for continued improvement in compliance, particularly for factories not selling to reputation-sensitive buyers (Robertson et al., 2011; Polaski, 2009). Following the end of the quota regime and associated trade agreement linking compliance to market access, political pressure on the programme led to the discontinuation of factory-level reporting. With the exception of Better Work Haiti, where the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (Haiti HOPE II) stipulates public disclosure of factory compliance findings, Better Work synthesis reports list the factories included in each report but do not report non-compliance records of individual factories. Country programme are taking steps to increase transparency in reporting at the factory level.

4. The Impact of Better Factories Cambodia and Better Work

Understanding the potential for Better Work to be an effective policy instrument to strengthen labour protection in GPNs requires assessing its impact on social and economic upgrading, i.e. on improving working conditions, contributing to workers’ wellbeing and that of their households, while simultaneously promoting competitiveness at the factory and sectoral level. This section presents the findings based on two sets of primary data: the compliance data collected in each Better Work factory on an annual basis, and the worker and manager surveys independently administered to measure the effectiveness and long term impact of the programme.

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7 http://betterwork.org
8 In this context the Better Work Haiti programme is required to provide factory level information on non-compliance findings and improvements over time.
9 For more information on the impact assessment methodology, see Brown et al (2011a).
4.1 Impact on working conditions

The most immediate measurable impact of Better Work is on compliance with labour standards on the factory floor. By aggregating compliance data from Cambodia by the number of assessment visits received, it emerges that overall compliance, as well as compliance within nearly every individual category of working conditions, has improved over time (See Figure 1, where the x axis represents compliance visits). By the fourth assessment visit, average compliance rates range from a low of 52% to a high of 95%, with the mass of the distribution between 75% and 95% compliance.

Further analysis finds that between the first and fourth enterprise assessments, low compliance factories converge up to high compliance factories. Of the factories with the lowest compliance rates in their initial assessment visit, all were more compliant by the fourth assessment, with 37.5% achieving the compliance performance of the most compliant factories.

These compliance improvements are mirrored by those observed in the more recent experience of Better Work country programmes that have completed more than one assessment cycle. Non-compliance in key areas of occupational safety and health, such as health services, welfare facilities and emergency preparedness, has almost halved in Vietnam and Jordan. Factories in Haiti have improved compliance related to emergency exits by 58% since their first visit. Factories participating in Better Work Jordan for more than 2 years have achieved full compliance in paying correct minimum wages, paid leave, and social security benefits (Better Work, 2013).

Another key finding emerging from compliance data is that improvement in compliance across various working conditions does not seem to take place at the expense of lower wages. Factories do not trade-off wage compliance with compliance in other areas, as the theory of compensating differentials would predict (Warren & Robertson, 2010).

However, it must be noted that many challenges remain in Cambodia and other Better Work countries. Some studies (Arnold & Shih, 2010; Miller, 2008) have argued that while Better Factories Cambodia has sustained improvements in terms of measurable standards over the years, worker
representation is still flawed and that the proliferation of unions in the garment sector is an indication of still immature industrial relations. However, at least compliance with formal indicators of industrial relations such as the presence of shop stewards and liaison officers in factories has improved over time (Rossi & Robertson, 2011).

4.2. Impact on workers’ wellbeing and livelihoods

Improved compliance with international labour standards and national law is the most tangible outcome of Better Work. However, it is critical to understand what improved compliance means for workers’ wellbeing, i.e. for social upgrading, and for their families and livelihoods. This requires looking at short- and long-term changes within and beyond the factory floor.

In Cambodia, the expansion of the apparel sector has created new opportunities for wage employment and potential prospects for escaping poverty, especially for previously marginalized workers. Evidence (Robertson et al., 2009) shows that Cambodian households that include one garment worker earn 36.3% more than the national average income for similar households with no garment worker(s). Moreover, this premium for Cambodian households is significantly more than the difference between garment and non-garment household income in the other examined garment-exporting countries without a Better Work programme at the time (El Salvador, Honduras, Indonesia and Madagascar). Also, the gender wage gap in the Cambodian apparel sector has considerably reduced, as it stood at 39% in 1996 and decreased to 14% in 2007 (Robertson, 2011).

Worker surveys carried out in Jordan indicate a significant decline in worker concerns regarding machine safety (-18%), verbal abuse (-31%) and sexual harassment (-13%) (Brown et al., 2012b). Workers reported a decline in fatigue, exhaustion, headaches, dizziness, backache and neck ache. Where migrant workers make up 70% of employment in Jordanian garment factories, it is significant to highlight that 94% of workers now report control of their own passports, compared to 69% in the baseline survey. While the data do not allow a scientific attribution of these changes directly to Better Work operations, the advisory services offered by Better Work and advocacy work by the programme with the Royal Jordanian Government does focus in particular on occupational safety and health, workplace cooperation, and issues related to the risks of forced and bonded labour.

4.3. Impact on business competitiveness

The sustainability of improvements made by Better Work relies to some extent on the presence of business logic for improved working conditions.

The financial crisis of 2008-2009, which dramatically impacted on Cambodian garment exports and employment, offers an opportunity for a natural experiment on the role of labour compliance on business resilience. Exports to the US, Cambodia’s main market, declined by almost 25% between August 2008 and August 2009. Brown et al. (2011b) analyse the relationship between compliance with labour standards and factory survival, and show that compliance with a number of labour standards is statistically correlated with a higher probability of surviving the financial crisis. More in detail, Brown et al find that paying wages as promised is always correlated with a higher probability of survival, and that compliance with communication and workplace systems (including shop stewards, liaison officer and workplace operations), modern human resources practices (including
discipline and termination, information about wages, and regular working hours) and compensation (including payment of wages, contracts, social security, leave payments) all are significantly correlated with factory survival. Across all areas of compliance-related factors studied, only those firms that had just made significant investment in occupational safety and health infrastructure (such as a new ventilation system or a new emergency exit) see a negative correlation with survival. Other factors that are correlated with firm survival are size (large firms are less likely to close) and having a reputation-sensitive buyer. This finding is in line with what was observed in the aftermath of the MFA phase out. Buyers that value the ethical sourcing reputation of Cambodian garments continued to source from their established supplier base in the country.

Longitudinal studies of the relationship between various types of buyers and the compliance level of the factories they select to produce their products finds further evidence that better compliance records can contribute to better business outcomes. Supplier factories with higher compliance on core labour standards were 56% more likely to retain their buyers. Furthermore, suppliers with higher compliance rates had typically longer-term relationships (at least four years) with their buyers (Oka, 2012), a factor that is considered key for business success.

Other emerging evidence of the compatibility of business success and improved compliance includes findings from Vietnam, where factories that have been surveyed twice as part of Better Work’s impact assessment have increased employment by 165% and that more than 50% of factories have added new production activities to their traditional product line. Furthermore, evidence from Vietnam shows that factories where workers do not have concerns about whether their wages were paid correctly and do not express concerns about verbal and physical harassment, are likely to have higher profits (Brown et al., 2012a). This suggests that modern human resource management systems respecting workers’ rights are correlated to higher profits.

5. Better Work’s influencing agenda

A key success factor for Better Work is the involvement of national governments and institutions such as worker and employer organisations in the governance of the programme. In addition to building support for the programme’s core services, the tripartite engagement also provides the opportunity for more deeply influencing the policy dialogue and overall labour market governance in each Better Work country. This is key especially in light of systemic non-compliance issues that must be addressed at the national or global supply chain levels. These for example include excessive overtime, often influenced by lead firms’ highly flexible production requirements and last minute changes in orders; or limitations in freedom of association due to discrepancies between national legislation and the ILO Conventions. Examples of this influencing agenda are discussed below.

Sustainable change can only be achieved by building the capacity of national institutions to assert greater control of labour market governance. Within Better Work programmes, improvements made at enterprise level are complimented by activities to build the capacity government and social partners to assert a stronger role in the governance of the garment industry. For example, Better Work has provided labour inspectors with training on labour compliance and supply chain issues in Cambodia, Jordan, Indonesia, Lesotho, and Vietnam; employers’ organisations have been supported to provide training directly to their members on compliance improvements, and divided trade union
movements in Cambodia, Indonesia, and Lesotho have been coached to develop a unified approach to representing themselves with employers in sectoral level bargaining.

In addition to the direct engagement of Better Work in capacity building activities, the programme also creates new opportunities for the ILO to effect positive change. Through its engagement with hundreds of garment factories, Better Work has demonstrated that it creates new and strategic opportunities for the ILO to address the weaknesses in labour market governance that are the root cause of non-compliance in individual enterprises. For example, since its establishment in 2009 in Vietnam, Better Work identified systemic non-compliances in freedom of association. Within the socialist system in Vietnam, workers are clearly not allowed to join or form an independent trade union, but there were opportunities identified by Better Work to improve the extent to which factory-level unions operated independently of management and were held accountable by worker members. In 2012, Better Work Vietnam developed pilot projects with the Vietnam General Confederation of Labour (VGCL) to establish methodologies for more effective worker representation. Currently, implementation decrees for the new Labour Code and Trade Union Law are being drafted. Among these, the implementation decree on “democratic regulation and dialogue at workplace level” introduces a new institution of “Dialogue Group” for undertaking regular bipartite dialogue at the workplace level, requiring regular meetings and elected workers’ delegates at all enterprises. This mechanism, which was inspired by the experience of the PICCs in Better Work Vietnam factories, is potentially groundbreaking as far as workers’ voice and representation is concerned.

In Indonesia, Better Work is supporting four trade union federations in a training programme to better represent and organise their members and negotiate with employers. This will be complimented with an ILO project to strengthen the ability of unions at confederation level to support the federations to expand this work. Confederations have access to training and resource people from other sectors and will be supported to work together with the employer association and in national level dialogue. Furthermore, Better Work Indonesia has developed protocols to engage labour and occupational safety and health inspectors at the provincial level. These include close communication on non-compliance issues arising from factory assessments and the development of viable solutions in order to contribute to stronger regional evidence-based policy making regarding wage setting and other working conditions. The programme will take advantage of other relevant ILO projects to promote expansion within the garment sector by reaching small subcontractors.

Better Work Indonesia is also working at the sector level to address discrimination in the workplace, a growing compliance problem for employers. Almost all employers in Indonesia do not comply with regulation concerning employment of disabled people. The ILO developed an employers’ guide that was piloted in two factories participating in Better Work Indonesia. Employers’ organisations and NGOs will be supported to roll out the guide and associated training tools across hundreds of factories. A similar model has been developed for combatting sexual discrimination and harassment in the workplace. After Better Work survey findings indicated that sexual harassment is of concern to nearly 80% of workers (Better Work, 2012), Better Work Indonesia is working with the employer organization APINDO and trade unions to support them to deliver training to tackle discrimination in enterprises within and beyond the programme.
6. Conclusions

This paper has looked at Better Work as an example of how GPNs can be harnessed to simultaneously achieve social and economic upgrading.

A critical success factor of Better Work is involvement of all stakeholders concerned with the functioning of the apparel GPN in each country of operation. In particular, Better Work started by identifying the key actors shaping the social and institutional context in which garment production is situated, and operate through the continued interaction with global, regional and local stakeholders. In this context, two main sets of dynamics should be highlighted. First, the uniqueness of the programmes lies in the opportunities for social dialogue at the national and international level between governments, employers and workers’ organizations. It is in particular the presence of national governments that differentiates Better Work from other multi-stakeholder initiatives aimed at improving labour standards, because their involvement is critical to ensure systemic change in labour legislation and administration. Secondly, the strong relationship and commitment by global buyers has a demonstrated impact on Better Work’s objectives of fostering economic and social upgrading. Further research is planned (as described in Brown et al., 2011a) to evaluate the net impact of Better Work, i.e. to be able to isolate how the specific components of the programme, down to its factory-level services, lead to changes on working conditions, workers’ lives and firm performance.

The leverage that Better Work can exert on participating factories is two-fold: on one side, as shown in section 4 of this paper, there is evidence of considerable improvements in compliance with international labour standards. These changes, especially in measurable standards such as occupational safety and health and modern human resources management (including compensation and contracts), are spurred by their ‘business case’, i.e. their economic rationale. In this context, as evidence has shown that compliance with these standards and regulations can facilitate business competitiveness, respect for labour standards and workers’ rights is not only as a necessary floor but as a ladder fostering economic upgrading in GPNs. On the other side, there are more systemic issues in the GPN, related for example to incompatibility between international labour standards and national labour law, or to tensions between labour compliance requirements and buyers’ purchasing practices, that cannot be addressed solely by factory-level interventions. These policy changes require the involvement of national and international actors. In this context, the ability of Better Work to convene and engage national and global social partners becomes a critical opportunity to build stakeholders’ capacity, facilitate and strengthen social dialogue, and thereby ensure sustainable change.
References


