



Garment Supply Chain Governance Project

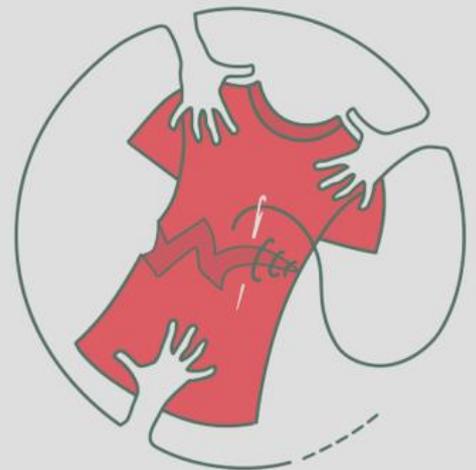
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Rachel Alexander, Sarah Ashwin, Nora Lohmeyer, Chikako Oka, Elke Schüßler

Analysing the Evolving Texture of Transnational Industrial Relations:
Opening the Black Box of Interfirm and Firm-Union Relationships in
the Global Garment Industry

Berlin, July 2017



Rachel Alexander, Sarah Ashwin, Nora Lohmeyer, Chikako Oka, Elke Schüßler¹

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**Analysing the Evolving Texture of Transnational Industrial Relations:
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Abstract

Faced with limits of the dominant forms of private regulation, lead firms in global production networks (GPNs) are increasingly turning towards new approaches involving more collective and labour-inclusive approaches to tackle substandard labour conditions. Two notable examples of such new governance initiatives in the global garment industry are the Accord on Fire and Building Safety in Bangladesh (the Bangladesh Accord) developed in the aftermath of the Rana Plaza disaster, and Action Collaboration Transformation (ACT), a living wage initiative spearheaded by a group of garment brands and retailers. What is unique about these agreements is that they are inclusive of trade unions (local and/or global) and transnational in nature, covering supply chains of multiple multinational corporations. These initiatives, which we term transnational collective industrial relations, stand in stark contrast to firm-specific, unilateral corporate codes of conduct, which have been the dominant model of private governance since the 1990s.

This paper explores evolving relationships among lead firms and other stakeholders in the emerging field of transnational industrial relations. Considering the experiences of major German and UK garment retailers and brands, we examine how involvement in transnational collective industrial relations has influenced lead firms' relationships to other stakeholders, particularly rival firms and unions. Data considered is mainly based on interviews with German and UK garment lead firms and members of global union federations (GUFs). Initial findings indicate that lead firms increasingly view GUFs as important and legitimate partners for managing labour challenges in GPNs. Lead firms also positively describe intensified collaboration with rival firms. We discuss whether evolving interfirm and firm-union relations in the global garment industry can be seen as promising steps towards institutionalizing collective forms of transnational labour regulation with potentially better outcomes for labour standards. Through this research, we seek to contribute to the literature on global labour governance by shedding light on the foundation of new governance solutions, particularly the dynamically evolving relationships among lead firms and other stakeholders as collective actors.

Keywords

Global Production Networks, Industrial Relations, Garment Industry, Transnational Governance, Labour Standards

Introduction

Unilateral, compliance-based forms of regulation of labour standards in global production networks (GPNs), which have expanded dramatically since the 1990s, are widely acknowledged to have major limitations (e.g. Barrientos and Smith, 2007; Locke, 2013; Vogel, 2005). The Rana Plaza building collapse in April 2013 exposed the deadly consequences of these failings. It created the conditions in which a new approach to regulation could be forged in the form of the Accord on Fire and Building Safety, hereafter the Bangladesh Accord (cf. Reinecke and Donaghey, 2015), an agreement between garment brands and retailers and trade unions signed in May 2013. This is a form of transnational joint regulation akin to collective bargaining in several respects (Anner et al., 2013). Although limited in application to building safety and in geographical reach to Bangladesh, it marks a significant change in approach which might be expanded to other areas and countries.

Fragmented GPNs pose a variety of challenges for industrial relations (IR). Nation states in developing countries typically do not enforce basic labour standards through labour law. Many existing forms of transnational regulation rely on soft forms of labour governance. Forging stricter and more binding forms of transnational labour regulation, which Anner (2015) calls international accords, requires collective actors as parties to these agreements. Building on global framework agreements (GFAs), international accords are signed by global union federations (GUFs) and lead firms, but include a number of buyers that are jointly held liable for their suppliers' working conditions (Anner et al., 2013).

The formation of the Bangladesh Accord thus indicates that the emerging "cross-border texture of work and employment regulation" (Pries, 2010; Pries and Seeliger, 2013: 27) is becoming stronger. Yet, while extant studies have begun to map out the actors, drivers, and legal and institutional infrastructures behind such new labour governance regimes (e.g. Anner et al., 2013; Donaghey and Reinecke, 2017; Pries and Seeliger, 2013), we know little about how lead firms' attitudes and motivations towards transnational collective regulation are changing in the process of being engaged in such initiatives. This question is important, because any form of collective regulation depends on the existence of representative actors, which in highly dispersed GPN cannot automatically be presumed (Anner et al., 2013). While Helfen and Fichter (2013) have started to map out how unions form increasingly strong transnational networks, we know little about the role of lead firms as their counterpart in negotiations around international agreements. Given that lead firms typically form GPNs to escape national institutional constraints, especially those related to codetermination and collective bargaining (see e.g. Ferner et al., 2001; Helfen et al., 2016), their role in the emerging texture of transnational labour regulation is an empirical puzzle.

Our aim in this paper is to build on recent calls for a "relational perspective" on initiatives for transnational labour regulation (Pries and Seeliger, 2013: 26) by focusing specifically on the role of lead firms and their relations to their competitors as well as to unions as their counterpart negotiation partner. We do so by empirically focusing on the case of the Bangladesh Accord as well as on the emerging Action Collaboration Transformation (ACT) initiative co-founded by IndustriALL and leading garment firms to promote industry collective bargaining in key garment and textile sourcing countries. Our main data sources are 56

qualitative interviews conducted with leading British and German garment retailers as well as with union and NGO representatives. In addition we draw on documents related to the Bangladesh Accord and ACT and on observations made when participating in several industry events where these initiatives were discussed. We find that participation in the Bangladesh Accord generated largely positive attitudes among lead firms regarding cooperation with the IndustriALL global union, which is perceived as credible and pragmatic. We also find that a group of leading lead firms' CSR representatives, who regularly meet at industry events, is increasingly inclined towards cooperation regarding labour standards regulation.

The paper proceeds as follows. We first review the literature on transnational labour regulation, highlighting particularly the need for a relational perspective that examines the constitution of collective actors on a transnational level. After outlining our methods of data collection and analysis we present our empirical findings related to relations among lead firms as well as between lead firms and trade unions within the Bangladesh Accord. We discuss whether evolving interfirm and firm-union relations in the global garment industry are moving towards institutionalizing collective, forms of transnational labour regulation with potentially better outcomes for labour standards.

Background

The fragmentation of production processes through GPNs as a result of economic globalization has undermined traditional forms of government-enforced labour regulation and led to the "evolution of a global labour governance regime" (Hassel, 2008). Research on GPNs has considered how processes of national dis-embedding related to creating GPNs have been associated with the development of new regulative arrangements, which seek to re-embed and re-institutionalise economic activity (Pries and Seeliger, 2013). Several studies have mapped out different forms of transnational labour regulation, including minimum standards, supranational regulation, GFAs, labelling and certification, multinational guidelines, voluntary declarations and campaigns and public blaming and have discussed their effectiveness (e.g. Anner, 2015; Donaghey et al. 2014; Pries and Seeliger, 2013).

To date, the global labour governance regime is largely based on unilateral, self-regulatory measures, such as codes of conducts and monitoring adopted and preferred by lead firms (Bartley, 2009). Yet, such corporate-driven approaches have proved ineffective in addressing many labour challenges notably labour rights and living wages (Barrientos and Smith, 2007; Locke, 2013; Locke et al., 2009). Lead firms, working individually attempting to promote compliance with codes of conduct, have increasingly acknowledged a need for collaboration. Lund-Thomsen and Lindgreen (2014), for instance, identify the development of a cooperative paradigm involving greater collaboration between lead firms, their suppliers and a variety of stakeholders. Nonetheless, such cooperation has been largely limited to buyer-supplier relationships within a single lead firm's supply chain and has not involved collaboration with other lead firms, not to mention labour representatives such as GUFs, thus limiting their potential to address workers' challenges beyond a single firm's supply chain.

Soft forms of pressure have also been applied by intergovernmental organisations and international nongovernmental organisations, which include minimum standards, labelling

and certification, multinational guidelines and voluntary declarations. Examples of such approaches can be found in the Global Reporting Initiative (GRI), the Global Compact of the UN and the Organisation for Economic Co-operation and Development's (OECD's) guidelines for multinational companies. A challenge with these forms of governance is how they interact with domestic enforcement. For instance, International Labour Organization (ILO) minimum standards, as fixed in the eight core conventions signed by the majority of all states worldwide, will have almost no effect on work and employment conditions if at the local or national level there are no strong collective actors (whether state agencies, social movements, consumer organisations, unions etc.) promoting them (e.g. Amengual and Chirot, 2016). "Hard" regulations, such as inclusion of labour standards issues in preferential trade agreements (PTAs), do exist but are rare, and, often largely symbolic as in the recent case of the US abandonment of parts of the Bangladeshi PTA (Anner et al., 2013). In sum, the resulting multi-level labour governance regimes are contested and call for new forms of transnational coordination (Marginson, 2016; Meardi and Marginson, 2014; Zajak, 2017).

Two types of existing transnational regulatory approaches involve labour as an active participant. These include GFAs and European Works Councils (EWCs). GFAs have emerged as a new approach to global labour governance, which as an "outcome of direct negotiations between the representatives of management and workers" have been expected to "lead to more democratic IR and hence to improved working conditions along global supply chains" (Hadwiger, 2015: 76) compared to previous management-centred approaches. Whereas GFAs are based on the idea of national-level IR, content-wise they draw on pre-existing international instruments, such as the OECD guidelines or the UN guiding principles (Hadwiger, 2015) and therefore combine national and international labour governance approaches. Through EWCs, labour representatives from multiple countries working for the same employer are informed and consulted by management on European-level issues that could affect their employment or working conditions. These arrangements have been found to foster cooperation between worker groups across borders (Whittall et al., 2017).

To understand transnational IR, it can be helpful to consider what can be learned from national experiences. At a national level, regulation of labour standards is achieved through a combination of legal regulation enforced by the state and joint regulation through collective agreements enforced by unions and/or agreements with worker participation bodies including works councils and health and safety committees. Theoretically, this mode of regulation could apply within GPNs. One approach would be to handle such regulation within producer countries. However, this has not occurred because states in producer countries are often unwilling or unable to enforce effective protection of workers (Mayer and Gereffi, 2010). Relatedly, trade unions and labour movements in these countries are typically weak, which means there is no meaningful joint regulation of labour standards. Another approach would be to establish international accords which mirror national collective bargaining agreements in that they are signed by unions and lead firms (Anner et al., 2013). Although GFAs signed by GUFs and individual transnational corporations have paved a path towards transnational IR arrangements co-signed by lead firms and unions (Hadwiger, 2015; Hammer, 2005), such relations "are still in a nascent, formative stage" (Helfen & Fichter, 2013: 555).

This situation is not surprising. As stated by classic IR theory, the development of an IR system at any level requires the existence of coherent IR actors (Dunlop 1958). These conditions do not exist at transnational level, since all three actors – state, employers and unions – lack the requisite capacity. Although there are numerous international bodies that have state-like functions, there is no body that possesses the regulatory capacity to enforce labour standards internationally. The ILO's mandate is to improve labour standards, but as a tripartite organization governed by representatives of employers, worker representatives and states of member countries, it cannot be seen as a functional equivalent of the 'state'. Moreover, it has little capacity to sanction violations, and increasingly conducts its work through a soft, promotional approach (Baccaro & Mele, 2012; Elliott & Freeman, 2003; Standing, 2010). Global employers, in the form of transnational corporations, may have vast wealth at their disposal but they are only beginning to develop coherence as a transnational actor in particular sectors, mainly where political contestation has forced them to take action (Bartley, 2007). Unions are in one sense the most developed 'actor,' coherently organized in an international peak association – the International Trade Union Confederation, uniting national peak associations – and sectoral organisations – the GUFs – which affiliate national sectoral unions. But these organisations are poorly resourced and, while they conduct many successful campaigns on particular issues, have lacked the political power to spearhead significant transformation of labour standards in GPNs.

Moving Towards Transnational Collective Industrial Relations

As shown in Figure 1, different initiatives aimed at improving labour conditions in GPNs vary in terms of their degree of industry coverage and inclusiveness of labour. Types of initiatives can be mapped along these two dimensions. Firm-based codes of conduct (CoCs) are the most unilateral and supply chain-specific type. Industry-led multi-stakeholder initiatives (MSIs) such as the Business Social Compliance Initiative (BSCI), cover multiple firms but exclude unions. The Alliance, a corporate-driven initiative launched in parallel to the Bangladesh Accord (Donaghey and Reinecke, forthcoming) also falls under this category. One of the latest industry-led initiatives is the Social and Labor Convergence Project (SLCP), where over 100 brands have come together to develop a unified assessment framework for labour conditions in the garment and footwear sector. Societal-led MSIs such as Fair Labor Association (FLA) and the Ethical Trading Initiative (ETI) may count unions as members but even when they do (as in the case of ETI), unions are included not as bargaining partners. Such initiatives thus cannot be considered IR arrangements.

Hence, what we call transnational IR can only be found on the right hand side, which includes the Bangladesh Accord, GFAs, and other brand-union agreements such as freedom of association protocol agreements. Protocol agreements establish a common understanding and commitment concerning the implementation of freedom of association between unions, a single (or multiple) brand(s), and its suppliers (OECD, 2017). There are also more ad-hoc brand-union agreements such as the case of Fruit of the Loom in Honduras, in which the apparel giant made a number of commitments including to rehire employees, to pay back owed wages, and not to oppose organization drives in its agreement with a local union (Anner et al., 2013). Nonetheless, only initiatives in the top right quadrant notably the

Bangladesh Accord and protocol agreements covering multiple brands go beyond the level of individual firms towards transnational collective IR arrangements.

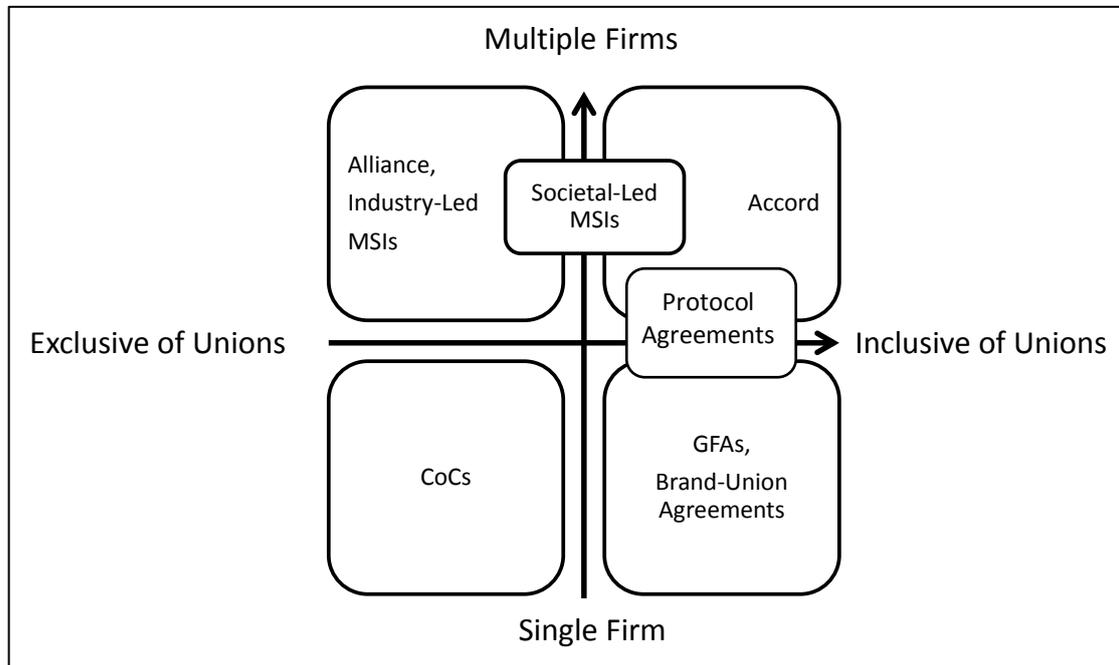


Figure 1: Positioning transnational collective IR in the field of global labour governance

The emerging development indicated by the Bangladesh Accord is that failure to address ongoing labour challenges has led to the creation of more collective and labour-inclusive solutions. This trend is also underscored by Anner and colleagues (2013) who argue that lead firms will be obliged to accept “bigger and bolder initiatives” and assume joint liability in GPNs.

Methodology

In order to elaborate on the aforementioned questions, we draw on data from an ongoing comparative research project analysing the responses of lead firms, suppliers, unions, NGOs, and policy makers to the Rana Plaza disaster in Bangladesh in 2013 (www.garmentgov.de). In this paper, we particularly focus on a set of leading British and German garment retailers and brands, many of which are actively involved in the Bangladesh Accord and ACT. Our analysis is based on private interviews and public statements which provide insight into perspectives of lead firms and GUFs. Overall, we conducted 26 interviews at 19 German lead firms and 20 interviews at 12 UK lead firms, complemented by 10 interviews and over 15 informal talks with civil society representatives (unions, NGOs, legal experts, business associations, consultants) and participation at 21 industry events, where labour standards in garment GPNs were discussed. This data has been reviewed and analysed to identify emergent themes and understand the evolution of relationships between key actors.

Empirical Findings

Inter-firm relations

At the beginning of the 2000's, lead firms in the garment industry had little experience in information-sharing and joint problem-solving, despite often sourcing from the same suppliers (Lane & Probert, 2009). Our research suggests that greater inter-firm exchange regarding labour standards issues was beginning to develop in the pre-Bangladesh Accord era through initiatives such as the UK's ETI and the Germany-founded BSCI. The Bangladesh Accord "turbo-charged" this developing collaboration, forcing participating firms to share information and showcasing the additional leverage over suppliers that cooperation could produce.

Cooperation among firm buyers has historically been hindered by the perception that it would violate anti-trust regulation and endanger firm's competitive advantage. But labour standards and ethics have gradually come to be seen as "non-competitive" or "pre-competitive" issues. Our respondents differ in the degree to which they attribute this development to the Rana Plaza disaster, some seeing it as fostered by collaboration in multi-stakeholder initiatives such as ETI as well as on-the-ground contact within producer countries prior to the Rana Plaza disaster. But nearly all see the Bangladesh Accord as having increased cooperation. One strategic manager at a UK clothing retailer for instance said that before the Rana Plaza disaster lead firms competed on responsibility issues, but that this had changed in the aftermath of the disaster.³

Increased cooperation was promoted by two mechanisms. The first was a jolt to the industry's confidence after the Rana Plaza disaster. A CSR manager at another UK firm, for instance, said that following the shock of the Rana Plaza disaster she began to interact with colleagues from competitor firms on a regular basis, something she did not do before. The second was the launch of the Bangladesh Accord, which mandated visibility of suppliers for participating brands, thereby fostering information sharing and cooperation. The same manager explained that transparency within the Accord allows firms to get in contact to each other more easily. According to a German CSR manager, this is different from the pre-existing BSCI, which did not require disclosure from its members so that it did not lead to the same amount of cooperation between competitors. The Bangladesh Accord also expanded networks across the industry cross-nationally. A CSR manager from a UK retailer argued that the broad member base of the Accord allows them to get in contact with competitors they never had any contact with before, including competitors from other countries.

In addition, the Bangladesh Accord demonstrated the value of lead firm collective action in addressing intractable industry-wide issues. Lead firm respondents reported that the Bangladesh Accord increased their leverage dramatically, rendering soluble problems which had been irresolvable in the unitary compliance model. UK and German CSR managers reported that whereas before the threat of leaving a supplier had little impact under the

³ For copyright purposes we have not included some of the quotes supporting our arguments and paraphrased them in our own words. Additional original quotes from our interviews will be included in later versions of this paper.

unilateral approach, now lead firms could speak with one voice and suppliers would fear not only losing one buyer, but all its Accord-buyers. Other practical benefits of the Bangladesh Accord mentioned by lead firms were reduction of audit duplication (Industry Expert 1) and free-riding as the cost of capacity-building is shared by a group of buyers (German CSR manager). In addition to significantly enhanced leverage, the Bangladesh Accord has fostered peer pressure between firms, exposing the less committed ones. The Accord's transparency in terms of remediation progress, as one British retailer explained, allows firms to identify the less committed, which are lagging behind with regards to fulfilling their corrective action plans.

Such differential performance had induced more committed firms to exert peer pressure, using the Bangladesh Accord to make "best in class" comparisons. For example, several firms mentioned that they were among the first to join the Bangladesh Accord and underlined that they ranked high regarding fulfilment of Corrective Action Plans (CAPs).

Although some lead firms, in particular from Germany, complained about the internal politics and expense of the Bangladesh Accord, the perception among the majority of lead firms was that it had been a beneficial "game changer." This view was particularly strongly expressed in the UK, perhaps because of the prior work of the ETI in alerting retailers to the failings of the compliance model (this is a cross national comparison we intend to explore in another paper). A UK CSR manager, for instance, felt that much progress had been made in terms of building and fire safety and that, even though a lot of work remained to be done, the joint effort of lead firms was a great success per se. This sense of achievement was echoed by German lead firms, albeit in the more qualified tone that characterises their commentaries on the Bangladesh Accord. A German CSR manager said that although collaboration in the Accord has been a great effort, its achievements were extraordinary.

The union side concurs that participation in the Bangladesh Accord has shifted firms' perception of the potential of collective action. Jenny Holdcroft, deputy General Secretary of IndustriALL, remarked in an interview, that although lead firms' perceptions of the Accord were mixed, openness to collaboration has increased and is now seen as a precondition for systemic change.

Thus, although the remit of the Bangladesh Accord is limited to one aspect of labour standards in one producer country, it has impacted inter-firm relations throughout the industry, fostering greater collaboration, and showcasing the transformative effect of lead-firm collective action. A manager from a British retailer reported for instance that he had realised that only collaborative approaches could bring about the change that is needed in this industry. The Bangladesh Accord has hammered home this insight, and also demonstrated that collective action is not only achievable but powerful.

Lead Firm relations with trade unions

Another key outcome of the Bangladesh Accord in terms of IR processes has been to strengthen and in some cases initiate relationships between lead firms and GUFs, specifically IndustriALL. Although firms complain that reaching compromise is sometimes painful, the consensus is that IndustriALL is an effective partner, capable of forwarding positive change in

the industry. This marks a significant shift from how lead firms viewed unions in the 1990s when codes of conduct were being put forward as the dominant solution to labour challenges. Early stages of collaboration between garment lead firms and unions can be found in GFAs. The development of the Bangladesh Accord represents a larger scale initiative, which has brought together a wider group of firms than those that have participated in GFAs.

The Bangladesh Accord was signed by two GUFs, IndustriALL and UNI, but IndustriALL is seen as the chief interlocutor by lead firms. This is unsurprising because IndustriALL is the GUF that relates to the garment industry, uniting unions in manufacturing, mining and energy, whereas UNI represents service workers globally. According to IndustriALL, participation in negotiating the Bangladesh Accord dramatically increased their profile and influence. Deputy General Secretary Jenny Holdcroft commented that after the Rana Plaza disaster and all the media attention following from it, IndustriALL has gotten much more attention, also increasing its influence in other industries. Lead firms concur with this development, acknowledging that IndustriALL has become an actor to be reckoned with.

The Bangladesh Accord has brought participating firms into contact with IndustriALL, particularly firms serving as brand representatives within the Bangladesh Accord. The same CSR manager said that interactions within the Bangladesh Accord allowed for knitting a closer relationship with IndustriALL. It should be stressed, however, that lead firms' views of unions were far from universally positive. Frequent complaints among German firms, in particular, were the time-consuming nature of negotiations, as well as the perception that unions and NGOs were more concerned with criticism than finding solutions. A typical comment from a German communications manager, involved in the Bangladesh Accord negotiations, was that unions and NGOs were never to be satisfied and that they imagined work in the Alliance to be much easier, due to the lack of union and NGO involvement.

Having said this, the unions were generally portrayed even by critics as more constructive than the NGOs. A representative from a German lead firm said that the international unions – especially IndustriALL – were much more constructive.

Views of working with the unions and NGOs in the Bangladesh Accord and other initiatives are thus mixed. Nevertheless, a significant subset of firms has been made aware of the potential of such collaboration, perceiving IndustriALL as a capable and useful interlocutor. One CSR manager at a UK retailer reported that collaboration between lead firms as well as between lead firms and unions was seen much more positively by lead firms now, acknowledging the greater leverage following from such collaboration.

In the next section we turn to look at a practical outcome of union-lead firm collaboration fostered by the Bangladesh Accord.

ACT: A new industrial relations paradigm for GPNs?

ACT was co-founded by IndustriALL and leading garment firms in 2015. Its ambitious aim is to promote industry collective bargaining in key garment and textile sourcing countries supported by world class manufacturing standards and responsible purchasing practices. The idea of ACT was generated through conversations regarding the living wage within ETI, but

experiences related to the Bangladesh Accord strengthened the relationships and provided the confidence required to launch the initiative. We thus argue that the new approach offered by ACT can, at least in part, be seen as an outcome of the Bangladesh Accord process.

This perspective is shared by IndustriALL. Jenny Holdcroft, IndustriALL Deputy General Secretary, highlighted one of the outcomes of the Bangladesh Accord which we have analysed above – interfirm collaboration – as a vital building block of ACT. She argued that the interfirm cooperation produced by the Bangladesh Accord was very particular, new and important and that ACT would not have been possible without the experiences made in the Bangladesh Accord.

The experience of interfirm cooperation was also perceived as important by lead firms. It shifted their perception of the limits of the possible, leading them to imagine that intractable issues could be solved through brand cooperation. The experience of increased leverage via the Bangladesh Accord appears to be an important reason for this increased confidence in the possibility and potential of firm collective action regarding wages as well.

Labour standards as a pre-competitive issue

A major element which is planned to make ACT effective relates to another theme explored above – the designation of labour standards issues as “pre-competitive”. While ACT aims to promote industry collective bargaining in garment and textile sourcing countries, the brands themselves will not be signatories of these agreements. Rather, these companies will use their collective leverage to push employers and governments in producer countries to the bargaining table. IndustriALL will support their affiliates in engaging in industry bargaining. This is based on a joint desire to “take wages out of competition,” allied with the insight that individual companies cannot make progress on the living wage without collaboration. Thus, much like in the Bangladesh Accord where health and safety are increasingly perceived as a “pre-competitive” issue, ACT now aims to do the same with wages. One UK CSR manager emphasized the importance of taking wages out of competition and thereby creating a level playing field for brands as well as for workers in garment factories. In the heyday of European corporatism, employers wanted to “take wages out of competition” in order to protect themselves from wage rises pushed by strong unions. Employer organisation was induced by assertive unions and industry bargaining was perceived by employers as a mechanism to achieve wage restraint (Traxler, 1999). By contrast, within the context of GPNs lead firms perceive industry bargaining as a protection against the “race to the bottom”. Jenny Holdcroft of IndustriALL explained the motivation of lead firms within ACT referring to the collective raising of wage, which would end frontrunner lead firms being disadvantaged when raising wages in a singular effort.

Representatives of several lead firms have thus become unlikely but enthusiastic champions of industry collective bargaining in producer companies. Managers from lead firms expressed value of the potential for creating a level playing field on the one hand, while on the other hand they positively referred to workers being empowered to bargain for higher wages. This support for industry collective bargaining was not generated by pressure from strong unions in the producer countries, but precisely the opposite – the failure of either union pressure or

government action to produce an effective wage floor. However, lead firms had felt pressure from NGOs, the media and global unions who had exposed the low wages in the garment sector. As Jenny Holdcroft explained, firms had come to realise that this issue could not be solved within one company, and had thus become more receptive to a collective approach. She reported that before ACT lead firms felt unable to take action on their own – especially in shared factories.

Participation in the Bangladesh Accord had revealed a way through such difficulties and given firms the confidence to experiment with collective approaches. In line with this, ACT is a new approach to IR within GPNs. It is not a form of collective bargaining between lead firms and IndustriALL, but rather an agreement between them to promote industry collective bargaining relationships in producer countries and support this with appropriate purchasing practices. It thus builds on the Bangladesh Accord, but not through extending the mechanism of lead firm – GUF collective bargaining regarding conditions in GPNs.

The commitment to appropriate purchasing practices relies on the interfirm cooperation fostered by the Bangladesh Accord to provide sufficient coverage of reformed purchasing practices. The essential ingredient of the Bangladesh Accord which had allowed ACT to begin to address this problem was the recognition among participant brands that in the right circumstances obdurate collective action problems could be solved. We therefore argue that participation in the Bangladesh Accord has facilitated interfirm cooperation, firm cooperation with unions, and engendered a growing confidence that systemic issues can be tackled collaboratively. ACT is a visible outcome of this development.

Discussion

Responding to a call for a “relational perspective” to global labour governance (Pries and Seeliger, 2013), this paper has taken a closer look at lead firms’ attitudes and motivations towards transnational collective labour regulation as found in the Bangladesh Accord and in the currently forging ACT initiative. Our research indicates that evolving relationships between actors is contributing to the emerging form of transitional IR, particularly the development of collective approaches.

Figure 2 illustrates how ACT relates to the framework described above. It shows how different GPN governance initiatives have moved from being exclusive to inclusive of unions. The figure also shows how initiatives have moved from regulating challenges within individual company’s supply chains to approaches seeking to regulate suppliers of a set of lead firms, to an approach which involves seeking to regulate an entire industry.

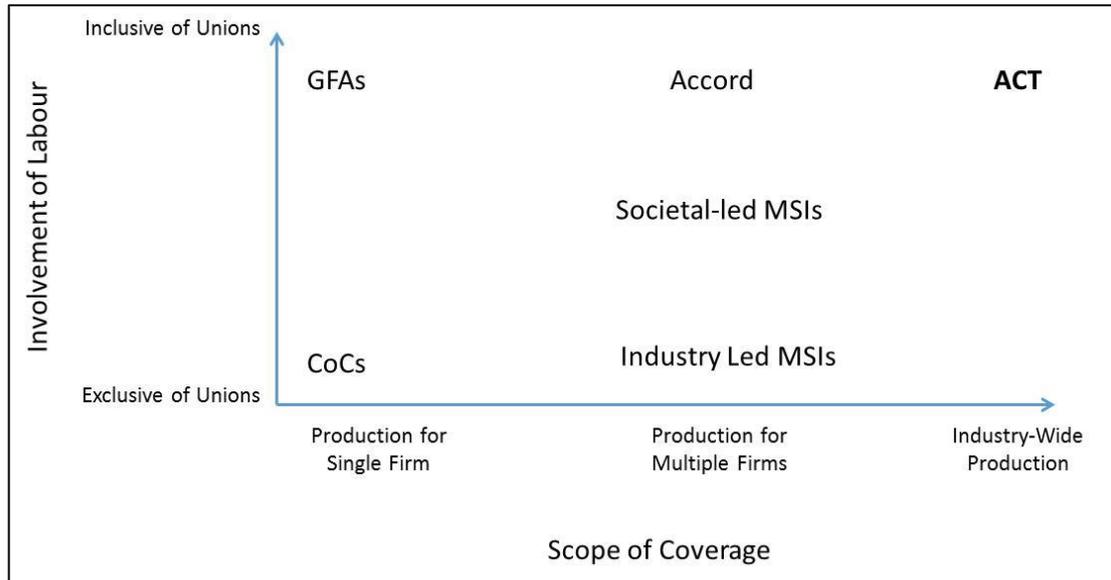


Figure 2: ACT as a progression in the evolution of transnational IR

In the following paragraphs we discuss how these new approaches can be interpreted as a move towards more binding and potentially more effective joint regulation supported through a collective approach rather than currently prevailing unilateral labour governance found in many GPNs. We consider ACT as a progression enabled by relationships developed through the Bangladesh Accord and discuss the advantages of both approaches as compared to previous/other forms of labour governance discussed in section 2 and look at the changing roles of (transnational) IR actors.

Advantages of the Bangladesh Accord and ACT

The emerging “transnational collective IR arrangements”, i.e. agreements like the Bangladesh Accord and ACT, described in this paper, in many ways, go beyond previously existing initiatives. Not only do these initiatives, with their transnational, collective, and inclusive nature, extend the unilateral initiatives discussed in section 2, they can rather be seen as further steps towards the implementation of transnational IR arrangements. In a sense, they are an expansion of GFAs, which are usually drafted between individual MNCs and GUFs and impose some form of contract-based legal liability on firms (Anner et al., 2013; Hammer, 2005; Zimmer, 2016).

The Bangladesh Accord moved a step forward from GFAs by making an agreement between unions and a number of firms, as opposed to a single firm, significantly expanding the scope of supply chain coverage. Successful collaboration within the Bangladesh Accord has shifted firm’s perceptions of the potential of collective action. ACT pushes this progression further by attempting to create a mechanism based on collective action that will have industry-wide repercussions. This initiative builds on the collaboration through the Bangladesh Accord among lead firms as well as between lead firms and unions. Compared to previous governance approaches, unilateral ones in particular, these collective approaches allow for greater leverage vis-à-vis suppliers. Moreover, they help create a level-playing-field among lead firms by defining safety and even wages as pre-competitive issues.

Finally, compared to GFAs, which primarily build on the “requirement that the lead firms influence their subcontractors and suppliers” (Hadwiger, 2015: 76), the Bangladesh Accord and ACT explicitly foresee commitments by the lead firms themselves, be it in financial terms (the Bangladesh Accord) or in terms of their own sourcing practices (ACT). These initiatives acknowledge the fact that especially in the buyer-driven supply chains of the garment industry (cf. Gereffi et al., 2005) lead firms also have a responsibility for shaping labour conditions (cf. Anner et al., 2013; Locke, 2013). Based on our findings one could argue that the Bangladesh Accord and ACT not only complement the already existing texture of transnational labour regulation, but rather push the overall texture in a new and more ambitious direction.

New roles of actors and changing forms of collaboration

Our findings show that these new transnational “regimes” are essentially sustained through relationships among core actors. While in nationally embedded IR systems these were domestic unions, employers and the state, transnational IR systems involve new coalitions of national and global actors and also new roles played by these actors. Major actors in emerging transnational IR include: GUFs working with nationally based unions; factories, which employ a manufacturing labour force; nation states, which often continue to be the only actor that can legally enforce results of negotiations; and lead firms, which play diverse roles in transnational IR as discussed below.

As our findings show, new forms of inter-firm collaboration as well as firm-union collaboration were fostered by the Bangladesh Accord, increasing the trust among these actors, allowing them to see the limits of individual firms acting on their own, and showing them the need for and advantages of collective approaches. Comparing this new approach of transnational IR to classical nation-based IR, we can see new ways that the three conventional roles in IR are being played. Within ACT, the traditional function of organised labour negotiating with direct employers remains. However, it is the global peak labour organization (IndustriALL) that plays the role of a facilitator, creating a conducive environment for collective bargaining at the national level.

Lead firms play a contradictory role in these relationships. On the one hand, they are to some extent substituting for the state in producer countries – inspecting factories, pushing suppliers to respect the law, and indeed pushing the state to enforce and in some cases improve the law. On the other hand, their relations with suppliers are necessarily shaped by market pressures, with price always a key component of negotiations. Indeed, competitive pressures to reduce prices are the very reason why lead firms are operating in environments with compromised state capacity and poor labour standards. Their role is thus nuanced and contradictory – an issue we explore in a separate paper. Nevertheless, the desire to secure a “level playing field,” a floor in the “race to the bottom,” is real and echoed in nearly all our interviews. The Bangladesh Accord was forced upon participating firms by extreme circumstance. But ACT, building on the experience of the Bangladesh Accord, is a voluntary attempt by lead firms, working with a global union, to improve the regulatory environment in the countries in which they operate through supporting industry collective bargaining – that is, collective regulation of employment conditions with unions.

Furthermore, our paper shows that lead firms can come to value at least some of the advantages built into such transnational collective IR arrangements. As firms and unions interact repeatedly in transnational arenas over time – a process that has started with GFAs but is now continued and expanded through initiatives such as the Bangladesh Accord and ACT – relationships between firms and unions may continue to grow stronger. This stands in contrast to concerns that without the global public attention directed at the garment industry, ambitious initiatives like the Bangladesh Accord would not be possible (cf. Zimmer, 2016: 7) and rather underlines a potential trend towards more support for such modes of governance and, hence, their growing acceptance and diffusion.

Conclusion

Dismal labour conditions exposed through disasters such as the Rana Plaza tragedy are driving firms to look for new ways to regulate labour in GPNs. While the triggering event has given rise to the Bangladesh Accord, the development of new inter-firm and firm-union relationships within the Bangladesh Accord has facilitated and driven a new approach to IR. Overall, the experiences considered in this paper indicate that labour governance in the global garment industry is expanding beyond unilateral approaches and developing collective regulatory arrangements inclusive of unions. We consider these approaches as transnational collective IR arrangements. In particular, ACT exemplifies this approach moving towards industry-wide joint regulation, supported by strengthened relationships between lead firms and a GUF.

The experiences discussed in this paper go against the claim that private regulation weakens union power and binding regulation. Rather, what initially started as private and unilateral regulatory effort has evolved and become more collective, binding, and inclusive of unions. Indeed, transnational union networks (Helfen & Fichter, 2013) continue to be strengthened and bear the potential for more effective implementation and monitoring. It remains to be seen whether this momentum will continue and spread to other sectors or issues.

While we shed light on some of the motivations for lead firms to promote collective and inclusive solutions, these could be further explored (cf. Egels-Zandén, 2009). In addition to the increased leverage on supplier firms and the creation of a level-playing field for wages as primary motivations, these could range from actually welcoming a solution to the collective action problem, via improving relationships with stakeholders, to a “business case of CSR”-reasoning in which proactive and powerful firms seek to outcompete laggards through higher standards. A more cynical interpretation is that claiming support for collective action signals firms’ commitment while allowing slow progress in practice.

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Garment Supply Chain Governance Project

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The aim of this interdisciplinary research project, which is funded by the VolkswagenStiftung as part of the “Europe and Global Challenges”-Program in cooperation with the Wellcome Trust and Riksbankens Jubileumsfond, is to understand the challenges of improving labour standards in global production networks by triangulating the perspectives of lead firms, suppliers and workers in the context of ongoing institutional innovations in the Bangladesh garment industry.

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