UNIVERSITY OF SOUTHAMPTON

FACULTY OF SOCIAL AND HUMAN SCIENCES

GEOGRAPHY AND ENVIRONMENT

Stakeholder Capitalism and Workers' Rights in the Bangladesh Garment Industry

by

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Thesis for the degree of Doctor of Philosophy

July 2014

UNIVERSITY OF SOUTHAMPTON

<u>ABSTRACT</u>

FACULTY OF HUMAN AND SOCIAL SCIENCES

<u>**Geography and Environment**</u>

Thesis for the degree of Doctor of Philosophy

Stakeholder Capitalism and Workers' Rights in the Bangladesh Garment Industry

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This thesis provides an original contribution to understanding of stakeholder capitalism and applications of stakeholder capitalism to labour governance in globalised clothing production networks. Specifically, this thesis draws on primary qualitative and ethnographic field-data collected in Dhaka, Bangladesh to provide new insight to the challenge of poor working conditions and workers' rights in the global garment industry. The research presented here questions the potential of retail-led stakeholder capitalism to contribute positive development outcomes to the lives of workers employed in cut and stitch garment manufacture.

Adopting the Global Production Network's (GPN) framework, the thesis argues that the ability of stakeholder capitalism to engage and advance the voice of workers in clothing and retail GPNs is influenced by the nature of the relationship and strategic coupling between transnational retailers and their localised factory suppliers. It argues that civil society demands for labour standards have generated a compliance-based response to stakeholder capitalism whereby expectations and acceptance of labour standards are negotiated between retailers and their suppliers. While these

negotiations appear discursive, the voices of workers in these negotiations appear largely absent. Thus, it makes an original contribution to understanding relational processes in clothing production systems, moving away from top-down, buyer-driven linear approaches, to conceive power relations in retail production networks as dynamic, subjective and negotiated. This thesis argues that how these power relationships are negotiated and the impacts and interactions of these relations needs to be understood and accounted for if stakeholder capitalism is going to have a serious impact on improving the lives of workers in globalised production systems.

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DECLARATION OF AUTHORSHIP

I, Eleanor G. Tighe,

declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

Stakeholder Capitalism and Workers' Rights in the Bangladesh Garment Industry

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission:

Signed: ....

Date: ....

Acknowledgements

Definitions and Abbreviations

AIP - Apparel Industry Partnership

AL - Awami League

BSCI – Business Social Compliance Initiative

BDT – Bangladesh Taka

BEPZA – Bangladesh Export Processing Zone Authority

BGMEA – Bangladesh Garment Manufacturers' Export Association

BOI – Bangladesh Bureau of Overseas Investment

BSCI – Business Social Compliance Initiative

CSR – Corporate Social Responsibility

DFID – UK Department for International Development

DFI - Development Finance Institution

EPZ – Export Processing Zone

ETI –Ethical Trade Initiative

FDI – Foreign Direct Investment

FFYP – First Five-Year Plan

FLA – Fair Labor Association

FWF – Fair Wear Foundation

FTA – Free Trade Association

GCC – Global Commodity Chain

GDP – Gross Domestic Product

GFA - Global Framework Agreement

GPN – Global Production Network

GSP – Generalised System of Preferences

GVC - Global Value Chain

IEM – Independent External Monitoring

IEV – Independent External Verification

ILO – International Labour Organisation

ITGLWF – International Textile, Garment and Leather Workers' Federation

MIRS – Mature Industrial Relations System

MFA – The Garment and Textile's Multi-Fibre Arrangement

NIP – New Industrial Policy

NGO – Non-Governmental Organisation

RMG – Ready Made Garments

SFYP – Second Five-Year Plan

SOE – State Owned Enterprise

TNC – Transnational Company

WRAP – Worldwide Responsible Accredited Production

WRC – Workers' Rights Consortium

2nd December 2011.

I'm sat in the office of the A-NGO. It's my first night in Bangladesh, I've just arrived and opposite me a woman is screaming in Bangla. She's a well-known local union leader. This lady and my host are talking about things I largely don't understand. She turns to me, "so what are you here to do?" "She's from the FLA," replies Shamim, a local labour researcher, with whom I was staying. "I'm a PhD student from the UK," I added, "I'm researching the networks of the Fair Labor Association and Multi-Stakeholder Initiatives, I'm here to carry out interviews with workers and their unions." There's an awkward silence. "The FLA does almost nothing," says Shamim. "Nothing, maybe some programme with the NGOs about training and audit. We will learn from you what they do." The conversation returned back to Bangla.

Excerpt from my Research Diary. Dhaka, Bangladesh, December 2011.

Chapter 1: Introduction

This thesis contributes to knowledge of stakeholder capitalism and corporate social responsibility (CSR) as an approach to improving working conditions in globally orientated clothing production systems. In particular, this thesis examines the relationship between the Global Production Networks (GPNs) of globalised retailers with localised labour governance in developing economies. Framed within a turn toward non-governmental regulation and the rise of CSR and relational approaches to labour governance in globally orientated retail supply chains, this thesis aims to advance our understanding of the application of the stakeholder concept in the field of CSR and examine how this concept is applied to labour concerns in the Bangladesh clothing industry.

Analysis in economic geography has been concerned with the relationship between the emergence of GPNs, and the effect that these networks are having on local economic development (Henderson et al. 2002; Coe et al. 2004; Hess and Coe 2006; Yeung et al. 2006). In particular, a key focus of this work has been on the role of GPNs in stimulating economic upgrading within developing economies, with a body of literature examining the links between economic upgrading and incorporation of developing regions into clothing and footwear production systems (Gereffi 1999; Bair and Gereffi 2003; Gereffi and Memedovic 2003; Pickles et al. 2006). More recently, research bridging economic geography with development studies has begun to look beyond economic growth and development to examine the links between GPNs and social upgrading, examining how incorporation into these networks drives up labour standards and working conditions (Barrientos et al. 2010; Barrientos et al. 2011; Plank et al. 2012). In particular, this literature examines how far social upgrading through GPNs can advance more relational and participatory forms of labour governance (Auret and Barrientos 2006; Lund-Thomsen and Lindgreen 2013).

This thesis contributes to this literature by examining the underlying methodological and conceptual arrangements through which various actors across GPNs have been engaging with workers' rights. In particular this thesis is concerned with the notion of stakeholder capitalism, and

how this idea has been adopted by actors within GPNs and applied as a model to move towards more socially responsible production systems. Here, notions of stakeholder capitalism refer to non-hierarchal forms of supply chain governance, emphasising two-way dialogue between supply chain actors as well as greater participation and engagement with workers (Locke et al. 2009; Oxfam 2012; Lund-Thomsen 2013), traditionally conceived as passive actors residing at the bottom of linear commodity chains (Safa 1981; Gereffi and Korzeniewicz 1994; Humphrey and Smitz 2002; Smith et al. 2002; Gereffi et al. 2005; Rainnie et al. 2011).

In particular, this thesis is concerned with attempts to embed stakeholder capitalism across the GPNs of clothing retailers and brands sourcing from factories located in Dhaka, Bangladesh. Here, over four thousand clothing export factories are engaged in clothing assembly for export to the EU and US market (Rashid 2000). However, while the Bangladesh garment industry has gained market popularity in terms of technical quality, volume and competitive pricing (Berg et al. 2011); clothing companies sourcing from Dhaka have faced criticism that workers within Bangladeshi factories are employed in dangerous and insecure working environments (Newby 1998; Alam and Hearson 2006; War on Want 2012; Clean Clothes Campaign 2012). Furthermore, while labour rights activists have pressured the Bangladesh government and international agencies to expand labour governance, these demands have made little progress on the capacity of the Bangladeshi government to successfully regulate working conditions or to allow workers their rights to organise into independent trade unions (Alam and Hearson 2006; Roy 2009; War on Want 2012). The dominant development paradigm has been to lower regulatory controls on labour and liberalise investment restrictions to encourage Foreign Direct Investment (FDI), (Lipschutz 2000; Braithwaite and Drahos 2000; O'Rourke 2003).

In response, stakeholder capitalism has been proposed as a means to encourage retailers and brands to engage directly with improving working conditions in subcontracting factories (Utting 2000; Hughes 2001a; Hughes 2005). As an approach to ethical capitalism, stakeholder capitalism provides a non-governmental approach to business regulation, advocating

both a regulatory and relational approach to improving working
conditions (Sunley 1999; Hughes 2001a; Dolan and Opondo 2005). Here
emphasis is on ethical business and private business responsibility, rather
than institutionalised government or inter-governmental regulation
(Sunley 1999; Evan and Freeman 1993; Kelly et al. 1997), coinciding with
wider shifts to private regulatory governance as a means to govern the
global economy (Detomasi 2002; Ruggie 2004; Vogel 2008; Abbott and
Snidal 2009).

Spearheading the stakeholder capitalism approach to ethical supply chain
governance have been retail 'multi-stakeholder initiatives' (MSIs), which
aim to embed a form of stakeholder capitalism into the activities of
corporate firms with global supply chains (Utting 2000; Blowfield 2002;
Hughes 2001a; Hughes 2006; Hughes et al. 2008). These initiatives
typically advocate both self-regulation of corporate activity against labour
standards' codes of conduct, alongside more relational approaches to
supply chain governance (O'Rourke 2003; O'Rourke 2006; Hughes 2001a;
Freidberg 2003), advocating engagement and discussion between actors
within clothing companies, and other actors across GPNs (Jenkins et al.
2002; Blowfield 2002; van Heerden and Bosson 2009). Codes of conduct
provide a framework through which to benchmark acceptable working
conditions and engage with both corporate and civil society actors across
the network to uncover and address the underlying causality resulting in
poor working conditions (Jenkins 2002; Blowfield 2002; Rodriguez-
Garavito 2005; Hughes 2005; Hughes 2006; Locke et al. 2009). Retailers
and brands align with MSIs through membership. [1] Through working
across the production networks of retail members, MSIs, such as the Fair
Labor Association (FLA), attempt to embed stakeholder capitalism within
production systems and generate regulatory practices (Utting 2000;
O'Rourke 2003b; Esbenshade 2004; van Heerden and Bosson 2009).
Typically, these can include systems to increase engagement and dialogue
with workers, driving working conditions up through direct engagement

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[1] Use of the acronym MSI here denotes the MSI as an aggregate unit comprising
the actors who govern the MSI. For example the 19-member board of directors
representing NGOs, universities and private companies and the full time
secretariat comprising the President and Executive Directors that governs the FLA.
Use of the acronym 'MSI' will be used as such unless stated otherwise.

with workers and providing an alternative to traditional forms of social dialogue where these may not be possible (van Heerden and Bosson 2009).

What this thesis seeks to engage with, therefore, is how ideas of stakeholder capitalism, both its regulatory and relational dimensions, are transmitted through the GPNs of retail firms. Taking the ready-made garment (RMG) industry in Dhaka, Bangladesh, as a case study, the GPN approach provides a framework to examine the operations of MSIs as they attempt to embed the ideas and practices of stakeholder capitalism within clothing production systems. This thesis makes an original contribution to the GPN literature by examining how the application of stakeholder capitalism as a form of ethical governance of GPNs, has resulted in expanded engagement and dialogue with workers.

Typically, the GPN literature has been concerned with regional development in terms of economic value creation, capture and enhancement at the firm and regional level (Henderson et al. 2002; Coe et al. 2004; Hess and Coe 2006). This literature has focused on the relationship between incorporation of actors into GPNs and the economic competitiveness of the firms and regions involved, missing the diverse range of both positive and negative impacts incorporation of actors into GPNs can have on the people employed within private, public and non-governmental institutions[2]. The aim of this thesis is to utilise the GPN approach to examine how the incorporation of actors into GPNs impacts individuals at the everyday level. The GPN literature has begun to call for more application of the GPN framework to examine issues of labour agency (Rainnie et al. 2011). Mostly this literature has focused on links to workers with global unions and prospects for transnational collective bargaining (Wills 2002; Herod 2001; Cumbers et al. 2008). Thus far, this literature has not examined alternative means for workers to demonstrate agency through dialogue and engagement with employers through 'stakeholding' and inter-firm networks.[3]

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[2] I use the term institutions here in its narrow sense to convey state actors and governing bodies.
[3] I used the term 'stakeholding' here as a verb to represent engagement and dialogue between actors across GPNs. This will be explored further in Chapters 2, 5 and 6. Within their recent article Lund-Thomsen and Lindgreen (2013) engage

In this thesis, the GPN approach is used to frame the analysis of stakeholder capitalism to relations of production in Dhaka, Bangladesh. The GPN approach is used to examine how notions of stakeholder capitalism are organised across GPNs, and how far these concepts become embedded within local regions of production. Here, the concepts of strategic coupling and embeddedness, drawn from the GPN literature, are used to examine how the objectives of stakeholder capitalism channelled through MSIs are challenged, re-orientated and negotiated in light of conflicting economic and political interests at the local and global scale (Coe et al. 2004; Hess 2004; Yeung 2009a). The concepts of strategic coupling and embeddedness are used to delineate between the economic interests of local and global actors on the one hand, and the local cultural and political setting, within which the workers are employed on the other. These two sets of interests are distinct but reinforcing. The Bangladesh government, local firms and Western retailers have mutual strategic interests in maintaining competitive production to ensure long-term economic sustainability, itself necessary under the capitalist mode of organisation. This interest is dependent on a competitive and stable labour market, which the stakeholder model, through engagement and dialogue with workers, as well as other civil society groups, aims to achieve. At the same time, the ability to establish a form of stakeholder capitalism in Bangladesh is influenced by the historically politicised and unstable nature of the labour movement and government politics, influencing the willingness of local and global firms to engage with these actors and therefore the nature of the stakeholder capitalism which results.

In examining these issues, the thesis explores the following themes and research questions:

- How are the ideas of stakeholder capitalism transmitted across GPNs?

- How far does stakeholder capitalism meaningfully advance the voice and power of workers in GPNs?

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with a notion of a 'cooperative approach' this in many sense has overlaps with the stakeholder approach, and will be discussed further in Chapter 2.

- How can we understand this in terms of strategic coupling and embeddedness?

Along the way, the activities of MSIs are situated against other CSR and labour rights actors, such as ethical trade consultancies, and worker representative organisations, so as to not give the impression that MSIs exist in isolation to other actors in the CSR field.

The main arguments are structured as follows. Chapter 2 provides a review of the literature outlining the evolution and application of the GPN approach, the history of state-industry relationships within the clothing export industry and the evolution of the stakeholder approach to capitalism. Stakeholder capitalism is discussed in relation to other approaches to improve conditions of workers in global production systems, situating stakeholder capitalism within a wider field of CSR and private non-governmental regulation. Chapter 2 then situates stakeholder capitalism in relation to other traditional labour governance mechanisms including the United Nation's International Labour Organisation (ILO) core labour standards, and tripartite social dialogue.

Chapter 3 outlines the methodological approach taken, justifying the ethnographic case study approach and the qualitative research design. This chapter provides further details and justification for the case study location, and outlines how the challenges and ethical issues were managed during the fieldwork. Chapter 3 also details the data analysis methodology used, including coding strategy as well as outlining the limitations within the methodology.

Chapter 4 then outlines the existing regime of production within ready-made garment factories in Dhaka, Bangladesh in relation to the local political and economic context, outlining the challenges workers face in getting their voices heard. Chapter 4 traces the role of public and private actors in the development of the RMG Sector, relating the relationship between the state and garment factory owners to the theory of strategic coupling within the GPN literature. It is argued that the barriers workers face to organising is the outcome of the coupling of strategic interests between the factory owners and the Bangladesh government, embedded in

wider economic development goals, local political economy and cultural attitudes which have shifted over time. Chapter 4 then outlines the historical dimensions of these shifts and their implications for the existing labour movement and the ability of workers in the garment industry to organise.

This then sets the scene for chapters 5 to 7, which examine attempts to embed stakeholder capitalism in the local area in light of local and global economic interests, and localised political economy and culture. Drawing on interviews with factory managers employed in the export-oriented garment industry, chapter 5 examines how notions of stakeholder capitalism are interpreted, translated and applied within the factory setting. Here, I argue that the implementation of stakeholder capitalism is conditioned by the strategic coupling of the economic interests of factory owners with their buyers who share a strategic objective to ensure economic sustainability, as well as local cultural and political factors which place factory managers within a position of power and unaccountability, resulting in a partial understanding and interpretation of the stakeholder capitalism by the actors involved.

Chapter 6 examines how the notion of stakeholder capitalism is developed into the tools MSIs use to advance dialogue and engagement with actors across GPNs. This chapter uses the GPN framework to examine the influence of local culture, political embeddedness and strategic coupling between global and local firms on the ability of the MSIs to both engage wider civil society actors and also build systems of dialogue at the local factory level. Here it is shown that the ability of MSIs to engage local civil society actors in social auditing, as well as the nature of the audit itself is influenced by the interests of both the buyers and factory owners in maintaining their reputation through clear social compliance data, stable production and avoiding groups who could incite violence and disruption in the factory setting.

Finally, chapter 7 examines how CSR actors attempt to build stakeholder firms through 'capacity building' at the factory level. The stakeholder approach adopted by MSIs is situated against two different approaches to improving conditions for workers in clothing GPNs: an approach to

stakeholder capitalism developed by a private CSR retail consultancy, and a competing 'Mature Industrial Relations Systems' (MIRS) approach developed by a global union federation. This chapter explores how both the strategic coupling of the actors involved as well as local political and cultural context influence how retail-driven factory improvement projects carry out their objectives, observing a difference in orientation and action, reflecting the different organisations involved. This chapter argues that set inside the dominant capitalist model, the stakeholder approach to capitalism can offer the most worker-centred approach to voluntary labour governance, but that these gains are partial and limited. Finally, in returning to the key themes of embeddedness and strategic coupling, the analysis in chapter 7 examines how power relations influence the ability of retailers to enhance workers' voices in clothing GPNs. Here, the chapter engages with the theory of strategic coupling, examining how strategic economic and business interests develop into relations of dependency, which can influence the relations of power in sourcing relationships and destabilise the buyer-driven value chain assumptions upon which stakeholder capitalism is based.

Finally, chapter 8 outlines the conceptual and empirical contribution of this thesis to the economic geography literature. It is argued that by analysing stakeholder capitalism in the Bangladesh ready-made garment industry in Dhaka, this thesis offers nuance to theorisations of power within clothing GPNs and an advanced understanding of the nature of relationships in ethical supply chain governance. Final conclusions are offered as to how far this GPN-centric model of labour governance can enable positive development benefits in terms of how negotiations between actors in clothing GPNs can influence the ability of stakeholder capitalism to enable workers to have their voices heard. It is then discussed what this means for Bangladeshi workers engaged in low value clothing production to achieve positive enabling workers' rights.

Chapter 2: Labour Governance and Workers' Rights

This thesis is concerned with the dimensions of the stakeholder approach to retail CSR, how far this approach is transmitted over space and embedded across clothing production networks, examining how these ideas are understood and implemented in the ready-made garment industry in Dhaka, Bangladesh. Following a discussion of the GPN framework, the literature review traces the evolution of labour standards and labour rights, examining how these concepts are embedded in the historical evolution of human rights in the West, and identifying the historical context through which labour governance mechanisms have emerged. The chapter then discusses how globalisation has given rise to new forms of worker organisation, through the rise of global union federations and transnational forms of collective bargaining. The chapter then introduces the concept of stakeholder capitalism, situating stakeholder capitalism within wider political and structural changes taking place in the Western industrialised nations during the 1980s and 1990s, and examining where these ideas sit in relation to other labour governance mechanisms.

Firstly, the GPN framework adopted is outlined, situating the approach against other approaches to analyse relations in global production systems. Here it is argued that the network approach offered by GPN analysis allows the user to deconstruct the nature of local labour governance, and therefore understand how local outcomes within regions in GPNs are conditioned by multiple layers of processes, occurring at both the local and global scale. This chapter explores the notion that ideas relating to stakeholder capitalism are the outcome of varying interests and power relations within production systems, which affect how these ideas travel. The concepts of embeddedness and strategic coupling are used to frame this discussion.

2.1   Governance and Power in Global Production Systems

Globalisation has transformed the way economic processes are organised within and between nations. In the clothing industry, subcontracting of manufacturing by retailers in the 1980s has given rise to long production chains bringing clothing to retail (Gereffi 1999). Economic geographers, economic sociologists and political economists have attempted to describe and explain the spatial nature of economic organisation through which firms orientate their supply chain activities, as well as the effects that this has on the local economies involved. This has evolved through the Global Commodity Chains (GCCs), Global Value Chains (GVCs) and more recently the GPN framework. This section traces the evolution of these approaches and outlines the GPN approach taken in this thesis.

Early approaches to theorising clothing production systems focused on describing the spatial process involved in bringing clothing items to market. The GCC approach focused on linear production processes, documenting the stages through which raw materials are transformed into final products (Gereffi and Korzeniewicz 1994). Within the GCC framework, commodity value is added through a vertical process whereby value is added at each stage in the production process (Gereffi 1994). This process is then spatially organised and governed by lead firms with the capacity to determine relations of production such as finance, materials and human resources arrangements (Rainnie et al. 2011). In moving beyond the GCC perspective, Gary Gereffi and others (Gereffi 1994; Gereffi and Memedovic 2003; Gereffi et al. 2005; Humphrey and Schmitz 2001) advanced the Global Value Chain (GVC) approach (Rainnie et al. 2011). According to Rainnie et al. (2011), GVC analysis applies greater emphasis on the governance strategies through which actors, comprising GVCs, spatially organise their production systems, concentrating on how firms build inter-firm and intra-firm linkages to gain competitive advantage.

Within the GVC model, clothing production is conceptualised as a 'buyer-driven' value chain, characterised by low barriers to entry, low start-up costs and labour-intensive, rather than technology-intensive processes (Gereffi 1999). Like other technology-intensive commodities e.g.

automobiles and electronics, clothing products are composed of multiple and complex components (Kaplinsky 2002). With high levels of specialisation, these value chains are more likely to comprise producer-driven or modular value chains, where value is more evenly distributed across the production stages (Gereffi 1999; Gereffi et al. 2005; Sturgeon 2002).

Under the GVC approach, clothing production chains capture value at the beginning and end of the supply chain (Sparks 1986; 1994; Wrigley 1988; 1992). Baldwin and Evenett (2012) have conceptualised this as a 'smile curve' with highest value captured pre-and post-assembly e.g. research and design at the beginning of the value chain, and advertising and marketing at point of sale (Hartwick 1998). Where clothing assembly is considered a labour-intensive, low-technology activity, the requirements of retailers are easily codified. This enables easy fragmentation of the production process and outsourcing into developing economies with abundant low-wage labour (Palpacuer et al. 2005). As such, clothing garment assembly is considered at the bottom of the clothing value chain.[4]

The GVC approach has been used to examine the relationship between lead firms, suppliers and the rise of global competition across the production base (Gereffi 1999; Kaplinsky 2002). Under this model retailers act as trade brokers, deriving power in GVCs through governing market access (Gereffi 1999). Retailers, through investment in organisational capabilities, have been enabled to govern 'buyer-driven value chains'; deriving additional power through their ability to organise production and coordinate design, textiles manufacturing, assembly, transport, logistics and point of sale (Gereffi et al. 1994).

It is argued that low barriers to entry and low start-up costs, coupled with gains in the capabilities of retailers to govern complex, global supply networks, have led to competition between different suppliers locally and

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[4] There is also a gender dimension to this argument that links the de-valuing of clothing assembly to the links between women and the home (Fernandez-Kelly 1983; Safa 1981; Barrientos 2003; Salzinger 2003). While I think these debates are important I have chosen not to develop them here, as I want to retain a focus on the difference between production processes and value, and how this leads to a downward pressure on wages and working conditions.

globally in terms of quality standards and pricing (Dicken and Hassler 2000; Gereffi et al. 2005; Gereffi and Korzeniewicz 1994; Gereffi and Memedovic 2003). It is within this body of literature that clothing retailers, through their ability to encourage price competition, are blamed for low wages and poor working conditions, as production is outsourced to regions with minimal state, environment or labour regulation (Wills and Hale 2005; Appelbaum et al. 2005). Kaplinsky (2000) adds a further dimension to this asserting that this becomes political as governments create policies to control wages in order to sustain export competitiveness.

To address power asymmetries and to lessen the effects of competitive market practices on workers employed, scholars working in economic and development geography have begun to examine the potential of developing more relational forms of governance (Hughes 2005; Lund-Thomsen and Nadvi 2010; Barrientos 2013). This draws on Gereffi et al.'s (2005) conceptualisation of the relationship between power and value chain governance. In moving beyond the producer-driven/buyer-driven dichotomy, Gereffi et al. (2005) distinguish between five different types of value chain governance: market governance; modular value chains; relational value chains; captive value chains and hierarchal value chains. Gereffi et al. (2005), conceptualise a spectrum of decreasing power and coordination running from high to low at each stage of the governance type. Hierarchal, or 'top-down' forms of value chain governance are defined by high complexity of transactions, low ability to codify transactions, low capabilities in the supply base and high levels of power asymmetry between suppliers and lead firms. Conversely, market, or 'arms-length' forms of governance are defined through low complexity of transactions; high ability to codify transactions; high levels of capability at the supply base, and low levels of coordination and power asymmetry between lead firms and suppliers (Gereffi et al. 2005), (see Table 1).

Table 1: Key determinants of global value chains (Gereffi et al. 2005, p.87). Reproduced here with permission from the author.

Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	↑
Relational	High	Low	High	
Captive	High	High	Low	↓
Hierarchy	High	Low	Low	High

Gereffi et al.'s (2005) framework conceptualises relational forms of governance as having the most equal relations of power. Relational forms of economic governance are characterised by high levels of trust and long-term reciprocal relationships (Sunley 2008); as well as high levels of coordination between firms achieved through 'close dialogue between more or less equal partners' (Gereffi et al. 2005, p.88). Typically, relational modes of governance have formed around knowledge-intensive rather than labour-intensive industries, with the 'scripted routines and pressures of tasks' considered to limit the demand for creativity (Sunley 2008, p.11).

It has been hypothesised that organising clothing production through more relational forms of governance offers an approach to improving working conditions (Locke and Romis 2007; Locke et al. 2009; Lund-Thomsen and Lindgreen 2013). In particular, the stakeholder approach to capitalism is orientated around building relational forms of governance, emphasising the role of stable long-term relationships and mutual responsibility in improving labour standards within developing countries. This is grounded within Granovetter's (1985) conceptualisation of kinship and trust as the basis of reliable and honest economic relationships and the value this can bring to firm activities. Here, working conditions in factories are improved through nurturing close relations of trust between buyers and suppliers, where suppliers become willing to work with their buyers to improve working conditions and trust that this will be rewarded through ongoing business (IDH 2009; Oxfam 2012; Lund-Thomsen and Lindgreen 2013).

Thus far, research has begun to examine the actions of corporate retailers and brands as they attempt to establish more 'co-operative' and 'commitment orientated' approaches to supply chain governance (Locke and Romis 2007; Locke et al. 2009; Lund-Thomsen and Lindgreen 2013). Here the emphasis is on greater dialogue and engagement between factory managers, factory owners and retail supply chain managers and how these foster an environment more conducive to applying and evaluating labour standards implementation. What has been missing from this literature, however, is an analysis of how these relational mechanisms actually permeate into the firm and factory beyond the management level, examining the extent to which these relational systems transmit down to workers and interact with the economic interests of the actors involved, as well as local cultural, social and political arrangements.

To assess these relations this thesis takes a GPN approach. It is considered that the horizontal, diagonal and vertical approach offered by GPN analysis (Henderson et al. 2002), enables a more holistic approach to examining relational governance structures and how these relations influence how ideas are transmitted across production systems. Here production systems are conceived as networks of relations between different actors operating across vertical, horizontal and lateral scales (Hess 2004). Hess (2004) argues that the usefulness of the GPN approach stands in its ability to account for the role of individual and actor agency missing from more structural accounts: networks can be mapped, allowing connections and relations to be traced between different actors across the network. This, therefore, offers a broader analysis of the range of actors that can influence productive relations including states, workers, firms and civil society organisations. As such, through mapping, the GPN approach can analyse the nature of the interests, cultures and power relations between actors involved in production, and examine the influence of these actors in conditioning outcomes (Hess 2004).

In addition, GPN analysts have adopted the approach to explain processes of local and regional economic development under conditions of globally competitive capitalism (Henderson et al. 2002; Coe et al. 2008; Coe and Hess 2011). This literature attempts to explain the links between place-

based endogenous growth factors with globally orientated external forces. This is theorised through notions of governance, embeddedness and strategic coupling (Henderson et al. 2002; Coe et al. 2004; Hess and Coe 2006). Governance building on the GVC literature refers to the analysis of interests and organisation of power across the GPN. Governance in GPNs examines how firms organise their economic activities to create, enhance and capture value (Henderson et al. 2002); and how the creation, enhancement and capture of value is influenced by the power relations and interests of the actors involved.

The concepts of strategic coupling and embeddedness are concerned with the processes through which regions become drawn into GPNs. The concept of strategic coupling argues that regional economic development is the outcome of strategic linkages between local and regional actors across GPNs (Henderson et al. 2002; Coe et al. 2004; Yeung 2009a). This coupling process is considered strategic as the links are constituted as the outcome of the actions and capabilities of urban and regional actors to 'coordinate, mediate and arbitrage strategic interests' across the GPN (Yeung 2009b, p.213). Strategic coupling has typically been used to describe and explain the incorporation of East Asian growth regions into the GPNs of lead firms. East Asian success is attributed to the policies of an aggressive developmental state focusing on upgrading local firms and domestic human resources and wider restructuring of the regional economy. Such restructuring is orientated to meet the specific needs of global Transnational Companies (TNCs) (Yeung 2009a). The emphasis is on the novelty of the region in terms of its unique organisational, technological and territorial assets, aligning with the strategic interests of transnational firms (Henderson et al. 2002; Coe et al. 2004).[5] The result being the state has the capacity to negotiate inward investment and facilitate local value generation, enhancement and capture.

Applications of embeddedness in economic geography have emerged out of the theory of embeddedness within economic sociology (Hess 2004; Peck 2005; Jones 2008). Drawing on the works of Polanyi (1944);

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[5] The nature of the assets in attracting inward investment by lead firms is advanced further in chapter 4.

Granovetter (1985) and Zukin and DiMaggio (1990); Hess (2004) identifies a distinction between the socio-economic uses of embeddedness within economic sociology and its use in economy geography. The former considers how economic activity is embedded in society, focusing on how economic activity is influenced by societal factors such as politics and culture. In economic geography the term has been applied to the spatial process of embedding firms into regions (Hess 2004). While the New Economic Sociology associated with Granovetter is concerned with the impacts of behaviours and social networks in terms of economic norms and organisational activity (Peck 2005); embeddedness in economic geography focuses on the local effects of embedding in terms of regional development and growth (Amin and Thrift 1994). Hess (2004) asserts that the embedding of lead firms into GPNs can bring positive development outcomes in terms of value creation, enhancement and growth. Here, Hess (2004) identifies three typologies of embeddedness within GPNs: (1) Societal embeddedness, given as the influence of the social backgrounds of the actors who make up GPNs in terms of culture and politics; (2) Network embeddedness, the nature of the connections between actors across the network in terms of the strength and durability of relations between actors; (3) Territorial embeddedness, the extent to which GPNs become anchored in specific regions (Hess 2004). It is argued that a combination of strong networked embeddedness alongside territorial embeddedness can enable local value creation and enhancement as lead firms in GPNs become committed to an area and its assets (Hess 2004).

Coe and Hess (2011), however, argue that the processes through which lead firms become strategically coupled and embedded within GPNs do not always generate positive developmental outcomes. They argue that investment and coupling of lead firms can have uneven effects and disrupt existing social, cultural and economic systems (Coe and Hess 2011). Furthermore, critics have argued that power relations between lead firms, local firms and state institutions can be more uneven than the strategic coupling literature implies (Dawley 2011). Commenting on regional decline in the UK, Mackinnon (2012) argues that generic assets such as semi- and unskilled labour limit the capacity of regional institutions to negotiate the nature of inward investment. Mackinnon (2013) distinguishes between

organic coupling, 'based on a process of co-evolution'; structural coupling, derived through 'uneven power relations and external dependence'; and a more even, 'policy led' strategic coupling process associated with the East Asian developmental states (Mackinnon 2012, p.12). Drawing on the example of the Pilbara mining region in Western Australia, Mackinnon (2013) describes the coupling process between transnational mining firms and local regional actors as structural coupling, resulting in limited local value capture or spill-over effects.

Presently, however, outside of Mackinnon's (2013) paper there has been little analytical engagement with coupling processes relating to low value production networks. While strategic coupling focuses on the fundamentals driving investment, it provides little evaluation of the nature of investment or the role of non-state and non-firm actors in influencing local value capture (Mackinnon 2012). In their analysis of the Hsinchu electronics cluster in Taiwan, Yang et al. (2009) argue that local value capture is the outcome of both a strong developmental state alongside bottoms-up processes and cross-border technical communities. Thus far, the existing analysis of explicit and implicit coupling has mostly been limited to high value growth regions.

In the Dhaka garment cluster in Bangladesh, drawing on Mackinnon's (2012) framework, one would assume that the coupling process would be one of structural coupling with limited capture of value and marked power asymmetries. Globalisation processes however, have established a visibility around the production process, which offers new possibilities and power to civil society actors (Hughes et al. 2008; Coe et al. 2008). Here it is argued that globalisation has opened up new spaces for workers to organise and demonstrate agency, as well as new opportunities to work collaboratively with global civil society groups (Wills and Hale 2005; Bronfenbrenner 2007; Lévesque and Murray 2010). Therefore, it is argued that such cross border advocacy networks and global solidarity movements have the potential to pressure transnational companies to account for their actions, and impacts on local workers and communities (Coe et al. 2008).

Thus far, these ideas have been little explored within the GPN literature. Labour geography has used the GPN approach to frame debates in terms of enhanced worker agency and associational power, but has not gone further to situate this against regional development, focusing instead on transnational labour organising and the emergence of global trade union activity (Herod 1997; Herod 2001; Wills and Waterman 2001; Wills 2002; Castree et al. 2004; Cumbers et al. 2008). While the literature has begun to examine the response of firms to global advocacy and campaigning, there has been a limited engagement with the implications of firm responses to campaigns and local impacts on workers and communities (Hughes 2001a; Hughes 2005; Hughes et al. 2007; De Neve 2009; Ruwanpura 2012; Mezzadri 2012). Here, therefore, there is space to examine the effects and responses of firms to global campaigning, examining the effects of stakeholder capitalism and CSR on the agency of workers and state-labour development processes in GPNs. In developing this analysis it is useful to first outline the historical political economy of the globalised garment industry in Asia.

2.2   Developmental States and Export Orientated Garment Production in Asia

During the late 1980s and 1990s, globalisation processes transformed retail structures leading to the conglomeration and concentration of capital into fewer and more powerful global buyers, retailers and brands (Wrigley 1992; 1993, 1994; Hughes 1999). These retailers invested in new technologies to enable global outsourcing of production, coordination of global supply chains and mass retailing through economies of scale (Grant 1987; Wrigley 1992; Hughes 1999). As a result of advances in technology, clothing and footwear retailers have been able to take advantage of global differences in production and labour costs (Sparks 1986; 1996; Wrigley 1988; 1992; 1995; Mackinnon 1990); playing off labour and production markets to achieve boosts in profit as a direct outcome of labour cost differentials, legal regulations, trade quotas, and labour skills (Wills and Hale 2005).

The export of apparels to the US and EU from Asia began in the late 1950s with five US pioneer firms placing orders with manufacturing units based in Hong Kong. According to Jennifer Bair these early "founding fathers" established themselves as middlemen, forging links between US manufacturers, retailers and East Asian exporters during a period when few other US firms had these capabilities (Bair 2006). The emergence of these new cheap imports on the US clothing market had the effect of squeezing out local producers who either had to develop their own capabilities to outsource manufacturing overseas or face liquidation. The outcome of this was the concentration of capital into fewer, larger firms. By 1995, retail in the US was dominated by 30 retailers, accounting for 98 per cent of all market sales. Of these, five stores accounted for 68 per cent of sales: Wal-Mart, Kmart, Dayton and Hudson and JC Penney (Gereffi 1999). Looking globally, the world's top 40 retailers generate a combined sales income of $1.3 trillion (Appelbaum et al. 2005, p.7); with 28 of these retailers located in the EU accounting for 46 per cent of the total income (Appelbaum et al. 2005, p.7).

According to Gereffi and Memedovic (2003), global sourcing and supply of manufactured apparels to the western industrialised nations has developed through three successive migratory waves. The first was in the 1950s with the rise of US sourcing from Japan; the second during the 1970s and 1980s with the rise of Taiwan, South Korea, Hong Kong and Singapore, the so called 'Asian Tiger Economies'; followed by a third wave spread of manufacturing activity and foreign investment into South East Asia (Indonesia, Thailand, Malaysia and Philippines) and China and Sri Lanka in the late 1980s. Finally, the South Asian economies (India and Bangladesh) and former South East Asian socialist economies (Cambodia and Vietnam) experienced growth during the 1990s (Gereffi and Memedovic 2003).

Facilitating the globalisation of sourcing and supply has been the rise of neo-liberal development policy, which has encouraged developing country governments to manipulate their economies to encourage investment by global capital e.g. through maintaining low-wage labour and de-regulated labour markets (Amsden 1989; 1995; Wade 2004). First to boast success

from FDI was Singapore, which during the 1960s became a regional model for FDI-led capitalist development with the Singaporean state combining strong macroeconomic governance e.g. liberalisation of imports, tax-free exports and incentives, and public spending on infrastructure and education, with strict policies on wages and labour rights (McGregor 2008)[6]. This has been enhanced by a strong developmental state with close relations between government and business, suppressing democratic rights of citizens and dogmatically pursuing policies that prioritise economic growth over democratic rights (Weiss 1998). This pattern is evident in all development states with national governments developing their own localised labour regimes to prevent workers organising into trade unions. For example, in South Korea, trade union leaders have been forcibly arrested and detained (Nam 1994); in Taiwan, labour has been kept fragmented and disorganised through strict controls on private investment (Chen et al. 2003; Chu 2007; Michelson 2009) and in Singapore, peaceful labour relations have promoted by exchanging welfare services such as education, housing and health subsidies for labour subservience and productivity (Barr 2000).

The 'development state' policies associated with the North Asian economies (South Korea, Taiwan, Singapore and Hong Kong) during the 1970s were focused on coordinating shifts to higher-value added enterprise. In Taiwan and South Korea, the governments invested in expanding the education levels of the workforce increasing the demand for high-skilled jobs. Individual firms centralised their operations and diversified into higher-value added activities such as research and design and off-shoring low-cost manufacturing into other nearby low-wage regions (Amsden 1979; Amsden 1985; Gereffi and Korzeniewicz 1994; Gereffi 1999; Gereffi and Memedovic 2003; Chen et al. 2003; Wade 2004; Chang 2006). During the late 1970s and 1980s, the reinvestment of capital

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[6] After expulsion from the Malaysian federation, the Singaporean People's Action Party set the Singaporean state on a strict export-led path to development. Central to the national agenda was the act of state building, mobilising the population through the idea of shared objectives. In exchange for subservience the government actively redistributed national wealth back to the population through expansion of welfare services: education, housing and health subsidies (Barr 2000).

and technological upgrading by East Asian firms meant that they developed their own capabilities to govern transnational operations and developed a system of 'triangular production' through which they took the role of third-party service providers to European and US brands and retailers (Gereffi 1999).[7] As advances in education restructured existing labour markets, demand for low-wage employment within the East Asian developmental states fell (Gereffi 1999). As the economy became less dependent on low-wage production, labour controls were reduced and democratic rights to workers were expanded (Chu 2007).

However, in the capital receiving economies, e.g. the South East Asian states during the 1980 period, the approach to state-labour relations in conditioning the environment for production were very similar to those of the North Asian developmental states before them. Largely deemed to be the most successful ASEAN[8] nation to replicate the development state model has been Malaysia: establishing a three year minimum before allowing workers to join a trade union; regulating trade unions through the state-run National Registrar of Trade Unions; investing in national education of minority groups to promote political stability; and establishing production within Export Processing Zones (EPZs) (Ong 1987). Again, these policies have been partnered with close relations between business and government and direct state intervention in the economy, encouraging export-orientated production and promoting shifts into higher-value added activities (Hill 1997).

Before discussing shifts of production into South Asia, it is worth briefly addressing the role of the 1974 Textiles and Garment Multi-Fibre Arrangement (MFA) in the globalisation of clothing production. The 1974 Textiles and Garment MFA quota system was initially established to protect North American jobs in response to the outsourcing of productive enterprise in the industrialised nations. However, rather than protect US jobs, commentators argue that the agreement appears to have encouraged the globalisation of the garment industry as suppliers shifted sourcing

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[7] Hong Kong and Taiwan expanded investments in China and South East Asia while South Korean firms invested in Indonesia, the Dominican Republic and North Korea (Gereffi 1999).
[8] ASEAN-5 Association for Southeast Asian Nations comprising Singapore, Thailand, Indonesia, the Philippines and Malaysia.

internationally and nations reached their export quotas (Kabeer 2000). Therefore, the MFA encouraged the globalisation of clothing production outside of North Asia (Taiwan, South Korea and Singapore) as clothing manufacturers in these nations reached their quota and outsourced their production into near-by regions (Gereffi and Memedovic 2003; Appelbaum et al. 2005).

Thus, the 1990s have seen the spread of clothing export production into the South Asia region: India, Sri Lanka, Pakistan and Bangladesh. The politics of production in Bangladesh will be discussed in more detail in later chapters, but what is important to emphasise here is that by the late 1990s and early 2000s as a result of the interests of state governments and private businesses, as well as the MFA, the global volume of production greatly expanded, intensifying competition for capital investment between states (Kabeer 2000).

Critical Structuralists consider this process to have generated a 'global race to the bottom' (Appelbaum et al. 2005); as competition for investment coalesced around pricing (Munck 2010). Commentators argue the tension between capital mobility and labour immobility places workers into a position of insecurity and reluctance to pressure their employers to make improvements on working conditions (Juravich 2007; Coe et al. 2007). Here the dominant story is that as production has globalised, capital, being deregulated and mobile, can take advantage of labour through shifting to regions with minimal labour protection. Proponents of universal labour standards argue that 'race to the bottom' labour deregulation should be protected and prevented through global labour standards and respect of universal 'enabling rights' (Elliot and Freeman 2003; Luce 2005; Barrientos 2007; McIntyre 2008). This ideology has shaped much of the discussion around CSR and labour standards in global production systems. However, the concepts of universal labour standards and workers' rights are themselves embedded in Western historical political economy and the labour struggles of the 19th century. These debates and their implications for labour in globalised production systems are discussed next.

2.3 The Labour Movement and the Evolution of Industrial Relations

Tracing the evolution of capitalism, it is clear that capital and labour historically have a turbulent relationship (Cox 1987). In the early 19th century in the Western industrialising nations, labour had no social protections and attempts by workers to struggle for their rights were met by a strong military backed state. However, throughout the 19th century conditions for workers began to change. Slowly, labour standards were institutionalised into national labour law and businesses experiencing labour strikes and production slows began to enter into dialogue with workers and their trade unions (Cox 1987). This was supported by a shift in the political framework, granting workers voting rights within a democratic nation-state (Seidman 2009). This process led to the evolution in the Western world of bipartite industrial relations and a regulatory state framework for collective bargaining and institutionalised trade unions (Standing 2008).

Drawing on the labour movement of the early 20th century, Juravich (2007) highlights that with localised production and limited capital flows, labour in the early 20th century was able to destabilise productive relations through completely shutting down production. Wright (2000) contends that the realisation of associational and structural power by labour in the 20th century led to 'class compromise', where capital and labour realise mutual dependence and grant each other certain concessions e.g. stable industrial relations in exchange for decent wages and social benefits. Miller et al. (2010) trace this with the evolution of 'Mature Industrial Relations Systems' (MIRS) in the US in the early 20th century, observing how the actions of trade union leaders during this period shifted from violent striking to rational negotiation.

Therefore, during this period, the labour movement in the Western industrialised states enjoyed a period of somewhat sustained associational and structural power (Wright 2000). Industrial relations and bipartite negotiations became slowly embedded into the state framework and the state governments of these economies instituted certain labour

legislations and social protections to improve conditions of work. These economies also begun to institutionalise collective bargaining structures at the national level through establishing tripartite industrial relations between state governments, employers' and workers' associations (Miller et al. 2010).[9]

Labour standards conventions were also transmitted at the international level through the UN: ILO (Standing 2008). Drawing on Polanyi's Great Transformation, Ruggie (1982) frames the changes occurring during this period as 'embedded liberalism'. This is the theory that in response threats from the working class, the capitalist state will protect capitalist interests by legislating policies that ensure market stability (Seidman 2009, drawing on TH Marshall 1950 / 1992). This reached its pinnacle in the UK with the Post-War Keynesian Welfare State.

However, as is now well established, this period of temporary national welfare provision was destabilised by the technological, political and economic shifts occurring from the late 1960s onwards. In particular, capital deregulation during the 1970s (Gowan 1999); rapid technological development during the 1970s and 1980s (Dicken 2010); and higher production costs associated with wage rises and labour market restructuring (Safa 1981). The outcome was a shift of industrial production underground and offshore (Safa 1981). The shifts had significant implications for the status of industrial relations and the labour movement, as jobs were transferred overseas to informal labour markets. In the West, traditional trade union strongholds faced losses of power due to losses in membership. In New York City, according to Safa (1981) 12,000 jobs were lost in the garment sector during the 1960s greatly reducing the power of the International Ladies Garment Workers' Union (ILGWU), and the 'jobbers agreement' system which had protected workers during this period (see also Anner et al. 2013).

The globalisation of production and the rolling back of the state gradually undermined the established 'embedded liberalism'. Transnational

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[9] Although as highlighted by Cox (1987) the establishment of tripartite industrial relations by all states in the West during the 20th century was never complete. Some nations such as Germany developed more corporatist systems of governance and others such as the UK were more liberal.

corporations outsourced their operations beyond national level regulation, and, as we have seen in the previous section, developing state governments instituted policies to attract FDI while pushing down on labour protections (Standing 2008). Therefore, attempts to regulate private business activity beyond national level regulation were sought. First attempts to regulate corporate activity occurred during the 1970s through the inter-governmental institutions. These included the 1974 draft UN code on TNCs, the 1976 OECD guidelines and the ILO 'Tripartite Declaration' of 1977 (Hepple 1999; Jenkins et al. 2002). These initiatives placed corporate regulation at the inter-state level, largely requesting that transnational corporations uphold local state law and certain conventions around the idea of universal human rights (Hepple 1999).[10]

Here, it is worth situating the inclusion of workers' rights to freedom of association and collective bargaining as an established universal workers' human right. Freedom of association was accepted as a fundamental right of workers to ensure economic stability with the establishment of the ILO in 1919. It is included in the ILO Declaration of Fundamental Principles and Rights at Work and is regarded as a universal human right by the UN (Sen 2000; McIntyre 2008). The ILO defines freedom of association as the right of workers to establish, join and democratically elect representation within workers' organisations. These conventions are intended to provide workers with an institutionalised pathway to associational power thereby enabling them agency to prevent exploitation (Wright 2000; Selwyn 2008; McIntyre 2008). Power relations are considered more equal as both parties are able to bargain their interests, and labour stability is improved, as dialogue between parties replaces wild-cat strikes (Standing 2008). Therefore, Freedom of association and collective bargaining are considered enabling rights, which echoing Barrientos and Smith (2007), 'provide a route to the negotiation of and access to other entitlements'

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[10] Following the end of the Second World War, and in response to the huge human suffering endured leaders in the Western industrialised nations institutionalised certain human rights as universal, within the framework of the UN. These included that workers have rights 'to just and favorable conditions of work' and 'to form and to join trade unions for the protection of his interests' (UN 1948).

(Barrientos and Smith 2007, p.716). They ensure labour standards are effectively implemented and drive working conditions up.

However, as identified by Elliot and Freeman (2003), with capital and labour in constant tension and each trying to realise their own interests, a consideration that workers have universal rights to freedom of association and collective bargaining is not always accepted. Examining the 1998 ILO 'Fundamental Principles and Rights at Work' Elliot and Freeman (2003) contend that while the principles (1) abolition of forced labour and (3) elimination of discrimination are mostly accepted without contention; principles (2) abolition of child labour and (4) the right to collective bargaining and freedom of association are more controversial. Abolition of child labour because it can lead to a worsening of individual circumstance, e.g. households can be severely impacted by the loss of income and children may find themselves employed in more vulnerable working environments, and freedom of association as it threatens to destabilise prevailing power relations through enabling collective power of labour (Elliot and Freeman 2003).

During the 1980s capital deregulation and neo-liberal globalisation caused a shift away from institutionalised state regulation to non-governmental voluntary regulation by private industry. This, of course, has pushed down on institutionalised industrial relations as they have lost the regulatory basis that ensured these rights were upheld. However, as is clear in the images of labour strikes reported in the media, labour with or without an institutionalised bargaining framework continues to be an active force and dynamic factor of production (Herod 2001; Castree et al. 2004). As globalisation has progressed, links have begun to be forged between workers and global labour advocates (Frundt 1999; Juravich 2007; Lévesque and Murray 2010). This activity has given rise to two phenomena. Firstly, a trade union coordinated response attempting to build cross-border labour solidarity through global union federations and framework agreements. Secondly, a private sector voluntary approach which focuses on self-regulation, stakeholder capitalism and CSR. The next section outlines the former to contextualise my consequential analysis of the later.

2.4 Reinvigorating trade unions? The rise of the 'Global Union Federations

There is a now well established literature which highlights how globalisation and labour codes can open to workers new organisational spaces to realise structural and associational power (Frundt 1999; Gunawardana 2007; Juravich 2007). Global Union Federations (GUFs) are composed of international federations of national trade unions organised by sector of industrial activity (Papadakis 2007). Previously International Trade Secretariats (ITSs), and later World Workers' Councils (WWCs), GUFs have emerged in response to apparent trade union decline as means to protect and unite workers across the world (Wills 2002).[11] Since 1988, 62 Global Framework Agreements (GFAs) have been signed covering workers across a variety of different industries: transport and manufacturing (11), construction (8), postal and communication services (4), chemicals industries, water, gas and electric (4) and media and culture (4) (Papadakis et al. 2007, p.96). To date, the establishment and inclusion of workers into GFAs have been limited outside of Europe and other traditionally organised sectors, as it is difficult for workers to bargain with employers when the bargaining relationship is disconnected through arms-length trading relationships (Wills and Hale 2005).[12] Thus far, there has been only one GFA signed in the garment industry between the International Textile, Garment and Leather Workers' Federation (ITGLWF) and the Spanish retailer INDITEX (Miller 2007). There have, however, been moves to establish a multilateral GFA for workplace and fire safety in Bangladesh, following the collapse of the Rana Plaza Factory complex in April 2013[13]. The objective of the GUFs is to facilitate transnational collective

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[11]Mostly a European phenomenon, GUFs emerged to support workers who were affected by the global restructuring and technological changes of the 1960s and 1970s (da Costa and Rehfeldt 2007; Gallin 2007; Papadakis et al. 2007). The GFA model is based on the American model of coordinated bargaining which emerged to organise workers employed within multi-state enterprises during the 1960s and 1970s (Gallin 2007).

[12] GFAs to date have largely corresponded with buyer-driven supply chains where workers share the same employer and are bound by the commitment of the GFA, for example, the automotive industries (Papadakis et al. 2007).

[13] The Bangladesh Fire and Safety Accord coordinated by the IndustriALL a global union federation (formally the ITGLWF) now have over 150 signatories (Bangladesh Accord 2013).

bargaining with the outcome of the GUF negotiations resulting in an International or Global Framework Agreement (IFA / GFA) between a multinational enterprise and a global union federation (Papadakis et al. 2007).

Unlike traditional firm level collective bargaining arrangements, GFAs do not define specific terms and conditions of employment within an enterprise (Papadakis et al. 2007). Examining the content of the ITGLWF and INDITEX GFA, there appears to be little difference between the multi-stakeholder codes of conduct used by the MSIs and the INDITEX-ITGLWF GFA. However, advocates of GFAs argue, that GFAs are more comprehensive of workers' interests since they are produced through collective bargaining between trade unions and transnational companies and have an objective focus on ensuring freedom of association and collective bargaining (Wills 2002). They, therefore, claim that the GFAs can be more effectively implemented and regulated than the codes of conduct associated with the MSIs (Papadakis et al. 2007).[14]

However, in light of arms-length purchasing and global trading relations, it is not directly evident that these "global unions" are any more representative of workers than the labour advocacy NGOs or the MSIs. The existing but limited literature on GFAs suggests that rather than represent all workers' interests, in reality GUFs only represent a partial proportion of workers globally (Cumbers et al. 2008). In an example of a GFA signed between the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) and Accor, the French-owned hotel chain, the agreement had been convened and signed between the Human Resources managing director and the IUF, with few employees of the Accor trade union present (Wills 2002). In the case of the agreement between the ITGLWF and INDITEX, Miller (2007) points out the disconnection between the garment workers' trade unions included in the GFA negotiations on the one hand, and the local trade unions not affiliated with the ITGLWF on the other. Miller (2007) also identifies that rarely are

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[14] The first GFA was signed between Danone (previously BSN) and the International Union of Food and Allied Workers' Association (IUF) in 1988 (Papadakis et al. 2007).

garment workers actually trade union members.[15] Evidence also suggests that despite their global strategy, GFAs have had little reach beyond European firms (The International Metal Workers' Federation 2006; Wills 2002).

In addition, the GFAs, like the voluntary codes of conduct used by the MSIs, do not contain any legal mechanisms for monitoring and enforcement (Sobczak 2007). To be legally binding, parties bound by the agreement must request the agreement be legally enforced (Bamber and Sheldon 2004). This is also dependent on the strength of the legal framework in the operating country (Papadakis et al. 2007). Thus, the monitoring and enforcement of the GFA is reliant on many of the same mechanisms as multi-stakeholder codes of conduct. Either the multi-national enterprise includes the resources to monitor the GFA within the agreement, or the GUF must establish the resources to engage in regulating the GFA themselves (Papadakis et al. 2007). Many GUFs now recognise that their capability to enforce the GFAs are limited (The International Metal Workers' Federation 2006). This is exacerbated in the clothing and footwear industry where the majority of firms do not own their production facilities, but coordinate their sourcing across a complex supply chain network (Miller 2007). Miller (2007) argues that only top tier suppliers are likely to be monitored in line with their GFA commitments, while at the same time top tier suppliers are the least likely to be completely dependent on single buyers (Miller 2007). This complicates the arrangements of GFAs as without direct ownership a corporation cannot completely enforce a GFA across their supply chain. In research conducted on the GFA signed between Chiquita bananas and the IUF, IUF-affiliated trade unions trying to organise workers in Chiquita's supplier plantations were refused access to the sites as they were not directly owned by Chiquita (Riisgaard 2004).

The extent to which engagement of workers with GFAs results in grassroots mobilisation of workers to realise such rights, similar to

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[15] Cumbers et al. (2008) highlight that trade unions can emerge with disparate and diverging geographies, identifying that the ITGLWF represent more conservative goals than other more radical workers' organisations (Cumbers et al. 2008).

worker organisation around multi-stakeholder codes of conduct, is dependent on the workers understanding the parameters of the agreement, and their rights under it. Evidence suggests that grassroots understanding and awareness of GFAs has been limited (Papadakis 2007) and subject to local trade union politics. In the case of the Chiquita GFA, only those workers who were members of the affiliated union were educated on the bounds of the agreement (Riisgaard 2004). This included low levels of representation among short-term and contractual workers who did not qualify for union membership (Riisgaard 2004) and fails to resolve the problem of affiliation of grassroots working class organisations who do not always agree with the ideological role of the GFA or GUF (Cumbers et al. 2008).

Here again, the literature on GUFs is beginning to identify and examine how relations within global trade union networks are conditioned by spatial differences in the interest and politics of the actors as they travel over geographical space (Cumbers et al. 2008). There is, however, a disconnect between the labour geography literature which focuses on multinational enterprises, trade unions and worker agency, and the literature on stakeholder capitalism, relational governance and CSR. Despite the CSR of multinational enterprises having the potential to advance the agency of workers within factories, and wider corporate engagement with civil society being a key feature of stakeholder capitalism, little examination has been undertaken focusing on the interactions between these groups of workers. While early analysis of these actors identified tensions between MSIs, NGOs and local trade union actors on the ground (Braun and Gearhart 2004; Compa 2004; Prieto and Quinteros 2004; Spooner 2004) this literature tended to focus on tensions among these groups and not on the impacts of these tensions on their ability to advance the interests of workers. Before developing this argument, and to justify the research questions further, the following outlines the basis of the stakeholder approach.

2.5 Stakeholder Capitalism and 'Multi-stakeholder Initiatives'

The stakeholder approach to capitalism has emerged from the US stakeholder approach to CSR, and the stakeholder theory of the firm (Sunley 1999). Here, advocates argue that business interests are aligned with social interests and firms have to account for their 'triple bottom line': profit, environment and society (Utting 2000). The well-being of individual firms is depicted in relation to contracts formed with other actors who either stand to gain or be damaged by firm-level activities (Williamson 1984). Therefore, the stakeholder model acts as a heuristic device through which firms can map out their relations with other actors who have a 'stake' (Mitchell et al. 1997 and Figure 1, The 'Hub and Spoke' model of the firm, reproduced here with permission from Jones et al. 2001, p.20).
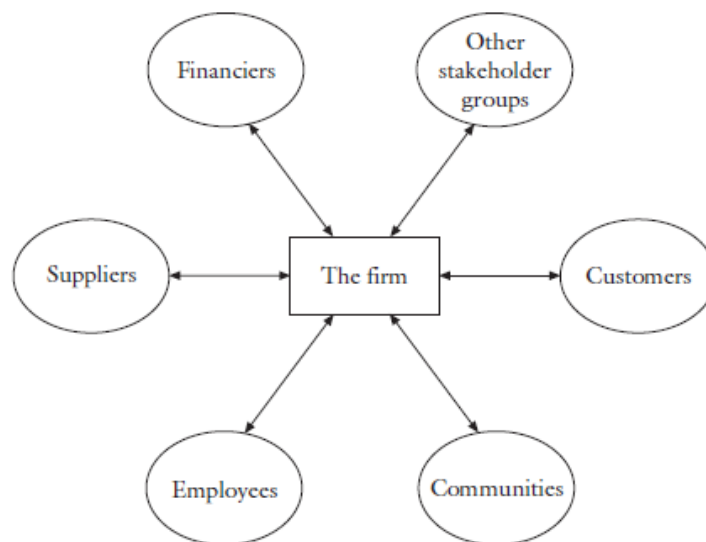
Figure 1: Hub and Spoke representation of the firm in relation to its stakeholders, reproduced here with permission from Jones et al. (2001, p.20).

This stands in opposition to the neo-classical view of the firm, which depicts firm responsibility to shareholders only (Friedman 1962; Friedman 1970). According to the stakeholder theory of the firm, businesses exist in relation to society, and profit and growth are linked to the wellbeing of stakeholder groups (Freeman 1984).

Responding to the stakeholder approach to the firm, a notion of stakeholder capitalism emerged during the 1990s in the UK with the turn in the political left toward stakeholder politics, influenced by Anthony Giddens' notion of 'third way' capitalism (Kelly et al. 1997; Sunley 1999). Following the period of capital deregulation during the 1980s, it was hoped this model could align the interests of capital alongside social interests, thereby moving towards a more ethical form of capitalism (Sunley 1999; Hughes et al. 2007). In line with neo-liberal capitalism, stakeholder capitalism advocates a reduced role for the government within formal regulations on business activity, and instead directs government's resources to encouraging a moral economy. Businesses are encouraged to adopt relational forms of governance, for example, taking a long-term perspective on investment, engaging workers and employees in decision making and expanding productivity through motivation and reward (Hutton 1997; Darling 1997).

What and who constitute stakeholders varies and is dependent on the particular type of firm. Typically, the term is representative of suppliers, consumers, local communities, government, employees and civil society interest groups (Jones et al. 2001). Firms are encouraged to map their stakeholder groups and to engage each group separately in 'stakeholder dialogue'. This often takes the format of focus groups, interviews, questionnaires and surveys (Zadek et al. 1997). The purpose of these forums is to discuss issues stakeholders have and the expectations on the firm to meet them (Zadek et al. 1997). In this manner, the concept of stakeholders and 'stake-holding' acquires verb like tendencies, as all manner of engagement and consultation become associated with the notion of stake-holding as an approach to policy and decision making. Firms stake-hold with labour rights campaigners and environmentalists to learn more about their campaign issues (Utting 2000); employers at the

firm level stake-hold to gauge their staff welfare; and with communities to take stock of consumer feeling and demand (Parker 1997). In each case the interest of the firm varies, and is not necessarily reflective of moral impulse (McGuire et al. 1988; Clarkson 1995; Wood and Jones 1995). Engaging with labour rights campaigners can be used to prevent bad press and publicity (Clarkson 1995); whilst engaging with staff can ensure their motivation and ability to carry out their duties (Berman et al. 1999) and engaging with consumers can ensure products best meet consumer demand (Parker 1997). The concept of stakeholder dialogue is thus different to traditional industrial relations concepts of collective bargaining.

Retail "*Multi-Stakeholder*" Initiatives (MSIs) are a product of this thinking. Retail MSIs are non-governmental initiatives, which aim to align business interests with societal interests to improve working conditions in global production systems. They emerged in response to civil society campaigning against labour exploitation and abuse of trade union leaders in clothing supply chains in the 1990s, and aim to bridge the regulatory gap lost to workers in light of globalisation, competition and deregulation (Hale 2000; Hughes 2001b; Hughes 2006). Through the stakeholder approach to CSR, MSIs such as the UK Ethical Trading Initiative (ETI), the Fair Labor Association (FLA) and the Fair Wear Foundation (FWF), offer Western retailers and branded marketers a forum through which they can address inadequate labour governance across their supply chains (Hughes et al. 2007).

Drawing on a notion of stakeholder capitalism and the stakeholder approach to the firm, these initiatives combine non-governmental regulation with expanded engagement and dialogue with stakeholders, aiming to improve working conditions by expanding implementation of labour standards through dialogue between workers and managers across the GPN and by encouraging self-governance of working conditions (Freeman 1984; Blowfield 1999; Utting 2000; Hale and Shaw 2001; Hughes 2001a; 2006; Hughes et al. 2007; Olivero and Simmons 2002; O'Rourke 2003; Barrientos and Smith 2007). Typically, MSIs encourage retailers and brands to become members of the initiative. On becoming members, MSIs

typically require retailers and brands to adopt the principles of a multi-stakeholder code of conduct, a code of conduct typically developed through some form of stakeholder engagement. Retailers, upon taking membership, agree to uphold the principles of the code of conduct, as well as ensure its implementation among sub-contractors. The MSIs then work with retail members to strengthen their capacity to regulate their supply chains, as well as providing a forum for retail members to share ethical trade practices (Hughes 2001a; Hughes 2006; Hughes et al. 2007). Practically, this includes implementing labour standards and addressing their role in labour standards violation. In this sense, MSIs perform both a social and regulatory role advancing business engagement with CSR and encouraging retailers to conduct global business operations in a more 'ethical' way (Hughes 2001a). Ideologically, relational forms of governance enhance agency of workers by engaging with workers' voices through stakeholder dialogue and participation (see Table 2).

Examining the methods adopted by these actors in conducting their activities, it appears there are two main approaches that MSIs use to encourage ethical production. Firstly, multi-stakeholder learning brings different actors from across the production network together via seminars, workshops and teaching (Hughes (2001b; 2006). Secondly, multi-stakeholder regulation monitors labour standards through private regulation and social auditing (Blowfield 1999; Hale and Shaw 2001; O'Rourke 2006). To this end, the stakeholder approach and the associated MSIs comprise a hybrid form of both regulatory and relational labour governance. They are regulatory in that the labour standards' code of conduct sets a universal standard to be monitored and implemented. They are also relational in that they require retailers to resolve problems in their production network through dialogue and participation (Hughes et al. 2008). This should include engaging actors beyond the factory level to including civil society actors and state governments.

There has emerged a literature that argues that the imposition of labour standards through codes of conduct acts as a technology of governance, yielding 'authority and control' (Dolan 2008, p.285). Friedberg (2007) examines the implementation of standards by Western supermarkets and

likens these systems to a form of 'neo-colonialism'. Dolan (2008) in her analysis of the Kenyan Fair Trade cut-flower industry argues that standards impose on suppliers moral values grounded in different cultures and modes of economic organisation. These arguments draw on Foucauldian notions of governmentality, arguing that rather than equalise power relations, private labour standards and systems of auditing re-produce top-down power relations that position the retailer as morally superior, and place their suppliers in need of 'ethical disciplining and social learning' (De Neve 2009, p.70).[16]

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[16] See also Blowfield and Dolan (2008).

Table 2: Notions of Stakeholder Engagement drawn from the literature, emphasis added.

Publication	Quotation
Barrientos and Smith (2007, p. 713)	'Many buyers and retailers have joined multi-stakeholder initiatives…*allying* themselves with *trade unions and NGOs* to provide a wider *platform* for addressing labour standards.'
Blowfield (1999, p. 758-767)	'Groups have lobbied for greater *stakeholder representation* … regardless of whether codes or other instruments are used to measure and manage ethical trade there is a need for greater *stakeholder participation.'*
Utting (2000, p. 5)	'Stakeholder *accountability* refers to the need for companies to be *responsive* to the needs and concerns of their different stakeholders… narrow lobbying to more *open discussion* with stakeholders.'
Hale and Shaw (2001, p.514)	'There has also been a growth in the number of approaches to the vexed question of how to ensure *effective monitoring and implementation of codes*…in the UK (ETI) and the Netherlands (Fair Wear Foundation) a multi-stakeholder approach *involving* all sectors has been developed.'
Hughes (2001, p. 422)	'The 'multi stakeholder approach' *brings together* the corporate sector, NGOs, trade unions and national governments as a formal organisation in order to engender business responsibility through *collective programs of learning.'*
O'Rourke (2003, p. 6)	'A critical shift…is the move from factory-cantered, state regulation…to supply-chain and "brand" regulation focusing on multiple actors in a production chain… a *network of regulators, involving multiple stakeholders*.'
O'Rourke (2003, p. 19)	'Nongovernmental labor regulation represents a *significantly different model of regulation, involving multiple stakeholders participating* in standard setting, monitoring, and sanctions (or incentives).'
Hughes (2006 p. 1010)	'With the advent of corporate responsibility programmes, firms and managers increasingly are asked to engage in *knowledge creation and learning* in order to rise to a new set of challenges concerned with *stakeholder engagement* and *ethical business practice.'*
Hughes et al. (2007, p. 494)	'*A range of different groups with a stake* in specific aspects of corporate responsibility programmes, including NGOs and trade unions, have become enrolled in *organisational networks that shape corporate agendas*…the formation of MSIs represents a clear example of such *collaborative and coalitional organisational networks.'*
Olivero and Simmons (2002, p. 77)	'The 160 member-strong World Business Council for Sustainable Development (WBCSD) created to provide business input to the 1992 Rio Earth Summit, is among the most proactive *business activist group*…The WBCSD has been a leader in designing *multi-stakeholder dialogue* processes, with either an industry or an issue focus…the WBCSD commissioned the International Institute for Environment and Development to undertake an independent *research and consultation*.'

On a practical level, the literature on labour standards codes of conduct highlights that implementation and regulation of codes of conduct have been weakly regulated by firms, with critics arguing that codes of conduct often operate only as a Public Relations (PR) tool (Hale and Shaw 2001; Jenkins et al. 2002). This literature also criticises the methods retailers use to regulate working conditions in their supplier factories. Here, it is claimed the standards themselves are unsuitable, not giving enough attention to casual and temporary workers or issues of gender (Utting 2007). Critics also attend that the methods through which they are regulated fail to provide a long-term picture of working conditions within factories (Auret and Barrientos 2006; Lund-Thomsen and Lindgreen 2013). Here, it is argued that while systems of auditing can be effective at regulating working conditions that are easily seen (e.g. health and safety measures and improvements in the factory environment); regulating factors such as freedom of association and collective bargaining are more difficult, as they are difficult to measure and cannot be easily checked through social auditing (Hale and Shaw 2001; Barrientos and Smith 2007).

There is a growing literature that uses ethnographic methods to highlight the disconnection between Western attempts to improve working conditions through labour standards and labour conventions, and the often contradictory and unexpected ways these initiatives are interpreted and translated on the ground (De Neve 2008; Ruwanpura 2013a; 2013b; 2014). While the governmentality approach pitches multi-stakeholder regulation as a form of neo-colonialism, recent research turns this on its head to examine how the outcome of attempts to govern labour through codes of conduct are negotiated between the actors involved, emphasising how the implementation and understanding among local actors of these codes of conduct is affected by local political-economy and socio-cultural institutions (Ruwanpura and Wrigley 2010; Ruwanpura 2013a; De Neve 2008). This literature draws on social anthropological research methods to identify and examine the nature through which ethical codes become a hybrid of local politics, culture and global political economy. This work focuses on how this politics of compliance plays out across local communities and within factories (De Neve 2009; Ruwanpura 2013a; Ruwanpura 2013b; Ruwanpura 2014).

In this thesis, it is my aim to contribute to this literature by examining further how the relations between local factories, their global buyers, and the local state government, condition how private systems of labour governance are implemented; how stakeholder capitalism is negotiated within and between actors in firms; and the manner through which these negotiations engender, or indeed challenge labour agency. Therefore, this thesis advances understanding of the ways CSR in GPNs is conditioned by both strategic coupling processes that create the ideal environment for garment production in Dhaka, Bangladesh, and, also, the embeddedness of these relations in local politics and culture. It is argued that the socially-aligned motivations of GPN actors to engage with CSR is negotiated against other economic interests and this negotiation affects how far the ideas associated with stakeholder capitalism are communicated and embedded between and within actors across the GPN. This thesis, therefore, sheds light on the basis of some of the formulations of practices emerging as a result of stakeholder-led CSR, and adds a further layer of explanation to the literature that considers how these ideas are transmitted across GPNs and interact with local culture, tradition and politics. The next section outlines the research questions and methodology taken to realise these aims.

Chapter 3: Methodology

This research began with a broad question concerning the idea of stakeholder capitalism and the use of the term to connote a 'third way…less degenerate… form of market capitalism' (Sunley 1999, p.31). Analysis of the literature, (chapter 2), reveals that in an attempt to address labour exploitation in retail supply chains, a stakeholder approach to capitalism has emerged, which attempts to resolve labour problems through stakeholder engagement and dialogue (see chapter 2). The overarching aim of this research, therefore, is to investigate the methods developed around this idea of stakeholder capitalism and the extent to which these processes advance workers' voice and power in global production networks.

The current literature on MSIs focuses on the relationship between retailers and MSIs. In particular, how retailers work through MSIs to learn more about ethical sourcing practices (Hughes 2005). This research contributes to a growing research agenda in geography and anthropology which questions how these initiatives actually carry out their operations on the ground (Ruwanpura 2013; De Neve 2009). In particular, this research aims to advance understanding of the relationship between retail MSIs, labour standards and the challenge of empowering workers' voice, responding to Barrientos and Smith's (2007) impact assessment of the ETI base-code which observes how labour standards and social compliance methods weakly engage with freedom of association and collective bargaining (see chapter 2). This thesis questions how far the stakeholder approach is addressing prevailing political, cultural and economic challenges preventing workers from realising these rights.

Therefore, the research aims to answer the following questions:

- How are the ideas of stakeholder capitalism transmitted across GPNs?

- To what extent does stakeholder capitalism meaningfully advance the voice and power of workers in GPNs?

- How can we understand stakeholder capitalism in terms of strategic coupling and embeddedness?

The following methodology details the research approach, data analysis and data collection. First, before moving on to discuss methods, ethical considerations and limitations, the research design is outlined.

3.1 Stakeholder Capitalism in the Bangladesh Ready Made Garment Industry: A Case Study Approach

In addressing the research objectives a single-embedded, mixed-methods case study approach was taken (Yin 2003). I focus mainly on one type of CSR actor engaging with stakeholder capitalism: the retail MSI, and on one particular example of a MSI: the FLA. In addition, I focus on one main case-study location and one main industry: the Bangladesh 'Ready Made' Garment (RMG) industry orientated around Dhaka. In line with the GPN approach, the research is concerned with the multiplicity of relationships found within global production systems. Therefore, relations and perspectives between other actors across the network are also considered.

The aim was to establish the current patterns of engagement by MSIs within the field study area and then explore this further, attempting to understand and explain why the observed problems persist. The research was influenced by the relational turn in economic geography, examining how relations between actors influence realities, and also going beyond this to examine how economic relations are embedded and conditioned by localised, institutional, and also structural relations of capitalism (Dicken et al. 2001; Sunley 2008).

In approaching the research design, the three over-arching questions were sub-divided into eleven sub-questions across the four empirical and conceptual chapters (see Table 3). Chapters 5 and 6 have one overarching research question and three sub-questions examining the nature of the activities of MSIs and stakeholder capitalism on the ground. Chapter 4, a context chapter, comprises one overarching research question and two sub-questions examining the nature of societal relations and political economy of productive relations in the case study area.

Table 3: Research Questions and Sub-questions for Chapters 4 to 7.

Chapter	Question	Sub-questions
Chapter 4	• What are the existing challenges to workers realising their voice in the Bangladesh RMG industry	o How has historical political economy influenced workers' rights and working conditions in the Bangladesh RMG industry o How far do economic interests influence workers' rights and working conditions in the Bangladesh RMG industry
Chapter 5	• What is the role and purpose of MSIs in GPNs	o Who are the stakeholders in MSIs o How far do MSIs aim to enhance dialogue and engagement with workers o How do actors on the ground understand MSIs
Chapter 6	• How far does the FLA strengthen workers' voice in global production systems	o How far does the FLA social audit methodology strengthen workers' voice in the Bangladesh RMG industry o How do the interests of FLA participating companies influence the actions of the FLA o How are the activities of the FLA influenced by local politics, economics and cultural attitudes toward workers
Chapter 7	• How do the ideas of stakeholder capitalism become practices on the ground	o What are the links between stakeholder capitalism and 'capacity building' o What is the nature of retail-led 'capacity building'? o How far does 'capacity building' strengthen the voice of workers in GPNs

The ready-made garment industry in Dhaka, Bangladesh was chosen as the case study focus during preliminary fieldwork in the FLA offices in Geneva, Switzerland. During this same period, the Bangladesh garment workers were engaged in violent labour strikes reported in the media (PriyoNews 2011; The Daily Star 2012). Reflecting on these strikes, there appeared a clear paradox between the celebration of export success and

national economic growth on the one hand, and the direct image of working class struggle and violence on the other.

As part of my ESRC: Case Studentship Award my research had close links with the US and Geneva –based FLA. In 2011, as part of my preliminary research planning I visited the FLA offices in Geneva to explore their data archives and help refine my research questions. During this period, I noted that members of the FLA sourced clothing from 75 different factories located in Dhaka. In addition, in 2008, the FLA undertook a capacity building programme with three garment factories located in the city. This project was called the 'Promotion of Responsible Representation for Workers and Employers' or 'PREPARE'. This project attempted to strengthen workers' voice at the factory level through building Worker Participation Committees (WPCs) in members' factories. Therefore, I was interested in how such projects advance workers' voice and how far actors, such as the FLA, must condition and negotiate their activities in line with local political and economic relationships.

The total time spent in Dhaka was six months, split between two research periods, four months between November 2011 and March 2011; followed by two months between August 2012 and October 2012.[17] The next section, 'Writing the Research' outlines the approach taken to the fieldwork data collection.

3.2   Writing the Research: Fieldwork to final data collection

From arriving in Dhaka, my planned research strategy was to trace the networks of the FLA, using a snow balling sampling methodology to access contacts. This involved openly interviewing actors considered 'stakeholders' in FLA members' supply chains and also actors involved in labour activism or labour advocacy. I utilised Crane and Matten's (2010) definition of stakeholder as 'any individual or group which is either harmed by or benefits from the corporation, or whose rights can be violated' and aimed to engage any actors with links to FLA members

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[17] This structure was mainly determined by visa stipulations.

(Crane and Matten 2010, p.62).[18] Therefore, this included shareholders, managers, consumers, state actors, CSR and ethical trade consultancies. The plan was to examine how multi-stakeholder organisations utilise, target and achieve stakeholder inclusion within the local area and analyse the ways they frame and provide legitimacy to their activities through stakeholder rhetoric.

During an initial interview with staff at the FLA, I was directed towards my main gatekeeper, Shumon, the director of a local labour rights NGO based in Dhaka (henceforth referred to as the A-NGO).[19] Uneasy about moving to an unknown country, with minimal links on the ground, I discovered that the organisation offered internship opportunities and accommodation. Therefore, I secured a place to stay and an office to report to within the city. The unknown setting and nature of the case study location meant that strict planning of the research process prior to departure was difficult. In planning the methodology, I undertook a process of coding of similar research studies to develop themes of enquiry.[20] What came through from the analysis was that underlying the actions and capacities of groups to carry out their objectives were four main concerns: (1) the structure of the organisation e.g. staff, membership and governance arrangements; (2) access to and flow of financial resources; (3) institutional context within which a group conducts their operations and finally, (4) motivations and perceptions of the staff who work there. These themes were used to guide my initial exploratory study.

The initial study period was mostly a scoping exercise. I met and interviewed FLA partners and auditors and began to piece together different actors, and relations between actors on the ground. Within the first couple of weeks it became apparent that the FLA had little presence within the city. Local partners only received FLA work once or twice a year,

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[18] I chose this definition over that offered by Freeman (1984) as this definition offers stakeholders as individuals who can be harmed, benefit from or whose rights can be violated. Therefore, I think this definition provides more clarity.
[19] Aliases have been used throughout the thesis to protect confidentiality. Names of all local NGOs, firms and individuals interviewed have been given aliases, unless the name is publicly available through the FLA.
[20] Twenty seven papers on stakeholder relationships, partnerships and NGO engagement were collected and compiled into a table detailing research questions, conclusions and methods used. Parallels between methods and research questions were then drawn and colour coded (see Table 9, Appendix A).

and local union workers and labour-rights activists were largely indifferent to the organisation. Added to this, clearance to enter FLA-affiliated factories took several months to obtain, and the FLA staff, although supportive, appeared stretched to their capacity.[21] Therefore, I reasoned that concentrating solely on the networks of the FLA was not going to be particularly fruitful.

Spending a significant amount of time in the office of the A-NGO, it was not long until I was introduced to K. Aktar and S. Anwar, General Secretaries of two separate, and somewhat competing, independent trade unions located in the city. Aktar was also the CEO of the B-NGO, a local NGO specifically focusing on workers' issues. S. Anwar's trade union: the A-Trade Union, worked closely with the A-NGO in producing research for two international NGO campaign groups. The boundaries of both NGOs and trade union were somewhat blurred. While Anwar's organisation focused on international campaign networks, I was drawn more to the operations of the B-NGO. They appeared to be working closely with workers in the community, had a female leader, and were receiving funds from different international donor institutions, as well as a number of retail brands. The organisation operated five 'women's cafés' across the city (in Mirpur; Mohakhali; Badda; Gazipur and Tejgaon, see Figure 2).[22] Aktar also appeared a credible and honest leader: well connected to a number of factory owners and was running an organisation that garment workers clearly used. I reasoned, therefore, that the offices of this organisation would be good locations to begin to talk to the workers and learn about their experiences of working in the industry. I spent many evenings with the workers in the B-NGO offices after factory working hours.

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[21] The FLA had just received membership from two large branded food and electronics manufacturers and thus, was experiencing a busy time.
[22] The B-NGO was the delivery partner for a workers' capacity building project funded by the German Deutsche Gesellschaft für International Zusammenarbeit (GIZ). The GIZ had funded the five offices located across the city. GIZ have since realigned their strategy but the B-NGO has been able to continue their work through funding by other NGOs and donor institutions including the DFID: RAGs fund.

Figure 2: The location of the B-NGO offices in Dhaka (Gazipur, Mirpur, Mohakhali, Badda and Tejgaon).

Through the B-NGO I was introduced to a number of ethical trade consultancy firms working with European retailers and brands. ABC Consultancy, an ethical trade consultancy based in the UK was working with the UK: Department for International Development (DFID) to deliver a public-private partnership aiming to address poor working conditions in the supply chains of UK retailers. The ABC Consultancy had won funding through the DFID 'Responsible and Accountable Garment Sector (RAGS) Challenge Fund' to undertake a 'factory improvement' programme in factories supplying to UK retailers in India and Bangladesh. At the time we met, their Bangladesh country manager was busy, recruiting factories for 'Project 2'[23] a capacity building factory improvement programme aiming to improve working conditions in factories through strengthening human resources management and productivity.

In addition to the activities of the FLA, I was interested in how this project also operated and utilised the ideas of stakeholder capitalism in their relations with retailers and their support for relational approaches to ethical trading. Why was 'stakeholder' rhetoric still important to ABC Consultancy when their programme was designed to strengthen human resources capacities, and not necessarily the capacity of workers to freely associate? Therefore, this project was followed closely, both during my fieldwork period, and remotely via the Internet and email conversations when I left the fieldwork region.

Halfway through my first initial fieldwork visit, I realised that this inductive approach was resulting in a wide research lens. When my Bangladesh visa expired in March 2012, I returned back to the UK, entered into a period of preliminary data analysis, and began to plan my return visit to Dhaka, finalising the research questions and focus. I decided that my second trip to Dhaka should take a more organised strategic approach, examining the politics of the stakeholder capitalism among the actors involved. I recognised, that through my focus on building networks, I was missing a clear voice of local factory owners, managers, and the workers themselves. This second period, therefore, was more directed, detailed in the next section.

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[23] Name changed to protect the identity of the consultancy. See Chapter 7.

3.3 Data Collection Methods

The qualitative methods used to collect the data comprised primary field observations, structured and semi-structured interviews and content analysis of the FLA tracking charts and Bangladesh government development plans.   Qualitative methodologies were considered appropriate because of the issue-based, exploratory nature of the research questions (Yin 2003; Gray 2009). I was also influenced by the methodologies of other researchers engaged in similar work in the field (Rodriguez-Garavito 2005; De Neve 2008; De Neve 2009; Ruwanpura and Wrigley 2010; Ruwanpura 2013a; Ruwanpura 2013b; Mezzadri 2008; Mezzadri 2010; Dolan 2010). This section outlines how the data were collected.

3.3.1 Field Observations

The aim of the observational data collection was to try and understand the nature and politics of relations between actors on the ground. In the A-NGO office I was well placed to do this with labour rights activists and trade unionists coming in and out of the office throughout the day. I visited factories, with visits arranged both by FLA brands and also through networks established by the A-NGO. These visits typically involved factory tours, lunch and an opportunity to sit and talk with workers and factory managers. Through links with the A-NGO I was able to attend local stakeholder workshops and conferences organised by local and international donors, retailers and CSR actors on workers' issues and labour rights. In my second visit to Dhaka, I also attended various meetings and training workshops organised by the Bangladesh office of the ABC Consultancy. I frequently used these meetings as an opportunity to interview factory staff and managers.

All the above events, interactions, thoughts and reflections were documented within an ongoing research diary (see the excerpt, Box 1).

<div style="border:1px solid black; padding:1em;">

27.11.2011. A-NGO Office Evening.

On the topic of Sandblasting, Ara was talking to Michel. According to Timo, the German journalist and Michel a German intern helping out the at the A-NGO, the garment worker they had been interviewing had witnessed an attack against a male factory worker. He had attempted to make a pass at one of the females and she had managed to get all the women to attack the man hitting him with the soles of their shoes! Timo is going to put this all in his documentary.

There was also lot of conversation about wages. Timo put the living wage at $100 to live comfortably – based on a family of five. I need to check this as some of the Timo's facts seem a little sketchy.

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Box 1: Excerpt from an early field note diary entry. Dhaka Bangladesh, November 2011.

Notes were taken by hand and then written up using MS Word during evenings. There was, therefore, a period of reflection between first taking the notes and later processing them. In some cases, events took place over a series of days. This unfolding of time was captured in subsequent emails to supervisors and separate on-line blogs.[24] Isabelle Baszanger and Nicolas Dodier identify this modern ethnographic approach as 'combinative ethnography',[25] focusing on building an ethnographic case-book to build a picture of the events unfolding on the ground (Baszanger and Dodier 2004). Where possible, I tried to support my observational notes with photos and images to prompt my memory and support my deductions at the analysis stage (Yin 2003). During my first and second trip to Bangladesh I wrote up my research in a descriptive case study report. This helped me reflect on the findings of the preliminary fieldwork period and helped guide the field note analysis.

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[24]These were mostly reflections on my time and experiences of living in Dhaka and only loosely related to the wider research questions.
[25] Distinguishing this from 'Integrative Ethnography' which focuses on the collective belonging practices of groups or individuals; and 'Narrative Ethnography' which concentrates on the ethnographer and the self (Baszanger and Dodier 2004).

3.3.2   Interviews

In total, 81 interviews were undertaken between November 2011 and September 2012. These comprised 32 interviews with garment workers; 24 interviews with factory managers; eight interviews with FLA brands; nine interviews with local NGOs; six individual and one group interview with trade union leaders, four interviews with staff from ethical trade consultancies and one interview with the local coordinator for the ILO: Better Work. These were mostly conducted face to face in Dhaka with some interviews with FLA participating companies and staff via Skype. Three interviews were also conducted outside of Dhaka, with the director of ABC consultancy, and the campaigns coordinator of the UK NGO: War on Want.

3.3.2.1   Factory Managers

Factory managers were targeted for interview as it was identified that managers are a key agent in influencing workers' lives in the factory (Burawoy 1985, also see chapter 2). In chapter 4 (p.91-92) the different types of factories located in Dhaka are discussed. Images are given of subcontractor factories located in residential buildings and purpose built 'ethical model factories' located in the city's outskirts. With workers in the Bangladesh garment industry frequently attracting the attentions of human rights, media and trade union groups, factories in Dhaka were highly securitised (see Figure 3).

Figure 3: Factory security outside a factory located in Mirpur, Dhaka. Image author's own. August 2012.

As such, gaining access into factories during the fieldwork was incredibly difficult and factory owners and managers were immediately suspicious of my underlying motivations and intentions. Workers' rights in the Dhaka ready-made garment industry is a sensitive issue, and factory managers were concerned that my research would focus on exposing poor working conditions which could damage their reputation. In addition, telephone communication was difficult with the language being a barrier and factory managers ignoring emails or not returning phone calls. As such, I was reliant on my own network of contacts to liaise with factory managers and arrange meetings and interviews.

Interviews with factory managers were arranged through trusted mutual sources, and an outline of the interview questions was emailed to factory managers prior to them agreeing to participate. This proved important as

a means to reassure factory managers that no sensitive topics would be discussed in the interview, however, it did establish parameters as to what could and could not be discussed. In total, 24 semi-structured interviews were undertaken with factory managers representing 22 different export-orientated garment factories. There were 14 factory managers supplied through the ABC Consultancy, eight factory managers through the B-NGO, and two through the FLA. Interviews were then held either during a factory visit (12 factories), or within the training sessions of the ABC consultancy (7 factories) or the B-NGO (5 factories).

The interviews followed a structured-interview format, combining both open and closed questions. Factory managers were asked how they understood the six different MSIs, embedded within broader questions about the factory's history, their buyers, where their clothing was destined and their current policy toward CSR and social compliance (see Table 12, Appendix C). The questions were designed to create a soft and open the atmosphere. Where possible, I tried to probe for further information, judging the managers' openness during the interview settings. Some managers were more candid and open than others. Where possible the interviews were recorded, this was not always possible in the shorter interviews undertaken during the ABC Consultancy training. As a result, the interview data is quite varied, consisting of 11 extended interviews lasting an average of 67 minutes. These were typically interviews held with managers with a good understanding of English and conducted within a specially organised factory visit. In addition, 13 shorter, unrecorded interviews lasting between 15 to 20 minutes were held during the management training sessions.[26]

3.3.2.2   Garment Workers

Using the experiences of previous research on Bangladeshi garment workers, the questions during the garment worker interviews aimed to: (1) gauge the extent to which workers feel they have a voice in the factory

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[26] These interviews were undertaken with factory managers during coordinated breaks in the ABC Consultancy training days. The decision to use the ABC consultancy training as a platform to engage factory managers came at a frustrating point in the research process where I was struggling to get factory managers to speak to me.

and (2) gauge understandings of freedom of association and collective bargaining among workers (Kabeer 2000; Dannecker 2002). There were 31 structured interviews with garment workers working inside 27 factories (see Table 11, Appendix B). The garment workers did not work in the same factories as the factory managers interviewed. Interviews took place within the offices of the B-NGO where workers appeared comfortable and could talk openly. This was especially important where workers were worried about the possible repercussions of the interview for their job security. Interviews were held across four of the B-NGO offices in Mohakhali (16 interviews); Badda (7 interviews); Mirpur (5 interviews) and Gazipur (4 interviews). I did initially plan for an even split across all offices, however, unfortunately, this was not possible.[27] Interviews with workers were attempted once during a factory visit but the workers did not give honest responses.

Worker interviews followed a structured-interview format, combining both closed and open questions (see Table 13, Appendix C for a detailed list of interview questions). The interviews began with broad questions to encourage the workers to talk easily, before building to more probing questions later in the interview. This repetitive structure also made the process easier for the interpreter. Some early interviews were recorded, but this was later stopped as the workers appeared to find the presence of the Dictaphone off-putting and threatening. Interviews were recorded through detailed note taking during the interview, with any missing notes discussed following the interview. Both the interpreter and I took notes and compared these at the end of each interview.

The language presented a partial barrier to the fieldwork and data collection. During most of the interviews an interpreter accompanied me and over the course of the fieldwork I learnt basic Bengali. This proved especially useful during the worker interviews as I could introduce myself

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[27] Initially it was planned that worker interviews would take place on all working days between 28.08.2012 and 05.10.2012, calculating a possible 36 days. However, in reality it was possible to conduct interviews on only 11 of these days. Worker interviews had to take place between the hours of 17.00 and 18.30 and had to be scheduled around the availability of my translator, local traffic and the B-NGO staff resources. Each interview lasted approximately 45 minutes, plus 10 minutes debrief between the interpreter and myself.

and explain why the research was being undertaken, putting the workers at ease. However, the use of a translator to support the research was not without its problems. The subtleties of the interview responses were on occasion lost in translation and the interpreter did not always accurately translate the dialogue.[28] While this did introduce a degree of error into the research, this was reduced as I began to learn more Bengali.

Typically, the interviews revealed that MSIs were largely disconnected from workers' experiences of factory life. Attempting to understand why this disconnection occurred was challenging, due to the workers' lack of awareness of the MSIs. Workers responses to these questions were frequently one word shallow answers. As a result, the engagement with the worker interview data has been limited. Comparatively, the interview data from the factory managers and NGO representatives, have clearer opinion and perspective. Therefore, these were clearer and easier to interpret and engage with. Consequently, these data have been triangulated with the worker interviews. In addition, within the interviews I was able to explore how social compliance manifests in workers daily lives through pressures to increase productivity, as well as the politics of workers relationships with trade unions. Ultimately, decisions were made over what material answered the research questions and should be written into the thesis dissertation.

3.3.2.3 Retailers and FLA Brands

Interviews were held with eight representatives from FLA brands and retailers. Six were CSR managers working for FLA brands and two were representatives from local sourcing agencies. Four were conducted via Skype and four were held in Dhaka. Six interviews were arranged through links with the FLA and two were arranged independently. The brands were asked open questions examining, (1) their perspective and interests in sourcing from ready-made garment factories located in Dhaka, Bangladesh; (2) their engagement with MSIs; and (3) what they saw as their role in the development of the wider Bangladesh state (see Table 14,

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[28] Due to budget constraints I was unable to recruit a professional translator and instead hired a student to help me with the translation process. However, the student had minimal experience of translation or understanding of the level of detail required.

Appendix C). Again, questions were emailed to the brands prior to the interview to reassure them that they would not be negatively represented and that the data would remain confidential.

3.3.2.4   Other local actors: NGOs, Trade Unions and Consultancies

There were 21 interviews undertaken with other civil society and ethical trade actors. The aim of these interviews was to get an understanding of the local political, economic and cultural context within which the industry was embedded. During the preliminary fieldwork stages these were very open and exploratory, however, they became more directed as I gained more understanding of the local issues on the ground. These interviews were typically arranged through the help of the FLA, or through snow balling methodology, Internet searches, phone calls and emails. They were usually held within the office of the organisation I had arranged to meet with. My research assistant usually accompanied me, however, the participants often spoke very good English. This was especially marked among NGOs who were quite adept at speaking with representatives from international donors. English speaking among trade union leaders was rarer.

Arranging interviews with local trade union leaders was especially difficult due to the local politics and the fact that many of these groups were not properly functioning trade unions. Outside of a small number of internationally recognised trade unions, it was unclear as to the legitimacy of different trade union groups. Systems like the Internet and email were also poorly established, so making contact with trade union leaders was often difficult. The language was also a barrier. I arranged interview appointments in advance and where I did not get any response I occasionally made attempts to arrange interviews by visiting trade union offices directly. However, it was decided that this was quite a risky strategy so I abandoned this approach where it was not clear if the NGO or the trade union was reputable.

3.3.3 Secondary Sources

In addition, primary data collection was triangulated against secondary data comprising the FLA tracking charts; official FLA reports, benchmarks and audit guidelines; NGO research, factory CSR reports and promotional materials. These were collated during the Bangladesh fieldwork and desk-based follow up data analysis when I returned home to the UK. Here, the focus was on examining the nature of the activities of the FLA, and understanding the challenges workers face in realising their voices on the ground.

The Internet was used to conduct background research on the different MSIs. Here, the focus was on establishing what exactly MSIs are, how their aims attempt to strengthen the voice of workers and who the actors are that comprise them. Preliminary enquiry of local awareness of MSIs in Dhaka reduced this analysis to six different MSIs: the Business Social Compliance Initiative (BSCI); the Ethical Trading Initiative (ETI); the Fair Labor Association (FLA); the Fair Wear Foundation (FWF); the Social Accountability International (SAI), and the Workers' Rights Consortium (WRC). In addition, archival research was undertaken in both Bangladesh and London to investigate the history of development policy and the labour movement in Bangladesh since independence. This research was undertaken in the Bangladesh Institute of Labour Studies (BILS), in Dhaka and the British Library, in London.

3.4   Data Collection and Analysis

The data analysis comprised building a case study investigation around the nature of stakeholder capitalism in Dhaka, Bangladesh from the materials and interviews conducted in the field. This included research diary notes, newspaper articles, official and online reports and formal and informal interview transcripts. The case study materials were collected detailing information on the projects and the extent to which they enabled workers' rights, including, but not limited to, workers' rights to collective bargaining and freedom of association.

3.4.1   Transcribing and Coding Interview Data

The interview data was analysed using a layered and inductive process of reading, coding, cross-referencing against the literature and refining codes and interpretation. During the first stage of the fieldwork process I transcribed, read and annotated the data, adding descriptive annotations and highlighting words, phrases and paragraphs. These initial notes identified descriptions and attempts by actors to explain problems relating to workers' rights on the ground, as well as the nature of relationships between actors across global production systems, identifying issues challenging workers realising their rights. This process was influenced by the qualitative data analysis techniques given by Dey (1998).

As I transcribed the data, I became more aware of common themes and issues. This included antagonisms toward the government; the inadequacy of existing trade union leaders, and a disconnect between the stakeholder capitalism and stakeholder engagement of the retailers with local economic interests and cultural attitudes on the ground. This was especially noticeable within the interviews with workers. These themes were then situated against the existing body of work on stakeholder capitalism, ethical codes and the challenge of ensuring workers' rights in globalised production systems. This process involved refining the research questions, writing drafts of empirical chapters and working through supervisor's feedback to rework the thesis and establish its contribution to literature. In this process the production of the thesis was an active process comprising ongoing construction, reflection and re-working of the data and ideas (Mansvelt and Berg 2005).

As the research questions narrowed, the analysis became more deductive, focusing specifically on understandings of stakeholder capitalism and how contextualised ideas are transmitted across global production systems. Here it was possible to quantify some of the interview data where common responses were given to strengthen the validity of my arguments (Delyser and Pawson 2005). For example, I quantified the number of managers who gave the same response to their understanding of the different MSIs. I approached this by using Excel to record key words

and quantifying these through an Internet based software application.[29] A combination of short and long quotes was used to provide nuance to key arguments. Long quotes were chosen to help elucidate explanation and bring the narrative to life; shorter quotes helped provide specific evidence of a particular view point (Delyser and Pawson 2005). Examples of similar research in economic geography and social anthropology were used to guide the writing style (Hughes et al. 2007; Dolan 2008; De Neve 2009; Ruwanpura and Wrigley 2010).

To ensure the quality and enhance the validity of the qualitative data, I spoke to as many people as possible, and triangulated qualitative data alongside background reading and secondary data sources. As I was concerned with understanding how the local context influenced the engagement of MSIs with local actors, my interview transcripts were analysed alongside my fieldwork diary notes and existing literature on workers' experiences of the garment industry. This built a picture of the context within which MSIs in Dhaka operate. The range of different interviewees enabled me to examine the patterns and responses across the qualitative data and triangulate against existing research and literature in the field (Yin 2009). One exception is in chapter 6, where conclusions were dependent on secondary data analysis of the FLA tracking charts and not observational data from the social audit process. However, the conclusions in this chapter were linked back to the qualitative data from the brand interviews and areas for future research were highlighted in the final conclusions.

3.4.2   Analysis of FLA Tracking Charts

The approach to data analysis of the FLA tracking charts was more deductive, with an aim to examine the extent the FLA, through the social audit, advance the voice of workers and establish relational governance. I analysed 39 tracking charts relating to FLA participating companies sourcing from Bangladesh between 2003 and 2011.[30]

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[29] Avaliable at http://www.wordle.net.
[30] Each year the FLA audit approximately five per cent of each participating company's supply chain. The FLA tracking charts are publically available reports

The data was evaluated on two grounds: firstly, the extent to which the FLA facilitate participatory methods of labour standards governance; and secondly, the extent to which the social audit builds systems which enable long-term worker participation and social dialogue. Participatory social auditing was defined against existing literature that has examined stakeholder engagement through social auditing (see Zadek et al. 1997; Rodriguez-Garavito 2005; Barrientos and Auret 2006). Issues of non-compliance were pulled from the tracking charts and placed into a spread-sheet using Excel. The spread-sheet examined: (1) the nature of the non-compliance and the role of the buyer-supplier relationship in resolving the non-compliance issue; and (2) details of the remediation process and mechanisms established to resolve the non-compliance. This process was guided by a similar research undertaken by Anner (2012). Anner (2012) focuses on non-compliance and violation of workers' rights to freedom of association. In comparison, my analysis examines efforts to engage and strengthen the voice of workers at the factory level. Data from the tracking charts were supported with additional secondary materials obtained via the FLA website, including the FLA audit benchmarks, audit guidelines and official reports (for a full list of the source materials see Appendix D). Findings were triangulated against the interview data including interviews with FLA auditors, civil society actors and labour representatives. It was not possible to situate the FLA tracking charts against the worker interview data because the factories reached through the FLA social audit, and the workers' factories, did not appear to be the same. Workers were not aware of any of the mechanisms or any such influence of these systems. These observations later informed my thesis conclusions around the limits of social auditing as a participatory device.

3.5   Research Ethics and Positionality

As human geography research engages and influences the lives of people, it is important to think critically and reflexively about the research

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presenting the results of the FLA social audit. They publish the results online. The 31 tracking charts comprise the results of the initial audit inspection, termed Independent External Monitoring, (IEM) and follow up, termed Independent External Verification (IEV).

process. This includes thinking about the potential damage the research process may have on the people involved (Dowling 2005). The following outlines some of the ethical issues I encountered during the research, the influence of my positionality on the research process and how these ethical concerns were managed.

As a British woman with little prior-experience in labour rights issues, I was in the field engaging with individuals and social groups of a different culture, as well as social and educational background, often with detailed knowledge of local key issues. Therefore, my legitimacy to carry out this research was open to question. To garment workers, I was seen as a white, Westerner, often assumed to be a buyer that who would go home and tell their stories to the people who mattered. To the labour leaders, I was perceived as a foreigner with a shallow understanding of the reality of labour conditions on the ground. Therefore, mindful of these realities, I was careful to communicate and explain my research intentions carefully, gaining written and signed consent where possible.

Nevertheless, there were difficulties in negotiating relationships in the field. I was living and working within a small community and my friends and networks were centred through the labour rights campaign groups based in Dhaka. Consequently, my field of vision within Dhaka was highly orientated around those who were steering my research. I was in a foreign location, and I was highly dependent on a small network of contacts to help collect the field data. Therefore, I had to invest time in developing relationships of trust, and as a result it was unavoidable that some of my relationships would influence my perspective. This led me at times to make some quite difficult and challenging decisions. How close I could get to my respondents in terms of the networks these would open up was something I had to continually negotiate.

I was also doing research with groups of garment workers who were acutely aware of their vulnerability in the global production process. Their key concerns were that they would not lose their jobs, and often did not quite understand the purpose of the research, even after it was clearly explained. They wanted to tell me their stories and experiences, and could not understand that while important, this was not the direct focus of the

research questions. This, alongside my own position as a PhD student from a western university learning how to conduct interviews in an analytical and academic way, had some influence on the data collected and how issues were explored. Interviews balanced experiential descriptive questions with questions that specifically focused on workers' engagement with MSIs and experiences of working in the garment sector. I attempted to draw in overarching research questions through subtle inference and probing. The disconnection between retail stakeholder capitalism and workers' knowledge came through the interview data.

The research was undertaken to ensure strict confidentiality and in locations that the workers felt comfortable. I visited the offices informally for many evenings before I arranged structured interviews. Interviews were undertaken in the B-NGO offices, and attempts were made to ensure a representative sample across the offices used. However, this was impacted by the choice of the NGO and the groups of workers who knew the organisation existed and were able to visit the offices in the evenings. This factor itself was constrained by local cultural and religious convention (Kabeer 2000; Dannecker 2002).

Confidentiality and trust was also important with my relationships with the factory managers and buyers interviewed. These groups, while not necessarily vulnerable, were also concerned that the research could have a negative impact on business. To put them at ease I distributed a clear statement of purpose prior to the interview, and gained written consent from the buyers. I then recorded and transcribed the interviews, emailing the completed transcription to each respondent to confirm my interpretation and moderating the transcript where appropriate.

Furthermore, my presence in the research process had an influence on local attitudes, actively influencing and constructing the research findings (Dowling 2005). To manage this and to attempt to ensure a fair representation of realities on the ground I tried to maintain a reflexive position throughout the research process, recording observations, thoughts and how my actions could have influenced my conclusions within an ongoing research diary. During the research, I tried to consider how the reading of my encounters and also consequential transcription

was influencing my conclusions. I tried to limit my impacts on the research as much as possible. However, in line with other similar studies, my position also led to some interesting findings. For example, in comparison to Herod's (1993) experience of interviewing trade union leaders, where his male gendered position led to the trade union leaders downplaying the role of women in trade union struggle, my experience was that the trade union leaders emphasised their female-friendliness. These findings were reflected upon within my research diary and went to inform my final perspective while writing the thesis dissertation.

3.6   Limitations and Partiality

In closing, the following discusses the limitations of the methodology and its implications for the final conclusions made. The following emphasises the partiality of the data collected, as well as the significance of the empirical claims to wider understandings of stakeholder capitalism within the global apparel industry.

3.6.1   Partiality of the Case Study Approach: Positionality and the FLA

From the outset my research was positioned and influenced by the links with the FLA. With little prior knowledge and understanding of retail MSIs prior to undertaking the research, FLA colleagues were formative in guiding my initial research design and how I understood private labour standards and labour governance. As I combined my learning of the FLA with wider reading on the global garment industry, I became interested in the relationship between the promise of these approaches and how they function to improve working conditions in spatially disaggregated locations. This was influenced by my positionality, studying in a PhD programme within a Human Geography department, influenced by the literature within this academic discipline. I was interested to explore how the FLA's objectives manifest on the ground, how such MSIs coordinate their actions and how these aims are translated and understood. Discussion with the FLA staff shaped my research design and chosen methodology, and influenced my choice to focus on Dhaka. It was also FLA staff that first directed me to the A-NGO. However, these were informal

discussions between the FLA staff and myself, and the FLA had no vested interest in the research outcomes. It was my interest in South Asia and the complex politics of workers' rights and social compliance in such locations that guided these early discussions. Furthermore, while the FLA directed me to the A-NGO, the extended research period in Dhaka enabled me to build up networks beyond those reached by the FLA. I also conducted wider research and analysis on other MSIs to situate the FLA against other similar initiatives and to consider the activities of the FLA from a critical perspective (see chapter 5).

At the same time, local perspectives of the FLA and my association with the FLA in the field, was not always positive. Some participants interviewed were highly critical of such initiatives and largely apathetic to my research interests. As such, I had to carefully balance my analysis of the situation on the ground. At times, the association of the research with the FLA and the effect of this on the overall research questions made the interviews quite challenging, especially where workers and factory managers were unaware of such initiatives. This lead to awkward and fragmented conversations with interviewees, who would try to give the 'correct answers'. As workers had not heard of either the FLA or stakeholder capitalism these concepts were discussed in the context of social compliance and by asking workers where they go to talk about their problems. As such, the interview data had to be carefully unpicked and considered alongside wider debates in the CSR field, to avoid the production of basic and superficial conclusions.

3.6.2   Challenging Research Context

The sensitive and protected nature of the garment industry in Bangladesh made gaining access to factories in the local area inherently challenging. As such, the research questions and focus was constantly reforming and adapting to the challenge of what was feasible and possible on the ground. During the fieldwork, it became apparent that local social norms, culture and political economy were formative in conditioning the types of activities MSIs were able to engage with locally. A significant period of time in the field was spent learning about local social norms and political

economy, to understand the complex politics, society and cultural issues within which relations of stakeholder capitalism were embedded.

Furthermore, I was influenced by the construction of the image of the passive and exploited Bangladeshi garment worker and how representative this image is compared to the reality. This was influenced by the works of Naila Kabeer and Petra Dannecker, who argue that a relationship exists between empowerment and employment of workers in the RMG industry (Kabeer 2000; Dannecker 2000). The conversations with NGOs and other actors highlighted that many factories did not source to retailers connected to MSIs, but did so through local buying houses and export agencies. The challenging and closed nature of the Dhaka RMG industry also made obtaining access to these factories difficult. Ultimately, I was only able to interview factories connected to retailers through MSIs and not the factories outside of these. The claims I make about stakeholder capitalism, therefore, are representative of these factories only.[31]

Trade union leaders were also difficult to engage due to language barriers, the sensitivity of their activities and the potential danger of associating with these groups. Many of the trade union offices were in hidden locations and it was unclear which leaders were concerned for the interests of workers, and which ones were operating for political or rent-seeking objectives. I was also concerned that association with trade union leaders could raise suspicions as to my intentions with the local authorities.[32]

This context, therefore, influenced the conclusions and arguments made within the chapters of this thesis. The conclusions of the thesis evaluate

[31] Hoque et al. (2006) estimate these factories comprise around 62 per cent of the factories across Dhaka division. However, it is thought that while these factories may comprise the majority of factories in terms of unit numbers, in reality they comprise a lower volume of export production (Rahman 2007; Khan 2010).

[32] While I was in Bangladesh I was made aware that freedom of association and relations with trade unions was very dangerous. Trade union leaders would frequently go missing, such as the case of Aminul Islam, leader of the Bangladesh Center for Worker Solidarity (BCWS). The police are known to track and watch the actions of groups attempting to organise workers into trade unions, and strikes are often met with state-backed violence (Labour behind the Label 2012; Malik and Bijaj 2012).

how stakeholder capitalism influences factory-retailer relationships, how far stakeholder engagement reaches down and engages with workers' voices and how this activity is influenced by the political and economic relations between spatially separate actors across GPNs, playing out in the local context of the Dhaka Bangladesh RMG industry. These claims therefore, are specific to the particular retailers (e.g. those with membership of a MSI and a willingness to talk about this involvement), and specific to the factory managers interviewed (e.g. those connected to stakeholder capitalism networks and willing to talk about their responses to retail CSR demands). Therefore, the conclusions need to be considered with respect to this partiality, e.g. only factories reached by stakeholder capitalism were interviewed. However, while the empirical findings may be reflective of a specific set of 'open' factories, I believe the findings still provide a critical engagement with the utility of stakeholder capitalism and its interaction with workers in GPNs. The findings highlight how retail-driven stakeholder capitalism can result in inequitable gains and can have limited engagement with workers. The following chapters nuance these arguments and how they play out in the Dhaka ready-made garment industry.

Chapter 4: The Political Economy of the Bangladesh Garment Industry

"Mainly we are trying to empower the women workers, because majority are women, but still we have so many problems... We have some minimum wage... but mainly our country is cheap labour, that is why we are the third or second largest exporting country...comparative advantages is the workers, the women workers"

K. Aktar, B-NGO, Dhaka, December 2011.

The aim of this chapter is to outline the nature of the GPN within which the Bangladesh export-orientated garment industry is situated, outlining existing barriers and challenges to workers' agency. As outlined in chapters 1 and 2, the aim of this thesis is to examine how the idea of stakeholder capitalism is transmitted across GPNs, and the nature of the practices and patterns which result, questioning what happens when these ideas reach local sites of production. The local site of production and industry this thesis is concerned with is the ready-made garment (RMG) industry located within Dhaka, Bangladesh. This industry, as discussed in previous chapters, has experienced phenomenal growth and expansion in the last thirty years, but workers continue to experience great challenge to realising their rights to freedom of association and collective bargaining.

This chapter details the local political and economic context, within which the Bangladesh RMG industry in Dhaka is embedded; and the interactions and impacts of these relations on workers' agency. Here, the GPN approach is used to examine the interests and power relations between factory owners; foreign buyers; foreign investors and local government actors in the growth of the Bangladesh RMG industry, utilising the concept of strategic coupling to frame how the interests of these actors have aligned around the local assets found within Dhaka. This draws on Coe et al.'s (2004) theory of strategic coupling, to examine the nature of the assets within the Dhaka RMG industry, and how such assets are conditioned, embedded and reproduced through local society, politics and culture (see also Yang et al. 2009). This chapter argues that one key asset

underpinning the growth of the RMG industry in Dhaka is the availability of low-cost, highly productive labour. Such labour, unlike other technological and territorial assets is embedded in local culture and politics and is vulnerable to human and societal influences operating outside the firm.

At the same time, links to global retailers have bought with them new pressures to implement labour standards and advance worker unionisation, resulting from the commitment of lead firms to stakeholder capitalism. There is a potential conflict between demands to keep labour costs low and workers productive, with pressures to extend workers' enabling rights to freedom of association and collective bargaining. The chapters that follow examine how this tension plays out and is negotiated between retailers and their strategic suppliers. The aim of this chapter is to provide a basis to examine these tensions and where they sit with regards to existing local interests, social structures and cultural practices on the ground.

In setting the scene, this chapter first outlines the relations between foreign investors and the Bangladesh government in fashioning the RMG industry in Dhaka, identifying the ongoing strategic coupling between the Bangladesh government and factory owners in protecting and reproducing the workforce as a key local asset. Secondly, the chapter outlines the local politics of production in the Dhaka RMG industry, examining the historical political economy of relations between state, labour and business and how these have reinforced labour as an asset and consolidated strategic coupling. It is argued that the combination of strategic coupling and embeddedness of these relations in local political economy and culture is creating a direct barrier to worker agency, preventing workers from associating with trade unions, and shielding workers from the stakeholder capitalism of global retailers.

4.1 Theories of Growth

Economic geographers and development economists since the 1980s have been concerned with understanding and explaining the basis of regional economic development and growth. In particular, they have questioned

why certain regions experience growth in economic activity over others (Romer 1994; Scott and Storper 2003; Farole et al. 2010); and why certain industries and economic activities cluster together (Dicken and Malmberg 2001; Bair and Gereffi 2001; Yeung et al. 2006). With the globalisation of economic activity, this literature has tended to weigh up the role of local endogenous factors in conditioning growth; against the role of external institutions and trans-regional flows of resources e.g. capital, labour and knowledge.

Endogenous Growth theory poses that economic growth is the outcome of endogenous factors within a localised economic system (Romer 1994). Here, the focus is on analysis of regional dynamics that encourage economic activity, e.g. interactions and connections between firms; the existence of forward and backward linkages; localised transport and infrastructure and the nature of local labour markets (Krugman 1980; 1991;1993; Masahisa and Krugman 2004). In economic geography, a separate literature has developed focusing on the role of local relations in stimulating economic growth. Here, agglomeration enhances the opportunity for interrelation between economic actors, arguing that this is the basis for 'high levels of productivity' and 'innovation potential' (Scott and Storper 2003, p.581).

In examining the rise of the North Asian Tiger Economies (South Korea, Taiwan, Singapore and Hong Kong) from low to high income states; Alice Amsden, Ha Joon Chang, and others, argue that the transformation of these economies can be attributed to the strong engagement and involvement of these national-state governments in coordinating local economic development and foreign investment (Amsden 1979; Amsden 1989; Chang 1994; Chang 2003; Chang 2006; Weiss 2003; Wade 2004). These 'developmental states', as recognised in chapter 2, are characterised by strong, centralised state networks of institutions able to 'direct and coordinate market activity' (Weiss 1998, p.43–44; see also Wade 2004). Under this model, economic growth and development are a function of 'developmental state' policy, combining high levels of taxation on luxury goods; protection to domestic industries in their infancy and industrial

policies which establish a strong role for the state in coordinating the market (Chang 2006).

These two spheres of analysis have been criticised for overemphasising the role of the 'local' and the 'national' in stimulating economic growth (Martin and Sunley 1996; Sunley 2008; Jones 2008; Yeung 2009a). More recently, the GPN literature has argued that local economic growth and development is a hybrid outcome of internal territorial relations, external forces and trans-border flows (Coe et al. 2004; Yeung 2009a). This literature proposes a theory of 'Strategic Coupling' to address the link between local public and private actors, global lead firms and regional assets (Coe et al. 2004). Here, regional assets are defined in terms of Storper's (1997) "holy trinity" for regional growth: technology, organisation and territory (Storper 1997, p.27). Here, technology is defined as the nature through which new products and processes are developed; organisation as the arrangement of relations within firms; and territory as the nature of interactions and spill-over effects.

While Storper (1997) considers assets in relation to firms and networks between firms, Coe et al. (2004) expand this to consider labour as an asset, arguing the 'strength and flexibility of labour' is one of the key strategic needs of lead firms within a region (Coe et al. 2004, p.472). Here, in line with the 'developmental state' literature, the state has a key role in promoting flexible labour markets: enhancing skills and expanding or retrenching labour regulation (Coe et al. 2004). Coe et al. (2004) also note that this relationship can be confrontational, leading to labour instability and discouraging lead firms from coupling with a region (Coe et al. 2004).

What is particular about this literature is that while it emphasises the dynamic nature of strategic coupling, subject to 'ongoing coalition, dissention and struggle' (Yang 2009, p.373), the nature of these struggles has been seemingly under theorised. To date, there has been little engagement with the nature of the relations between the state and private sector actors, how they may condition labour as an asset, and how this is facilitated or resisted by external global forces and local institutional actors (e.g. trade unions; NGOs and CSR agents). There has been a tendency to concentrate on the connections between GPNs and local

economic development of itself, with little analysis of the social dynamics of this development and how it can have complex and contradictory implications.

As identified, this thesis is about the growth of the garment export production industry in Dhaka, Bangladesh. In Bangladesh, as an outcome of incorporation into the GPNs of global retailers, the region has emerged as the second largest exporter of clothing garments in the world. At the same time, while the growth of the export-orientated garment industry in Bangladesh has been dramatic, much has been written and reported on the poor nature of working conditions within Bangladeshi export-orientated garment factories as well as the relationship between globalised capital and competition processes in driving working conditions down.

This chapter, therefore, explores these issues, examining the strategic coupling between the state, local firms and foreign lead firms in the growth of the garment industry, how these relations have evolved and how they are embedded in local politics of labour.

4.2   The Rise of the Ready Made Garment Industry

Strategic coupling can be used to theorise the links between the Bangladesh government, urban professionals including government ministers, bureaucrats, army officials and university professors, with the initial investments of overseas foreign agents in the Bangladesh RMG industry (Quddus and Rashid 2000).[33] According to Bangladeshi economists Quddus and Rashid (2000), these professionals had little knowledge and experience of the garment industry but were encouraged by the government to engage in clothing export production due to their professional position and good English language skills. The first contracts signed detailing export production were between East Asian entrepreneurs, looking to expand regional investment following the quota restrictions from the Textiles and Apparels Multi-Fibre Arrangement (MFA) (see chapter 2). Rhee (1990) attributes one of the first of such arrangements to be the 1979 partnership between 'Daewoo', a South

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[33] RMG Industry refers to the process of cut-and-stitch assembly manufacture of imported fabrics.

Korean chaebol and Desh Garments, owned by Noorul Quader (Rhee 1990). According to Rhee (1990), Quader was a former government civil servant who was requested by the Bangladesh government to replicate South Korea's garment export-led development model.[34] The agreement signed between Quader and Daewoo agreed to a five-year collaboration including technical training, machinery purchase, plant start-up and marketing assistance. Factory managers undertook a six-month training programme in South Korea, and in return Desh Garments was committed to purchasing key machinery and materials from Daewoo, as well as returning to Daewoo eight per cent return on profit of sales (Rhee 1990).

Once production had been established, Rhee (1990) claims these initial trainees from the Desh-Daewoo partnership began to establish their own enterprises, facilitated by a 'letters of credit' scheme allowing entrepreneurs to purchase raw materials prior to receiving their final payment on goods (Kabeer 2000). Interviews in the field suggest that many more wealthy farmers and politicians from the rural areas, in particular Sylhetis with connections back to the UK, gained credit and began export production. Quddus and Rashid (2000) draw attention to the specific demographic of the Bangladeshi RMG factory owners, highlighting that 50 per cent of their sample were under the age of 40, 94.4 per cent of their sample were male and 38.2 per cent of their sample had already been engaged in some form of business activity. In addition, 88.9 per cent were educated to at least Bachelor's degree level. They assert, that this new industrialist class were of a clearly different background to those who were engaged in small-scale tailoring and dressmaking for the domestic market (Quddus and Rashid 2000).

Since the early 1980s, therefore, assembly of ready-made clothing in the factories of Dhaka in Bangladesh has grown exponentially. From zero production at the beginning of the 1980s, cut and stitch clothing

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[34] Interestingly, according to Rhee (1990, p.336), the inclusion of garment production in the initial negotiations between Daewoo and the Bangladeshi authorities was something of an afterthought, endearing the South Korean government to the proposal, with the added benefits of averting quotas imposed by the MFA. At the time, Daewoo's biggest interest in Bangladesh was the opportunity to invest in higher value added industries such as tyres, leather and cement. For more on the East Asian development state model see Amsden (1989) and Chang (2006).

manufacturing now **generates an annual income of over $17 billion,** employing an estimated 3.6 million people (World Bank 2012), and contributing 17.9 per cent of the nation's $100 billion Gross Domestic Product (GDP) (World Bank, 2012) (see Figure 4). [35]
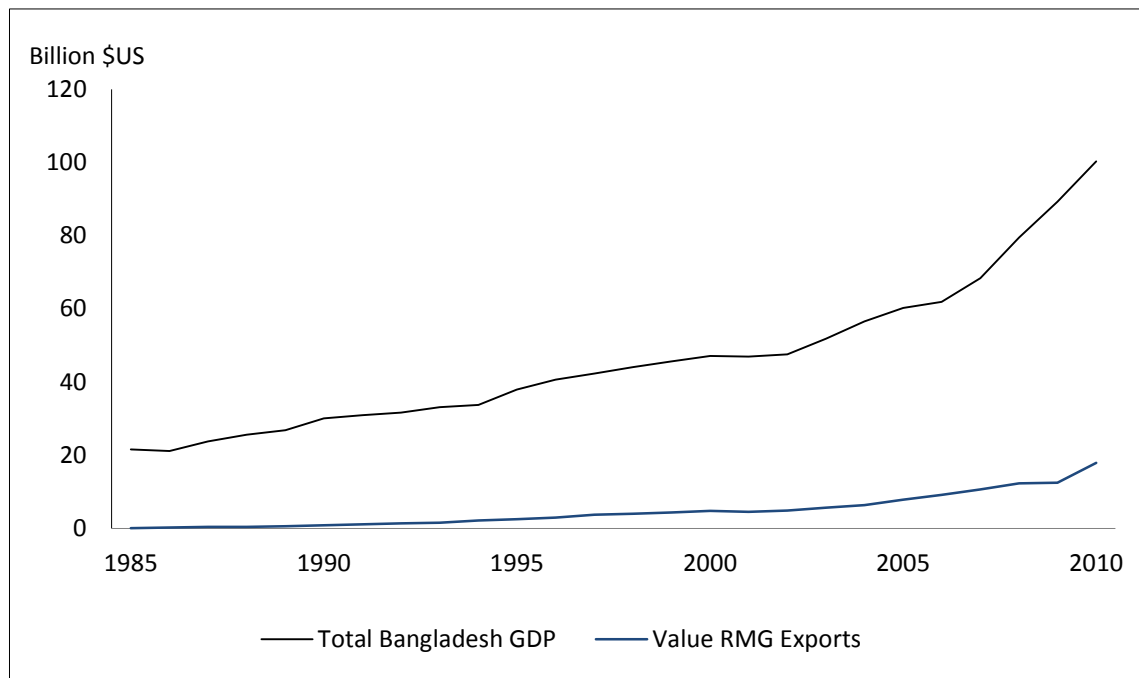
Billion $US

Figure 4: The growth of the Bangladesh GDP alongside the value of RMG exports in billion $US, 1985 to 2010. Compiled from data from The World Bank, downloaded April 2012 and data obtained from Bangladesh Export Processing Zone Authority (BEPZA), Dhaka February 2012.

In a similar manner to Storper's (1997) notion of regional assets, the competitiveness of Dhaka as a garment-sourcing region is derived from its concentrated nature, ability to meet export standards at scale, and also competitively priced garment exports. This is derived from the existence of a large concentrated low wage population and **high levels of re-investment in building technological capabilities. Bangladesh is the most densely populated country in the world (there are 154.7 million people**

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[35] **The other major foreign currency earner is remittances contributing 10.5 per cent GDP (World Bank 2012).**

residing within 147, 570 km^2; 1,149 people per km^2 of which an estimated 12.6 million live in Dhaka, The World Bank 2012; The World Bank: South Asia 2012).[36] 95 per cent of garment production takes place in nine geographical locations across the country, of which seven are located in Dhaka Division: Central Dhaka, Naryanganj, Norshingdi, Karanigonj, Manakganj, Gazipur and Tangail (Khan 2010, p.9 and Figure 5).[37]

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[36] This is an estimate. Exact figures are uncertain due to high levels of inward and outward migration.
[37] The other two locations are Chittagong to the South East of Dhaka and Mymensingh to the North.
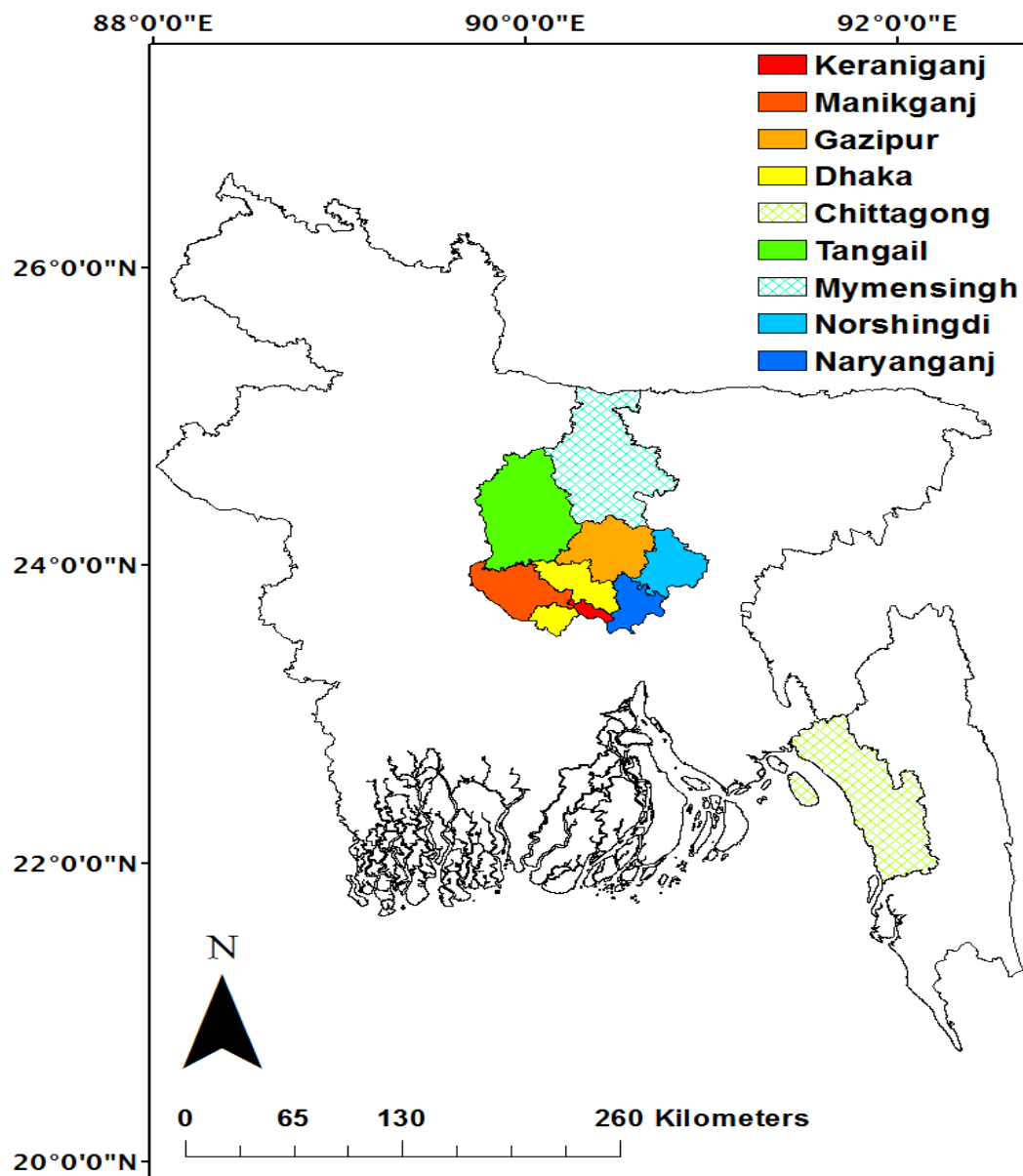
Figure 5: Bangladesh indicating the nine locations of RMG export production. This includes the seven locations in Dhaka district (Central Dhaka, Naryanganj, Norshingdi, Karanigonj, Manakganj, Gazipur and Tangail); Chittagong and Mymensingh. The largest proportion of production is centralised around Dhaka district.

Bangladesh also qualifies for the EU Generalised System of Preferences (GSP), allowing Bangladeshi garment exporters a 12.5 per cent reduction on import tax into the EU (EU 2012).

In addition, the region has also developed relational assets, with a reputation for 'ease of doing business'. Quoting one industry actor:

> "Labour cost is very cheap, other is, labour positivity, and that is, we are very positive about any changes…people love to work in Bangladesh… you can sense our mood. I am in a happy mood, I am in an upset mood, I am in need, I am feeling good" (Country Manager, ABC Consultancy, Dhaka, February 2012).

The Bangladesh garment export industry has, therefore, established itself within a competitive niche: supplying low cost garments while maintaining reasonable quality (World Bank 2012). Observers have noted increased investment and sourcing of garments from Bangladesh in response to restructuring in China (Berg et al. 2011). Bangladesh is now the second largest producer of clothing and footwear exports globally (see Figure 7), and is a popular sourcing destination for budget and low-cost retailers selling clothing to the US and German market (Figure 6). Furthermore, as the industry has grown, the initial strategic couplings between foreign investors of manufacturing firms and the Bangladeshi garment owners, e.g. the Desh-Daewoo partnership, have diversified to include direct relations with global retailers sourcing to Western markets. Many large retailers now source directly from Bangladesh, opening buying offices located in the Gulshan and Uttara area.
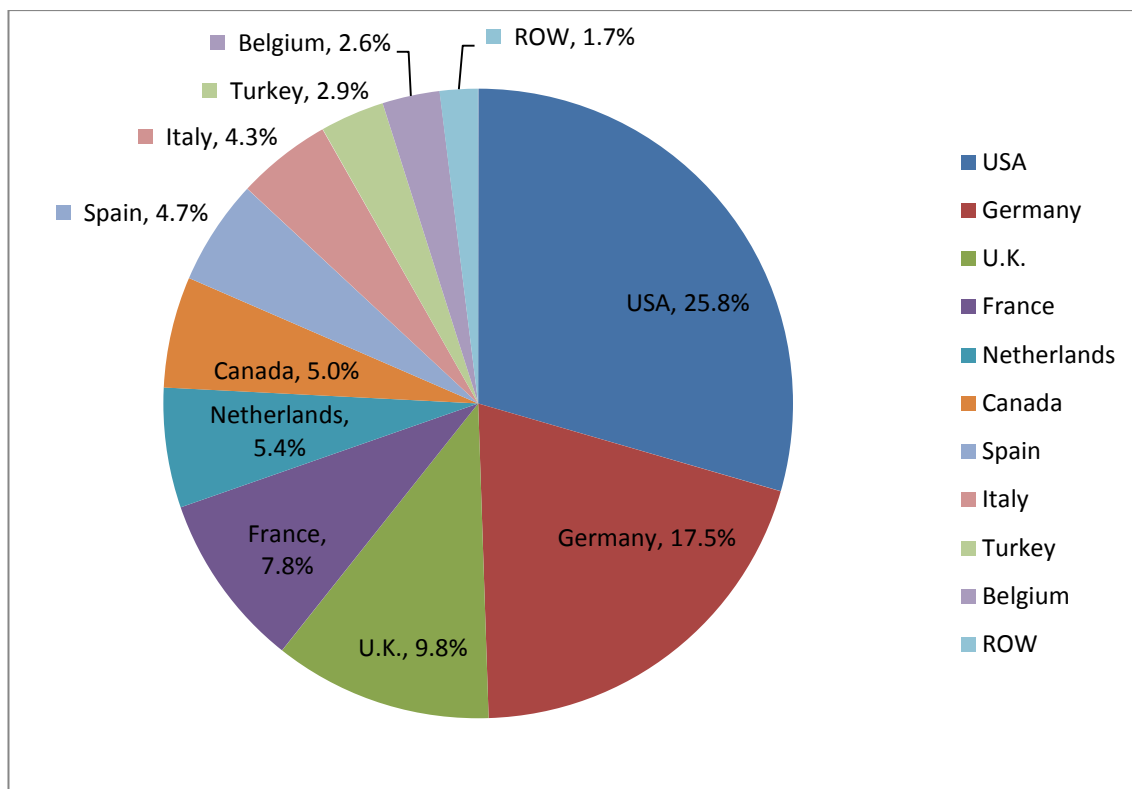
Figure 6: Top 10 markets for Bangladesh RMG exports, given as a percentage of the total export volume, FY 2010 to 2011. The figures have been compiled using data from the Bangladesh Bureau of Overseas Investment (BOI). The ROW abbreviation means 'Rest of the World'.
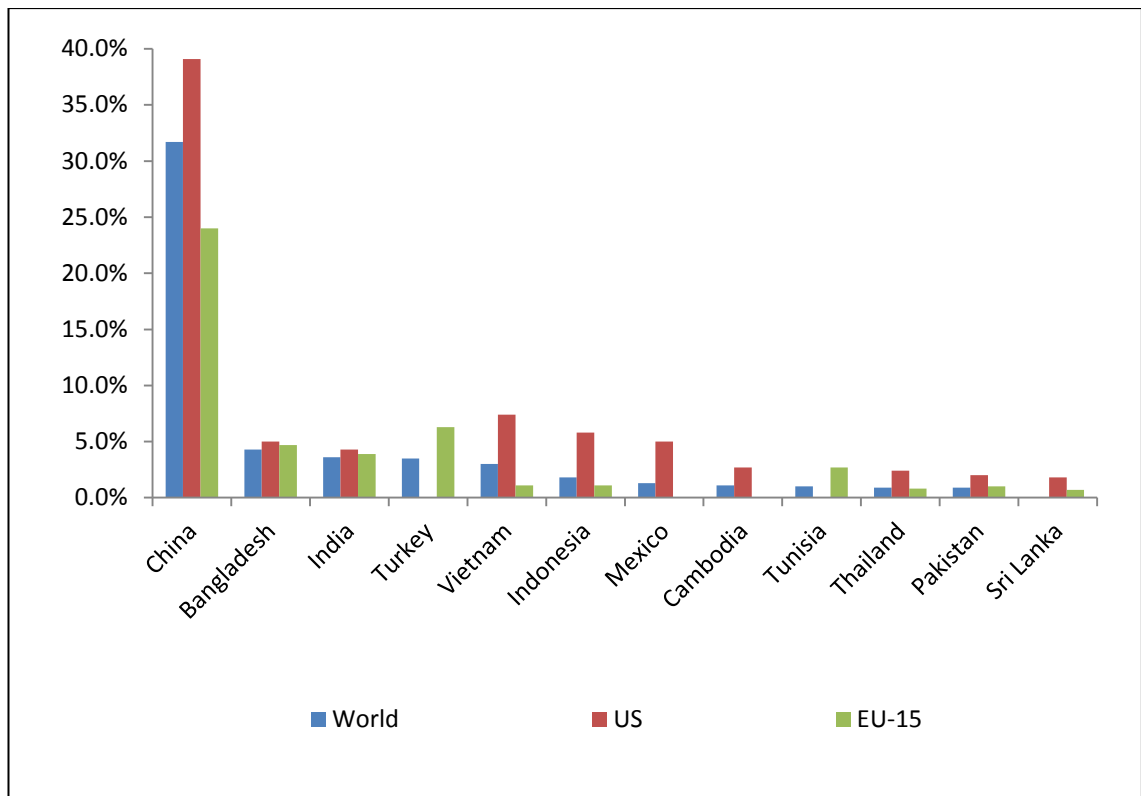
Figure 7: Market Share of Top Garment Exporters in World, US and EU-15 as a percentage. The graph is compiled from data sourced from the World Bank, March 2012.[38]

The industry is, therefore, broadly considered a development success, forming a key facet to national economic development and poverty alleviation strategy and greatly improving the employment opportunities of women (Kabeer 2000; IMF 2005; Haider 2007; Berg et al. 2011).[39]

Yet at the same time, while a success in terms of national economic growth and development, since inception the Bangladesh garment industry has been fraught with contradictions, becoming a prominent example of the unequal and exploitative nature of global capitalism, and the global 'race to the bottom' in labour standards and working conditions. Numerous reports and NGO research has been published both locally and internationally drawing attention to the image of the

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[38] World Bank data compiled through UN Comtrade, Eurostat, ITC and WTO (World Bank, 2012).
[39] The RMG industry employs an estimated 3.6 million people, across an estimated 4000 production units (Khan 2010, p.9).

Bangladeshi garment worker and their long working hours, low pay, public stigmatisation and minimal rights to organise into trade unions (Nayeem Wahra and Rahman 1995; Action Aid 2011; Alam and Hearson 2006 and Figure 8). These publications also draw attention to the gendered nature of garment employment, highlighting that 75 per cent of the workers employed are young women (Alam and Hearson 2006).
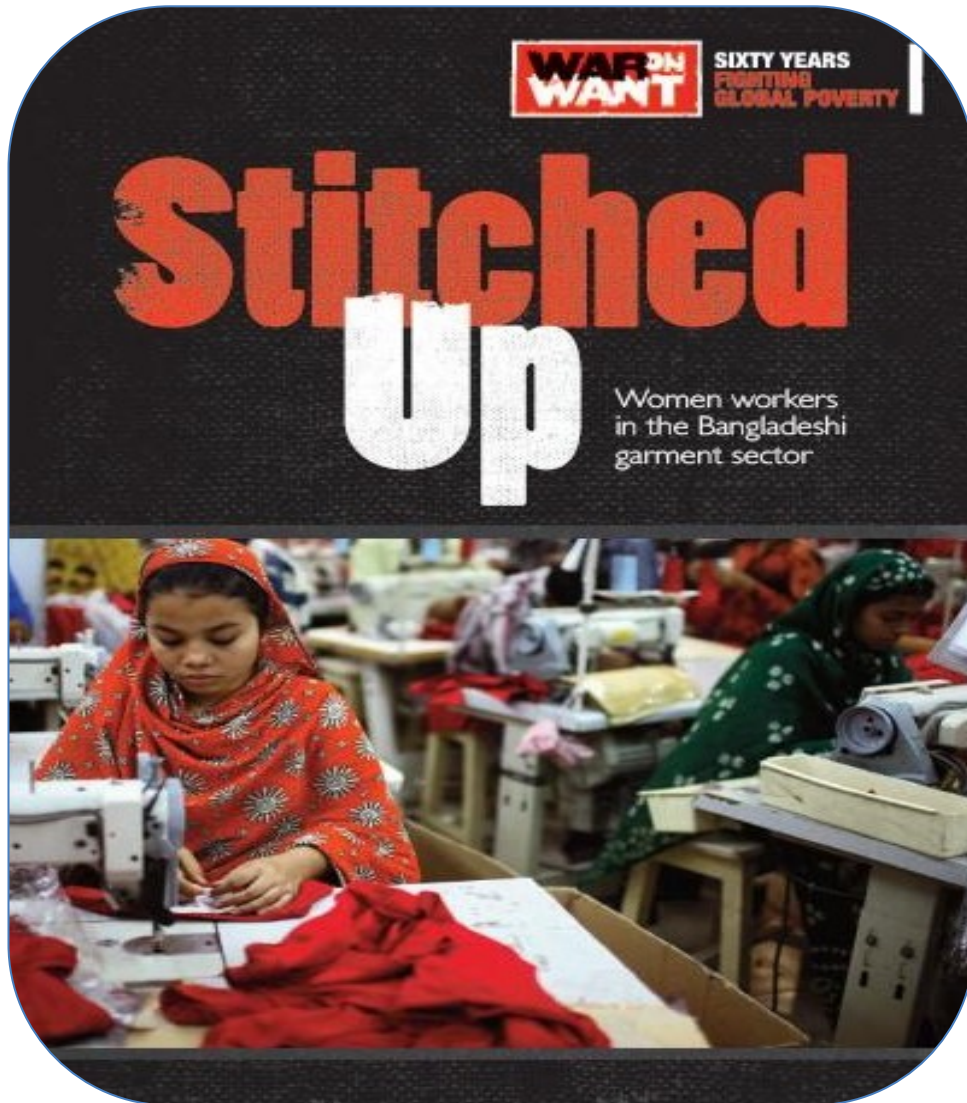
Figure 8: Stitched Up, Women Workers in the Bangladesh garment sector, War on Want, UK 2011. Reprinted here with permission from the author.

The low-wage nature of the Bangladesh garment industry, therefore, is highly protected, with both factory owners and state actors having a vested interest in maintaining local industrial competitiveness. What is outlined in the next section is how this strategic coupling has resulted in the formation of a localised regime of control to prevent activities that can undermine price competitiveness.

4.3   Geography of Production

The city of Dhaka houses an estimated 5000 factories of varying size and appearance. Factories range from 'sweatshop' subcontractor factories located in residential buildings in the city centre (Figure 9),[40] to so called 'model factories' located in and around the EPZ (Figure 11). These categories are not mutually exclusive and there exists a significant degree of variation between these two distinct factory types (see Figures 9 to 11).

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[40] Sweatshops are defined as informal workshops outside of legal regulation (Carr and Chen 2001).

Figure 9: A Subcontractor Factory located in the Shymoli area of Dhaka City Centre. Image author's own, February 2012.

Figure 10: An image of a knitwear factory located in the Ashulia area of Dhaka. Image author's own, February 2012.

Figure 11: Inside an "Ethical Model Factory", Ashulia Dhaka EPZ. Image author's own, August 2012.

The evolution of production has given rise to a specific built geography whereby the original small-scale exporting factories located in the upper floors of residential buildings, have been supplemented with large purpose built factories located around the city's outskirts. This has been especially prominent since the 1990s, where factory owners have faced increased pressure from buyers to be in compliance with the labour standards of their codes of conduct. Where capital has allowed, factory owners have shifted production to purpose built "model factories" at the city edge.[41]

This has given rise to a two-tiered system with model factories located around the city, and subcontractor factories located inside the city centre. According to the CEO of D-NGO, who work with the FLA, around 50 per

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[41] Interestingly, despite the EPZs being the centre of much anti-sweatshop campaigning, especially in light of a trade union ban in the EPZs up until 2006, the EPZ factories are actually considered to offer a better environment compared to their non-EPZ counterparts.

cent of the factories in Dhaka remain located inside residential buildings in Dhaka city centre (CEO of D-NGO, Dhaka, December 2011).

The state appears to have undertaken minimal investment in ensuring the labour inspectorate has the capacity to maintain and regulate the labour law. Between March and May 2010, 295 factories were inspected by the Ministry of Labour and Employment, representing only 6.7 per cent of all active factories. Many of the city's garment factories, therefore, appear outside of state regulation (World Bank 2012, p.40). Indeed, according to the ILO (2009), there are only 39 labour inspectors employed to monitor total national industrial output. This includes regulating 40,000 factories, 3,000,000 shops, 170 tea gardens, 60 ship breaking yards and two dock yards (Faruque 2009, p.29).[42]

The D-NGO CEO and others actors interviewed claimed the same industrial group would often own many of the different downtown sub-contractor factories. To quote:

> "Some of the group has got fourteen factories, and some has got inside – and some are outside. The good ones is outside of Dhaka, and that's the big one, and they are compliant, they have got it. Small ones, are subcontracting from the big factory, subcontracting from those smaller ones" (CEO, D-NGO Dhaka, January 2011).

This CEO claimed factory owners would have one 'model' factory, which they showed to buyers, while subcontracting additional production in-house, taking advantage of the low regulatory capacity of the state (Miller 2012). Factory groups would then coordinate operations with buyers through either an in-house sourcing agency or an external agent. Agency offices were typically located in the business districts of Gulshan or Uttara (see Figure 12). This disconnection between different factories and their buying offices enables factory owners to ignore labour standards as Western retailers were either unaware of the poor working conditions, or would fail to regulate beyond first tier suppliers. Miller (2012) drawing on the Spectrum factory collapse in 2005, highlights, that through these messy relations of production, buyers, despite enforcing labour standards

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[42] This has now been expanded and amended post the collapse of the Rana Plaza factory and commercial complex.

codes of conduct, could be unaware of where exactly their products were manufactured.

Figure 12: RMG Production and Business Districts in Dhaka City Centre. Top Left: EPZ and Out of Town, Savar, Gazipur and Tongi. Mid-Right: Uttara and Gulshan Business and Diplomatic District.

Bottom: Inner City and Residential Subcontracting Factories: Central and Old Dhaka.

Furthermore, evidence suggests that factory managers are actually attempting to shift production out from inner city areas, both to gain from production benefits of "compliant" factories and also as a means to steer production away from unionised workers. One factory manager identified that a key draw towards locating factories at the city's outskirts was to move away from second generation garment factory workers living in Dhaka city centre, who had developed a reputation for higher living costs and greater awareness of local labour laws and local trade unions. The interest of this manager was to maintain employment of first-generation young women migrant labour from the rural areas. This is interesting considering Kabeer's (2000) work, where it is argued that employment in the garment industry has been an opportunity for the advancement and empowerment of young women workers. Clearly the opportunities generated are not without challenge on the ground.

In turn, while compliance may now be firmly rooted in the register of factory managers and factory owners, labour rights advocates on the ground are keen to maintain that while conditions inside factories may visually appear acceptable, labour routines are still heavily controlled behind closed doors. Legal working hours permit an eight hour day, plus two hours overtime (Bangladesh Employers' Federation 2009); however, in a survey commissioned by Action Aid, 50 per cent of workers reported they worked in excess of a 60-hour working week (Action Aid 2011, p.3). These findings were reproduced in a separate study commissioned by the UK NGO War on Want, where 66 per cent of workers were found working over the 60-hour working week. These reports highlight that overtime is compulsory with production managers using fear and intimidation to force workers into compliance. Workers who are not obedient are quickly dismissed with factories maintaining production through high-turnover rates; taking advantage of population size and low levels of awareness among rural migrant labour (Action Aid 2011). Therefore, in both

compliant and non-compliant settings, trade union secretaries report excessive working hours and incidences of physical and verbal harassment, to quote one of the members of the independent A-Trade Union located in Dhaka city centre:

> "If you see it from the top, if you see it from the outside, everything looks nice. But unless you actually ask the people who work in it, you won't understand how bad conditions can be. For example, the factory we did the research on, it looks like a nice factory; everyone says so many good things about it. But actually there are so many horrible things we found out just the other day…more or less all factories are horrible working conditions" (Trade Union Secretary, A-Trade Union, Dhaka February 2012).

Here, it was emphasised that private labour standards auditing has done little to reduce the tendency of factory managers to use direct force to raise productivity. Kabeer (2000) argues that these clear class relations between factory managers and workers are deeply embedded in Bangladeshi society.

To summarise this section, it is evident that suppliers are facing increasing pressure from their buyers to uphold compliance to certain labour standards. However, at the same time, state levels of regulation are low, therefore suppliers are able to improve conditions in one factory, while making few changes to others. There is evidence that suppliers, where they can afford it, are building new premises at the city's outskirts. The basis for this decision appears to be both to build an attractive factory to drive business, and also to locate away from inner city workers with higher demands and closer relations with trade unions. Furthermore, it appears that while the new "model" factories may appear visually more appealing, pressures for social compliance appear to have done little to unravel the use of abusive regimes to coerce and pressure labour into expanding productivity through force.

In response, the labour standards literature advocates that more must be done to strengthen workers' associational power (Wills and Hale 2005; Barrientos and Smith 2007; McIntyre 2008), enabling workers to directly

hold exploitative managers to account. The stakeholder approach to CSR argues that this can be achieved through closer relations of production between buyers and their strategic suppliers. However, as we will see in consequential chapters, efforts to strengthen the voice of workers come into direct confrontation with the strategic coupling of actors around the need to protect the stability of labour and retain low production costs. To understand better these interactions, it is important to understand the context within which these negotiations are embedded. The next section, therefore, outlines the historical rise of the Bangladesh RMG factory owners to positions of power and prominence and the influence this has had on both the trade union movement and the local labour laws.

4.4   The Politics of Production in the Bangladesh RMG Industry

4.4.1   History

Bangladesh politics, since independence, has been active and militant, fluctuating between periods of (il)liberal democratic rule and national state of emergency (Lewis 2011). Bangladesh gained independence from Pakistan in 1973 and pursued a socialist development pathway, typical of the post-colonial period. This involved industrialisation through import substitution; nationalisation of banking; and coordinated investment into heavy machineries manufacture. To quote the pre-amble of the First Five Year Plan (FFYP), (1973-1978):

> "There is a need to limit private ownership by means of production, and to ensure the right to work and equal opportunity for all citizens…we have to look beyond the goals and achievements of the welfare states if exploitation is to be eliminated and egalitarianism realised in the manner of a truly socialist society" (Government of Bangladesh, Planning Commission 1973).

Under the FFYP, 80 per cent of industry was to be governed by the state, and private investment was capped at 25 hundred thousand BDT ($31.4

thousand; real value $128.5 thousand), with all industrial imports and export licenses coordinated through the state owned 'Trading Corporation of Bangladesh' (Government of Bangladesh, 1973 p59).

In the early stages the Bangladesh government targeted investment in state-owned industrial enterprises (heavy industries such as textiles, jute and metals). Under a socialist developmental framework these enterprises were heavily unionised, with the trade union allowed a powerful role in factory and wider political life (Kabeer and Kabir 2009). However, policies under the FFYP failed to deliver economic growth and development. Rural development plans relied on verbal promises and notions of voluntary altruism with no clear budget established by the government for development funding. Instead, the government became highly dependent on overseas development assistance. Industrial development and release of funds were slow due to an inefficient and overly bureaucratic central executive and emphasis on unionisation made the publically owned industrial sector vulnerable to frequent fluctuations of labour unrest. Furthermore, managers were haphazardly placed in management roles within state owned manufacturing industries, lacking the technical and operational know-how to ensure efficient production. Lack of funds also meant management during the period failed to invest in technological upgrading. The government failed to raise and release the required funding to replace, repair and upgrade machinery from civil war damages; and rises in production costs as a result of globally inflated oil and raw materials prices led to uncompetitive exports on the international market. In turn, poor transport, inefficient port handling capacity and frequent productivity stoppages due to power failure resulted in poor market demand, as did the post-independence loss of the guaranteed market in West Pakistan (Government of Bangladesh 1973). While the government claimed commitment to social upgrading, through research and development, the FFYP indicates most investment capital was channelled into new industrial projects, in particular petro-chemicals development (18.11 per cent of the government budget), and not post-war reconstruction or work force development (Government of Bangladesh 1973).

The state, with limited bureaucratic capabilities, failed to meet the challenge of post-war reconstruction. Economic development progress stalled and chronic poverty, as a result of high prices, low agricultural productivity and slow economic growth, contributed to the death of 1.5 million people from famine in 1974 (Jalal 1995). The outcome was that the Socialist government lost its popular backing. The business community pressurised the government to relent its control of the economy, while members of the student community and more radical members of the Awami Party formed a political right-wing opposition. Matters came to a head when on the 15th August 1975 Prime Minister Mujib Rahman, and 21 members of his family and close political allies, were assassinated (Mahmud 2010).[43]

The response to Mujib's death triggered a dramatic economic shift. The new leadership under General Ziaur Rahman (known as Zia) established a military state, expanding the defence budget and unifying the different branches of the forces into one national military (Mahmud 2010).[44] More significantly, Rahman initiated economic liberalisation, encouraging private sector growth and expanding available credit through foreign aid and loans (Mahmud 2010).[45] Staffing his cabinet with former bureaucrats from the Pakistan Civil Service (CSP), army officers and anti-Awami League (AL) supporters, he was heavily influenced by the export development policies of the previous Ayub Khan Pakistan regime.

To fuel private sector growth, Zia lifted the initial investment ceiling to 10 billion BDT by 1975, lifting the ceiling completely by 1978. Shareholding of private enterprise was reactivated in the Dhaka Stock Exchange and the government began selling off small public sector operations. Customs duties on imports were reduced from 40 per cent (1974-1975); to 26 per cent (1978-1979); and responsibility for import procurement was shifted to the private sector (Government of Bangladesh, Second Five Year Plan,

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[43] In the run up to his death, Mujib Rahman declared a national 'State of Emergency' establishing socialist, one-party authoritarian rule (Lewis 2011).
[44] During the period 1975 – 1980 defence spending grew from $42 million to $138 million and value of arms imports increased from $12 million to $27 million (Arms Control and Disarmament Agency, 1983 cited in Mahmud 2010, p.132).
[45] In the period 1975-1982 US aid totalled $1,177.15 million (Government of Bangladesh, Economics Division, 1993 cited in Mahmud 2010, p.151).

SFYP, 1978, p.v-21). According to Sobhan (1993 p.35) 'Under the new order the pursuit of wealth was to be encouraged…and the state was to act as the catalyst for building up an indigenous wealth seeking class' following the guidance of the multilateral institutions. With the new 'Development Finance Institutions' (DFIs), financing of domestic entrepreneurs vastly increased, establishing a 'new class of entrepreneurs' (Sobhan 1993, p.159). [46]

The state, however, ultimately retained most of its power during this period with the government coordinating import permits, deciding credit access and retaining most large-scaled public sector enterprise (Jalal 2002; Sobhan 1993).[47] The division of funding during this period lacked clear institutional support, with lack of funds and capacity of human resources to review and regulate development and investment proposals. Funds were allocated on 'political influence and administrative fiat' rather than vigorous planning strategy (Sobhan 1993, p.207). According to Sobhan (1993, p.207-208), 3.65 billion BDT was distributed quickly to small landholders and the middle classes, with minimal oversight of development plans (Sobhan 1993). The weak state, faced with a donor-budget and development vision, but lacking practical experience and industrial know-how, distributed funds through social rather than technical networks. The lack of experience, as well as competitive pressures, meant that many of the new industries failed.[48]

With regards to garment production, once granted credit, the state had very little involvement in regulating the activities of private entrepreneurs. Initially profits were capped and entrepreneurs were left outside of state

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[46] These domestic entrepreneurs were themselves a small trade class formed in the Mujib era comprising water ways operators, Sylheti tea plantation owners and owners of small scale jute production units (Sobhan 1993).

[47] Sobhan (1993); Mahmud (2010) and Jalal (2010) highlight the likeness of the Zia economic governance approach with the Khan regime in Pakistan. They argue this approach combines strong public sector and private sector growth, 'using public resources and patronage to build up an indigenous capitalist class in co-existence with a large public sector' (Sobhan 1993 p.35). This strategy was continued under the Ershad regime, however Ershad expanded liberalisation of public assets (Sobhan 1993).

[48] In a study of DFI borrowers, in the period 1976 to 1978, Sobhan and Sen (1988) identify only a third of borrowers had experience in industry, mostly drawn from trade. Of these, 52 per cent had no more than four years industrial experience. One third of the entrepreneurs were former civil servants, military bureaucrats and transport personnel (Sobhan and Sen 1988).

intervention, allowed to make conservative profits at the margins, outside of mainstream development policy and government concerns. Government focus during the late 1970s was still on heavy industries and State Owned Enterprises (SOEs). The SFYP between 1980 and 1985 included a clause toward 'Ready-Made Garments', but these were not considered a core part of the state development agenda (Government of Bangladesh: SFYP, 1978, p.xiii-136). Instead, private industry was targeted to absorb the large rural population rather than generate national GDP. Garment production proposals were supported through the 'Export Performance Benefit Scheme', and once given credit, private garment factory owners were largely left to their own devices. Indeed, the Daewoo-Desh partnership was considered largely an afterthought, following trade negotiations for tyres, leather goods and cement (Rhee 1990).

The power of the garment factory owners grew under the rule of General Ershad (1982 - 1990). As a result of the removal of the private investment ceiling under Prime Minister Zia, economic capital begun to centralise around the garment factory owners. This was the response to pressure from the donor community as well as the new economic elite. The capacity of the state to resist this pressure was reduced due to an ongoing balance of payments crisis and rising industrial development costs.[49] The Government of Bangladesh signed a full agreement with the IMF's Structural Adjustment Facility in May 1987 (Rashid 2000). The agreement included cutting state protection and subsidies to inefficient industries and reducing import duties to enable market competition (Rashid 2000).

Details of the privatisation plan were laid out in the 1982 'New Industrial Policy' (NIP) and the 1986 'Revised Industrial Policy' (RIP). The size of the public sector was dramatically reduced and the number of SOEs categorised as reserved was decreased (Ziring 1992).[50] A new 'concurrent' category was formed comprising both state and privately owned enterprises. Between 1982 and 2001, the government disinvested 666 public sector enterprises, which included 27 cotton textile mills and 33

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[49] Many of the original DFI loans taken out during the Zia period defaulted (Rashid 2000).

[50] These were arms and ammunition, atomic energy, currency printing and minting (Ziring 1992).

jute mills (Hossain and Alauddin 2005, p.133); many of these were passed back to their former owners (Lewis 2011). [51] The number of public ministries also fell from 42 to 17, replaced with policy-orientated, pro-business state institutions, for example, the 'Federation of Bangladesh Chambers of Commerce and Industry' (Lewis 2011, p.93).

Private sector investment in economic growth and development was encouraged. Banks were de-nationalised to ease access to credit, the value of the BDT was depreciated and tax rebates were offered to new business in support of export-orientated production. The state facilitated credit through the state-sponsored 'Export Performance Benefit Scheme' and 'Wage Earner's Scheme', which encouraged re-investment of remittance payments (Hossain and Alauddin 2005). Private sector activity was drawn into one regulatory system controlled by the Department of Industries and Chief Controller of Imports and Exports; and quotas, sanctions, and excessive duties on intermediate imports were reduced (Rashid 2006).[52]

Furthermore, the state became more open to private external funding and support. The number of service delivery international development NGOs increased (White 1999) and foreign business investment was encouraged through the establishment of two EPZs in Chittagong and Dhaka. These zones offered investors complete tax exemption for the first ten years of production and three years tax exemption on salaries of foreign nationals, as well as interest rates, royalties, fees and profits (BEPZA 2011). The new opportunities made available in the NIP were estimated to raise private sector investment from 799 BDT (1977-1978) to 1.1 billion BDT (1979-1980), (Sobhan 2002, pp.9–10). As a result, the economic power of the private sector actors involved in these industries significantly grew (Figure 13).

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[51] Under Zia the state was the 'paramount entrepreneur', with private growth co-ordinated around the state framework. De-nationalisation only occurred within the smallest enterprises. Under Ershad, privatisation of larger SOEs occurred. A study on privatisation conducted by Sobhan (2002) indicates that under Zia's government (1975 – 1981) 247 enterprises were sold, with average unit value calculated at 2.1 million BDT. Under Ershad (1982-1991), 125 enterprises were privatised with average unit value calculated at 10.1 million BDT (Sobhan 2002, p.7-8).
[52] In 1995 import duties for machinery were at between 0 and 7.5 per cent. Raw materials were 15 per cent (Rashid 2006, p.26).
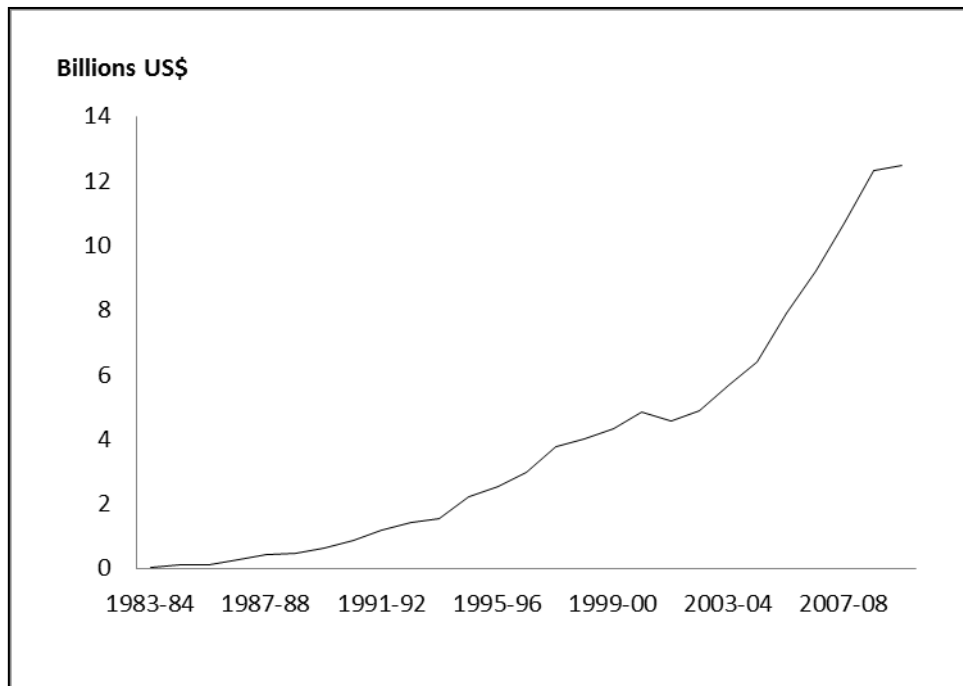
Figure 13: Bangladesh RMG Export Growth, 1983 - 2010. Compiled data Bangladesh BOI and BGMEA, March 2012.

As identified, the garment industry is now the nation's most successful industrial sector, generating over $18 billion in foreign exchange annually (BEPZA, 2011) and accounting for 17.9 per cent of the nation's $100 billion GDP (World Bank 2012). This growth has promoted the factory owners into an incredible position of power, with a significant proportion of the national economy dependent on garment production. In turn, many the members of the Bangladesh Garment Manufacturers and Exporters' Association (BGMEA) are also members of parliament, further influencing their power over state institutions. The BGMEA and their members, therefore, appear to have power and influence within government and over law making and public governance. The interests of factory owners and the state are closely embedded and strategically coupled, in inducing the required conditions for GPN location. The final two sections of this chapter examine the implications of this with respect to national labour law and ongoing state-trade union relations.

4.4.2   Labour Law

In 1971 the newly formed independent state of Bangladesh, formerly East Pakistan, reinstated the former labour laws and policies inherited from British colonial rule, rights which legally permitted the right to strike and freedom of association. These rights have since been established and retrenched periodically throughout the nation's forty year history (Sobhan and Ahmad 1975; Faruque 2009; Khan 2010). Currently, twenty-five separate labour acts have been ratified including ILO Convention 87 the 'Right to Freedom of Association and Protection of the Right to Organise' and ILO Convention 98 the 'Right to Organise and Collective Bargaining'. According to the current labour law:

> 'Every worker employed in any establishment has the right to form and join a trade union of their own choice. Trade unions have the right to draw up their own constitution and rules, and to elect their representatives. Also, trade unions have the right to form and join in a federation and such unions and federations have the right to affiliate with any international organisation and confederation of trade unions' (Bangladesh Labour Ordinance 2006, p. 9)

While workers are within their rights to form trade unions, to be considered a legal entity, the trade union group must first formally register with the government, a procedure that requires proof of membership equalling 30 per cent of the work force within any given establishment. Where staffing numbers can sum thousands of workers, reaching the 30 per cent quota is cited by sources on the ground as difficult (see also Faruque 2009). Added to this, the majority of workers come from communities with poor access to formal education and training and have little awareness of the concept of legal rights. They therefore lack the capabilities to hold employers to account or seek redress for breaches of labour law.

Secondly, the Bangladesh political framework is quickly amended or revoked depending on the political will of the government, with minimal consultation or influence of wider political opinion. This has included direct legal moves to prevent workers associating with trade unions. Several labour laws are believed to have been amended in 2006 including

a ban on any attempt to organise workers within 200m of an industrial enterprise and a three-year ban on strikes in newly established enterprises or those with foreign investment links (based on field notes of conversations with leaders from the A-NGO and A-Trade Union).[53] Owners can thus avoid legal obligation by closing and re-opening factories before the three-year deadline. While workers wishing to strike must prove a 75 per cent backing through a registered trade union, factory owners can initiate a lockout with minimal explanation and redress (Bangladesh Employers' Federation 2009). It is, therefore, clearly evident that state institutions are highly biased towards business over workers' interests, with the law being used by both state and factory owners to prevent workers organising into trade unions.

Furthermore, the Bangladeshi state, to induce strategic coupling to retail GPNs, has implemented systems to attempt to allow workers means to unionise without formal industrial relations. According to the Bangladesh labour law, any workplace employing fifty or more workers should have a fully functioning WPC comprising elected worker members who promote 'mutual understanding, foster discipline, encourage training and efficiency measures' (Bangladesh Industrial Relations Ordinance 2006 p.94). According to law, these committees are supposed to enable workers to negotiate with factory managers where formal collective bargaining through trade union representation is not possible. In reality, it is believed that these welfare committees do not have any effective role in the workplace, to quote:

> "Participation committees where they exist are not elected and not registered with the department of labour, any time a worker wants to go beyond these participation committees and actually talk about their problems, workers are dismissed." (Conversation with an anonymous workers' rights trainer, Dhaka, December, 2011).

Those involved in organising workers largely deem the legalisation of WPCs a 'black law' harming the successful implementation of trade union

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[53] Interestingly, this could not be verified within the 2006 Bangladesh Labour Act. That local leaders maintained this as fact itself is quite telling, indicating the difficulties trade union leaders face both formally and informally.

rights. They contend that WPCs are instead a marketing tool used by factories to demonstrate labour standards compliance:

> "Leaders utilise the participation committee idea as evidence of good practice, and then they are used instead of trade unions. The leader's say, what about their problems? Their problems have been solved so we don't need trade unions…it's a black law, it's hurting other laws." (Conversation with an anonymous workers' rights trainer, Dhaka, December, 2011).

These WPCs do not appear to enable workers' associational power as collective bargaining within these bodies, as well as cross-coordination with other welfare committee groups, is illegal (ICFTU 2006).

4.4.3   Present Day Firm-State-Trade Unions Relations

Currently, workers employed in RMG factories in Dhaka are largely un-organised with factory owners utilising the existing regime to discourage workers from organising into trade unions. Following the demise of the state owned industries, the trade unions were associated with corrupt and inefficient work practices. At the same time, initially small and fragmented, the garment factory workforce was largely ignored by trade union leaders. These leaders appeared to be motivated by political interests and election politics, with their activities coordinated by affiliated political parties. One former garment worker reflects on her experience with the Workers' Party trade union:

> "I was very young, and the adult workers, I'm going with them, whatever they do… we went to the Workers' Party for support, and they said oh yes, we will do this and that. A group of us went, at the time we were so confident, because they were saying so many good things, they were saying to take action against the owner, even the government, I never listened from that in my life! I thought these people are so powerful, more powerful than the owner, and my factory had a really powerful owner, and I thought I would get all the benefits. Many days we are fighting, we are doing so many things, we were beaten by police, harassed by muscle man "goons", so many things was happening in my life, even I was terminated… after that there were big demonstrations, all the workers, not only my factory, other factories too… But after that we understood the politics…we

did so many rallies, and for other issues, because of their interest about the political, but who came? The government they are not saying so many things about our problems or issues, so we realised that nobody will work for us." (General Secretary, B-NGO, Dhaka, December 2011).

This quote highlights the ongoing political backdrop in which the RMG factories in Dhaka are embedded. In Dhaka there are estimated over 35 registered trade union garment workers' federations, most of whom have no link to any RMG enterprise, adding 'garments' to their name following liberalisation in the 1990s (Dannecker 2000). Despite these wider political shifts, the trade unions have remained party-political. Workers have found themselves embroiled in politically charged rallies when approaching the trade unions for assistance and due to their political affiliation, association with trade unions is often considered dangerous. Garment workers and their associated trade unions are often seen taking to the streets in violent and disorganised labour strikes, such as the strikes in 2005, 2011, and 2012. Indeed, the workers' strikes themselves are an interesting phenomenon, with the strikers appearing predominantly male, in an industry comprising 75 per cent women (Interview legal support officer, C-NGO, Dhaka, 2012).[54]

Where reform has been attempted, the existing trade unions lack the training and skills necessary to effectively represent workers industrial interests, knowing only how to function for political objectives. Trade unions are involved in setting minimum wages at the industry level, with minimum wages determined by the national Minimum Wage Board, a state institution comprising representatives from employers, the government and the trade unions. As a result, wage policy is highly politicised and pressure for wage increases occur on the streets by the trade union federations against the government and not through organised collective bargaining between workers and their employers at the factory level. Furthermore, the coupling of the BGMEA leaders with the government has

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[54] This data is based on research diary field notes taken from a compilation of newspaper articles held in the Bangladesh Institute of Labour Studies in Dhaka.

allowed the trade unions requests for a meeting of the wage board to be ignored.[55]

Evidence suggests that due to their political affiliation, workers themselves lack confidence in the existing trade unions and their ability to adequately represent their interests to employers. Dannecker (2000) observes a gendered element to this, arguing that the lack of participation of women within the existing trade union movement is a symptom of the patriarchal leadership of these institutions. She comments that the workers she interviewed were reluctant to engage in trade union organisation claiming that 'where as they were forced to accept such behaviours from the factory managers, they did not have to accept such behaviour in their free time' (Dannecker 2000, p.35). She also highlights that with additional responsibilities and existing patriarchal structures in Bangladeshi society women employed in the factories had less freedom to engage in trade union activities (Dannecker 2000). Trade union membership, therefore, remains low among garment sector workers, leaving those employed without a platform to bargain their issues and improve their working conditions. Currently it is estimated that only five per cent of the garment workers are members of any trade union organisation (Faruque 2009, p.24).

Workers in the RMG industry however, are different to previous working class movements with a majority being women who are linked directly to global capital through global systems of production. These new networks create the possibility of new forms of associational and structural power. This has been demonstrated in the literature on cross-border labour alliances and transnational advocacy networks (Gunawardana 2007; Juravich 2007; Frundt 1999). In response to the preponderance and perceived inadequacy of male-dominated trade unions, there has been a rise in labour NGOs organised by women workers focusing specifically on empowerment of women employed in the Bangladesh RMG Industry. These NGOs work from offices located within the garment workers' communities, recruiting members from outside the factory gates. Former garment

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[55] There are also other political issues at play with the meeting of the wage board often coinciding with electoral politics.

workers now work full time for many of these groups. These new trade union initiatives have proven popular among young women, specifically as they are designed to address issues of local cultural and social importance, while offering an open atmosphere and safe space for workers to visit. In this manner, they reflect new turns towards community unionism whereby new trade union forms are emerging to meet the needs of workers in hard to organise sectors (Wills 2001; Hensman 2005).

Specifically, the new unions appear to focus their activities on organising the workers into 'Peer Education Groups' within the community as well as peaceful campaigning. This involves training the workers on how to negotiate as a group and educating them on their rights as per the existing labour law. The aim is to build associational power outside the workplace to strengthen workers' power within the workplace (Wright 2000). The workers are educated on labour law entitlements and taught how to effectively negotiate with managers to ensure labour laws are upheld. The WPCs become support groups, with negotiations between managers and workers taking place with the support of the WPC as well as the wider NGO staff. Through education and collective support the workers are aware of their rights and are collectively supported to negotiate with their managers. Successes have been reported where workers were reinstated back into their jobs after unfair dismissal and where local workers received back-payment of wages following increases to minimum wages.

However, gains have only made partial concessions, making amendments to the labour law while at the same time not strengthening systems to ensure the labour law is upheld. The unions are only able to respond where legislated measures are ignored, and this is dependent on workers' awareness of community unions and their ability to visit these offices. While the new union initiatives appear to make efforts to protect their workers and forge positive relations with employers, visiting these offices is not without personal security risk. All workers interviewed kept their relationship with the unions confidential and informed me that if they were caught visiting the office they would lose their employment.

4.5 Conclusion: Strategic Coupling, Embeddedness and Stakeholder Capitalism

This chapter has attempted to explain how state and factory owners in the Bangladesh RMG industry, as played out in Dhaka, condition low-wage, productive labour to meet the interests of lead firms within GPNs. To conclude, I will argue that this occurs at three levels: through factory-based regimes, through the use of the local labour law, and through the ongoing relations of these actors with the local trade unions. In turn, I will demonstrate how these dimensions are both embedded and reinforced through local culture and historical political economy.

The chapter argues that there are three institutionalised challenges that external actors attempting to advance worker agency must overcome: the use of internal factory-based regimes; the use of law; and the incapacity of the local trade unions to effectively represent workers. The chapter has shown how these have been actively produced through strategic coupling between the state and garment factory owners.

Firstly, the state has failed to put institutions into place to properly regulate working conditions within factories and, therefore, violations of the labour law go unchecked. In examining interview transcripts with trade union leaders and local NGOs, this chapter has demonstrated how factory managers use local labour regimes to maintain productivity through force and intimidation, which are not checked by any higher-level form of accountability.

Secondly, the state appears not to have strengthened the education and training available to either workers or their trade unions, meaning these groups do not have the capacity to organise or challenge employers where labour laws are violated. The unions are embedded within local political structures, frequently engaged in violent political protests and strikes. This has acted to further give local factory owners and managers a basis to argue against engaging local trade unions in dialogue and discussion. Of workers engaging with trade unions, this appears to reflect individual capacity and circumstance, undermining collective solidarity.

Thirdly, the state appears to be using the law as a direct barrier to workers attempts to organise into trade unions. Rules and laws have been created, which render workers attempts to collectively organise as illegal. The chapter has shown how existing legal rulings make it inherently difficult for workers to organise into trade unions, while engaging in rule making which strengthen the position of business.

These factors point to a relationship between the state and local firms, where the power of factory owners and managers is strengthened over labour. We can understand this relationship as a form of strategic coupling between state actors and business groups, as the motivation behind challenging worker agency appears to be motivated by the regions reputation for low-wage, productive labour. Furthermore, this chapter has shown how this strategic coupling is embedded in historical political economy, and reinforced through prevailing social and cultural structures.

In concluding this section, I would argue that it is important to outline these local contextual factors so we can understand how they interact with attempts to embed stakeholder capitalism across GPNs, and how they affect such GPN dimensions. The next chapter will examine these relations on the ground.

Chapter 5: Multi-Stakeholder Initiatives, Compliance and Contradictory Outcomes

As identified in chapter 4, while the development of the garment industry in Dhaka, Bangladesh has contributed to national economic growth, there still exist challenges with regards to job quality and working conditions. Despite economic growth, workers in factories face unsafe working conditions, long working hours and low wages, which do not provide for basic needs (Alam 2006; Action Aid 2011; War on Want 2012). According to workers' rights literature, poor working conditions are derived from an absence of mechanisms through which workers can participate in labour standards regulation and improve working conditions over time e.g. the ability to collectively bargain with employers, freely associate with trade unions or participate in labour standards regulation (Elliot and Freeman 2003; Luce 2005; Barrientos and Smith 2007).

In chapter 4, it was argued that the interests of the Bangladeshi state government and owners of RMG factories in Dhaka are strategically coupled with lead firms in GPNs through a mutual interest to keeping production costs low. This strategic coupling has resulted in clear barriers preventing workers from associating and organising into trade unions: workers found associating with trade unions often face factory-based violence; the existing trade unions are inefficient and have little capacity to reform; and organisation of workers into new trade unions is not supported by the Bangladeshi labour law. This situation is problematic as without the ability to organise, workers individually have less power to hold their employers to account than workers who are collectively organised. Allowing workers' freedom of association enhances associational power of workers, increasing pressure on employers to improve working conditions, therefore, driving working conditions up (Wills and Hale 2005; Selwyn 2011).

As proposed in chapter 2, retail MSIs can offer a solution to overcome the problem of weak implementation of freedom of association and collective bargaining. Through utilising both a regulatory and relational approach,

they can establish freedom of association and collective bargaining as a labour standard to be ensured, while promoting dialogue and discussion where freedom of association appears to be violated. MSIs attempt to engender a model of Stakeholder Capitalism across the GPNs of their members. As identified in chapter 2, Stakeholder Capitalism attends to a form of relational governance, advocating equal relations and notions of 'partnership' between buyers and their suppliers. This should include requests on the part of the buyers that suppliers allow their workers to freely associate, followed by discussions between both parties as to why these standards are being actively violated and prevented on the ground.

As indicated in chapter 2, it has been widely recognised that clothing retailers are increasingly engaging with retail MSIs to attempt to improve working conditions in their GPNs (Hughes 2001a; Hughes 2005; Hughes et al. 2007; O'Rourke 2003; O'Rourke 2006; Friedberg 2004). However, while attempting to establish more relational forms of governance, there has been little engagement or research around the nature of the relations formed between retail MSIs and retailers' supplier factories on the ground. Studies on stakeholder learning mostly focus on isolated assessments of the activities of individual MSIs and specifically how these initiatives engender learning among their retail members (Hughes et al. 2007). Less is known of how these initiatives engender understanding across supply chains, or how these initiatives conduct their operations on the ground.[56]

This chapter, and the following chapters, therefore, are concerned with the nature of relations between Bangladeshi factory managers and the different MSIs. This chapter questions how factory managers understand MSIs, what they conceive of as the role of MSIs in labour governance, and the extent to which engagement with MSIs has altered and aided the implementation of freedom of association and collective bargaining. How factory managers understand MSIs is important, as the actions and attitudes of factory managers has a large bearing on workers' daily lives.

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[56] For example, Dolan and Opondo's (2005) analysis of the Kenyan cut flower industry (Dolan and Opondo 2005; Dolan 2008); De Neve's (2008) examination of the politics of compliance in the Indian garment industry (De Neve 2008; De Neve 2009) and Ruwanpura and Wrigley's (2010) examination of the implementation of ethical codes in the Sri Lankan garment industry (Ruwanpura and Wrigley 2010; Ruwanpura 2012; Ruwanpura 2013a; Ruwanpura 2014).

Factory managers are charged with implementing labour standards, and it is factory managers who will enter into dialogue with workers to improve working conditions. Therefore, how they judge, understand and interact with MSIs will relate directly to the capacity of these initiatives to advance meaningful dialogue and engagement with workers in factories.

This chapter is structured as follows. To begin, the literature around labour standards codes and MSIs is discussed, positioning this chapter against existing studies examining how labour standards codes are translated and interpreted on the ground. The discussion then moves to analyse the nature of the different MSIs factory managers are engaged with, examining the relationship between the composition of actors making up the different MSIs and the methods used by the different MSIs in attempting to improve working conditions in global supply chains. This initial analysis is then examined within the local context to analyse the nature of the awareness and understanding of factory managers toward the different MSIs and how this affects the ability of workers to participate in freedom of association and collective bargaining. Twenty-four factory managers were asked to identify the five different MSIs and explain how they understood them.

Drawing on this data, it is argued that the MSIs considered in this chapter appear to have a limited impact on managers' existing perceptions of the value of freedom of association and collective bargaining. This is because factory managers' engagement with such initiatives appears to be shaped by their relations with their buyers and their buyers do not appear to be communicating such labour standards evenly, favouring visible improvements to working conditions such as first aid and fire exits, over ensuring freedom of association and collective bargaining. This disconnection between the universal nature of labour standards contained within the codes of conduct of the MSIs and the uneven ways such codes are communicated between buyers and their suppliers, suggests the potential of the MSIs to improve workers' rights to collective bargaining and freedom of association maybe limited, as these standards are not being emphasised within the exchanges between buyers and suppliers.

5.1 Worker Participation and Stakeholder Politics

The composition of non-corporate actors, the interests of these actors and the extent to which such interests are weighted against corporate interests within individual MSIs has an impact on the methods through which the different MSIs approach the issue of labour standards implementation and regulation. Table 4 identifies six MSIs operating in Bangladesh: the Fair Labor Association (FLA); the Ethical Trading Initiative (ETI); the Fair Wear Foundation (FWF), the Business Social Compliance Initiative (BSCI) and the Workers' Rights Consortium (WRC).[57] All have in common some form of corporate membership structure, alongside a counter-force of stakeholder representation or multi-stakeholder governance. Stakeholders, in this sense, typically refer to worker representatives and NGOs as well as other interested parties, academics and government groups.

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[57] The BSCI is not technically an MSI. It is a compliance initiative of the European Foreign Trade Association (FTA). However a 'stakeholder council' informs the BSCI activities and the organisation undertakes stakeholder engagement activity in Dhaka, facilitating round-table meetings and engaging with local actors on the ground. The BSCI also has retail members like the other MSIs, which distinguish them from retail-led certification and accreditation schemes such as the Worldwide Responsible Accredited Production (WRAP) programme. Therefore, the BSCI is included among the listed MSIs.

Table 4: The six different MSIs and their Membership, Operation and Enforcement Strategy [58]

Name	Members	Operation Strategy	Enforcement Strategy
Business Social Compliance Initiative (BSCI)	1019 participating members of European Free Trade Association (FTA)	Subcontracting factory compliance to the BSCI code of conduct	Encourage suppliers gain SA8000 certification Membership FTA
Social Accountability International (SAI)	Seventeen corporate affiliates	Subcontracting factories can obtain SA8000 social compliance certification Brands and retailers obtain membership	Loss of certification and membership
The Ethical Trade Initiative (ETI)	More than 70 UK retail and brand corporate members, global trade unions and NGOs	Subcontractors comply to the ETI base code Annual reporting Training workshops	Loss of membership
The Fair Labor Association (FLA)	Around 30 participating companies and more than 100 collegiate licensee Stakeholder board consisting of university representatives and NGOs	Subcontractors comply to the FLA Work Place Code of Conduct FLA Verification and accreditation Annual reporting Third-party complaints mechanism for workers Stakeholder members' forums	Loss of Membership and Accreditation if found in violation of the FLA core principles All US university licensed apparel producers must be a member of the FLA
The Fair Wear Foundation (FWF)	74 companies across seven European countries The majority of members are small and medium sized enterprises (SMEs)	Subcontractors comply to the FWF code of practice FWF audit verification Annual reporting Third-Party complaints mechanism for workers	Audit verification by local NGOs Loss of membership
The Workers' Rights Consortium (WRC)	108 US colleges and university affiliates and four universities in the UK	Subcontractors comply to the WRC code of conduct Third-Party complaints mechanism for workers	Complaints investigation

[58] Sources BSCI Members List March 2013, includes factories and farming units; Fair Wear Foundation annual report 2011; FLA Annual Report 2011; SAI website 2013; WRC website 2013 and ETI website 2013.

As indicated in Table 4, all the MSIs orientate their activities around a labour standards code of conduct. They all expect their retail members and affiliated companies to regulate this code and work with their suppliers where violations are found. Typically, this regulation consists of social auditing. However, social auditing is not always effective at properly checking labour standards compliance: factories can engage in audit fraud and workers can be forced to lie during audit interviews (Lund-Thomsen and Lindgreen 2013). Typically, social audits have been found to improve visible working conditions, but ignore so called enabling workers' rights to freedom of association and collective bargaining (Barrientos and Smith 2007). The literature argues that to ensure a true representation of factory working conditions and to drive working conditions up, MSIs would need to concentrate on strengthening the ability of workers to participate in the regulatory process and establish long-term systems to ensure these are regulated beyond the social audit (Rodriguez-Garavito 2005; Auret and Barrientos 2006). This would include some form of worker participation or freedom of association to enable workers to report where labour standards are violated, hold their employers to account and prevent fraudulent activities.

Utilising the GPN approach, existing research in economic geography has examined the relationship between retail ethical trade strategy and local societal, territorial and networked embeddedness (Hughes et al. 2008). Hughes et al. (2008) for example, contrast the ethical trade strategy of UK and US retailers identifying a different emphasis on regulating versus building stronger relations, reflecting localised geographies of retail and consumption. In an earlier paper, Hughes et al. (2007) examine the implications of local social and institutional context on the actions taken by retail MSIs. Here, Hughes et al. (2007) drawing on Christopherson and Lillie (2005) and Friedberg (2004), highlight how the approaches taken by MSIs and the relationships that MSIs form with their participating companies is influenced by differences in national industrial relations regimes, as well as local ethical trade campaign networks and the media (Friedberg 2004; Christopherson and Lillie 2005; Hughes et al. 2007). However, while considering how ethical trade strategies are the outcome of local societal and territorial embeddedness, this literature builds little sense of the interests and power relations that occur between actors as they engage with each other and construct MSIs. The interests of the different

actors who make up MSIs are something of a black box. In examining how these initiatives transmit and orientate their activities, it is therefore useful to examine how these initiatives are governed through corporate retail and civil society interests, how these interests are negotiated, and the extent to which they influence the operations of MSIs.

According to membership numbers, the BSCI is the largest MSI with 1019 participating retailers as of March 2013. The WRC and FLA are of smaller size, the WRC with 108 participating companies, and the FLA with over 100 collegiate licensees. WRC members only include college and university affiliates while numbers of FLA members greatly reduce when excluding collegiate licensees. The ETI and the FWF are of a similar size with around 70 participating companies, most of whom are retailers and brands based in Europe. ETI members, however, appear to be larger retailers than FWF members, where a large proportion are small independent brands. Not all ETI members are producers of clothing, with industrial traders, supermarkets and food retailers also included as ETI participating companies.

Examining the proportional membership structure of each of the MSIs indicates a disconnect between the membership of the MSIs, comprising mostly retail buyers, and the factories where improvements to working conditions are intended to take place. With the exception of the WRC, who function at the university level, corporate members of the retail MSIs predominantly comprise Western buyers (retailers and brands) over supplier factories. The FLA membership, for example, comprises 34 brands and 14 suppliers, the ETI membership comprises 41 retailers and 31 suppliers and the SAI membership comprises 14 brands and one supplier. The BSCI do not offer any supplier membership, comprising only retail members of the European Foreign Trade Association (FTA).

Turning to the stakeholder composition of the different MSIs, it is clear that the dominant actors representing stakeholder groups are not often trade unions or worker organisations but NGOs and other civil society actors. The FLA, the BSCI and the SAI in particular, have no worker representation. In the case of the FLA trade unions actually refused to join the FLA due to a dispute concerning living wages during the initial negotiations of the Apparel Industry

Partnership (AIP).[59] Lack of worker representation is likely to affect the positionality of the different MSIs with regards to strengthening collective bargaining, as trade unions tend to be the vanguards of collective bargaining, with the history of collective bargaining embedded in the evolution of bipartite industrial relations (Braun and Gearhart 2004, see also chapter 2).

Examining the BSCI, its board is weighted heavily toward retail interests comprising eight members of the European FTA and one stakeholder representative. The BSCI recruit members through claiming that it is in business interests to monitor labour standards compliance to ensure company reputation and credibility (BSCI 2011). Their methods are focused on top down regulation: participating companies collect quantitative benchmarks to measure participating companies efforts to bring their supply chain into compliance. They require all members to record their suppliers' social compliance data over a period of five years. This data is then used to compile a database through which the BSCI members can share data on 'low-risk' socially compliant factories and steer production to these locations. While freedom of association and collective bargaining are included within the BSCI code, they are included as a parameter to be audited. While checking if these rights are observed within factories, there is little in the BSCI audit checks which attempts to resolve underlying issues for these standards to be violated.

The SAI has a stakeholder board comprising a miscellaneous group of interested individuals with weak links to both retailers and workers. On the eight-member stakeholder board there is only one prominent retailer: a representative from the GAP. The other participants comprise a miscellaneous group of interested individuals: a former retailer now working as a retail consultant, a former government senator now working for a government watchdog, a former CEO of an international development NGO (CARE International), and a Vice President Finance of a US Medical Health Research NGO (SAI 2013). Thus, with weak links to both retailers and workers, the operations of the SAI appear steered toward ensuring their own legitimacy and survival in the CSR field, functioning in the capacity of a service provider and developing the SA8000 certification body for factories to demonstrate social

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[59] The trade unions argued that the FLA code to be credible should guarantee workers living wages, while corporate actors argued only minimum wages were required. In the resulting labour standards code, it was minimum wage stipulations that were adopted, and the trade unions parted with the organisation (Anner 2012).

compliance. Indeed, this certification scheme is closely linked to the BSCI, with BSCI retail members required to encourage their suppliers to gain certification as part of their BSCI membership (BSCI 2013). One can imagine that the SAI developed the certification in light of competition for relevance between them and other MSIs and to ensure their own organisational reproduction (Levy and Scully 2007).[60] The certification appeals to retailers' interests, as suppliers can gain certification as an assurance to buyers that the facility has no labour standards violations. Again, freedom of association and collective bargaining are included as labour standards to be audited.

Comparatively, the other MSIs have more marked emphasis on engagement and dialogue, comprising more balanced interests between corporate and civil society actors. The FLA, formed out of the US AIP, is governed equally between university, retail and civil society representation; the ETI, by retail, NGO and trade union representation; and the FWF, by supplier, retail, NGO and trade union representation. The WRC functions at the university level and is governed by students, university academics and university apparels suppliers, with no large corporate participation. However, even with more balanced interests, these MSIs still face challenges in orientating activities that can strengthen freedom of association and collective bargaining.

The FLA advocates stakeholder dialogue as a means to advance working conditions and ensure workers' rights. To do this the FLA extends to workers a third-party verification mechanism to enable them to report back to the FLA secretariat any cases where the FLA code of conduct has been violated by participating companies' supplier factories (The FLA 2013). However, Anner (2012) argues that the ability of the FLA to engage different actors on the ground and build stakeholder dialogue has been challenged by the retail members and participating companies at the core of the FLA's activities. He argues that the FLA has been captured by retail interests that prevent it from engaging in any other activities outside of monitoring and compliance, drawing on the refusal of trade union actors to sign the initial AIP (Anner 2012). This is reflected in the structure of the FLA board, which changes frequently and comprises no trade union representation and two fifths policy and research orientated NGOs: Educators for Socially Responsible Apparels Business and the

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[60] For similar arguments on NGOs see Bruan and Gearhart (2004); and for the Global Reporting Initiative, see Levy et al. (2010).

Global Fairness Initiative. There are two pressure groups on the stakeholder committee: the National Consumers' League, representing consumers' demands for sweat-shop free clothing, and Human Rights First, an activist group based in New York and Washington DC. These NGOs, however, are at odds with the more moderate NGOs and other retail representatives. Thus, while the FLA can encourage retailers to engage with local civil society groups, like the BSCI and SAI, their main activity is labour standards monitoring and compliance.

Unlike the FLA, the UK based ETI does have trade union representation, with the ETI governed equally by trade unions, NGOs and retailers. Similar to the FLA, the ETI functions through a labour standards code of conduct (the ETI base code); however, unlike the BSCI, the SAI and the FLA, it does not engage in any regulatory activity, instead emphasising 'collaborative learning' of ethical trade practices (Hughes 2001a; Hughes et al. 2008). The ETI argues that rather than regulation, their tripartite governance structure functions as a safe space through which participants can learn how to trade more ethically (Hughes 2006; Hughes et al. 2007; Hughes 2001a). Reflecting trade union, NGOs and retail interests, the ETI combines an emphasis on workers' rights to collective bargaining, alongside strategies to ensure suppliers uphold the standards given within the ETI base code (Hughes et al. 2007). The ETI, therefore, focuses its activities on providing ethical education and knowledge acquisition: coordinating conferences, organising seminars and facilitating round-table discussions and experimental projects and research, such as the 2007 Impact Assessment conducted by Barrientos and Smith (2007).[61] However, the ETI do not engage in any additional monitoring and verification, leaving options to fulfil ETI requirements to the individual retailer (Hughes et al. 2007).

In comparison, the FWF aims explicitly to support the institutional development of social dialogue (FWF 2010), and, like the FLA, also engages in monitoring social compliance. In fact, the aims of the FWF and the FLA appear quite similar as they both offer a direct intervention to how retail members govern their supply chains (as opposed to the soft approach of the ETI). However, unlike the FLA, the civil society groups comprising the FWF board have a clear orientation toward labour rights NGOs and trade union bodies: the Dutch Clean Clothes Campaign and the Federatie Nederlandse Vakbeweging (FNV), a Dutch trade

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[61] The FLA do this activity also, however, as will be discussed in the next chapter this does not form the majority of their work.

union federation. These organisations appear to have power and influence over the organisational structure of the FWF and, thus, the FWF have been able to pursue an agenda that reflects the importance of workers' rights to freely associate and engage in collective bargaining activities. Hughes et al. (2007) attribute this to the institutional difference between the No-Sweat movements in the US, mostly comprising campus-based student activism and the European NGO-trade union complexes, which they argue, have had a more powerful role within European MSIs. Thus, like the FLA, the FWF utilise an audit-based methodology; however, unlike the FLA there is a clearer emphasis on the inclusion of local labour groups within the audit teams and on excluding non-workers' rights based civil society groups in their definition of supply chain stakeholders (FWF 2010).[62]

Finally, the WRC, like the ETI, does not engage with any independent monitoring, focusing its efforts on investigating workers' complaints and conducting investigations into reports of labour standards abuses (Hughes et al. 2007). Emerging out of the US student activist group the 'United Students against Sweatshops' (USAS), the WRC comprises one-third university labour experts, one-third USAS representatives and one-third representatives from affiliated universities. Again, this reflects the student-led nature of the US No-Sweat campaign. The WRC believe their role should be to work through local labour organisations to enable them to report and investigate violations to the code. They work explicitly with university apparels and do not engage in any top-down auditing activities but focus on strengthening workers' rights organisations and providing a network back to the university buyers. Anner (2012) highlights that in recent years the WRC has formed an unofficial working relationship with the FLA, checking adherence of FLA participating companies to the FLA code, particularly as collegiate apparels under US law must be affiliated to either the WRC or the FLA. The WRC model therefore appears the most worker-centred, having the least private retail influence. However, upholding of the code is dependent on an assumption that workers are connected to WRC-aligned workers' movements on the ground.

What is clear from this assessment is that the different MSIs all have a different approach to regulating workers' rights and working conditions, on a

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[62] The FWF brochure explicitly excludes charities, humanitarian groups, researchers and academics from their definition of stakeholders (FWF 2010).

spectrum from participatory self-regulation by workers through to top-down labour-standards compliance auditing. In turn, this seems to largely reflect governance structure and stakeholder composition, with those MSIs with the most balanced governance structure between corporate and labour interests, utilising the most hands-on and worker-centred methods. In light of this, the next section assesses the current outlook of the activities of the MSIs on the ground and the extent to which the MSIs discussed appear to engage factory managers directly through an analysis of factory managers' understandings of the different initiatives. To what extent are factory managers aware of the different MSIs, how they distinguish between the subtleties of the different MSIs and the extent to which these MSIs advance more worker-centred and participatory forms of regulation and governance. This chapter draws on interviews with a range of factory managers within garment exporting factories operating in Dhaka, Bangladesh.

5.2   Local awareness of MSIs: Managers' Perspectives

During fieldwork, twenty-four representatives from twenty-two different factories were asked if they were aware of the six different initiatives. The following outlines the reach of the different initiatives, examining the extent to which managers are aware of each other and correlating awareness between manager and factory types.

The factory managers interviewed were those willing to speak about their CSR activities. The confidential nature of factory production in Dhaka limited the number of managers willing to engage in the project. Links with official organisations were required to facilitate research access. The organisations supporting the research were the B-NGO, a local labour rights NGO, ABC Consultancy, a UK based ethical trade consultancy and the FLA, the original research partner. Twelve factories were linked to the ABC Consultancy. They had recently opened an office in Bangladesh and were delivering a one-year factory improvement project (see chapter 7). This was funded by the UK: Department for International Development (DFID): Responsible and Accountable Garment Sector (RAGS) fund, a public-private partnership working with UK retailers to improve working conditions in clothing factories in both Bangladesh and India. Two factories were linked to the FLA, encouraged to

engage in the research by FLA participating companies.[63] The remaining eight factories were linked to the B-NGO.

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[63] These factories were taken out of the sample so as not to skew the results.

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Table 5: Classification of factory units sampled in Dhaka by size

Factory Size	Small[64]	Medium	Large
Parameters	Turnover less than $50,000,000 Less than 1000 machines Number of factories in group less than two Number of workers is less than 1000 workers Capacity less than 50,000 pieces per day	Turnover greater than $50,000,000 but less than $100,000,000 Typically more than two factories per group Number of machines less than 1500 Number of workers is less than 2000 Capacity less than 100,000 pieces per day	Turnover over greater than $100,000,000 Number of machines greater than 1500 Number of workers is greater than 2000 Capacity greater than 100,000 pieces per day
No. Factories	3	11	8

Table 5 indicates the size and composition of the factories where the factory managers interviewed were based. Factories were chosen through purposeful sampling. All factories that agreed to take part in the study were keen to demonstrate that they were socially compliant and were supplying to the UK and US market. The ABC Consultancy factories were all clients of UK buyers and were of a similar size and nature. The B-NGO factories were more variable: some were considered national market

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[64] The number of factories was limited as small subcontracting factories were highly protective of whom they allowed in.

leaders, operating within purpose built factories at the city's outskirts, while others were smaller, subcontracting factories located in the city centre.[65]

The 24 factory managers were first asked if they recognised and could explain what the roles of the different initiatives were. The result of this awareness is given in Figure 14.
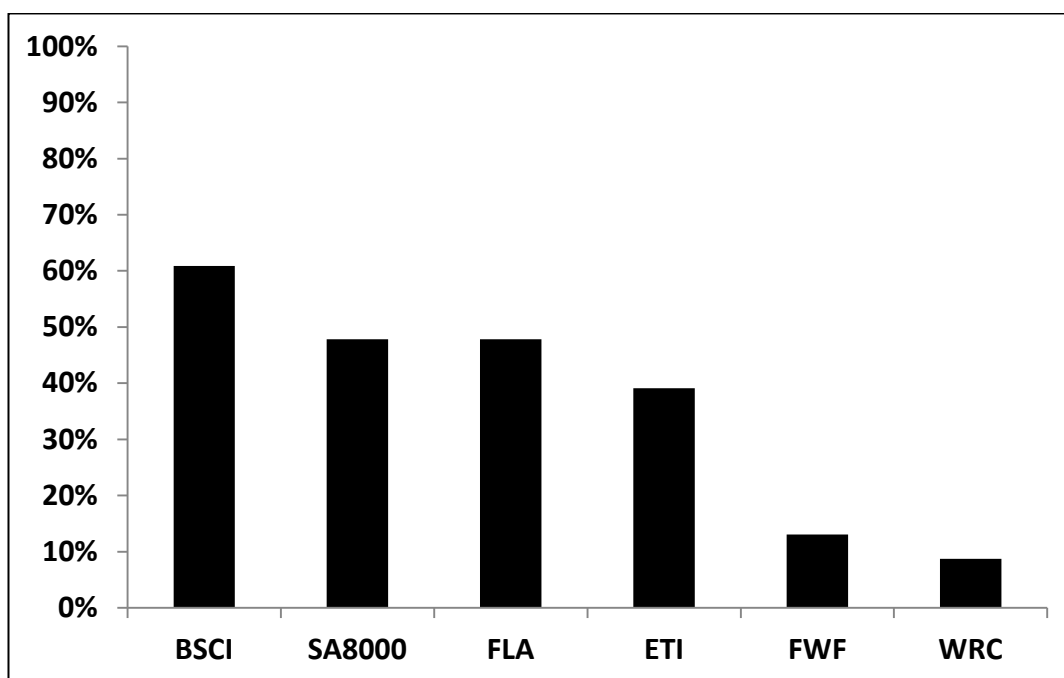
Figure 14: Percentage of Managers Aware of the Different MSIs. Source: Fieldwork Interview Data, Dhaka, Bangladesh, 2012 (N=24).

Figure 14 indicates that the level of awareness of the different initiatives among factory managers was highly uneven. The most well-known of the MSIs was the BSCI with over 60 per cent of those interviewed identifying this initiative. Less than fifty per cent of those interviewed had heard of the FLA or the ETI, and only a few managers had heard of either the FWF or the WRC.

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[65] The B-NGO operates as both a trade union and an NGO, run by a prominent, well-known Bangladeshi labour leader. Factory managers engaged in dialogue with the B-NGO to maintain peaceful industrial relations in their factories. They also had a number of projects working in partnership with the GIZ and the Action Aid-DFID: RAGS Programme. The B-NGO operated 12 offices located within the garment workers' communities. Mostly the relations between the B-NGO and the factory owners appeared friendly.
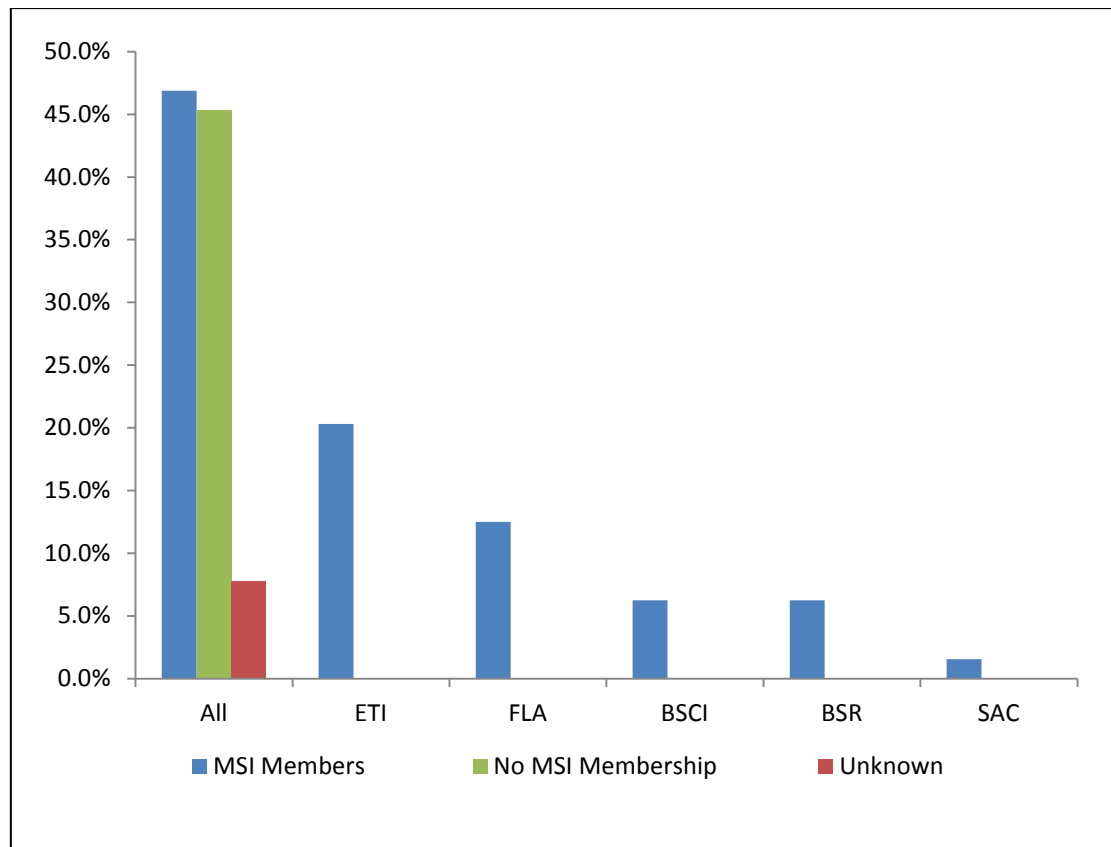
Figure 15: Per cent of Buyers Mentioned by Factory Managers with Membership of a MSI (N=64).

Four managers were not aware of any of the MSIs. Of these, two were mid-level managers involved in the ABC Consultancy programme and two were general managers linked with the B-NGO. All four were medium sized factories, employing around 1000 workers with an estimated production capacity of 20,000 garments per day. In terms of buyers, one factory produced 100 per cent of production for a retailer located in Denmark whose name was unknown. The three other factories were manufacturing small order volumes for multiple different brands of which at least one appears to be a member of either the ETI or the FLA.

Figure 15 displays the known membership of the MSIs by the buyers and retailers factory managers claimed to be supplying to. This was done through cross-referencing names against information available through

the buyers' corporate websites. It indicates that of the 64 different buyers known to be sourcing from the twenty-two factories, nearly half (45.3 per cent) are not members of any MSI. Of these, the ETI and the FLA appear to be the most prolific, however, this is likely to be attributed to the high number of factories in the sample supplying to the UK market. The FLA participating members were taken out of the sample. Interestingly, while in Figure 14 the BSCI appears the most well-known MSI, Figure 15 indicates that it was not the MSI with the most factory buyer members.

From these observations the following can be deduced. Firstly, the extent to which MSIs are able to engage with factory managers located in Bangladesh is entirely dependent on the buyers the factory works with. If the factory supplies entirely to buyers without membership of any MSI, then factory managers working within that factory will not have any awareness or engagement with any MSI. Secondly, the extent to which managers are aware of their brands participation in a MSI is dependent on the brand communicating this obligation to the factory. As is evident, this is not always the case, indicated by the four factory managers not aware of the FLA, or the ETI, despite working for factories supplying to retailers with membership of these initiatives.

This is especially problematic for the FLA, which operates a third party verification system, allowing workers to report code violation, but dependent on workers' awareness of this mechanism. If factory managers are not aware of the FLA, then it is likely that workers will also be unaware. Therefore, the reporting mechanism and the FLA code of conduct became defunct. Furthermore, if the participating company are waiting for the social audit to communicate the FLA code of conduct and reporting mechanism, this will take a long period, as the FLA only verify five per cent of the supply chain annually. It will take twenty years for the whole supply chain to be audited and for workers and managers to be made aware of the FLA code of conduct. This, therefore, calls into question the notion of stakeholder engagement, with a clear disconnect between the participating companies of MSIs, the factory managers and the workers beneath them.

Thus, it can be deduced that the ability of MSIs to work with factories to improve working conditions is uneven and dependent on the retailers. As membership of MSIs is voluntary, it is apparent that retailers are under no obligation to associate with the various MSIs. Therefore, factory managers' awareness of the MSIs on the ground is uneven, reflecting the uneven nature of retailers' engagement with MSIs. Once a retailer decides to join a MSI, some retailers fail to communicate what this membership means, despite requests by the MSIs. Therefore, the implementation of the codes and the extent to which they are fully understood is likely to be uneven. If the factory managers are not aware of either the MSI or their codes of conduct then they will have little impact on the workplace.

The next two figures split awareness of different MSIs by management type and factory size (see Table 5 and 6). This is to identify relationships between (1) awareness of MSIs and different managerial roles and (2) awareness of MSIs and different factory sizes. The twenty-two factories were split in this manner to highlight that while the stakeholder literature often depicts suppliers as one homogenous entity (Freeman 1984), supplier factories vary by size and managerial organisation (Hurley 2005). Factories were split according to the criteria outlined in Table 5.
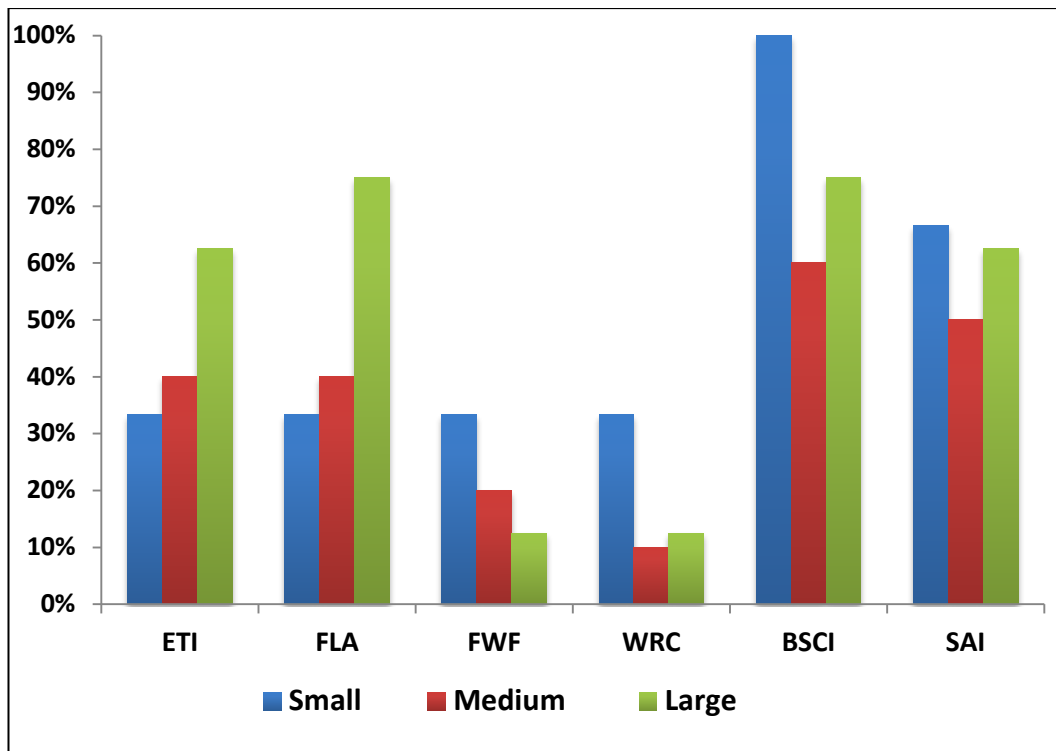
Figure 16: Percentage of Managers Aware of the Different MSIs. Sorted by Factory Size. Source: Fieldwork Interview Data, Dhaka, Bangladesh, 2012 (N=24).

The larger factories have the greatest awareness of the MSIs (Figure 16). This would reflect the argument that the largest, top tier factories have the closest relationship with the buyers and, therefore, face the strongest demands for compliance (Wills and Hale 2005). However, it is apparent that this is not the case for all of the MSIs, with only 10 per cent of large factories aware of either the FWF or the WRC. The large factories have the greatest awareness of the FLA and the BSCI, 75 per cent of factories in both cases, followed by the ETI and the SAI, 63 per cent in both cases (Figure 16).

In the medium sized factories there was a lower proportion of factories aware of the FLA (40 per cent). In the medium sized factories 60 per cent of factories were still aware of the BSCI and 50 per cent were aware of the

SAI (Figure 16). Again, like the large factories few managers interviewed were aware of the FWF or WRC.

Within the designated small factories, the largest proportion of the sample was aware of the BSCI and the SAI and a smaller proportion was aware of the ETI, the FLA, the FWF and the WRC. The small-sized factory results, whilst following the same pattern in awareness as large- and medium-sized factories, must be judged in terms of the small sample size (Table 5). Thus, the 33.3 per cent of small factories aware of the ETI, the FLA, the FWF and the WRC, is only representative of one factory. In turn, the manager of this factory is something of a special case, formerly employed as the Chief Operating Officer of an "Ethical Model Factory" designated by a well-known UK retailer. Therefore, drawing on fieldwork observations, the knowledge and awareness of buyer ethical codes held by this factory manager is not typical of most other small factories in Dhaka. Thus, if the research were carried out across a larger sample size, one would expect the awareness of MSIs by factory managers in smaller factories to be lower, as the supply chain becomes more informal. What is clear, however, is that across the board, the retail-led BSCI and the SAI appear to have the most widespread engagement across all factories and all factory sizes, despite not appearing to have the largest retail member base.

Table 6: Classification of Factory Managers by Management Type.

Designation	CEO or General Manager	Mid-Level (HR, CSR, Compliance)	Mid-Level (Production; Industrial Engineer)	Low level (Welfare; Quality; Supervisor)	Total
No. Managers	9	7	4	4	24
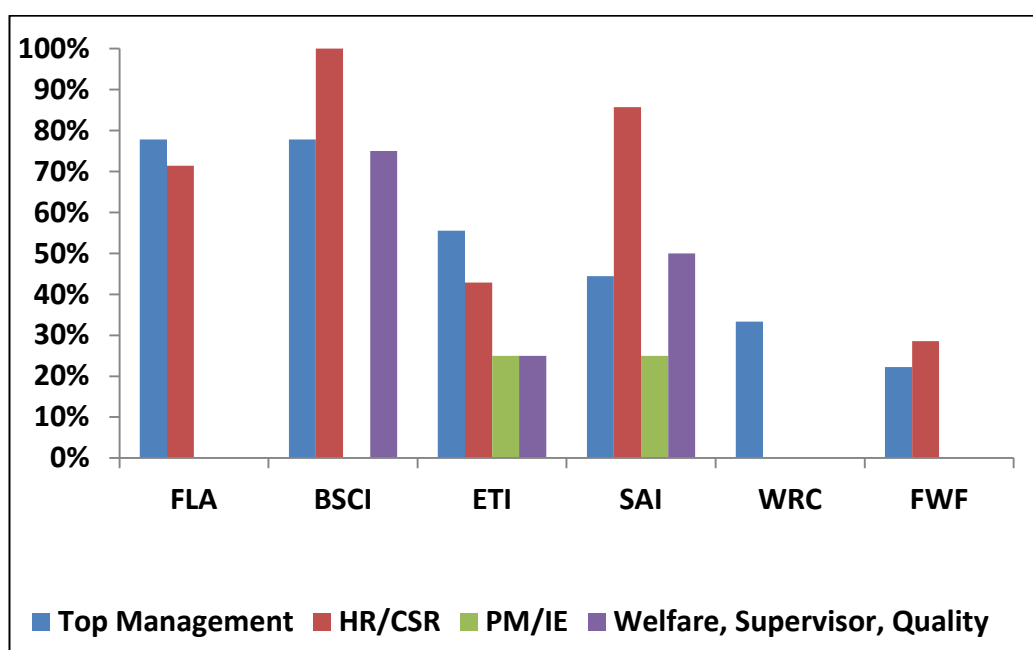
Figure 17: Percentage of Managers Aware of the Different MSIs. Sorted by Factory Management Designation. Source: Fieldwork Interview Data, Dhaka, Bangladesh, 2012 (N=24).

Figure 17 displays the management awareness of the different MSIs at different management levels. This shows the extent to which the MSIs are engaging with different actors within as well as across, different factories. The number of managers in each category is given in Table 6. Again, the graph is highly uneven, with the MSIs supposedly orientated most directly toward workers, e.g. the FWF and the WRC, those MSIs with the greatest emphasis on dialogue and focus on workers' grievances, the least identified across the different management levels. Furthermore, the level

of awareness is greatest among HR, CSR and top-level managers, with the majority of production and industrial engineering staff having no awareness of any of the MSIs. This is problematic as it is these managers who have the strongest every-day relationship with the workers.

To summarise, the analysis has examined which MSIs were the most well-known on the ground, with all figures indicating that the most well-known of the initiatives across all factory types and management roles was the BSCI and the SAI. This is significant as the BSCI, unlike the other MSIs, was founded and is governed almost entirely out of business interests. In fact, the inclusion of the BSCI alongside the other MSIs is questionable with eight out of the nine members of the BSCI board comprising retail members of the FTA, and only one actor that could be considered representative of wider stakeholder interests, the representative from a development NGO 'Solidaridat'. The BSCI methods are also the most hands off in terms of building dialogue and engaging directly with workers.

Secondly, factory management awareness of MSIs within and across factories has been shown to be uneven and dependent on the brand or retailer. It was found that factory managers in the larger factories in the sample were the most aware of the different MSIs, except the FWF and the WRC. Within factories it was HR and CSR managers who showed the most awareness of the different MSIs, with limited awareness among Industrial Engineers and other technical management roles. This, therefore, suggests that compliance and labour standards implementation is something to be managed by HR and CSR managers and not applicable to the whole factory. This limits the potential for stakeholder engagement, as engagement within factories is steered by management and not orientated around workers. Again, the highest level of awareness concerned the BSCI. This would to be expected considering the BSCI is the largest of the MSIs, however, it is interesting that membership of the BSCI was not the most prolific among the list of buyers (Figure 15). The next section, explores this further examining how these initiatives are interpreted and understood by managers on the ground.

5.3   Management Understandings of MSIs

As discussed, the different MSIs all operate through different strategies and are accountable to different interest groups including NGOs, retailers and workers' organisations. Drawing on the management interview data, Figure 18 gives a diagrammatical representation of interviewees' responses to the question 'How do you understand the following MSIs?' The size of the word is calculated in proportion to the frequency of the responses given.
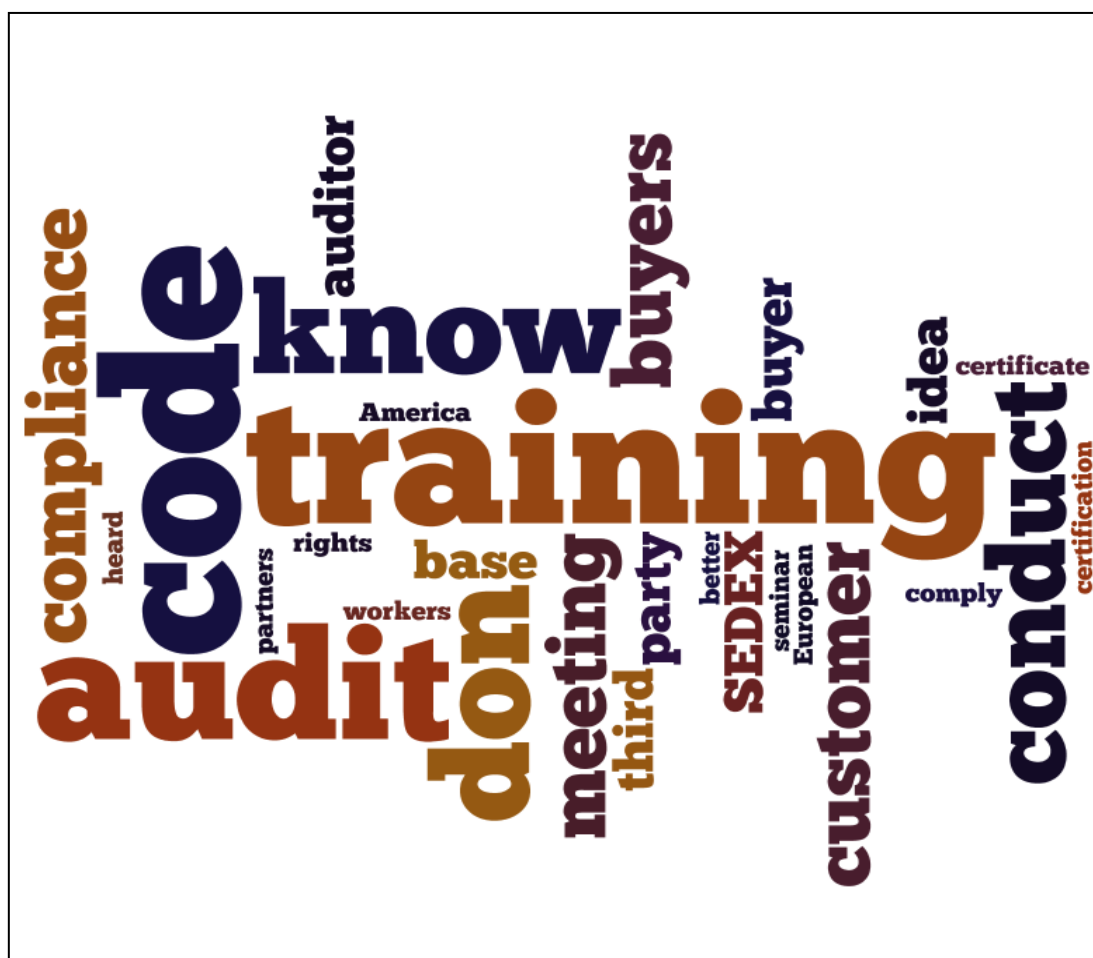
Figure 18 Management responses to the question: how do you understand the following MSIs? Word size is in proportion to the numbers of responses given. Source: Fieldwork Interview data, Dhaka, Bangladesh, 2012. http://www.wordle.net/create

Figure 18 indicates that most factory managers either did not recognise the MSIs, or understood them in terms of social auditing, auditors (mentioned eight times), compliance training (mentioned seven times), or their buyers' codes of conduct (mentioned six times). Typically, when responding, managers would answer yes or no to whether they 'had' the MSIs depending on which buyers they were working with, but rarely could managers develop their responses further. To quote one manager referring to the ETI:

> "The ETI, that's basically a code of conduct that European buyers use and we comply to that because most of our buyers are European." (Head of Sustainability and Compliance, Factory 1, Dhaka, September 2012).

This indicates that despite multi-stakeholder composition, the MSIs locally were associated with the codes of conduct of their buyers, and that while MSIs vary, factory managers largely viewed the codes associated with the MSIs as the same. Only one factory associated either of the MSIs with workers' rights, referring to a workers' rights meeting coordinated by the FLA.

In addition, Figure 19 takes this further indicating the managers' responses to the question, 'how do you understand social compliance?' building on the fact that most factory managers appear to understand MSIs in terms of their buyers' codes of conduct. Most prominently mentioned were ensuring safety, maintaining clean environment and ensuring workers' health, perhaps not surprising since these issues reflect the visible association consumers make with the "sweatshop" image, often the strategic focus of NGO campaigns (see chapter 4 and Friedberg 2007; Hughes et al. 2008).

In turn, workers' welfare was only mentioned once and workers' rights to freedom of association, or dialogue in the workplace were not mentioned at all. Linking this to Figure 18, it appears that MSIs play a role in reinforcing management understandings of codes of conduct in line with buyers' requests for labour standards, with training appearing as one of the key ways factory managers engage with MSIs. This, therefore, implies

that the MSIs act as a tool through which to transmit notions of labour standards to suppliers inline with compliance requirements.

Figure 19: Management responses to the question: how do you understand social compliance? Word size in proportion to numbers of responses. Source: Fieldwork Interview data, Dhaka, Bangladesh, 2012. http://www.wordle.net/create

The findings, therefore, reflect the arguments of Dolan (2008), Dunn (2005) and Seidman (2009) who identify that buyers' codes of conduct are by no means neutral and contain within them hidden values, influenced by the perception of risk and consumers' ethical sentiments. As proposed by Blowfield and Dolan (2008), standards function in a neo-utilitarian capacity, with the imposition of standards being largely influenced by the interests of the standards setter. However, while this literature largely positions standards in the manner of top down neo-colonialism (Friedberg 2007), on the ground standards appear separated and delineated depending on which actors are enforcing them and which actors are adhering to them. The arguments are explored further in the next section.

5.4   Codes of Various Values

In addition to the twenty-four factory managers, eight brands sourcing from Bangladesh were also interviewed. Analysis of the brand level data indicates that buyers and CSR departments distinguish between the individual labour standards contained within the ethical codes of conduct and do not treat the different codes equally. The codes that have value reflect business culture, business size and their perception of consumer interests and priorities. To quote one buyer:

> "We have clear zero tolerance points that if we find we stop supplying from that factory immediately – those are forced labour, child labour, those issues that are really, really tough. And then we also have an escalation process where if a supplier over a course of two consecutive audits has not improved then…we would have to decide whether we D-list him or not." (Sustainability Consultant, Company A via Skype, March 2012).

For all eight buyers interviewed, child labour, forced labour, violence and abuse, and evidence workers were not being paid, were causes to end sourcing relationships. Outside of this, individual demands for compliance varied.

This fragmented enforcement of the different standards has allowed buyers to differentiate between factories as per their audit scores. Three of the larger buyers interviewed, for example, had their own scoring

system rating factories as per social audit, quality and productivity. Factories able to meet the buyers' requirements were awarded the highest scoring rating and awarded with business accordingly. De Neve (2009), drawing on the implementation of labour standards in the Tiruppur garment cluster in India, notices the same findings, emphasising how the imposition of western ethical codes and labour standards create local hierarchies among garment suppliers (see also Dunn 2005).

Maintaining high audit scores as well as ensuring quality and pricing have, thus, become a benefit to some factories enabling them to negotiate pricing, and advance their local power and position. To quote one factory manager:

> "Actually Factory 2, is a good company...if we want we can switch to another buyer, because we have a stand...our workers are more productive, our workers are more efficient and we maintain very good quality, so anytime we can switch to another buyer...anybody wants to keep their stand in front of buyers you have to maintain the quality, if you can maintain the quality actually, if he is not paying you good, you go to another buyer." (CSR and Compliance Director, Factory 2, Dhaka, September 2012).

This is reflective of the concept of power in production networks advanced by Gereffi et al. (2005) and Nadvi (2008) who observe that suppliers can enhance their capacity to negotiate on pricing through technical or functional upgrading e.g. upgrading production capabilities. Here, a number of factories in Bangladesh positioned themselves in positions of power, reversing the top-down buyer-driven nature of Gereffi's original supply chain model (Gereffi 1994). For a number of suppliers it appears that in terms of quality, standards and production capacity, retailers are more dependent on them.

Barrientos et al. (2010) extend this argument to propose that suppliers can enhance their power through social upgrading, e.g. ensuring compliance to multi-stakeholder codes of conduct. Drawing on the interview with Factory 2, this position is indicated with the factory emphasising both productivity and quality but also ethical compliance:

"Our company needs to take care of society... we are compliant with all standards stipulated in Bangladesh, safety and health progression are fully looked into, local and international environmental standards are met, dignity of labour, human rights, as per international standard, and also we have many activities... free health care and free medicine... training programmes, number of awareness programmes... how they can remain safe..." (CSR and Compliance Director, Factory 2, Dhaka September 2012).

However, as identified by De Neve (2008) and Dunn (2005), this process of scoring undermines the universality of labour standards causing different aspects of the codes to be valued over others. To quote a separate factory manager reflecting on his experience of the audit process:

"The major non-compliances, that's what you say no to, but the others, there can be glitches...when you go for audit, minor problems will be there, but that's accepted by the buyers, it's accepted by the third parties as well." (Head of Sustainability and Compliance, Factory 1, Dhaka September 2012).

Factories knowing their customers' demands will remove child labour, ensure a clean environment, attend to visible safety issues and supply workers with medical facilities (as per the compliance issues given earlier in Figure 19). However, other standards reflective of workers' rights e.g. freedom of association and collective bargaining are not considered fundamental. To quote one FLA brand reflecting on standards considered fundamental following an audit of a factory located in Bangladesh:

"Bangladesh factories were overcrowded, just really crammed... I said you've got to thin that out. You've got to get rid of the excess stuff you got in there. It's a fire hazard... one of the other issues I had was the wearing of no shoes in the factory ...they were working slightly over 60 hours a week which is against our code of conduct but not outrageous... There were some workers that were not checking in and out so we wanted to fix that. So that was pretty much the main stuff... they had corrected almost everything, some things were more continuous improvement." (Director of CSR, Company B via Skype February 2012).

Here, the compliance points the brand emphasised were the factories overcrowding, highlighting this as a fire hazard; the lack of shoes worn by factory employees; and workers working beyond stipulated hours. These were picked up by the brand and the factory was requested to ensure that this was rectified before commencing production. The representative picked up that the workers were working just over sixty hours a week, but that this was not considered "outrageous". Elsewhere in the interview, the brand representative mentioned her concern about the lack of living wages in Bangladesh. However, rather than emphasising the factory increase capacity for wage bargaining, with the support of the FLA they had chosen to expand research on the issues through conducting a local living wage study. Nowhere in the interview was it mentioned that they would engage with the workers and work with them to help them realise their interests. In fact, when it came to the issue of workers choosing not to wear shoes, workers' interests were dismissed as a "cultural thing" to be ignored.

Buyers, therefore, despite affiliation to MSIs, do not treat codes universally, picking and choosing which codes they demand their suppliers uphold. In the examples given, the buyers' emphasis primarily has been on maintaining visible health and safety measures, ensuring against child labour and maintaining transparent factory records, not necessarily keeping working hours within the stated limits. These facets of the codes of conduct used by MSIs are considered more important than ensuring workers' rights to freedom of association and collective bargaining, as buyers will continue to source production within a factory, even where these rights are ignored. The outcome is that the MSIs have limited capacity to communicate to factories the value of engaging with their workers, and, therefore, understanding of the importance of workers' rights is not properly understood. As explored in the next section, the consequence is that factory managers attempt to uphold and implement these labour standards without understanding the reasons why.

5.5 Compliance and Contradictory Outcomes

The evidence indicates that when questioned, the understanding of factory managers as to why the codes were being implemented were not clear. When questioned about the training undertaken with MSIs, factory managers gave vague answers and could not fully explain their basis. To quote,

> "It was a bit of a mix...they're trying to promote this concept of our compliance, how compliance can be sustainable, it may be just...okay...I have to get this right...I have to get this right...it's more like trying to reach the underlying factors...basically along the lines of that." (Head of Sustainability and Compliance, Factory 1, Dhaka, September 2012).

This factory manager, who had undertaken the training to learn more about the FLA Sustainable Compliance Initiative, could not with any real conviction explain what the training was for, or why it was important for their workers. He claimed it was 'a bit of a mix', trying to remember the 'right' answer to give, rather than exactly how he interpreted the purpose of the training. While he appears to engage with some concept of "underlying factors", what these are does not appear to be clear. In most cases, the factory managers referred to the training given by the MSIs as "workers' rights meetings" and talked about such meetings dismissively. In two cases where quality and technical managers were interviewed, they claimed it was not their responsibility to recognise the initiatives, as this was the responsibility of the compliance managers (Quality Assurance Manager Factory 3, Dhaka, September 2012).

The evidence suggests, therefore, that while factories may demonstrate evidence of compliance to the multi-stakeholder codes of conduct, factory managers lack understanding of the codes and so they are not properly, or universally, implemented. The consequence is that it is unclear how far buyers' requests for compliance to the codes of conduct function to protect workers. For example, drawing on the FLA's position on social compliance to freedom of association, Bangladeshi factories can appear compliant to this labour standard if they indicate they have a WPC (FLA

Tracking Charts 2003 to 2011). However, interviews with workers indicate that these systems are often considered a waste of time. To quote:

> "In the WPC, we can discuss, sometimes the managers listen, sometimes they don't, but largely it's not worth it, most of the time when we raise our voice no one agrees to help us." (Beauty, B-NGO Office, August 2012).

> "In our factory we don't have a WPC, but I don't feel it would be worth it. Actually, we had one once, but the workers migrated to other factories, and the ones who are left are not concerned with this." (Nasima, B-NGO Office, August 2012).

The above quotes indicate that while WPC members could use the committee to raise issues for discussion, they felt anything brought up in the meetings was largely ignored. In addition, the WPC does not provide any additional means to pressure managers to heed to workers' demands. In the WPC workers can only discuss their issues and have no means to negotiate, therefore managers face no pressure to respond. Thus, the workers mentioned that they would repetitively raise the same issues over again but felt their demands were not listened to.

This was exacerbated by the nature of WPC composition; with workers reporting that mostly only mid-level HR and compliance managers attend. These managers must relay discussions to top-level management and have little direct power to respond to the workers' demands. One welfare manager, for example, was engaged in an ongoing discussion with her workers over maternity benefits, with the factory top-level management refusing to make any concessions (Welfare Manager, Factory 4, Dhaka September 2012). In another case the top-level manager refused to attend the WPC meetings on accounts that he 'did not agree' with the concept, to quote one worker,

> "We went to a WPC meeting but the factory did not allow us to talk about anything, the executive director does not agree with the WPC so he does not attend, anything that happens in the meeting he demands to know, and then that worker is dismissed." (Rina, B-NGO Office, August 2012).

The WPCs, therefore, are clearly not enabling workers to freely discuss their issues and problems in the factory as collective bargaining and freedom of association should. In this example, the only manager with the power to respond to workers' requests refused to attend the WPC meetings, and the workers were unable to talk about any real problems in the factory.

Furthermore, factories appear to largely use WPC membership as a form of reward, with only those workers considered "good" factories participating. Factories revealed that while they would allow workers to nominate their candidates, ultimately the factory would select which workers could sit on the WPC according to certain criteria, to quote one factory manager:

> "The worker should have a minimum of six-month service, have a clean disciplinary record and be sound and healthy so he can think better." (Factory Director, Factory 5, Dhaka September 2012).

This factory gave workers a code of conduct detailing what they can and cannot do within the WPC. In one factory, workers automatically voted for their supervisors (Head of Sustainability and Compliance Factory 1, Dhaka September 2012). While it is possible that this is an indication that workers trust their supervisors to represent their interests, it is also possible that workers elect their supervisors, facing pressure to be seen to be doing the "right" thing. In all cases factory managers had the final decision and carefully ensured that the workers selected were considered "good workers", e.g. unlikely to incite or organise workers in a manner that would not be in their employer's interests.

Thus, rather than being a tool for collective bargaining, the WPC actually appears to negate it. While factories evidencing WPCs are considered socially compliant with freedom of association standards, these mechanisms do not appear to be working in the workers' benefit, given only as a showpiece to indicate social compliance. The MSIs, therefore, appear challenged to change attitudes and advance understanding as to why rights to freedom of association and collective bargaining are important. The result is an image of compliance with a number of factory managers largely apathetic to their workers' interests.

5.6   Contradictory Attitudes

Although the factories interviewed appeared to be the most advanced in terms of social compliance and were working the closest with retailers having membership of MSIs, the factory managers nevertheless revealed contradictory attitudes. These indicate that measures to ensure social compliance were not out of genuine concern for workers' welfare. Factory 1, for example, a designated "Ethical Model Factory" to a well-known UK retailer, whilst supplying to various FLA members, was operating at a staff turnover level of twenty five per cent. This is significant as high turnover can be considered an indication that workers are not satisfied within their workplaces (ABC Consultancy, Project 2, 2012). The factory HR manager explained that this turnover was related to relative skill level and government set minimum wages. However, other local factories appeared to be honouring higher skill levels with increases in pay and this factory, despite being an "Ethical Model Factory", was keeping wages to the industry minimum. Thus, workers were leaving after their six-month training period to find higher wages elsewhere. In response to the question why were the wages being kept low, the manager was largely unsympathetic:

> "It's human nature, we always want something more; we always want to believe that I am better than what I seem to be." (Head of Sustainability and Compliance Factory 1, Dhaka September 2012).

Another example, again a FLA member factory, claimed his role in society was to "do something good for the Bangladeshi people" (General Manager, Factory 6, Dhaka, February 2012), claiming his deep feeling of duty to Bangladeshi society had motivated him to qualify as a textiles engineer at Dhaka University, rather than following his family's wishes to work for the government. While the rhetoric of the benevolent manager was maintained, he explained how he directly recruited young women from rural villages taking advantage of their low levels of education and awareness of their rights. He spoke of how he would take a truck out to his village and bring back the "poor people" to work in his factory, claiming he did not want to employ urban Bangladeshi workers as they had too many demands and would not accept the rural living standards

associated with his own workers living in semi-rural villages nearby the factory.

A final example, a South Korean factory owner and supplier to a FLA member admitted that if minimum wages were to increase, he and the rest of the Korean community would stop production in Bangladesh, despite prevailing wages being below living wage estimations. To quote:

> "Sheikh Hasina, she is promising the wage increase in line with the election...I agree, but it's too much, [increasing from] three to six thousand taka, it's almost double! How can we? I think we all join, these factory owners will join together, because, we will close all the factories." (Managing Director, Factory 7, Dhaka, September 2012).

In view of the wage increase the owner was considering shifting production to Myanmar.

In all these examples the factory managers, while vocalising their commitment to ensuring compliance on one hand, were highly reluctant to make any additional efforts to meet workers' requests actively avoiding the issue of low pay and not engaging with the idea that their workers were humans with universal rights to freedom of association and collective bargaining, or that these standards had value in the workplace. Thus, despite engagement with MSIs, attitudes toward their workforce appeared largely apathetic.

5.7   Conclusion

The focus of this chapter has been on how MSIs are governed and how this affects the nature through which ideas of Stakeholder Capitalism are transmitted across GPNs. It was established that Stakeholder Capitalism is a mode of ethical capitalism, which combines both regulatory and relational modes of governance. Regulation through establishing and regulating labour standards and relational through encouraging discursive remediation between buyers and suppliers where violations are found. Retail MSIs work with retailers to attempt to engender Stakeholder Capitalism as a mode of governance across their supply chains. This chapter, therefore, examines how these concepts travel across GPNs and

embed within localised regions, taking the Dhaka RMG industry as a case study.

Existing research has identified that the ethical trade strategies of retailers and MSIs are embedded in the local society and territory (Hughes et al. 2007; Hughes et al. 2008). In expanding this literature, this chapter argues that it is also important to look at how MSIs are governed and the interests of the actors who comprise MSIs. It is suggested that MSIs are not homogenous, and the balance between stakeholder representatives within the governing boards of MSIs varies. How far MSIs can advocate and support engagement with freedom of association and collective bargaining is directly affected by the composition of the actors, who comprise them, e.g. the balance of interest between retail members, NGOs and trade unions. Civil society groups, e.g. NGOs, trade unions and university actors engaging with MSIs appear to promote the relational dimensions of stakeholder capitalism, while retailers appear to have an interest in ensuring regulation of minimum standards. These two competing interests appear negotiated through the 'multi-stakeholder' governance orientation of MSIs, with the final strategy depending on the weight of power between the actors involved. Those MSIs appearing more accountable to retail interests, e.g. the BSCI have the most marked focus on advancing regulation.

This chapter, noting how the organisation of MSIs varies, has sought to examine how these differences influence how MSIs are understood on the ground, e.g. are the MSIs that appear to have more worker-centred methods understood as such on the ground? It was observed that the most well-known MSI on the ground was the BSCI, the MSI with the most weighting toward retail interests and with the most emphasis on labour standards regulation. It was also noted that despite other MSIs appearing to promote relational governance, it was the regulatory aspects of their activities, which retailers communicated on the ground. The outcome was that while the standards listed within the multi-stakeholder codes of conduct used by the MSIs denote universal value, positioning collective bargaining and freedom of association on an even standing to other visible working conditions, this did not appear to be how these standards

were communicated. Here, emphasis was biased towards visible standards, e.g. fire safety and child labour, and not those aiming to advance workers' rights to dialogue, e.g. collective bargaining and freedom of association.

Therefore, it is apparent that MSIs appear to have limited power of themselves. The labour standards the factory managers were aware of through engagement with the MSIs appear to come down into factories through their relations with retailers, indicating some parameter of relational governance, but retailers appear to place minimal emphasis on communicating or regulating freedom of association and collective bargaining. Thus, despite association with MSIs and apparent commitment to the ethical codes, engagement with MSIs appears to have little altered factory managers' existing attitudes toward their workers, whom while claiming to harbour ethical factory status, display contradictory opinions of their workers.

In addition, while existing literature on CSR and labour standards appears to pitch supplier factories in a position of sub-ordination and powerlessness in their interactions with MSIs and implementation of codes of conduct (De Neve 2008; Blowfield and Dolan 2008; Dolan 2008), it appears that factory managers themselves engage with these codes in selective ways. While the evidence has shown that the activities associated with the MSIs are conditioned by the interests of their retail and brand members, there appears to be a further layer of interest and negotiation when labour standards and codes of conduct reach the factory. It has been shown that local suppliers appear to be using their engagement with MSIs as a means to add production value, utilising the training and knowledge flows offered through interaction with the MSIs as a means to learn how to meet buyers' additional demands for social compliance. Here, the interests of factory managers in engaging with the MSIs does not appear linked to concerns over working conditions, but as a form of business advantage to gain contracts with more financially rewarding buyers. Where factory managers were engaged in auditing and training, this appeared motivated by business incentives.

In returning to the GPN framework, it is apparent that the shared interests between buyers and their suppliers over implementing certain parameters of the codes act as form of strategic coupling, creating a form of networked embeddedness around which suppliers can and cannot meet specific labour standards. In the examples discussed, it appears that retailers are driving the formation of these networks through the use of social auditing technologies. Here they develop strategic partnerships with factories able to meet their requests. In this chapter, it has been implied that this relationship is conditioned vertically, with demands for standards being imposed from the buyers downwards. Mackinnon (2013) would consider this uneven power balance in the coupling of GPNs with local actors as 'structural coupling'. In later chapters, however, we will see that while power imbalances exist they are never completely one-way, with codes further negotiated and resisted by supplier factories in line with their strategic interests.

Chapter 6: Stakeholder Capitalism, Social Auditing and Workers' Voice

Following from the previous chapter, which examined the governance of MSIs and the activities and understandings of factory managers toward MSIs on the ground, this chapter examines the relationship between stakeholder capitalism and workers' voice. According to the literature, enabling workers a voice in the work place can ensure workers not only take part in regulating working conditions, but also can negotiate their long-term improvement (Barrientos and Smith 2007; Elliot and Freeman 2003; Luce 2005; McIntyre 2008). Therefore, expanding workers' voice is considered an enabling right, 'providing a route to the negotiation of and access to other entitlements' (Barrientos and Smith 2007, p.716). Drawing on chapter 4, we have seen that workers employed in RMG factories in Dhaka face many barriers to having their voices heard. Factory managers use fear and intimidation to prevent workers from speaking out and relations of production are embedded within local patriarchal norms and the system of '*purdah*' stigmatising women found in public space. In addition, regulation of factories is limited by local labour laws and institutions, which do not appear to be functioning properly and are biased against workers' interests.

Stakeholder capitalism is a form of relational governance grounded in applying democratic principles to corporate governance (Hirst 1997; Sunley 1999).The principles of stakeholder capitalism have been promoted as an attempt to forge more ethical business relationships in clothing sourcing and supply networks (Hughes 2001a; Hughes et al. 2007; Hughes et al. 2008). The stakeholder approach advocates governance through cooperative relationships built of trust, mutual dialogue and listening and responding to the views of stakeholders: those with the capacity to impact or be impacted by a firms activities (Freeman 1984; Parkinson 1997; Sunley 1999). As workers are included in this definition of stakeholders, building stakeholder capitalism across production networks should reach down and engage with workers' voices to enhance their power in GPNs

and their ability to influence their own conditions of employment and relations of production (Utting 2000).

This chapter focuses on the stakeholder capitalism approach to labour governance adopted by the MSIs, taking the FLA as a case study. Through an analysis of the activities undertaken by the FLA, and in particular the FLA social audit, it questions how far the social audit advances workers' voice. This is done through deconstructing the FLA social audit through an analysis of the FLA's code, monitoring guidelines and tracking charts, available for Bangladesh between 2003 and 2011.[66] Firstly, the chapter introduces the FLA and their social audit methodology, examining the activities coordinated by the FLA and the extent to which these methods enhance the voice of workers. Secondly, the chapter deconstructs the FLA social audit process, investigating how far this process builds stakeholder capitalism across members' production networks. Thirdly, the chapter examines the remediation efforts by retailers, noticing how remediation is framed through a turn towards relational governance.

The chapter highlights that attempts to build stakeholder capitalism through the social audit have been limited, especially in so far as engaging with workers' voices. Finally, through engaging with the concepts of strategic coupling and embeddedness, drawn from the GPN literature, it is argued that while in some cases engagement with the FLA has strengthened the coupling between FLA participating companies and their Bangladeshi suppliers, in other cases, the additional social compliance requirements placed on factories as a result of membership to the FLA has resulted in de-coupling, where suppliers have been unable to meet these demands.

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[66] The FLA Tracking charts are the publically available reports of the FLA Independent Verification and Monitoring exercise downloaded via the FLA website http://www.fairlabor.org/tracking-charts.

6.1 Participatory Labour Governance, Stakeholder Capitalism and Workers' Voice

The concept of stakeholder capitalism has its origins in US based business ethics and the 'stakeholder view of the firm' developed in the 1960s (Freeman 1984). The term is a play on the word stockholder and has its roots in the practice of stakeholding by North American settlers who literally staked their claim to land in the 16th century (Sunley 1999). The ideas embedded within stakeholder capitalism have been applied to the problem of labour governance in global production systems as it is argued that through closer relations of production, retailers can gain a clearer idea of labour conditions across their production networks (Blowfield 2002; Hughes 2005; Locke et al. 2009; Lund-thomsen and Nadvi 2010). The concepts of stakeholder engagement and stakeholder dialogue encourage retailers to engage actors across their production networks in deeper relations as a means to identify 'root causes' for poor working conditions (Blowfield 2002; Locke et al. 2007; FLA 2012) . Working conditions are then improved through a relational approach centred on joint problem solving and 'participatory appraisal' (Blowfield 2002; see also van Heerden and Bosson 2009).

The FLA emerged in the 1990s as a response to civil society and university campaigning against sweatshops (Jenkins et al. 2002; Blowfield 2002; Esbenshade 2004). As a MSI, they attempt to foster stakeholder capitalism across the production networks of clothing retailers (Hughes et al. 2007; Hughes et al. 2008). As has been identified in the previous chapters, the FLA similar to other MSIs, utilise both regulatory and relational methods, combining social audit technologies, alongside attempts to establish relational governance within the supply chains of their participating companies (van Heerden and Bosson 2009; Hughes et al. 2007).

Existing research, however, has identified that the auditing technologies used by retailers in response to the requirements of the FLA, often struggle to account for the qualitative dimensions of multi-stakeholder codes, e.g. advancing workers' voice through freedom of association (Barrientos and Smith 2007). This is because audits, typically, are reliant

on visual checks, are undertaken by professional auditors, and give only a snap-shot of prevailing working conditions (Auret and Barrientos 2006; Barrientos and Smith 2007; Seidman 2009). They have also been criticised for failing to properly engage with workers' voices in the global south (Utting 2000). They have, therefore, been judged as inefficient in their ability to sustainably advance workers' voices (Auret and Barrientos 2006; Lund-Thomsen and Coe 2013).

There is literature, however, which suggests that the process of social auditing can be orientated in a manner which facilitates relational governance (Zadek et al. 1997; Gray et al. 1997; Auret and Barrientos 2006; Locke et al. 2007; Lund-Thomsen and Lindgreen 2013). According to this literature, more participatory methods of social auditing can actively build stakeholder capitalism, through using the social audit as part of an ongoing process and platform for root cause analysis and stakeholder dialogue (Locke et al. 2009; van Heerden and Bosson 2009; Lund-Thomsen and Lindgreen 2013). This literature emphasises three aspects to participatory social auditing. Firstly, the social audit is orientated around establishing horizontal two-way dialogue between all actors across the production network. Secondly, the dialogue should be inclusive of both workers and wider workers' organisations and civil society groups, including all members of staff across the enterprise, trade unions, NGOs and local government (Fung 2003; Rodriguez-Garavito 2005; Auret and Barrientos 2006; Locke et al. 2007; van Heerden and Bosson 2009). This would ensure an independent account of working conditions as well as strengthening the voice of vulnerable workers who maybe limited in their capacity to speak out (Braun and Gearhart 2004; Seidman 2009 and chapter 4). Thirdly, the social audit should be considered as part of an ongoing process aiming to build relational governance focused on learning and discussion beyond the audit (Fung 2003; Auret and Barrientos 2006; van Heerden and Bosson 2009).

Thus far, commentators on the FLA have mostly considered the MSI to function as a monitoring and standard setting body, with little account for the relationship between stakeholder capitalism and workers' voice (Bartley 2003; Esbenshade 2004; O'Rourke 2006). In their comparison of

the ETI and FLA, Hughes et al. (2007) claim that the FLA's approach to ethical trade is embedded in US corporate culture allowing little room for engagement with relational governance; while Anner (2013) claims that capture of the FLA by retail interests has resulted in a compliance-only approach to labour governance. Both these articles emphasise the FLA's role as a regulator, rather than as a promoter of stakeholder capitalism. Furthermore, there has been a growing sphere of literature noticing a shift to 'commitment' orientated approaches among global retailers and brands, noticing how the rise of CSR and private regulation has resulted in deeper relations between retailers and their suppliers (Lund-Thomsen and Lindgreen 2013). Here retailers, within the compliance framework are working with their suppliers to improve labour standards (Locke and Romis 2007; Locke et al. 2009; Locke 2013). Therefore, there is need to examine how far these approaches to stakeholder capitalism engage and advance a space for workers' voice.

6.2   The Function of the FLA

In 1996, Robert Reich of the US Department of Labour convened a group of trade unions, NGOs and retailers to address labour standards violations in the supply chains of clothing brands importing into the US. The Apparel Industry Partnership (AIP) met sequentially over a period of three years, negotiating a labour standard code of conduct and establishing a regulatory body, the FLA, to help clothing brands and retailers improve global working conditions (Hemphill 1999).[67] The following outlines the strategy and approach to stakeholder capitalism and workers' voice as established by the FLA.

The approach of the FLA to stakeholder capitalism and workers' voice functions on two levels. Firstly, the FLA claim a commitment to establishing social dialogue (van Heerden and Bosson 2009); reflecting the

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[67] Due to some disagreement over the codes content, only nine of the eighteen-member task force signed the final AIP comprising the larger brands, consumer groups and a number of NGOs. The Interfaith Centre on Corporate Responsibility, the two unions and four of the retailers (L.L. Bean Inc., Nicole Miller, Inc., Patagonia, and Tweeds, Inc.) did not sign the final agreement (Hemphill 1999). The different actors debated over the provision for a living wage clause, the number of facilities that would be externally monitored and their stance on freedom of association and collective bargaining (Hemphill 1999).

idea that workers have a right to democratic organisation and participation within the workplace (Luce 2005; Standing 2008; Seidman 2009). This commitment is reflected in the labour standards framework devised by the original AIP. This framework holds that participating companies, upon joining the FLA, must adhere to a workplace code of conduct, which is inclusive of workers' rights to freedom of association and collective bargaining (see Box 2). The inclusion of these rights and commitment to regulate them signify that FLA members agree with the premise of social dialogue with workers and their representatives as a fundamental workers' right.

Secondly, the FLA attempts to develop stakeholder capitalism through encouraging notions of partnership between corporate retailers and supply chain actors. Instead of tripartite social dialogue between workers' representatives, employers' representatives and the government; the FLA secretariat advocate a principle of stakeholder dialogue with retailers encouraged to consult and discuss implementation of the FLA code with both suppliers and wider civil society groups (van Heerden and Bosson 2009). In this manner, the FLA replaces tripartite social dialogue emphasised by the ILO with a social dialogue consisting of dialogue between workers, employers, FLA members and wider civil society groups. Labour standards are improved through retailers and their 'stakeholders' learning how to best uphold and ensure implementation of labour standards through ongoing dialogue, discussion and problem solving, reflecting Locke et al.'s (2009) commitment approach. The emphasis is on using stakeholder engagement for mutual learning, engaging all actors involved in production to discuss how best labour standards can be ensured. In this manner, it is hoped that the codes become embedded across the production networks of lead firms and achieve long-term sustainable monitoring by all actors involved (Van Heerden and Bosson 2009).

FLA Workplace Code of Conduct

Employment Relationship: Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

Nondiscrimination: No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

Harassment or Abuse: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Forced Labor: There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

Child Labor: No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.

Freedom of Association and Collective Bargaining: Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Health, Safety and Environment: Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

Hours of Work: Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

Compensation: Every worker has a right to compensation for a regular work week

that is sufficient to meet the worker's basic needs and provide some
discretionary income. Employers shall pay at least the minimum wage or the
appropriate prevailing wage, whichever is higher, comply with all legal
requirements on wages, and provide any fringe benefits required by law or
contract. Where compensation does not meet workers' basic needs and provide
some discretionary income, each employer shall work with the FLA to take
appropriate actions that seek to progressively realize a level of compensation
that does.

Box 2: FLA Workplace Code of Conduct, FLA Charter 2013.

To this end, the FLA is engaged in two main activities: (1) social auditing
and remediation of members' production networks as per their workplace
code of conduct; (2) stakeholder forums with FLA participating companies,
suppliers, NGOs and labour-rights groups. Both these processes attempt
to combine the FLA form of social dialogue with non-governmental
regulation. Stakeholder forums aim to facilitate wider discussion between
FLA members and wider civil society, while the social audit aims to build
systems to enable long-term labour standards governance (Zadek et al.
1997; Auret and Barrientos 2006).

Analysis of the FLA activities indicates that the majority of their activity
comprises the social audit. The FLA has convened nine stakeholder
meetings and forums since 2003, five on the subject of living wages and
four on other ethical issues relating to supply chain management.[68] The
forums have been held in a variety of different locations, split between the
US, Europe, Asia and South America. Concentrating on Bangladesh, it
appears no stakeholder forums have been held within Bangladesh, but two
representatives of Bangladeshi labour groups have been invited to attend
other forums.[69] In comparison, 41 social auditing exercises have been
undertaken in Bangladesh since 2003. This has comprised 31 Initial

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[68] These have been on the following: Chinese Labour Law Reform, Migrant
Workers, Child Labour in Nestlé's supply chain and one examining the impact of
the 2005 phase out of Textile Multi-Fibre Arrangement (MFA) (see Chapter 2).
[69] This was the invitation of two labour activists to attend a forum on wages in
2009 (The FLA 2011b). The two representatives were a labour unionist and a
labour researcher; there was no attendance from any Bangladeshi supplier
factories linked to FLA participating companies.

Monitoring Exercises termed Independent External Monitoring (IEM), and 10 follow up visits termed Independent External Verification (IEV). Therefore, it appears that the majority of FLA activity is focused on the FLA social audit.

However, as identified, social auditing itself can be used as a platform to facilitate dialogue across production networks. If participatory, centred around two-way dialogue and process-based, it is argued suppliers can work with their buyers to identify root causes of issues and work towards joint problem solving and remediation (van Heerden and Bosson 2009). At the same time supporters of participatory social auditing argue that if properly functioning, the engagement of workers in free and open dialogue provides a channel for workers to voice their concerns, providing a platform to drive working conditions up (Elliot and Freeman 2003; Auret and Barrientos 2006; Barrientos et al. 2010). Furthermore, advocates of participatory social auditing argue that the process can be strengthened through engagement with local civil society groups and workers' representatives (Fung 2003; Rodriguez-Garavito 2005; Auret and Barrientos 2006; Locke et al. 2007; van Heerden and Bosson 2009). This literature cites that participatory methodologies would ideally commission local worker representatives to conduct the audit to enable engagement with the voice of vulnerable workers who may be limited in their capacity to speak out (Braun and Gearhart 2004; Seidman 2009 and chapter 4). Thus, dimensions of dialogue facilitated through social audit are demonstrated in Figure 20.
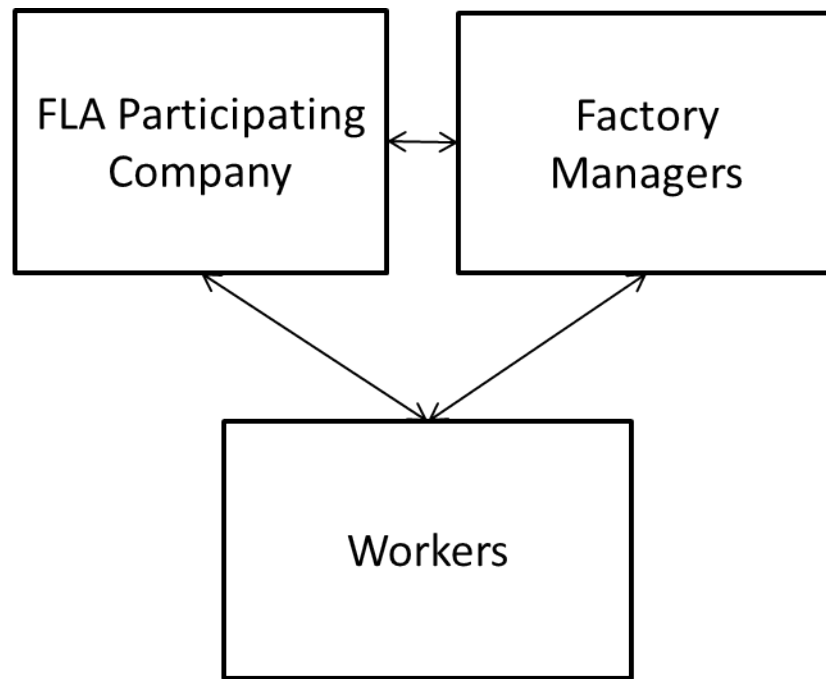
Figure 20: Model of Stakeholder dialogue indicating two way dialogue between (1) FLA participating companies and Workers; (2) FLA Participating Companies and Factory Managers and (3) Factory Managers and Workers.

The FLA themselves stress that their social audit is not intended to be a monitoring device for the suppliers, but a tool to check participating companies adherence to their FLA obligations and to remediate. The following, examines how far the social audit itself establishes stakeholder capitalism and advances workers' voice.

6.3   The FLA Social Audit

In line with stakeholder capitalism the FLA requires that its participating companies establish resources to both monitor and remediate the FLA code of conduct (The FLA 2011b).[70] They must consult with local civil society organisations to acquire local knowledge of the production context and work with their factories to build management systems to enable them to engage in labour governance (The FLA 2011b). To facilitate dialogue with workers, the FLA social audit includes worker and

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[70] To quote the FLA Principles of Fair Labor and Responsible sourcing 'written workplace standards that meet or exceed those embodied in the FLA Workplace Code of Conduct' (The FLA 2011b, p.1).

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management interviews conducted on and off-site. These interviews are intended to give workers a space to talk with FLA social auditors about issues and problems experienced in the workplace, giving workers a direct channel to report grievances back to the participating company.

Yet, despite the potential for open-ended dialogue, the FLA social audits appear to be highly structured. Specific monitoring guidelines and compliance benchmarks are used to guide the audit process and the audit is conducted to a strict sixty-day deadline (The FLA 2013). Instead of open dialogue, interviews appear to be conducted for the purpose of monitoring and benchmarking compliance to the FLA codes and workers are encouraged to expose to auditors cases where codes have been violated. To quote the FLA audit guidelines:

> 'Interviews should be conducted with an eye to discovering issues or to corroborating findings from other monitoring activities. If interview results confirm findings of other monitoring practices, there is a good evidentiary basis for conclusions… Monitors should make a determination of what constitutes representative sampling in a given factory…cross-checking information to determine inconsistencies that may indicate non-compliance." (The FLA Monitoring Guidance and Compliance Benchmarks 2006, p. 8 – 12. Downloaded June 2013).

Here, the emphasis is on credible and valid data collection, collecting clear information on which codes are being violated. Auditors are required to assess company records and make observations of factory conditions and the terminology used to describe the process: 'Independent External Monitoring' (IEM) and 'Independent External Verification' (IEV), indicates a technical quality. The process ends with a clear written audit report, highlighting issues the FLA participating company must work with the supplier to remediate.

The process by which auditors are selected to carry out the social audit is highly professionalised. While emphasising that participating companies should attempt to engage with local civil society organisations, rarely does the FLA engage these organisations to help deliver the social audit. The FLA restricts which organisations are able to become auditors through a strict accreditation and selection scheme. Suitable organisations must

apply directly to the FLA and complete an application via the FLA website. They must gain accreditation before they are able to undertake the social audit on behalf of the FLA. This involves training on the FLA audit process and completion of an audit under observation. Auditors are then "accredited" for a period of two years (FLA 2013). According to the accreditation criteria, the independent monitors must conduct monitoring in a 'neutral, impartial manner' and 'exercise professional judgement' (The FLA Charter, as amended February 2013, p.18). A list of core competencies auditors must meet is given. These include a working knowledge of labour standards and local laws; knowledge of prevailing industrial practices; understanding of local social and cultural norms; and 'professional competence, capacity and relevant skills or technical qualifications' (The FLA Charter, as amended February 2013, p.18). The emphasis is on ensuring professional standards and capabilities of the auditors to obtain credible information. In commenting on the use of professional auditors, the FLA themselves identify that this process can marginalise labour organisations from engaging in the social audit (van Heerden and Bosson 2009).

In Bangladesh, the assessment is undertaken by two professional NGOs and four audit consultancies. The NGOs are Phulkhi, and the Association for Stimulating Know-How (ASK). The audit consultancies are LIFT Standards, Level Works and T-Group Solutions.[71] Figures 21 and 22 indicate the different auditors used in the FLA social audits conducted in Bangladesh between 2003 and 2011.

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[71] One independent monitor contracts on behalf of another professional audit consultancy.
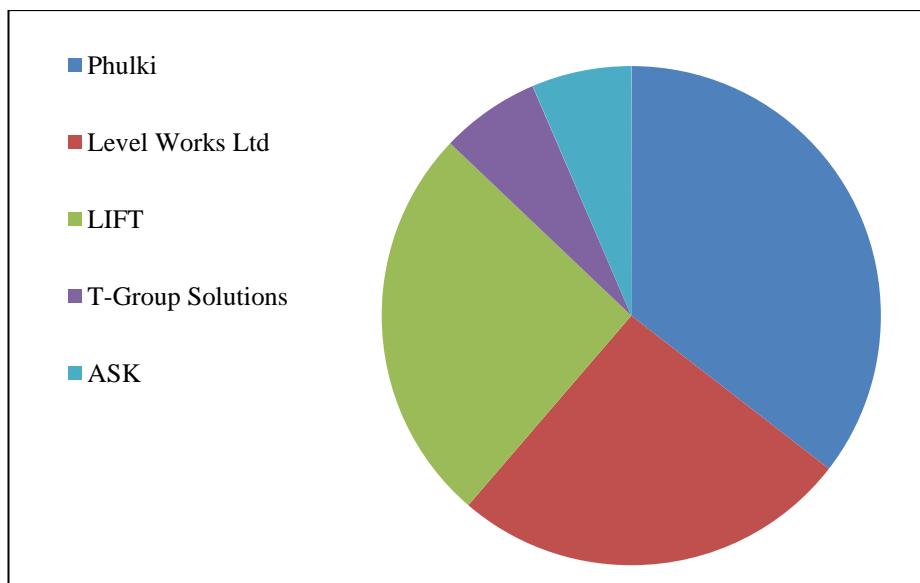
Figure 21: Independent External Monitoring, auditors for the FLA social audits undertaken in Bangladesh, 2003 to 2011. Compiled from data drawn from the FLA Tracking charts available for Bangladesh between 2003 and 2011.
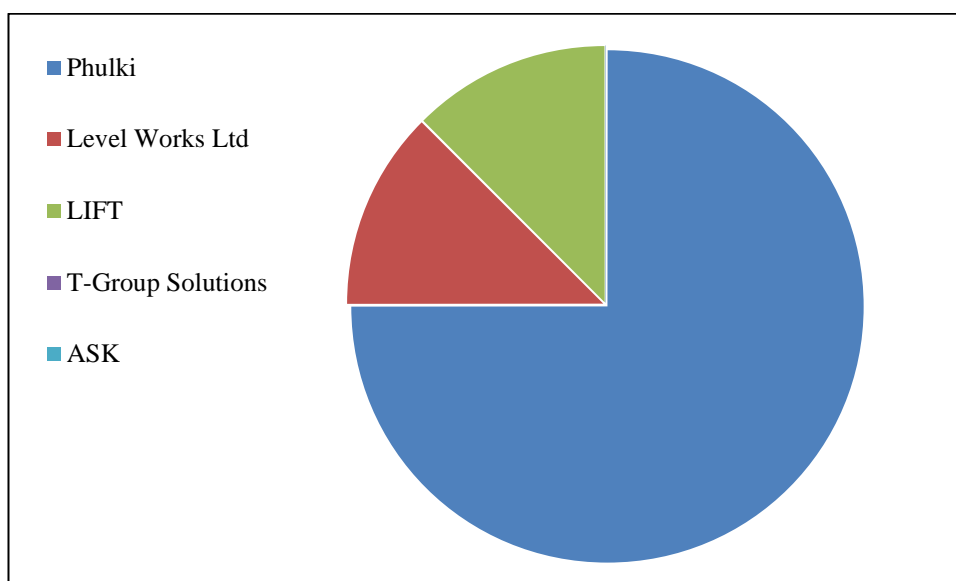
Figure 22: Independent External Verification, auditors for the FLA social audits undertaken in Bangladesh, 2003 to 2011. Compiled from data drawn from the FLA Tracking charts, available for Bangladesh between 2003 and 2011.

Drawing upon Fung and Wright (2003), Rodriguez-Garavito (2005) advocates regulating working conditions through local labour organisations to empower workers to pressure for change. Here, rather than labour standards being implemented as a social floor, incorporation of local labour organisations into the regulatory processes is argued to result in a better organised workforce able to drive sustained improvement in working conditions over time. Seidman (2009) drawing on the example of the COVERCO monitoring scheme in Guatemala, echoes this by highlighting how incorporation of labour groups into the monitoring process can contribute to wider democratisation through organising and educating workers to pressure for greater accountability. On a less radical level, Auret and Barrientos (2004); Harney (2008) and Oxfam (2010) advocate inclusion of local labour groups to improve the effectiveness of the regulatory process through providing workers with channels through which they can discuss areas where labour standards have been violated (Lund-Thomsen and Lindgreen 2013).

However, in the FLA social audit, the only labour related civil society organisation engaged in the FLA social audit in Bangladesh is ASK, and they undertake only a small proportion of the IEM and IEV activities, completing only two IEMs and no IEVs. They are also based in Haryana, India, so are somewhat disconnected to Bangladeshi workers on the ground. Phulkhi, the other NGO, is also not a viable worker representative, as their activities are providing childcare for factory employees. However, Phulkhi conduct a significant number of the FLA audit assessments: a third of IEMs and three quarters of IEVs. The majority of audits, however, comprising nearly two thirds of the IEMs and one quarter of the IEVs, have been undertaken by the professional for-profit audit firms: Level Works, LIFT Standard and T-Group Solutions. These companies are not based in Bangladesh but headquartered in Germany, Hong Kong and India, recruiting one-off auditors to carry out the FLA social audit. It is questionable, therefore, how much local knowledge these auditors have, as they are not based in Bangladesh and are hired for their technical capabilities and skills rather than their local knowledge of industrial and social practices.

Furthermore, research on social auditing argues that for workers to engage in open dialogue within the audit, workers must trust the social auditor (Locke 2009). It is possible, however, that the use of professional NGOs and audit consultancies can prevent dialogue with workers, as the factory audit only lasts between two to five day, and is conducted by professional auditing bodies. This may prevent relations of trust forming between the auditors and workers. Furthermore, once the audit is completed, the auditor has no further responsibility toward the factory, to quote the Executive Director of one of the auditing groups:

> "The brands select a few factories, we provide the training, the brands get a report and the feedback." (Executive Director Audit Group 1, Dhaka December 2011).

This audit group were not required to engage with the workers after the audit is completed, preventing the formation of long-term relations with civil society groups to ensure ongoing accountability (Braun and Gearhart 2004).

Despite their role as a child-care provider, two of the FLA buyers interviewed appear to be forging a relationship with Phulkhi outside the social audit, evidencing a move toward year round regulation and engagement with workers. Phulkhi have begun visiting some FLA supplier factories on a monthly basis, further engaging workers to extend regulation of working conditions.[72] This has included interviewing workers and WPC members to discuss any problems and collecting submissions from their grievance box (General Managers Factories 7 and 8, Dhaka September 2012). The engagement of the brands with Phulkhi is a response to the FLA obligation that participating companies expand relations with local NGOs. However, it must be noted that Phulkhi is not a trade union and has no obligation to represent the workers in the factory. It carries out interviews as a paid consultancy on behalf of the FLA buyers. Therefore, despite the fact that Phulkhi is a non-profit civil society organisation, they have no more capacity to represent workers' interests than a private sector auditing firm.

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[72] Phulkhi were unable to disclose exactly how many supplier factories they work with.

Finally, local judgement of the FLA audit process has claimed that the FLA social audit has not overcome the problem of tactics used by factory managers to prevent workers from voicing their grievances. To quote one local labour activist:

> "When the people from outside come to the factory to monitor the condition, working conditions or other things, the management already has told the workers how they should answer. It means that they influence, they put pressure on the workers to tell the lie, even now-a-days." (General Secretary A-Trade Union, Dhaka December 2011).

While the FLA encourage auditors to conduct interviews off-site, the use of fear and intimidation extends beyond the factory with workers careful to reveal any information that maybe reported back to the factory. The workers are informed that if they 'tell tales' then the factory will lose their contract with the buyer and they will lose their jobs. During off-site interviews, workers revealed that they are trained not to speak out to auditors and believed that doing so could result in potential harm. During the fieldwork, interviews with workers revealed that only within the offices of the well-known local labour organisation did workers open up about their experiences in the factories and this was after repeatedly emphasising the independent nature of the research.

The discussion, therefore, has indicated that rather than facilitate dialogue and wider participation, as per the idea of stakeholder capitalism, the approach to the FLA auditing process appears to reflect the importance of making the process professionally viable over and above advancing workers' voice. It appears that the emphasis of the FLA social audit is on delivering verifiable information, not on the role of the social audit as a means to promote dialogue or strengthen forms of relational governance. Furthermore, the use of professional auditors rather than advancing workers' voice has been shown to potentially undermine the ability of meaningful dialogue to emerge as the audit takes place within a small time frame and workers are trained to give the "right" answers, inherently concerned that talking openly about their demands will result in them losing their jobs. Therefore, the potential for dialogue with workers

occurring within the social audit appears limited, as it does not appear to be enabling workers to openly speak out.

However, as emphasised by the FLA, the social audit is not to be considered 'as-is' but is considered as a part of a wider process of long-term compliance remediation. The following section, addresses the extent to which stakeholder capitalism and dialogue with workers is engendered through the audit codes and remediation process.

6.4   Audit Codes and Benchmarks

According to the FLA, their social audit methodology is intended to overcome two problems with compliance-based CSR: (1) that codes of conduct are devised by multinationals but in some cases are not implemented or regulated; and (2) the problem whereby auditing to buyers' codes becomes the end in itself, rather than a means to ensure that working conditions and workers' rights improve over time (Lund-Thomsen et al. 2012; Miller et al. 2010; van Heerden and Bosson 2009). This is based on a model of process-based auditing where instead of identifying non-compliance, the FLA requires that buyers work with their suppliers to remediate. The social audit, therefore, acts as a platform for both buyers and suppliers to identify and discuss how labour standards can be best assured.

The FLA code is monitored against different 'substantive' and 'procedural' benchmarks. There are between 12 and 28 different procedural and substantive benchmarks for each code. Substantive benchmarks indicate different requirements the factory must ensure to be considered in compliance with a given code. Procedural benchmarks then indicate courses of action, which increase the likelihood of the code being upheld. For example, Forced Labour consists of the following overall Workplace Code Provision:

1. FORCED LABOUR (F): There will not be any use of forced labour whether in the form of prison labour, indentured labour, bonded labour or otherwise (The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007, p.37).

The FLA code of conduct clearly states that to be in compliance the factory must indicate no evidence of any form of forced labour. The Workplace Code Provisions then provide an additional seventeen benchmarks around forced labour, of which six are substantive, ten are procedural and one is considered both substantive and procedural.

The substantive benchmarks provide more detail of specific factors and duties around the codes to prevent grey areas and misunderstanding. For example:

> F.1 General Compliance Forced Labour: Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labour.

> F.5 Debt/Bonded Labour: Employers shall not bind workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer (The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007, p.37).

These benchmarks give clear definition and guidance around what is considered forced labour, e.g. a factory in violation of local laws on forced labour; or where labour is being derived through bonded labour contracts. Other aspects of substantive benchmarks for forced labour include restricting a worker's ability to terminate their employment and use of forced overtime (The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007, p.37).

The procedural benchmarks then provide guidance to factories on systems they should implement to facilitate compliance to the codes. For example:

> F.2 Freedom in Employment: All workers shall have the right to enter into and to terminate their employment freely.

> F.3 Employment Terms/Voluntary Agreement: Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code (The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007, p.37).

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Here, the benchmarks guide factories to a distinct procedure aimed to prevent the occurrence of forced labour. In the examples above, forced labour is prevented through allowing workers to freely terminate their employment and collecting evidence that workers have voluntarily agreed to work. Other procedural benchmarks include not allowing employers to implement a policy that restricts workers' movements; not allowing employers to give workers pay advances over three months to prevent bonded labour and that factories should be able to provide evidence that workers are free to choose how they dispose of their wages (The FLA Monitoring and Compliance Benchmarks Version 1.3 2007, p.37). The purpose of the procedure is to both eradicate forced labour from clothing production systems and to prevent forced labour in the future by maintaining evidence that forced labour within a given factory does not exist.

Furthermore, the FLA attributes persistent non-compliance to a lack of dialogue and participation between business and their stakeholders (van Heerden and Bosson 2009). This is taken as both lack of dialogue between managers and workers at the enterprise level and also between the FLA participating companies and their suppliers. As dialogue is claimed to be central to the FLA code compliance, it would be expected that this be reflected in the FLA procedural benchmarks.

The FLA code consists of 98 substantive benchmarks, 63 procedural benchmarks and one benchmark containing both substantive and procedural elements.[73] Concentrating on the procedural benchmarks, Figure 23 splits the 63 procedural benchmarks into those that appear to enable two-way dialogue and those that indicate a policy, procedure or form of one-way communication such as a briefing or a consultation.

Figure 23 indicates, that despite commitment to enhancing dialogue and participation only 14 per cent of the procedural benchmarks reflect this goal.

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[73] This is the FLA Forced Labour Benchmark, F.10 Freedom of Movement: If the factory entrances are locked or guarded…workers shall have free egress at all times (The FLA Monitoring and Compliance Benchmarks Version 1.3 2007, p.37).
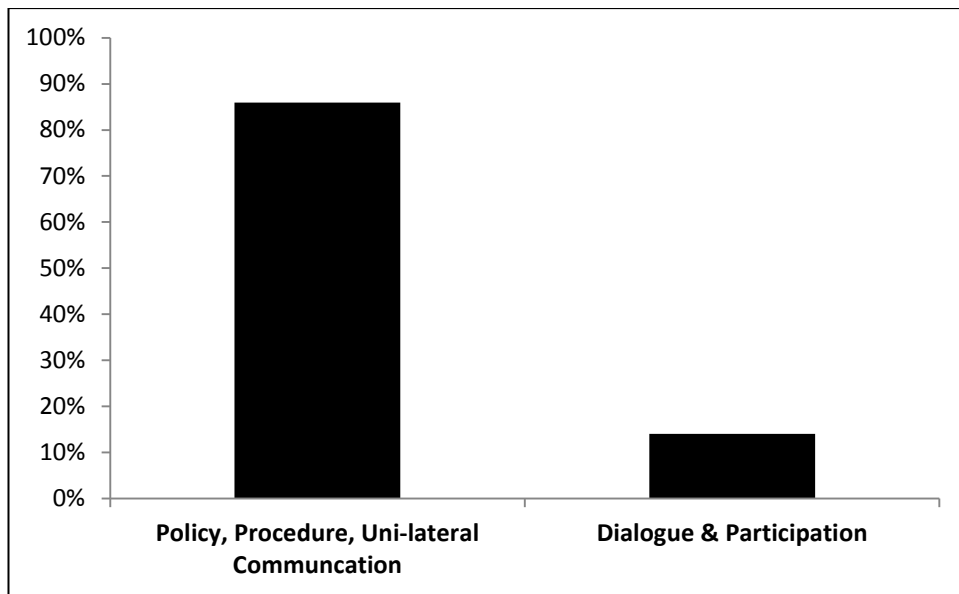
Figure 23: Comparison of the FLA Benchmarks Showing the difference between those establishing a Policy, Procedure and Unilateral Communication, and those enabling Two-way Dialogue and Participation. Compiled from The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007.

Concentrating on the dialogue enhancing benchmarks, it can be identified that dialogue falls into one of the following categories:

(1) A requirement that the worker confirms a given record, policy or procedure is correct through writing, e.g. a signatory on a pay-slip. This signifies a two-way dialogue enabling workers to communicate whether the factory information held about them is correct or not.

(2) Procedures that enable workers to appeal against a course of action, such as incorrect wages, grievance, or unfair discipline. Again, the ability of the worker to appeal against a course of action indicates two-way communication with the workers enabled to appeal against a course of action undertaken by the factory.

(3) Consultation with the workers to formulate a policy or procedure. Here, the dialogue is clear as the factory is designing a policy and engaging workers directly in its production.

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It is identified that only the third category provides a mechanism for workers to engage and participate in factory decision-making. The first relates to a one-way confirmation of a policy or procedure and the second relates to an individual response against a procedure. Only the third indicator offers clear consultation with workers through including them in setting factory policy.

Furthermore, it is evidenced that of the eight procedural benchmarks considered to engender spoken dialogue, only two are found in this latter category: Health, Safety and Environment 4 (HandS.4) the ability of workers to be consulted on health and safety policy and Child Labour 4 (CL.4) consultation with workers to establish their age.[74] Of these, only the former reflects clear participation of workers in factory policy making, with the potential for clear positive outcomes for workers, e.g. workers are given the opportunity to contribute to health and safety policy and receive benefits to health, well-being and workplace safety as a result. Therefore, there appears to be only one benchmark, in all 63, which builds a system to enable workers to participate in dialogue.

Furthermore, the code most likely to facilitate effective two-way dialogue with workers at the factory level, the FLA Workplace Code Provision 6: Freedom of Association and Collective Bargaining, contains within its framework only one procedural benchmark: Freedom of Association benchmark FOA.9: Production Shift / Factory Closure to Prevent Exercise of Freedom of Association (The FLA Monitoring and Compliance Benchmarks Version 1.3, 2007, p.47). This benchmark requires that factories facing closure must prove that this has not occurred as a response to workers unionising. The factory must provide documentation that this is not the case and the benchmark does not include provision to engage with workers responses to factory closure. All other freedom of association benchmarks are substantive, indicating that, as per the codes, workers

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[74] These are FLA Health and Safety benchmark HandS.4 Worker Consultation: The development and implementation of a health and safety policy in consultation with the workers (or their representatives); and FLA Child Labour Benchmark CL.4 Provisions of other Means of Age Verification, where proof of age verification is not available employers can use 'other means considered reliable in the local context'. This could include consulting with workers (The FLA Monitoring and Compliance Benchmarks Version 1.3 2007, p.37).

should have the right to freely associate, but not going further to build procedures for workers to realise this.

The outcome, therefore, is a process, which while apparently committed to furthering dialogue, appears focused on establishing written procedures and enabling factory level-record keeping rather than establishing systems that actually build dialogue at the factory level. This is problematic, as while these systems may enable standards to be monitored, they lack grounding in participatory dialogue with workers to drive up working conditions. Instead, the benchmarks appear focused on building systems which allow the factory to keep better data and information, providing evidence to buyers that they are in compliance to given labour standards. While these procedures are important to ensure basic regulation and prevent bad working conditions, the literature on social auditing and labour standards governance suggests that without ensuring underlying dialogue, these procedures are absent a layer of accountability (Gray et al. 1997; Auret and Barrientos 2006; Braun and Gearhart 2004).

The next section focuses on the second dimension of the FLA strategy: workplace training and remediation.

6.5   Training and Remediation

As outlined in the introduction, the FLA affirms that CSR should be "process-based" with the FLA facilitating constant dialogue between businesses and their stakeholders (van Heerden and Bosson 2009). The FLA emphasises that remediation activities by participating companies is as important as the identification of non-compliance issues. Therefore, the social audit process forms part of the move towards long-term, co-operative relations centred on mutual responsibility and joint problem solving, with more equal power relations between buyers and suppliers (Lock et al. 2009). This section examines the nature of the remediation, the extent to which it fosters long-term relations between FLA participating companies and their suppliers, and how far these extend down toward workers.

The FLA remediation works on two levels. Firstly, as a provision of their affiliation with the FLA, the FLA has a clause that requires participating companies provide workers with a direct channel to report labour violations to the FLA participating company. This system requires implementation on three levels. Firstly, the participating company must provide suppliers and workers with a contact on the ground or within the company that enables workers to gain contact with the brand. Secondly, both managers and workers must be aware of and understand how these channels are intended to work and thirdly, all three parties must indicate commitment to ensure that problems are addressed and remediated appropriately. This framework is intended to establish year round participatory labour governance and labour standards monitoring.

The second aspect of the remediation is the follow-up process, where the remediation is intended to be coordinated through joint problem solving and mutual discussion between the FLA participating companies and their suppliers. Here, the FLA advocates that supply chain actors identify and discuss options to address underlying problems as causal factors to the FLA code being violated. It is hoped that through mutual discussion and joint problem solving the underlying causality for labour standards non-compliance can be established and resolved.

6.5.1   Year Round Labour Governance

Of the 31 social audits undertaken in Bangladesh between 2003 and 2011, auditors identified 22 cases where the workers were not aware of the codes and 23 cases where no mechanism had been provided for workers to report non-compliance (see Table 17, Appendix D).[75] This indicates that in 71 per cent of the audit sample workers did not understand how to access their rights through the codes, and in 74 per cent of the sample they had no channel to identify the brands or internal factory managers where the codes had been violated.

Of the 23 cases of non-compliance related to the grievance channel, 65 per cent of participating companies appeared to remediate, (see Table 17,

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[75] The 21 cases were not mutually exclusive and there were some overlaps (see Appendix D).

Appendix D) and 23 per cent of the participating companies did not remediate. One brand began to remediate and then decided to end its contract with the factory, while four other brands did not make any effort to remediate.[76] In one of these four cases, instead of attempting remediation, the brand ended its sourcing relationship with the factory.

The nature of the approach taken by the brands in response to grievance channel non-compliance also varied. In 67 per cent of the participating companies a grievance channel was implemented, enabling workers to report code non-compliance to the brand. Of these, three participating companies provided a poster with a telephone number linking workers directly to the brand; five participating companies provided a channel back to the brand through a factory level suggestion box; one participating company provided both a telephone system and a factory level suggestion box and four participating companies provided both a factory level suggestion box, telephone number and a local NGO to manage workers' grievances. However, in five cases the remediating company did not establish any channel to link the workers back to the brand (33 per cent of the remediation attempts). Therefore, over half of the participating companies either did not remediate or chose to not supply workers with a grievance channel. Furthermore, of these remediation efforts, it is not clear if they function effectively. In 12 of the 15 attempts at remediation (80 per cent of cases), there was either no clear evidence that the mechanism functioned (nine of the cases) or clear evidence that the system was not functioning properly (three of the cases). Here, workers reported that they either considered these systems to be unsafe, e.g. they will not lose their job or suffer consequential violence or harassment if found using them; or workers reported that they believed these systems to be ineffective, e.g. that their comments will neither be responded to nor be passed to the brand. Therefore, of the 23 cases of remediation, the evidence suggests that long-term dialogue between factories, brands and workers has not been established in the majority of cases.

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[76] There were three cases where efforts for remediation were not clear. Two cases where it was too early to tell if remediation would take place and one case where the tracking chart was unable to give any details of remediation due to an ongoing court case between the brand and the supplier.

6.5.2 Approach to Remediation

In terms of the approach taken by the participating companies towards remediation, Figure 24 indicates that remediation has been uneven. It has been calculated that of the 185 counts of non-compliance observed in the Bangladesh FLA Tracking Charts, remediation by the participating company was attempted in 75 per cent of all cases. No remediation was evident in 25 per cent of cases, corresponding to eight different participating companies where no remediation effort was evident across all compliance indicators. For two of these it was too soon for the remediation data to be available. Three participating companies made no attempt to respond to the auditor's request to remediate; the other three participating companies ended their sourcing relationship with the factory at the expense of remediating.
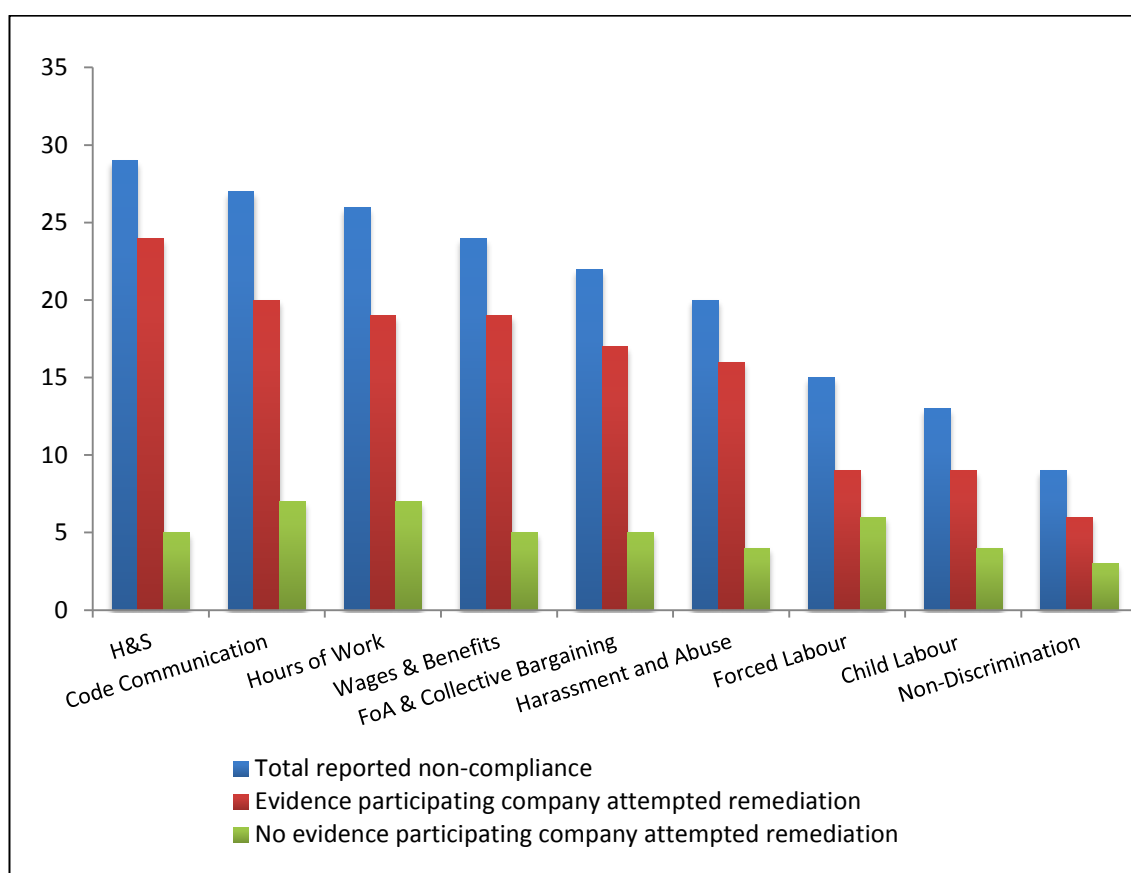
Figure 24: Incidence of non-compliance. The FLA Tracking Charts for Bangladesh, 2003 to 2011 (N = 31).

Furthermore, qualitative analysis of the tracking chart data indicates that despite membership of the FLA, participating companies rarely establish horizontal relations in their approach to remediation. Analysing the tracking charts available for Bangladesh between 2003 and 2011, it is evident that while the FLA encourage their participating companies to engage their factories on an equal basis, the remediation process is largely guided by the participating companies. In responding to non-compliance, there is a clear step by step process through which buyers approach remediation: (1) the buyer requests that the relevant practice stops; (2) the buyer requests implementation of written disciplinary procedure and (3) the buyer requires the factory disseminate the procedure to workers and managers through factory-based training.[77]

In all these steps, it is clear that the prescription for the procedure is guided and directed by the participating company, with minimal evidence of two-way dialogue to rectify the problem. Where factories have been unable to meet their buyers' requirements there is evidence that rather than engage in further dialogue and problem solving, participating companies have responded by ending their relationship with the given factory. For example, in an audit report involving a factory supplying to an FLA participating company, between 2005 and 2008, continual reports of violence and abuse were met with the participating company cancelling any further business with the supplier.[78] The reason was that the factory could not indicate that the adequate policy and training records had been put into place preventing violence and abuse in the factory occurring. To quote the tracking chart:

> 'No formal disciplinary system exists, only policy and procedure on paper exists...No formal training is given to management on disciplinary practices...All level management from top most level to bottom is involved in the abuse.' (Direct quotation taken from the

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[77] This is based on the analysis of 31 tracking charts and 20 identified cases of harassment and abuse. There were some cases where a procedure was already in place and the factory was advised to expand their training.
[78] This draws from two tracking charts from 2005 and 2008. Reference numbers are not given to protect confidentiality. The participating company had attempted to remediate following the initial social audit in 2005 then stopped working with the factory in light of the persistent non-compliance up until 2008.

Bangladesh FLA Tracking Charts 2003 to 2011. This quote was from a social audit undertaken in 2008.)

In this case, the tracking chart provides little detail as to why the factory continued to maintain an abusive working environment for the two years they were supplying to the FLA member. The FLA auditors continued to monitor the working conditions through checking for policies and procedures, and where these were judged inadequate, the participating company discontinued business with the supplier.[79]

Furthermore, the scope and depth of the engagement with remediation requirements among participating companies and their suppliers also varies. In response to discrimination, the most comprehensive remediation developed between suppliers and participating companies consisted of the establishment of a full anti-disciplinary procedure; the recruitment of a HR manager; the establishment of an ongoing worker and management training programme; and a workers' council comprising both factory managers, workers and local NGOs to embed and ensure the long-term implementation of the policy at the enterprise level. However, this was evident in only one tracking chart referring to a social audit in 2009. Six tracking charts indicate no follow up was undertaken and the other sixteen factories indicate partial systems: nine factories established an anti-disciplinary procedure and recruited a HR manager, but provided workers and managers only a short briefing of the policy with no further attempt to embed the policy in the factory; four factories established HR management and ongoing training and feedback but this was not inclusive of workers' councils. Thus, in the majority of factories engaging and embedding the policy throughout the factory was limited. This is problematic as in order for the factory managers and workers to uphold and regulate the policies, factory managers and workers need to both understand the policies, and also be able to communicate with each other clearly.

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[79] It must be mentioned that the tracking charts can only provide a secondary reflection on the social audit process. It may well be likely that ongoing dialogue between the FLA brand and the supplier was going on behind the scenes. The social audit tracking charts only provide a snapshot summary.

To summarise, the analysis has shown that attempts to establish relational governance and two-way dialogue through stakeholder capitalism have been limited. Firstly, engagement with local actors has been biased towards NGOs and not local labour groups. Where there appears to be indication that participating companies are establishing closer relations with suppliers through local NGOs, these have been on contract from the buyer and the evidence suggests that these were the exception. Secondly, with regards to the social audit, the emphasis appears to be on information and data collection, with the social audit structured around clear benchmarks, procedures and technical guidelines. This requirement for data further marginalises engagement with local workers' groups. Thirdly, the procedures established through the social audit appear to provide limited space to build dialogue within the factory. Procedural benchmarks show a bias towards administrative policy and there are no procedural benchmarks, which enhance dialogue between workers and their employers, except a requirement for the factory to establish a health and safety committee. There are also no clear procedures to enhance freedom of association and collective bargaining. Finally, engagement with remediation has been uneven in both scope and nature and appears administered through vertical relations of governance. While some factories and participating companies appear to be making clear attempts to facilitate systems that advance engagement with workers, these have not been evenly implemented.

Before concluding, the following draws on semi-structured interviews undertaken with eight FLA brands during the fieldwork period, offering some insight as to why attempts to enable workers' voice through stakeholder capitalism has been so limited.

6.6   FLA Participating Companies and their Interests

Looking at FLA members and their motivations for associating with the FLA, we can begin to draw conclusions as to why relations with workers have been limited. In the following, I argue that while the form of stakeholder capitalism advanced by the FLA has been heavily influenced by participating companies' strategic interests, the FLA have been able to

make some gains in their pursuit of relational governance. This departs from Hughes et al.'s (2007) analysis that the FLA strategy reflects their societal embeddedness in US campus politics and corporate legal environment; and Anner's (2013) argument that the FLA have limited ability to enhance freedom of association due to regulatory capture, whereby the ability of the FLA to strengthen workers' rights to freedom of association has been limited by their members' demands for managerial control.

The argument I develop takes elements of these points but argues the stakeholder capitalism engendered by the FLA, and the capacity of the FLA to advance engagement with workers, appears to be the outcome of negotiation between (1) FLA participating companies' embeddedness in corporate culture, retail and consumer demands as per the argument of Hughes et al. (2007); and also (2) place-based production politics and social relations within the sourcing locality; (3) the strategic business interests of FLA participating companies engaging with suppliers in Bangladesh. I argue that place-based politics and globalised media and consumer pressure appear to be opening a space for the FLA to encourage more relational practices, albeit if these are underpinned by their compliance orientated strategy.

Existing literature identifies a number of reasons brands engage with ethical trade. Friedberg (2003) highlights the link between ethical trade and consumption, with fair trade certification marketed to a specifically ethical consumer, while Anner (2013) claims brands engage with ethical trade to protect their reputation. Hughes (2005) correlates ethical trade practice with pricing and corporate culture, while Christopherson and Lillie (2005) link the ethical trade strategy of transnational retailers to their embeddedness in domestic industrial relations and labour governance practices. Building on this, Hughes et al. (2008) argue that retailers' ethical trade strategies are a product of both their embeddedness in domestic labour governance norms and localised campaign activity.

Requiring that fully participating companies open up their production networks to independent auditing; the FLA is considered one of the

stricter retail MSIs (see Table 7, FLA Participating Company and Licensees' Revenue, Responsibilities, and Subscription Fees). Advancing the debate on why retailers engage with ethical trade, the following argues that engagement with the FLA is influenced by the product type; the visibility of the brand or retailer and the place-based issues and politics within the sourcing country.

Table 7: FLA Participating Company and Licensee Revenue, Responsibilities, and Subscription Fees. Correct as of April 2013. Source: The FLA Website and email communications with the FLA.

Category of Licensee	Revenue	Responsibilities	Fees	Number
Full Participating Company	> $50,000,000	Full commitment to the ten principles of the FLA Submission of supply chain data Annual reporting of baseline and self -assessment Non-Compliance results 'special review' by the FLA board	Calculated proportion of gross percentage annual revenue	39
Category B	> $50,000,000	As participating company, with respect to facilities that manufacture goods bearing marks of FLA-affiliated colleges and universities	$5,000 + .00001 x total annual revenues, where collegiate goods comprises revenue in excess of $100 million	64 (31 pending)
Category C	$2,500,000 - $50,000,000	Commit to a subset of the FLA Principles, relevant to the organisation size Submission of baseline assessment and annual self-assessment No special review No FLA Audit	.0001 x total annual revenues, where collegiate goods comprises revenue at a minimum of $500	459
Category D	$25,000 - $2,500,000	Commit to the FLA Workplace code of conduct and a subset of the FLA Principles, relevant to organisation size Submission of baseline assessment and annual self-assessment No special review No FLA Audit	$100	1221
Category E	Less than $25,000	Submit a signed letter on an annual basis certifying the licensee's commitment to the FLA labour standards No special review No Audit	No annual fee	489

6.6.1   Product Type

Interviews with FLA participating companies indicate a relationship between product type and ethical consumption. FLA participating companies include a large proportion of sports and lifestyle brands (see Figure 25). Brands supplying to the sports, university or outdoor pursuits market identified their consumers as more ethically aware, to quote the Director of Social and Environmental Responsibility, Company B, a specialist in technical outdoor clothing:

> "The outdoor industry is definitely on board with the whole social and
> environmental stuff…more so the environment…although now social is
> really coming into the profile." (Director Social and Environmental
> Responsibility Company B, via Skype, February 2012).

Reflecting the arguments of Hughes et al. (2008), Company B claimed their motivation to engage with the FLA was a function of their domestic societal context, as well as individual corporate culture. This is further highlighted in the following quote from Company A, a licensed marketer of collegiate apparels who link their association with the FLA to their embeddedness in the US collegiate licensing system alongside their individual corporate culture:

> Company A: Colleges and universities the kids are very socially aware, the
> colleges forever had…this anti-sweatshop boom and we marketed it to
> them.
>
> Interviewer: Was it mostly this pressure from the colleges that made you
> join the FLA?
>
> Company A: Not really…our owner, founder… he is very socially compliant,
> he was into it from the beginning and frankly, so have I, it's just an outlook
> of what we do.
>
> (Compliance and Executive Vice President Company A, Interview via Skype,
> March 2012).

Here, their engagement with the FLA and choice to engage with the full programme was an outcome of both consumer demands and corporate culture.
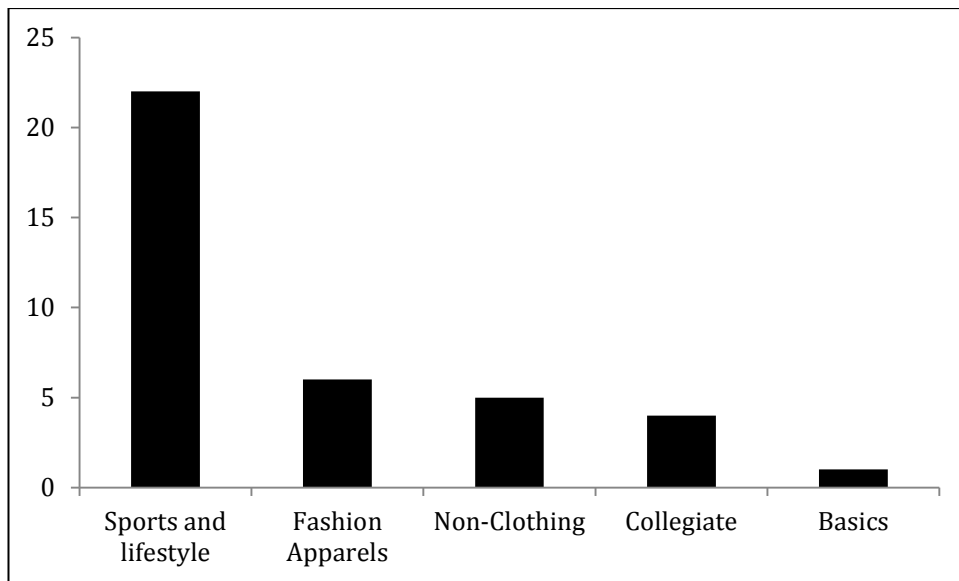
Figure 25: Types of clothing retailed by the FLA Participating Companies. Compiled from the FLA Members list, downloaded via the FLA website, March 2012, N=39.

Furthermore, specialising in non-fashion clothing, retailers of specialist and interest-based clothing claimed they had more flexibility around production times due to longer seasonality periods. For example, Company B a specialist in outdoor clothing claimed that as they were not bound to fast-fashion production they had more space to build relations with their suppliers:

> "The outdoor industry is not fast fashion...compared to brands that have four seasons, we only have two, spring and fall...it gives us a little more leeway in terms of finding factories and staying with our factories...there's a lot more time for us to plan things out." (Director Social and Environmental Responsibility, Company B, Interview via Skype February 2012).

Company B claimed their engagement with the FLA was an outcome of both specialising in outdoor wear, where consumers were considered more ethically conscious, had clear demands for quality, and that without demands for seasonality, they had more flexibility to build elements of relational governance into their supply chains.

6.6.2   Visibility

Across all firms interviewed there appeared to be a relationship between engagement with the FLA and the size and visibility of the firm. Well-known brands and retailers, and those specialising in socially aligned products, considered themselves significantly visible to media exposure. Company B, the outdoor clothing retailer, claimed public pressure on them to ensure social standards was increasing, especially with the rise of the Internet and social media:

> "Our customer base is very socially aware, even more so now because of the Internet and social media...the media has kind of instilled this into the industry." (Director Social and Environmental Responsibility, Company B, Interview via Skype, February 2012).

Company B argued that the combination of growth in media awareness and specialising in a product which attracted ethically aware consumers, meant they were under greater pressure to engage in socially responsible sourcing practices.

This visibility appears to promote stricter relations between participating companies and their suppliers. Company G and Company F were two well-known fashion and sports brands with larger sourcing operations than Company B. They cited that the pressure of exposure was a key factory in promoting strict compliance requirements:

> "I think our success in this area has been because we have the media breathing down out necks all the time. We audit all factories; wherever our production touches... we check everything... if there is something to find out, the media will find it, so better there isn't." (CSR Programme Director Company G, Dhaka, September 2012).

> "We are keeping them under strict control. I know the same way is followed by other European or American buyers, they are all, the well-known brands, they all play strict, there is no tolerance... once we get to hear that one worker has been threatened ...immediately we investigate." (Bangladesh Country Manager Company F, Dhaka September 2012).

Both these brands had a detailed auditing programme, combining long-term relational governance with vertical requirements that suppliers were

requested to fulfil. The firms graded their suppliers putting them on a pathway from Category C suppliers, to Category A, with the latter receiving larger order volumes and stable order flows. Both reported that this pathway was intended to build a long-term, trust-based relationship, both aiming to improve working conditions as well as production capabilities. For example, Company G, installed among their suppliers a two-year audit cycle, connected to a scorecard held with their local merchandising teams. The CSR programme director emphasised the importance of their relationship with their suppliers and their willingness to respond to their requests. Where this relationship was not evident contracts with the factory were not maintained.

> "A lot depends on the relationship you have with the suppliers...our [audit] is connected to a score card value, the higher they are the more important they should be...of course, it is important for us to work with the suppliers...we say, show us what you have got and we will work on it...we invest in designers, product development, research and design, why would we invest in all these systems in a supplier who is not this way?" (CSR Programme Director Company G, Dhaka, September 2012).

On account of this exchange, there appeared to be a view that ultimately labour governance is suppliers' responsibility, with the relationships engendered between the FLA participating companies and their suppliers as one grounded upon a business contract. The conversation with the Programme Director in Company G implied that the intention of their CSR programme in Bangladesh was to shift from somewhat paternalistic relations, into a more equal and strategic partnership. Where they sourced from leading factories in the area, they argued that it should be the responsibility of these factories to engage with labour governance, to quote:

> "Our suppliers are already successful in Dhaka today, I mean how many employees do they have? Five to twenty, thousand people? They are a rigorous company that they should take their own decision and take their own way...should we even do an audit? We have a business agreement with them, if they cannot fulfil it shouldn't we just skip them?" (Bangladesh Country Manager Company G, Dhaka, September 2012).

6.6.3   Place-based politics

Evidence suggests that engagement with workers and wider civil society groups occurs on an issue-led basis. This engagement appears to be linked to both placed based politics and wider social pressures, linked to the above discussion of product type and visibility. For example, Company C, joined the FLA to help mediate the problem of bonded labour within their factories in Sumongali, India:

> "We get support from the FLA, one recent example, we have had TV attention to the Sumongali issues in India…the FLA is giving a lot of attention to that issue and help on the ground, working with other stakeholders to come to a sustainable solution…reaching out to the spinning mills association, the local government and the ETI…so they are supporting us." (Quality and Sustainability Manager Company C via Skype, March 2012).

Here, the FLA played a supporting and mediating role, facilitating discussions between actors on the ground. Other firms interviewed identified that they had responded to the FLA demands for wider stakeholder engagement by engaging in living wage studies, responding to the low wage rates of Bangladeshi garment workers (Companies B and G); and in educational, health and training schemes (Companies A and G). This engagement appears further steered by localised political issues, with the FLA staff arguing that poor relations between trade unions and local factory owners in Bangladesh can limit their ability to work with these groups:

> "There are some political reasons and inherent structures that the FLA cannot engage with trade unions directly…in China the government and the companies have a vested interest in meeting workers' needs." (FLA Staff, via Skype, December 2011).

Linking back to the FLA tracking charts, some explanation can be offered as to why the outcomes of the social audit have been uneven and limited in their promotion of dialogue between either workers or their stakeholders. Firstly, responses of FLA participating companies to the FLA's calls for stakeholder capitalism appears varied. There appears to be a relationship between the size of the retailer and the type of product in

terms of consumer relationships and the risk of media exposure. This appears to be driving engagement with the FLA, as well as promoting deeper supply chain relationships. Larger retailers and well-known brands appear to have a more marked sense of reputational risk and therefore, appear to condition their relationships with suppliers around suppliers' ability to provide transparent data. The extent to which these relations transcend into factories and extend engagement with workers appears to vary depending on the individual corporate culture of the participating company, and their relationship with their suppliers. There appears to be some inclination that where supplier factories are growing and building their own production capabilities, responsibility for ensuring labour governance shifts from the FLA participating company to their strategic suppliers.

Furthermore, bias toward NGOs within wider stakeholder engagement appears to be further influenced by these factors. However, in departing from Anner's (2013) arguments that the limits to freedom of association within the framework of the FLA are a function of regulatory capture; it appears that willingness to engage with wider civil society groups is a motivational factor driving association with the FLA. I would agree that the motivation to engage with wider civil society groups appears to be issues-based, with participating companies engaging with the FLA on account of reputational concerns. However, it appears that once FLA participating companies commit to membership, the FLA does have some form of leverage to promote stakeholder capitalism and deeper supply chain relationships. Here, it appears that rather than regulatory capture, wider relations with worker representatives has been as much limited by localised politics, as by the managerial control of FLA participating companies.

6.7   Conclusion: FLA, Stakeholder Capitalism and Networked Embeddedness

Returning to the analysis of the relationship between stakeholder capitalism and strategic coupling, it appears increased global media exposure of poor working conditions is one of the key factors underlying

retail engagement with stakeholder capitalism. The evidence suggests that as media exposure increases, relationships of trust across the supply chain become more important. According to Yeung (2009), strategic coupling implies an attraction of lead firms in GPNs to the resources and assets available within a region. Thus, the rise of garment production in Bangladesh is considered the outcome of the coupling of strategic interests. Bangladeshi garment manufacturers' can be considered to have successfully tapped into the strategic demands of global retailers in terms of ensuring cost, flexibility and speed (Yeung 2009a). The concept of strategic coupling infers a mutuality of interests between lead firms, their suppliers and localised institutions, where both parties are able to mediate and negotiate material and non-material flows, e.g. information, intelligence and practices (Yeung 2009a, p.332). MacKinnon (2012) however, argues that coupling process, where based on generic assets such as semi- and unskilled labour or availability of land, leaves local actors with minimal capabilities to negotiate material and non-material flows. Applying this model to clothing production networks, typically founded on these same generic assets, coupling relations within clothing GPNs should indicate these same structural coupling relationships: uneven extraction of resources and materials, limited capacity for local bargaining and high risk of decoupling and rupture (Coe and Hess 2011; MacKinnon 2013).

The chapter has examined the influence of processes of stakeholder capitalism on relationships in GPNs, through the case study of FLA participating companies and their relations with Bangladeshi suppliers. The analysis indicates that while, to some extent, the regulatory dimensions of stakeholder capitalism appear to reflect elements of structural coupling resulting in decoupling and rupture where suppliers cannot meet participating companies' expectations, deepening of the coupling processes appears to be occurring with strategic suppliers able to respond to these requests. It appears that suppliers who demonstrate openness to relations of trust and transparency appear to be successfully establishing these as an asset, attracting retailers to the region in a manner reflective of strategic coupling. In addition to cost, flexibility and speed, it appears that ability to evidence good working conditions through

procedures, data and transparency is a further factor driving inward investment in the region. This attractiveness and demand for compliant suppliers appears to suggest a level of bargaining power on the side of Bangladeshi garment factory owners. It is possible, therefore, that this could be further limiting the capacity of the FLA participating companies to advance stakeholder capitalism beyond its regulatory dimensions, preventing the expansion of dialogue with workers and wider labour groups. These issues and tensions are explored in the next chapter, which examines attempts to build factory capacity in these dimensions.

Chapter 7: Capacity Building and Production Politics

This chapter analyses and engages with the concept of social upgrading within GPNs. In particular, it is concerned with so called 'capacity building' projects undertaken by retailers as a result of their engagement with stakeholder capitalism and social responsibility rhetoric. Through an analysis of three different CSR projects initiated by a MSI, a CSR consultancy and a global union federation, this chapter questions the extent 'capacity building' by retailers enhances workers' enabling rights, e.g. workers' rights to a democratic voice in the work place. Utilising the GPN framework, the chapter argues that the ability of buyer-driven attempts to improve dialogue with workers in global production systems is limited and challenged by (1) strategic coupling between factories on the ground in Dhaka with their retail buyers; and (2) the local political and cultural context within which production is embedded. Building upon chapters 5 and 6, this chapter advances understandings of relations of production in clothing GPNs and how far retailers as lead firms can improve working conditions and workers' rights across their supply networks.

Three different capacity building projects are examined. Project 1 is a worker education and training project focused specifically on enhancing dialogue with workers through representative trade unions; Project 2 is a Human Resources and Productivity factory improvement project focused on enhancing dialogue with workers through better management practices and Project 3 is a worker-management education and training project focusing on enhancing dialogue with workers through factory level WPCs.

All three projects were coordinated by very different actors in the CSR and labour rights field: Project 1 by the International Textile, Garment and Leather Workers' Federation (ITGLWF) a global union federation specialising in organising textile, garment and leather workers; Project 2, ABC Consultancy, a for-profit consultancy specialising in ethical trade; and Project 3, the FLA. This chapter compares the perspective and strategy taken by these three groups in conducting their operations, and questions which approach appears the most

effective in terms of enhancing workers' agency and voice. Projects 1 and 2 were undertaken between 2011 and 2012, while Project 3 was undertaken in 2008.

Utilising the GPN approach, this chapter argues that the ability of these third-party actors to enhance worker agency and wider social and human development, is heavily influenced by the strategic coupling which exists between the retailers and their suppliers, as well as the embedding of these relationships within prevailing social and cultural understandings and political economy. This chapter, therefore, advances understanding of the complex process of social upgrading in GPNs, which, thus far, have been conceived in terms of top-down Global Value Chain (GVC) analysis with little engagement with how these processes are negotiated. Furthermore, in engaging with how these projects are influenced by the power relations of the actors involved, the chapter questions how far stakeholder capitalism and the relational governance it encourages can go to overcome these. The chapter is structured as follows: firstly, the notion of capacity building in global production systems is questioned, situating this against the concepts of technological and social upgrading within the GVC framework. It is identified that while heavily conceptualised, there has been little research or critical engagement with what capacity building projects are, how they are conceived on the ground and the extent to which they benefit workers. Sections two, three and four discuss these issues within the context of the three projects. Finally, the successes and challenges faced by these projects are considered within a wider framework of strategic coupling, network and territorial embeddedness within GPNs.

7.1   Capacity Building and Social Upgrading in GPNs

Dominating the literature on the relationship between clothing supply chains and development has been the GVC literature. Concentrating on a theory of 'upgrading', this literature argues that incorporation of local firms into GVCs results in the transfer of knowledge, technology and skills in a top-down, buyer-driven process (Gereffi 1999; Gereffi and Memedovic 2003; Gereffi 2005; Humphrey and Smitz 2002; Bair and Gereffi 2003; Pickles et al. 2006). The process of upgrading can be split into social and economic dimensions. In clothing GVCs, economic upgrading comprises process upgrading, product upgrading, functional upgrading, channel upgrading and supply chain

upgrading: facilitating upgrading into higher-value added industries. Process upgrading refers to improvements in production processes through investment in equipment and technology; product upgrading refers to enhancement of quality and complexity; functional upgrading refers to diversification into higher value functions such as research and design (Gereffi et al. 2001; Humphrey and Schmitz 2001; Humphrey and Smitz 2002; Morris and Staritz 2014).[80] However, while there is now a well-developed literature examining the role of relationships in facilitating technical upgrading, less is known of their role in social upgrading (Tokatli 2006; Tokatli et al. 2008; Pickles et al. 2006; Padilla-Perez and Hernandez 2010).

Social upgrading is concerned with job quality and the relationship between work and wider societal development (Barrientos et al. 2010; Barrientos et al. 2011; Plank et al. 2012). Expanding and ensuring workers' voice in production networks is considered a key facet of social upgrading. This draws on Sen's (1999) notion of 'Development as Freedom' in terms of freedom of expression and expansion of rights and entitlements (Sen 1999). Barrientos et al. (2011) identify that the process of economic upgrading can lead to social upgrading, e.g. workers with more skills are more likely to gain access to better work, however they stress that the two are not predetermined. In fact, the prevailing literature suggests that employment in global production systems can lead to social down-grading as workers are employed in dangerous and insecure working environments (Madeley 1998; Harris-White 2002; Wills and Hale 2005). Campaigners and advocates of CSR argue that it is the social responsibility of transnational firms to spearhead social upgrading, inclusive of both measurable standards and process rights.

Research on private labour standards regulation has identified that compliance-based approaches to labour standards have had partial effects on freedom of association and collective bargaining (Barrientos and Smith 2007; Anner 2012; Lund-Thomsen and Lindgreen 2013). In response, CSR practitioners and academics emphasise utilising relational forms of governance to manage their supply chains. Here long-term cooperative relationships with their suppliers, it is argued, facilitate social upgrading through closer relations of production and

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[80] This literature also includes the concept of chain upgrading referring to shifts to higher value industries. There are similarities between chain upgrading, functional and product upgrading at the level of the firm therefore chain upgrading has not been included here.

direct 'capacity building' (Oxfam 2012; Locke et al. 2009; Lund-Thomsen and Lindgreen 2013). Thus far, however, there is little understanding of the meaning underlying the 'capacity building' concept, or its effectiveness at facilitating workers' enabling rights. Much of the literature reviewed within Lund-Thomsen and Lindgreen's (2013) article is sourced from practitioners (Clay 2005; Oxfam 2012; IDH 2009; Hurst et al. 2011). The concept varies from building management skills in human resources, to educating workers on campaigning and union organisation. Presently, while it is identified that these processes are transforming retail approaches to supply chain governance, there is a lack of understanding of the underlying power relations conditioning how these ideas and practices are strategised and transferred across production systems, or indeed how far they actually advance the voice of workers on the ground.

The GPNs literature suggests that power relations in production systems, rather than being the outcome of top-down relations, are negotiated and influenced by the coupling relationship of the actors involved and the embeddedness of these relationships in local political economy and societal relations (Henderson et al. 2002; Coe et al. 2008). However, thus far, there has been little engagement with the nature of coupling relationships in clothing production systems or on the effects of these relationships on social upgrading. Much of the existing literature on strategic coupling has focused on higher-value added industries with specific and novel assets (Mackinnon 2012; Yang 2009; Yang et al. 2009; Yeung 2009a). It is the aim of this chapter to advance the analysis of strategic coupling and how it relates to clothing production networks in terms of the contribution of these GPNs to the societal development of the communities that they engage with. In examining this, the chapter questions the concept of 'capacity building', questioning whose and what 'capacity' is being built and the outcomes of this action.

The three projects are:

(1) The International Textile, Garment and Leather Workers' Federation (ITGLWF) Building Awareness of Workers' Rights in the Ready Made Garment (RMG) Sector, delivered 2011 and 2012, henceforth Project 1

(2) The ABC Consultancy project, delivered in Dhaka and Chittagong between 2010 and 2012, henceforth 'Project 2'[81]

(3) The FLA, Promotion of Responsible Representation For Workers and Employers (PREPARE), henceforth Project 3[82]

The following discusses these projects and how far they have enabled workers to represent their own interests. The first is a factory level project developed by the ITGLWF in partnership with two well-known retailers. The aim of this project was to establish a full collective bargaining agreement in one factory as well as a factory-level trade union affiliated to the ITGLWF. However, despite association with two well-known buyers, the project struggled on the ground, unable to convince any factories to agree to participate. The struggles faced by this project are discussed, before turning to address the possibility for alternative means to advance workers' rights outside of trade union organisation.

7.2   The Politics of CSR: ITGLWF Building Awareness of Workers' Rights

This section examines the strategic relations between actors across the GPN of Company J, a well-known retailer based in the UK. It examines how these relations have influenced the ability of Company J to facilitate trade union rights in their supplier factories. It argues that the ability of clothing retailers to establish dialogue with workers through representative trade unions has been limited by the embeddedness of the ITGLWF in trade union and labour politics, and the resulting conflicts these embedded relations have on strategic interests across GPNs. The Building Awareness of Workers' Rights programme was established between Company J, a UK retailer and the ITGLWF, a global union federation comprising textile, garment and leather workers' trade unions. Company J and the global union established the project as a direct response to the failure of compliance based approaches to CSR to ensure workers' rights to freedom of association and collective bargaining. According to the ITGLWF,

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[81] The consultancy requested that care be taken to protect their identity. Therefore, names and sources have been changed.
[82] This project was finished prior to my fieldwork, however, factories engaged in the project were interviewed during the fieldwork period.

Company J approached the union to discuss means to engage with CSR more meaningfully, wanting to move their programme beyond audit only approaches.

The ITGLWF approach attempts to build 'Mature Industrial Relations Systems' (MIRS) within factories and wider society. These are themselves framed in 20th century European and US Industrial Relations practices (Wright 2000 and chapter 2). Here, rather than labour against capital, the emphasis is on bargaining through realising mutual interests, with each party granting concessions to the other, e.g. workers exchange labour productivity for improvements in working conditions, increased wages and social welfare benefits (Wright 2000). Rather than strikes, negotiation of interests is undertaken through representative trade unions, with trade union leaders pursuing 'thorough-going job control' through 'scientific rationalism' rather than antagonism (Miller et al. 2010, p.2 drawing Selig Perlman (1928, p. 299). Workers' voice is communicated through representative democratic trade unions.

Company J was in discussion with the ITGLWF over the formation of a possible International Framework Agreement (IFA) (See chapter 2).[83] IFAs are collective bargaining agreements, arranged between multinational companies and global union federations (Papadakis et al. 2007). The multinational and the global union federation negotiate clear labour standards that the multinational agrees to implement across their supply chain. They aim to establish grassroots self-regulation of labour standards by workers and managers inside factories. Where workers or managers identify violation of the IFA, under the bounds of the agreement, they are entitled to seek recourse back to the offending brand. Workers on the ground, however, are rarely included in the IFA negotiations (Wills and Hale 2005).

To facilitate participation of workers in the governance of the IFA, IFAs typically include a commitment clause on the side of the multinational to build workers capacity to self-govern. This includes engaging local trade unions to educate workers on local labour laws and developing workers' ability to engage in peaceful collective bargaining and negotiation (Miller 2007). In this nature, Company J and the ITGLWF approached the UK Department for International Development (DFID): Responsible and Accountable Garment Sector (RAGS) fund,

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[83] Also termed Global Framework Agreements (GFA), I used the connotation IFA here reflecting the use of the acronym IFA by the ITGLWF.

to request funding for a project aiming to engage local trade unions and build workers' capacity to engage in collective bargaining. [84] The project was to be implemented in Company J supplier factories located in Bangladesh and India, teaching workers how to engage in effective collective bargaining and organise into factory level ITGLWF-affiliated, trade unions. The intended outcome was an enterprise level union able to bargain with managers and a collective bargaining agreement with clear links back to Company J and the ITGLWF.

In both India and Bangladesh the project struggled. Soon after starting the project in India, the designated factory closed and in Bangladesh, no factory would allow the ITGLWF-affiliated unions access into their factories to begin the worker training. Examining why, it appears the project struggled due to its partner links with the ITGLWF and the embeddedness of the ITGLWF in local trade union politics. The ITGLWF headquarters is located in Brussels and functions through a network of local trade unions linked up through regional offices. In Bangladesh, ITGLWF-affiliated trade unions are joined under the umbrella group the Bangladesh National Centre for Textile, Garment and Leather Workers (BNC). According to Alam (2012), [85] a local independent labour researcher examining worker unionisation in the Bangladesh RMG industry, there is very little difference between the ITGLWF-affiliated trade unions and other local non-affiliated trade unions. Of the twelve ITGLWF-affiliated trade unions in Dhaka, he considered only seven to be active, claiming the other five had few to no members and were inactive in terms of resolving workers' problems. He identified that few workers were even aware of the existence of these trade unions and could not distinguish between ITGLWF-affiliated trade unions, and any other garment workers' federation located in their community (Alam 2012).[86]

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[84] The RAGS fund was a public-private partnership established in 2011 by the UK: DFID to encourage UK retailers to promote better working conditions in their supplier factories. Project proposals had to firstly strengthen the rights of women working in the sector, thus contributing to the gender focus of DFID development policy; and secondly strengthen national economic development in the host economy through economic and social upgrading (Interview with the Bangladesh RAGS Fund Coordinator, Dhaka, February 2012).

[85] Unpublished paper

[86] Trade unions in Bangladesh are organised into basic unions and trade union federations. Basic unions organise at the factory level, and federations comprise multiple trade unions organised at national or sectorial level. However, with few trade unions registered at the factory level, most workers engage with trade unions through trade union federations. These trade unions are located within the workers' communities and function mostly as service providers, helping workers file a case to the labour court. This is largely the dominant form of trade union activity, with workers gaining membership of

Instead, despite affiliation with the ITGLWF, of the seven relatively active ITGLWF-affiliated trade unions, [87] four still retained political affiliation and connections with either the ruling party (Awami League) or its coalition partner (Jatyo Sramik Dal, 'The Worker's Party'). Both these two dominant parties have working class, socialist leanings, linking back to previous working class politics of the socialist period (see chapter 4). Only two affiliated unions were reported independent of any political interests (Alam 2012). Factory owners, therefore, associate these unions with the violent trade union politics of the earlier socialist period, blaming these groups for earlier inefficiencies and the demise of the publically-owned jute and textile mills (Kabeer and Kabir 2009, see also chapter 4). To quote the Director of a well-established right-wing think tank operating in Dhaka:

> "Trade union leaders come to enjoy political support and political patronage, their general approach has been…not so much to help the workers but to extract the maximum amount, as ransom money from the industry, otherwise they would let loose their workers to wreak havoc." (Director A-Think Tank, Dhaka, September 2012).

There was, therefore, a clear feeling of distrust between managers and trade union leaders. Trade union leaders were accused of abusing their position to extract money from workers and managers, and, also, for using their position as trade union leaders to advance their own power and political career, expanding trade union membership to gain electoral votes (Khan and Jomo 2000; Khan 2000; Lewis 2011).

Furthermore, due to their international connections and perceived inactivity it was felt that these organisations lacked the capacity to train workers on MIRS. Non-affiliated trade union leaders resented the ITGLWF-affiliated trade unions for spending too much time networking at the international level and not enough time on issues of local importance. To quote one local union leader,

> "We are more active, but we are not affiliated that is why they are not giving us attention… they are not handling the workers' problems but they have a very good connection internationally. They are going to international events,

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the trade union in order to file a case and then discontinuing membership once help is received (Faruque 2009).
[87] Relatively active is considered in terms of having membership and actively dealing with workers' problems (Alam 2012).

> like a holiday or something – ultimately they do nothing for the workers.
> That's the problem." (General Secretary of the B-NGO, Dhaka, December 2011).

The image conveyed is one of trade unions prioritising international connections over the pressing and severe day to day problems workers face. It was, therefore, felt by other local union leaders that the affiliated trade unions actually lacked the capacity to properly educate and organise workers effectively. To quote,

> "They are not the experts; they don't have much even knowledge about their roles and responsibilities… Some are saying, oh if she is leader I need to go and get the registration and then become a leader. How much we are improving the workers' condition? How much we are doing these things? This is also questionable." (General Secretary of the B-NGO, Dhaka, December 2011).

Therefore, despite any reputational benefits sought through affiliation with the ITGLWF, it is not perceived that these trade unions had the skills to effectively educate workers on how to organise into trade unions, engage in collective bargaining or effectively represent the workers' interests.

In addition, local suppliers on account of their production capabilities appear to be gaining power and leverage over their retailers. Company J is a well-known high-street retailer in the UK and has a reputation dependent on providing customers with competitively priced products of good quality, to quote their website: 'exciting, beautifully designed, excellent quality fashion' (Company J 2013). To ensure quality and pricing, retailers such as Company J govern their supply chains carefully, sourcing from factories who can meet their production and social compliance requirements (Wrigley et al. 2005). This, therefore, reduces the scope of Company J's GPN, as they will only source from factories that meet their technical and quality standards.

Drawing on the literature on upgrading, Gereffi (1999) asserts that through upgrading technical capabilities supplier factories can gain power in GVCs (Gereffi and Memedovic 2003; Gereffi et al. 2005; Barrientos et al. 2010). This would appear to be taking place in the example of Company J, where the retailer appears in competition with other buyers to access the labour and production capabilities of these upgraded factories. This has the effect

of transferring power in Company J's supply chain to their suppliers, limiting the power of Company J to request their factories allow their workers to unionise without clear evidence that it is in their interest to do so. Company J's economic power and leverage is reduced as their suppliers have contracts with multiple buyers, therefore Company J have become effectively dependent on their 'strategic' suppliers to maintain quality and reliability (Doel 1999; Barrientos et al. 2010; Barrientos 2013; Lund-Thomsen and Lindgreen 2013). Technically upgraded suppliers argue that they are in a position to decline business with retailers who do not meet their demands, to quote one factory:

> "Factory 2, is a good company, that is why, actually, today, if we want, we can switch to another buyer, because we have a stand, we know another, person, our workers are more productive, our workers are more efficient, and we maintain very good quality, so anytime, we can switch to another buyer." (Assistant General Manager: Admin and CSR, Factory 2, Dhaka September 2012)

This, therefore, reflects a more strategic and negotiated relationship, reflective of the strategic coupling discussed within the GPN literature. The GPN literature considers that connections in GPNs arise from the strategic coupling of interests between lead firms, local firms and the state over local assets (Coe et al. 2008; Yeung 2009a; Coe and Hess 2011). Unlike the GVC approach, the GPN literature argues that local firms and state institutions have agency in negotiating access to the assets in GPNs. Within this framework, upgrading is not the predetermined outcome of incorporation into the network, but the outcome of negotiations and bargaining by the actors involved.

The evidence suggests, that the Bangladeshi factory managers and owners supported by state institutions, directly resisted their retailers' requests to allow their workers unionise, influencing Company J's ability to facilitate social upgrading. Factory owners claimed that only those factories fully upgraded to full package production have the capacity to absorb the potential wage hike that could result from unionisation. They argued that extending trade union rights to workers would lead to wage rises that smaller assembly units would not be able to absorb, undermining potential future economic growth. This reluctance to increase wages has been especially prevalent with increases in other production costs across the

GPN for example, increases in energy and cotton prices.[88] Affiliated and non-affiliated trade unions therefore both point to a strong coupling of interests by both the factory owners and the government, to prevent and resist pressures to allow workers freedom of association. To quote one of the union leaders affiliated with the ITGLWF,

> "The attitude of the business people, is totally anti-trade union, and the government…all of the government, whatever it maybe, the Bangladesh National Party (BNP) government, army ruler or present government, everybody, they are not sympathetic about the garment workers, they are concerned with this 75 to 79 per cent export." (General Secretary of the A-Trade Union, Dhaka January 2012).

Furthermore, the requests from Company J appear in conflict with the now standardised 'zero tolerance' compliance considerations (see chapter 5 and 6), e.g. bans on child labour, payments of minimum wages, but not necessarily living wages, and compliance to visible health and safety measures such as fire exits, clear aisles and first aid boxes. Indeed, Company J, alongside INDITEX the Spanish retailer appear exceptional in their negotiations with the ITGLWF to sign an IFA, rather than regulate their codes of conduct through social auditing only (Miller 2007; Miller 2011). Therefore, while Company J was making these requests of their suppliers, their factories could continue business with other buyers with fewer demands. This, therefore, suggests that Company J was too dependent on their factories, to continue to request them to engage with the project (Email Correspondence with the former UK ITGLWF representative, May 2013). Company J appeared to choose their demand for secure and stable production over their interest in allowing workers to unionise and the project was abandoned.

The experience of the ITGLWF 'Building Awareness of Workers' Rights' project, therefore, highlights two challenges faced by projects aiming to enhance workers' voice through traditional means of freedom of association and collective bargaining. Firstly, the ITGLWF were largely disconnected from the reality of trade union politics on the ground. Coordinating the project from Brussels, they appeared to have little ability to overcome the embeddedness of their local affiliates in local political trade union culture. Therefore, the project

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[88] This is drawn from interview conversations with factory managers from the smaller factories.

struggled to overcome local opinions that trade unions stirred up trouble for the national industry and threaten loss of business. Secondly, the experience of Company J and the ITGLWF indicates that brands do not always have the power to pressure their factories to uphold all dimensions of labour standards, and facilitate social upgrading. In this example, the factories were not dependent on the buyer for clothing products and therefore the factories resisted the buyers' demands. This, therefore, challenges the key assumption of retail-led upgrading in GVCs, and suggests that production relationships in clothing production networks are not top-down relations but the outcome of strategic negotiation between the actors involved.

The next factory improvement project discussed did manage to get access inside the factories. However, this was achieved in a very different way. ABC Consultancy, a consulting firm specialising in ethical trade focuses on improving factory human resources management to raise productivity. In the process, they argue that factories are socially upgrading as job quality improves and managers become more open to engaging their workers in dialogue. Therefore, the two projects have a common over-arching aim, e.g. to enable the voice of workers to be heard and listened to. However, they pursue this objective in a very different way. The following, therefore, questions how this form of management-centric capacity building strengthens the voice of workers in GPNs.

7.3   ABC Consultancy: HR and Management Capacity Building

The ABC Consultancy 'Project 2' was aimed at enhancing the ability of workers to communicate with management. Their focus is selling CSR programmes to retailers to help them govern their supply networks in a manner reflective of the principles of ethical trade. Work carried out on behalf of retailers includes conducting research, social compliance auditing and delivering in-factory 'capacity building' projects focused on Human Resources and Productivity Management (Interview with the CEO of ABC Consultancy, April 2012). According to the ABC Consultancy, poor working conditions and denial of freedom of association are the outcome of complex social and political relations within which, the day-to-day relations between factory managers and workers are embedded. Aware of the power of prevailing attitudes toward trade union rights on the ground, the ABC Consultancy have developed a soft approach to their

activities with factory managers, attempting to persuade managers to be more open to engaging and listening to their workers. They argue, that as a private-business actor factory owners and managers see them as less threatening, and therefore, they can lever and negotiate some degree of change, to quote:

> "Our strategy has always been to avoid facing the politics head on and to work on improving any given situation, in a sort of human way, rather than taking an ideological stance…. this is what Project 2 is about…getting to the point where people in management can hear workers' voices, it is not about trying to create a trade union movement that is fit for purpose. Because that's a whole other thing…I would like ABC Consultancy to do things that others can't. So, be a little bit more fleet of foot. Then just to try and get some action… I mean the reason we are able to do a lot of things in China is because…we work in the indices where government isn't." (CEO ABC Consultancy, London, April 2012).[89]

The ABC Consultancy focuses on how retailers can deliver factory improvement to improve job quality.[90] Their assessment of job quality is given in terms of seven indicators based on their own interview data. These are: freedom of association; the gap between take-home and living wages; working hours in excess of 60 hours per week; forced labour; child labour and factory transparency.

The focus of Project 2 is on management training, comprising modules on Human Resources management (HRM) and productivity techniques such as time management. The HRM modules aim to build managers' openness to communicating with their workers. The productivity modules aim to identify factory savings, which can be passed to workers to increase their wages, to quote:

> "[Project 2]…balances commercial gains for the factory with a people gain, which means they are better managers, better to their people and people's job quality goes up" (CEO, ABC Consultancy, London, April 2012).

The ABC Consultancy argues that better management strategies can improve workers' experience under the theory that skilled HR managers treat their

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[89] Indices here taken to mean spaces, where the government does not appear to be operating.
[90] ABC Consultancy bases their assessment of job quality from interview data with 21,588 workers across 812 factories. They have used the interview data to construct an Exploitation Index that measures job quality according to the seven indicators. Source ABC Consultancy website. Figures are not given as exact but as a minimum.

workers better. They focus on a model that attempts to transfer and embed HRM into the Bangladesh factory context. The aim is to shift prevailing 'hire and fire' logic into one where workers are considered a long-term asset (Heller et al. 1998). By situating workers as a value, it is hoped that managers become more open to listening and responding to workers' issues, improving working conditions and shifting to systems of labour self-governance at the factory level.[91] The training focuses on techniques of persuasion, arguing that there is an instrumental value to listening to workers in terms of productivity gains (Boxall and Purcell 2008). In exchange for peaceful and stable work, workers gain more control over their working environment through dialogue with a responsive management base that acts upon and listens to their requests (Edwards and Wajcman 2005).

Project 2, therefore, is specifically marketed to factories strategic interests. This is evident in the module structure of the programme, which combines modules on productivity alongside modules on HRM and communication. Dialogue with workers is sold to factories as a means to solve social compliance problems, in order to drive business. Therefore, while working conditions may improve, there is a clear disconnect between the factory level dialogue established by the ABC Consultancy, and the idea of social dialogue as a means to balance power of labour with capital.[92] The focus is on social upgrading at the factory level only. Factory managers are taught to utilise dialogue and WPCs to discuss and respond to workers' problems and to combine this with incentivised payment strategies, using pay structures to encourage increases in productivity (Kaufman 2009; Boxall and Purcell 2008; Cumbers et al. 2008). Project 2, therefore, assures factories that although the training attempts to make working conditions better; ultimately, it is they, the factories, who benefit from a workforce that is more responsible and attentive, playing to the fact that factory managers will not engage in any programme that is not in their interests. To draw from managers quoted within the Project 2 promotional brochure,

> 'After [the] training I speak with 70 – 80 workers a day, result is amazing! Now
> workers are aware of their role and responsibility. They are more attentive on

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[91] This assessment is drawn from notes of the ABC Consultancy training meetings taken during fieldwork between August and September 2012.

[92] Social dialogue within the ILO conception consists of tripartite industrial relations between state, labour and employers' associations. However, dialogue in this manner only occurs between workers and employers at the factory level.

their work. They do not bring their mobile with them.' (Project 2, Promotional Materials, Distributed in Dhaka, ABC Consultancy, Spring 2012).

This is clearly a very different strategy to the trade union approach, attempting to make working conditions better through encouraging business efficiency. Here, the emphasis is on soft approaches, which do not present any risk to factories in terms of encouraging workers to pressure for wider rights and entitlements through collective organisation.

In addition, Project 2 plays to the fact that business in Dhaka is becoming more competitive and demands for social compliance from factories are increasing. To quote one factory involved in Project 2:

> "Business is getting tougher, especially the price pressure, customer is getting more quality conscious, even the smallest error, and social compliance…customer is very strict about social compliance, we work extensively with UK customers and they are very strict about these issues, even the small buyers are not giving the suppliers any tolerance." (Managing Director, Factory 5, Dhaka, September 2012).

It is apparent that local businesses are looking for ways to engage with social upgrading to meet both buyers' social and technical production standards. To suppliers, Project 2 offers what Morris and Staritz (2014) term 'channel upgrading' with the opportunity to receive increased value through business with six UK retail partners known to source around £9 million of apparels exports from Bangladesh annually (ABC Consultancy, Promotional Materials, Distributed in Dhaka, Spring 2012).

Project 2, therefore, appears to work on two levels. Firstly, it is linked to high value retailers, with a known reputation for long-term business in Bangladesh, therefore offering the perception of future financial reward. Secondly, it plays on the local competitive nature of the Bangladeshi garment industry through offering to factories technical and managerial skills to meet the productivity and compliance demands of higher-end retailers. In both cases, factory managers recognise clear economic benefits not immediately evident in the ITGLWF project. This project, while focused more clearly on empowering workers, was offered to fully upgraded factories in the position to resist these requests. In comparison, Project 2 offered clear potential profit gains through learning new

management and industrial engineering techniques to coordinate production and boost overall productivity.

It is important to note, however, that while these techniques offer potential improvements to workers' individual experiences, e.g. through increases in pay and management openness to communication, these systems are not adopted out of normative notions of the fundamental importance of workers' enabling rights, but as a means to make factories more efficient and competitive. Thus, while pitched as a programme focused on social upgrading, Project 2, actually focused on building technical competency through improved processes, or 'process upgrading' (Gereffi et al. 2001; Humphrey and Schmitz 2001; Humphrey and Smitz 2002).

The outcome, therefore, has been that some factory managers retain contradictory opinions towards their workers and have only partially engaged with the project. In Factory 8, the manager's motivation for engaging with Project 2 was to "build up their employees to be more aggressive" and not out of concerns for their workers' welfare. This factory manager actually used the existence of HR to instil among their workers a sense of privilege among a wider industry characterised by poor working conditions and feelings of job insecurity. Thus, the motivation was to encourage workers to work harder. To quote,

> "Habitually when you are in business you must think about profit…ABC Consultancy is telling that when you encourage [your workers] through attendance bonus, less will leave the factory…that is the thought of ABC Consultancy…but it is your mental psychology to build up the employees to be aggressive…to work more, to be efficient…if we are better, we grow and more buyers will come to us." (Production Coordinator Factory 8, Dhaka, September 2012).

This partial engagement is further reflected in the difference in managers' engagement with the project depending on their management role. Within the management training, HR and productivity modules were delivered separately, however, a team comprising both HR and productivity managers were encouraged to attend all training modules, despite management designation. In one session the productivity managers boycotted the afternoon HR session claiming that the modules focusing on talking and listening to workers were not in their interest or their job description. They

left the session and returned to the factory floor. It appears, that the factory managers extracted the detail of the training focusing on the aspects that enhance business, while ignoring the recommendations focusing on improving conditions for workers.

This indicates that while the training emphasised increased participation and dialogue with workers, these were only viewed as advice and suggestions factories could voluntarily choose to implement. Ultimately, factories only engaged with Project 2 in so far that it was in their strategic economic interests to do so. Furthermore, once the project finished there was little opportunity for staff from ABC Consultancy to continue to monitor factories engagement with the training, or to talk to workers about whether factory conditions had changed. This reflects ABC Consultancy's position as a service provider as well as the short-term nature of the projects goals. Staff at ABC could only encourage factories to adopt their suggestions and ultimately had little substantial power to pressure factories to adopt their recommendations. Therefore, while factories appear more open to engage with Project 2, it is unclear how far this project can go to establish long-term systems of dialogue between workers and managers in the factory setting.

7.4   FLA PREPARE: Relational Approach

The final programme discussed, the FLA: PREPARE focused on building representative structures of participation and dialogue at the factory level through the establishment of workplace WPCs. These committees are actually formalised within Bangladesh labour law. However, during their social audits, the FLA auditors had identified that these committees did not appear to be functioning effectively.[93] Pictures of WPC members were displayed on the factory walls but the pictures were out of date, meetings were held infrequently and where meetings did occur, workers interviewed claimed they were given little space to negotiate (see also chapter 5). Workers claimed that factory management dominated WPC meetings and workers could only listen to their managers rather than engage in two-way dialogue (FLA Projects Manager, Geneva, May 2011).

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[93] In response to external demands from the USAID and the US trade council, in 2008 these structures were formalised into law as a substitute for freedom of association (see Chapter 3).

While traditionally freedom of association and collective bargaining focus on dialogue with representative trade unions, the concept of workplace participation is more broad including participation in corporate decision making, forms of employee ownership and representative forms of workplace participation that enable workers to voice their concerns (Heller 1998). Therefore, workplace participation can be inclusive of collective bargaining processes, but is kept to the factory level and does not engage with formalised trade unions (Edwards and Wajcman 2005).

The FLA pinpoints two underlying causes for poorly functioning WPCs. Firstly, lack of education, skills and awareness on the side of workers to effectively negotiate their demands; and secondly, persistent derogatory attitudes on the side of the management towards their workforce, themselves embedded in local class hierarchies and patriarchal structures (see chapter 3). The aim of the PREPARE was to work with both management and workers to enable them to see each other's perspective and facilitate dialogue and negotiation between the two actors at the factory level.

As in the other two projects, the PREPARE struggled to convince factories to participate in the programme. While the PREPARE project was a pilot designed to be small in scope, the FLA staff still had to invest time convincing both the FLA participating companies and their factories to take part. Participating companies engaging with the PREPARE were typically those with the financial capabilities and individual wish to engage and finance the project. According to a FLA representative, brands engaging with the PREPARE tended to be larger companies who have been members of the FLA for a long period:

> "The companies can actually just choose to do a capacity building programme, so they, don't necessarily have to do a base line…so they can also choose, you know pay and choose… new companies where they have nothing, you know, no idea what compliance is about, we go …the first way. For the companies who are, have been there for 15 to 20 years, we also offer the FLA 3.0." (FLA Projects Manager, Geneva, April 2011).[94]

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[94] The FLA have now built a separate programme building on the PREPARE pilot named the FLA 3.0. This is offered to brands in addition to social auditing.

Interviews with actors on the ground point to factory managers' concerns that engaging with the project could cause possible disruption to the factory, to quote:

> "I'm sure they had more originally interested, but when it comes down to participating in the project, a lot of factories probably dropped out, especially because it was an 18 month commitment, then there were like nine training modules." (CSR Manager Company E, Dhaka, September 2012).

Local culture and tradition was also a factor, with actors on the ground reporting that factories tended to be generally closed-off to engaging with new concepts and ideas:

> "The culture and tradition is such that people are a bit hesitant to share what they're doing, and how they're doing that…when you go to the midlevel companies, it's very difficult, because their factories are not exposed so much to the western concepts and it's very difficult to sort of implement the ideas at a grass-root level." (Director CSR Centre, Dhaka, January 2011).

However, while the ITGLWF project was ultimately unable to overcome the local politics and suspicions of actors on the ground, in a manner reflective of Project 3, the PREPARE was designed to appear non-threatening: focusing on management and instrumental benefits derived from effective dialogue. The training was delivered by Phulkhi, the same NGO the FLA commission to conduct their social audits, (see chapter 5); and the emphasis was on educating workers to be rational decision makers as an alternative to going on strike, in a manner similar to the ITGLWF's MIRS. To quote one of the brands involved in the project:

> "So, the PREPARE project…[gives the workers] the idea of what it means to be a worker representative and what it means to try and resolve problems, without just, 'here's our demand, yes or no, if not we're going to strike'." (Company E Licensing and Social Compliance Manager, Dhaka, September 2012).[95]

PREPARE sought to enhance understanding between workers and managers. Workers were given tools to enable them to voice their grievance and were taught to prioritise issues to negotiate. In turn, managers were encouraged to negotiate areas where they would be able to meet workers' demands.

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[95] This was a quote referring to a PREPARE follow up workshop. The follow up was to retrain the workers on the new committee as the original workers had left the factory.

Furthermore, the PREPARE appeared professionalised and highly managed, unlike the ITGLWF project. Prior to the workshops, the factories undertook a management self- assessment and workers were interviewed to analyse existing policies and procedures facilitating dialogue. To quote,

> "It's very focused on, you know, what are the policies for consulting with the workers, negotiating with the workers, do they have a plan in place, do they have, you know, a person responsible for talking to the workers, how do they decide when they come up with a new policy, do they take the feedback from the workers? So, you know, these are the kinds of questions." (FLA Projects Manager, Geneva May 2011).

Therefore, the project was pitched to factories under the assurance that the training would not result in disruptive trade union activities and would complement their strategic interests, e.g. maintaining low-wage, stable production. This was reinforced by the use of an NGO, rather than a trade union.

Where both supplier and buyer were committed to the PREPARE, it was clear that there was something special about their relationship. The PREPARE project was funded by three participating companies; two large sports brands and a smaller sports hat retailer. Examining the relationships between the factories agreeing to take part, it was clear the relationship with the brands had value in itself. Factory 8 was requested to engage with PREPARE by Company I, a global sports brand; and Factory 10 by Company E, a small hat brand based in the US. Both these relationships had value for different reasons. For Factory 8, although only responsible for 25 per cent of their order volume, their business with Company I was clearly a point of pride, utilising the brands name as a reputation marker for other potential buyers, showing off T-shirts and signs indicating the brand logo during the factory visit. Therefore, they were willing to engage with the PREPARE in order to keep their association with Company I. To quote one of the factories involved in the project:

> "Company I introduced us to Fair, and they requested us to be involved in the project, this is the reason we got involved…they don't have that many factories in Bangladesh…only some factories and they selected and referred us…maybe we are lucky that we got it." (General Manager Factory 8, Dhaka, September 2012).

For Factory 10, the willingness to engage with PREPARE came from the close relationship between Factory 10 and Company E. Both were dependent on each other for 100 per cent production and had been engaged in business together for 20 years. In fact, the South Korean Managing Director of Factory 10, and the President of Company E met during a trade fair in the late 1990s and both started business together at the same time. With close links to the university market, Company E was required to gain licensing and joined the FLA in 2001. Since then, the Licensing and Social Compliance manager had been taking annual visits to the factory to meet their FLA obligations and the PREPARE was an extension of this. Unlike the other factories interviewed, the President of Factory 10 did not appear to have any anxiety over the NGO visits, or the possibility of any negative implications for his business.

In both cases, however, it appears that the long-term sustainability of the project was dependent on the maintenance of their sourcing relationship. The factory managers interviewed claimed they were involved with the project only at the buyers' request and the worker engagement being undertaken by an NGO and not a trade union. Commenting on the role of NGOs in regulating retail codes of conduct, Braun and Gearhart (2004) argue that the lack of worker members raises legitimacy issues for NGOs as they lack fee paying members and therefore, face no direct pressure for accountability (Braun and Gearhart 2004). The NGO, therefore, lacking worker members, faced no direct pressure to represent workers' interests and sustain long-term improvements. When questioned about the follow up, the factory identified that the NGO still visit the factory to interview workers, however, this was funded and directed by Company I:

> "they come here every month, twice a month even…They work for Company I because Company I do not have a set up here in Bangladesh, so they assign [NGO-A] to take care of the workers' issues." (General Manager Factory 8, Dhaka September 2012).

However, my evidence suggests that as a result of the intervention factory managers at least appeared open to the concept of engaging their workers in dialogue. To quote the manager of Factory 8:

> "I tell you, I tell you. This, um, this corporate… the workers are getting all the benefits that are demanded by the law… working hours are limited, after 8

hours, and if he need, then we let them work for overtime. The workers they are getting maternity leave benefit, they are getting health care facilities, there are doctors, there is medicine, we have training, you know? They are getting all types of leave, with pay, paid leave, there is a union, what do you call it WPC, there is WPC, they can bargain their issue with the management, and all health and safety is insured, firefighting issue also, all equipment, training, all are insured in this factory." (General Manager, Factory 8, Dhaka, September 2012).

Here, the factory had met all their compliance obligations and following engagement with the PREPARE was adamant that they now had a properly functioning WPC workers could use to bargain their issues. Thus, the PREPARE appears to have facilitated some form of worker-management dialogue and negotiation, providing workers an additional means to meet with the NGO to raise any further issues outside of the factory setting, and also for the NGO to pass these concerns onto both Company I and Factory 8.

However, there are concerns that the dependency of the project on the brand, and its one-off nature, mean the project may not be sustainable in the long-term, as the systems in place may not last if the brand stops working with the factory, or the current managers leave. A representative from the NGO pointed this out, drawing on the high turnover rates in Bangladeshi factories, to quote,

"I know perhaps they are not very happy with the feedback of the PREPARE…because, I think it's not going to work….the turnover is very high here. You train the management staff, after a few months, a year, he gets a better salary, and then he goes to somewhere else." (Representative NGO-A, Dhaka, December 2011).

Here, the representative was doubtful that the project had bought long-term change, as worker turnover rates in Bangladeshi factories are so high. Workers who had received the training can be replaced with new workers, or the factory managers receiving the training could leave. The PREPARE project is at risk of making short-term gains as the NGO were recruited on a contractual basis and the project did not aim to establish a permanent representative body, e.g. an enterprise trade union. The NGO delivered the PREPARE project in the manner of a private service provider and do not appear to have any further interest or accountability to the project outcomes:

"The brands select a few factories, we provide the training, the brand gets a report and the feedback …FLA gives the checklist of how it is working, and which one is not working… it was some factories it was done, and then we send them the report." (Representative, NGO-A, Dhaka, December 2011).

To summarise, while the FLA PREPARE project, unlike the ITGLWF project was allowed to take place, there are still questions as to the extent that these kinds of 'workers' empowerment', factory improvement projects, advance either workers' voice in the factory or their ability to engage in bargaining and negotiation. This is due to their reliance upon buyer demand and their project-based nature. The stakeholder capitalism literature identifies that for brands to improve working conditions they need to establish long-term cooperative relationships with their factories. In the case of the PREPARE, this would appear evident, as the relationship between the FLA participating company and their supplier was cited as an important factor in ensuring the project was allowed to take place and that the outcomes were followed up. Indeed, the factory managers interviewed could list all the benefits to workers they now uphold, including allowing their workers to communicate their problems and negotiate their interests. However, for this to be maintained, it appears dependent on the relationship of the retailers and buyers involved.

7.5   Dialogue, Stakeholder Capitalism and GPNs

To return to the definition, GPNs are considered a 'nexus of interconnected functions and operations through which goods and services are produced, distributed and consumed' and comprise of inter-firm and intra-firm networks, as well as wider institutional and civil society actors who can influence relations of production (Henderson et al. 2002, p.445). This chapter has compared the influence of three different actors, (a global union federation; a CSR consultancy and a MSI), on retailers' production networks, and in particular the ability of these actors to work alongside retailers to expand workers' voice within these networks. What has been identified, is that the outcomes of interactions with these groups is heavily influenced by the nature of the relationship and power relations between retailers and their suppliers, and also, the societal context within which these actors are embedded.

Looking at the numbers of factories engaging with the three projects, it is apparent that the prevailing form of capacity building activity has been largely weighted against building workers' capacity to engage in collective bargaining. Project 3 was delivered on the largest scale. It had the largest number of retailers backing the project and was delivered in the most factories. However, this project did not directly engage with workers, focusing instead on management techniques. Project 3, despite training factory managers to engage their workers in dialogue, made no demands of the factory managers to adhere to the training. Conversely, the FLA PREPARE and the ITGLWF 'Building Awareness of Workers' Rights' project, both of which focused specifically on building workers' capacity to bargain and negotiate, faced significant challenges on the ground. Both were hard pressed to convince factory managers to allow the projects to take place and both were delivered on a small scale. The PREPARE was only delivered in three factories and the ITGLWF project, with only one retail partner, had only one factory agree to take part.

Utilising the GPN framework, the relations between the retailers and their suppliers can be examined in terms of their network embeddedness, coupling and the relative influence of the local societal context within which they are embedded. These relations are summarised in Table 8.

Table 8: Nature of the dialogue, coupling and embeddedness of relations across the three projects

	Nature of the Dialogue	Nature of the Engagement	Power Relations	Coupling and Network Embeddedness
Project 1	• Trade Unionisation	• Local suppliers resisted due to concerns that the project would have wider negative economic effects	• Suppliers were technically upgraded • Retailers appeared dependent on the suppliers	Strategic Coupling Weak Network Embeddedness
Project 2	• Worker-Manager dialogue with managers more open to engaging workers	• Suppliers took part but evidence they engaged partially with dialogue-focused concepts	• Evidence suggests a disconnected, hands-off relationship between suppliers and retailers	Strategic Coupling Weak Network Embeddedness
Project 3	• Worker-Manager Participation Committees	• Three suppliers took part • Varying engagement between the suppliers and the buyers	• One relationship where the retailer was dominant • One relationship long-term and stable	Structural Coupling and Organic Coupling Strong Network Embeddedness

Table 8 conceptualises the relations between the retailers and suppliers involved in the three projects in terms of the nature of the coupling relationships and the extent the relationships reflect network embeddedness.

The table indicates, (1) that factories appear more open to engaging with projects focused on worker dialogue and participation when there is a clear power dimension in favour of the retailer, and (2) the nature of the dialogue outcomes and their long-term sustainability appear influenced by the extent to which the retailer has taken up the concepts of stakeholder capitalism, e.g. how far they have established a long-term, trust-based relationship with their suppliers. Returning to the earlier analysis, the processes of engagement between TNCs and developing regions can be considered in terms of 'strategic coupling', with GPNs forming around local Bangladeshi suppliers who meet the strategic needs of retail TNCs (Coe et al. 2004). As identified, the 'strategic' nature of this relationship implies a mutuality of interests and a bargaining between lead firms, local firms and state institutions over access to assets (Yeung 2009a; Yeung 2009b).

However, the analysis of relations between retailers and suppliers given in Table 8 indicates that relationships in retail GPNs are more complex, with power differentials between buyers and suppliers not accounted for within the strategic coupling concept. MacKinnon (2012) argues that coupling relations formed around generic assets such as low-wage labour and low value land, characteristic of clothing production systems tend to be more 'structural' in their nature, characterised by asymmetrical relations between retail TNCs and their local suppliers (Mackinnon 2012; MacKinnon 2013). He argues that strategic coupling relationships, and what he terms 'organic coupling', are more characteristic of coupling processes where there is clear intervention from local state institutions to attract high value enterprise, for example, the growth of electronics manufacture in Malaysia, or where implicit coupling has emerged around high-skilled and creative enterprise, such as in the Silicon Valley in the US (Mackinnon 2012).

Again, however, examining Table 8, this conceptualisation of the coupling process appears too narrow as relationships of strategic, structural and organic coupling appear evident across all three examples. In terms of the power asymmetries, the power relations between Company I and Factory 8 appear the most reflective of structural coupling, with Factory 8 agreeing to engage with the PREPARE at Company I's request. However, within the second example, the relationship between Company E and Factory 10 appeared more characteristic of organic coupling, with both parties meeting initially at a trade fair and engaging in close relations of production from the outset. In turn, it appears that the nature of this relationship, being more organic in its foundation, provided the most 'hands-on' approach to engaging with worker dialogue, with managers from Company E continuing to visit the factory and meet with workers on a yearly basis.

Conversely, strong network ties where buyers appear dependent on their suppliers, appear to display characteristics of strategic coupling. Within these GPNs, technically upgraded suppliers appear to have gained the capacity to negotiate the conditions of production with their buyers. With these suppliers at a comparative advantage, evidence suggests such retailers may have a strong dependency on their suppliers, but that their suppliers may have limited dependency on them, suggesting weak embeddedness of the suppliers to the GPNs of the retailer. Project 2, comprising the largest number of factories taking

part, featured multiple different relationships between the retailers and their suppliers. Within these, it is possible that while some may have reflected more organic and closely embedded relations of production, the evidence from the sample of factories interviewed, as well as the structure of the programme itself, would imply that the relations between these actors have been more arms-length. More research here needs to be undertaken, concentrating on the specific relationships that form between retailers and their suppliers in GPNs.

Furthermore, the examples discussed here appear heavily influenced by the local societal and territorial factors within which the actors involved are embedded. In Bangladesh, the local factory environment appears highly opposed to allowing their workers to unionise and state institutions are supportive in this process (see chapter 4). The long-term competitiveness of the industry is dependent on the low-wage nature of the workers employed; therefore, there is a strong coalition between the government and business owners on this issue. In turn, retail engagement with CSR and workers' rights, as highlighted in chapter 6, is heavily influenced by consumer consciousness and media exposure, pressures which the Bangladeshi suppliers only experience second-hand (Wrigley et al. 2005). While it is retailers who face reputational damage from sourcing from factories with poor working conditions, retailers are themselves engaged in the strategic coupling process, benefiting from the competitive pricing and competencies Bangladeshi factories offer. The outcome is that suppliers are able to negotiate how far they engage with retailers' CSR and the notion that workers have a fundamental right to democratic industrial relations and freedom of association.

7.6   Conclusion

This chapter provides a more nuanced understanding of the relationship between clothing retailers and their suppliers in the process of social upgrading. In particular, the focus has been on retailers' engagement with the concept of stakeholder capitalism, how far this approach functions as a means to enhance workers' voice in global production systems and how other CSR and trade union actors influence these processes. The central argument of this chapter is that the process of social upgrading, theorised within the GVC literature, is highly complex and influenced by a range of factors beyond top-down

conceptualisations of production networks as buyer-driven value chains. Rather, relations of sourcing and supply between retailers and their suppliers are the outcome of negotiated power relations. Thus, in theorising these relations the GPN framework can be useful.

Through an analysis of three CSR projects initiated by opposing CSR and labour rights actors, this chapter has questioned the extent to which the capacity building model enhances workers' ability to organise into trade unions and engage in collective bargaining; recognising the role that these labour rights institutions play in maintaining and improving working conditions. It was noted that all three projects engaged with the notion of dialogue in different ways, influenced by the strategic coupling and embedded relations of the actors involved. This chapter, therefore, has advanced knowledge of sourcing relationships in low value clothing GPNs, beyond that of simple conceptualisations of 'strategic coupling' or 'structural coupling', shedding light on the wider range of individual relationships between actors in GPNs, and, therefore, how these influence the ability of retailers to lever their power to advance the position of workers.

To conclude, the challenge for factory level improvement projects focused on capacity building, is the underlying structural factors involved in productive relations. The concept of capacity building puts the realisation of rights of labour to engage in collective bargaining at the factory level, however, in reality, these issues run beyond the factory. As identified by Lund-Thomsen and Coe (2013) in their analysis of a pilot project delivered within Nike supplier factories in Pakistan, enhancing worker agency in GPNs through vertical (buyer and supplier) relations can only go so far without a supportive horizontal local and national framework. None of the projects discussed here appear to engage with the state. A long-term shift would, therefore, require a shift in wider institutional attitudes and not just those of actors within factories. In drawing this thesis to a close, these issues and key conclusions are discussed in the final concluding chapter.

Chapter 8:   Stakeholder Capitalism and Empowering Workers

Prevailing analysis of clothing production systems orientates such systems as linear 'buyer-driven value chains' characterised by low-skilled labour, low barriers to entry, 'run-away' production systems, minimal local value capture and top-down power relations between retailers governing market access and suppliers at the point of production (Gereffi 1994). Workers in this literature are often conceived as absent in the production processes, positioned at the bottom of value chains with little or no power to influence production processes (Smith et al. 2002; Herod et al. 2007; Cumbers et al. 2007; Rainnie et al. 2011). The literature on CSR positions stakeholder capitalism as a more ethical approach to capitalism, orientated around establishing and promoting relational governance (Sunley 1999; Hughes 2006; Hughes et al. 2008). Through an analysis of the Bangladesh garment industry in Dhaka, the chapters of this thesis have questioned the nature of stakeholder capitalism in clothing production systems, the extent to which the relations of production generated by this approach add agency to workers' voice and ultimately the extent to which these rebalance power relations in GPNs in favour of workers.

This final concluding chapter brings to the foreground the key empirical and conceptual claims made in this thesis. It is structured as follows: the first section engages critically with the concept of stakeholder capitalism and its dimensions in the RMG industry in Dhaka, questioning how far engagement of retailers with stakeholder capitalism appears to bring benefits to the workers locally. The second section then discusses the strategic coupling concept in relation to the GPN literature, highlighting how the outcomes from stakeholder capitalism are influenced by the societal embeddedness of the actors involved, as well as the local political and economic context, influencing gains that can be made through adopting the practices and activities associated with stakeholder capitalism. The final section draws the findings together to consider the implications of stakeholder capitalism on regional development processes in Dhaka. It critically engages with understandings of regional development and associated outcomes for workers and questions how far these concepts are situated within the local

context and are truly able to meaningfully advance either workers' voice or workers' power in GPNs. Finally, the findings are situated against the GPN literature, highlighting the core conceptual contributions made to GPN analysis.

8.1 Stakeholder Capitalism in Dhaka, Bangladesh

Stakeholder capitalism can be understood as a bundle of practices considered representative of an ethical approach to supply chain governance adopted by retailers sourcing clothes through global production systems. These practices include establishing stable, long-term and trust-based relationships with suppliers; engaging in dialogue and problem solving to address underlying causes of poor working conditions and encouraging learning and knowledge-sharing to uncover 'root-causes' of labour standards violation and ensure labour standards are implemented (Hughes 2001; Hughes 2006 Locke and Romis 2007; Locke 2003; Locke et al. 2009; Lund-Thomsen and Lindgreen 2013). Primary qualitative data obtained through interviews with factory managers, workers, trade unions and NGOs in Dhaka, Bangladesh and retail and brand members of the FLA was used to critically engage with this concept. A lens was cast on the complex ways these relationships are embedded in economic and political interests, as well as socialised practices of the actors involved.

This research indicates that underlying retail commitment to stakeholder capitalism appears a contradiction between the notions of stakeholder capitalism (implying soft two-way dialogue and trust), against the reality of monitoring and surveillance implemented by the retailers and the brands within the context of the Dhaka RMG industry. The chapters of this thesis have shown that where retailers are associating with MSIs and engaging with stakeholder capitalism they will enter into longer-term sourcing relationships with their 'strategic partners' (see the interviews with retailers and factory managers discussed in chapters 5 and 6 and the analysis of the FLA social audit in chapter 6). While these relationships appear more long-term, the reality of stakeholder capitalism, as implemented on the ground in the Dhaka RMG industry, translates into a hard regulatory process of close monitoring and surveillance to reduce reputational damage from media association with poor working conditions. The findings highlight how pressure to disassociate with sweatshops has increased and, as such, retailers and brands are under pressure to keep their factories

under close control (chapter 6, p.176). On the ground, this has resulted in local hierarchies between factories, with brands and retailers using social compliance scoring systems to guide sourcing relationships (chapter 5, p.133). Factories unable to meet these metrics are excluded from business with these firms (chapter 6, p.165). This strict supply chain governance provides a direct contrast to the soft relational approach advocated by the NGO campaign and wider CSR literature on stakeholder capitalism (Locke et al. 2009; Oxfam 2012; Lund-Thomsen and Lindgreen 2013). The empirical findings here suggest that engagement with stakeholder capitalism has had a limited impact on the extent to which retailers engage their suppliers in more horizontal, egalitarian relationships or use soft-dialogue and mutual problem solving to improve working conditions.

Furthermore, the evidence suggests that the retailers and brands who engage with stakeholder capitalism are a specific group of retailers sharing concerns about the reputational damage of association with poor working conditions (chapter 6). This indicates that while the brands and retailers interviewed were interested and engaged with stakeholder capitalism and CSR, the perspectives and approaches taken towards CSR adopted by retailers was highly variable (chapter 6, p.164-169). This, therefore, skewed the sample of brands and retailers sampled: not all retailers and brands operating in Dhaka were open to being questioned. In chapters 4 and 7, factory managers identified that pressures for social standards were linked to their consumer market and despite the growth of CSR and stakeholder capitalism, many other retailers maintain arms-length sourcing relationships (for example, by placing orders through independent buying houses and sourcing agencies, see chapter 4, p.93 and chapter 7, p.203-205). Requests for compliance to labour standards within factories interviewed in the Dhaka RMG industry appear clearly associated with recognisable and well known European and US retailers. However, the nature and scale of the global garment industry is such that there are many other clothing markets outside of this narrow range of high-street retailers and brand-name marketers.

Furthermore, chapter 5 and chapter 7 highlight that technical standards, export volume and time requirements can be the deciding factor in determining sourcing relationships, over and above social compliance and factory based working conditions (chapter 5, p.134). Factories and NGOs identified that the technical requirements to supply to larger retailers was beyond the capabilities

of many of the smaller sub-contracting factories, who have a narrow understanding of labour standards and social compliance (chapter 4, p.93; chapter 7, p.197). Therefore, while the retailers interviewed were engaging in stakeholder capitalism and promoting learning (chapter 5, p.130), these learnings are not likely to reach the most exploitative workplaces. This indicates that within the context of the Dhaka RMG industry, stakeholder capitalism and CSR has limited grounds to bring universal advances to workers' rights beyond the narrow range of factories connected to these networks.

Finally, the findings indicate that how retailers engage with notions of stakeholder capitalism is representative of the individual retailer and their relationship with their factories. Here the findings have shown that factory managers react to pressures to improve working conditions and this influences how these standards are implemented on the ground. This appears influenced by the factories technical competency, with retailers becoming dependent on local factories for pricing and quality as well as social compliance (chapter 5 and chapter 7).   Where factory managers are able to ensure technical and social standards, these appear elevated locally as retailers compete to do business with a limited number of socially compliant and technically competent factories (chapter 5, p.133). This can re-distribute the power balance in favour of local factories. As demonstrated in chapter 7, this process can limit the power retailers have over factories to request adoption of all labour standards within their corporate code of conduct. Thus, while retailer-factory relationships are conceived as top-down, relations of production appear in constant negotiation. This must, however, be understood as very context specific even within a relatively narrow sub-group such as the RMG factories located in Dhaka.

In addition, the chapters demonstrate the complex challenge facing factories as they engage with labour standards implementation. Within the stakeholder capitalism literature factories are portrayed as the passive recipients of the knowledgeable buyers' superior understanding of labour standards governance (Locke et al. 2009; Oxfam 2012; Lund-Thomsen and Lindgreen 2013). Where factories are not implementing labour standards these are presented as fixable through stakeholder dialogue, corrective action and remediation. This depiction of stakeholder capitalism hides the reality that in certain situations, it is not a lack of understanding that is preventing labour standards from being implemented, but complex economic and political issues not resolved easily

through dialogue alone. For example, factory managers' willingness to allow workers to unionise is influenced by local politics (e.g. possible disruption and violence), as well as negotiations over pricing (e.g. concerns that unionisation will lead to price rises), resulting in factory based participation committees, which fit inside the prevailing *status quo*. Implementing labour standards which aim to strengthen workers' power e.g. freedom of association and collective bargaining, tend to be more controversial as they conflict with the economic interests of the firm and the political interests of the Bangladeshi state.

The outcome is a highly uneven system of labour governance both spatially, in terms of the retailers and factories involved, and socially, in terms of the implementation of labour standards. Visible working conditions in a select number of factories connected to retailers' stakeholder capitalism may improve. However, stakeholder capitalism does not appear to be translating into systems of governance, meaningfully engaging with workers' voice, or improving their power and position in GPNs. This highlights that ultimately stakeholder capitalism must be considered in relation to the prevailing economic structures within which global clothing production networks are embedded. Despite movements towards stakeholder capitalism, clothing retailers sourcing from Dhaka do so in response to demands for competitively priced goods in large quantities. Without the guarantee of the low-wage, mostly female labour found in the RMG industry in Dhaka, the region would lose its competitiveness. The industry appears dependent on low organisational and associational power of workers, undermining the potential for stakeholder capitalism to meaningfully challenge this. As such, stakeholder capitalism while bringing some increased engagement with actors on the ground, does little to address the power and position of workers in GPNs.

Next, I discuss the implications of these findings for GPN conceptualisations, emphasising the key role individuals play in these processes and how at the same time, individuals and their engagement and capacity to influence stakeholder capitalism is embedded within local social relations and political-economy. Here, the GPN framework is demonstrated as useful to help unpick these different relationships.

8.2   Aligning GPNs and Stakeholder Capitalism

Unlike chain approaches, the GPN literature enables consideration of how production processes are influenced by pressures and practices occurring externally to immediate inter-firm relations. This differs from chain approaches, such as the GCC/GVC framework, which concentrate on inter-firm relations only (Henderson et al. 2002; Hess 2004; Coe et al. 2008). All three frameworks (GCC; GVC and GPN) provide tools to consider how interests and power relations shape the way stakeholder capitalism plays out in global productions systems. The strength of the GPN approach is that it extends analysis to include relations and processes outside direct inter-firm relations such as interactions with state institutions, trade unions and NGOs. This thesis has adopted the GPN framework as an analytical lens to examine the social relations of production in the Dhaka, Bangladesh RMG industry. In particular, relations resulting from stakeholder capitalism, a concept emerging from western civil society demands for CSR. It explores how stakeholder capitalism is transmitted across spatially distanced locations, interacts with prevailing social, cultural and political practices and influences production processes in localised production sites so that working conditions and empowerment of workers in GPNs improve.

Key to the analysis of stakeholder capitalism, is a recognition of how retail engagement with stakeholder capitalism influences inter-firm relationships between retailers and their suppliers and how these relationships are influenced by embedded relations within GPNs. Within the GPN literature, the concept of strategic coupling is used to demonstrate the process by which TNCs and regional actors negotiate inward investment in regions (Yeung 2009b). In chapter 7, I demonstrate the myriad nature of these coupling relationships in the Dhaka, RMG industry. Stakeholder capitalism engaging with workers' voices is found dependent on unique coupling relationships between the retailers and individual factories. Specifically, where there is either a clear power asymmetry in favour of the retailer (structural coupling), or where the two parties have a close, 'organic' coupling relationship, based on longevity and trust. The data indicates the role and importance of individuals in these relationships. The stakeholder capitalism is influenced by unique personal relationships between key actors within the firms, as well as the power structures between actors within GPNs. Ultimately, different factories have differing capabilities to attract

retail investment and negotiate sourcing conditions. The two relationships, (e.g. the structural and the organic coupling) do not appear symptomatic of the majority of sourcing relationships established in Dhaka. Drawing on Hess (2002)'s concept of embeddedness, the interaction and response to the stakeholder capitalism by factory actors needs to be understood as socially embedded within the context of prevailing local attitudes and perspectives towards workers, as well as political structures which influence how they respond to pressures for social compliance and negotiate with their buyers over these measures (chapter 7). This, therefore, challenges the ability of retailers to overcome local resistance and engage workers through stakeholder capitalism directly.

In addition, the empirical analysis indicates that retailers vary in their commitment to stakeholder capitalism influencing their willingness to engage with workers in factories directly (chapter 6 and chapter 7). Within inter-firm relations, stakeholder governance needs to be considered influenced by horizontal competition and power relations between retailers, vertical power relations between retail buyers and local suppliers and horizontal hierarchies between different factories locally. Chapter 7, highlights how these power relationships are influenced by the economic power base of the retailer and the extent to which each retailer is dependent on each factory. Dependency and flexibility is influenced by product type, e.g. product complexity, brand visibility and the relationship between consumer market and demands for CSR. The interaction of factories with stakeholder capitalism is influenced by the power of factories to bargain and negotiate their interests and their willingness and capacity to engage and respond to retailer's requests. This is linked to their technical competency and ability to switch to other retailers as well as openness to new concepts. Pressures for CSR and stakeholder capitalism are derived through civil society pressures beyond inter-firm relations. Retailers' reactions to pressure for stakeholder capitalism appear positioned within the individual context of the retail firms. Chapter 7 shows how retailers' engagement with stakeholder capitalism is influenced by the societal embeddedness of the individuals within western human rights norms and NGO campaigning, linked to product type and media visibility. This demonstrates, in accordance with the GPN approach, how stakeholder capitalism is the product of processes and forces comprising both inter-firm relations and also pressures from actors external to

the firm. The findings highlight how such practices can lead to closer sourcing relationships between key individuals within retailers and their suppliers.

Exploring stakeholder capitalism via a GPN lens allows consideration of the meeting of local context and position from spatially disaggregated actors, how power relations vary within and across GPNs, and the social and political context at the site of production to further understand the nuances of how stakeholder capitalism can and cannot enhance and empower workers in globalised production systems. Finally, I consider the implications of the findings for conceptualisations of regional development.

8.3   GPNs, Stakeholder Capitalism and Regional Development

Typically, regional development processes in GPNs have been conceptualised in terms of economic rents and Marxian notions of surplus (Henderson et al. 2002; Mackinnon 2009), neglecting wider aspects of development, e.g. societal gains. In this thesis, I have conceptualised regional development processes in GPNs, using the Dhaka, RMG industry as a case study, considering the relationship between regional 'plug-in' and social development. Extending regional development analysis to consider social issues in GPNs provides a novel contribution to existing understandings of regional development processes. The social dimensions are explored in terms of enhancement to workers' power resulting from stakeholder capitalism in the Dhaka RMG industry. Thus far, conceptualisation of the relationship between inter-firm processes and improvements to the rights and entitlements of workers has mostly been linked with GVC conceptual analysis, through the concept of social upgrading. This concept considers improvements in workers' rights and entitlements in terms of skills upgrading and benefits to workers occurring as an outcome of better quality work, (e.g. movement from low-skilled informal house-hold work through to formal employment in export processing and higher skilled activities) (Barrientos et al. 2011; Barrientos et al. 2010; Plank et al. 2012). This literature concentrates on the social benefits accrued to workers in terms of top-down flows of resources through inter-firm relationships. Engagement with globalised export-processing industrialisation leads to technical upgrading and higher demands for skilled labour. Workers gain through transition to better quality work and through better relations with factory managers and owners who gain

from a better understanding of labour standards and ethical production practices. This GVC approach, in conceptualising social upgrading, misses the complex ways relationships in GPNs are constructed. These relationships, as they play out in Dhaka, are shown as dynamic, influenced by societal interests and subject to bargaining and negotiation between firms. Conceptualising the social implications of regional investment by TNCs through the GPN approach appears more useful, as it allows consideration of how the process of social upgrading is influenced by activities, relations and interests beyond the immediate chain, (e.g. interactions with state institutions; multilateral development institutions; trade unions and NGOs). This insight was developed from the empirical grounding generated at the factory level in Dhaka.

Drawing again on the concept of 'strategic coupling' in GPN formation (Coe et al. 2004; Yeung 2009a; Yeung 2009b), the interests of TNCs, regional state institutions and local factories are 'mutually dependent and constitutive' resulting in the formation of a GPN (Yeung 2009b, p.213). In this conceptualisation, local actors interests, e.g. state institutions and firms are assumed aligned. The GPN literature specifically aligns these interests in terms of economic value creation, capture and enhancement (Yeung 2009b). In Figure 26, I have provided a visual interpretation of this process, drawing on Coe et al. (2004); Yeung (2009) and Yeung (2009b).
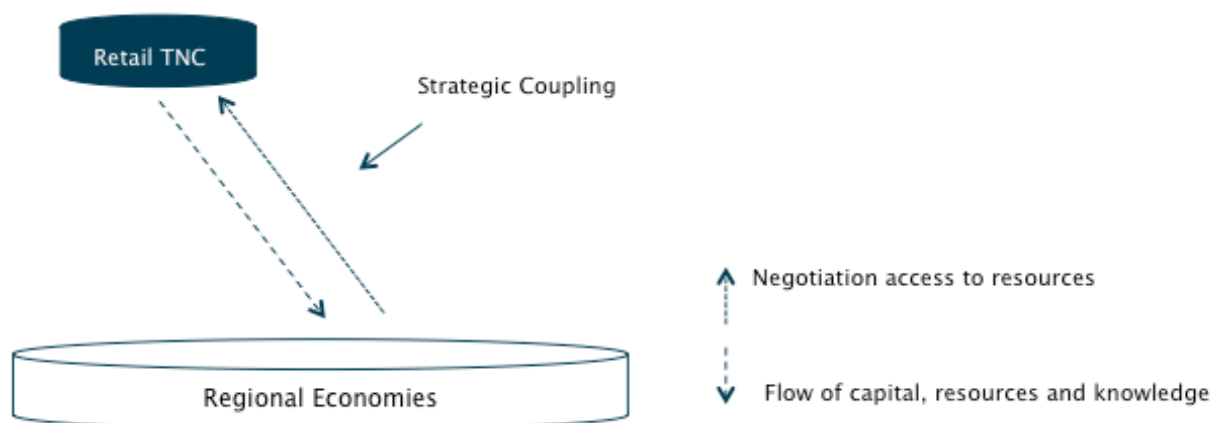
Figure 26: Adapted from Coe et al. (2004). A conceptualisation of strategic coupling between retail TNCs and regional economies in GPNs.

According to the GPN literature, state institutions have a key role in mediating inward investment in GPNs. This draws on the rise of regional development in East Asia, (e.g. South Korea, Taiwan and Singapore) (Yeung 2009a; Mackinnon 2011). Here, social upgrading results from development state investment in human resources and physical infrastructure to boost the attractiveness of regional economies for inward investment. Following this investment, the state becomes a key actor in the strategic coupling process, negotiating alongside local firms with TNCs (Coe et al. 2004; Yeung 2009a). States and local firms derive power from concentrated local assets, including high-skilled workers. The analysis of the RMG industry in Dhaka, Bangladesh however, suggests a minimal role for the state in this process. It indicates GPNs can form without direct state interaction but that social development can be limited without the presence of a strong developmental state. This provides nuance to the top-down concept of social upgrading, illustrated within GVC analysis.

In Bangladesh, the state has invested minimally in upgrading human resources assets. Improvements to working conditions in garment factories in Dhaka appear driven by retail stakeholder capitalism, not the state. Therefore, gains from these mechanisms are limited within the small scope of the factories reached. This suggests, that while the empirical findings indicate GPNs can form with minimal engagement and direction from the state, state institutions maybe key to ensure that inward investment results in wider societal benefits. In addition, without a development state role, there appears to be little evidence of regional industrial development beyond the garments industry, or of upgrading to higher-skilled forms of employment. The risk here, is that while workers are experiencing marginal improvements in employment conditions through incorporation into the GPNs touched by stakeholder capitalism, these networks do not appear to reach out into the wider regional context. This indicates that social upgrading through stakeholder capitalism brings minimal wider benefits. Furthermore, this process appears to result in weak embedding of factories within the region. The evidence shows, that while relationships between select individual factories and their strategic suppliers maybe tightening, these are not being matched with closer embedding of factories in the local area. Ultimately, gains to workers from stakeholder capitalism appear largely superficial, as workers have no more control over the production process. Without territorial embedding factory owners may close down production and shift factory units to

other locations. Thus, while job quality can improve through engaging with workers' voices through stakeholder capitalism, this has little impact on overall job security. The empirical findings, therefore, suggest a role for the state in enabling other actors to join these networks and embedding GPNs locally to facilitate wider social benefits.

Final Conclusions

To conclude, the chapters of this thesis have discussed and analysed the following concepts in relation to the Bangladesh garment industry, in Dhaka:

- Stakeholder Capitalism as an option for a more ethical global garment industry

- The role of retail transnational companies in social upgrading

- Relational Governance and Trust-Based Relationships in GPNs

- The use of the GPN framework to analyse global productive relations

This has drawn empirical and conceptual arguments on the nature of coupling relationships between state institutions, firms and TNCs in the construction of GPNs, inter-firm relationships and the implications on these relationships for workers, working conditions and workers' power. This work is novel, strengthening existing GPN analysis with ground-level qualitative data rarely found in this field.

In concluding, I argue that while the GPN approach is useful for considering how production processes are contextualised and influenced by state processes, there is a need in the GPN literature to consider more carefully the relationship between the national state framework and domestic firms. In particular, how this relationship influences the gains from private retailer stakeholder governance and regional development processes. Through the example of the garment industry located in Dhaka, Bangladesh, I have shown how a politicised state framework and powerful local economic interests can influence efforts by external actors to make working conditions better. I argue there is a need to think critically and carefully about the nature of coupling relationships in GPNs and how the capacity of the state framework can be enhanced so that they are able to influence coupling relationships and ensure wider regional development.

Without this, establishing GPNs in developing economies can result in spatially uneven development processes and rupture where conditions are not met.

Appendices

Appendix A: Coding Research Methods

Table 9: Colour coding system and literature analysis detailing methodology and focus. The below is drawn from a larger table available on request.

Author and Date	Research Focus and Conclusions	Context	Case Study Area	Field	Methods	Notes
Sarah Lister (1999)	• Power relations in 'partnerships' • What should be present for successful partnerships p.3	• Background 'partnership' ideology 1990s.	• US	• Social Policy • Development Studies	• Interviews key members NNGO and SNGO, placed within context power analysis. • Two perspectives compared • Analysis motivations and perspectives	• FLA is a MSI and not a NGO
Catherine Dolan and Maggie Opondo (2005)	• Critique Codes of Conduct • What are the challenges to addressing power relations in MSIs? • How can codes of conduct be improved?	• Rise of the MSIs	• Kenya	• Geography • Sociology	• Case Study Approach • Content analysis of codes of conduct • 100 semi structured interviews and focus group discussions with Workers in 5 Kenyan farms and pack houses • In depth interviews managers in 7 cut flower farms • 25 interviews government officials, trade associations, NGOs and trade union reps. • Analysis perspective of relationship and level of engagement. • All stakeholders HEBI have relations with listed in table.	
Stephanie Barrientos and Sally Smith (2007)	• Do workers benefit from ethical codes?	• Rise of Corporate Codes of conduct and MSIs	• South Africa • Vietnam • India	• Sociology • Development Studies	• Quantitative Impact Assessment of the ETI Base-Code • Interviews supplier managers, local trade unions and NGOs • Cross country comparison	• Broad Focus ETI code of conduct

| Rodriguez – Garavito (2005) | • Can ethical codes empower workers?
• Critique codes of conduct
• 'Ratcheting up' Labor Standards Model
• How can codes of conduct be more inclusive?
• Empowered Participatory Labour Standards | • Rise of Corporate Codes of Conduct and MSIs
• Global governance and voluntary regulation
• Globalisation and 'failure of the state'. | • Mexico | • Politics | • Comparative Case Study Approach
• Multi-Sited Ethnography
• Semi-structured interviews: business associations, factory owners or managers, state regulators, corporate consultants, independent monitors, brand
• Participant observation of key actors involved in monitoring apparel industry and the unionization of workers at the Kukdong factory in Puebla, Mexico.
• Worked for two weeks with organisers from the Centro de Apoyo al Trabajador (Center for Worker Support, CAT) and United Students Against Sweatshops (USAS). | • MSIs given as 'third party' monitors.
• Stakeholder nature not questioned.
• Focus codes not MSIs |

Appendix B: Interviewee Details

Table 10: Meta Data Factory Managers interviewed in Dhaka, Bangladesh. Recorded, location, factory representative interview and date.

Record Number	Recorded	Location of Interview	Representative Interviewed	Date Interviewed
1	Yes	ABC Consultancy Project 2 Training	HR Training Officer	06.09.2012
2	Yes	Onsite	Director or Administration	24.09.2012
3	No	ABC Consultancy Project 2 Training	Welfare Officer	03.09.2012
4	Yes	B-NGO Office	Deputy General Manager	04.09.2012
5	No	ABC Consultancy Project 2 Training	Senior Officer Compliance and HR	03.09.2012
6	Yes	ABC Consultancy Project 2 Training	Industrial Engineer	03.09.2012
7	Yes	Onsite	Assistant General Manager	13.09.2012
8	Yes	Onsite	General Manager	02.10.2012
9	No	ABC Consultancy Project 2 Training	HR Compliance	03.09.2012
10	Yes	Onsite	Factory Director	09.09.2012
11	Yes	ABC Consultancy Project 2 Training	Production Coordinator	06.09.2012
12	No	ABC Consultancy Project 2 Training	Industrial Engineer	06.09.2012
13	No	ABC Consultancy Project 2 Training	CSR Manager	06.09.2012
14	No	ABC Consultancy Project 2 Training	Industrial Engineer	06.09.2012
15	No	B-NGO Mid-Level Management Training	Welfare Manager	13.09.2012
16	No	B-NGO Mid-Management Training	Welfare Manager	13.09.2012
17	Yes	ABC Consultancy: Project 2 Follow Workshop	Director	10.09.2012
18	Yes	ABC Consultancy Project 2 Training	HR Officer	06.09.2012
19	No	ABC consultancy Project 2 Follow Up Workshop	Director	30.09.2012
20	No	ABC Consultancy Project 2 Training	Admin and Compliance	30.09.2012
21	No	Onsite	Chief Operating Officer	30.08.2012
22	Yes	Onsite	Head of Group (HR)	05.09.2012
23	No	ABC Consultancy Project 2 Training	Quality Assurance	03.09.2012
24	No	B-NGO Training	Welfare	

Appendix A

Table 11: Meta-Data Garment Factory Workers interviewed In Dhaka Bangladesh. Record Number, Estimated Age, Gender, Interview
Location, Factory Location, Job Role and Interview date.

Interview Number	Age	Gender	Location of B-NGO Office	Location of Factory	Job Role	Date Interviewed
1	30-35	F	Mohakhali	South Badda	Sewing Operator	05.09.2012
2	21-25	F	Mohakhali	Wireless Gate, Mohakhali	Sewing Operator	05.09.2012
3	21-25	F	Mirpur	Mirpur-12	Sewing Operator	28.08.2012
4	25-30	F	Mohakhali	Mohakhali	Sewing Operator	02.09.2012
5	25-30	F	Mohakhali	Wireless, Mohakhali	Sewing Operator	02.09.2012
6	25-30	F	Mirpur	Mirpur-12	Sewing Operator	28.08.2012
7	25-30	F	Mohakhali	Uttar Bada	Sewing Operator	12.09.2012
8	25-30	F	Mohakhali	Rosulbhag, Mohakhali	Sewing Operator	12.09.2012
9	35-40	F	Mohakhali	Tejgoan	Sewing Helper	17.09.2012
10 Group interview	16-20	3 x F 3 x M	Mohakhali	Uttar Bada	Sewing Operator	17.09.2012
11	21-25	F	Mohakhali	Uttar Bada	Sewing Operator	17.09.2012
12	30-35	M	Mohakhali	Moghbazaar	Sewing Operator	17.09.2012
13	25-30	F	Mohakhali	Tejgoan	Sewing Operator	16.09.2012
14	25-30	M	Mohakhali	Tejgoan	Sewing Operator	16.09.2012
15	25-30	M	Mohakhali	Tejgoan	Sewing Operator	16.09.2012
16	21-25	F	Mohakhali	Wireless Gate, Mohakhali	Sewing Operator	16.09.2012
17	16-20	F	Badda	Mottobadda	Sewing Operator	30.09.2012
18	21-25	F x 3 M x 1	Badda	Malibagh, Chodaribar	Sewing Operator	30.09.2012
19	41-45	F	Mohakhali	Mohakhali	Folding	18.09.2012
20	21-25	F	Gazipur	Maliker Bari, Gazipur	Sewing Operator	01.10.2012
21	21-25	F	Gazipur	Maliker Bari, Gazipur	Sewing Operator	01.10.2012
22	21-25	F	Gazipur	Signbore Bazaar, Gazipur	Sewing Operator	01.10.2012
23 Group Interview	2 x 35 - 40 3 x 21 - 25	4 x F 2 x M	Gazipur	Maliker Bari, Gazipur	1 Sewing Helper 1 Iron Man 4 Sewing Operators	01.10.2012

24	21-25	F	Badda	Mottobadda	Sewing Operator	03.10.2012
25	21-25	F	Badda	Hussein Market	Sewing Operator	03.10.2012
26	16-20	M	Badda	Loft Tower, Badda	Ironing Man	03.10.2012
27	16-20	M	Badda	Mottobadda	Ironing Man	03.10.2012
28	30-35	F	Badda	Adushonuru., Badda	Finishing	03.10.2012
29	21-25	F	Mirpur	Mirpur-7	Quality Checker	04.10.2012
30	31-35	F	Mirpur	Mirpur-7	Sewing Operator	04.10.2012
31	16-20	M	Mirpur	Mirpur -6	Sewing Operator	04.10.2012
Pilot	25-30	F	Mohakhali	Mohakhali	Sewing Operator	28.08.2012

Appendix C: Interview Questions

Table 12: Example of the Interview questions and initial write up of interviews with factory managers. Interviews conducted between August 2012 and September 2012.

Questions	
Factory Name:	**Factory 22**
Participant Name	**Anon.**
Designation inside the business	**Chief Operating Officer**
Number employees in the group	**18, 000 people, between 8 - 10 % admin staff**
History of the business	**Have had long-term partnership with a well-known UK retailer since 1998.**
Location	**Gazipur**
Sourcing and Productivity	
Biggest Market	**Europe, consisting mostly UK, moving into South Africa and USA**
Daily Capacity Factory	**1 million shirts per month**
No. Machines	**500+2350**
Individual Worker Production Target	**80 pieces per line over 45 machines. Factory operates helper system**
Annual Turnover Estimate	**Factory 22 $60 million; Factory 22 Group, $200 million**
Number of Factories in group	**7 including V Factory Limited apparels and textiles, FP Factory and Packaging, G Design, V Spinning, Logistics Management Services, Eco Couture Limited, RV Planters and Midland Power**
Factory Locations	**All factories located Gazipur**
Proportion production to:	
• **Brands**	**100% production to brand, 30% Phillips Van Heusen, 10% Woolworths, South Africa**
• **Wholesale**	**0%**
• **Buying House**	**0%**
Impact Recession in Europe:	**We have not seen any impacts as we conduct our business globally, across UK, USA and S. Africa. Bangladesh also not so much effected because our export price is so low. It has now become the global sourcing location. But with that comes new challenges. If you look at China, their exports are $200 million. If we increase to just 10% of China's quantity it will be a doubling of production and our infrastructure will not be able to support this. We will need to invest heavily in out transport, our port and our electricity.**
CSR	
History CSR Policy	**Policy sustainability issues were reformed in 2008. The garment industry in Bangladesh was becoming increasingly competitive and we wanted to have the advantage other others. We saw this in improving our sustainability strategy, because this is a 'win-win', what we invest, we get the return.**

Factory Perspective CSR	We deliver CSR on 3 pillars: People; Planet; Profit.
Position Environment vs. Social	We work for both. We all need the environment, and a good environment, so we have duty to protect the environment and therefore do both.

MSIs

•	ETI	Yes, MandS are members of the ETI
•	FLA	Yes, I was previously an auditor for FLA
•	FWF	No, but all our factories are 'fair trade' certified
•	WRC	No
•	BSCI	Yes, I have attended before, for a training
•	SA8000	Yes, haven't joined
•	Global Compact	Member
•	Better Work	Partner with ILO

Challenges delivering compliance and CSR	It is a situational challenge. There are 5000 factories, when incidents occur, it is for one factory and it damages the representation of all the other's. Think of the per cent 1/5000. The incident gets shown in the press and then the buyers think there is
Challenges meeting wage demands	Generally we don't face challenges. We believe that if our people are good then our workers will be good. So we keep good people.

Worker Issues

Worker Background	The workers come from the villages. There is a continual flow of workers
Worker Productivity Target	Set by Industrial Engineer.
Graded Pay Scale	Yes, and workers sometimes receive bonus for completion as an incentive. And we have profit sharing system.
Participation Committee	Yes
Worker Welfare Committee	No
Violence and Unrest	No
Training	Workers receive orientation training, and training on workers' rights. Have been delivering training through 'Ethical Model Factory' scheme since 2009.
Challenges to meeting workers' needs	We meet and we try to do more. We realise that its 'win-win' if we do good, then we get the return. Our turnover rate is 4%; it's the lowest in the country. Why not lower? This 4% accounts for natural human turnover.
Challenges into the future	The infrastructure: securing the electricity. Which is why we have started to develop our electricity capabilities.

Factory 22, Chief Operating Officer, August 2012. The interview was unrecorded as requested by the participant.

Table 13: Interview questions to workers, comprising open and closed questions. Part 1. Background and Information about the worker's visit. Interviews conducted between August 2012 and September 2012.

Worker Productivity Interviews	Date
	Location
General	
Name of Worker	
Factory Name	
Factory Location	
Number of years working at factory	
Number of years experience in garment	
Number of workers in the factory	
Domestic / Subcontract / Wholesale / Brand	
How did you hear about Awaj	
Why have you come today?	
Period of time visiting Awaj	
How often do you come here	
Designation inside factory	
Are you married	
Does your husband know you come here, if	
What is your husband's job	

Table 13: Interview questions to workers, comprising open and closed questions. Part 2. Training, Productivity and Channels of Communication. Interviews conducted between August 2012 and September 2012.

Training					
Have you received training ever, before	Yes	No			
How many days training have you had in your	0 days	1-5 days	6-10 days	10 days +	Frequently
If frequently, how often does this training take	Weekly	Monthly	Yearly		
Where did the training take place (tick all)	B-NGO (office)	B-NGO	Inside	Inside	
Details of the Training from the B-NGO					
Details of any Factory Training (who did the training, what did you learn)					
What education and training would you like in					
Production Target					
What is your productivity target					
Do you think your productivity target is fair					
How often you meet this target	100%	75%	50%	25%	0%
When you meet your target do you receive a completion bonus?	Always	Usually	Sometimes	Never	No bonus
What is the value of your completion bonus?					
Resolving Issues					
Out of 5 - rate your relationship with	Supervisor				
1= Bad / 5 = Good	Line Manager				
	Welfare and/or HR Officer				
	Production Manager:				
	Top Management and/or Owner				

Appendix A

How often do you see your		Constantly	Frequently	Once	3-4 times	Once Week	Monthly	Yearly
	Supervisor							
	Line Manager							
	Welfare and/or HR Officer							
	Production Manager:							
	Top Manager and/or Owner:							
When you face any problem inside the factory who								
When you have a problem regarding health or								
When you have problem regarding wages in the factory how do you resolve it? Does the problem								
Are there any problems easier to discuss than								
Are there any problems you find difficult to discuss with your managers?								

2

Table 14: Questions to Brands and Retailers Sourcing from Dhaka. Interviews conducted between August 2012 and September 2012.

Date	
Name	
Designation	
Name of Brand	
Annual Turnover	
Proportion of Business Bangladesh	
Number of Years Sourcing Bangladesh	
History of presence here	
Proportion production Bangladesh	
Number of Factories sourcing from and locations	
Experience Bangladesh	
Perspective Bangladesh	
Barriers increasing Business Bangladesh	
Relationship Buying Department	
Relationship Merchandising Department	
Membership of MSIs	
a. ETI	
b. FLA	
c. FWF	
d. WRC	
e. BSCI	
f. SA8000	
g. Global Compact	
h. Better Work	
How do you calculate pricing	
What do you think is the role of the international community in ensuring good working conditions	
Engagement 'Stakeholder Dialogue'	
Position CSR	
What do you see as your role in the development of Bangladesh?	

Table 15: Questions to civil society organisations, Interviews conducted between August 2012 and September 2012.

Name of Organisation:	
Date:	
What is the role of the organisation in Bangladesh:	
What is the history of the organisation:	
What do you think are the challenges for the Bangladesh RMG industry into the future:	
What has been your involvement in 'stakeholder dialogue':	
What international partners and MSIs do you work with:	
How do you think conditions for workers can be improved:	
What do you think is the role of the international community:	
How do you engage workers outside Dhaka city centre:	
To what extent do you feel pressure to depoliticise activities:	

Appendix D: FLA Supporting Materials and Tracking Charts

D.1   FLA Supplementary Materials:

Processes and Guiding Principles

- **Fair Labor Association, FLA Compliance Benchmarks, Revised November 6 2006**
- **Fair Labor Association, FLA Workplace Code of Conduct and Compliance Benchmarks, Revised June 2011,**
- **Charter Document, Fair Labor Association, As amended February 20 2013**
- **Fair Labour Association, Principles of Fair Labor and Responsible Sourcing**
- **Consolidated list of FLA Category B, C and D Licensees, April 30 2012**
- **Fair Labor Association, Protecting Workers' Rights, The Sustainable Compliance Initiative (SCI), Effective Monitoring for Sustainable Change, 2011**

Source: http://www.fairlabor.org/our-work/labor-standards and email correspondence. Accessed: April 2011.

Annual Reports,

- **Fair Labor Association, 2009 Annual Report, January 1 2009 – December 31 2009**
- **Fair Labor Association, Protecting Workers' Rights Worldwide, 2010 Annual Report, January 1 2010 – December 31 2010**
- **Fair Labor Association, Improving Workers' Lives Worldwide, 2011 Annual Report, June 2012**

Source: http://www.fairlabor.org/impact/reports. Accessed: April 2011.

Stakeholder Forums

- **Fair Labor Association, Beyond Questions of Principle: Exploring the Implementation of Living Wages in Today's Economy, A Report on the Fair Labour Association's Living Wage Forum, October 20 2003, Colombia University**
- **Fair Labor Association, FLA Stakeholder Forum Report, Wages Along the Supply Chain: Assessment and Prospects, Washington DC, October 26 2009**
- **Fair Labor Association, FLA Stakeholder Forum Report, Wages Along the Supply Chain: Development and Responses, Hong Kong October 25 2010**
- **Fair Labor Association, Protecting Workers' Rights Worldwide, Wages Along the Supply Chain: Trends, Progress and Looking Ahead, 2011**

Source: http://www.fairlabor.org. Accessed: April 2011.

Project Reports and Supporting Materials

- PREPARE: Promotion of Responsible Representation for Workers and Employers, Training of Trainers Workshop Report, Dhaka 26 – 30 April, 2008

Source: http://www.fairlabor.org/our-work/special-projects/project/prepare-project. Accessed: April 2011.

FLA Tracking Charts

Source: Download http://www.fairlabor.org/transparency/tracking-charts. Accessed April 20: Analysis of FLA Tracking Charts

Table 16: Meta Data and Data Analysis Example for FLA Tracking Chart Factory Non-Compliances. The table provides an example of one tracking chart report for a factory sourcing to Nike. Further examples are available on request.

	Details	Example
Record Number	Number given to identify the tracking chart	1
Buyer Name	Name of the FLA participating company	Nike Inc. and Eddie Bauer
Start Date	Date of first IEM	21
Month	Month of first IEM	October
Year	Year of first IEM	2003
FLA Reference	Reference to the tracking chart given by FLA	07020588B
Monitor IEM	Initial auditor undertaking IEM	T-Group Solutions Pvt. Ltd.
Monitor IEV	Follow up auditor for IEV	None
Compliance Issue	General details of compliance issues taken from the tracking chart.	Only Nike Code posted - size and the number of the posters were not enough in proportion of production floor. General workers not aware of factory/ participating companies code (except working hours). The midlevel management code awareness reported as un-satisfactory (production staff/floor mid-level management no knowledge on Nike/Eddie Bauer compliance). Documented through interview. No clear grievance mechanism
Count	Evidence of non-compliance counted as 1 or 0	1
Remediation	Details of remediation by the participating company taken from the tracking chart	April 2004: - additional posters posted local language - Nike scheduled Code of Conduct training for 'all related employees'. Report indicated special training was to be given to mid-level production management -Nike report dedicating time strengthening grievance in suppliers so reporting to Nike not required: 'In alignment with Nike's objective to strengthen contract manufacturers' internal grievance processes, two pilot educational programmes facilitated by local Non-Governmental Organisations are underway currently in Indonesia and China - Not Bangladesh More than 6,600 factory employees were confidentially interviewed by Nike Compliance staff from August 1, 2002 through November 2003 - whole supply chain No evidence further remediation or checking if training had been completed.

Code of Conduct Remediation count	**Evidence attempt remediation count of 1 or 0**	**1**
Evidence non-compliance relating to workers unaware of code or code inadequately communicated between PC - supplier - workers	**Given count of 1 or 0**	**1**
Evidence non-compliance relating to absence of reporting mechanisms for workers	**Given count of 1 or 0**	**1**
No Evidence Remediation	**Given count of 1 where no evidence further remediation is indicated, or 0 where remediation is evident**	**0**
Child Labour	**Details of the non-compliance given by the tracking chart**	**No Child Care Facility**
Count	**Evidence of non-compliance counted as 1 or 0**	**1**
Remediation	**Details of remediation by the participating company taken from the tracking chart**	**April 2004:** **Factory is in discussions. Issue past to Nike / EB to follow up. No further details**
Count	**Given count of 1 where remediation is evident or 0 where remediation is absent**	**1**

Table 17: Indicators of non-compliance relating to communication, as per the FLA Tracking Charts 2007 to 2011, downloaded April 2011 – January 2014.

Summary non-compliance	Counted as 1	Total non-compliance	Total number of tracking charts	As Percentage of Sample
Non-compliance				
Non-compliance relating to code awareness	Workers are not aware of the code. Code is not communicated correctly. Cases of codes, posters, policy and regulation not posted in the factory. *duplicates given count of 1	22	31	71%
Non-compliance relating to reporting mechanisms	No clear evidence of a grievance mechanism (within factory). Workers not able to contact the buyer. Auditors denied access. *duplicates given count of 1	23	31	74%
Evidence remediation		**Total No. Cases**	**Total number non-compliance**	
Evidence remediation factory level reporting mechanism	Evidence factory level only Evidence grievance channel back to brand Evidence grievance brand and factory	15	23	65%
	Participating company did not remediate			
	Evidence grievance channel back to brand Evidence grievance channel back to brand and factory Total grievance channel back to brand	2 8 10		67%
	Evidence grievance channel back to factory only	5		33%
Remediation established a form of grievance system evidence not functioning, or not clear if functioning	Evidence not functioning Evidence not clear if functioning	3 9		

Appendix A

		Total	**12**	

**Approach to
Grievance System**

Telephone system back to brand representative only with no evidence functioning	3	23
Factory level suggestion box only and not establishing further efforts to respond to workers' suggestions.	2	23
Brand planned to collected suggestion box grievances no evidence or not functioning	5	23
Grievance System established by both factory and brand comprising both phone, suggestion box and wider NGO with strong evidence functioning	4	
Grievance System established by both factory and brand comprising both phone and suggestion but no clear evidence functioning, or evidence not functioning	1	23
Total Remediated	**15**	

No Remediation:

No Evidence Remediation	3
Evidence Remediation all systems but then contract stopped	1
No evidence attempts to remediate as contract stopped	1
No evidence update remediation as too early after IEM	2
No information for legal reasons	1
Total	**8**

Table 18: Details of the remediation by FLA Participating Companies, taken from the FLA Tracking Charts, 2003 to 2011.

Non-compliance	Total reported non-compliances	Evidence participating company attempted remediation	No evidence participating company attempted remediation	Evidence no attempts remediation	Too early	Remediation stopped as factory no longer supplying
HandS	29	24	5	3	2	0
Code Communication	27	20	7	3	0	3
Hours of Work	26	19	7	-	-	-
Wages and Benefits	24	19	5	3	0	2
Freedom of Association and Collective Bargaining	22	17	5	3	0	2
Harassment and Abuse	20	16	4	3	1	-
Forced Labour	15	9	6	3	3	-
Child Labour	13	9	4	1	0	3
Non-Discrimination	9	6	3	3	0	-
	185	139	46	-	-	-
	Percentage	0.75	0.25	-	-	-

Appendix E: FLA Participating Companies

Table 19: FLA Participating Companies, downloaded via the FLA website, April 2011. N=39

Record Number	FLA Participating Company	Location Head Office	Type of Clothing Item
1	Adidas	US	Sporting Brand
2	America Eagle Outfitters	US	Fashion Retailer
3	Apple Inc.	US	Computing Brand
4	Arena	US	Sporting Brand
5	ASICS Corporation	JAP	Sporting Brand
6	Barnes and Nobles College Booksellers	US	Collegiate
7	Cutter and Buck	US	Sports - Lifestyle
8	Dallas Cowboys Merchandising Ltd	US	Sporting Brand
9	Delta Apparel Inc.	US	Sports Brands
10	Estate Europe	EUR	Collegiate Brands - Graduation Hats
11	Fifth Pacific (Liz Claiborne)	US	Global Brand Owner, multiple brands such as DKNY Jeans, Juicy Couture, MEXX
12	Follett Higher Education Group	US	Collegiate
13	Forty Seven Brands	US	Sports
14	Gear for Sports	US	Sporting Brand
15	Gildan	CAN	Sports
16	HandM	SWED	Fashion Retailer
17	Hanesbrands	US	Underwear Brands
18	Knights Apparel	US	Collegiate Brands
19	Mountain Equipment Coop	CAN	Outdoor Clothing Brand
20	Nestle	SWITZ	Food
21	New Balance Athletic Shoe Inc.	US	Sports Footwear Brand
22	New Era Cap	US	Baseball Cap Supplier
23	New Wave Group - no longer member	US	Industrial Clothing Brand
24	Nike	US	Sporting Brand
25	Nordstrom* - no longer member	US	Brand Retailer (Department Store)
26	Outdoor Cap	US	Headwear Supplier
27	Outer Stuff	US	Sports
28	Patagonia*	US	Outdoor Clothing Retailer
29	PrAna	US	Eco-Sporting Brand
30	PUMA AG	GER	Sporting Brand
31	Russel - Fruit of the Loom	US	Sporting Brand
32	Philiips-Van Heusen	US	Brands (Calvin Klein and others)
33	s.Oliver Group	GER	Clothing Retailer
34	SanMar	US	Clothing General
35	Syngenta	SWITZ	Agriculture
36	Top of the World LLC	US	Headwear Brand
37	Tumi Inc.	US	Luggage Brand
38	Twins Inc.	US	Headwear Supplier
39	Zephyr GrafX	US	Headwear Brands

Table 20: FLA Participating Companies Interviewed: Position in Company, Main Sourcing Country and Estimated Sourcing Volume in Bangladesh. Interviews were undertaken in Dhaka, Bangladesh and via Skype, November 2011 to September 2012.

Brand	Department	Sourcing Countries	Dominant Sourcing Country / Region	Proportion Business Bangladesh (estimate)
Company A	Compliance and Executive Vice President	Bangladesh, China, Honduras, Vietnam, Indonesia, Philippines, Egypt 29 factories. Estimate 85 per cent business in 18 factories.	China	33%
Company B	Social and Environmental Responsibility Manager	China (15); Vietnam (14); Thailand (8); Philippines (1); Sri Lanka (8), India (2) Bangladesh (1)	China and South East Asia (Vietnam and Thailand)	0.02%
Company C	Quality and Sustainability	China, Indonesia, Bangladesh, India, Turkey (External Agency) and Europe (Direct Suppliers). Split internal and external sourcing agencies with 85% through internal agencies	China	10%
Company D	Compliance	Sourcing conducted through external agency. Countries not specified.	China, India and Vietnam	0.02%
Company E	Licensing and Social Compliance Manager	3 factories: 2 x factories in China, 1 x factory in Bangladesh.	China	33%
Company F	Bangladesh Country Manager	China, Vietnam, Cambodia, Indonesia, Malaysia, India and Bangladesh Small amount of sourcing Eastern Europe and Turkey; and South Africa for African regional market	China and Vietnam 50 – 60 %	12% Apparels products 4% Total product
Company G	CSR Programme Developer, Dhaka	Eastern Europe (Bulgaria, Denmark, Egypt, France, Germany, Greece, Italy, Latvia, Lithuania, Morocco, Netherlands, Poland, Portugal, Romania, UK, Ukraine, Sweden, Tunisia, Turkey) East Asia: China (incl. Hong Kong), Cambodia, Indonesia, South Korea, Taiwan, Thailand, Vietnam and South Asia: Bangladesh, India, Pakistan, Sri Lanka	China and East Asia	260 factories; 15% supply chain
Company H	External Merchandising Agent, Dhaka	-	-	-

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