



# ADVANCES IN LABOUR STUDIES

Edited by  
Arianna Rossi, Amy Luinstra and  
John Pickles

## TOWARDS BETTER WORK

Understanding Labour in  
Apparel Global Value Chains



## Towards Better Work

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# **Towards Better Work**

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Edited by

Arianna Rossi

Amy Luinstra

and

John Pickles

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# Preface

The quality of jobs created by globalization of apparel production has long been under debate, and took centre stage following the tragic collapse of Rana Plaza on 24 April 2013 in which over 1,100 workers died and 2,500 were injured. The time is ripe for policy and institutional development which supports improvement in the conditions and rights of those who work in the global garment industry. This volume is intended to contribute to this goal by promoting greater understanding of the dynamics of labour in the industry's globalized value chain.

Better Work is a partnership of the International Labour Organization (ILO) and the International Finance Corporation (IFC) aimed at improving both working conditions and competitiveness in garment factories. The programme is committed to an evidence-based approach and has invested significantly in research and impact assessment including surveys of workers and managers to systematically measure the impact of its operations on workers and firms. Research informs our understanding of the effectiveness of our programme, how to improve it and where to focus scarce resources. By carefully measuring and communicating our impact we are held accountable to donors, businesses, and stakeholders with whom we work. Our research programme is also designed to influence public policy and business practices beyond the direct sphere of Better Work operations. With a solid knowledge base, well-analysed and peer-reviewed, we aim to build a much needed evidence base to support the case for the transformation in business, government and development policy and practice that is required to drive sustained improvement in job quality.

The contributions collected in this edited volume were first presented at a conference convened by Better Work in 2011, 'Workers, Businesses and Government: Understanding Labour Compliance in Global Supply Chains'. The knowledge generated and shared at the conference by the leading experts in this field advanced our understanding of the assumptions upon which we work, such as the economic viability and business case for labour standards compliance, as well as the positive impact for workers and their families that improving working conditions can have. Evidence from a broad spectrum of case studies, regions and countries allows us to have concrete examples of what works and what can be improved, for Better Work, for governments and for the stakeholders in the global garment industry.

The contributors to this book and their methodological approaches are diverse by design. Despite this the volume develops clear conclusions that have informed the strategy that ILO and IFC have developed for Better Work in the years to come. The findings suggest that the effectiveness of initiatives aimed at improving working conditions, whether private or public, are constrained by the fragmented structure of global garment production. Efforts of lead firms, trade unions, civil society groups, and national or international agencies to improve the conditions of work must also be supported by broader trade and development policy which paradoxically often drives fragmentation and undermines opportunities for social upgrading and stronger governance of the labour market. A key pillar of our approach in the next three years will be to inform our institutional partners' advocacy and interventions in this area.

This book marks the end of the beginning of our research programme. In the years ahead we will continue to share the rapidly growing data, lessons and evidence that arise from our own work and our collaboration with others.

Dan Rees  
Director, ILO-IFC Better Work Programme

This book is published at a critical time for workers employed in export industries. There is growing recognition, including by the World Trade Organization (WTO), the World Bank, the Organisation for Economic Co-operation and Development (OECD) and United Nations Conference on Trade and Development (UNCTAD), that trade increasingly takes place through global value chains (GVCs). Within GVCs lead firms (brands, retailers, large manufacturers and traders) coordinate supply linking final consumers with their networks of suppliers. Outsourcing generates extensive employment, particularly in developing countries. However, the extent to which workers benefit from participation in GVCs remains an open question. Global production networks provide new income earning opportunities, particularly for women workers. However, conditions are often poor, and the tragedy of the 2013 Rana Plaza factory collapse in Bangladesh demonstrated the risks some workers face. A better understanding of both the benefits and challenges of participating in GVCs is essential for improving the conditions and rights of workers.

Capturing the Gains is an international research network investigating linkages between the commercial dynamics and outcomes for

workers within GVCs. Capturing the Gains research draws together two concepts: (a) economic upgrading, defined as moving to higher value activities by firms; (b) and social upgrading, broadly defined as decent work and enabling rights for workers. Our comparative research has focused on four sectors: apparel, agrofood, tourism and mobile communications across countries in Africa, Asia and Latin America. A key finding of the research is that economic upgrading of firms *can* but does *not necessarily* lead to social upgrading of workers. Outcomes vary for different groups of workers and by context (even in the same sector), with downgrading a reality for many firms and workers. How GVCs are governed and relative bargaining positions of workers are critical determinants in addressing the question of who has better jobs.

This volume brings together a unique collection of papers from the ILO/IFC Better Work programme conference held in Washington, DC, in 2011. Many chapters present findings from Capturing the Gains research on apparel, complementing studies linked to the Better Work programme. This novel collection provides important insights into the complexities and challenges of improving workers' conditions and rights in global apparel production. Importantly, it contributes to seeking more effective private, public and civil society strategies and policies to ensure *all* workers – who are the pillars of apparel production – enjoy greater benefits from participating in this global industry.

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# List of Abbreviations

AMV	actual minute value
AGOA	African Growth and Opportunity Act
BFC	Better Factories Cambodia
CAFTA	Central America Free Trade Agreement
CAFTA-DR	Dominican Republic – Central America Free Trade Agreement
CCAWDU	Coalition of Cambodian Apparel Workers Democratic Union
CCT	conditional cash transfer
CM	cut and make
CMT	cut, make and trim
CPP	Cambodian People's Party
CSR	corporate social responsibility
CNZF	National Free Zones Commission (Nicaragua)
EPZ	export processing zone
EU	European Union
FDC	fixed duration contract
FGDs	focus group discussions
FLA	Fair Labor Association
FOB	freight on board
FTA	free trade agreement
GMAC	Garment Manufacturers' Association of Cambodia
GPN	global production network
GSCP	Global Social Compliance Programme
GSD	General Sewing Data
GVC	global value chains
HR	human resources
IFA	international framework agreement

IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
INATEC	National Institute of Technology (Nicaragua)
ITGLWF	International Textile, Garment and Leather Workers Federation
MFA	Multi-Fiber Arrangement
NAFTA	North American Free Trade Agreement
NCR	National Capital Region (India)
NGO	non-governmental organization
OBM	own brand manufacturer
ODM	own design manufacturer
OECD	Organisation for Economic Co-operation and Development
OEM	own equipment manufacturer
OPT	outward-processing trade
OSH	occupational safety and health
PICCs	Performance Improvement Consultative Committees
PTS	pre-determined time standard
QIZs	qualified industrial zones
RMB	Chinese renminbi
SAM	standard allowed minute
SKU	stock-keeping unit
SMV	standard minute value
TPLs	tariff preference levels
UDCs	undetermined duration contracts
USAID	United States Agency for International Development
WRAP	Worldwide Responsible Accredited Production
WRC	Workers Rights Consortium
WTO	World Trade Organization

# Introduction

*Arianna Rossi, Amy Luinstra and John Pickles*

The manufacture of apparel is, in many ways, an exemplar of global production. Since the 1970s, multinational brands have increasingly outsourced their manufacturing activities to lower cost production locations in developing countries. The international trading regime then regulated by the Multi-Fibre Arrangement (MFA) contributed to the development of apparel industries in a large number of developing countries. The low entry barriers and minimal investments needed in apparel led to booming employment in apparel factories in regions where formal employment was limited or, in some cases, entirely absent. New opportunities were created especially for young, unskilled women and migrant workers who had access to waged labour for the first time.

While this translated into higher labour force participation rates and new empowerment opportunities for these previously marginalized groups, it also appeared increasingly clear that the globalization of apparel export production has been one of the major triggers of poor working conditions and a significant cause of regional wage depression. With increasing fragmentation of sourcing, heightened competition among buyers, and the rise of large buyer-driven value chains, contract prices were squeezed and poorly regulated second- and third-tier subcontracting became increasingly common. Intensification of competition, weakening industry and governmental regulation, and expanded volatility and uncertainty in markets have combined to create new and important dynamics in the organization of global apparel industries.

In 2005, quota removal expanded the range of opportunities for footloose sourcing, which in turn expanded employment opportunities in some regions, but often at the cost of more widespread predatory employment practices, feminization of work and depressed wages. As a consequence, labour issues and violations of labour standards in

global apparel production have become endemic and many argue that the global apparel production network is built on a race to the bottom, squeezing labour rights and standards in the process.

This volume seeks to provide a new analytical perspective on these issues, by looking at the role of different global and local actors and at why global value chain (GVC) dynamics have the potential to either promote or hamper compliance with labour standards and worker wellbeing.

To what extent do global value chains contribute to improving social welfare of workers and their communities, and to what extent are they exacerbating the problems of low-wage, highly mobile, and exploitative working conditions?

## **The apparel global value chain**

The emergence of global coordinated production as a key feature of economic globalization has been studied extensively in recent decades from different disciplinary perspectives, ranging from the historically- and macro-oriented World Systems commodity chains (Hopkins and Wallerstein 1977) to the more operational and firm-centred global commodity chains, global value chains (e.g. Gereffi 1994, 1999; Kaplinsky 2000; Humphrey and Schmitz 2002) and the broader concept of global production networks (Henderson et al. 2002; Hess and Coe 2006; Coe et al. 2008).

The initial conception of global commodity chains (Gereffi and Korzeniewicz 1994) focused on the linkages between the production, distribution and consumption of commodities. It described how they are globally interconnected along chains that embody networks of activities and actors, and where the power to produce and capture value occurred along the chain. This early GVC analysis did not include considerations related to the scale and quality of employment and the broader contexts in which chains are embedded (a notable exception is Gereffi 2006). Henderson et al. (2002) addressed this challenge by focusing on global production networks and their embeddedness in territorial production networks and social and institutional contexts. This approach stems from the recognition 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 organizations, business associations, trade unions and non-governmental organizations (NGOs).

The apparel value chain is organized around five main segments (Figure I.1): raw material supply, input supply, manufacturers (including their domestic and overseas subcontractors, as well as embellishers); export channels, sometimes managed by intermediary trading companies (such as Li & Fung) and always organized through logistics freight forwarding companies; and marketing and retail.

Over time, the national structure of manufacturer-driven value chains has given way to increasingly fragmented production systems in globalized buyer-driven and retailer-driven value chains (Gereffi and Frederick 2010; Gereffi and Memedovic 2003: 5). For Fernandez-Stark et al. (2011: 7) the apparel industry is 'the quintessential example of a buyer-driven commodity chain marked by power asymmetries between the suppliers and global buyers of final apparel products.' In the process, some lead firms that control design, branding and marketing have been able to exercise strong control over sourcing decisions, and hence over how, when and where specific parts of the production process will take place. In so doing, lead firms have been able to control where value is extracted and to whom profit accrues at each stage, essentially determining how basic value-adding activities are distributed along the value chain (Fernandez-Stark et al. 2011).

In this process, value in globalized value chains has increasingly been captured by input suppliers (primarily yarn and fabric), up-front and end-market services, research, development, design, marketing and retail services. Actual assembly operations (primarily stitching and embellishment) and logistics costs have been squeezed, and the main actors have had little positional or negotiating power vis-à-vis the lead firms (Frederick and Gereffi 2011). This fragmentation and globalization of each segment has prevented backward and forward linkages emerging in many low income countries. As a result, returns to capital have increased while returns to wages have generally declined. In this process, lead firms (and increasingly retailers and network organizers like Li & Fung) have played progressively important coordination roles in managing production and delivery, and in turn have been able to capture a larger proportion of total chain value.

As Bair (2005) notes, the earlier focus of much of this work on global commodity chains has more recently shifted towards analysis of the way that value chains are organized and governed, and a consideration of the implications for industrial/economic upgrading (see Gereffi et al. 2005; Sturgeon 2009). In this later literature a primary focus has been



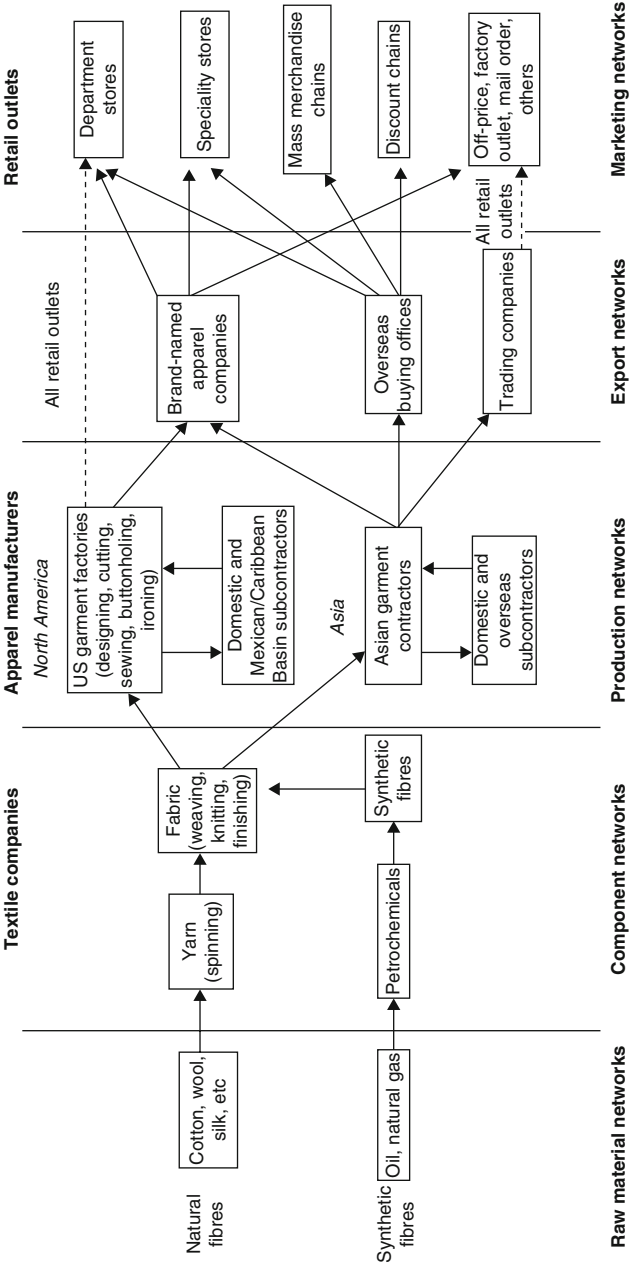


Figure 1.1 Apparel production system  
Source: Gereffi and Memedovic (2003).

on the mechanisms whereby firms and industries engineer a process of economic upgrading within global value chains to capture additional functions in supply chains, which generate higher value added. Humphrey and Schmitz (2002), for example, distinguish between four types of upgrading in global value chains: product, process, functional and chain upgrading.

- *Product upgrading* refers to new configurations of product mix towards higher value added products. The manufacturer's enhanced capacity enables it to produce more complex products requiring higher levels of skill, more technical processes and specialized knowledge.
- *Process upgrading* involves firms retaining their position in a chain by enhancing productivity gains through adopting new production processes, and usually requires new investment and a focus on skill development as new machines or line operations are changed, such as in lean manufacturing.
- *Functional upgrading* involves a movement 'up' the chain into newer, higher value added activity, such as full package and own design/own brand manufacturing in the clothing sector. Four main categories characterize apparel manufacture:

1. *CM/CMT*: 'cut and make' and 'cut-make-trim' are the two most basic forms of apparel production, particularly in offshore contracts. Suppliers are contracted to stitch-up fabric and other inputs according to the specifications provided by the buyer, limiting operations to cutting, sewing, embellishment and trim, and shipping the ready-made garment. CM/CMT contracts have typically been common in export processing and free-trade zones, and have usually been driven by outward processing trade agreements and preferential tariffs.
2. *OEM*: own equipment manufacturers offer a wider range of production capacities and services to buyers, including limited design, warehousing and embellishment. They may also be responsible for sourcing upstream inputs (fabric, dyeing and trim) either from designated suppliers or from their own suppliers. The supplier also assumes responsibility for some part of the logistics chain for the finished orders. With added capacities, own equipment manufacturers may become full package suppliers, carrying out the entire production process for a given order.
3. *ODM*: own design manufacturers carry out all parts of the production process, including the crucial design functions that enable much greater control over ordering and timing of input supplies,

development of new lines and construction of samples, selecting fabric designs and hence managing the timing and costs of production much more directly. Full package suppliers may also handle delivery to the final customer, as well as build independent labels for domestic markets.

4. *OBM*: own brand manufacturer further expands the capacities of the manufacturer and requires the addition of research and development, design and marketing functions. Successful OBM manufacturers may be able to leverage their domestic market labels into regional or global markets.
- *Chain upgrading* involves leveraging expertise gained in one industrial sector to enter a new sector, which may imply higher skills and capital requirement and value added.

In the context of GVC research, the analytical focus has shifted from an earlier emphasis on the significance for economic development of the difference between buyer-driven and producer-driven commodity chains (Gereffi 1994) to one investigating the developmental implications of upgrading, including on labour and social outcomes (Bair 2009; Barrientos et al. 2011; Cattaneo et al. 2010; Rossi 2013a; Tokatli 2007). As Plank and Staritz (2009: 66) have argued, attention is required beyond the black box of the firm to consider also who benefits from upgrading:

Even if firms gain rewards for their upgrading efforts, the rewards may not be passed on to workers in the form of higher wages, greater job security or improved working conditions. Firm upgrading may even be based on deteriorating working conditions.

With hindsight, it was perhaps inevitable that global sourcing and value chain fragmentation would lead to loss of tight control over production and working conditions. As production was outsourced to ‘stitch-up’ shops, work was deskilled and assembly firms were separated organizationally and geographically from other value-generating parts of the value chain (design, yarns, fabrics, dyeing and marketing). Suppliers and their workers have, as a result, become the weakest actors in GVCs, increasingly trapped in conditions of input and order dependency and subject to footloose sourcing practices. As secondary and tertiary subcontracting expanded across many supplier networks in different countries, workplace conditions deteriorated. In this context, there are very limited opportunities for economic and especially social upgrading.

## Labour in global production

While the effects of global production on working conditions in supplier networks was central to the development of GVC analyses of economic upgrading and competitiveness, it remained largely implicit and under-theorized (Bair 2009). Particularly in its tendency to value economic upgrading as a model for business and national competitiveness, other questions of job loss, low-wage employment and deteriorating working conditions were not addressed sufficiently (Pickles and Smith 2010; Bair and Werner 2011). Some have argued, as Selwyn (2013) does, that GVC theories have yet to account for the relationship between exploitation resulting from weak governance and the more systemic exploitation involved in all low-wage work.

One attempt to redress this lacuna is the growing body of literature from academia and from civil society actors dealing with the role of labour rights and working conditions in global value chains (Barrientos et al. 2011; Rainnie et al. 2011; Selwyn 2011). This literature introduces the concept of social upgrading, that is, 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 has been operationalized in different ways. At the macro level, studies (e.g. Milberg and Winkler, 2011) have defined social upgrading as growth in employment and real wages. This is the same ‘parsimonious approach’ used by Bernhardt in Chapter 2 of this volume. In other cases, the definition of social upgrading has made use of the ILO’s decent work agenda and focuses on two main issues: *measurable standards*, including wages, physical wellbeing (including working hours and occupational safety and health) and employment security; and *enabling rights*, such as freedom of association, voice and non-discrimination.

Despite the growing attention to the issue of social upgrading, the governance mechanisms aimed at sustaining these processes are still understudied. Mayer and Posthuma (2012) identify different forms of governance relevant to global production networks (GPN) analysis: *public governance*, comprising of national government policies and international policies such as trade policies and international labour standards; *private governance* led by private sector actors; and *social governance* related to worker organizations and civil society. So far, most of the GVC and GPN literature looking at labour and working conditions have zeroed in on private governance initiatives, while labour studies and sociology of work has tended to focus more on the role of state regulation. Indeed, research focusing on private governance

initially focused on the role of 'lead firms' in GVCs as actors not only responsible for decision making in production, but also for the working conditions in the factories manufacturing their products in the developing world. In particular, corporate social responsibility (CSR), buyers' codes of conduct, their content and their impact on working conditions and labour rights became more central to GVC analyses (see e.g. Mamic 2003; O'Rourke 2002; Barrientos and Smith 2007; Locke 2013). Considerably less attention has been devoted to the role of public governance and in particular to the need of effective public enforcement of labour law. The recent changes in the apparel industry have led to a new consensus that private governance alone cannot address the complexities of industrial relations in global value chains and – by extension – that the responsibilities and costs of social upgrading must be shared, with the state assuming a greater role in the provision of essential common pool resources (such as energy and logistics infrastructure, workforce development, health and safety regulations, and labour dispute mediation). Pushing this argument further, it is increasingly believed that combination of public and private interventions is critical to achieve sustainable change in working conditions in GVCs (Braithwaite 2002; Kolben 2007; Locke et al. 2012). Also, in terms of social governance, civil society and advocacy, organizations have focused their research efforts on explorations of factory workers' lives, opportunities and challenges as a result of their participation in GVCs (see e.g. Brooks 2007; Hale and Wills 2006; Oxfam International 2004; Rivoli 2006). More recently, increasing attention is being given to civil society actors and their role in driving social upgrading and ethical sourcing initiatives (Bair et al. 2013).

While international buyers, supplier firms and workers are crucial actors concerned with labour issues in GVCs they are not the only ones. In order to broaden the range of actors and the web of relationships that influence outcomes for firms and workers, the chapters in this book include social, institutional and political actors operating at global and local levels in GPNs, underlining the need to look more holistically at governance actors to fully understand the opportunities for economic and social upgrading in GPNs. This book makes three main interventions. First, the book focuses on labour from a governance and policy perspective highlighting the role of this broader set of actors involved in the global apparel value chain. Second, the collection analyses the extent to which these policy and institutional actors have been successful in improving the conditions of work and enabling rights of workers in apparel value chains. And third, the book seeks to add to

these analyses important assessments of the extent to which the social upgrading of workplace conditions and worker rights in apparel value chains may have positive impacts on the economic conditions of specific firms, regions and chains — in other words — whether there is a business case for social upgrading. The findings in this volume suggest that the effectiveness of initiatives aimed at improving working conditions — whether private or public — is constrained by the globalized and fragmented structure of GVC production. Private initiatives by lead firms and public initiatives by civil society groups and national or international agencies to improve the conditions of work can only occur and be sustained within the broader determining context of international and national trade policy, much of which produces and/or reinforces the fragmented structure of GVC production and sustains systemic limits to what social upgrading can be achieved.

## **Overview of chapters**

This book explores different experiences and initiatives around better working conditions seeking to understand the role and perspectives of different actors in GPNs in addressing labour. The chapters focus specifically on governance mechanisms in GVCs and provide solutions-oriented approaches for promoting improved working conditions and labour rights in the apparel industry. Chapters analyse how in some contexts workers, governments and business are collaborating to confront some of the key opportunities and challenges pertaining to labour in global apparel value chains, and how in other contexts they are dealing with the obstacles that can arise in such collaboration. Most of the chapters are based on detailed and grounded case studies of specific country cases by researchers who have been actively studying apparel value chains and conditions of work for many years. All address in particular ways the reciprocal effects of economic and social upgrading on the conditions of work in apparel production.

This collection of chapters is articulated in two main parts. Part I reflects on global governance, economic and social upgrading, and workers' wages in GPNs, setting out the analytical framework as well as the broad context (both in terms of institutions and of trade) where global apparel production is situated. In Chapter 1, Mayer and Pickles argue that parallel to an increase in trade that expanded investment and employment opportunities, and increased aggregate returns to capital, there has been growing global inequality, deepening exploitation and casualization of workers at the margins of the new global economy and

pressure on labour in more traditional centres of production. Mayer and Pickles have found that lead firms, suppliers, states and civil society actors are responding to this global ‘governance deficit’ (Gereffi and Mayer 2006) in a wide range of ways to promote decent work in apparel global value chains. They define governance as those institutions that constrain or enable market actor behaviour, both public in the form of governmental policies, rules and regulations, and private in the form of social norms, codes of conduct adopted by businesses, consumer demand for social responsibility or other non-governmental institutions and social movements.

Complementing the analytical framework provided by these contributions, Bernhardt, in Chapter 2, analyses economic and social upgrading in apparel global value chains from a trade and employment perspective at the macro level. In particular, he explores the hypothesis that economic upgrading leads to social upgrading: economic theory generally supports the view that upgrading translates quickly and fully into social upgrading, including improved wages and labour standards. Using a ‘parsimonious approach’ in defining economic and social upgrading, Bernhardt combines these measures to analyse how they are related to each other in key apparel producing countries, highlighting both the cases in which the two measures go hand in hand, and those for which evidence is mixed. The chapter concludes by discussing the significance of ‘downgrading’ in specific countries and analysing the causal link between the economic and social realms.

Following these chapters dealing with governance, institutions, trade and employment from a macro perspective, the book turns to a key component of social upgrading: wages and wage practices along the apparel GVC. In Chapter 3, Vaughan-Whitehead tackles this issue of paramount importance to workers’ livelihoods and analyses how ‘fair’ wage practices are along the supply chain. He defines a ‘fair wage approach’ that aims to provide CSR actors with a coherent set of fair wage dimensions and indicators. The chapter analyses wages in more than 100 suppliers in Asia and is complemented by three case studies in China in 2010–11. The results provide first-hand information on wage practices among suppliers and identify a number of wage problems along the supply chain. The findings suggest that there is an urgent need to address wage issues using a broad spectrum of ‘fair wage’ dimensions, including living wages, minimum wages, prevailing wages, social dialogue, the payment of working hours and the evolution of wages in accordance with prices, enterprise performance and changes in technology and human capital.

Complementing Vaughan-Whitehead's analysis, in Chapter 4 Miller draws on time systems methodology and develops a model by which buyers can assist vendors to raise pay in line with a multinational's 'living wage' code commitment where such exists. Using an example of a five-pocket western style jean made in Cambodia, and factory wage data, he calculates the differential between a prevailing and living wage cost on a given order and outlines ways in which this supplement can be delivered to a manufacturing facility and passed on to workers. 'Sustainable' labour costing using this method has implications for buying practices and for industrial relations at the factory level, since information disclosure, worker organization and capacity building are key to delivery. The chapter concludes by arguing that the success of living wage campaigns will ultimately depend on the extent to which buyers and suppliers are committed to the core principles of freedom of association and collective bargaining.

Part II of the volume brings the focus to the country level, examining particular national contexts and initiatives that offer potential for improved governance and upgrading. The chapters in this part highlight how different national and international contexts support or challenge the attainment of social upgrading in apparel producing supplier countries.

Through case studies of Morocco and Romania in Chapter 5, Plank, Rossi and Staritz focus on the effects of 'fast fashion' on creating jobs characterized by a high degree of flexibility, uncertainty and precariousness. Fast fashion adds new requirements of ever shorter lead times, improved responsiveness and greater flexibility to existing cost and high quality demands. The effects on workers' prospects for social upgrading are not clear. For many workers, the pressure for quicker delivery time results in the downgrading of working conditions. However, where fast fashion practices are mediated by local institutional structures and regulatory contexts, social upgrading opportunities may be possible. In their case studies, the authors show how Moroccan and Romanian firms reacted in different ways to accommodate these pressures. In both cases, flexibilization of work contracts increased and the co-existence of regular and irregular workers became the normal way to cope with conflicting pressures of low costs, high flexibility, high quality, consistency and reliability. The result has been the emergence of bifurcated labour conditions and differential labour rights and relations within factories. Their findings pose serious questions for analyses of social (and economic) upgrading that work with aggregate firm-level or industry-level data, and fail to disaggregate the effects of industrial dynamics by type



of worker. Furthermore, the authors identify different governance measures (an industry-led social compliance initiative in Morocco and public governance in Romania) as critical factors mediating the pressures created by fast fashion.

In Chapter 6, Record, Kuttner and Phouxay assess the consequences for working conditions and productivity of high transport costs, low labour productivity and high staff turnover rates in the Lao garment sector. While the authors find relatively few reported instances of extreme violations of international labour standards, workers – most of whom are female migrants aged 16–25 – suffer from frequent compulsory overtime and difficult working environments, and have a very limited understanding of their contractual rights and obligations. In this context, they tend to see work in the garment sector as a temporary phase in their life during which their primary goal is to earn income to subsidize future activities, such as sibling education, having their own family or starting their own small business. Perspectives on working conditions differ dramatically between management and workers, with frequent misunderstandings and cultural clashes on the factory floor. When faced with recurring frustrations and limited formal representation, workers are left with little option other than the withdrawal of participation in the garments labour market. Firms struggle to raise productivity when faced with such high levels of worker turnover and skills leakage. The chapter concludes with several indicative recommendations, building both a ‘business case’ and a ‘development case’ for how the Lao garment sector can break out of this suboptimal and unsustainable position.

In Chapter 7, Bhaskaran, Nathan, Phillips and Upendranadh analyse the changing conditions of child labour in segments of the apparel value chain in India’s National Capital Region. The chapter shows that child labour exists almost entirely in the embroidery and embellishment tasks of garment production, either as part of homework or in household-based enterprises. After presenting empirical findings, the chapter considers various aspects of the child labour question, including the roles of poverty and lack of a capacity to aspire as drivers for child labour. The chapter considers possible governance options to eliminate child labour, including the role of the new constitutional amendment for universal and compulsory education and a possible conditional cash transfer scheme.

In Chapter 8, Pike and Godfrey use baseline Better Work data and firm-level and worker interviews from Lesotho to analyse the factors that lead to variation in labour standards compliance in the apparel industry in

South Africa and Lesotho. The authors argue that ownership, end-user markets and dispute resolution practices play crucial roles. The work of activists, NGOs and global union campaigns has been a key force in pressuring multinational companies to be responsible for working conditions in their supplier factories. Traditionally, this has translated into codes of conduct that brands ask their suppliers to adhere to as a condition of their continued business. While this has pressured big name brands to be responsive and manufacturers to be more alert, it has not always had the intended effect of improving conditions for workers. In addition to the challenges of monitoring these codes, rigid enforcement of labour standards can lead to workers losing their jobs if brands discontinue contracts with noncompliant suppliers. An alternative to the traditional channel for labour standards enforcement is a multi-stakeholder approach, which directly engages retailers with unions and manufacturers, domestic government and NGOs. This kind of social dialogue facilitates greater transparency, accountability and incentive for stakeholders to forge opportunities for actual improvements in labour standards.

In Chapter 9, Arnold focuses on the regulation of industrial relations in Cambodia's textile and garment industry – a unique ensemble of state, trade union, private sector and international institutions that is promoted as a 'fair model of globalization'. The chapter tracks the trajectory of Cambodia's industrialization and insertion into the global economy over three interrelated phases: first, the beginnings of export-orientated garment production in the mid- to late 1990s; second, the promotion of Cambodia as an 'ethical producer' from 1999; and third, a more recent period in which he argues that manufacturers and local governments have privileged competitiveness in global value chains over labour compliance. In doing so, the author analyses the complex intertwining of global production, the genesis of the unique ensemble of actors in Cambodia, including the ILO Better Factories Cambodia programme and the anomaly of Cambodia's labour movement.

Also focusing on Better Factories Cambodia, Brown, Dehejia and Robertson analyse compliance data collected by the programme in Chapter 10, focusing on the factors that drive firms' decisions to become and remain compliant with international and national labour standards, arguing that it is not only the external pressure exerted by Better Factories Cambodia and by international buyers that stimulate compliance decisions, but also likely endogenous factors related to a business case for labour standards.

Finally, in Chapter 11, Bair and Gereffi ask what Better Work can offer producers in a country like Nicaragua and how the relatively high level