



# The impact of collective arrangements on garment workers' wages and work hours

the barriers of collective arrangements to raise labour standards in the Bangladeshi garment industry

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International Labour Organization

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The impact of collective arrangements on garment workers' wages  
and work hours, and the barriers of collective arrangements to raise  
labour standards in the Bangladeshi garment industry

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## **ABSTRACT**

Since the Rana Plaza Collapse in 2013, lead firms sourcing from Bangladesh face increased public scrutiny. As a result, a variety of collective arrangements (CAs), ranging from industry-led initiatives to transnational industrial relation agreements, emerged to promote better labour standards in global garment supply chains. Recently, academics have highlighted the need to understand the ecosystem of CAs in Bangladesh better. This paper contributes to this understanding by assessing the outcomes of CAs on garment workers' wages and work hours and illuminating barriers of CAs to more effectively raise labour standards. To do so, rare numerical data collected from 1,162 garment workers and interviews with 17 relevant stakeholders are analysed.

While recognizing that other confounding variables may influence working conditions, the results suggest that the multiplication of efforts in some factories prohibits the attribution of any outcome to a specific initiative. Comparing workers from factories affiliated with any CA to those with none, the former group earns somewhat higher wages while working fewer monthly hours than the latter. The qualitative findings revealed four key barriers to the effectiveness of CAs: conflict of interest, misalignment with purchasing practices and sourcing intermediaries, duplication of efforts and lack of collaboration.

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## INTRODUCTION

The garment industry is of great importance to the Bangladeshi economy, contributing to 84 per cent of its total export and employing about 4 million people (Anner, 2018; Anner, Bair & Blasi, 2013). Bangladesh has received increased media attention after the disastrous Rana Plaza factory collapse in 2013, which caused 1,132 deaths (Kabeer, Huq & Sulaiman, 2020). Since then, lead firms sourcing from Bangladesh have faced increased public scrutiny. As a result, a range of collective arrangements (CAs) have emerged as alternative governance mechanisms to voluntary Code of Conducts (COCs) to promote better labour standards in global garment supply chains (Ashwin, Kabeer & Schüßler, 2020). CAs can take different forms, ranging from industry-led initiatives, arrangements between lead firms and other stakeholders, to agreements between lead firms and unions. The approaches differ and can involve shared standard-setting and auditing, political advocacy, and capacity building in factories. The main benefit of CAs lies in their potential to overcome the collective action problem, in which neither buyers nor suppliers have an incentive to invest in improved labour standards unilaterally (Schüßler et al., 2019; Ashwin, 2019; Locke, 2013). Despite this potential, recent critiques argue that the “experiment” of CAs to raise labour standards has failed, given limitations in their approach and nature (MSI Integrity, 2020).

Looking at the actual outcome of initiatives for garment workers, two CAs, namely the Accord on Fire and Building Safety in Bangladesh (referred to hereafter as the Accord) and the Alliance for Bangladesh Worker Safety (referred to hereafter as the Alliance), have been featured relatively widely in independent research. The Accord was the largest Transnational Industrial Relation Agreement (TIRA) to date, with over 200-member lead firms. The Alliance was a smaller Multistakeholder Initiative (MSI), involving about 30 member brands. Both were established after the Rana Plaza collapse and aimed at improving health and safety conditions in the Bangladeshi garment industry. Whilst these two CAs have succeeded in improving the health and safety conditions of workers, they have not led to significant changes in workers’ wages or overtime (Schüßler et al., 2019; Kabeer et al., 2020). There remains a lack of reported impact of the portfolio of different CAs on labour standards in the garment industry (MSI Integrity, 2020; CoRA, 2020). Recently, academics have highlighted the need to understand the ecosystem of CAs in Bangladesh and their impact on working conditions better (Bair, Anner and Blasi, 2020; Schüßler et al., 2020; MSI Integrity, 2020).

While acknowledging the differences between different forms of CAs, this paper aims to fill the gap of reported impact of different CAs on garment workers’ wages and work hours and contributes to the understanding of the eco-system of CAs in Bangladesh, by illuminating barriers of CAs to more effectively raise labour standards. Labour standards include minimum wages and legal work hours as well as to other basic principles and rules outlined in the international labour standards, set by the International Labour Organisation (ILO), such as freedom of association and no child labour. This is done through the analysis of worker-level

data collected between July 2018 and January 2020 by Microfinance Opportunities Organisation (MFO) and analysis of interviews conducted in July 2020 with relevant stakeholders. This research was supported by the Better Work Team in Geneva.

The quantitative analysis supports the finding by Kuruvilla (2020) and Schüßler et al. (2019) that the multiplication of efforts in some factories prohibits the attribution of any outcome to a specific initiative. Further, in alignment with Schüßler et al., (2019), the research suggests that when comparing workers from factories affiliated with any CA to those with none, the former group appears to be slightly better off. Yet, the wages still remain below living wage and overtime is common.

The qualitative findings revealed four key barriers to the effectiveness of CAs. Firstly, the findings confirm scepticism about CAs given their inherent conflict of interest between different stakeholder groups (CorA, 2020; IOD PARC, 2015; MSI Integrity, 2020). However, I add the insights that a conflict of interest can even exist within the same stakeholder group, for example between different brands. Secondly, in alignment with prior studies by Amengual and Distelhorst (2019), Ashwin et al. (2019) and Anner et al. (2013), I point to the lack of alignment between the goals of CAs and purchasing practices. However, I find that the exclusion of sourcing intermediaries from CAs forms an additional important but underacknowledged barrier to the effectiveness of CAs. This far, sourcing intermediaries have been largely ignored in the debate about the impact of CAs. Thirdly, complementary to Kuruvilla (forthcoming), MSI Integrity (2020) and Schüßler et al. (2019) who discuss the competition between CAs for funding, this article underscores the lack of collaboration between CAs and the resulting inefficiency of efforts to promote better international labour standards. Fourthly, I highlight that the multitude of CAs and the lack of collaboration between them, leads to further duplication, rather than, as suggested by Kuruvilla et al. (2020), a reduction of efforts in mostly large, export-oriented factories. Meanwhile, other factories, mostly second and third tier, are often not covered by any initiative, which impedes industry change.

## **LITERATURE REVIEW**

Since the 1990s, private governance mechanisms, most commonly through firms' COCs and monitoring in the form of auditing, have emerged as the primary way to encourage better international labour standards in global garment supply chains (Distelhorst, Locke, Pal and Samel, 2015; Locke, Rissing and Pal, 2012). The international labour standards are a set of rules by the ILO that lay out basic principles and rights at work, ranging from the right to organise and no forced labour to payment of minimum wages and no illegal overtime. The Rana Plaza building collapse in 2013 revealed gaps in this compliance-based auditing

approach, which is now widely critiqued for having failed to deliver on its promises of improved labour standards (Locke, Amengual and Mangla, 2009; Schüßler et al., 2019). The Rana Plaza disaster was followed by increased investment in improving labour standards and the emergence of multiple CAs as alternative governance mechanisms in global supply chains (Ashwin et al., 2020). Apart from the Accord, which has recently transformed into the Ready-Made Garment (RMG) Sustainability Council and the Alliance, today, a great variety of CAs are aiming to improve labour standards in Bangladesh (Accord, 2020; Schüßler et al., 2020; Kabeer et al., 2019). In Bangladesh, CAs take the form of a) industry-led initiatives, which are arrangements between multiple lead firms, thus representing one interested group, such as the Business Social Compliance Initiative (BSCI), b) international MSIs, formed of multiple firms and other stakeholders, representing different stakeholder groups, such as non-governmental organisations (NGOs), for example, Ethical Trading Initiative (ETI) and Fair Labour Association (FLA), and c) TIRAs, a more recent form of collective action, which can be agreements between one multinational company and a Global Union Federation (GUF), then called Global Framework Agreements (GFAs), such as the GFA between IndustriALL Bangladesh and H&M. TIRAs can also be between multiple firms and unions, including the most diverse set of stakeholders, such as the former Accord. Further, there are international organisations and institutions, such as the Better Work Program (BWP), the Social Apparel Coalition (SAC), and the United Nation Global Compact (UNGC) (Kuruville, forthcoming; Ashwin, Oka, Schuessler, Alexander and Lohmeyer, 2020). The approaches and targets of these initiatives vary. Some focus solely on standard-setting and auditing, others on capacity building of suppliers and political advocacy. Some focus on one topic area, and others aim to improve labour standards more generally (Schüßler et al., 2019).

### **Collective arrangements as an alternative governance mechanism in global supply chains**

The main benefit of CAs is their potential to overcome the collective action problem, which arises as individual firms lack leverage over supplier factories because they usually account only for a fraction of the suppliers' total output. Lead firms may threaten their competitiveness when unilaterally investing in improvements in labour standards, which can reduce their margins. Similarly, an individual supplier may threaten its competitiveness when investing in improved labour standards, especially as suppliers are usually not rewarded for compliance (Kuruville, Liu, Li and Chen, 2020; Ashwin, 2019; Locke et al., 2009). Further, CAs can reduce the duplication of efforts caused by divergent COCs, which have shown to lead to auditing fatigue and a "compliance limbo" by suppliers, who spend their resources preparing for audits, rather than dedicating resources to address actual problems (Kuruville et al., 2020; O'Rourke, 2003; Locke, Qin and Brause, 2007). Recently, TIRAs have been discussed as especially promising, due to their additional benefits of including unions in the negotiation and implementation process, which allows for the representation of workers and promotes freedom of association. Unions can also hold multinational companies and suppliers to their commitments, thereby acting as an enforcing and monitoring mechanism (Ashwin, 2019).

Further, TIRAs can act as a “shadow of protection” to local unions that address workers’ grievances and the interaction with international alliances and organisations can strengthen the strategizing skills of union workers (Zajak, 2017).

### **Critiques of collective arrangements as tools to raise labour standards**

Critiques acknowledge that CAs can be avenues for learning, dialogue, and trust-building. However, they argue that “the experiment” of CAs as governance mechanisms to promote labour rights has failed, as CAs are not fit for that purpose. Critiques include that CAs apply a top-down compliance approach, which a) fails to centre around the needs of garment workers, and b) imposes additional demands on factory owners, who bear the cost of compliance (MSI Integrity, 2020). Note that while TIRAs, such as the Accord, make a conscious effort to include workers’ voice through collaborating with unions, there remains the critique that power dynamics stay in favour of global corporations and that local employers are excluded from discussions (Scheper, 2017). Thereby, CAs may only serve to legitimize brands while failing to address exploitative working conditions (Alamgir and Banarjee, 2019).

Further, the misalignment of initiatives with purchasing practices is argued to lead to means-end decoupling, where actors implement policies to improve labour standards, but do not produce the desired outcome (Ashwin, Lohmeyer and Schüßler, 2019; Bromley & Powell, 2012). Purchasing departments choose suppliers, decide on volumes, negotiate prices, and terminate contracts. Though 83 per cent of lead firms sourcing from Bangladesh do not contract suppliers directly, but through sourcing intermediaries, who interact with suppliers on behalf of brands (Schüßler et al., 2019). Research suggests that any effort to improve labour standards is likely to be undercut by purchasing practices, which rely on short lead times and cheap prices (MSI Integrity, 2020; Amengual and Distelhorst, 2019; Anner et al., 2013). The fragility of purchasing practices is highlighted once again by the recent COVID-19 crisis. The COVID-19 related drop in sales by global brands has caused the refusal of brands to pay for raw material already purchased by suppliers and short-notice cancellation of orders worth more than US\$ 3.18 billion in Bangladesh. As a result, thousands of factories have been partially or completely shut down, putting millions of garment workers at risk of losing their income (RISC, 2020; Anner, 2020; BGMEA, 2020).

Another critique addresses the tripartite nature of MSIs and TIRAs, which can promote an inclusive and broad debate, but is also likely to “forestall meaningful action because it necessarily entails conflicting interests and objectives between members” (p.19, IOD PARC, 2015). This conflict of interest and the technocratic, process-oriented nature of CAs leads to resource and time-intensive discussions. As a majority vote or consensus usually governs CAs, a new policy adoption can be delayed by those resisting change, which slows down progress (CorA, 2020). Further, participating stakeholders need to be able to spend the required

resources to engage in these lengthy debates, which puts those organisations at a disadvantage that do not have the necessary resources (MSI Integrity, 2020).

Several authors have argued that while many CAs promote their success, there is little evidence that those initiatives provide actual positive outcomes for garment workers. Many CAs report the number of factories or workers reached as impact, rather than reporting the actual outcome for workers. Existing methodologies are critiqued to be geared towards external stakeholders and to lack workers' voices. Most initiatives only publish part of their impact measurement, which usually relies on factory auditing, rather than worker surveys (Alamgir and Banarjee, 2019; Bair, Anner and Blasi, 2020; CoRA, 2020; MSI Integrity, 2020).

### **Improvements or lack thereof in labour standards in Bangladesh**

Since Rana Plaza, there have been improvements for workers in health and safety conditions, job security, and social benefits in Bangladesh. The complexity of the RMG industry and the number of confounding variables, such as the factory size, factory management, and the set of buyers who may simultaneously engage in multiple governance mechanisms, lead to behavioural invisibility. This means it is impossible to directly attribute any outcome to an intervention (Kuruvilla et al., 2020; Schüßler et al., 2019; Wijen, 2014). Nonetheless, given the leverage of the Accord and the Alliance, the improvements in health and safety are likely to be attributable to those two initiatives or to the hospitable environment they created. The Accord has been called a “paradigm shift”, due to its leverage, including 200 member brands, its legally binding nature, the inclusion of unions and sourcing guarantees for manufacturers. However, wages and overtime were “sticky points” with little improvements (Anner, 2018; Kabeer et al., 2020). Other critics argue that the Accord did little to change power relations and purchasing practices (Khan and Wichterich, 2015; Scheper, 2017). Apart from the Accord, there is little reported impact of other CAs. Independent studies that include workers voice are especially sparse (Bair, Anner and Blasi, 2020; MSI Integrity, 2020; Schüßler et al., 2019). Wages are frequently featured as the most important priority to workers, and the amount of overtime is a widely recognized problem in the industry (Kabeer et al., 2020; Locke, 2013). Yet, there is a lack of an extensive or systematic analysis of the impact of CAs or comparison between more or less effective initiatives or no intervention at all. Without understanding the actual effect of interventions from a worker's perspective, CAs risk conflating their impact, and it remains unknown what approaches work, and which do not (Bair, Anner and Blasi, 2020; MSI Integrity, 2020; Kuruvilla, forthcoming). Given the controversial opinions about CAs and the lack of reported impact, in this article I aim to answer the research questions:

*What impact do CAs have on wages and work hours of garment workers in Bangladesh?*

*And what are the barriers of CAs to more effectively raise labour standards in the Bangladeshi garment industry?*

## METHODOLOGY

The research method consists of a mix of quantitative and qualitative analysis. The quantitative part involved the analysis of worker responses collected by the MFO for the workers' diaries project. The data was shared with the researcher through the Better Work Team in May 2020. This analysis aimed to understand the impact of initiatives on garment workers' wages and work hours. The MFO data contains responses collected from a random sample of garment workers in Dhaka, Gazipur, Narayanganj, Savar, and Chittagong. Data was collected by using a panel survey methodology, which collects workers' responses on economic activity on a weekly basis (MFO, 2018). The original data set included 87,617 weekly responses by 1,611 workers, collected between May 2018 and January 2020. The process by which workers were affiliated with CAs is the following: first, workers were matched to the factories in which they work. Second, if factories showed up on buyers' supplier list, workers were matched to those buyers by the MFO. Third, if those buyers form part of one or multiple CAs, these CAs were affiliated to factories and workers employed in those. Workers were matched to the following CAs: BWP, ETI, GFAs IndustriALL, SAC, UNGC, the Accord, and BSCI (Appendix A). Factories affiliated with the Accord are still included in the data as such, even after the Accord transformed into the RMG Sustainability Council.

The following steps were taken to prepare the data set. Firstly, respondents who could not be matched to factories and those with less than 20 weeks (out of 92 weeks) of data collection were removed. Secondly, responses from the months of May and June 2018 were removed, as responses were scarce. Thirdly, with the goal to compare wages and hours worked in correlation, weekly responses were merged to monthly responses, using the data modelling tool R. Workers usually receive their wage one month after performing their work, hence reported wages were matched to the hours worked in the previous months (MFO, 2018). Fourthly, 1,140 responses, with a zero for either factory income or net hours, were removed. See Appendix B.1 for the explanation of variables.

The Bangladesh Labour Act (BWP, 2006), Bangladesh Labour Rules (Ministry of Labour and Employment, 2015) and Minimum Wage Gazette Rules (Ministry of Labour and Employment, 2019) do not offer a probation for hourly minimum wage calculation. However, to take into account the number of total hours worked in relation to wages, the calculation of average hourly wages was essential. Hence, average hourly wages were calculated, adapting a formula used in the MFO 2018 Bangladesh report (Appendix B.2). To do so, the gross factory income was calculated by deducting any deductions from the factory income. Workers in Bangladesh are legally guaranteed a minimum monthly wage, but not a minimum hourly wage. Nevertheless, workers are assured an overtime rate twice as high as their basic minimum wage (The Circle, 2017). The Bangladeshi law states that a typical workweek is 48 hours long, which makes an average of 192 regular hours a month (MFO, 2018). Hence, I used the following formula as adapted from the MFO (2018):

$$\text{Average hourly wage} = (\text{Gross Factory Income}) / [(\text{Regular Hours}) + (2 \times (\text{Overtime Hours}))]$$

Outliers in gross factory income, net hours, and hourly wages were deleted, and the data set was left with 15,554 monthly responses of 1,162 workers, collected in the time between July 2018 to January 2020. Using excel and R, descriptive statistics were conducted (Appendix B.3). A cross-table was calculated, which explores how often workers are affiliated with multiple initiatives simultaneously. The results showed that in many cases, workers are affiliated with multiple initiatives, which makes it impossible to compare CAs. Given this insight, a dummy variable for workers affiliated with *any* initiative (1=yes, 0=no) was included in the data set. A regression analysis was conducted to assess the impact of affiliation with *any* initiative on average hourly wage (model 1) and monthly net hours (model 2), while controlling for the variables of gender, age, education, marital status, years of experience in the garment industry, the month of data collection, garment producing area and wage grade.

*Model 1: average hourly wage*

$$\begin{aligned} &= a + \beta_1 \text{affiliatin with any CA} + \beta_2 \text{gender} + \beta_3 \text{age} \\ &+ \beta_4 \text{education} + \beta_5 \text{marital status} + \beta_6 \text{years in garment industry} \\ &+ \beta_7 \text{month} + \beta_8 \text{garment producing area} + \beta_9 \text{wage grade} + \varepsilon \end{aligned}$$

*Model 2: monthly net hours*

$$\begin{aligned} &= a + \beta_1 \text{affiliatin with any CA} + \beta_2 \text{gender} + \beta_3 \text{age} \\ &+ \beta_4 \text{education} + \beta_5 \text{marital status} + \beta_6 \text{years in garment industry} \\ &+ \beta_7 \text{month} + \beta_8 \text{garment producing area} + \beta_9 \text{wage grade} + \varepsilon \end{aligned}$$

The assumptions for regressions were tested, and no violations were found. To give additional insights, t-tests with unequal variances were conducted to compare the mean hourly wages, mean monthly net hours, as well as hourly overtime rate, which is the rate workers receive for an hour overtime, and monthly base salary, which is the workers' salary excluding overtime payments, of workers affiliated with any initiative and those affiliated with no initiative. Throughout the analysis, feedback from the MFO and Better Work were considered.

To illuminate the mechanisms underlying the effectiveness of CAs, the quantitative analysis was complemented with a qualitative analysis. The qualitative part is based on a thematic analysis of semi-structured interviews with stakeholders involved in CAs. Of the 13 interviewees, six were based in Bangladesh and seven in other locations (Appendix C.1). All interviewees have direct affiliation or experience with initiatives present in Bangladesh on a strategic or operational level and were sourced through the researcher's professional network. Interviewees were informed about the objective of the research and the anonymous treatment of their data in a consent form, which they were asked to sign and send back prior to the interview. In some instances, voice consent was taken alternatively. The interviews

were conducted between the 13<sup>th</sup> and 24<sup>th</sup> of July 2020 through Zoom, Skype, or WhatsApp-call and lasted between 40 and 60 minutes. A topic guide was used to guide through open-ended questions. The interviews were recorded, transcribed, and analysed using thematic analysis. First, a systematic inductive reading approach was used to develop first-order themes that remained close to informant terms, using NVivo. All relevant codes were grouped into organising first-level themes. Second, these clusters were given descriptive names in the second order-analysis. Third, themes were distilled into aggregate dimensions, aiming to answer the research question at hand (Gioia, Corley and Hamilton, 2012). This approach to a thematic analysis has several strengths: The approach and the graphic presentation of the data structure (Appendix C.4) demonstrate rigor in the qualitative analysis, while it allows to stay close to the interviewees' experiences. Further, cycling between themes, data, and relevant literature helps to develop a dynamic grounded theory model (Gioia et al., 2012). A thematic analysis approach fits well to understand the challenges of the complex portfolio of CAs better, as it is tailored to uncovering new concepts and understanding problems better (Khan, 2014; Skovdal and Cornish, 2017).

## **FINDINGS AND DISCUSSION**

### **The impact of collective arrangements on wages and work hours**

A cross-table was calculated to show how many of the respondents were affiliated with each CA and multiple initiatives simultaneously. In line with recent literature, the results show that there are multiple CAs present in the same factories (Kuruvilla et al., 2020; Schüßler et al., 2019). For example, of 367 respondents, who work in factories affiliated with BWP, 340 are also affiliated with ETI, as seen in table 1. Hence, any improvement in labour standards cannot be attributed to either one or the other effort. Note, that of 570 workers, which were not affiliated with any CA, 564 workers could not be matched to any initiative because they did not show up on any supplier list.

*Insert Table 1.*

For the regression of model 1, with the dependent variable average hourly wage, all coefficients are statistically significant at the 5 per cent significance level, except for age. The results suggest that working in a factory, which is affiliated with any CA, has a significant positive effect on average hourly wage of about 4 takas ( $b=3.82$ ,  $p<0.001$ ). For model 2, with the dependent variable net hours, all coefficients are significant, apart from education, marital status, and years in the garment industry. The results suggest that affiliation with any initiative has a significant negative impact on monthly net hours of about 3 hours ( $b=-3.1$ ,  $p<0.001$ ) (Appendix B.4).

The t-tests in table 2 suggest significant differences in work hours and wages of workers affiliated with any initiative versus workers who are not. The former group earns an overtime rate and an average hourly wage of about 5 takas higher, a monthly base salary of about 170 takas higher, and a monthly gross factory income of about 758 takas higher, despite working about 3 hours less in a month, than the latter group.

*Insert Table 2.*

While recognizing that other confounding variables may influence working conditions, the results still suggest some interesting findings. Firstly, the cross-table adds to understanding the portfolio of CAs present in Bangladesh and highlights the difficulty of attributing any outcome to a specific intervention. This difficulty does not only come from workers simultaneously being affiliated with multiple initiatives, but also from the fact that most workers who were not affiliated with any CAs did not show up on any supplier list. Hence, the difference in hourly wages and overtime could also stem from the fact that one group works in factories that export to a well-known brand, as suggested by prior studies (Kabeer et al., 2020). Secondly, this study suggests that the efforts of multiple CAs and organisations may lead to some improvements in wages and overtime. However, wages still remain low and overtime common. The monthly net hours of 220 of those affiliated with any initiative suggests an average of 28 hours of monthly overtime (MFO, 2018). The average base salary of those affiliated with any initiative is above the minimum salary of 5,300 takas for the lowest wage grade in 2018, but below the current minimum wage of 8,000 takas (Ministry of Labour and Employment, 2019). Considering that only 23 per cent of the sample is in the lowest wage grade, the average base salary for the whole sample is very low. Further, the base salary only accounts for 56 per cent of the living wage of 13,620 takas calculated by the Global Living Wage Coalition (2020).

In order to illuminate the barriers of CAs to more effectively raise labour standards in Bangladesh, qualitative interviews with relevant stakeholders were conducted. The themes discussed in this report were chosen due to their frequency of occurrence and their relevance to the research question and to the current debate. The aggregated themes can be categorized into barriers within the framework of CAs, meaning within the governance body and nature of arrangements, and barriers in the eco-system of CAs, which are challenges related to the range of diverse CAs present in Bangladesh, as seen in figure 1.

*Insert Figure 1.*

## Barriers within the framework of collective arrangements

### ***Conflict of interest***

The analysis reveals that conflict of interest does not only exist between the different stakeholder groups involved in CAs (IOD PARC, 2015) but also within the same stakeholder group, especially between different lead firms. As one sustainability manager puts it: *“The member brands are very heterogenous, they come with different experience, business models, expectations and commitment to sustainability,”*<sup>1</sup> which leads to resource-intensive discussion and slows down the progress of CAs. *“I think what quite often happens with MSIs is that the pace of change flows down to the least progressive organization's appetite. Because the MSIs have to keep all of their members happy, they end up finding this middle ground compromise on the lowest common denominator (...).”*<sup>2</sup> These findings support CAs' critique as progressing too slow and not achieving transformative change, given the conflict of interest within the initiatives and their technocratic and process-oriented nature (MSI Integrity, 2020). Adding to this argument, one interviewee points out: *“The bigger the initiatives get, the more topics and brands they include, the more difficult it becomes to coordinate.”*<sup>1</sup> On the other hand, a large number of member lead firms are needed in CAs to achieve leverage over suppliers, which makes this a wicked problem (Locke et al., 2009).

### ***Misalignment with purchasing practices and sourcing intermediaries***

In alignment with recent studies, the interviews show that the misalignment between the goals of CAs and purchasing practices leads to means-end decoupling, where practices conducted by initiatives do not lead to the indented outcomes (Amengual and Distelhorst, 2019; Ashwin et al., 2019; Anner et al., 2013). CAs demand suppliers to invest in higher working standards, such as better wages. At the same time, the same lead firms that participate in these agreements do not provide guaranteed orders, they change orders on short notice, and they squeeze factory managers out for the lowest prices. This may, in fact, increase the burden for suppliers, who already operate on very thin margins and are unlikely to be able to comply with both the demands for higher standards requested by CAs and fulfilling orders as cheaply and timely as requested by lead firms (Anner, 2020; Locke et al., 2009). Even though some initiatives explicitly aim to align purchasing practices of participatory lead firms with their goals, this remains very rare (MSI Integrity, 2020). As one former factory manager notes, *“I can offer people ‘job security’, but it's not really job security, because I don't know if I get certain orders [...] Do I subcontract to a facility, that I know probably isn't compliant, or do I not take on the order or ask for longer lead time, so I can get it done over more months? Well, then I am probably getting marked as a difficult supplier,*

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<sup>1</sup> Online Interview, Sustainability Manager of lead firm, based in Germany, 21 July 2020

<sup>2</sup> Online Interview, Stakeholder representative, based in England, 13 July 2020

*and maybe I'll lose the order all together... Like, in terms of what's best for my employees there's not really a clear answer..."*<sup>3</sup>

Related to purchasing practices, interviewees frequently mentioned the importance of sourcing intermediaries and that their exclusion of CAs intensifies means-end decoupling, as explained by one interviewee: *"For many years they [sourcing intermediaries] were not transmitting the same kind of social responsibility messages, that the brands were trying to transmit through the supply chain. So, they were creating a bottleneck, because they didn't buy into the same values."*<sup>4</sup> As mentioned, the majority of lead firms contract suppliers in Bangladesh through sourcing intermediaries (Schüßler et al., 2019). However, despite their importance as *"invisible actors who were actually putting a lot of the strings in the supply chain"*<sup>4</sup>, sourcing intermediaries are rarely mentioned in the current debate about CAs, which makes this finding an important and interesting point for further study and debate.

The analysis sheds light on potential reasons for the lack of sourcing intermediaries in CAs, as one representative of a global organisation states: *"I think probably we didn't, in the MSI landscape, do enough to really look at who has the power and who has the influence in the global supply chain..."*<sup>4</sup> Several interviewees critiqued the representation of lead firms' interests in CAs solely by corporate social responsibility (CSR) representatives, who have different expertise and incentives than the purchasing team, which may cause or perpetuate both the misalignment with purchasing practices and the exclusion of sourcing intermediaries, as mentioned by one sustainability manager: *"I think one of the reasons agents [i.e. sourcing intermediaries] are not necessarily part of these initiatives, is that in the board of those initiatives there are CSR people, people who do not necessarily have the knowledge about purchasing practices and come in with a more moral view. The key role of the agent may slip their mind."*<sup>1</sup> However, interviewees also highlighted the challenge of including sourcing intermediaries in efforts to improve labour standards, as sourcing intermediaries, in contrast to well-known brands, are not subject to public scrutiny and may have little incentive to work towards improved labour standards.

## **Barriers in the eco-system of collective arrangements**

### ***Duplication of efforts in some factories while not covering other factories***

In alignment with the quantitative findings, the qualitative analysis suggests a duplication of efforts of several initiatives in the same factories. In contrast to the proposition that CAs reduce duplication of efforts (Kuruville et al., 2020), interviewees suggested that CAs serve as *"just another certificate"*<sup>5</sup> and lead to further duplication of efforts. Lead firms are likely to

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<sup>3</sup> Online Interview, Stakeholder Representative and former factory owner, based in the Netherlands, 21 July 2020

<sup>4</sup> Online Interview, Stakeholder Representative, based in Vietnam, 22 July 2020

<sup>5</sup> Online Interview, Stakeholder Representative, based in Bangladesh, 16 July 2020

join multiple CAs to hedge their risks, *“So they're joining the BWP, but they're also joining the FLA, they're working with ETI, and they might be running audits through a private company.”*<sup>4</sup> Although these interventions are not identical in approach and aims, the practice multiplicity of several initiatives in the same factories may still demand considerable resources by factory managers, who have to prepare for different audits. This leads to a *“great hesitance towards any new initiative,”*<sup>6</sup> as consistently reported by interviewees based in Bangladesh. Further, the duplication of efforts leads to behavioural invisibility (Kuruvilla et al., 2020; Schüßler et al., 2019; Wijen, 2014), which allows for double counting of successes and makes it impossible to evaluate the effectiveness of initiatives thoroughly, as one interviewee criticised: *“Everybody's trying to claim positive outcomes, but negative outcomes are typically someone else's fault, [...] and at the same time there's a lot of free riding.”*<sup>4</sup>

The interviews shed light on the type of factories covered by CAs, which are mostly large-scale factories that supply well-known international brands and form part of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). These characteristics may imply that these factories already provide better working conditions. Explanations for the practice multiplicity in these factories included that initiatives may want to catch the *“low hanging fruits”*<sup>2</sup> by working in factories that already have higher standards, in order to fulfil their KPIs of “impacting” a certain number of workers, which supports MSI integrity's critique of misleading impact measurement discussed above (2020). Another, more intuitive explanation for the type of factories covered is that those are the first-tier supplier factories of lead firms. This implies that other factories, mostly small and subcontracting factories, are not addressed by the effort of any CA. In Bangladesh, there are an estimated 2,000 unregistered subcontractors who are paying below minimum wage and do not comply with local or national laws or any COC (Baumann-Pauly and Labowitz, 2014). *“The moment you move to factories that are not part of the BGMEA, and that are not part of these multiple initiatives, it is almost like night and day.”*<sup>6</sup> This gap between hard-to-reach small scale factories and those covered by multiple initiatives impedes CAs to achieve improvements in labour standards on an industry level. As one stakeholder puts it: *“I want to see much more ambition from MSIs in getting into the harder to reach facilities. Because otherwise, you're duplicating work in many ways, for a lot of facility owners, with negligible benefit for the workers, but some benefit is better than none. Then there's thousands upon thousands of workers elsewhere, who aren't receiving any benefits at all.”*<sup>5</sup>

### ***Lack of collaboration between competing initiatives***

Another barrier to CAs' effectiveness is the lack of collaboration between CAs, which enhances the duplication of efforts and behavioural invisibility. The lack of collaboration also prohibits the sharing of industry-wide knowledge, which could help initiatives to become more effective. Usually, CAs depend either on their member fees or on donations to sustain

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<sup>6</sup> Online Interview, Stakeholder Representative, based in Bangladesh, 17 July 2020

themselves. They are competing with each other for these types of funding (Kuruville, forthcoming; MSI Integrity, 2020; Schüßler et al., 2019). Hence, reasons for the lack of collaboration relate to competition, as mentioned by one stakeholder: *“In many respects, they [CAs] have competing interests, and they have commercial interests. So that also affects collaboration, even for the non-profit sector. Most of the time they have an imperative to try to create a sustainable business model, something that makes money to reinvest, even if it doesn't make profit [...]. Maybe at the operational level, they want to work together, but at the structural level, they want to drive one another out of the industry and become the number one initiative, or the leading initiative.”*<sup>4</sup> Several interviewees called for *“these initiatives, for the benefit of everyone, to share learnings about what happened along the way.”*<sup>2</sup>

## **DISCUSSION AND CONCLUSION**

The Bangladeshi garment industry has received increased attention since the Rana Plaza collapse in 2013, which has led to the emergence of CAs as an alternative mechanism to govern labour standards in global garment supply chains (Kabeer, 2020; Anner et al., 2018; Anner, 2013). This paper adds to the understanding of the eco-system of CAs in Bangladesh by assessing the impact of CAs on garment workers' wages and work hours, using rare worker-level data, and illuminating some underacknowledged barriers to more effectively raise labour standards in Bangladesh.

The quantitative analysis of worker responses confirms findings by Kuruville (2020) and Schüßler et al. (2019). The analysis suggests that the presence of multiple CAs in the same factories prohibits any comparison between CAs and any attribution of outcomes to a specific effort. The analysis of differences in wages and work hours of workers affiliated with any initiative compared to workers who are not, suggest that the former group earns somewhat higher wages while working fewer monthly hours than the latter group. Despite the fact that these differences cannot be causally attributed to CAs, they indicate that CAs may lead to some, but relatively narrow positive outcomes for workers. Further analysis should aim to distinguish impact measurement between different types of CAs, such as those that include participatory approaches versus those that do not.

The qualitative analysis of interviews with relevant stakeholders resulted in the following themes: Firstly, barriers within the framework of CAs include the conflict of interest between the heterogeneous stakeholders' groups, which confirms arguments made by CorA (2020), IOD PARC (2015) and MSI Integrity (2020). I also find that the conflict of interest even exists within the same stakeholder groups, which causes resource-intensive decision-making and slow progress. Even though CAs' current governance structure is likely to inhibit fast or transformative change, I consider it the appropriate approach to bring together stakeholders

with divergent incentives. Yet, this means that it must be recognized that CAs serve as supplements to public regulation, not substitutes, and the focus of their role should shift to becoming a space for learning, dialogue, and sharing of best practice (MSI Integrity, 2020; CoRA, 2020). The misalignment between the goals of CAs and purchasing practices is a well-known barrier, which leads to means-end decoupling (Amengual and Distelhorst, 2019; Ashwin et al., 2019; Anner et al., 2013). Additionally, I find that the misalignment with sourcing intermediaries, an important actor in global production networks, is an additional barrier. Sourcing intermediaries have thus far been largely ignored in the debate about the impact of CAs. This highlights the importance of CAs to include improved purchasing practices explicitly in their aims. Future research should analyse in detail how sourcing intermediaries affect the supply chain, purchasing practices and labour standards. Sourcing intermediaries need to become a more central part of the debate about raising labour standards and ideally become part of CAs.

Secondly, barriers related to the eco-system of CAs in Bangladesh comprise of the duplication of efforts by multiple CAs in large, export-oriented factories, which requires substantial resources from factory management and leads to behavioural invisibility. These findings align with arguments made by Kuruvilla et al. (2020) and Schüßler et al. (2019). Additionally, I underscore that smaller subcontracting factories are usually not subject to the efforts of any CA, which impedes changes on an industry level. A related barrier was found to be the lack of collaboration between competing CAs, which breeds the duplication of effort and opacity and further hinders the sharing of industry knowledge. These findings highlight the need for CAs to adopt a more systematic mindset, which considers the portfolio of different initiatives, private efforts, and the systemic nature of poor labour standards. CAs should work towards collaborating better to increase efficiency and reaching more diverse factories. It is to acknowledge that there is a trend towards shared standards and audits to address these challenges. The issues of measuring impact mentioned throughout this report suggest a need for collaboration in the form of sharing of data, which will reduce behavioural invisibility and allow for the diffusion of best practices and the creation of industry knowledge. Furthermore, better methodologies and an extensive, systematic analysis of CAs' impacts are needed (Kuruvilla, 2020; Schüßler et al., 2019).

It is important to keep in mind that the barriers found, and the recommendations listed, are not extensive and do not apply to all forms of CAs equally. Improving labour standards is a complex and multi-pronged process, which is profoundly embedded in political-economic contexts of global supply chains, and all private governance efforts need to be supported by labour laws, institutions and strong unions in the countries of lead firms and supplier (Bair, Anner and Blasi, 2020; Bartley, 2011). Whilst this article focussed on barriers to the effectiveness of CAs and suggests that there is room for improvements in the efforts of CAs, it is not to overlook that CAs are unique in their potential of overcoming the collective action

problem and have achieved some improvements in Bangladesh (Ashwin, 2019; Kabeer et al., 2020).

Although the findings of this study offer interesting insights, some limitations remain. For the quantitative analysis, the calculation of average hourly wages may only offer the best possible approximation, since there is no official probation for hourly minimum wage calculation. Hence, while the results points towards a positive effect of factory affiliation with any CA on average hourly wages, the exact effect depends on the formula used for average hourly wage calculation. Further, there was no access to data about the factory size, which is another important variable when differentiating between working conditions, apart from those controlled for in this study (Kabeer et al., 2020; Schüßler et al., 2019). The merging of weekly responses into monthly data could have distorted the results. The low R-squares of model 1 (5 per cent) and model 2 (1 per cent), suggest that other important variables are missing to predict wages and work hours. Hence, while the regression and t-test results offer insightful indications, differences in wages and work hours cannot be causally attributed to CAs.

While the results from a qualitative thematic analysis may not be conclusively generalizable, as results are based on the understanding and experience of a specific perspective and within a certain environment, the findings are still relevant to the broader debate about CAs. The analysis could include potential bias from participants, who may be incentivised to answer a certain way due to their own involvement with lead firms or CAs. However, interviewees had no financial or intangible incentive to participate or respond in a certain way. Further, the researcher's bias could have influenced the coding process (Skovdai and Cornish, 2017). Given the scope of the study, the sample group does not include all stakeholder groups that play a role in the garment industry, and the insights should be evaluated by additional study. In this study, the perspective of unions was less prevalent than the perspective of CAs and lead firms, which could have skewed the outcomes towards the interest of the industry to some extent. Future research should look more into depth into the eco-system of CAs and support the development of improved frameworks and propose models that foster the collaboration between CAs, facilitating CAs to live up to their potential in raising labour standards of garment workers in Bangladesh and around the world.

## TABLES AND FIGURES

	BWP	ETI	FLA	GFA Industr iALL	SAC	UNGC	Accor d	BSCI	Affiliatio n with no CA
<b>BWP</b>	367								
<b>ETI</b>	340	462							
<b>FLA</b>	5	340	15						
<b>GFA IndustriALL</b>	254	263	5	275					
<b>SAC</b>	366	428	11	270	469				
<b>UNGC</b>	304	343	5	264	339	378			
<b>Accord</b>	345	455	15	275	445	371	568		
<b>BSCI</b>	184	270	12	146	282	263	352	396	
<b>Affiliation with no CA</b>	0	0	0	0	0	0	0	0	570

Table 1: Count of respondents affiliated with each or multiple CAs. Total number of respondents: 1162. The same table for count of factories can be found in Appendix B.4.

	Affiliation with any CA	Affiliation with no CA	P-value
<b>Mean hourly overtime rate (taka)</b>	36.76	31.79	$p < 0.001$
<b>Mean average hourly wage (including regular hours and overtime) (taka)</b>	48.96	44.32	$p < 0.001$
<b>Mean monthly base salary (excluding overtime) (taka)</b>	7611.28	7441.68	$p < 0.05$
<b>Mean monthly gross factory income (includes overtime) (taka)</b>	10952.74	10194.89	$p < 0.001$
<b>Mean monthly net hours</b>	220.38	223.82	$p < 0.001$

Table 2: Results of t-tests (Appendix B.4).

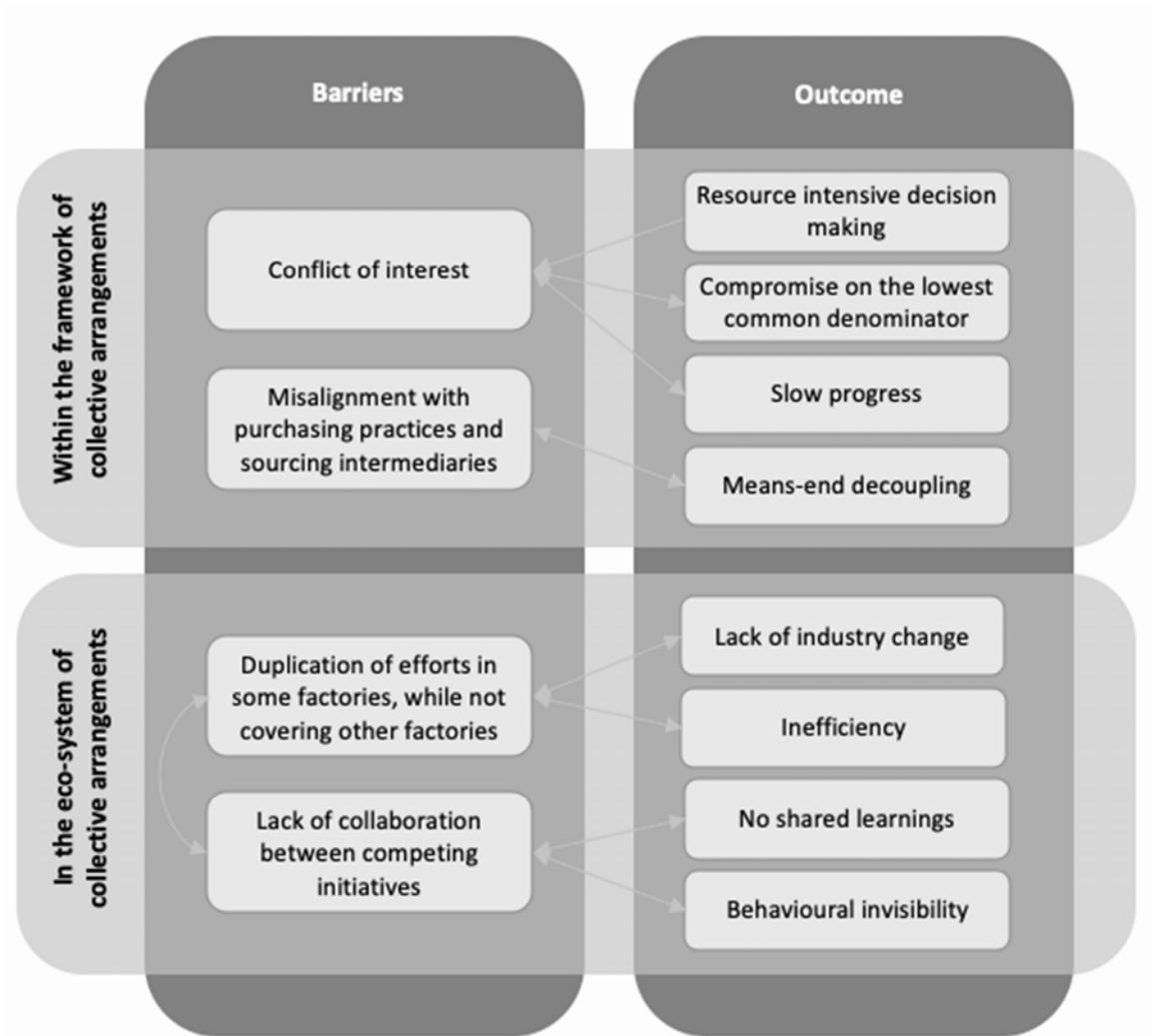


Figure 1: Barriers of CAs in Bangladesh to effectively impact labour standards.

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## APPENDICES

### Appendix A: Collective Arrangements

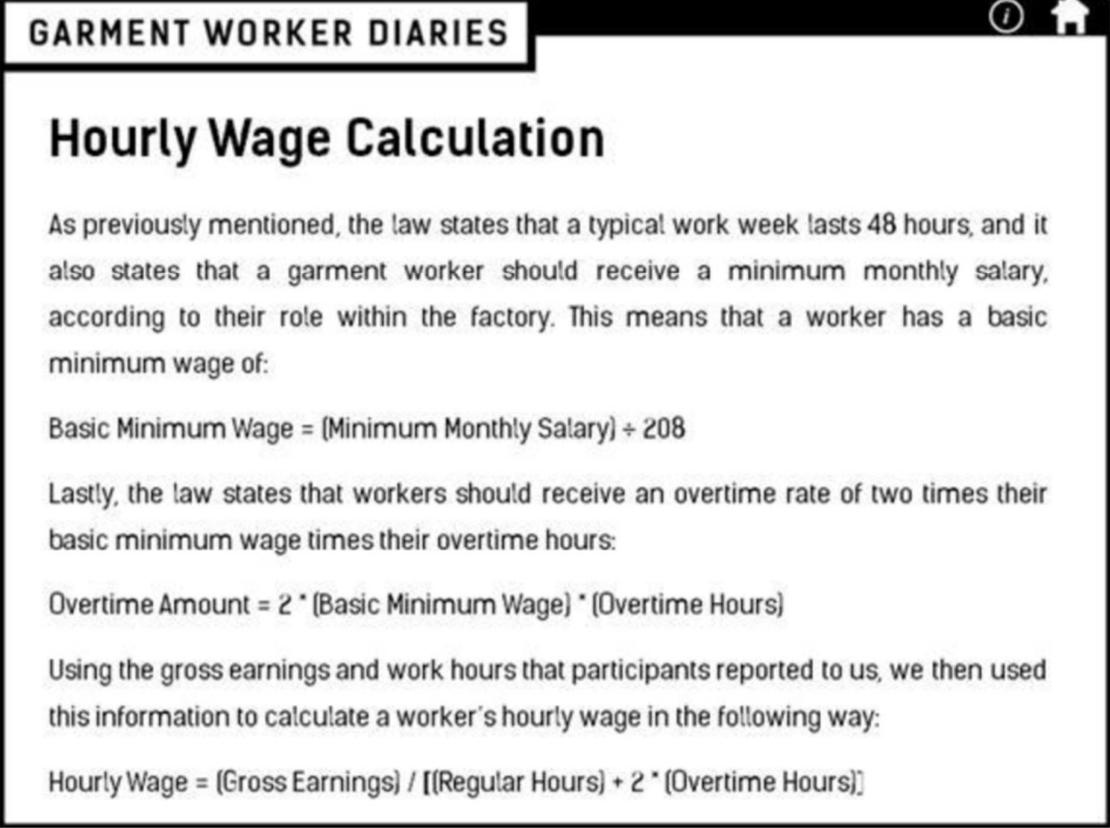
Name	Description and aim	Participants
Better Work Programme (BWP)	Partnership between the International Labour Organization (ILO) and the International Finance Corporation, which aims to improve working conditions in the garment industry. BWP operates in total in 9 countries and 1,700 factories. 27 signatory brands and retailers are signatory brands are related to the BW program in Bangladesh (BWP, 2020).	Lead firms, suppliers, unions
Ethical Trading Initiative (ETI)	ETI is an alliance of trade unions, companies, and NGOs to promote workers' rights. Member companies commit requiring their suppliers to comply with the code of labour practices. ETI works across multiple industries and is active in various countries (ETI, 2020a). The ETI program in the Bangladeshi garment sector is active in 25 factories and affiliated with 12 multinational brands. It is funded by British, Danish, and Norwegian governments (ETI, 2020b).	Lead firms, unions, and NGOs
Fair Labour Association (FLA)	The FLA is an international organisation that collaborates efforts of socially responsible companies, civil society organisations, and universities to encourage companies to voluntary meet the ILO labour standards. The encourage dialogue, provide third-party auditing and a third-party complaint mechanism for labour rights violations (FLA, 2020).	Lead firms, NGOs, universities
IndustriALL GFAs	IndustriALL is a global union, with local affiliates in over 100 countries, including Bangladesh. IndustriALL focusses on different industries, including the textile industry. It establishes GFAs with multinational companies and focusses on enforcing trade union rights and improve standards in health, safety, environmental practices and quality of work (IndustriALL, 2020).	Lead firms and unions
Sustainable Apparel Coalition (SAC)	The SAC is an alliance in the apparel, footwear, and textile industry's for sustainable production. The SAC develops the Higg Index, which is a standardized value chain measurement tool for over 250 member organizations. It operates in 35 countries (SAC, 2020).	Lead firms and suppliers

<b>Name</b>	<b>Description and aim</b>	<b>Participants</b>
United Nations Global Compact (UNGC)	The UNGC is a voluntary initiative based on CEO commitments. It introduces aligned strategies and benchmarks with universal standards on human rights, labour, anti-corruption, and environment, for over 11.000 companies in 157 countries (UNGC, 2020a). It aims to mobilize companies and stakeholders to act more responsibly, support human rights, labour environment, and anti-corruption and advance on broader societal goals (UNGC, 2020b).	Lead firms, stakeholders from civil society
The Bangladeshi Accord on Fire and Building Safety (Accord)	The Accord is a legally binding, independent agreement between global trade unions, their affiliated Bangladeshi local unions, and multinational brands, which aims to work towards safer and healthier working conditions in the Bangladeshi garment industry. It is the largest to date and includes over 220 global brands (Accord, 2020, Ashwin, 2019).	Lead firms and unions
Business and Social Compliance Initiative (BSCI)	The BSCI is an initiative of the Foreign Trade Association in which international brands and retailers come together to integrate and share social compliance audits with the aim to improve working conditions (Amfori, 2020).	Lead firms

## Appendix B: Quantitative Analysis

### Appendix B.1: Variables

(Monthly) Factory Income	The total amount of money the respondent received from the work at the factory, for the work performed in the previous month. This includes overtime, base pay, and any other factory income, and excludes any deductions (MFO, 2020).
(Monthly) Net Hours	The total number of hours the respondent worked at the factory during the past month, excluding break time (adapted from MFO, 2020).
(Monthly) Gross Factory Income	Factory income minus Deductions.
(Monthly) Base salary	Reports the base salary amount received, which here includes all living and wellness allowance they receive and the base amount, but not over time, as reported at the time of enrolment (MFO, 2020).
Hourly overtime rate	Reports the respondents per hour amount received for overtime, as reported by workers at the time of enrolment (MFO, 2020).
Deductions	Any deductions of the respondent's salary, that the respondent is aware of (MFO, 2020)
Average hourly wage	The average hourly wage is calculated as: $\text{Average hourly wage} = \frac{\text{Gross Factory Income}}{((\text{Regular Hours}) + (2 \times (\text{Overtime Hours}))}$ (adapted from MFO, 2018).
Gender	The gender of the respondent (0=male, 1=female) (MFO, 2020).
Education	Asks the respondent how much formal education they received (MFO, 2020).
Month	Month of data collection (MFO, 2020).
Age	Age of the respondent (MFO, 2020)
Marital Status	The respondent's marital status at the time of enrolment (MFO, 2020).
Years in Garment Industry	The total number of years that the respondent worked in garment factories at the time of enrolment (rounded in 0.25 increments).
Wage Grade	The respondents wage grade, as found in the Gazette on Minimum Wages for garment workers in Bangladesh (MFO, 2020).
Garment producing area	The district in which the respondent works or lives (MFO, 2020).



**GARMENT WORKER DIARIES**

## Hourly Wage Calculation

As previously mentioned, the law states that a typical work week lasts 48 hours, and it also states that a garment worker should receive a minimum monthly salary, according to their role within the factory. This means that a worker has a basic minimum wage of:

$$\text{Basic Minimum Wage} = (\text{Minimum Monthly Salary}) \div 208$$

Lastly, the law states that workers should receive an overtime rate of two times their basic minimum wage times their overtime hours:

$$\text{Overtime Amount} = 2 * (\text{Basic Minimum Wage}) * (\text{Overtime Hours})$$

Using the gross earnings and work hours that participants reported to us, we then used this information to calculate a worker's hourly wage in the following way:

$$\text{Hourly Wage} = (\text{Gross Earnings}) / [(\text{Regular Hours}) + 2 * (\text{Overtime Hours})]$$

Figure 2: Excerpt from the Bangladesh Garment Workers Diaries Report 2018 (MFO, 2018, p. 29)

Appendix B.3: Descriptive Statistics

Descriptive statistics of variables used for t-tests

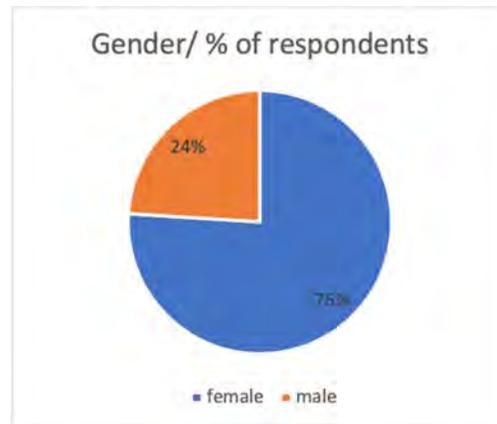
	Monthly net hours	Average hourly wages	Hourly overtime rate	Monthly gross factory income	Monthly base salary
<b>Mean</b>	222.05	46.70	34.34	10583.85	7529.62
<b>Standard Error</b>	0.45	0.22	0.11	27.22	37.71
<b>Median</b>	220	41.67	37.00	10000	7000
<b>Mode</b>	192	41.67	40.00	10000	5300
<b>Standard Deviation</b>	56.010	26.94	13.39	3395.01	4703.22
<b>Range</b>	433	342.11	119.32	34900	110400
<b>Minimum</b>	23	0.49	0.00	100	0
<b>Maximum</b>	456	342.59	119.32	35000	110400
<b>Count (responses)</b>	15554	15554	15554	15554	15554

Table 3: Descriptive statistics of variables used for t-tests.

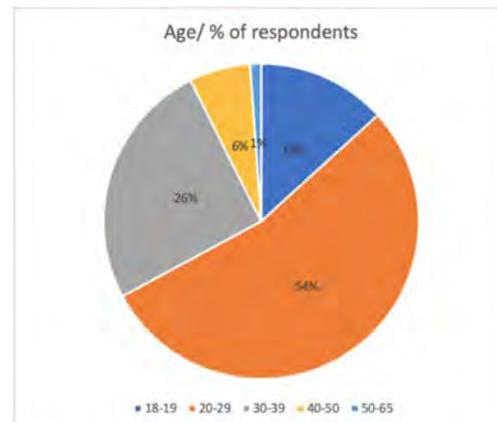
Demographic information of respondents

The tables give insights on the number of respondents in each category. The charts show the distribution of respondents in each category as a percentage of the total amount of respondents.

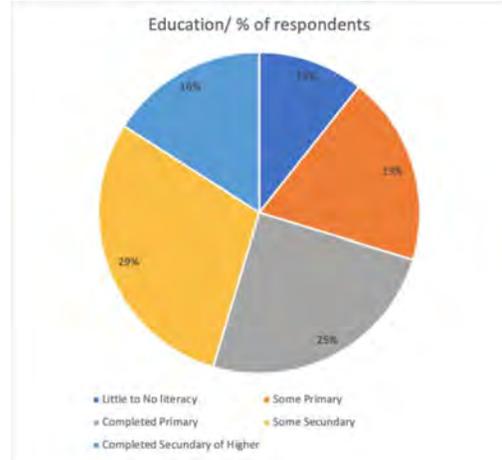
Gender	# of respondents
female	883
Male	279
<b>Total</b>	<b>1162</b>



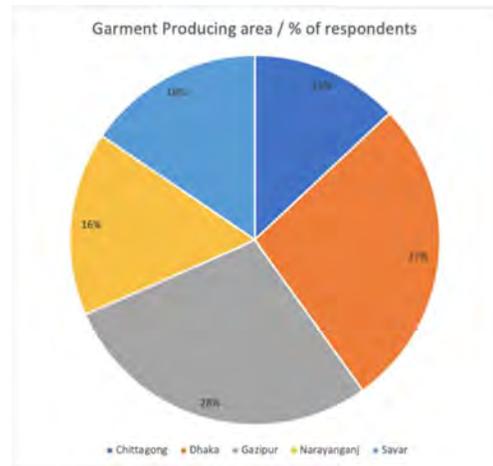
Age	# of respondents
18-19	154
20-29	626
30-39	296
40-50	73
50-65	13
<b>Total</b>	<b>1162</b>



Education	# of respondents
Little to No literacy	124
Some Primary	221
Completed Primary	290
Some Secondary	342
Completed Secondary or Higher	185
Total	1162



Garment producing area	# of respondents
Chittagong	151
Dhaka	315
Gazipur	329
Narayanganj	187
Savar	180
Total	1162



Wage grade	# of respondents
2	4
3	454
4	74
5	309
6	59
7	262



	Affiliation with any CAs	Month	Gender	Age	Education	Marital Status	Years in garment industry	Garment producing area	Wage grade
Affiliation with any CA	1								
Month	0.01	1							
Gender	0.07	0.01	1						
Age	0.09	0	-0.02	1					
Education	-0.01	0	-0.26	-0.29	1				
Marital status	-0.1	0	-0.15	-0.42	0.18	1			
Years in garment industry	0.1	0	-0.01	0.46	-0.17	-0.21	1		
Garment producing area	0.1	0.02	-0.04	0.04	0.06	-0.06	-0.11	1	
Wage grade	-0.05	0.01	0.13	-0.12	-0.09	0.1	-0.35	-0.06	1

**Correlation between coefficients used for regression**

*Table 4: Correlations between Coefficients.*

Appendix B.4: Results Quantitative Analysis

**Cross table factories**

	<b>BWP</b>	<b>ETI</b>	<b>FLA</b>	<b>GFA Industri- ALL</b>	<b>SAC</b>	<b>UNGC</b>	<b>Accord</b>	<b>BSCI</b>	<b>Affiliation with no CA</b>
<b>BWP</b>	99								
<b>ETI</b>	98	154							
<b>FLA</b>	0	0	3						
<b>GFA IndustriALL</b>	72	72	0	74					
<b>SAC</b>	99	147	0	72	148				
<b>UNGC</b>	75	78	0	72	77	101			
<b>Accord</b>	98	154	3	74	147	101	205		
<b>BSCI</b>	98	154	3	74	147	101	205	205	
<b>Affiliation with no CA</b>	0	0	0	0	0	0	0	0	245

*Table 5: Count of factories in each and in multiple initiatives. Total number of factories: 452.*

The table shows that, for example, of 99 factories affiliated with BWP, 98 were also affiliated with ETI.

### Multiple regression summary

As a measure of significance, effects with  $p < 0.05$  are reported as “\*”,  $p < 0.01$  are reported as “\*\*”,  $p < 0.001$  “\*\*\*”

	Model 1 (DV: average hourly wages)		Model 2 (DV: net hours)	
	F-statistic: 94.39 on 9 and 15544 DF, p-value: < 2.2e-16, Residual standard error: 26.24, Multiple R-squared: 0.052		F-statistic: 19 on 9 and 15544 DF, p-value: < 2.2e-16 Residual standard error: 55.72, Multiple R-squared: 0.01088	
	Coefficient	Std. Error	Coefficient	Std. Error
Intercept	60.43***	2.578	220.86***	5.48
Initiative	3.82***	0.43	-3.10***	0.91
Month	0.13**	0.06	-1.18***	0.12
Gender	-6.35***	0.53	-4.75***	1.14
Age	0.00	0.04	0.05	0.08
Education	0.93***	0.19	-0.001	0.40
Marital Status	-3.4***	0.50	1.56	1.06
Years in garment industry	0.40***	0.05	-0.19	0.12
Garment producing are	0.86***	0.17	1.71***	0.37
Wage grade	-1.804***	0.14	0.98***	0.30

Table 6: Regression Output. Total number of monthly responses: 15554.

**Results t-tests with unequal variances**

	<b>Average hourly wage</b>		<b>Hourly overtime rate</b>	
	No Initiative Affiliation	Any initiative affiliation	<i>No Initiative Affiliation</i>	<i>Any Initiative Affiliation</i>
Mean	44.32	48.96	31.79	36.76
Variance	672.70	765.30	202.18	145.38
Observations	7571.00	7983.00	7571.00	7983.00
Hypothesized Mean Difference	0.000		0.00	
p-value	$p < 0.001$		$p < 0.001$	
df	15550.00		14861.00	
t Stat	-10.78		-23.47	
t Critical two-tail	1.96		1.96	

	<b>Monthly base salary</b>		<b>Monthly gross income</b>	
	No Initiative Affiliation	Any initiative affiliation	<i>No Initiative Affiliation</i>	<i>Any Initiative Affiliation</i>
Mean	7611.28	7611.28	10194.89	10952.74
Variance	16515512.18	27313559.82	12554916.23	10272242.31
Observations	8065.00	7489.00	7571.00	7983.00
Hypothesized Mean Difference	0.000		0.00	
p-value	$p < 0.05$		$p < 0.001$	
df	15093.00		15198	
t Stat	2.27		-13.965	
t Critical two-tail	1.96		1.96	

	<b>Monthly net hours</b>	
	<i>No Initiative Affiliation</i>	<i>Any Initiative Affiliation</i>
Mean	223.82	220.38
Variance	3188.25	3083.19
Observations	7571.00	7983.00
Hypothesized Mean Difference	0.00	
p-value	$p < 0.001$	
df	15477.00	
t Stat	3.83	
t Critical two-tail	1.96	

Table 7: T-test Output.

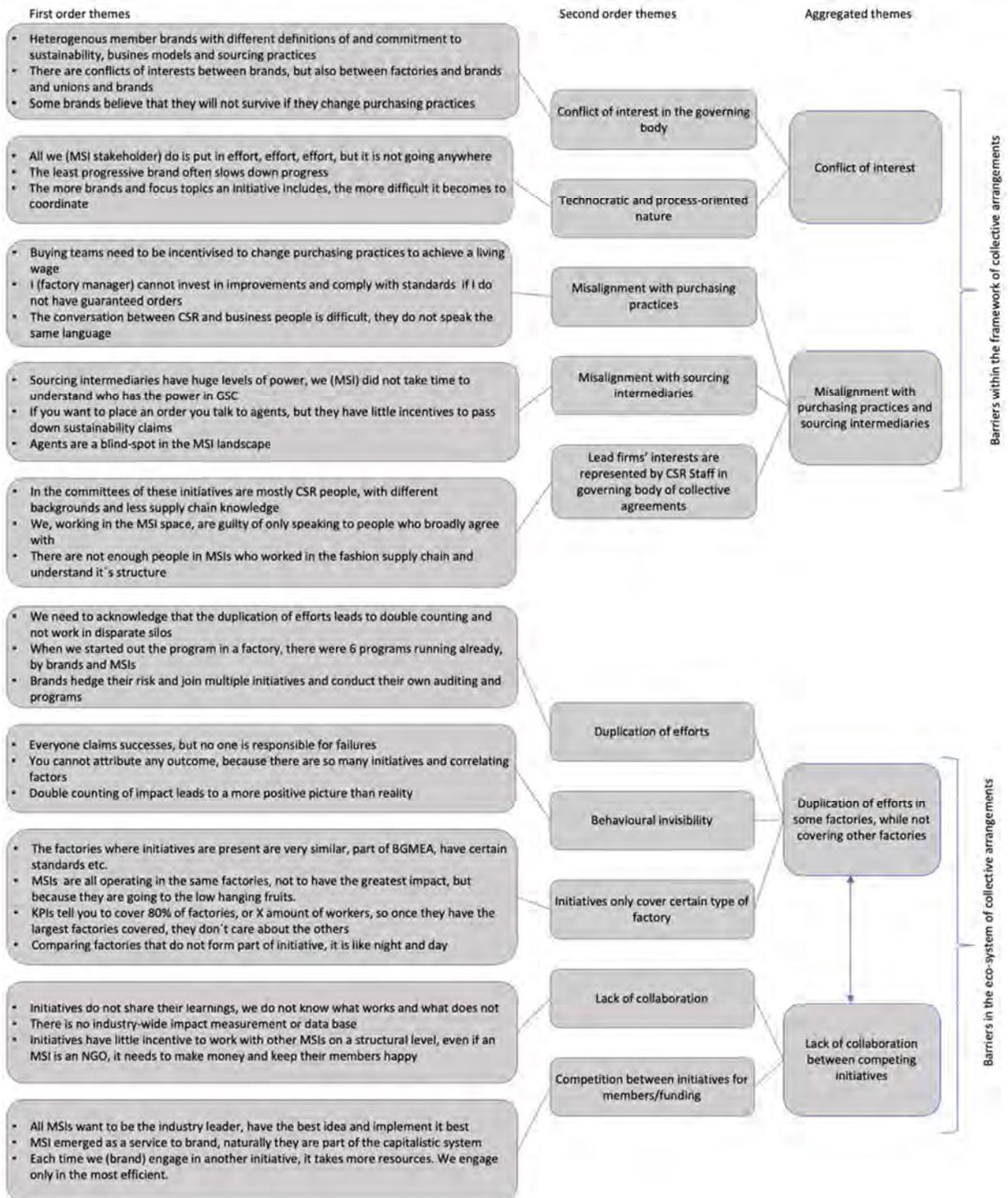
## Appendix C: Qualitative Analysis

### Appendix C.1: List of Interviewees

Date	No.	Perspective	Position	Gender	Based in	Experience in industry (yrs)	Consent
23.03.2020	1	Factory	Factory Owner	F	Bangladesh	~ 10	Voice consent
28.05.2020	2	Stakeholder	Union representative	M	Bangladesh	> 10	Voice consent
13.07.2020	3	Stakeholder	Representative of NGO working with MSIs in the garment sector	M	Switzerland	~ 10	Voice consent
13.07.2020	4	Company	Representative of corporate led program promoting better working conditions in Bangladesh, former auditor	F	Germany / China	> 10	Voice consent
14.07.2020	5	Stakeholder	Representative of NPO working in the garment sector, former consultant	F	United Kingdom	~ 6	Written consent
16.07.2020	6	Company / Factory	Representative of corporate led program promoting better working conditions in Bangladesh, former general manager of factory and auditor	M	Bangladesh	~ 10	Written consent
16.07.2020	7	Stakeholder	Professor involved in project in Bangladesh working towards better working conditions	M	Bangladesh	> 10	Written consent
17.07.2020	8	Stakeholder	Professor involved in project in Bangladesh working towards better working conditions	F	Bangladesh	> 10	Written consent

Date	No.	Perspective	Position	Gender	Based in	Experience in industry (yrs)	Consent
20.07.2020	9	Company / Stakeholder	Consultant for sustainable sourcing, former sustainable sourcing manager, 5 years based in Bangladesh	M	France	> 10	Written consent
21.07.2020	10	Company	Sustainability manager of lead firm	F	Bangladesh	~ 3	Written consent
21.07.2020	11	Factory	Podcaster, former factory owner	F	Netherlands	~ 6	Voice consent
21.07.2020	12	Company	Sustainability Manager of lead firm	M	Germany	~ 7	Written consent
22.07.2020	13	Stakeholder	Representative of NGO, working with MSIs in the garment sector	M	Vietnam	> 10	Written consent

## Appendix C.2 Results Thematic Analysis





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