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Labor governance in the apparel sector -
The role of the Fair Labor Association and the Worker
Rights Consortium in combating sweatshop conditions

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Abstract (English)

The apparel industry has expanded rapidly, and today many countries of the Global South are integrated into apparel exporting, which has provided employment opportunities for millions of workers. Simultaneously, globalization of production and sourcing practices of lead firms have put a considerable burden on workers in the suppliers' factories, causing various labor issues. These labor issues are associated with inadequate payments, excessive working hours, unsafe working conditions, restricted freedom of association, and others.

This thesis focuses on two multi-stakeholder initiatives (MSIs) – the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC) - that are expected to deliver positive impacts for workers in the apparel industry. Using the Global Value Chain and Global Production Network theoretical approaches, it explores differences and similarities between the FLA and the WRC and the implications of their work for garment workers. Methodologically, the research included internal and external document and website analysis, semi-structured interviews, and a mapping.

The FLA and the WRC originated to a great extent due to a spate of scandals concerning sweatshop conditions in the apparel manufacturing in the early 1990s. Different approaches to the questions of living wages, transparency of factory locations, monitoring mechanisms, and organizational and financial features initiated the split of the two organizations. The analysis shows that the FLA is rather “corporate-influenced”. Significant support from global brands allows the FLA to perform an extensive amount of factory investigations. At the same time, the independence of the investigations and the truthfulness of the results remain in question. The WRC, as a “labor-influenced” initiative substantially focuses on the worker empowerment. Its independence from companies allows for a more critical perspective in their investigations but significantly limits the monitoring scope and leverage to regulate labor conditions in many factories.

Despite different governance approaches, the FLA and the WRC have been successfully operating in the garment sector for almost 20 years, have reached millions of workers, and contributed to research in the area of global labor problems. However, neither of them has influenced the sourcing strategies of global brands, eliminated power asymmetries, and supported a systemic change in the apparel industry.

Keywords: apparel sector, global production networks, global value chains, upgrading, labor governance, Fair Labor Association, Worker Rights Consortium.

Abstract (Deutsch)

Das rasante Wachstum der Bekleidungsindustrie hat heutzutage viele Länder des globalen Südens in den Bekleidungsexport integriert und Millionen von Arbeitnehmern neue Beschäftigungsmöglichkeiten ermöglicht. Gleichzeitig sind die Arbeitnehmer infolge dieser Globalisierung der Bekleidungsproduktion und Beschaffungsstrategien von den großen Unternehmen enormen Belastungen ausgesetzt. Dies führt zu unterschiedlichen arbeitstechnischen Problemen, wie unzureichende Löhne, übermäßige Arbeitszeiten, unsichere Arbeitsbedingungen, eingeschränkte Vereinigungsfreiheiten und andere.

Diese Arbeit konzentriert sich auf zwei Multi-Stakeholder-Initiativen (MSIs) - die Fair Labor Association (FLA) und das Worker Rights Consortium (WRC) -, von denen positive Auswirkungen für die Arbeitnehmer in der Bekleidungsindustrie erwartet werden. Die Arbeit untersucht die Unterschiede und Gemeinsamkeiten zwischen der FLA und dem WRC und die Auswirkungen ihrer Arbeit auf die Textilarbeiter. Die theoretischen Ansätze der globalen Wertschöpfungsketten und der globalen Produktionsnetzwerke werden für diese Untersuchungen herangezogen. Die Methodik umfasst sowohl eine interne und externe Dokumenten- und Website-Analyse, als auch semistrukturierte Interviews und ein Mapping.

Die FLA und das WRC entstanden zu Beginn der neunziger Jahre aufgrund vieler Skandale in Bezug auf die Sweatshop-Bedingungen in der Herstellung von Bekleidungen. Unterschiedliche Herangehensweisen in Bezug auf Existenzminimum, Transparenz der Fabrikstandorte, Überwachungsmechanismen sowie organisatorische und finanzielle Merkmale führten zu einer Trennung der beiden Organisationen. Die Analyse zeigt, dass die FLA eher „unternehmensbeeinflusst“ ist. Dank der umfassenden Unterstützung durch globale Marken kann die FLA eine Vielzahl von Fabrikuntersuchungen durchführen. Jedoch bleibt die Unabhängigkeit der Untersuchungen und die Richtigkeit der Ergebnisse fragwürdig. Das WRC als eine "arbeitsbeeinflusste" Initiative konzentriert sich im Wesentlichen auf die Befähigung der Arbeitnehmer. Die Unabhängigkeit von den Unternehmen ermöglicht eine kritischere Betrachtung ihrer Untersuchungen, schränkt jedoch den Überwachungsumfang und die Hebelwirkung zur Regulierung der Arbeitsbedingungen in vielen Fabriken erheblich ein.

Trotz unterschiedlicher Führungsansätze sind die FLA und das WRC seit fast 20 Jahren erfolgreich im Bekleidungssektor tätig, haben Millionen von Arbeitnehmern erreicht und zur Erforschung der globalen Arbeitsprobleme beigetragen. Keine von beiden hat jedoch die Beschaffungsstrategien globaler Marken beeinflusst, Leistungsasymmetrien beseitigt und einen systemischen Wandel in der Bekleidungsindustrie unterstützt.

Schlagwörter: Bekleidungssektor, globale Produktionsnetzwerke, globale Wertschöpfungsketten, Upgrading, Arbeitsverwaltung, Fair Labor Association, Worker Rights Consortium.

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1. Introduction

The apparel sector is one of the oldest and largest export industries in the world. Today many countries produce for international textile and apparel markets, which made the apparel sector one of the most globalized industries. Since many countries are engaged in apparel production, it has provided employment opportunities for millions of workers, especially in the countries of the Global South (Gereffi/Frederick, 2010).

At the same time, rapid globalization has made the garment sector very fragmented, created a distinctive power asymmetry between buyers and suppliers, and caused various labor issues. Commercial strategies of global brands and retailers continue to put extensive pressure on the manufacturers (Frederick/Staritz, 2012). It is reflected in short lead times, volatile orders, low prices, and increased flexibility and often leads to pervasive labor violations in subcontracted facilities. Thus, factory workers often struggle from inadequate payments, excessive working hours, unsafe working conditions, lack of freedom of association, to name a few (Anner et al., 2013; Plank et al., 2014; Vaughan-Whitehead, 2014; WRC, 2013).

The globalization of production and capital mobility within the apparel supply chains generated competition among national labor regimes and caused a “race to the bottom” for labor conditions (Feuerstein/Herrigel, 2017, p. 6). This has led to a so-called “global labor governance” deficit – the inability of governance institutions to adequately address the emerged labor challenges in the global supply chains (Gereffi/Mayer, 2006; Hassel, 2008). In this context, various actors in public, private, and social spheres have tried “to fill the gap with new governance mechanisms.” (Barrientos/Mayer/Pickles/Posthuma, 2011, p. 306) Therefore, governments and international organizations, labor unions and companies, universities, and conscious consumers play an essential role in promoting decent working conditions in global value chains. Although each actor plays a significant role in addressing the complexity of labor issues, it has become clear that single forms of governance mechanisms are not enough. Some authors argued that the engagement of multiple – public, private and social – stakeholders in so-called ‘multi-stakeholder initiatives’ (MSIs) form the most effective labor governance mechanisms and could be more sufficient in tackle abusive labor practices (Mayer/Posthuma, 2012; Mayer/Pickles, 2014; Lee, 2016; Plank/Rossi/Staritz, 2014; Vaughan-Whitehead, 2014).

1.1 Research Objective

The objective of this thesis is to understand the role of MSIs in combatting sweatshop conditions in the garment sector. This research focuses on the two multi-stakeholder initiatives that are expected

to deliver meaningful solutions to workers in the apparel industry. One MSI that tries to overcome existing abusive labor practices and sweatshop conditions in the apparel sector is the Fair Labor Association (FLA). The FLA is one of the largest and best-known MSI in the US and is extremely relevant for the garment industry. It has originated from a collaborative action among companies, labor unions, civil society groups, universities, and the government and, therefore, perfectly corresponds to the definition of an MSI. Moreover, the FLA has “one of the most stringent codes of conduct in the world” (FLA, 2013, p. 21) and a considerable list of compliance benchmarks that the FLA-affiliated brands must follow. Therefore, it is expected that the FLA has highly impacted the work of these companies.

Another MSI that is relevant for the analysis is the Worker Rights Consortium (WRC). This US-based organization emerged in response to the FLA and has been positively recognized by universities and the civil society for its efforts in combating labor rights abuses. A group of labor-allied NGOs, universities, and students, who have formed the initiative, did not agree with the FLA’s “corporate-influenced” governing and monitoring approaches. The WRC’s model that excludes companies from its work is focused on the worker empowerment in the collegiate apparel sector. Although the two organizations never officially claimed to “compete” with each other in terms of their effectiveness, there has been a range of studies comparing their impacts (see Anner, 2011; Carroll/Chang, 2008; Wooley, 2013).

The FLA and the WRC have been operating in the garment sector for almost 20 years, with the main goal of improving working conditions around the world. Both organizations conducted many factory investigations and made sure that these facilities comply with international labor standards. To ensure transparency of their work, the FLA and the WRC initiate public reporting of their findings and assist in the remedial actions in the factories of their affiliate members. Additionally, both organizations contribute scientifically to the area of labor standards and shed light on the current status of global labor problems in the apparel industry.

The research will also show that the differences in their governance approaches and monitoring processes create several limitations in the work of each organization. The crucial difference is that the FLA has company members on its governing board, and the majority of the funds come from them. This allows the FLA to perform an extensive amount of factory investigations and, at the same time, this questions their transparency. The WRC neither allows companies to become its affiliates or board members nor accepts funding from for-profit corporations or labor unions. This independence significantly limits its financial resources and the monitoring scope, thus, giving it

lower leverage to regulate labor conditions a large number of factories.

1.2 Research Question

This master thesis will be devoted to exploring differences and similarities between the FLA and the WRC, their strengths and weaknesses, and the implications of their efforts for garment workers. Consequently, the main research question of the paper is:

What role do the FLA and the WRC play in combating sweatshop conditions in the apparel industry?

As the research question is comprehensive, several sub-questions were developed to guide the composition of this thesis. The first sub-question is:

I. What constitutes the central approach of each organization?

Here, special focus is given to the differences and similarities in the work of the FLA and the WRC. The comparison is done using the following categories:

- Mission
- Geographical Scope
- Governance
- Financing
- Members and Requirements
- Workplace Code of Conduct and Social Standards
- Monitoring Process
- Remediation Practice and Public Reporting
- Additional Activities to Factory Investigations
- Achievements

The second sub-question is:

II. What impact does each organization have on improving working conditions in the apparel sector?

As mentioned earlier, several stakeholders stood at the origins of the FLA and the WRC, not least of which are the universities. Therefore, the third sub-question is:

III. How do colleges & universities that are affiliated with the FLA and the WRC contribute to ensuring the ethical production of (collegiate) apparel?

The fourth sub-question is:

IV. What are the strengths and weaknesses of the FLA and the WRC?

Finally yet importantly, the work of the FLA and the WRC will be discussed in the context of labor governance and the apparel industry. Therefore, the fifth sub-question is:

V. What lessons can we learn from the two organizations that could improve the work of other MSIs in the apparel sector and labor governance in general?

This thesis uses the theoretical framework of global value chains (GVCs) and global production networks (GPNs) with a specific focus on the social upgrading concept and labor governance. This theoretical framework is helpful in addressing trade, production, and employment structures in today's global apparel industry. In order to answer the research question and the sub-questions, my work encompassed a mixed method of data collection. The main part of the research was qualitative. It included internal and external document and website analysis, semi-structured interviews, and a GPN mapping. These methods allowed me to compare and contrast the work of the FLA and the WRC in combating abusive labor conditions in the apparel industry. Trade data analysis formed a quantitative part of the thesis. The data showed trade patterns in the global garment industry and of the main apparel exporting countries, where the FLA and the WRC perform their monitoring.

1.3 Thesis Structure

This thesis is comprised of eight parts. The introduction is followed by Section 2, which represents the theoretical framework of the research. First, the GVC/GPN approaches are introduced in order to further illustrate the organization of the apparel industry, main actors, and their activities in the sector. Specifically, the research is focused on the concept of social upgrading in order to describe the labor dimension within the GVC/GPN analysis. The last sub-section briefly presents the existing gaps in the labor dimension and explains how the concept of labor governance addresses the violations of labor standards in the apparel industry.

Section 3 illustrates the methods used for data generation and analysis. Additionally, this section addresses the challenges that arose during the research.

Section 4 provides a background on the relevant topics in the garment industry. The first sub-section briefly introduces the apparel sector with a specific focus on its structure and recent trade patterns. The following sub-sections are dedicated to the main labor issues in the garment industry and different forms of labor governance that try to address them. Specifically, the role of a multi-stakeholder approach in securing decent working conditions in the apparel GVCs is discussed. Lastly, the historical background of the anti-sweatshop movement is addressed.

Section 5 provides background information on the FLA and the WRC. Profiles of each organization include information about their mission, geographical scope of the monitoring activity, governance, financing, membership and requirements, workplace codes of conduct and social standards, monitoring processes, remediation practice and public reporting, additional work to factory

investigations, and achievements. Furthermore, at the end of the section, two mappings visually illustrate approaches of the FLA and the WRC.

The main focus in Section 6 is on the comparison and analysis of the findings presented in the previous chapter. Moreover, additional aspects include a discussion about the FLA's and the WRC's efforts and impacts and the role of the universities in ensuring the ethical production of collegiate apparel. Section 6 ends with a summary of the findings.

Section 7 discusses several aspects in the work of the FLA and the WRC in the context of other MSIs in the apparel sector and labor governance in general.

The summary of the thesis and key conclusions are included in Section 8.

2. Theoretical Framework

The theoretical framework drives the research process and guides the interpretation of the empirical findings. The global value chain (GVC) and global production network (GPN) approaches were chosen as a theoretical basis for this thesis because they help to understand changing patterns of trade, production, and employment structures in today's global apparel manufacturing. Nowadays, the apparel sector has become highly fragmented as many large companies from industrial countries, which seek to maximize their profits, have relocated their production facilities in the regions of the Global South with cheaper labor force and modes of production. The GVC/GPN framework is, therefore, relevant for this research because it can connect different actors and stakeholders in multiple locations across the globe and analyze their relations with each other.

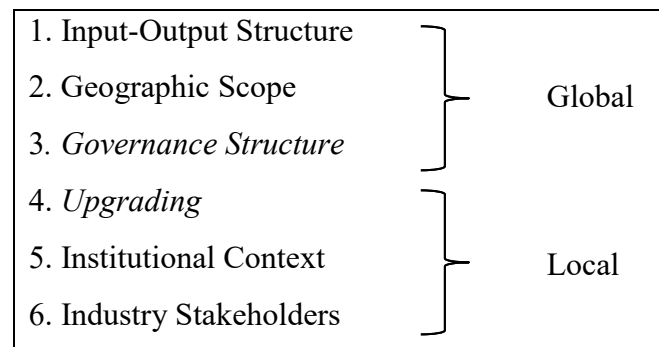
The remaining part of this chapter is structured as follows: first, the GVC/GPN approaches are introduced in order to further illustrate the organization of the apparel industry, main actors and their activities in the sector. Specifically, the research is focused on the concept of social upgrading in order to describe the labor dimension within the GVC/GPN analysis. The last part briefly presents the existing gaps in the labor dimension and explains how the concept of labor governance addresses the violations of labor standards in the apparel industry.

2.1 GVC/GPN approaches

The global value chain (GVC) approach emphasizes the existing fragmentation of production processes in today's globalized economy. It is focused "on the commercial dynamics between firms

in different segments of production chain” (Barrientos et al., 2011, p. 321). Moreover, it has become a useful tool for a better understanding of how value is created, captured and enhanced within different types of industries (see Lee, 2010). Gereffi/Fernandez-Stark (2016) illustrate how the GVC’s methodology can provide a view of global industries by distinguishing between top-down (global) and bottom-up (local) perspectives (see Figure 1). *Governance* is the main concept of the top-down perspective. It is focused on lead firms (global buyers) and the organization of the supply chain on a global scale. Humphrey/Schmitz (2001, p. 22) define governance as “the inter-firm relationships and institutional mechanisms through which non-market coordination of activities in the chain is achieved.” *Upgrading* is the fundamental concept for the bottom-up view, which has been identified as moving up strategy “for countries, regions or other economic stakeholders to maintain or improve their positions in the global economy” (Gereffi/Fernandez-Stark, 2016, p. 7).

Figure 1. Six dimensions of the GVC analysis.



Source: Gereffi/Fernandez-Stark (2016, p. 7).

The main strength of the GVC analysis is governance dimension. Governance is primarily focused on inter-firm transactions. Defining governance as an “authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain” (1994, p. 97), Gereffi distinguished between producer-driven and buyer-driven governance structures. In producer-driven value chains, large industrial enterprises play a central role in controlling the production systems that are located in capital-intensive sectors.

In the case of this research, the apparel industry represents a classic example of a buyer-driven chain. It is characterized by a large number of retailers, branded marketers, and trading companies that establish global sourcing networks to produce labor-intensive consumer goods in a number of exporting countries, particularly in the Global South (Gereffi, 1995). One of the main characteristics of buyer-driven chains is that the lead firms usually do not own any production facilities and are, therefore, called “manufacturers without factories”, meaning that they perform research, design, marketing, and financial services rather than actually make the branded goods (Gereffi/Memedovic,

2003, p. 3). The producer-driven versus buyer-driven distinction of governance, however, appears to be rather abstract and fails to capture the full complexity of the GVC governance structures. In order to address this challenge, Gereffi et al. (2005) elaborated a fivefold typology, which links suppliers to lead firms through market, modular, relational, captive, and hierarchy network forms. Key variables of this type of governance are the complexity of transactions, the ability to codify transactions, and the capabilities of suppliers (ibid.). Bair (2005) and Gibbon et al. (2008) argue that Gereffi's typology of five governance structures nevertheless primarily focuses on intra-sectoral linkages between lead firms and first-tier suppliers.

While the GVC analysis is mainly firm-oriented and focuses on value creation and value capture, the Global Production Network (GPN) approach emphasizes the non-linearity of commercial relations between actors and goes beyond the examination of just inter-firm networks. The GPN approach additionally stresses the institutional context of global production and examines the role of other relevant non-firm actors such as national governments, multilateral organizations, NGOs, trade unions, etc. (Henderson et al., 2002; Coe et al., 2008). Thus, "networks" are far more inclusive than the value chain analysis and allows a "far greater complexity and geographical variation in producer-consumer relations" (Henderson et al., 2002, p. 445). Consequently, the GPN approach takes into account the asymmetry of power relations between the various commercial and social actors and analyses the consequences of these networks for manufacturers and workers both within and between countries (Barrientos/Mayer/Pickles/Posthuma, 2011).

2.2 Economic and Social Upgrading

The concept of upgrading was initially defined by Gereffi as "the process by which economic actors – nations, firms, and workers – move from low-value to relatively high-value activities in global production networks" and, therefore, referred to as "industrial upgrading" or "economic upgrading" (2005, p. 171). In the context of GVCs, four types of upgrading have been identified (Humphrey/Schmitz, 2002):

- product upgrading, or moving into more sophisticated product lines;
- process upgrading, or transforming inputs into outputs more efficiently by reorganizing the production system or introducing better technology;
- functional upgrading, which acquires new functions to increase the overall skill content of the activities;
- chain upgrading, where firms move into new but often related industries.

Each type of economic upgrading includes a capital dimension and a labor dimension. The capital

dimension is referred to as the use of advanced technologies and machinery. The labor dimension is focused on the improvement of worker's skills and increased productivity of workers. Barrientos/Gereffi/Rossi (2011) underline that labor in this context is viewed as a productive element rather than as a socially embedded factor, meaning that conditions and entitlements of workers are typically underrepresented. Thus, upgrading has been mainly associated with firms' increasing competitiveness in higher value-added processes through enhancing their use of technology, skills, and knowledge (Kaplinsky/Morris, 2001). Eventually, this can result in greater profits or higher export competitiveness. Economic upgrading, however, does not automatically guarantee benefits for workers in the form of higher wages or greater job security (Plank/Staritz, 2009).

It has been demonstrated above that the two conceptual dimensions, "governance" and "upgrading", are rather firm-centric and do not pay enough attention to work and workers. Barrientos/Gereffi/Rossi (2011, p. 322) argue that focus on workers within the GVC/GPN analysis has been limited and labor was "treated primarily as an endogenous factor of production." Selwyn (2013, p. 77) argues that GCC/GVC/GPN theorists have represented workers as "passive victims" of the capitalist nature that is embedded in the firms' actions. As a reaction to the limitations of the upgrading concept in relation to the social dimension, scholars have proposed the term "social upgrading" to capture the effects of the GVC participation on living standards and conditions of employment. Barrientos/Gereffi/Rossi (2011, p. 324) have defined social upgrading as "the process of improvement in the rights and entitlements of workers as social actors, which enhances the quality of their employment... But it also involves enhancing working conditions, protection and rights." The concept derives from the International Labour Organization's Decent Work Agenda, which comprises four aspects - employment, standards and rights at work, social protection, and social dialogue (ILO, 2008).

Social upgrading can be divided into two key components (Elliot/Freeman, 2003; Barrientos/Smith, 2007):

- Measurable standards that represent quantifiable aspects like the type of employment (regular or irregular), wage level, social protection, and working hours;
- Enabling rights that are usually harder to observe include freedom of association, the right to collective bargaining, non-discrimination, voice, and empowerment.

Sometimes it can be quite challenging to measure social upgrading by using just one indicator. While measurable standards could be assessed and be improved through factory visits or policy

interventions, the second group of enabling rights poses a challenge. Lack of access to enabling rights can negatively affect working conditions of workers and exacerbate their overall well-being. Bernhardt/Pollak (2016, p. 1224), for instance, offer a “parsimonious approach” to study social (and economic) upgrading in GVCs. Such a method allows performing a cross-comparative analysis among various sectors and countries. Khattak et al. (2017) write that social upgrading could also be formed as a total of quantifiable and non-quantifiable aspects of the ILO’s decent work agenda: the more elements a firm has included, the more socially upgraded it is.

Selwyn (2013, p. 76) criticizes the current status of the social upgrading concept based on its analytical and political weaknesses. He argues that social upgrading denies the reality of labor exploitation by capital relations between “elite actors” such as global brands, nation-states, and international organizations, which try to deliver improvements in the working conditions from the “top-down”. Selwyn (ibid) emphasizes the need to resist capitalist exploitation and underlines the alternative “bottom-up” or labor-led approach. Such a conception of social upgrading, which can be achieved through the balance of power between capital and labor, could prioritize workers’ voice in ameliorating indecent working conditions.

The relationship between social and economic upgrading remains unclear in the GVC/GPN literature. For instance, the analysis by Bernhardt/Milberg (2011) showed that social upgrading could occur in the presence of economic upgrading, however, economic upgrading does not ensure social upgrading. Mixed outcomes for workers demonstrated the research by Rossi (2013): while product & process upgrading generally leads to improvements of working conditions, functional upgrading differently affected measurable standards & enabling rights or regular and irregular workers. Consequently, the connection between the two types of upgrading remains complex and can depend on various factors such as the type of value chain and its dynamic, the status of workers, and (inter)-national labor regulations in the region (Barrientos/Gereffi/Rossi, 2011). Barrientos/Gereffi/Nathan (2012, p. 5) argue that “for economic and social upgrading to go in tandem, identifying commercial leverage points and forming alliances between commercial, civil society and government actors appear critical”.

2.3 Labor Governance

The expansion of GVCs/GPNs has led to global governance challenges. The growing phenomenon of economic globalization, and particularly the expansion of production to emerging economies, has created a global “governance deficit” – the inability of governance institutions to adequately address the emerged labor challenges in the global supply chains (Gereffi/Mayer, 2006). In this

context, various actors in public, private, and social spheres have tried “to fill the gap with new governance mechanisms.” (Barrientos/Gereffi/Rossi, 2011, p. 306)

Global labor governance today varies according to the level of operation and by the kinds of actors involved. Public governance exercised by actors like supranational organizations and governments and consists of international labor standards and trade policies, as well as national labor laws and regulations. Private governance approaches on transnational level involve private compliance initiatives like corporate social responsibility requirements and workplace codes of conduct that are widely adopted by global brands and suppliers. Additionally, ethical sourcing and social labeling are mostly driven by buyer concerns for brand reputation and market access. Social governance consists of formal and informal practices of business behavior that are demanded by labor unions, worker groups, and other elements of civil society on the national and international levels (see Gereffi/Lee, 2016; ILO, 2016; Lee, 2016; Mayer/Pickles, 2014; Mayer/Posthuma, 2012).

Hence, governments and international organizations, labor unions and companies, universities, and consumers play an essential role in promoting decent working conditions in global value chains. Some authors argue that the engagement of multiple – public, private, and social – stakeholders in so-called ‘multi-stakeholder initiatives’ (MSIs) form the most effective labor governance mechanisms (Mayer/Posthuma, 2012; Lee, 2016). Further discussion on different types of labor governance mechanisms in relation to the apparel sector follows in Section 4 of this thesis.

To sum up, the GVC/GPN approaches represent a suitable framework for this research because they can demonstrate the organization, governance, and value creation in the apparel sector. In particular, the focus on social upgrading within the GVC/GPN framework enables to address the labor dimension and existing labor challenges of workers in the apparel industry. Therefore, the social upgrading concept within the GVC/GPN analysis can be linked to the discussion about labor governance mechanisms that are aimed at regulating labor conditions in the apparel industry. Additionally, the GVC/GPN framework demonstrates the complexities of global labor governance and challenges of the unilateral forms of labor regulation.

3. Methodology

This chapter discusses the methods and techniques that are used in this research in order to identify, select, and analyze the relevant information for the research question. The thesis encompassed a mixed method of data collection. This method helps to reduce potential biases because the available evidence is verified by different sources (Bowen, 2009).

The central part of the analysis is qualitative since the objective of this paper is to address the role of the FLA and the WRC and to compare their approaches in combating abusive labor conditions in the apparel industry. Particular focus is given to the internal document and website analysis of the two organizations as well as to the secondary academic literature that evaluates their approaches. To complement the information from the document and website analysis, several interviews with the FLA and the WRC representatives were conducted. Additionally, a GPN mapping exercise illustrates how each initiative works along the apparel value chain and tackles emerging and existing labor issues in the sector. Finally, a quantitative trade data analysis gives a general overview of the apparel sector and shows the trade patterns of the main apparel exporting countries, where the FLA and the WRC perform their monitoring. Sub-sections below reflect in more detail the process of data generation & analysis and challenges that arose during the research.

3.1 Data Generation and Analysis

Document analysis

Document analysis refers to a systematic process of reviewing and evaluating documents, which may include both printed and electronic materials. Document generation in this research consists of two complementary parts: internal and external. The majority of the FLA's internal document analysis was based on the five Annual Reports for the period 2012-2016, some other relevant documents for additional clarifications (i.e., the FLA's Charter, the FLA's Workplace Code of Conduct, the FLA's Sustainable Compliance methodology) and the contents of the FLA's website. Unlike the FLA, the WRC does not provide annual reports. Therefore, the WRC's internal document analysis was mostly focused on the webpage contents, the WRC's Model Code of Conduct, as well as the WRC's Frequently Asked Questions, Strategic Breakthroughs and Impacts brochures. Internal document analysis demonstrated the working process of the two initiatives, additional activities in the area of labor governance, and some achievements in the work with other stakeholders. In this context, detailed documentation about the FLA's and the WRC's factory monitoring (i.e., workplace monitoring reports and factory investigations respectively) was not

included in the analysis. Factory data and results presented in these reports are hard to verify and to compare due to their unsystematic nature and the limited access to the field.

External document analysis was based on the academic articles to show the evaluation of the FLA's and the WRC's work and to discuss their potential limitations. The selection of the external documents covered the whole period of the initiatives' operating (1999-2018), in order to address potential changes in their approaches. All external documents that were analyzed are cited in the bibliography. Key findings from the FLA's Annual Reports are summarized in Table 8 in the Appendix.

To compare the FLA and the WRC and to analyze their approaches, the author developed several criteria based on the analysis of the internal and external documentation. Thus, Section 5 of this thesis gives an overview of the FLA and the WRC, which was based mainly on the internal policy documentation and website information. Profiles of each organization include information in the following categories:

- Mission
- Geographical Scope
- Governance
- Financing
- Membership and Requirements
- Workplace Code of Conduct and Social Standards
- Monitoring Process
- Remediation Practice and Public Reporting
- Additional Work to Factory Investigations
- Achievements

Additionally, the key findings of the comparison are summarized and provided in Table 7 in the Appendix.

After giving some general background information about the FLA and the WRC, it was essential to analyze these findings. Therefore, Section 6 compares the two initiatives, provides findings from the external academic literature, and facilitates a discussion based on the categories described above. Moreover, there are additional aspects that are included in the analysis in this chapter, such as:

- Efforts and Impacts
- Role of Universities

To sum up, Section 5 in this research mostly focuses on the analysis of internal documents and webpage contents of the FLA and the WRC. It should be noted that this section gives a broad overview of the FLA and the WRC, as reported by the organizations themselves, and does not include the author's evaluation of the findings. Moreover, the information presented in the category "Achievements" is only limited to three case studies among all other projects reported by the FLA and the WRC and, therefore, should be valued critically. Section 6 continues with the analysis of the findings from the previous section. This section is complemented by the information obtained from the external academic resources, interviews, as well as the author's evaluation of the results. The FLA's and the WRC's impacts in Section 6 are discussed in the framework of one particular case study that was obtained from the academic literature. The example helps to demonstrate the difference in actions that the FLA and the WRC took to eradicate an emerged problem in the apparel factory.

Interviews

Another vital source for data generation in empirical research are interviews. Interviews are particularly useful when the researcher needs to get a deeper understanding of the topic. Therefore, this method was chosen to complement the document analysis about the FLA and the WRC and to better address the research questions. Semi-structured interviews were chosen for this research because their flexibility allows the interviewees to share their personal experiences and opinions about the two organizations in a free form (Bernard, 2006).

As the objective of this thesis is to understand the role of the two initiatives in combating sweatshop conditions in the apparel industry, the author has contacted individuals who serve on the Board of Directors of the FLA and the WRC. In the end, nine interviews with six university representatives, two representatives of USAS, and one labor rights expert were conducted. All of the respondents have a direct experience of working with the FLA's or the WRC's management, actively participate in the board meetings and governing decisions of the two organizations, and in some cases, have been to the facilities, where the monitoring assessments took place. The author decided to keep the names of the interviewees confidential in order to let the respondents share their opinions independently of their positions within the two organizations.

The interviews took place over Skype and lasted between 30 to 60 minutes. For the benefit of the

interview partners and the researcher, a list of questions was sent to each interviewee in advance. The interviews were also recorded. In order to reflect the experience of each interview partner, the interview guide included mostly open-ended questions that were divided into several categories based on the individual's role on the Board of Directors. Although there was a particular order of questions at first, the flexibility of a semi-structured interview allowed making changes in that order based on the course of conversations. At the end of each conversation, interviewees also had a chance to give any additional information regarding the topic. It is crucial to provide interview partners with a possibility to add comments based on their experience because it might include aspects that were not previously considered by the researcher. The interview schedule and the interview guide in the Appendix provide more information regarding the interviews.

Before the interviews were analyzed, each of them was transcribed using online software. This process can be very time-consuming; however, it allows the researcher to work with data more precise. After the transcribing was over, all transcripts were read carefully, line-by-line, and codes were developed to meet the criteria discussed above. All similar codes were grouped into the main categories that were relevant for answering the research questions. Finally, relevant codes were used for the discussion in Section 6. Codes that were not relevant to the research question were disregarded for further analysis.

GPN Mapping

A GPN mapping was done to illustrate the work of the FLA and the WRC in the global apparel value chain. Firstly, the mapping provides a simplified input/output structure of the apparel value chain in relation to each organization. Secondly, it demonstrates the actions of each organization and interactions between the stakeholders. Thirdly, it shows how the FLA and the WRC address the labor challenges in the apparel sector. The mappings of the FLA and the WRC activities are included at the end of Section 5 after the general overviews of the two organizations.

Trade Data Analysis

Trade data analysis constitutes the quantitative part of the research. Trade data is used to demonstrate the developments in the global apparel sector and to show trade patterns of the main apparel exporting countries, where the FLA and the WRC perform their monitoring. General information about trade patterns in the garment industry is presented in Table 1 in Section 4 of the research. The table includes the data regarding:

1. Total global exports of the apparel sector;
2. Top 15 apparel-exporting economies;
3. Shares of the top 15 apparel-exporting economies in the total global apparel exports.

Additionally, the author compared the dynamics of the apparel-producing countries that are covered by the two initiatives. Both organizations conduct their assessments in more than 50 countries, 19 out of which they have in common. Since it is out of the scope of this paper to analyze each country in detail, the focus was narrowed only to the countries that were a part of the top-15 apparel exporting economies between 2000 and 2017. Thus, the country selection for trade data analysis of the FLA/WRC countries was limited to 13 economies. Figure 5 and 6 in Section 6 illustrate the data regarding the 13 FLA/WRC countries.

The main source for retrieving information on traded goods in the apparel sector is the United Nations Commodity Trade Statistics Database (UN Comtrade), which can be accessed through the World Integrated Trade Solution (WITS) software. For my research, the author created a new product group that combined all apparel products, using codes 61 and 62 of the Harmonized System (HS) 1996. All data was received as mirror data in order to obtain more accurate results.

3.2 Challenges

Perhaps, one of the main difficulties during empirical research is limited access to the field. In the case of this research, it was not possible to assess the impact of the FLA and the WRC on their main beneficiaries - the workers. Moreover, it is not possible to measure the impact of the two organizations right after their investigations as the improvement of worker's rights and labor conditions happens gradually over time. Thus, the greatest limitation to the thesis is a lack of verifiable empirical evidence on the effect of the activities of each organization. Consequently, the primary source for obtaining information about the FLA's and the WRC's impacts was external academic literature.

While it was not the main focus of this research to visit factories and conduct interviews with workers, it would be useful to have interviews with the management or executive staff, who has been involved in the monitoring activities. Besides, the CEOs of the FLA and the WRC could provide valuable information regarding the impacts of the two organizations. However, neither the FLA or the WRC staff members nor the CEOs were reachable or interested in this research. Representatives from the Board of Directors, especially from the university site, on the contrary,

actively contributed to this study and were open to sharing their experience. Since both organizations are located in the USA, it was not possible to meet with the interview partners in person. Therefore, all interviews were conducted over Skype. The language barrier was not an issue during the research; all conversations were held in English.

The unsystematic nature of the data available internally and externally posed one more challenge that was related to the document analysis. Due to the fact that the FLA does not provide information about factories in the same capacity as the WRC and vice versa, it was not possible to compare the monitoring findings of the two organizations. Moreover, there is a lack of external academic resources regarding the WRC's work in the open access, which, to a great extent, limited the possibility to address the organization's impacts on workers.

4. Apparel Sector, Labor Issues, and Labor Governance

In this section the apparel sector is briefly introduced with a specific focus on the trade patterns¹ and the structure. The next sub-sections are dedicated to the central labor issues in the garment industry and different forms of labor governance that try to address them. The last parts emphasize the role of a multi-stakeholder approach in securing decent working conditions in the apparel GVCs and provide a historical background of the anti-sweatshop movement.

4.1 Trade Patterns

The apparel sector has always played a crucial role in the industrialization processes and economic development of many countries and, consequently, has become one of the most globalized sectors in the world. The industry today is mostly organized through GVCs/GPNs with extremely fragmented production processes and trade patterns (Bernhardt, 2014, p. 40). The rapid expansion of the sector has generated employment opportunities for millions of workers, especially in the countries of the Global South (Gereffi/Frederick, 2010). Global apparel exports have been constantly growing over the past years and comprised around US\$385 billion in 2017. This made apparel the fourth most traded manufactured good after chemical, office, and automotive products (WTO, 2018, p. 18). Nonetheless, global apparel sector has also experienced two major crises in the last decade: in 2004, with the end of the Multi-Fibre Arrangement (MFA) and in 2008, with the global economic recession (Bernhardt, 2014, p. 40-41). The post-MFA period has significantly altered the apparel industry. Global buyers have changed their sourcing practices, which led to increased competition and price pressures across their suppliers (Frederick/Staritz, 2012, p. 41).

According to Table 1, China is the largest (single) exporter of apparel goods. Its export share has significantly increased in the context of the MFA phase-out and the economic recession (from 28,4% in 2004 to its peak - 43% in 2010) (ibid.). However, in recent years, its apparel export share has been declining and reached 33% in 2017. The second largest exporter of apparel from 2000 until 2017 has been the EU 27. Together with China, these countries accounted for up to 50% of world apparel exports in certain years for the 2000-2017 period, reaching their peak in 2010 (61,6 %). China and the EU 27 are followed by the other top exporter countries, which include Bangladesh, Vietnam, Turkey, and India. The export share of these countries in the apparel sector has been growing over the 2000-2017 period and accounted together for less than a half (24,5%) of China and the EU 27 total exports (52,4%) in 2017. In sum, the export share of the top 15 apparel-exporting countries has grown from 80,9% in 2000 to 90,3% in 2017.

¹ Discussion on the trade patterns of the countries that are relevant for the case study programs follows in Section 6.

Table 1. Top 15 Apparel-Exporting Countries, 2000-2017.

Country / Region	Trade Value in 1 000 000 USD										World Share (%)									
	2000	2002	2004	2006	2008	2010	2012	2014	2016	2017	2000	2002	2004	2006	2008	2010	2012	2014	2016	2017
World	193 222	203 544	254 287	294 849	345 254	334 239	362 085	401 422	376 237	385 752										
China	48 197	52 581	72 194	103 995	135 064	143 650	148 733	152 691	130 026	127 267	24,9	25,8	28,4	35,3	39,1	43,0	41,1	38,0	34,6	33,0
EU27*	43 136	47 608	60 118	62 842	73 458	62 326	64 602	75 365	69 717	74 733	22,3	23,4	23,6	21,3	21,3	18,6	17,8	18,8	18,5	19,4
Bangladesh	4 839	5 111	8 052	10 660	13 731	16 992	22 884	29 176	33 100	34 586	2,5	2,5	3,2	3,6	4,0	5,1	6,3	7,3	8,8	9,0
Vietnam	-	-	4 524	6 104	9 750	11 190	15 281	21 727	24 908	27 153	-	-	1,8	2,1	2,8	3,3	4,2	5,4	6,6	7,0
Turkey	6 710	9 024	12 566	13 352	16 124	15 188	16 629	18 579	16 963	17 479	3,5	4,4	4,9	4,5	4,7	4,5	4,6	4,6	4,5	4,5
India	5 039	5 626	7 363	10 946	12 751	13 399	13 227	16 054	15 182	15 110	2,6	2,8	2,9	3,7	3,7	4,0	3,7	4,0	4,0	3,9
Cambodia	-	-	-	3 358	4 092	4 296	6 244	8 708	10 224	11 211	-	-	-	1,1	1,2	1,3	1,7	2,2	2,7	2,9
Indonesia	4 679	4 466	5 446	7 191	7 837	8 074	9 630	10 285	10 018	10 033	2,4	2,2	2,1	2,4	2,3	2,4	2,7	2,6	2,7	2,6
Pakistan	-	-	-	-	3 573	3 801	4 201	5 439	5 704	6 312	-	-	-	-	1,0	1,1	1,2	1,4	1,5	1,6
Sri Lanka	2 629	2 592	3 183	3 708	4 259	4 071	4 229	5 095	5 066	5 345	1,4	1,3	1,3	1,3	1,2	1,2	1,2	1,3	1,3	1,4
Morocco	-	2 870	3 574	3 743	4 585	3 844	3 926	4 752	4 612	4 827	-	1,4	1,4	1,3	1,3	1,2	1,1	1,2	1,2	1,3
Mexico	8 854	8 003	7 286	5 955	4 642	4 211	4 441	4 544	4 134	4 274	4,6	3,9	2,9	2,0	1,3	1,3	1,2	1,1	1,1	1,1
Honduras	-	2 646	-	-	-	2 897	3 114	3 273	3 450	3 539	-	1,3	-	-	-	0,9	0,9	0,8	0,9	0,9
Myanmar	-	-	-	-	-	-	-	-	-	3 209	-	-	-	-	-	-	-	-	-	0,8
Tunisia	2 651	3 110	3 609	3 577	4 512	3 779	3 469	3 701	3 039	3 132	1,4	1,5	1,4	1,2	1,3	1,1	1,0	0,9	0,8	0,8
Thailand	3 611	3 529	4 067	4 229	4 361	3 878	3 605	3 529	3 169	-	1,9	1,7	1,6	1,4	1,3	1,2	1,0	0,9	0,8	-
Hong Kong, China	10 623	9 561	10 070	10 024	6 232	-	-	-	-	-	5,5	4,7	4,0	3,4	1,8	-	-	-	-	-
United States	5 152	3 984	3 192	3 248	-	-	-	-	-	-	2,7	2,0	1,3	1,1	-	-	-	-	-	-
Korea, Rep.	4 608	3 780	3 578	-	-	-	-	-	-	-	2,4	1,9	1,4	-	-	-	-	-	-	-
Other Asia, nes**	2 979	-	-	-	-	-	-	-	-	-	1,5	-	-	-	-	-	-	-	-	-
Philippines	2 527	-	-	-	-	-	-	-	-	-	1,3	-	-	-	-	-	-	-	-	-
Top 15	156 233	164 491	208 823	252 931	304 970	301 594	324 216	362 919	339 311	348 209	80,9	80,8	82,1	85,8	88,3	90,2	89,5	90,4	90,2	90,3

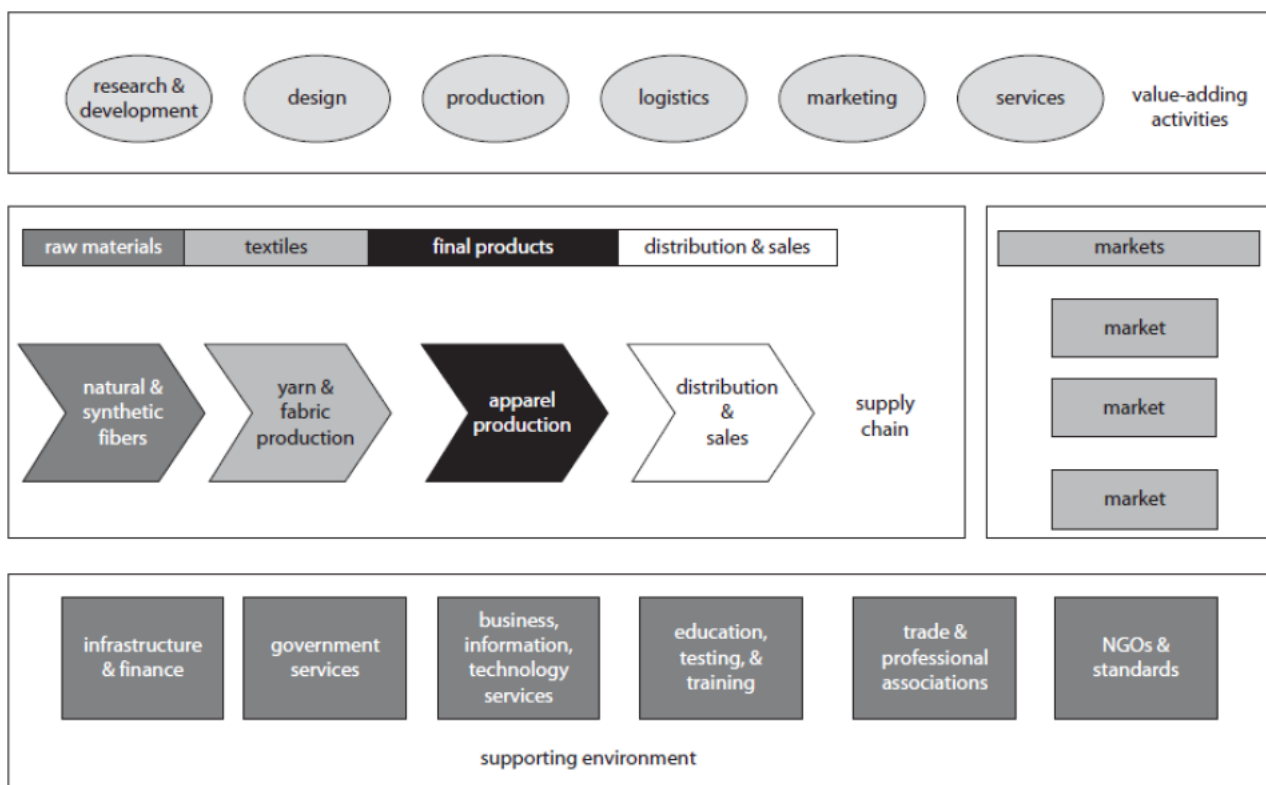
Source: United Nations Commodity Trade Statistics Database (UN Comtrade).

Note: Apparel represented by Harmonized Commodity Description and Coding System (HS) 61 and 62; top 15 by year; - = not applicable (indicates economy not in top 15 in given year). * EU27= Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom. ** nes = not elsewhere specified; essentially refers to Taiwan, China.

4.2 Actors and Governance

Production in the apparel industry is embedded in a complex global value chain. Appelbaum and Gereffi (1994) divide the clothing supply chain into 4 stages: (1) Supply of raw materials, (2) Yarn and fabric production, (3) Apparel production, (4) Export channels for sales and distribution (see Figure 2). Big brands in the clothing industry “shape the geography of clothing manufacturing by their sourcing strategies.” (Staritz, 2011, p. 8) Therefore, operations at each stage may happen in various geographical locations, and also include differences in labor skills and working conditions, technology, and scale and type of enterprises (Gereffi/Memedovic, 2003). A large part of manufacturing in the apparel sector is labor-intensive and includes activities such as sewing, cutting, assembling. Due to the low entry barriers, fixed costs, and simple technology, many of them are performed in “low-cost regions”. Yarn and fabric production, on the contrary, remains capital-intensive and requires high-skilled workers and, thus, “stayed in developed countries or shifted towards middle-income countries” (Staritz, 2011, p. 7).

Figure 2. Apparel Supply and Value Chain.



Source: Frederick/Staritz (2012, p. 45).

Besides tangible manufacturing activities in the apparel supply chain, there are also several “intangible” value-adding activities such as product development, design, textile sourcing, apparel manufacturing, distribution, branding, and retail (Frederick/Staritz, 2012, p. 47). A combination of

lead firms, suppliers, and intermediaries perform these activities. As previously mentioned in the paper, the apparel sector is a perfect example of a buyer-driven value chain (Gereffi, 1995). Large retailers, marketers, and branded manufacturers, also known as *buyers or lead firms*, specialize in value-added activities like design and marketing and subcontract their manufacturing activities to suppliers in a variety of exporting countries with cheap labor force. According to Staritz (2012, p. 6), the main types of lead firms include:

- (1) Brand manufacturers that own manufacturing facilities, coordinate textile sourcing, and control “value-added” activities. Hanesbrands and Fruit of the Loom represent a perfect example of typical brand manufacturers.
- (2) Brand marketers that are called “manufacturers without factories” because they usually do not own production plants and regulate marketing and branding activities. These lead firms include companies like Nike and Reebok.
- (3) Retailers that are similar to marketers also do not own manufacturing facilities. They are responsible “for branding and marketing of product lines developed for and sold only via their retail locations” (ibid). Examples are department stores like Wal-Mart and Target, or specialty stores like Gap and H&M.

Lead firms play a fundamental role in determining the geography of the global garment manufacturing because of their sourcing strategies and policies (Staritz, 2011). As discussed above, lead firms concentrate their work on the non-manufacturing tasks and prefer to outsource labor-intensive operations to the low-cost apparel supplier countries. Thus, this creates a distinctive power asymmetry between global buyers and other actors in the sector.

A large network of global *suppliers* is usually located in low-income regions, which makes it a rather competitive field. Therefore, upgrading is vital for suppliers to remain successful in apparel value chains. As previously discussed in the paper, there are several ways for firms to upgrade. According to Gereffi/Frederick (2010, p. 12-13), one of them - functional upgrading – is essential because it also represents the main categories of apparel suppliers such as:

- (1) Cut-make-trim (CMT) manufacturers that import fabrics and produce apparel for further export;
- (2) Original equipment manufacturers (OEM) that perform all production services, finishing, and packaging services;
- (3) Original design manufacturers (ODM) that are involved in design and product development process besides coordinating the OEM activities;

- (4) Original brand manufacturers (OBM) that perform branding and marketing activities for the final products.

Intermediaries constitute a significant asset in the apparel value chain. They are responsible for the coordination of production activities between buyers and suppliers. They take care of input sourcing and logistics, and also specialize in areas such as product development, design, and marketing (Gereffi/Frederick, 2010).

Apart from the global buyers, suppliers and intermediaries, local, national, and international institutional context and specifically trade policies are very important for the apparel GVCs. As Bair/Gereffi (2003, p. 164) argue, “upgrading prospects, and developmental outcomes more generally, are determined not just by the organizational dynamics of commodity chains but also by several layers of institutional environments.” Thus, the Multi-Fiber Arrangement and the World Trade Organization’s Agreement on Textiles and Clothing had very significant effects on global apparel production.

4.3 Labor Issues

The apparel sector is a highly globalized industry with a distinctive power asymmetry between buyers and suppliers. Buyers have significantly more control over many processes in the chain and often appoint certain production specifications to their suppliers, although they are not directly involved in the manufacturing activity. Therefore, commercial strategies of these buyers, particularly sourcing decisions, have seriously altered the apparel sector and put pressure on supplier firms. Since many brands usually contract suppliers on a short-term basis, suppliers are often forced to take many orders and to offer low prices to brands, in order to be chosen in a competitive environment. Given these circumstances, suppliers are expected “to provide high-quality products at low prices in a reliable manner as a minimum standard” (Staritz, 2011, p. 32). As a result, managers in the supplier facilities often violate labor standards and cut costs wherever possible, in order to comply on time with the buyers’ requirements. Thus, workers in the supplier factories often face poor working conditions, which made them the weakest component in the apparel GVCs.

While the expansion of global apparel production has undoubtedly generated new employment opportunities for previously marginalized groups of workers, like unskilled workers or women (Plank et al., 2014, p. 129), it also formed certain labor issues. A significant burden on workers in the suppliers’ factories is associated, for example, with lower labor costs that increase informal or non-standard labor arrangements, such as temporary, contract, and migrant labor (ibid., p. 127). In

addition to occasional employment, forced labor and child labor remain a significant problem in smaller facilities, which often act as subcontractors to bigger factories. Non-compliance with labor standards also includes working far over legal limits on working hours, which could result in maintaining false records and abuse of the general employment relationship.

Despite the existence of national and international laws that protect workers' right to safe and healthy working environments, factory workers in the apparel sector are often at risk from hazards created by poor conditions of health and safety standards. Unsafe working conditions in the apparel supply chains may lead to injuries, fires in the facilities, and, in most critical situations, deaths of employees. Perhaps, one of the deadliest workplace accidents in the history of the global apparel industry was the collapse of the Rana Plaza building in Bangladesh that killed many garment workers. The aftermath agreement - the Accord on Building and Fire Safety in Bangladesh - was created to make apparel brands, retailers and subcontractors accountable for the working conditions in their factories (Anner et al., 2013).

For many workers in the garment sector, the question of wages remains the biggest issue. The debates among labor rights advocates concern the compliance of supplier factories with legal obligations like payment of a living/minimum wage and dealing with delayed payments (Vaughan-Whitehead, 2014). As reported by the Clean Clothes Campaign (2019), no major clothing brand has implemented a living wage standard in their factories, although are committed to so on paper. Thus, in some regions, minimum wages are so low that they are insufficient to comply with workers' basic needs and do not come close to provide discretionary income (FLA, 2015a). In many cases, workers face constant violations of adequate payment for their work by experiencing "wage theft" from the factory management as their employers often cheat with overtime payment or force employees to work "off the clock".

Another critical issue that garment workers face is related to the freedom of association and collective bargaining, particularly in labor-repressive regimes (Anner, 2017). Typically, the rights to organize and bargain are protected by national laws in many countries, not to mention international standards like the UN Universal Declaration of Human Rights or ILO conventions. However, in some countries, workers, who try to join or form an independent union, face threats from the management to get fired or could be prosecuted and jailed (WRC, 2013). Moreover, it could be the case that workers remain underrepresented even by formal institutions or have limited knowledge of their rights (Rossi et al. 2014, p. 12).

In the places where workers cannot freely speak and exercise their right to bargain, many suffer from harassment or abusive practices. Especially women, who constitute 80% of garment workers globally, are often the victims of gender-based discrimination. In some cases, potential employees are even dropped out of the recruitment process based on their marital and pregnancy status (FLA, 2016a). Even if pregnant women are allowed or continue to work while being pregnant, they are often denied benefits required under national laws, including maternity leave, childcare, and time to breastfeed (WRC, 2019l).

A combination of different factors at various stages of the apparel value chains might cause the issues discussed above. Anner et al. (2013) argue that sweatshop conditions that prevail in the apparel factories do not come from “the bottom”. The authors see the problems in the outsourced apparel production that became distinctive for many firms in the garment sector. Locke et al. (2009) see the problem in the limited cooperation between firms and in the workflow of factory managers, who fail to use “best practices” to overcome apparel production challenges. Piore/Schrank (2008) prioritize the importance of state actors and argue that the latter should become “mentors” to brands in order to resolve acts of non-compliance. Robinson et al. (2014) see the issue in the market failure and claim that ethical consumers can be powerful in combating sweatshop conditions in the apparel industry.

Most apparel-producing countries have national laws and policies that regulate worker protection regarding payments, social protection, safety standards, and rights to bargain. The governments of these countries, on the other hand, are not always willing or able to adequately enforce them. If governments impose stricter labor laws, this could increase factories’ production costs, and international brands that largely benefit the economies of these countries will simply contract facilities in those regions where enforcement of labor standards is weaker (WRC, 2019k). This order confirms that the apparel sector is extremely volatile. As retailers shift their contracts from one factory to another, production facilities are put in direct competition with each other, which negatively affects labor standards (Wells, 2013).

Consequently, the complexities of labor regulation and industrial relations are not only caused by the main apparel GVC/GPN actors like lead firms or suppliers but are also intertwined with a system of social, institutional, and political factors on global and local levels. Concerns around global labor problems have drawn growing attention to the need for “global labor governance” regime in order to address them (Hassel, 2008). The next sub-section will provide an overview of the main types of labor governance. It explains how a joined problem solving between buyers and

suppliers, governments, and civil society groups could help to overcome the existing violations of labor standards in apparel production facilities (Mayer/Posthuma, 2012; Lee, 2016).

4.4 Labor Governance

The globalization of production and capital mobility within GVCs/GPNs generated competition among national labor regimes and caused a “race to the bottom” for labor conditions (Feuerstein/Herrigel, 2017, p. 6). This has established a so-called “global labor governance” deficit – the inability of governance institutions to adequately address the emerged labor challenges in the global supply chains (Gereffi/Mayer, 2006; Hassel 2008). In order to fill this gap, new forms of labor governance have emerged. Global labor governance today varies according to the level of operation and by the kinds of actors involved, allowing to distinct dimensions of public, private, and social governance on national and international levels (Gereffi/Lee, 2016; ILO, 2016; Lee, 2016; Mayer/Pickles, 2014; Mayer/Posthuma, 2012). Table 2 provides an overview of various labor governance mechanisms and actors that are relevant for the apparel GVC/GPN analysis.

Table 2. Global Labor Governance.

Level/Type of governance	Public Governance	Private Governance	Social Governance
International	International Labor Standards (ILO) Trade Policies & Agreements (NAFTA)	Codes of Conduct Corporate Social Responsibility Ethical Sourcing Social Labeling (Brands, Suppliers)	International Framework Agreements (Global Union Federation) Collective Activism (NGOs, CSOs)
National	National labor laws & regulations (States)		Collective bargaining (Labor Unions)

Source: own representation based on Gereffi/Lee (2016); ILO (2016); Lee (2016); Mayer/Pickles (2014); Mayer/Posthuma (2012).

There are many different mechanisms and tools within each type of governance. Public governance on the international level consists of international labor standards and trade policies and also includes national labor laws and regulations. Private governance approaches on transnational level involve private compliance initiatives such as corporate social responsibility requirements and workplace codes of conduct that are widely adopted by global brands and suppliers. Additionally, ethical sourcing and social labeling are mostly driven by buyer concerns for brand reputation and market access. Social governance consists of formal and informal practices of business behavior

that are demanded by labor unions, worker groups, and other elements of civil society on national and international levels.

Public Governance mechanisms

Public labor governance is used by actors like supranational organizations and governments at various levels within nation-states (Gereffi/Lee, 2016, p. 31). Historically, public labor governance has always been a strong facilitator of proper working conditions. In the face of increasing evidence of a “race to the bottom” in global supply chains, the role of major international institutions and nation-states’ policies has increased (Mayer/Pickles, 2014).

The states have to enforce national labor laws and regulations and to ratify international labor conventions. This could include, for example, labor administration, inspection and enforcement functions, like resolution of disputes and prosecution of violators. Workplace compliance in public governance is carried out through the unique national legal, economic, and historical context of governments (ILO, 2016, p. 4). Governments in emerging nations, however, could not often enforce national labor standards on certain aspects, including wages, working time, occupational safety and health and child labor (Mayer/Posthuma, 2012, p. 5).

The central public actor for enforcing workplace compliance on the international level is the United Nations labor department, the International Labor Organization (ILO). From the beginning, the ILO has dealt with various global labor problems, and its core conventions continue to provide the guidelines for labor standards and workers’ rights globally. Once the member state (voluntary) ratifies the conventions, it is expected to implement and maintain certain rules and regulations. One obvious limitation of the ILO is that it does not include any mechanisms to enforce compliance but instead “calls out” governments that do not adhere to the ratified conventions (Feuerstein/Herrigel, 2017, p. 7).

Bilateral or multilateral trade policies and agreements, such as the North American Free Trade Agreement (NAFTA) also form public governance in the apparel GVCs (Gereffi/Lee, 2016, p. 31). Social provisions in international trade agreements with the focus on core labor standards “can have a significant impact on smaller firms and their workers in local clusters.” (ibid.) The example of the MFA phase-out and trade liberalization demonstrates, however, that the sourcing practices among buyers have changed and, consequently, led to an intensified competition among suppliers (Staritz, 2011). This, in turn, led to the deterioration of working conditions, particularly wage requirements, in the apparel production countries that failed to adapt timely to the changing environment.

Private Governance mechanisms

In the apparel supply chains, private governance is mostly adopted by lead firms or suppliers through their private standards. These include, for example, various corporate social responsibility (CSR) programs as well as private compliance initiatives (PCIs) that may operate corporate codes of conduct, audits, monitoring and other self-reporting initiatives (ILO, 2016, p. 3). Many multinational companies (MNCs) have adopted this form of reporting mechanism in response to ongoing public pressure from civil society activists and campaigns. Most of these PCIs to promote workers' rights are voluntary, which often limits their effectiveness. Thus, when establishing their own standards, lead firms can choose what type of issues they are going to address, who is going to be covered, and the remediation of violations. It is easy to guess that such practice restricts the labor governance scheme "within the limits of corporate interests." (ibid., p. 10) Moreover, PCIs are often developed without consultations with workers and their representatives, which consequently undermine workers' inclusiveness. These compliance strategies may place human rights as their main goals. However, they rarely prioritize enabling rights such as freedom of association and collective bargaining, or specific measurable standards such as wages, hours of work and occupational safety and health (Barrientos/Smith, 2007; Anner, 2012).

Another attempt to protect workers and guarantee sweat-free working conditions in apparel supply chains led to the creation of various initiatives in ethical sourcing, sustainable compliance, and social labeling (Mayer/Pickles, 2014, p. 25). These strategies ensure that "the workers, who make the products, are paid a fair wage; the factories are clean and offer a safe environment to work in, and that all other social and environmental aspects of production to the workers and the surrounding communities are considered." (Falcon Innovations, 2019, para 2) These initiatives are mainly driven by buyer concerns for brand reputation and market access.

Suppliers can also govern labor standards in their supply chains, together with the buyers' practices. The mechanisms to ensure proper working conditions in the factories likewise involve CSR requirements and codes of conduct. Brown et al. (2014) argue that in some cases, suppliers may intentionally become noncompliant with labor laws and standards because it can be costly for them to make proper adjustments in the facilities. Moreover, some manufacturers are shot out from the labor monitoring audits due to their small size or lack of buyer support to enforce appropriate labor standards.

Social Governance mechanisms

Social actors in global labor governance are crucial for the implementation and successful enforcement of national and international labor laws. Moreover, social dialog with global buyers in the apparel industry has pressured them to adhere to core labor standards in their supplier factories and caused a proliferation of ethical sourcing initiatives (Mayer/Pickles, 2014; Rossi et al., 2014). In social labor governance, the main actors include labor unions, worker organizations, and other civil society groups that engage in a process to define and implement joint governance schemes on national and international levels.

International framework agreements (IFAs) enable transnational social dialogue between MNCs and global union federations to set minimum standards to improve working conditions at the global level. These agreements force multinational enterprises to adhere to the ILO core labor standards throughout their production networks. This type of agreements is “essential elements of mature systems of industrial relations, as they respond to inherent weaknesses in social auditing and codes of conduct by recognizing the ‘enabling rights’ of collective bargaining” (Miller et al. in Mayer/Pickles, 2014, p. 28).

Social governance is also led by worker organizations and other elements of civil society (Mayer/Posthuma, 2012). In formal unionized workplaces, unions act as a collective representation of workers’ voice during collective bargaining to influence buyers and suppliers in the apparel supply chains. In some workplaces that are not covered by labor unions or collective bargaining agreements, workers’ interests may be represented by NGO advocates (ILO, 2016, p. 16). Thus, social governance includes different types of activism, such as boycotts, protests, or petitions, which can affect social upgrading at the national and international level (Selwyn, 2013; Lee, 2016).

Hence, alliances between unions and civil society groups can be particularly effective because these stakeholders often include workers and employers in the negotiation processes. This inclusiveness, however, could be limited due to the “lack of participation on opposite ends of the supply chain.” (ILO, 2016, p. 18) It happens mostly because lead firms might not always engage into social dialog with their suppliers on a national level and workers might face difficulties to exercise their rights because of informal or home-based employment (ibid.).

As demonstrated above, various labor governance mechanisms and actors are involved in the process of promoting labor compliance and decent working conditions in apparel value chains. While the role of all governance institutions is extremely important, different actors involved in the apparel sector have different capacities and abilities to influence social upgrading for workers. As Lee (2016) argues, private governance can have limited effectiveness depending on the type and amount of workers, as well as their position within the chain. Public governance (as it has a strong legal basis) affects all workers engaged in the sector, although it has limitations in regulating transnational activities. Social governance is hardly mandatory; however, in some cases, it offers “a more explicit means of regulating workers’ rights and labor conditions” (Gereffi/Lee, 2016, p. 31).

Although it is useful to distinguish between different forms of labor governance, it becomes clear that single forms of governance mechanisms and individual actors are not effective enough to address the complexity of labor issues in the global value chains. Therefore, many authors suggested that a combination of different forms of governance could be sufficient to tackle labor issues than in a segregated manner. The engagement of multiple – public, private, and social – stakeholders that form ‘multi-stakeholder initiatives’ (MSIs), can make labor governance more effective (Mayer/Posthuma, 2012; Mayer/Pickles, 2014; Lee, 2016; Plank et al., 2014; Vaughan-Whitehead, 2014).

4.5 Multi-stakeholder Approaches

MSIs are focused on improving working conditions in a specific sector or across multiple sectors. They are based on the cooperation between private and non-private stakeholders, including national governments, international organizations, companies, and civil society (Gereffi/Lee, 2016, p. 33). Diversity and “multivocality” are the key features of the MSIs governance model (ibid.). The main aim of the multi-stakeholder approach is to strategically combine actors from the public, private and social spheres in order to integrate their respective strengths and to eliminate existing shortcomings of the unilateral forms of labor regulation (Weil, 2005). Table 3 provides an overview of some multi-stakeholder initiatives. MSIs differ according to the role of civil society groups, transnational institutions, or industry actors in their work.

Table 3. Examples of Multi-stakeholder Initiatives.

Type	Main Characteristics	Examples
Societal-led model	Mostly third-party certification of specific production facilities; some communicated through a recognizable consumer label	Social Accountability 8000 (SA 8000), Fairtrade Labeling, Fair Labor Association (FLA), Worker Rights Consortium (WRC), ILO's Better Work Program
Transnational institution-led model	Voluntary self-obligation to ethical principles, or nonfinancial reporting practices	UN Global Compact, OECD Guidelines for Multinational Enterprises
Industry-led model	Second-party monitoring of MNCs at the firm and supplier levels; focus on verification rather than certification	Ethical Trading Initiative (ETI), GlobalGAP, Worldwide Responsible Apparel Production (WRAP)

Source: own representation based on Donaghey et al. (2014, p. 235).

Donaghey et al. (2014) distinguish between multi-stakeholder models that are managed societally, transnationally, and industry-wide. Societal-led MSIs mostly operate through third-party certification of production facilities and are driven by NGOs, unions, and multi-industries. Social Accountability 8000 (SA 8000) was established in 1997 and became the first international certification standard that encouraged companies to develop, maintain, and apply socially responsible practices in the workplace. Other examples include the Fair Labor Association (FLA) and Worker Rights Consortium (WRC) that focus on a “capability-building” approach. They mainly aim to assist buyers and suppliers with educational projects and monitoring activities that are necessary to improve labor conditions (Lee, 2016).

Institution-led MSIs that operate on the transnational level combine voluntary commitments with ethical principles and aim to engage intergovernmental organizations, the business community, NGOs, and academia into their work. Their scope is usually broad and, therefore, institution-led MSIs focus on a combination of ILO core labor standards within broader guidelines for responsible behavior rather than monitoring and certification procedures (Donaghey et al., 2014, p. 236). A classic example of a transnational, institution-led initiative is the United Nations (UN) Global Compact, which encourages companies to align their strategies with universal principles on human rights and labor standards. The OECD Guidelines for Multinational Enterprises also call for responsible business practices in a global context.

Industry-led MSIs are business-driven self-regulation programs and are based on the second-party monitoring of MNCs at the firm and supplier levels. These programs include, for example, the

British Ethical Trading Initiative (ETI) and Worldwide Responsible Apparel Production (WRAP). Industry-led initiatives sometimes involve civil society actors in their operations to prove their legitimacy; however, they are often criticized for low level of public transparency and industry-biased decisions (O'Rourke, 2003).

As illustrated above, many initiatives try to coordinate and regulate violations in the labor practices on national and international levels. A broad variety of different types of global and local actors, such as global lead brands, international and local NGOs, trade unions, industry associations, cooperate in setting standards, monitoring and certification as well as capability building (Gereffi/Lee, 2016, p. 33). Most of the MSIs discussed above have, indeed, successfully addressed some of the gaps in CSR requirements and reduced conflicts among industrial codes of conduct, which helped many global buyers and suppliers to implement labor standards in their facilities competently. Another strength of the multi-stakeholder approach is that MSIs stress the importance of widely acknowledged labor practices and conventions, and structure their work around commonly violated issues regarding payments, social protection, safety standards, freedom of association and collective bargaining. The collaborative character of the MSIs work allows them to share the experience of various stakeholders and deliver best practice solutions to brands and suppliers.

Although “efforts to promote international multi-stakeholder dialogues and alliances can draw on examples of good practices” (Mayer/Posthuma, 2012, p. 6), there are also several weaknesses and challenges that could undermine the work of various MSIs. One of the main challenges is that monitoring and certification that is offered by the most MSIs, especially in the apparel sector, can hurt workers rather than guarantee fair working conditions (Esbenshade, 2001). Mayer/Pickles (2014, p. 24) report, for example, that there can be up to 30-40 assessments per year in a single factory, which results in a “monitoring fatigue” for many producers. Also, MSIs generally operate on voluntary and, therefore, do not require mandatory membership or participation. As a result, they have limited ability to sanction companies that do not obey labor standards and, as a supreme measure of punishment, simply terminate their work with those who failed to comply with labor regulations (Macdonald, 2011).

Given the large variety of MSIs and their main focus, it is also important to note that divergence of interests among the stakeholders is inevitable. In some cases, it may also harm the potential cooperative work and make it harder for the stakeholders to operate together. Different actors that form MSIs might have uneven power in the course of the standard setting and monitoring processes. Thus, MSI with high levels of company domination might be ineffective in dealing with labor rights violations due to the lack of objectivity in their investigations and the desire to “camouflage” the unwanted results. This prevents other MSI actors with less leverage, such as local NGOs, trade unions, and labor advocates from being able to take action to press global brands for change of indecent labor practices in their subcontracted facilities (Arengo, 2019).

This research will focus on the two multi-stakeholder initiatives that are expected to deliver positive impact workers in the apparel industry. One MSI that tries to overcome existing abusive labor practices and sweatshop conditions in the apparel sector is the Fair Labor Association. Another MSI that was chosen for the analysis is the Workers Rights Consortium. Both US-based organizations fall under the category of societal-led MSIs and provide monitoring and certification services to their affiliated members. Although the two organizations never officially claimed to “compete” with each other in terms of their effectiveness, there has been a range of studies comparing their impacts (see Anner, 2011; Carroll/Chang, 2008; Wooley, 2013). The FLA and the WRC originated largely because of a spate of scandals concerning poor working conditions in the apparel manufacturing in the early 1990s. Therefore, the following sub-section will provide brief information on anti-sweatshop activism in the United States.

4.6 Anti-Sweatshop (Campus) Activism in the United States

The term “sweatshop” emerged to describe American factories, where garment workers were “sweated” for large profits. The anti-sweatshop activism in the United States accelerated in the late 1890s when workers in the apparel industry organized first legislative campaigns on the tide of the progressivism movement (La Botz, 2007, para 6). By the middle of the 19th century joined efforts of the International Ladies’ Garment Workers’ Union (1900), the Amalgamated Clothing Workers of America (1914), and the Textile Workers Union of America (1939) paved the way to improved working conditions of almost one million workers. The sweatshop conditions in the factories, however, did not disappear (ibid.).

The “modern” anti-sweatshop movement goes back to the spate of scandals in the early 1990s. In 1992, poor labor conditions were observed in factories producing for the Gap in Central America and Nike in Indonesia (Ballinger, 1992). In 1995, state and federal officials exposed an apparel

factory in El Monte, California, with 70 immigrant workers that had been captured in slavery for several years. They have reportedly worked an average of 84 hours a week, have been paid a \$1.60 per hour and have lived in one room up to ten people at a time (Dreier, 2001, “Kathie Lee and Robert Reich”). Then, in 1996 a disclosure of a Wal-Mart clothing line marketed under the name of a TV celebrity Kathie Lee Gifford revealed child labor in Honduran sweatshops. Media has extensively brought public attention to ever-present sweatshop practices (ibid.). This series of exposés spurred consumers in the Global North - especially students - to pressure brands and governments to act against abuses in apparel factories.

In response, later in 1996, US President Bill Clinton convened a meeting of a vast array of industry stakeholders to address the issue of sweatshops in the apparel and footwear sectors. These representatives formed the Apparel Industry Partnership (AIP) with the main goal of improving working conditions in apparel factories around the world, especially in the countries of the Global South (Eyal, 2014). The members included major apparel brands (Nike, Liz Claiborne, Reebok, Patagonia, Phillips-Van Heusen, L.L. Bean, Wal-Mart's Kathie Lee Gifford brand, and Nicole Miller), nonprofit organizations (National Consumers League, Interfaith Center on Corporate Responsibility, International Labor Rights Fund, Lawyers Committee for Human Rights, Robert F. Kennedy Memorial Center for Human Rights, and Business for Social Responsibility) and unions like the Union of Needletrades, Industrial and Textile Employees (UNITE), the Retail, Wholesale, and Department Store Union, and the AFL-CIO (Hemphill, 1999, p. 124; Dreier, 2001). The stakeholders released the Workplace Code of Conduct and Principles of Monitoring in 1997 that was based on standards developed by the International Labour Organization (ILO).

In 1997, the campus anti-sweatshop movement started at Duke University. A group of student activists called “Students Against Sweatshops” convinced the university “to require manufacturers of items with the Duke label to sign a pledge that they would not use sweatshop labor” (Dreier, 2001, “A ‘Sweat-Free’ Campus”). Students prepared a “Code of Conduct” for their licensees, which in turn were obliged to ensure decent working conditions in their factories, make the locations open to the general public, and to allow independent monitors to do regular check-ups. This inspired other students, and in 1998, student campuses across America founded United Students Against Sweatshops (USAS).

The USAS campaign continued to pressure colleges and universities to sign codes of conduct in the new millennium. At the moment, USAS remains the largest youth-led anti-sweatshop community group in the United States and Canada. Consequently, college campuses became the key figures of

the current anti-sweatshop movement. Students have realized that universities hold incredible power in the apparel industry because they grant licenses to many companies to produce apparel and non-apparel products that bear the university logo on it. To a certain degree, students became able to control their campus affiliations, to highlight concerns about worker exploitation, and to have leverage over the companies that value universities as clients (Cravey, 2004).

The USAS model was first of a kind to hold colleges and universities accountable for their licensing agreements. At the same time, many brands and university administrators tried to resist the USAS campaign because “it asked a little bit too much”. Thus, USAS demanded not only to sign codes of conduct but also to disclose the names and locations of all factories producing collegiate apparel. After continued pressures, students’ organized efforts showed the first results. Today hundreds of colleges and universities have guiding principles for the licensees on how their collegiate products should be made. Moreover, major apparel brands that concentrate on collegiate apparel production now reveal detailed information about their factories. Therefore, USAS’ active engagement with universities and disclosure victory among the collegiate apparel producing brands was integral for factory disclosure in the whole apparel sector as well (Robbins, 2011).

The next sections of the thesis are focused on the overview and the analysis of the two multi-stakeholder initiatives - the FLA and the WRC. Section 5 starts with a short historical introduction of the FLA’s and the WRC’s origins in regard to the anti-sweatshop movement described above. The following sub-sections provide information about the governance approaches of the FLA and the WRC, their monitoring processes, some of the working achievements together with the additional work regarding factory investigations. Additionally, the FLA’s and the WRC’s ways of operating are illustrated in a form of a mapping at the end of Section 5. Section 6 is dedicated to the comparison of the two initiatives and the analysis of the key findings. Section 7 discusses about the main findings in a broader context of social upgrading, power dynamics and labor governance in global apparel value chains.

5. Overview of the FLA and the WRC

In 1999, the Apparel Industry Partnership signed the Partnership Agreement and created a monitoring arm, the Fair Labor Association (FLA) to facilitate the implementation of the Code and Principles. Back then, the Association's board was equally divided between industry and non-industry representation, leaving only one seat for the universities. The garment firms heavily controlled the board's decision-making because of the "supermajority" vote to approve all main questions (Dreier, 2001, "The Industry's New Clothes"). Stakeholders' strategies to achieve the common objective within the FLA - monitoring factories around the world for sweatshop conditions - began to differ. The disagreements concerned the questions of living wages, transparency of factory locations, and monitoring mechanisms that some demanded to be independent of corporate control.

"This agreement's not very good. How can you talk about eliminating sweatshops without making a commitment to paying a living wage? And the agreement allows companies to produce in countries that systematically deny worker rights, and it allows them to do that without requiring them to say anything to protect rights in those countries" said Mark Levinson, director of research at UNITE." (Greenhouse in Hemphill, 1999, p. 128)

This was critical for the formation of the FLA because several union and university representatives soon disengaged from the process. Although, in less than a year, more than 100 universities in the US became affiliated with the FLA, while others considered joining only if the FLA adopted stronger labor standards.

As a response to the FLA's "questionable" Agreement, in 2000, a group of labor-allied NGOs, universities, and students formed the Worker Rights Consortium (WRC). The WRC was an outgrowth of USAS, emerging out of student activism that hit campuses across the country after the Apparel Industry Partnership was launched (Carroll/Chang, 2008). While the two organizations have similar goals, they differ in strategies and ways of operating. The crucial difference is that the FLA has company members on its governing board, while the WRC's Board consists of labor rights experts, university representatives, and students. Both organizations monitor working conditions in factories worldwide: while the FLA focuses mainly on apparel, the WRC's mission is narrowed to the apparel bearing college and university names and logos. Due to different organizational and financial features, the FLA performs more monitoring activities than the WRC. Both organizations have codes of conduct, but each initiative views it differently. Although the FLA and the WRC might seem like two competing organizations, both of them serve with a good purpose - monitoring factories around the world and combating sweatshop conditions.

5.1 The FLA's Profile

Mission

The FLA serves to “combine the efforts of business, civil society organizations, and colleges and universities to promote and protect workers’ rights and to improve working conditions globally through adherence to international standards” (FLA, 2019h, para 1). To help brands achieve this mission, the FLA makes them accountable for implementing FLA’s Code of Conduct throughout their supply chains; conducts external monitoring for its affiliates, and helps CSOs and universities to engage with brands and other stakeholders to deliver practical solutions to labor concerns (FLA, 2019l). The FLA began predominantly as an organization that included only apparel and footwear companies. In recent years, the FLA’s reach has expanded to the agriculture and electronics sectors.

Geographical Scope

The FLA is headquartered in Washington D. C., US with an office in Geneva, Switzerland. While the organization operates in many countries (see Table 7 in the Appendix), the bulk of its assessments for the years 2002-2019 in the apparel sector were conducted in China (431), Vietnam (135), United States (111), Turkey (90) and India (85) (FLA 2019n).

Governance

The FLA’s Board of Directors consists of the three categories - companies, universities, and CSOs - and one independent chair. Each category is represented equally in numbers (six board members representing each group). According to the FLA’s Charter (FLA, 2014b, p. 9-12), the decision-making within the board takes place via a combination of simple majority and super majority voting. In practice, the decision-making within the board on almost all matters in recent years has been conducted based on deliberation and consensus, with formal votes being extremely rare (Interview Partner #5).

The FLA’s executive team consists of 7 leadership and 29 staff members, who perform managerial tasks. The roles of the executive staff and the Board of Directors differ accordingly. The former normally develops the standards of the association; the latter has more responsibilities, for example, adopting and amending new standards and bylaws. The Board of Directors has significantly more power than the executive staff. It can decide, who can be accredited as monitors and also determine if a particular university, brand or supplier is eligible to participate in the organization (FLA, 2014b, p. 10)

Financing

The FLA is a 501(c)(3) non-profit corporation. The majority of its funds, around 70%, come from annual fees paid by participating companies, participating suppliers, universities, and licensees. For instance, in 2016 alone, the FLA received \$5,257,390 from its affiliates (FLA, 2017a). The FLA also requires its affiliates to pay fees for the monitoring, which fully fund the corresponding expenditures related to performing assessments. Thus, around 20% of the FLA's revenues come from the assessments and monitoring fees. The remaining funds are raised through special project fees, grants and other contributions. Affiliate dues, projects' fees, and grants provide substantial funding for the FLA programs and supporting services, including technology, office management, and human resources costs.

Members and Requirements

The FLA includes three types of affiliates:

- (1) 138 universities,
- (2) 10 CSOs and
- (3) Companies that are split into three categories based on their size and level of commitment:
 - a. 49 Participating Companies include large brands and retailers that work towards implementing fair labor practices and safe working conditions in their supply chain;
 - b. 15 Participating Suppliers are individual producers or factory groups that commit to the same standards and obligations as the FLA-affiliated Participating Companies;
 - c. Around 2000 Collegiate Licensees are firms that source apparel and other goods for FLA-affiliated universities (FLA, 2019a).

All 138 FLA-affiliated universities agree to join the University Advisory Council, pay annual fees, and require their licensees to uphold the FLA standards. University representatives, who form the University Advisory Council, bring the perspective of students & their universities to the Board of Directors and help licensees to ensure that the goods, which bear their trademarks, are produced ethically (FLA, 2019d).

10 CSOs assist in developing various programs, policies, and procedures of the FLA. The CSOs include several human rights, labor rights, and consumer organizations and also play an essential role in the FLA governance (FLA, 2019b). CSOs also offer valuable expertise on labor issues to various market sectors and to the geographic regions where the FLA operates.

Companies join the FLA on a voluntary basis and, depending on their type, implement the FLA standards in different ways. In order to become an affiliated company, each brand is required to submit an application with a monitoring plan that describes their internal compliance program. Additionally, as the FLA Participating Companies, brands are required to commit to ten Principles of Fair Labor and Responsible Sourcing, agree to uphold the FLA's Workplace Code of Conduct, and submit the entire supply chain to the FLA assessments (FLA, 2014b, p. 12-13). Participating Companies are typically companies with above \$50 million in total annual revenues. Out of 49 FLA-affiliated companies, currently 45 work in the apparel sector and include some of the world's leading brands and retailers like Nike, Adidas, Puma, Fast Retailing, Patagonia, Fruit of the Loom, etc. (FLA, 2019j).

Participating suppliers commit to the same standards and obligations as buyers (Participating Companies). Companies at any level of revenue apply for this category. Out of 15 Participating Suppliers, 12 produce apparel goods (FLA, 2019k).

Although the FLA-affiliated universities are not obliged to adopt a manufacturing code of conduct, they are required to provide the FLA with a list of licensees that are involved in the production of collegiate apparel. Based on their annual revenues, the licensees are then classified into different categories and required to meet the FLA obligations for that category (FLA, 2014b, p. 14). For example, licensees with annual revenues of at least \$50 million become Category B licensees and commit to the ten FLA Principles of Fair Labor and Responsible Sourcing. If the annual revenues vary between \$2.5 million and \$50 million, licensees join Category C and also commit to the ten FLA Principles of Fair Labor and Responsible Sourcing. Collegiate licensees, whose annual revenues are below \$2.5 million, join the FLA as Category D Licensees and adhere to the FLA Workplace Code of Conduct and the ten FLA Principles of Fair Labor and Responsible Sourcing (FLA, 2019a).

Workplace Code of Conduct and Social Standards

Each company or supplier that wants to be affiliated with the FLA must ensure that their supply chains are in accordance with the FLA Workplace Code of Conduct. The FLA's Workplace Code of Conduct was first issued in 1997 and is based on international labor standards, primarily Conventions of the International Labor Organization (ILO). The last revision of the Code in 2011 aims at strengthening the protection for workers' rights and includes nine code elements with a comprehensive list of compliance benchmarks (see Table 4) (FLA, 2011). While the universities are

not required to adopt the FLA Code of Conduct, the companies must fully comply with the principles outlined. The standards of the FLA Code include:

1. *Employment Relationship*
2. *Nondiscrimination*
3. *Harassment or Abuse*
4. *Forced Labor*
5. *Child Labor*
6. *Freedom of Association and Collective Bargaining*
7. *Health, Safety, and Environment*
8. *Hours of Work*
9. *Compensation*

The FLA uses these standards as the basis for the monitoring. Besides implementing the code, affiliated companies “are expected to comply with all relevant national laws and regulations of the respective country”, where they have their facilities; if there is any confrontation between the FLA’s and national standards, “affiliated companies are expected to apply the highest standard” (FLA, 2014b, p. 2).

The FLA states that it does not “certify” or “approve” brands or factories based on their Code of Conduct. Rather, the FLA accredits their compliance programs that “can demonstrate effective proactive systems for identifying and addressing code-of-conduct violations and risks at both the headquarters and production levels.” (FLA, 2014a, p. 16) For a social compliance program to achieve an FLA-accredited status, the FLA does a detailed and intensive evaluation, which consist of several crucial steps:

- (1) Reviewing the company’s application for affiliation;
- (2) Performing headquarter-level evaluation, which includes interviews with staff and documents audits;
- (3) Revising all FLA assessments in the applicable facilities, company action plans, and other documentation;
- (4) Analyzing the development of a company’s compliance program based on annual reports;
- (5) Considering responsiveness to the Third Party Complaints, if relevant;
- (6) Undertaking field observations with company’s compliance staff.

Accreditation is the highest level of recognition that a Participating Company or Supplier can achieve from the FLA. To date, out of 45 Participating Companies and 12 Participating Suppliers in the apparel sector, the FLA accredited 35 compliance programs, including 30 brands and 5 suppliers.

Table 4. FLA Workplace Code of Conduct.

1. **EMPLOYMENT RELATIONSHIP:** Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.
2. **NONDISCRIMINATION:** No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.
3. **HARASSMENT OR ABUSE:** Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.
4. **FORCED LABOR:** There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.
5. **CHILD LABOR:** No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.
6. **FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING:** Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.
7. **HEALTH, SAFETY, AND ENVIRONMENT:** Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.
8. **HOURS OF WORK:** Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.
9. **COMPENSATION:** Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

Monitoring Process

How does the FLA decide, which factories to investigate? When the company becomes affiliated with the FLA, first, it must conduct periodic internal monitoring of the applicable facilities on its own, which usually takes two or three years. During this period, the FLA can make field visits to guide the work of the company's compliance staff and assess factory conditions. After that, the company should continue with implementing its internal compliance program in all of its factories that are classified as applicable. Additionally, the FLA will choose 5% of company's applicable facilities for independent external monitoring based on risk factors such as factory's size, previous violations of labor standards in the factory and the country using a random sampling methodology (FLA, 2014b, p. 23-24). Besides, the FLA may also initiate investigations in response to complaints from third parties and conducts monitoring on own initiative.

Who monitors the factories? During the internal monitoring assessments, the FLA entirely depends on the brand's monitoring team. The FLA does not explicitly state the requirements regarding the brand's internal monitors. As for the independent external monitoring, the FLA's governing board accredits monitoring organizations and independent assessors to assess factory compliance across all areas of the FLA Code of Conduct. Currently, the FLA has approved 7 assessment organizations and 7 individuals to carry out investigations in the apparel sector (FLA, 2019e). The FLA requires external monitors to have a working knowledge of local and social conditions of the factory and country, appropriate linguistic skills, and no financial relationship with companies, suppliers, or licensees that they monitor (FLA, 2014b, p. 17-18).

How do the FLA investigations work? The FLA conducts assessments at the factory and headquarters levels. The headquarters visits represent an opportunity for the FLA to meet and interview relevant company staff in person, review processes and documentation. The FLA also assesses the degree to which "respect for workers' rights is demonstrated in the day-to-day functioning of a company at its highest levels" (FLA, 2014a, p. 14).

The FLA (2013) believes that a traditional "checklist" methodology is insufficient to detect and address serious labor violations in the global supply chains. The FLA, therefore, decided to move past conventional factory audits to the Sustainable Compliance methodology (SCI), which is believed to bring "sustained improvements in employment systems and practices so that existing code violations are addressed, and future code violations are minimized" (FLA, 2012, p. 1). The methodology concentrates on capturing the full panorama of factory's operations rather than a snapshot of a particular day. Thus, the SCI assessment begins before the FLA-accredited monitors

start their onsite investigation. Assessors collect information about local labor market, examine policies and procedures in the facility and identify potential risks. In addition to pre-site evaluation, the accredited monitors perform the visual workplace inspection, review relevant documents, interview factory management and workers on- and off-site (ibid.).

Remediation Practice and Public Reporting

Once violations with the FLA Code of Conduct are detected, the monitors issue a corrective action plan to the factory, which includes recommendations for immediate action and sustainable improvement. Within 60 days, the brand (and not the supplier) has to send the FLA a detailed plan with the remedial steps taken in response to instances of non-compliance (FLA, 2014b, p. 24). The FLA then analyzes the findings from the monitors and a company's remediation plan and publicly discloses the results of the external monitoring events on the website in the form of standardized tracking charts (FLA, 2019n). The FLA does not require its affiliates to share the names and locations of factories from which they source their products. The FLA also has Independent External Verification (IEV) visits in addition to its regular external monitoring. The verification visits are usually done in the factories that face challenging non-compliance problems (FLA, 2019i). If the affiliates fail to comply with the FLA standards and implement corrective action plans, the FLA's Board of Directors puts them under a "special review". If the affiliated companies have not addressed the issues during a 90-day period of a special review, the FLA has the right to terminate their participation and notifies the public about its decision (FLA, 2014b, p. 28-29).

Additional Activities to Factory Investigations

Additionally, to safeguard against workplace violations that may go undetected by a company or the FLA assessments, the FLA maintains a Third Party Complaint procedure, which is aimed at investigating non-compliance in production facilities used by the FLA affiliated companies, suppliers or university licensees. Any person, group, or organization can file a complaint to the FLA regarding the violations of the FLA Code of Conduct or the FLA Principles. In order for a Third-Party Complaint to be relevant and valid for the FLA's work, "the facility in question must produce for an FLA affiliate, and the complaint must relate to one of the specific elements of the Workplace Code of Conduct" (FLA, 2014a, p. 46). If the complaint meets the criteria for further investigation, the FLA notifies the affiliated company and gives it 45 days to conduct an internal assessment and to develop a remediation plan. In any event, affiliates work together with the FLA to develop appropriate solutions to uncovered labor issues (FLA, 2016a, p. 42).

The FLA tracks the progress of all received complaints together with the outcomes of all investigations. For the years 2013-2019, the FLA has received 64 complaints and resolved 34 of them. Most of the resolved cases (18) were related to the systemic freedom of association violations, perhaps the most difficult to detect on a single site visit by a workplace assessor. Followed by complaints regarding the compensation (6), employment relationship (4), health and safety (4), and hours of work (4). 22 out of 64 reported complaints have not been accepted because the company was not affiliated with the FLA, 7 are in still progress, and 1 was terminated (FLA, 2019m). For example, in 2016 alone, the FLA's complaint process improved working conditions for nearly 20,000 workers in the course of 9 investigations. Workplace improvements included revised pay systems, revised termination systems, and training for workers and management on the right to freedom of association. It has been reported that at least 175 workers received severance pay owed to them or were reinstated in their jobs (FLA, 2017a, p. 22).

In the past years, the FLA worked with affiliates and outside partners around the world to conduct research and find new ways to improve working conditions in the apparel production. Thus, in 2012 the FLA, together with an NGO "Cividep-India", conducted a research study into the causes, impacts, and potential solutions for childcare to suit the needs and circumstances of Bangalore's garment workers (Ferus-Comelo, 2012). The research has been done to engage manufacturers and brand companies to exercise collective social responsibility toward childcare provision. In 2016, the FLA, CSOs, and businesses joined on two research projects that examined conditions in workplaces supplying raw materials — cotton and leather — for the apparel and footwear industries (FLA, 2017a, p. 28-29). The projects were aimed at documenting working conditions throughout supply chains and recommendations for brands and other stakeholders to address the uncovered issues collaboratively.

Besides the research and factory monitoring, the FLA engages with international unions and CSOs to address complex labor issues at the local level. Not only the FLA requires its affiliates to comply with the provisions of the Workplace Code of Conduct, but it also expects them to meet all legal requirements in their respective countries. In order to put the affiliates in the picture of existing changes in the labor law, the FLA regularly publishes issue briefs on complex supply chain issues. The FLA issue briefs elaborate on potential problems that new laws, regulations, or changes in the government may cause, and provide recommendations for FLA-affiliated companies, on how to address various issues in their supply chains. Since 2014 the FLA has published more than 20 notes to companies, addressing among others the risks of forced labor in supply chains, minimum wage adjustments, and limitations on collective bargaining rights in several regions (FLA, 2019g).

Achievements

Thanks to the independent monitoring and the Third Party Complaint processes, the FLA claims to have brought about “real and lasting change for workers” (FLA, 2019f). The FLA’s work, on average, impacts nearly 150 000 workers annually (see Table 8 in the Appendix). As reported by the FLA, some improvements in the lives of workers included, for example, “trade union recognition, rehiring of unfairly fired workers with back pay, improved labor-management relations in factories; and training and education programs for management and workers” (ibid.).

There are several strategic breakthroughs that one can detect in the FLA’s work. In 2013, the FLA, together with international consultants on workplace fire prevention, developed fire safety training courses that are made available to both FLA affiliated and non-affiliated parties. The program was accredited by the Institution for Occupational Health and Safety (IOSH) and combined bottom-up and top-down solutions designed for training workers, factory management, and higher-level fire safety trainers (FLA, 2014a, p. 42-43). The FLA regularly conducts fire-safety training courses in various regions and factories.

In 2012, the FLA and the Vietnam Chamber of Commerce and Industry (VCCI) began working on a multi-year project funded by the US Department of State to improve social compliance programs at 31 apparel and footwear factories in Vietnam. During the interviews with factory managers, trade union representatives, government officials, and local CSOs, the FLA identified three areas – labor relations, wages, and hours of work – where particular attention and improvement was required. Thus, the project staff provided training opportunities for the participating factories, which included information “on how to enhance communication between managers and workers, how to elect worker representatives, how to survey workers on cost-of-living to determine wage thresholds, and how factories working together with buyers can help improve workers’ wages and factory conditions” (FLA, 2015c, p. 3). As the project was over in 2014, the impact assessments showed improvement in increased worker awareness of legal wage standards, collective bargaining agreements, and opportunities to participate in factory programs. However, the challenges remained in the segment of wages and hours of work. The factories continued to pay minimum wages that were insufficient for workers to meet their needs (ibid.).

The FLA recognized that minimum wages were no longer providing a decent living for factory workers and their families. Shortly after amending the Compensation element of its Code of Conduct in 2011, the FLA focused on the “Fair Compensation Work plan”. This multi-year program targeting the FLA-affiliated companies was developed to help them ensure fair

compensation throughout their supply chains. The FLA's compensation strategy includes wage data collection, research on compensation practices, and implementation of strategies by the companies (FLA, 2015b). During the first stage of the plan, the FLA has already performed payment assessments in 124 factories and 21 countries in 2015. Thus, the FLA discovered that minimum wages were set below World Bank poverty lines in countries like Bangladesh, Jordan, Sri Lanka, and Mexico (FLA, 2016a, p. 11). Most of the FLA company affiliates have already brought their Codes of Conduct into line with the fair compensation recommendations (FLA, 2017b).

5.2 The WRC's Profile

Mission

The WRC seeks "to document and combat sweatshop conditions; identify and expose the practices of global brands and retailers that perpetuate labor rights abuses; and protect the rights of workers who make apparel and other products" (WRC, 2019g, para 1). Specifically, the WRC's focus is on the factories that produce apparel and other goods with university logos.

Geographical Scope

The WRC is headquartered in Washington D.C., US, and for the years 2002-2019 has performed factory investigations in 23 countries (see Table 7 in the Appendix). From 2002 to 2019, the WRC conducted most of its assessments in Cambodia (17), Honduras (16), El Salvador (15), Thailand (14), and Indonesia (12) (WRC, 2019d).

Governance

The WRC's Governing Board has 18 members. It includes six representatives of the University Caucus, six representatives of the national student organization United Students Against Sweatshops (USAS), and six independent labor rights experts, who are representing the WRC Advisory Council. The Board of Directors meets three times per year and is actively involved with the WRC throughout its work (WRC, 2019e, p. 3; WRC, 2019f). Each of the three caucuses on the Board holds equal weight in the decision-making processes. The WRC's executive team includes 10 US-based staff and 11 overseas field representatives and regional field directors.

Financing

The WRC is a 501(c)(3) non-profit corporation. 40% of its funds come from colleges and universities, who are obliged to pay affiliation fees. Institutions with licensing programs pay annual fees in the amount of 1% of their previous year's gross licensing revenues, which is between \$1,500 and \$50,000. Colleges and universities without licensing programs pay a flat annual fee of \$1,500. The remaining 60% of the funds the WRC receives from the federal government and philanthropic foundations in a form of grants (WRC, 2019e, p. 3). The WRC does not accept funding from for-profit businesses or labor unions.

Members and Requirements

The WRC works with 156 colleges and universities in the United States and Canada in order to improve working conditions in factories that produce collegiate apparel. The decision to become affiliated with the WRC is expressed in a written form from the school's President or Chancellor. Each colleague and university must recognize the three main obligations of affiliation:

- Maintaining a manufacturing code of conduct and working toward the incorporation of this code into applicable contracts with licensees;
- Providing the WRC with a list of names and locations of all factories involved in the production of their logo goods;
- Paying annual affiliation fees (ibid., p. 2).

Workplace Code of Conduct and Social Standards

The WRC does not require the affiliated institutions to adopt the WRC's Model Code of Conduct (ibid.). However, the code of a college or university should be as strong as the WRC's Model Code (see Table 5), which the organization uses as the basis for its investigations. The code is considered sufficient if it ensures basic protection for workers in the following areas:

1. *Wages and Benefits*
2. *Working Hours*
3. *Overtime Compensation*
4. *Child Labor*
5. *Forced Labor*
6. *Health and Safety*
7. *Nondiscrimination*
8. *Harassment or Abuse*
9. *Freedom of Association and Collective Bargaining*
10. *Women's Rights*

Table 5. WRC Workplace Code of Conduct

1. WAGES AND BENEFITS: Licensees recognize that wages are essential to meeting employees' basic needs. Licensees shall pay employees, as a floor, wages and benefits which comply with all applicable laws and regulations, and which provide for essential needs and establish a dignified living wage for workers and their families. [A living wage is a "take home" or "net" wage, earned during a country's legal maximum work week, but not more than 48 hours. A living wage provides for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, transportation and savings) of an average family unit of employees in the garment manufacturing employment sector of the country divided by the average number of adult wage earners in the family unit of employees in the garment manufacturing employment sector of the country.] 2. WORKING HOURS: Hourly and/or quota-based wage employees shall (i) not be required to work more than the lesser of (a) 48 hours per week or (b) the limits on regular hours allowed by the law of the country of manufacture, and (ii) be entitled to at least one day off in every seven day period, as well as holidays and vacations. 3. OVERTIME COMPENSATION: All overtime hours must be worked voluntarily by employees. In addition to their compensation for regular hours of work, hourly and/or quota-based wage employees shall be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least one and one-half their regular hourly compensation rate. 4. CHILD LABOR: Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. Licensees agree to consult with governmental, human rights, and nongovernmental organizations, and to take reasonable steps as evaluated by the University to minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code. 5. FORCED LABOR: There shall not be any use of forced prison labor, indentured labor, bonded labor or other forced labor. 6. HEALTH AND SAFETY: Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities. In addition, Licensees must comply with the following provisions: a) The Licensee shall ensure that its direct operations and those of any subcontractors comply with all workplace safety and health regulations established by the national government where the production facility is located, or with Title 29 CFR of the Federal Code of Regulations, enforced by Federal OSHA (Occupational Safety and Health Administration), whichever regulation is more health protective for a given hazard. b) The Licensee shall ensure that its direct operations and subcontractors comply with all health and safety conventions of the International Labor Organization (ILO) ratified and adopted by the country in which the production facility is located. 7. NONDISCRIMINATION: No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin. 8. HARASSMENT OR ABUSE: Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological, or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment. 9. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING: Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively. Licensees shall not cooperate with governmental agencies and other organizations that use the power of the State to prevent workers from organizing a union of their choice. Licensees shall allow union organizers free access to employees. Licensees shall recognize the union of the employees' choice. 10. WOMEN'S RIGHTS a) Women workers will receive equal remuneration, including benefits; equal treatment; equal evaluation of the quality of their work; and equal opportunity to fill all positions open to male workers. b) Pregnancy tests will not be a condition of employment, nor will they be demanded of employees. c) Workers who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits. d) Workers will not be forced or pressured to use contraception. e) Workers will not be exposed to hazards, including glues and solvents, that may endanger their safety, including their reproductive health. f) Licensees shall provide appropriate services and accommodation to women workers in connection with pregnancy.

Monitoring Process

How does the WRC decide, which factories to investigate? Typically, the WRC starts a factory investigation in direct response to complaints either by workers or outside parties. Anyone, who files a complaint with the WRC, has to give general information about the situation and is not required to address the specific provisions of the code violations. The WRC may also initiate investigations on a proactive basis. However, a systemic, long-term assessment together with the factory and local community engagement is more common (WRC, 2019i).

The WRC's Executive Director and the Governing Board consider several factors before the WRC proceeds with an investigation. These include the severity of the alleged violations, the views of NGOs about the credibility of the allegations, and the number of affiliated schools that could be potentially affected (WRC, 2019j).

Who monitors the factories? Every time, when the WRC decides to carry out an assessment, it forms a new investigative team. The team should consist of the representatives of the local community, such as local and regional NGOs, academic experts, organizations and advocates, and at least one member of the WRC on-site/off-site staff or Board member. The WRC underlines the importance of maximum local community participation in its investigations. The WRC seeks to increase the input of local and regional actors in order to appropriately address the goals and needs of the community and empower and strengthen the capacity of the local groups, especially the affected workers, in resolving future labor problems (ibid.).

How do the WRC investigations work? The investigative team conducts interviews with workers and third parties. These could include factory managers, local labor authorities, union officials, local academic and legal experts (WRC, 2019i, para 7).. The WRC emphasizes that interviews with workers are conducted off-site, in their homes or communities, where they can speak free from the factory management involvement. Additionally, the investigators perform the visual workplace inspection, if allowed by the management and review relevant documents (ibid.). The WRC also reviews country-specific laws and jurisprudence, in order to provide appropriate corrective action plans.

Remediation Practice and Public Reporting

Once the team of investigators collects all the necessary information, it analyzes all of the gathered evidence upon non-compliance with the college and university Codes of Conduct in the facility. If

there are any violations in the factory, the WRC makes recommendations for remedial actions. After that, the WRC drafts a report with all findings, evidence, and recommendations, and communicates that to licensees, colleges and universities. The WRC works with licensees to fix the problems in their factories. If licensees do not cooperate with the WRC, it will engage with local stakeholders and NGOs to guarantee that all violations are remediated. Helping factories to move towards compliance with the code often “occurs without any need for direct engagement by universities, though such participation is always welcome” (WRC, 2019e, p.1). In essence, the WRC continues with the investigations as long as the problem is solved completely. Thus, they can last several years. If the facility fails to alleviate the problems, the WRC issues a special report to colleges and universities about licensee’s non-compliance. Colleges and universities may terminate their relationship with the licensee or request the licensee to terminate their contract with the manufactures (WRC, 2019h, p. 5). All reports of factory examinations, as well as the responses of brands, retailers, and factory owners to those findings, are publicly available on the WRC website (WRC, 2019d).

Additional Activities to Factory Investigations

As a part of its monitoring process, the WRC informs factory workers about their labor rights within the scope of college and university codes of conduct. Thus, the WRC maintains the Worker Complaint Mechanism, which helps workers to file an anonymous complaint, if they believe that there are labor rights’ abuses in the factory (WRC, 2019e, p. 5). Through the worker complaint system, the affected employees have a chance to deliver their complaints first to the trusted NGOs and, ultimately, through them, to the WRC. The WRC believes that “the best way to ensure that colleges and universities find out about problems in their factories is for the workers themselves to serve as front-line monitors.” (ibid.)

The WRC also conducts research on important topics that concern the apparel supply chain. The WRC partners with its affiliates or other research institutions (like Clean Clothes Campaign, Maquila Solidarity Network, International Labor Rights Forum, etc.) to produce research reports. For the last 10 years, the WRC has published nine research projects and provided assistance with one report on payment violations in the Cambodian garment industry. Topics of the WRC’s research comprise the impacts of wage and hour violations on workers, abuses of workers’ rights to freedom of association, and broader industry trends (see WRC, 2019m). The research reports are aimed at colleges and universities, garment manufacturers, international buyers, and workers to prevent and respond more effectively to the existing forms of labor rights violations.

The WRC maintains a public database of all factories producing goods for WRC colleges, and universities as reported by their licensees (WRC, 2019c). The database includes factory names and locations and is made public in order to provide all interested parties with the most recent information and also make licensees and factories accountable for their labor practices. The WRC factory database can be used to find out which school partners with which licensee, what type of goods are being produced in a certain factory, and which schools' names and logos appear on that factory's products (ibid.).

Achievements

Through its independent monitoring and worker complaint system, the WRC claims to have significantly impacted workers in the factories of the affiliated colleges and universities. According to the latest information, the WRC has helped 250,600 workers directly, which had a positive impact on 1,002,400 people, including workers' families (WRC, 2018b). The WRC has addressed multiple violations in the categories like wage theft, workplace health & safety, freedom of association, gender-based violence, and discrimination. Among that, the WRC has forced many employers around the world to start obeying wage laws, helped workers to receive tens of millions of dollars in back pay, facilitated the reinstatement for 1500 unjustly fired workers, and advanced far-reaching safety improvements for hundred thousand of workers (ibid.).

The WRC has played an important role in developing and launching several labor rights initiatives. In 2013, after the collapse of the Rana Plaza building in Bangladesh that killed over a thousand garment workers, the WRC and its partners once again brought the attention of large apparel brands to the approach of fire and building safety in their supplier factories. Global unions like IndustriALL and UNI with the help of the WRC have ultimately convinced over 200 companies and suppliers to sign the historic Accord on Building and Fire Safety in Bangladesh. The Accord is the first legally binding agreement between brands, retailers, and trade unions to build and maintain a safe and healthy environment for millions of Bangladeshi garment workers. As reported by the WRC, the factory inspections initiated by the agreement uncovered almost 100,000 safety violations, 50,000 of which have already been corrected and also closed 17 factories that had severe safety problems (WRC, 2019b).

Joint efforts of the WRC, the Knights Apparel brand, Dominican labor organizations, and the university community, made it possible to make the Alta Gracia factory - "the only apparel factory in the Global South that pays its workers a living wage, which is three times the minimum wage." (WRC, 2018a) Since the factory's origin in 2010, the WRC has been conducting monitoring and

verification of working conditions in the facility, which today allows workers to benefit from receiving a living wage, to be represented by a democratic union, and to face no abusive labor conditions. The WRC recognized the Alta Gracia factory as “a model of what is possible when universities, students, and a company committed to respect for labor rights work together to make possible a factory that lives up to universities’ values and international labor standards.” (WRC, 2019a)

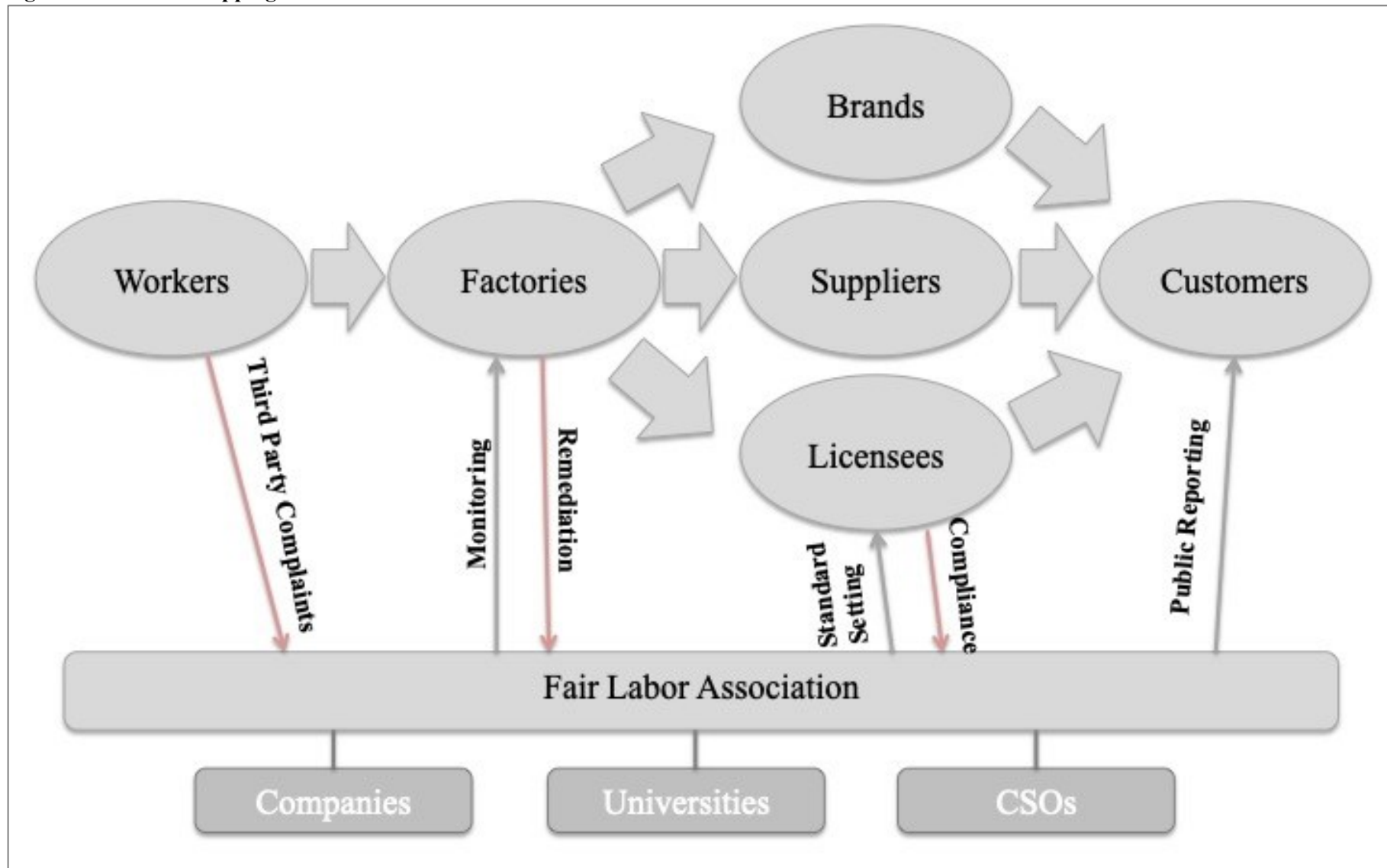
The WRC’s investigation of labor violations in the factories of the Russell brand and its parent company, Fruit of the Loom, paved the way for advances on associational rights in Honduras. Following extensive university engagement in 2009, the WRC initiated the union-management agreement that guaranteed the workers across the company’s factories the right to organize and bargain collectively. As the WRC reports, it is huge progress for the industry that workers can unstintingly form a union, have strong collective contracts, or bargain toward them (WRC, 2018a).

5.3 Mappings

To complement the overview of the FLA and the WRC, simplified mappings of their work are illustrated in Figure 3 and Figure 4. Firstly, the mappings show a basic input/output structure of the apparel value chain in relation to each organization. Secondly, they demonstrate the actions of each organization and interactions between the stakeholders.

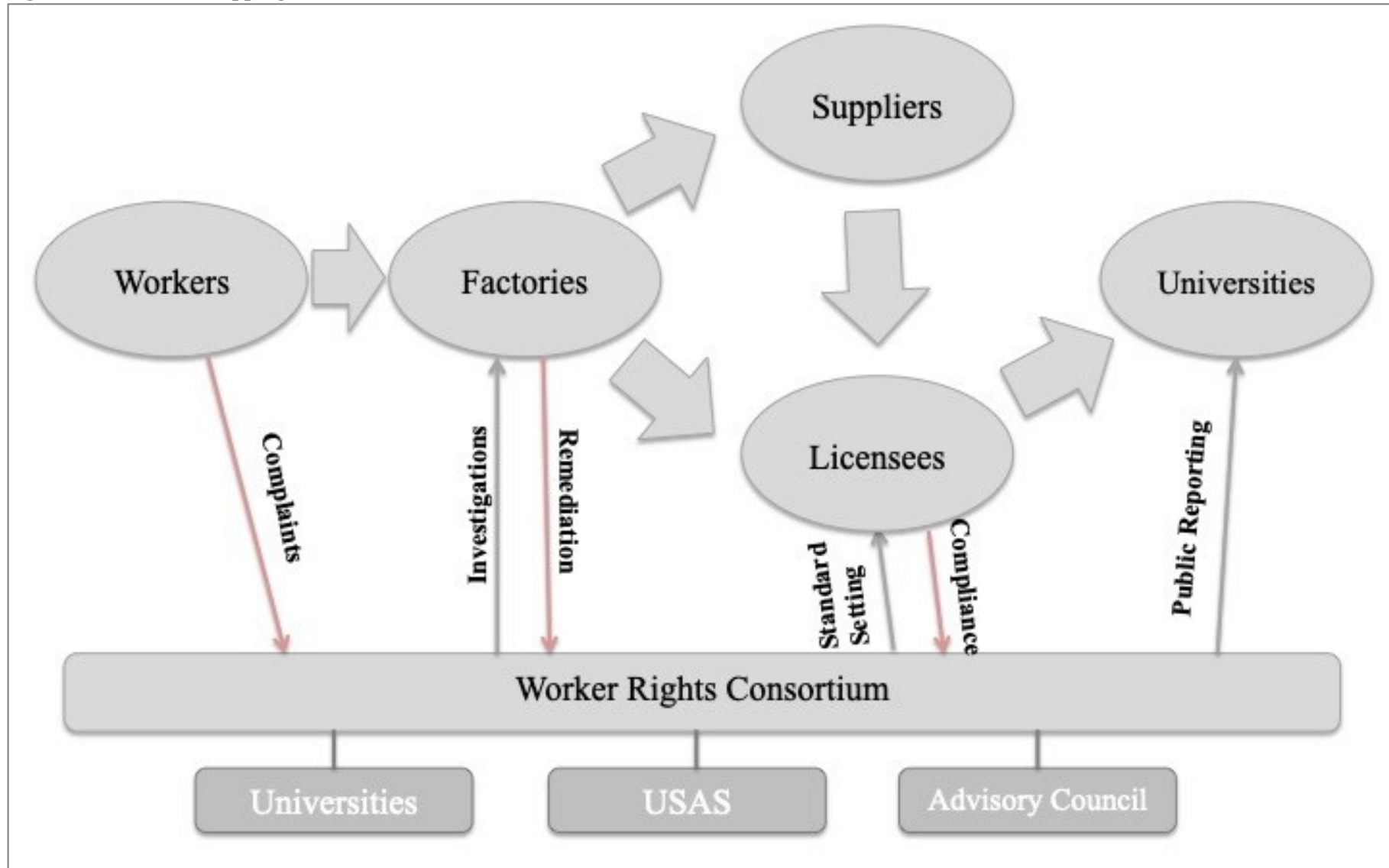
Both mappings start with the key players in the work of the FLA and the WRC, namely the workers, who form an integral part of apparel-producing factories. Workers are able to engage directly with the two organizations because they can file a complaint to the FLA and the WRC. The organizations also perform monitoring in the factories with regard to potential labor rights violations and offer remedial actions, if needed. As discussed earlier, the FLA sets certain labor standards among brands, suppliers, and licensees and expects its members to comply with these principles in their facilities. Labor standard setting is also done by the WRC for licensees that have to ensure proper working conditions among their suppliers. Due to the fact that the FLA’s and the WRC’s reporting is made available on their websites, potential customers of their affiliated members have the benefit of learning more about the working conditions in the facilities where clothing is made.

Figure 3. The FLA Mapping.



Source: own representation.

Figure 4. The WRC Mapping.



Source: own representation.

6. Analysis of the FLA and the WRC

The previous section gave an overview of the governance approaches of the FLA and the WRC and their monitoring process, and briefly discussed some of the working achievements together with the additional work to factory investigations. In this section, the main focus will be on the analysis of these findings. It is the purpose of this section to compare and assess the FLA's and the WRC's geographical scope of the monitoring activity, organizational features, social standards in the codes of conduct, monitoring practices and public reporting, impacts, the role of universities and provide a summary of the key findings.

6.1 Geographical Scope and Assessments

Even though the FLA's and the WRC's approach is not anticipated to concentrate the monitoring activity in certain countries, it is important to highlight the trade patterns of some regions where the assessments take place. For some of these countries, exports in the apparel industry account for more than 40% of their total exports, which means that the apparel industry is very important for their economies and, thus, creates many employment opportunities. Additionally, the number of assessments of each organization is taken into account when addressing the geographical scope of the monitoring activity.

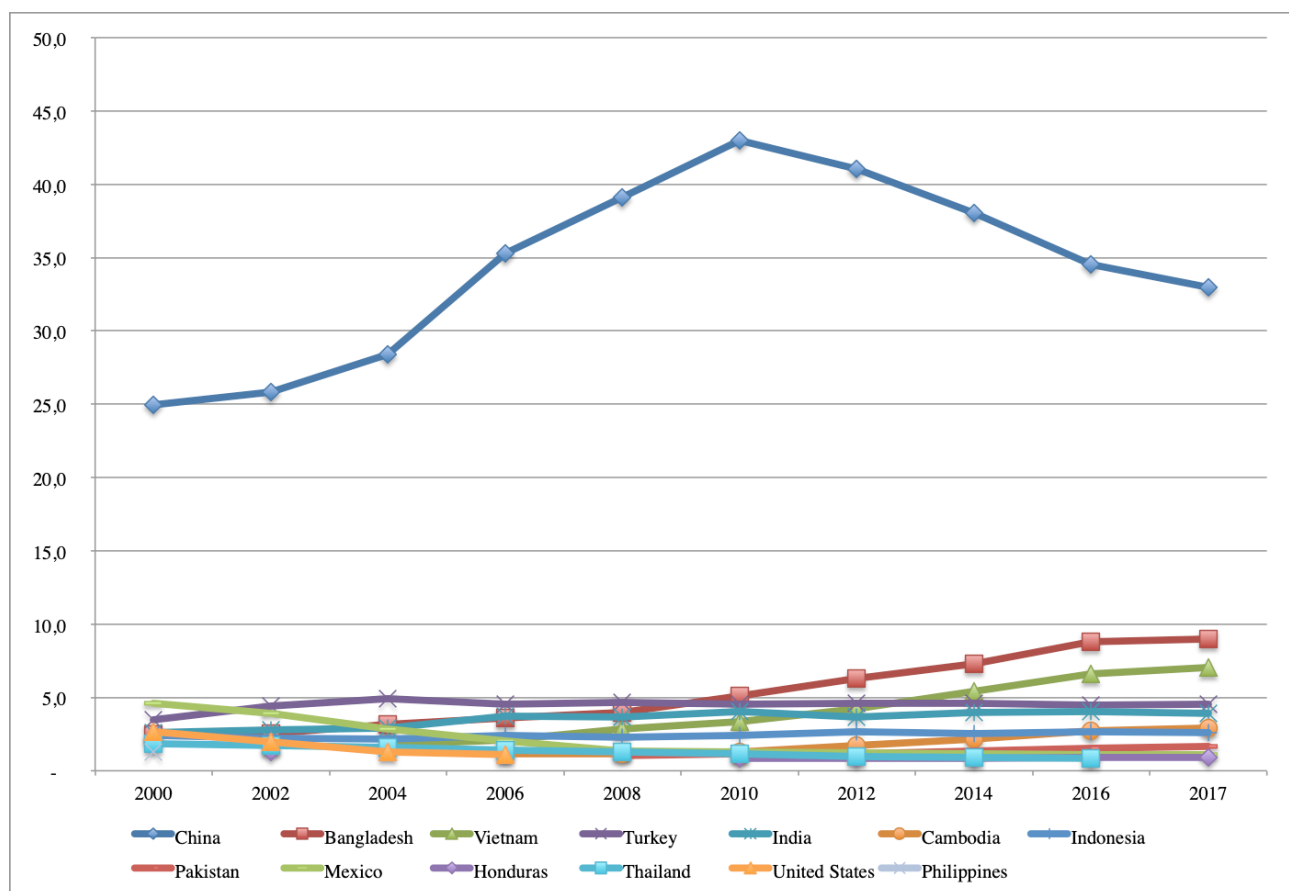
As previously highlighted in this paper, the FLA and the WRC operate in almost every part of the world (Eyal, 2014). Both organizations conduct their assessments in more than 50 countries, 19 out of which they have in common. Since it is out of the scope of this paper to analyze each country in detail, the focus is only on those countries that were a part of the top-15 apparel exporting economies in 2000-2017 (see Table 1). Therefore, the country selection for trade data analysis in this section was limited to 13 countries: China, Bangladesh, Vietnam, Turkey, India, Cambodia, Indonesia, Pakistan, Mexico, Honduras, Thailand, United States, and Philippines.

Figure 5 illustrates the shares of the 13 FLA & WRC apparel-exporting countries in global apparel exports. It is obvious that China stands out in the general picture. China's global apparel export share for the past two decades has been significantly higher than the shares of other countries, where the FLA/the WRC conduct their assessments. There is a simple explanation to this: a lot of suppliers' factories of the FLA-participating brands and the WRC-affiliated universities are located in this country. According to the FLA's data, there have been more than 400 assessments conducted in China for the last 17 years, which made it the number one country among all of the FLA's assessments. The organization has focused a lot of its efforts to promote decent working conditions

in this region, particularly with the issues regarding freedom of association. It came as a surprise, however, that in the case of the WRC, China was not among the countries, where the organization performed the bulk of its investigations. The WRC has only conducted 5 assessments in the country, most of which took place in 2009. Since the WRC's monitoring process is mostly triggered by workers' complaints, this can explain such a small amount of investigations, given the fact that generally, workers' voice in China is severely restricted.

At the beginning of the century and up until the unstable economic conditions from 2008 until 2011, the market share of Chinese garment exports steadily increased. Years later, the apparel industry started to experience a continuous decline, which could be attributed to declining overseas orders and rising labor costs (Irun, 2017, p. 4). Despite China's impressive market share in global apparel exports, no other country (including those beyond the FLA/WRC coverage) emerged so far to take its place.

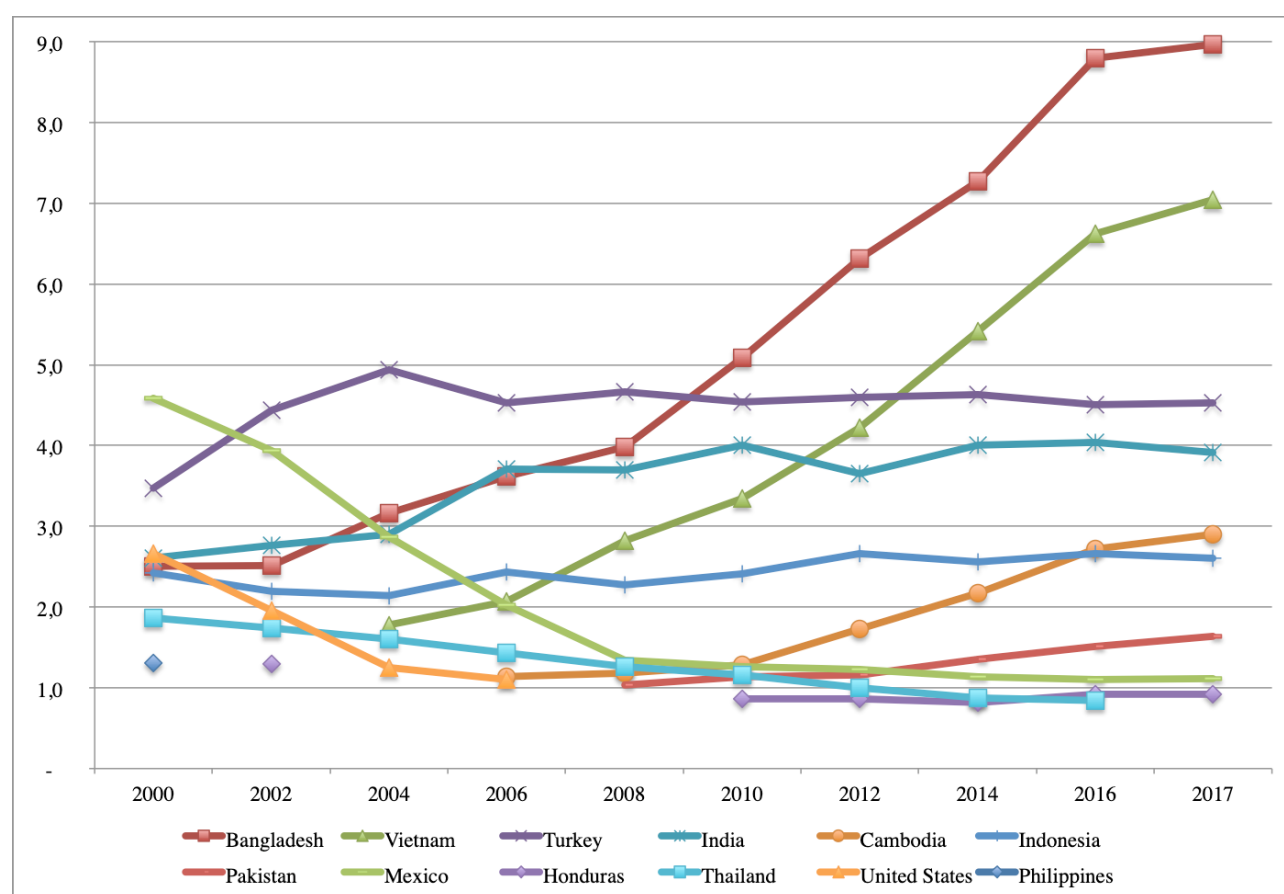
Figure 5. Shares (%) of the 13 FLA & WRC apparel-exporting countries in global apparel exports, 2000-2017



Source: United Nations Commodity Trade Statistics Database (UN Comtrade).

Figure 6 visualizes the apparel export dynamics of other FLA/WRC countries, excluding China. For example, Bangladesh, Cambodia, Pakistan, and Vietnam, have been demonstrating a never-ceasing growth in the apparel exports over the 2000-2017 period. For the past 10 years, Bangladesh held second place in producing garments after China, which thereby made the clothing industry an important source of growth for the developing economy of this country. If we compare the number of assessments, the FLA and the WRC have done in Bangladesh, the difference is again substantial. While the FLA has performed 76 workplace-monitoring assessments, the WRC has only done 6 investigations. In both cases, the organizations have identified violations of workers' freedom of association and found gaps in the health and safety procedures. The number of factory assessments in Cambodia was almost at the same level. The FLA has done 22 factory monitors, and the WRC has had 17 investigations, which made Cambodia the top-visited country for the WRC monitoring. The monitoring ratio in Pakistan equaled to 30/1 investigations from the FLA/the WRC. Vietnam is currently the FLA's second most monitored country. The organization has conducted 135 assessments in the past two decades in contrast to 1 visit from the WRC side.

Figure 6. Shares (%) of the 12² FLA & WRC apparel-exporting countries in global apparel exports, 2000-2017.



Source: United Nations Commodity Trade Statistics Database (UN Comtrade).

² Excludes China.

The other group of countries under the FLA/WRC “monitoring coverage” shows a gradual decline in their apparel market share, which does not go higher than 1,5% for the last 10 years. This group of countries includes Mexico, Thailand, and the US. There have been 61 FLA-assessments done in Mexico, and only 5 investigations carried out by the WRC. In Thailand, however, the WRC successfully performed 14 investigations and, thus, it remained the fourth most visited country for the consortium. The FLA, in turn, has visited factories in Thailand 71 times. As for the US, it is regarded the FLA’s third most visited country and, in total, comprises 111 monitoring visits. The WRC’s efforts include 4 visits to the apparel production facilities.

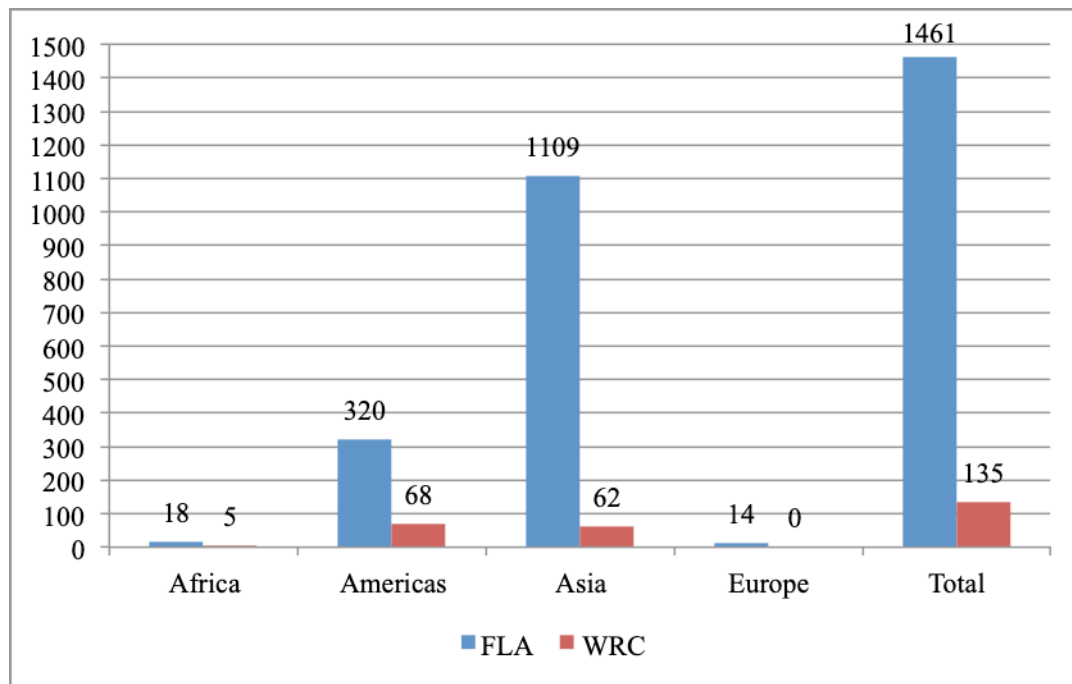
As discussed earlier in Section 4 of this research, the majority of suppliers are usually located in the regions of the Global South. Therefore, it might be surprising to see the US among FLA/WRC countries. Again, the explanation for this is straightforward. All of the WRC’s affiliates are colleges and universities in the United States (and Canada), whose licensees and their subcontracted factories are located in the US as well. This also concerns the FLA, which holds affiliated around 2000 collegiate licensees, ranging from family-owned shops to large syndicates. It is important to underline, however, that not all of the collegiate licensees have their subcontracted facilities inside the United States, and it would be a common misperception to assume that these licensees do not source from factories around the world.

The remaining category of countries has demonstrated miscellaneous changes in their apparel-exporting dynamic. Global apparel export share of Honduras, India, Indonesia, Turkey, and Philippines have been more or less on the same level for the period of 2000-2017, with Turkey having the average share of 4,5%, India 3,5%, Indonesia 2,4%, Honduras 1% and Philippines 0,8 % of global apparel exports. Honduras so far has become the second most visited country from the WRC’s side. The organization has performed 16 investigations in this region, while the FLA has done 40 investigations. India and Indonesia are the last among the top 5 FLA/WRC visited regions. While the FLA conducted 85 assessments in India and 60 in Indonesia, the WRC carried out 2 and 12 investigations in the respective regions. With only one factory assessment in Turkey, the WRC falls far short from the 90 FLA factory visits. The FLA has visited apparel-producing facilities in the Philippines 16 times in comparison to only 2 WRC investigations.

Figure 7 demonstrates the total amount of investigations that the FLA and the WRC conducted globally and per region from 2000 until 2019. The graphic shows that most of their monitoring activities account for Asia (1109 vs. 62) and Americas (320 vs. 68) and less happens in Africa (18 vs. 5) and Europe (14 vs. 0). It is clear to see that the FLA performs much more monitoring than the

WRC (1461 vs. 135). This is not surprising because the FLA is a much bigger program and has many more affiliates than the WRC. However, it makes a clear distinction between the two and especially highlights the major limitation of the WRC - its limited scope of the monitoring activities. Although the annual factory investigation rate significantly increased for the last years (5 investigations in 2017, 2 investigations in 2018, and 11 investigations in 2019), Wells (2012, p. 242-243) argues that the WRC's factory investigation rate "is still a minuscule proportion of the factory supply chain of major retailers" and is "an even smaller proportion of the world's total apparel export factories, of which there are an estimated 200,000–300,000". Also, some Interview Partners (#3, #4, #9) agreed that one of the main WRC's weaknesses lies in its small number of investigations, which happens due to the financial structure or lack of cooperation in the field and believe that the organization shall expand itself and expand its work.

Figure 7. Number of FLA and WRC assessments per regions and in total, 2002-2019.



Source: FLA (2019i); WRC (2019d).

While it is certainly essential to compare the two organizations from a statistical perspective, what is more important is to compare the quality of these monitoring assessments and the governance approach of the FLA and the WRC. Therefore, the following sub-sections will compare and contrast the effectiveness of the organizations before jumping to conclusions.

6.2 Organizational Features

When comparing the governance structures of the FLA and the WRC, two distinctive features catch the attention. First, the Board of Directors and the executive teams of the WRC and the FLA include an impressive number of stakeholders, not to mention the fact that both organizations are recognized as non-profit corporations. Second, the governing bodies of each organization vary in subtle but significant aspects. While both the FLA and the WRC have representatives from the universities and CSO/labor rights groups, additionally, the former has corporate representatives, and the latter has students on their governing boards. This is, perhaps, one of the main and most important differences between the two initiatives that many authors have addressed (Athreya, 2000; Carroll/Chang, 2008; Wooley, 2013).

The fact that the FLA appoints executives from the affiliated companies to its governing board and, to a greater extent, relies on their funding might create a conflict of interest (Macdonald, 2011; Sethi/Rovenpor, 2016). It appears that the companies affiliated with the FLA (at least those, which sit on the Board) become responsible for monitoring their own subcontracted facilities and could simply “camouflage the unwanted findings” regarding the labor rights violations. This could remove the transparency from making sure that the conditions in the factories are met (Interview Partner #2, 2019). Some Interview Partners (#3, #5, #6, #7) spoke in favor of the companies’ participation in the FLA. They viewed this engagement helpful because, in their opinion, brands stay in a close connection with their suppliers and factories and, thus, could have a direct impact on worker’s labor conditions.

“I see it [a brand’s participation] beneficial. I think, from the standpoint of the companies being involved, ... they have the ability to directly impact the workers because they have a more direct relationship with the factory that they’re sourcing products from. So, they have the ability to have more direct influence [on labor standards].” (Interview Partner # 6, 2019)

The WRC, in turn, tries to stay independent from the “corporate control”. It neither allows companies or licensees to become its affiliate nor accepts funding from for-profit corporations or labor unions. Such an autonomous position grants the WRC ability to better access information from workers and worker advocates regarding the issues in the factories, to prove the credibility of the reports and ensure member universities that the factories have been a subject to independent monitoring without licensees’ participation (Wells, 2012; WRC, 2019e). Interview Partners #2, #4 and #8 shared the same opinion and spoke favorably of the WRC’s independence:

“I think it [not having companies on the Board of Directors] is probably more of an asset. The WRC's independence allows it to maintain its credibility, and its monitoring and enforcement in a way that it would not be able to do if it had closer relationships or official relationships with companies. Especially if funding was coming from corporations, I think it could really diminish the WRC's power and ... would end up having real impacts on their ability to do their work... It does not prevent them

from working with companies. It just protects them from any misperceptions and their ability to enforce and monitor.” (Interview Partner # 4, 2019)

“The WRC draw a very straight line: if you are a business, you may not be an affiliate. I think that is their strength because it does grant independence, and that is one of the biggest differences between their organization and that of the FLA...It does give them [the WRC] more independence and an unfettered view of certain situations. Now, does it make sense for them to *still* maintain productive relationships with companies? Absolutely.” (Interview Partner # 8, 2019)

Indeed, the Board’s isolation from the companies’ influence allows the WRC to make independent decisions regarding the monitoring initiatives. It does not mean, however, that the WRC does not engage in a working dialog with the licensees. On the contrary, the WRC reports to the licensees about the discovered violations and encourages them to cooperate with the factories to remediate the existing problems.

While the FLA and the WRC include several relevant stakeholders on the boards, workers and their trade unions remain underrepresented in the governing bodies of the two organizations. This creates a severe limitation on their organizational structures as worker empowerment is crucial for creating real and sustained improvements in labor standards (Finnegan, 2014).

In this regard, it is essential to stress that companies without question have to be involved in the work of MSIs that are dealing with the labor rights issues. Most importantly is to determine *how* they are going to participate in such initiatives and *to what extent* they can execute their power in the monitoring. It is typical for any business to care for their reputation. In this case, labor standards and labor compliance in the factories should not be used “as a means” to satisfy consumers’ needs. Brands have to understand their full responsibility for the workers in the factories that they supply from.

6.3 Membership and Social Standards

Based on the mission, scope, and governance, the FLA’s and the WRC’s membership varies accordingly. Since USAS played a vital role in the WRC’s origins, the WRC’s primary focus remained only on the collegiate apparel. Although the WRC’s governing board includes multiple stakeholders, the organization only welcomes colleges and universities to join its program as the official WRC affiliates and today includes 156 institutions. The FLA, in turn, concentrates its efforts around the whole apparel industry and, besides 138 affiliated institutions, also consists of participating companies and suppliers, collegiate licensees, and CSOs. It has been mentioned earlier that to date, the FLA has 45 companies and 15 suppliers from the apparel sector. Perhaps, this is not a lot in numerical terms. However, the number of factories that each brand, supplier, and licensee might have in their supply chain can go up to hundreds, if not thousands of facilities, not to mention

the number of workers employed. Therefore, the amount of affiliates does not say much about the effectiveness of each program. Since both organizations strive to protect workers' rights, it is more important to analyze what standards the FLA and the WRC address in the factories of their affiliates and how these standards are monitored by each organization.

As illustrated in Section 5, both the FLA and the WRC have a comprehensive list of social standards that form their respective Codes of Conduct (see Table 4 and Table 5 for more details). It is easily noticeable that both code models have a similar set of social standards that are reflected in the main ILO Conventions and the UN's Declaration on Human Rights. The four fundamental human rights proposed by ILO include freedom from forced and child labor, freedom from discrimination at work and right to freedom of association collective bargaining (see discussion on "enabling rights" in Section 2 of this research). Both codes oblige their affiliates to ensure that the employment in their factories is voluntary and that workers are at least 15 years of age. Any form of harassment, abuse, or discrimination is prohibited, and employees must be treated with dignity and respect. As for measurable rights (see Section 2 of this research), the FLA and the WRC codes require a 48-hour standard working week in a healthy and safe working environment. All overtime work shall be consensual, and employees should be compensated at a premium rate. Both codes also consider local laws and country-specific recommendations made by ILO and expect their affiliates to impellent the higher standard (see FLA, 2011; WRC, 2019h).

Throughout its monitoring work, the FLA has learned that one of the biggest challenges in global manufacturing is a management system (Interview Partner #5, #6, 2019). Therefore, in 2011, the FLA Board of Directors revised its Code of Conduct for the first time since its adoption in 1997. The main enhancement included the new code element, "Employment Relationship," which required employers "to adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor laws" (FLA, 2011, p. 5). Thus, the FLA emphasized the need to educate the factory owners about human resource management. Interview Partner #6 shared their field experience and confirmed the existing management issue:

"You do not find what people typically think of a "sweatshop". You do not find child labor [in the same capacity as back in the mid-90s] - that is less and less of an issue that we find, as we do audits or visit factories...What we *really* have the challenge with is sort of the management business acumen of these factory owners. They do not have good management systems: they do not pay for the appropriate overtime or they force workers to work overtime because they accept orders. They do not manage their business well enough to alleviate these issues for the workers... We are finding more of those kinds of business management issues. Frankly, maybe they [the management] are just stealing from the workers by not paying them enough." (Interview Partner #6, 2019)

As for the WRC, its Code of Conduct treats Women's Rights as a separate code element. The WRC explicitly addresses discrimination against women in addition to the challenges faced by all workers in the garment sector, as women account for over 80 percent of all apparel workers globally (WRC, 2019l). Thus, the WRC obliges licensees to deliver equal treatment to the female workers.

Although both organizations recognize the rights of workers to freedom of association and collective bargaining, the FLA's code requirements are not as strong as those of the WRC. While the WRC underlines that licensees must not engage with governmental agencies to "prevent workers from organizing a union of their choice", the FLA does not emphasize that and only expects the employers to "bargain with any union that has been recognized by law or by agreement between the employer and that union" (WRC, 2019h, p. 3; FLA, 2011, p. 24). In essence, if the union or the employee organization is not acknowledged by the state, employers, according to the FLA's code, have the right not to bargain with those. This benchmark is particularly undermining for factory workers in the countries, where freedom of association is controlled by the state.

Another important difference in the code models is regarding wage standards. The WRC demands all licensees to ensure payment of a living wage. This provision was included in the WRC's Code from its founding. Throughout its existence, the FLA, on the contrary, has required its affiliates to pay either the local minimum wage or the industry wage, whichever was higher. However, minimum wages in most cases are simply not good enough to maintain a decent living, and many workers end up at the poverty line. As of 2011 revision, the FLA has amended its "Compensation" code element to demand payments that "meet the worker's basic needs and provide some discretionary income" (FLA, 2011, p. 34). Although it can be considered as an improvement in the FLA's work, it still does not focus its efforts to promote living wages, at least among its affiliates.

To sum up, the FLA and the WRC Codes of Conduct remain the guiding documents in the work of both organizations. Although both codes are based on the ILO and UN standards and outline guidelines related to enabling and measurable rights, the FLA's Workplace Code of Conduct, which has been amended and on top of it includes a comprehensive list of compliance benchmarks, does not seem to be as strong as the WRC's Model Code of Conduct in some provisions. What is more important about these codes, however, is not the number of standards included but *how* each of the initiatives approaches these standards. Both organizations use their codes as a basis for the monitoring activity. The next section will analyze the FLA's and the WRC's approaches to monitoring and reporting.

6.4 Monitoring, Remediation, and Public Reporting

Monitoring the factories of their respective affiliates is the principal work of the FLA and the WRC. Equally important are the remediation practices that each program initiates in case of discovered labor violations. Moreover, after the monitoring process is over, it is crucial to share the results not only with the member stakeholders but also with other interested parties like consumers. Thus, several significant differences in the aspects of the monitoring, remediation, and reporting processes of the FLA and the WRC arise if we compare the two organizations.

The FLA relies on companies' "fairness", when they perform internal monitoring during the implementation period. This brings us back to the main point of criticism of the FLA: it lets companies monitor themselves, which undermines the FLA's credibility. Indeed, the FLA takes a certain risk by acknowledging the results of such monitoring. On the other hand, the organization mobilizes many brands to engage with their suppliers and factories and to take action toward proper labor compliance in their supply chains. Although the FLA hires independent external monitoring organizations and individuals to assess labor standards in the factories, it has been reported that most of these investigations were carried out by for-profit firms and could potentially have biased outcomes (Wooley, 2013). The WRC's monitoring teams are always composed of local agents together with the WRC representatives. It is a great asset to factory monitoring because it can help minimize the language and information barriers during the investigations.

The FLA states in its annual reports that the monitoring is done using the new SCI methodology and, therefore, has a "due diligence" character. Macdonald (2011) underlined the strengths of the FLA's modified monitoring system in the codification of labor standards, which has changed the governing of companies' supply chains. Moreover, Braumann-Pauly et al. (2017) recognized the FLA's practices specifically valuable when there is a lack of strong government regulation or national legal labor standards. While it is a good practice to withdraw from a "checklist" factory audit, Sethi/Rovenpor (2016) argue that with the implementation of the SCI, the FLA's monitoring activity has slowed down. Unquestionably, thousands of factories produce apparel goods, and it would be impossible for one organization to inspect them all. The FLA's monitoring, therefore, is only focused on a certain number of facilities annually. However, it is not fully transparent, how the FLA selects these factories for monitoring. Data regarding factory assessments for companies and suppliers that have been affiliated with the FLA for many years is very incoherent (see Table 9 in the Appendix).

Additionally, the FLA maintains a Third Party Complain procedure, which is something similar to the WRC's investigation approach. Anner (2012) argues, however, that it has a narrow ability to balance the limitations of the FLA's monitoring system because few complaints are accepted for a review and, consequently, the amount of resolved complaints in comparison to the factory audits is very small. Indeed, a bit more than a half (34) of the total amount of complaints (64) received has been effectively resolved in the last six years, while the FLA has performed more than 1400 investigations in total.

The WRC's investigation method is more straightforward than the FLA's. As the organization does not affiliate with brands, it does not do due diligence. Instead, it initiates investigations based on the received complaints from workers and third parties. Although this grants the WRC a certain level of transparency and credibility, it also poses some difficulties. One limitation to this method is that some workers in countries where freedom of association and collective bargaining is very limited might not file their complaints out of fear for being prosecuted or fired. Another point is that complaint triggered investigations limit the scope of the WRC's investigations as the initiative tends to focus on individual factories rather than the industry in general (Wells, 2012). Moreover, the WRC does not inspect factories "regularly" and, as a result, does not have a systematic approach to the monitoring. On the positive side, the WRC emphasizes that during the assessments, the workers are interviewed offsite and without management control, which enhances the chances to receive a better and more detailed picture of labor rights violations in the factory. This is a benefit in comparison to the FLA because the FLA leaves it to the monitors to decide if off-site interviews with workers are necessary (Wolley, 2013).

Although the WRC's approach is "narrow" in some aspects, it allows the organization to produce thorough and sophisticated investigations, which continue until the problem in the factory is solved completely. Therefore, the WRC is present in the facility not only throughout its monitoring assessment but also during the following remediation process. This is definitely for the licensees and can bring a positive impact on garment workers. The FLA does not stay in the factory to inspect how the facility has implemented the recommendations for remedial actions. The organization again relies on brands for the fulfillment of all suggestions and conducts verification visits to check the implementation of remediation plans years after that (ibid.). It seems that with such a "distant" method, the FLA is not able to sustain long-term improvements in the factories.

After the monitoring and the advised remedial actions, both organizations issue public reports on the factory's compliance with their codes of conduct. Although the FLA claims to be transparent

and publishes all monitoring reports on the website, some authors have emphasized the absence of factory names and locations in the audit reports as one of the major reporting weakness of the association (Macdonald, 2011; Anner, 2012; Wooley, 2013). They are concerned with the fact that it is impossible to verify the FLA's finding by an independent visit. The FLA (2019i, para 3) states, however, that it is done in order to "ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory." The WRC, on the contrary, issues their investigation reports with the details about the factory locations and names, which are available online. The WRC's decision to maintain a fully transparent database with factory investigations has been endorsed by many authors (Krupat, 2002; Wells, 2012; Wooley, 2013; Williams, 2015).

As demonstrated above, the FLA and the WRC have strong monitoring approaches that differ in many aspects. While the FLA is capable of monitoring a large number of facilities, it lacks transparency in the methods and reporting. The WRC, on the contrary, remains open with its findings, and the process; however, is not capable of investigating many factories due to its limited financial and organizational features. In the end, both organizations try to deliver the best solutions to the apparel workers. The next section is aimed at analyzing some of their recent efforts and impacts in the industry.

6.5 Efforts and Impacts

Both the FLA and the WRC have demonstrated that their work can impact thousands of workers and address the main labor rights violations in the global apparel supply chains. For example, the FLA's annual reports show that the estimated number of workers impacted by its monitoring is around 150,000 people annually (see Table 8 in the Appendix). The WRC (2017) documents that it already has helped 250,000 workers directly and impacted over 1 million people, including worker's families. Statistical data from both organizations is truly impressive. In the meantime, both organizations demonstrate that their approaches are not just limited to the monitoring and investigation. The FLA and the WRC are very active with their affiliate members. The FLA conducts various research programs together with local CSOs and NGOs, educates participating companies on the current issues in the countries of their manufactures, and provides online and offline training for management and workers. The WRC's efforts in research and publications are as comprehensive as the FLA's. Moreover, the WRC had a crucial role in initiating and kicking off the Accord on Fire and Building Safety in Bangladesh that was recognized by many major apparel companies. The WRC works closely with the affiliated colleges and universities and their licensees in order to maintain a factory disclosure database with a list of collegiate apparel producing

factories for all interested individuals and organizations. This is an important contribution to the global apparel supply chain since many companies are not always willing to share their supply chains with the public.

While the efforts of the two organizations are undoubtedly remarkable, it is also crucial to analyze the real impacts both initiatives have on working conditions and labor standards in the apparel sector. Due to the limited scope of this research, it was not possible to perform field visits to the facilities under the FLA's and the WRC's programs. Moreover, it is not possible to measure the impact of the two organizations right after their investigations as the improvement of worker's rights and labor conditions happens gradually. Therefore, the discussion below will demonstrate the differences in the monitoring outcomes of the FLA and the WRC and discuss a particular case study, where both organizations have shown various approaches to an emerged problem.

Anner (2011) argues that there is a significant difference between initiatives with active labor (WRC) and corporate (FLA) participation. This is especially noticeable when organizations perform their monitoring regarding the violations of measurable standards and enabling rights. Thus, Anner (2011) showed that "labor-influenced" programs like the WRC are more likely to emphasize and monitor abuses of the freedom of association rights, and are less effective in the areas of minimal labor standards like wages, hours of work and health and safety standards. "Corporate-influenced" initiatives like the FLA, on the contrary, show better results in monitoring measurable standards and less often emphasize enabling rights of workers. This can be easily explained: if monitoring organizations will largely address violations of the freedom of association rights, there is a high risk that it will strengthen unionization and, thus, labor's power, which, in turn, can lessen the management control in the factories.

Anner's (2011) findings showed that FLA is indeed more likely to detect minimum labor standards: out of all violations detected in 730 audits between 2002 and 2009, 69% were subject to wage, hours, health and safety standards, and only 5% concerned freedom of association. The WRC's detection rate was almost six times higher and accounted for 29% in 56 audits for the same period. Alternately, Anner (2011) examined the third party complaints that the FLA has investigated. The highest rate of factory violations was in the area of freedom of association and accounted for almost 40% of the total amount of complaints documented. Since these complaints mainly come from the workers themselves or worker representatives, it has proved the FLA's mechanism to detect enabling rights in the factories of its affiliates was rather weak, at least between 2002 and 2009. Recent FLA annual reports showed that violations regarding the freedom of association and

collective bargaining have been among the top 5 code element violations in 2015 and 2016, which can signify a certain level of improvement in the FLA's auditing mechanisms (see Table 8 in the Appendix).

In the light of these findings, it is crucial to talk about a specific case study that has demonstrated the work of the FLA and the WRC in the area of freedom of association and collective bargaining rights and compare the actions of the two organizations. Some authors have addressed the case of Russell Athletic, an apparel producing company in Honduras and the FLA's affiliate, as an example of how different approaches of the FLA and the WRC to social standards can frustrate or empower workers' voice (Anner, 2012; Finnegan, 2013; Wolley, 2013).

In 2008, Russel Athletic, a subdivision of Fruit of the Loom, announced that it would close one of their plants, Jerzees de Honduras (JDH), due to "economic reasons" (Anner, 2012, p. 625). The union representing workers at the plant argued that the company tried to prevent collective bargaining and forming a union at the factory. Thus, the union filed complaints with both the FLA and WRC, alleging the closure was a direct violation of freedom of association rights. The WRC's investigation showed that the closure of JDH was illegal because it violated Honduran law and the codes of conduct of university partners, and was highly motivated towards union's closure (Woolley, 2013, p. 30). The WRC, therefore, insisted on the immediate reopening of the factory and reinstating of the previously fired workers (WRC, 2008). Meanwhile, the FLA undertook its own assessment, which was conducted by two independent external monitors. Neither of them found violations of workers' freedom of association and concluded that "the closure was simply a business decision." (Finnegan, 2013, p. 42) Thus, the FLA ended up being criticized by local NGOs and worker representatives and was bound to hire an independent ILO consultant to examine the case. The expert later found serious flaws in the work of the two external monitors and confirmed the WRC's findings, saying that "the closure of the factory has been determined, at least to a significant extent, by the existence and activity of the union" (FLA, 2009a, p. 2). Despite the ILO's findings, the FLA chose to dismiss them and still published a report, concluding that it considers the discovered economic factors to be persuasive enough for shutting down the JDH (FLA, 2009b). During this time, the WRC and USAS communicated with the universities and pointed out the violations of their codes of conduct. As a result, over 100 universities cut down their contracts with Russell Athletics, which impacted the brand's revenue and made the company reconsider its conduct. While the FLA placed the company on a special review and after the verification reviews restored its status as a Participating Company, the WRC initiated the union-management agreement

that guaranteed the workers across all of the company's factories the right to organize and bargain collectively (WRC, 2018a).

This case has illustrated the different approaches of the FLA and the WRC towards complaint-triggered investigations. The collective work of the WRC, USAS and other activists empowered workers to claim their rights to freedom of association and collective bargaining. The FLA, on the contrary, disregarded workers' voice and continued to indulge the vision of private, corporate auditing. This case also showed that the FLA is capable of dismissing the work of the most established authority on labor rights, the ILO. In fact, it seems like the highest level of sanctioning the company that violated the FLA's Code of Conduct is to put it on a special review or to revoke its affiliation with the FLA. The WRC's approach towards universities, whose licensees disobey labor standards in their factories, is rather neutral, as the organization leaves it up to the institutions to decide whether they want to terminate their partnership with the licensee. The WRC, however, does not accept the "cut and run" approach by the licensees and encourages them to correct violations at problem factories (WRC, 2019e, p. 4).

6.6 Role of Universities

This section is dedicated to the analysis of interviews with the FLA and the WRC representatives regarding the role of affiliated colleges & universities in ensuring the ethical production of (collegiate) apparel and their engagement with the two organizations. All of the respondents have a direct experience of working with either the FLA or the WRC, have actively participated in the board meetings of the two organizations, and in some cases, been to the facilities where the monitoring assessments took place.

As noted earlier, the anti-sweatshop movement in the US is a very important and highly debated topic, especially among colleges and universities. Every institution in the US has a certain number of licensees - companies that supply universities with a wide range of products bearing their logos and marks. As well as licensees within the US, universities also have many licensees around the world. These companies range from family-owned shops to large brands like Nike, Adidas, Under Armor, Badger Sports, Colosseum, etc. that have hundreds of factories in their supply chains responsible for producing collegiate apparel. When talking about their affiliation with the monitoring organizations like the FLA and the WRC, interview partners named many reasons. They explained that it helps them to build more constructive and collaborative relationships with their licensee partners, to get to know their supply chains better and to ensure that workers in the apparel-producing factories are treated with full respect.

“One reason is to help manage the risk in our supply chains. Currently, not a lot of staff is dedicated to that work. So, it gives us a chance to make sure that we have some due diligence for the supply chain that produces goods with our trademarks on them. Also, another reason is a ‘thought leadership’. Universities want to be participating in organizations that are trying to move a ‘thought’ forward on difficult issues [like sweatshop conditions].” (Interview Partner #5, 2019)

Although the FLA and the WRC have similar goals and try to improve workers’ lives and labor conditions, they certainly act differently in their work. Historically, the WRC emerged in response to the FLA and has been very critical of its approach. The criticism came mainly from student activists and the USAS. However, if we compare the college and university affiliates of the two organizations, it becomes clear that today a lot of institutions are actually affiliated with both initiatives. Perhaps, from the student perspective, the FLA and the WRC are viewed as two competing organizations because one is “company-influenced” and another is independent of any corporate control.

University representatives, who serve on the boards, and work for the trademarks and licensing departments, described the affiliations differently. For the universities, when they try to make their licensees accountable for the working conditions in their supplier factories, both organizations are important because one (mainly the FLA) engages its members into a lot of training and educational activities on how to maintain proper conditions in the factories. Another organization, the WRC, is more action-oriented. It is usually in charge of investigations related to the labor rights violations and enforcement of proper remedial actions.

“For us, the FLA is the educator. The FLA is out there working with the licensees of all different sizes and all the brands, teaching them what could be a proper audit of their factory and offer them training courses in person...The WRC is an organization that goes into factories and uncovers problems. They find out about issues, investigate and raise a flag with the brands, which are producing in those factories. So it is really a check and balance system to belong to both organizations.” (Interview Partner #1, 2019)

“The university does not really see itself in favor of one or the other. We do not take sides necessarily. A lot of people see them as complementary organizations. The WRC is considered an activist campaign, and there is a real place for their work. They sometimes find some of the worse situations and they really put all their energy into that and get it out there in the world. The FLA takes more of a long-term approach to the problem. But they both can bring important value ... to the global approach, trying to make that the condition for workers globally better, which, as you know, is a very uphill battle.” (Interview Partner #5, 2019)

“In the case of WRC, I think, the universities were forced to affiliate because they were campaigned to do so. If that was the case, it was viewed as a counterbalance, as a complementary step to be taken in addition to the FLA because the FLA tries to cast a very wide net around every licensee... The WRC, on the other hand, is more investigation based and focused on a more urgent action model.” (Interview Partner #8, 2019)

However, affiliation with the FLA or the WRC does not necessarily mean that universities are actively involved with their work. In some cases, the interest that the universities have in the work of the FLA or the WRC, or in the anti-sweatshop movement, in general, is directly proportional to whether or not there is a problem occurring. As reported by Interview Partner #1, there are only a

few universities that are engaged with the topic on a daily basis, and the majority only reacts to specific abusive cases in their licensees' factories. For instance, last December, Badger Sport, a collegiate licensee based in the US, was found to be sourcing from a factory employing detainees from a forced labor internment center in China (Kang et al., 2018). When this issue made global headlines, a lot of universities requested help from their licensing companies, and the FLA and the WRC quickly provided a preliminary analysis of the situation. Since this happened right before Christmas holidays, many soon forgot about it and, thus, it ceased to be an issue for those schools that do not pay attention to global labor rights issues (Interview Partner #8, 2019). Although this statement cannot be proved with any empirical evidence, several Interview Partners (#2, #5, #6) agreed that they have relied a lot only on their affiliation with the FLA and the WRC as the main activity to ensure that their collegiate apparel is produced ethically. This gives the impression that for some universities in the US the affiliation with any labor monitoring organization is more than enough to inform their students of proper collegiate apparel production.

The governing boards of the WRC and the FLA emphasize the importance of universities as relevant stakeholders when addressing the labor rights issues in the apparel sector. Therefore, besides having university representatives, who bring the perspective of their Alma Mater to the discussion board, it is also crucial to recognize students and their opinions regarding these issues. Several respondents said that students remain active on their campuses, work with the department of trademarks and licensing, and often engage in educational activities offered by the university. Interview Partner #1 explained that students could also be a part of the monitoring visits to the factory together with the university representatives. They added that student activists, in fact, initiated one case regarding wage theft in the licensee factory in Guatemala, which after two years of continuous negotiations, brought \$2 million back payments to the workers.

Moreover, many students, who are actively participating in the anti-sweatshop activism, are usually engaged with USAS - the largest student anti-sweatshop community in North America. USAS raises awareness about worker exploitation in the factories and stays in close connection with the WRC, its "independent monitoring arm". While the work of USAS is highly endorsed on campuses, students, who tend to listen to its ideas, do not always take time to look at the issue from various aspects, which sometimes causes miscommunication and misunderstanding with the trademark department that is responsible for licensing contracts.

"Students bring a lot of passion, energy, and enthusiasm. [At the university], we do not make decisions based on everything the students do, but we certainly want to hear from our students...However, their lack of knowledge [in questions regarding licensing agreements] sometimes gets to be challenging when we are communicating with them about issues. They do not see the bigger picture just from experience. It does not mean that they are not intelligent kids. They absolutely are. They do the research, and they try to gain their knowledge but sometimes they just do not understand

some of the challenges [in the trademarks and licensing program] that we are trying to deal with.” (Interview Partner#6, 2019)

The main strength of USAS is that it has initiated many successful campaigns against big brands regarding their business practices that put a huge burden on apparel workers (USAS, 2019). Students are proud they have some leverage on the codes of conduct Nike and other major apparel brands and make it public when these brands have violations in payments, collective bargaining agreements, and safety standards. At the same time, this activism has been mainly focused only on the big brands. While some respondents believe that targeting bigger companies will pressure smaller ones to implement proper standards and improve working conditions in their factories (Interview Partner #2, #9), others argue that this activism has a different reason behind it. It is mainly done in order to be at the center of media campaigns.

“I think one of the challenges today with student activism is that there have been issues within the past year that are far greater than anything that may have occurred with Nike in recent years. Yet, the students continue to be focused on Nike rather than the other partners... because they get more attention when they go after the big brands... Meanwhile the smaller companies that are providing a far higher reputational risk to the universities are not getting the same. The universities are not getting the same pressure and the licensees are not getting the same pressure from those student groups. It is a little bit frustrating. I would hope that it might change in the future and that those student groups would get a little more engaged on all of the licensee partners that were having problems.” (Interview Partner #3, 2019)

This does not mean, however, that the FLA or the WRC should stop monitoring big brands. On the contrary, special attention should be given to major companies and retailers as their supply chains are extremely complicated, include thousands of factories and millions of workers. Nevertheless, most colleges and universities partner with small licensees that often “remain in the shadow” of factory investigations. Just like big well-know apparel brands, they often do not own their factories and do not pay sufficient attention to codes of conduct in their day-to-day activities. Interview Partners #1, #6, #8 agreed that the main challenge in the work of a university is that their collegiate licensees are not aware of their supply chains and CSR standards. In fact, some universities had to cut down on the contracts with many licensees because some of them were not willing to address and correct the labor issues in their facilities.

Thus, colleges and universities that want to contribute to the ethical production of collegiate apparel affiliate with organizations like the FLA and the WRC to learn about their collegiate supply chains, submit their licensees to monitoring activities and address the existing labor issues more effectively.

6.7 Summary

The FLA’s and the WRC’s main mission is to combat abusive labor conditions in the apparel industry and protect the rights of workers under widely accepted labor standards. The geographical

scope of work of the FLA and the WRC is impressive: together, both organizations perform monitoring in more than 50 countries. In the past two decades, the FLA has done almost 1500 monitoring assessments while the WRC has conducted 135 investigations. As discussed earlier, the FLA has more financial and human resources to do the monitoring as well as many more affiliated members than the WRC. Thus, one of the WRC's current issues is a tiny number of the monitoring reports, which is attributed to its financial structure.

While both organizations correspond to the definition of a multi-stakeholder initiative and include various actors, whose joint efforts are aimed at eliminating abusive labor practices, what catches the attention is the difference in the governance of the FLA and the WRC. The FLA allows brands to participate on the Board of Directors and heavily depends on the funding that comes from the affiliated companies. In contrast, the WRC tries to remain independent from "corporate control". It neither allows companies or licensees to become its affiliates nor accepts funding from for-profit corporations or labor unions. The WRC believes that such isolation from the corporate influence is helpful to make independent decisions regarding the monitoring investigations. The FLA views the participation of buyers useful because brands stay in a close connection with their suppliers and factories and, thus, could have a direct impact on worker's labor conditions. Although the FLA and the WRC have the best intentions to improve working conditions in the apparel factories, workers and their trade unions remain underrepresented in the governing bodies of the two organizations. Finnegan (2014) argues that this creates a severe limitation to their organizational structures, as worker empowerment is crucial for creating real and sustained improvements of labor standards.

Both organizations require their affiliates to uphold a set of standards that are reflected in their Codes of Conduct. These standards cover the areas of wages, freedom of association, health and safety, non-discrimination, forced and child labor, etc. Additionally, these documents serve as guiding principles in the monitoring work of the FLA and the WRC. What is more important about these codes, however, is not the number of standards included but *how* each of the initiatives approaches these standards. Although both codes are based on the ILO and UN standards and outline guidelines related to enabling and measurable rights for workers, the FLA's code is not strong enough to protect workers' rights in the area of decent payments and rights to collective bargaining. Thus, the FLA's code does not explicitly push its affiliates for introducing and maintaining the living wage standard in their factories. The WRC, on the contrary, makes this demand in its code explicit to the licensees. Moreover, the WRC prohibits licensees from engaging with governmental agencies to "prevent workers from organizing a union of their choice" (WRC,

2019h, p. 3). According to the FLA's code, the management is not required to recognize the union that was chosen by the workers.

The FLA and the WRC conduct factory monitoring for almost 20 years, which makes them the best-known MSIs in the apparel industry. The monitoring approaches of the two organizations are similar in the general aspects. The FLA and the WRC initiate complaint triggered and proactive assessments and appoint monitoring investigators, who carry out visual inspections of the workplace, interview workers and other relevant parties, audit relevant factory documentation, and review factory compliance with country-specific laws and regulations (besides their respective codes of conduct). Both organizations share findings of these assessments with their affiliates as well as make them available to the public through online publication.

However, all of the steps described above include several subtle aspects that differ the FLA's monitoring approach from the WRC's in a distinctive way. While the FLA is capable of monitoring a large number of facilities, it lacks transparency in the monitoring methods and reporting. The FLA does not have monitors of its own and relies on either the brand's monitoring team or external independent assessors, who mostly come from for-profit organizations. That kind of monitoring could potentially demonstrate biased outcomes towards "saving" brands' reputation and fail to show independent results. The WRC, on the contrary, forms investigative teams composed of the WRC representatives and the local community. The participation of locals not only helps to minimize language and information barriers but also empowers workers to resolve labor issues in the future without the WRC's intervention.

The FLA focuses on a due diligence monitoring of a certain number of factories of the affiliated members. The organization neither mentions names and locations of the factories nor clearly explains how they were selected for the monitoring. This approach makes it difficult to verify the FLA's findings. The WRC's initiate most of the investigations based on the complaints that come directly from workers. The initiative emphasizes that workers are interviewed offsite and without management control, which enhances the chances to receive a better and more detailed picture of labor rights violations in the factory. The FLA does not require offsite interviews from its monitors. Also, the FLA tries to maintain a Third Party Complain procedure; however, many complaints do not get accepted. The total amount of resolved complaints in comparison to the FLA factory audits is very small.

The WRC's launches long-term investigations and remains present in the facility during the remediation processes. Thus, the WRC's work continues as long as the problems in the factories are eradicated. The FLA seems to be more "distant" from the factories as it only initiates verification audits several years after the previous visit. In the end, both the FLA and the WRC procedures of factory monitoring are far from perfect. While the FLA's SCI methodology shifted the monitoring focus from general "checklist" factory audits, the quality of these audits should be put over quantity. The WRC's work lacks a more systematic and clear approach that is capable of resolving more cases of labor rights abuses.

Both the FLA and the WRC have demonstrated that their work can impact thousands of workers and address the main labor rights violations in the global apparel supply chains. While the efforts of the two organizations are undoubtedly remarkable, the FLA and the WRC, in some cases, might have different approaches towards complaint-triggered investigations. The case of Russell Athletic showed that the FLA might disregard workers' voice, dismiss the work of the most established authority on labor rights, the ILO, and continue to indulge the vision of private, corporate auditing companies when dealing with problems at the factory level. The collective work of the WRC, USAS, and other activists, on the contrary, empowered workers in the same factory to claim their rights and initiated the union-management agreement that guaranteed.

Colleges and universities that want to contribute to the ethical production of collegiate apparel become affiliated with organizations like the FLA and the WRC. It helps them to address issues in their collegiate supply chains better and to expose their licensees to proper monitoring activities. Universities view the FLA and the WRC as two complementary organizations: while the FLA's asset is to provide training and educational activities to the affiliates, the WRC is often in charge of longstanding investigations related to the labor rights violations and enforcement of proper remedial actions. Thanks to their affiliation with the two initiatives, several universities cut down on the contracts with careless licensees that were not willing to correct issues in their facilities.

Students also remain active on their campuses when it comes to the protection of workers' rights. They are often engaged with USAS campaigns, work with the department of trademark and licensing and participate in the educational activities offered by the university. However, affiliation with the FLA or the WRC does not necessarily mean that universities are actively involved with their work. In some cases, the interest that the universities have in the work of the FLA or the WRC or in the anti-sweatshop movement in general, is directly proportional to the scale of a current problem in the sector.

7. Key Findings and Discussion

The previous section has demonstrated differences and similarities between the FLA and the WRC, and also analyzed some strengths and weaknesses of the two initiatives. This part of the thesis discusses these key findings in a broader context of social upgrading, power dynamics, and labor governance in global apparel value chains.

It has been mentioned that the FLA and the WRC have a long history of combating sweatshop conditions in the apparel industry. Today, both organizations remain crucial to the global labor governance approach. The FLA and the WRC fall under the category of societal-led multi-stakeholder initiatives and provide monitoring and certification services to their affiliated members. Joint efforts of multiple actors within each organization demonstrate the longstanding commitment to the anti-sweatshop movement that proliferated in the US in the early 1990s.

As noted in Section 2, it can be challenging to assess the impact of labor governance on living standards and conditions of employment and, therefore, social upgrading (Barrientos/Smith, 2007). The analysis of the FLA and the WRC has shown a vital difference in their monitoring regarding violations of the two broadly used dimensions of social upgrading - measurable standards and enabling rights. Corporate-influenced MSIs (like the FLA) show better results in monitoring quantifiable aspects of minimum labor standards and fail to implement lasting solutions for the enabling rights of workers. Labor-influenced initiatives (like the WRC), on the contrary, are more successful in monitoring rights that are hard to observe and focus on workers' voice and empowerment (see Anner 2011; Finnegan, 2013). At the same time, another difference in regard to the quantifiable labor standards is reflected in the workers' wages. The analysis shows that the FLA does not focus its efforts to promote living wages in the factories of the affiliates and started to work in that direction only after continuous debates. However, the provision to ensure a payment of a living wage among licensees' factories was included in the WRC's code from its founding.

A limitation of both initiatives regarding social upgrading is that most of the FLA's and the WRC's monitoring activity happens in the factories that produce finished goods for big brands and is in direct relation with these brands (or lead firms). In apparel GVCs, they are called "Tier-One" manufacturers and usually remain in a direct connection with global buyers. At the same time, facilities that work as subcontractors for "Tier-One" suppliers for producing and processing raw materials for apparel (Tier 2, 3 and 4) are often disregarded by labor rights monitoring organizations. While the FLA has only recently started a pilot project to support workers beyond Tier 1, the WRC's work remains exclusively focused on the first tier suppliers. This seriously limits

the scope of the organizations because mostly facilities in the upper tiers often face hazardous working conditions, involve informal or child labor, and disregard the national or international labor requirements (FLA, 2019o). Therefore, as for now, the WRC and the FLA might be inadequate in impacting the most vulnerable category of garment workers, who are employed in the factories beyond the first tier.

Even though the WRC and the FLA focus on improving working conditions globally and recognize the need for a systemic change in the garment sector, the two organizations remain incapable of changing the sourcing strategies of international buyers in the global apparel value chain. As discussed earlier in Section 4, sourcing strategies of global brands shape the geography of global apparel manufacturing and create a distinctive asymmetry of power between buyers and suppliers (Rossi et al., 2014). These power asymmetries are also related to consolidation at the brand level and many supplier countries and firms at the manufacturing level leading to high competition. These power asymmetries are reflected in the form of short lead times, volatile orders, low prices, and increased flexibility demands and often lead to pervasive labor violations in the suppliers' factories (Anner/Bair/Blasi, 2013). The work of the FLA and the WRC remains focused to a great extent on suppliers monitoring rather than on the brands behavior. Hence, they are unable to influence sourcing strategies of buyers and power asymmetries in the apparel sector.

As mentioned before, most MSIs in the apparel sector operate voluntary and, therefore, do not require mandatory membership or participation. Therefore, the supreme measure of sanctioning dishonest stakeholders is a termination of work with those who failed to comply with labor standards (Macdonald, 2011). The FLA and the WRC have been illustrated in this research as the two social compliance programs that brands, suppliers, licensees, and universities join on a voluntary basis. This means that both initiatives do not have legal power to sanction their members for not following their codes of conduct. While the FLA's greatest form of punishment is the termination of affiliation with the companies, the WRC informs member universities of the instances of misconduct and leaves the choice of discontinuance of their partnership with the licensees to the institutions. Consequently, the FLA and the WRC cannot fully guarantee that their affiliates will thoroughly implement requirements. Further, public regulations are needed for binding standards. Such regulations could not only regulate and bind supplier factories but also brands, but they require political will.

8. Conclusions

The objective of this thesis was to analyze the role of the two multi-stakeholder initiatives - the FLA and the WRC - in combating sweatshop conditions in the apparel industry. The focus was on comparing and contrasting the two organizations in their governance approaches and impacts, and identifying their strengths and weaknesses. In this last section, the main findings are presented and linked to the research question and sub-questions of the paper.

The FLA and the WRC have been operating in the garment sector for almost 20 years, with the main goal of improving working conditions around the world. An overview of the two initiatives has revealed that the FLA and the WRC have a certain number of similarities in their governance approaches and monitoring processes, address related labor rights issues in the apparel sector and have a number of outstanding working achievements as well as several partnerships with other stakeholders in the industry. Both organizations conducted many factory investigations in the past two decades and focused on improving the working conditions of garment workers in accordance with international labor standards. To ensure transparency of their work, the FLA and the WRC initiate public reporting of their findings and assist in the remedial actions in the factories of their affiliate members. Additionally, both organizations contribute to research in the area of labor standards and produce a number of research reports that shed light on global labor problems.

The comparative analysis has also demonstrated important differences in the work of the two organizations. While the FLA focuses on the entire apparel industry, the WRC's scope covers only collegiate apparel. Besides that, the FLA affiliates with companies, suppliers, and collegiate licensees, whereas the WRC's approach is only limited to collegiate licensees. There is a substantial difference in the number of monitoring assessments of the two organizations - the FLA has performed more than 1400 workplace investigations while the WRC has done only 135 visits in the past 20 years. This is related to the latter being independent from the "corporate influence". The WRC neither allows companies or licensees to become its affiliate nor accepts funding from for-profit corporations or labor unions. The FLA, on the contrary, appoints executives from the affiliated companies to its governing board and, to a greater extent, relies on their funding. While the FLA and the WRC include several relevant stakeholders on the boards such as universities, students, labor rights experts, and CSOs, workers and their trade unions remain underrepresented in the governing bodies of the two organizations.

Both the FLA and the WRC have a comprehensive list of social standards that form their Codes of Conduct. These codes are used by the two initiatives as the basis for their investigations. Although

both organizations recognize the rights of workers that are reflected in the main ILO Conventions and the UN's Declaration on Human Rights, the FLA's code requirements are not as strong as those of the WRC. Thus, the FLA's code does not explicitly push its affiliates for introducing and maintaining a living wage standard in the factories.

Another difference is reflected in their approaches to the two dimensions of social upgrading - the measurable standards and enabling rights. It is argued that "labor-influenced" programs like the WRC are more likely to emphasize and monitor abuses of the freedom of association rights, and are less effective in the areas of minimal labor standards like wages, hours of work and health and safety standards. The FLA, which "corporate influenced", shows better results in monitoring measurable standards and less often emphasizes enabling rights of workers.

Monitoring the factories of their affiliates is the principal work of the FLA and the WRC. While the FLA is capable of monitoring a large number of facilities, it lacks transparency in the methods and reporting. The organization neither mentions the name and locations of the factories nor explains how they were selected for the monitoring. The FLA maintains a Third Party Complain procedure; however, the amount of resolved complaints in comparison to the factory audits is very small. The WRC, on the contrary, is open with its findings and the process. Nevertheless, it is not capable of investigating many factories due to its limited financial and organizational features. The organization rather seeks to increase the input of local and regional actors, in order to appropriately address the goals and needs of the community and empower and strengthen the capacity of the local groups, especially the affected workers, in resolving future labor problems.

Both the FLA and the WRC have demonstrated that their work can impact thousands of workers and address the main labor rights violations in the global apparel supply chains. While the efforts of the two organizations are undoubtedly remarkable, the FLA and the WRC, in some cases, have different approaches towards complaint-triggered investigations. The case of Russell Athletic showed that the FLA might disregard workers' voice, dismiss the work of the most established authority on labor rights, the ILO, and continue to indulge the vision of private, corporate auditing companies when dealing with problems at the factory level. The collective work of the WRC, USAS and other activists, on the contrary, empowered workers in the same factory. Their joint efforts initiated the union-management agreement that guaranteed the workers the right to organize and bargain collectively in all of the company's factories.

The FLA- and WRC-affiliated colleges and universities also contribute to the ethical production of apparel. They join the two organizations to build more constructive and collaborative relationships with their licensee partners, get to know their supply chains better and ensure that workers in the collegiate apparel-producing factories are treated with full respect. For the universities both organizations are important because one (mainly the FLA) engages its members into a lot of training and educational activities on how to maintain proper conditions in the factories. Another organization, the WRC, is more action-oriented. It is usually in charge of investigations related to the labor rights violations and enforcement of proper remedial actions.

Students are often engaged with USAS' campaigns for the protection of workers' rights and take part in the educational activities offered by the university. However, only a few universities that are affiliated with the FLA and the WRC are fully committed to the topic of labor standards on a daily basis. Many universities, to a great extent, just rely on the work of the FLA or the WRC as their main activity to ensure the proper production of collegiate apparel.

Although the FLA and the WRC have been operating in the garment sector for almost 20 years, neither have influenced the sourcing strategies of global brands and supported a systemic change in the industry. Therefore, MSIs like the FLA and the WRC that aim at ensuring decent working conditions in the apparel sector are expected to put more focus on the commercial strategies of global companies, as otherwise they do not address the key cause of problematic labor issues. If brands recognize and accept sustainability risks in their subcontracted facilities and adapt their sourcing strategies and business models accordingly, this could lead to a gradual change in the whole apparel supply chain and provide long-lasting solutions to the life and employment of workers. Moreover, the FLA, the WRC, and other multi-stakeholder organizations could be more collaborative in their efforts and apply stronger sanctions on the affiliated members for not complying with international labor standards. Labor monitoring organizations should increase workers' voice in their work and switch to the "bottom-up" approach when trying to overcome abusive labor practices. Furthermore, organizations like the FLA and the WRC should try to enhance national and international public policies and regulations regarding labor rights and standards, as only such standards can be binding for apparel suppliers and brands.

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Appendix

Table 6. Interview Schedule

Interview Partners	Position within FLA's/WRC's Board of Directors	Institution	Interview date
Interview Partner #1	University representative	University of Washington	25.09.19
Interview Partner #2	USAS representative	Gonzaga University	05.10.19
Interview Partner #3	University representative	University of Connecticut	07.10.19
Interview Partner #4	Labor Rights Expert	AFL-CIO	08.10.19
Interview Partner #5	University representative	Washington University in St. Louis	11.10.19
Interview Partner #6	University representative	University of Texas at Austin	16.10.19
Interview Partner #7	University representative	Princeton University	24.10.19
Interview Partner #8	University representative	University of California, Los Angeles	24.10.19
Interview Partner #9	USAS representative	Villanova University	04.11.19

Interview Guide

Warm up

1. Could you introduce yourself?
2. How long have you been working with the FLA/ the WRC?
3. What are your current duties?

General questions about the FLA and the WRC

4. Why do universities/companies/etc. want to affiliate with labor rights monitoring organizations like the FLA and the WRC?
5. What impact does the FLA/ the WRC have on improving working conditions in the apparel sector?
6. What are the main achievements of the FLA/ the WRC?
7. What could be improved in the work of the FLA/ the WRC?
8. What lessons can we learn from the FLA and the WRC that could improve the work of other multi-stakeholder initiatives in the apparel sector?

Role of universities in the anti-sweatshop movement

9. How important is student activism/student anti-sweatshop movement on your campus?
10. How does your university contribute to ensuring the ethical production of collegiate apparel? (Besides the affiliation with the FLA/ the WRC)

Closing

11. Is there anything you would like to add?
12. Could you recommend any other relevant experts that can contribute to this research?

Table 7. Comparison of the FLA & the WRC.

Criteria	FLA	WRC
Mission	“to combine the efforts of business, civil society organizations, and colleges and universities to promote and protect workers’ rights and to improve working conditions globally through adherence to international standards”	“to document and combat sweatshop conditions; identify and expose the practices of global brands and retailers that perpetuate labor rights abuses; and protect the rights of workers who make apparel and other products”
Geographical scope of the monitoring activity	<i>Africa:</i> Cote D’Ivoire, Egypt, Madagascar, Morocco, Tunisia <i>Americas:</i> Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru, United States <i>Asia:</i> Bangladesh, Cambodia, China, India, Indonesia, Jordan, Macau, Malaysia, Myanmar, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, Vietnam <i>Europe:</i> Albania, Bulgaria, Georgia, Hungary, Italy, Poland, Portugal, Romania, Slovakia, Slovenia	<i>Africa:</i> Kenya, Lesotho, Swaziland (Eswatini), <i>Americas:</i> Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Puerto Rico, United States <i>Asia:</i> Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Pakistan, Philippines, Thailand, Turkey, Vietnam <i>Europe:</i> N/A
Governance	19-member Board of Directors: • 6 Company representatives • 6 University representatives • 6 CSO representatives • 1 independent Chair	18-member Board of Directors: • 6 representatives of the administrations of the University Caucus • 6 representatives of United Students Against Sweatshops (USAS) • 6 independent labor rights experts, representing the WRC Advisory Council
Financing	FLA is a 501(c)(3) non-profit corporation. Funds come from: • Annual participating companies and participating suppliers fees • Annual universities & licensees fees • Assessment and monitoring fees • Other (special projects, grants, etc.)	WRC is a 501(c)(3) non-profit corporation. Funds come from: • College and university affiliation fees • Grants from the federal government and philanthropic foundations
Membership & Requirements	138 colleges and universities in the United States and Canada; 10 CSOs; Companies: 49 Participating Companies 15 Participating Suppliers ~ 2000 Collegiate Licensees Affiliated Universities are required to: • Join the University Advisory Council • Submit a list with all licensees	156 colleges and universities in the United States and Canada Affiliates are required to: • Adopt a manufacturing code of conduct and work toward the incorporation of this code into applicable contracts with licensees. • Disclose all production facilities of licensee suppliers • Pay annual fees

	• Pay annual fees Affiliated CSOs are required to: • Assist in developing programs and policies Affiliated companies are required to: • Submit a monitoring plan with internal compliance program • Commit to ten principles of fair labor and responsible sourcing (and/or production) • Uphold the FLA workplace code of conduct in their supply chain • Pay annual fees	
Workplace Code of Conduct and Social Standards	Standards: 1. <i>Employment Relationship</i> 2. <i>Nondiscrimination</i> 3. <i>Harassment or Abuse</i> 4. <i>Forced Labor</i> 5. <i>Child Labor</i> 6. <i>Freedom of Association and Collective Bargaining</i> 7. <i>Health, Safety and Environment</i> 8. <i>Hours of Work</i> 9. <i>Compensation</i>	Standards: 1. <i>Wages and Benefits</i> 2. <i>Working Hours</i> 3. <i>Overtime Compensation</i> 4. <i>Child Labor</i> 5. <i>Forced Labor</i> 6. <i>Health and Safety</i> 7. <i>Nondiscrimination</i> 8. <i>Harassment or Abuse</i> 9. <i>Freedom of Association and Collective Bargaining</i> 10. <i>Women's Rights</i>
Monitoring process	How does the WRC decide, which factories to monitor? • All applicable facilities should be examined by the company's internal monitoring team within first 2-3 years of affiliation • 5% of applicable facilities are chosen annually based on risk factors and using random sampling methodology • Third Party complaints • FLA's own initiative Who monitors? • Company's internal monitoring team • External assessment organizations • External independent assessors How does the monitoring work? • SCI methodology • Interviews with workers & other relevant parties • Visual workplace inspection	How does the WRC decide, which factories to monitor? • Complaint triggered investigations • Proactive investigations Who monitors? Investigative team made of • Local community • One member of the WRC staff or governing board How does the monitoring work? • Interviews with workers & other relevant parties • Visual workplace inspection • Relevant document audits • Country-specific laws and jurisprudence reviews

	• Relevant document audits • Country-specific laws and jurisprudence reviews	
Remediation practice and Public reporting	• Issues a standardized report, describing noncompliance with FLA's Workplace Code of Conduct, FLA Compliance Benchmarks and applicable legal standards • Offers recommendations for remedial action to the facility • Conducts Independent External Verification (IEV) visits to verify implementation of remediation plans • Publishes detailed reports on findings in the factories on the website	• Offers recommendations for remedial action to the facility • Reports to brands, colleges and universities about noncompliance with WRC standards • Engages with local stakeholder and NGOs, if needed • Publishes detailed reports on findings in the factories on the website
Additional work to factory investigations	• Third Party Complaints • Research projects • Issue briefs	• Worker Complaint Mechanism • Research & Publications • Factory Disclosure Database
Achievements	• OISH-Accredited Fire Safety Training series • Project "Promoting Sustainable Labor Compliance in Vietnam" • Project "Toward Fair Compensation in Global Supply Chains"	• Accord on Fire and Building Safety in Bangladesh • Living wage standard at Alta Gracia factory • Union-management agreement to protect associational rights across factories

Table 8. FLA's Annual Reports analysis, 2012-2016.

Criteria/Annual Report	AR 2012	AR 2013	AR 2014	AR 2015	AR 2016
New features in the FLA's work	Sustainable Compliance methodology (SCI) Student Committee in the framework of University Advisory Council Expansion to electronic and agriculture sectors	Principle of responsible purchasing practices Expansion of "safeguard tools" for monitoring	Improved representation of suppliers and CSOs Issue briefs on important social compliance topics Amended "Compensation Code" element	Voluntary disclosure of factory list of 11 FLA-affiliated companies	Ongoing advocacy and collaboration with governments, CSOs and companies
Number of accredited companies	18	19	20	23	23
Number of assessments	133 factories; 163 farms	29 factories; 446 farms	129 factories; 58 farms	124 factories; 779 farms	149 factories; farms N/A
Estimated number of impacted workers	>206,000	~80,000	>180,000	>135,000	>175,000
Countries	23	9	21	21	27
Assessments per country (Top 5)	N/A	1. China (13) N/A	1. China (48) 2. USA (15) 3. Turkey (12) 4. India (9) 5. Viet Nam (7)	1. China (39) 2. USA (14) 3. Viet Nam (10) 4. Turkey (9) 5. India (9)	1. China (47) 2. Viet Nam (18) 3. Bangladesh (13) 4. USA (10) 5. Indonesia (8)
Top 5 code element violations	Employment Relationship Health & Safety Compensation Nondiscrimination Hours of work	N/A	Employment Relationship Health, Safety & Environment Hours of Work Compensation Nondiscrimination	Employment Relationship Health, Safety & Environment Hours of Work Compensation Freedom of Association	Employment Relationship Health, Safety & Environment Compensation Hours of Work Freedom of Association
Additional work to factory investigations	Research "Exploring childcare in Bangalore's garment factories" Initiative "Fair Wages Workshop at University of Washington" Research "Global Forum for Sustainable Supply Chains"	Initiative "OISH-Accredited Fire Safety Training series" Research "Social impact assessment projects with H&M and Syngenta"	Pilot Initiative "Promotional products working group for companies, universities and CSOs" Project "Promoting Sustainable Labor Compliance in Vietnam"	Pilot Initiative "Student engagement program" Initiative "Online supply chain training for licensees and universities" Project "Toward Fair Compensation in Global Supply Chains"	Research "Tracing supply chains for raw materials in apparel & footwear industry"

Table 9. FLA-accredited compliance programs of Participating Companies and Participating Suppliers in the apparel sector.

	Company name	Total amount of assessments	Time period of assessments
1	Nike, Inc.	233	2002-2018
2	Adidas	131	2002-2018
3	Puma SE	92	2004-2018
4	Hanesbrands	74	2008-2018
5	PVH Corp.	72	2002-2019
6	Fast Retailing	59	2016-2018
7	Patagonia	35	2003-2018
8	Under Armour	27	2006-2018
9	Fruit of the Loom (Russell Brands)	24	2003-2018
10	SanMar Corporation	22	2007-2017
11	Mountain Equipment Co-op (MEC)	18	2005-2018
12	GFSI, Inc.	17	2003-2017
13	Zephyr Graf-X	17	2003-2018
14	Fenix Outdoor AB	16	2014-2018
15	Forty Seven Brand	15	2003-2016
16	Hugo Boss	15	2015-2018
17	Kathmandu	15	2015-2018
18	New Balance Athletics, Inc.	15	2010-2018
19	New Era Cap Co., Inc	15	2003-2018
20	Gildan	14	2004-2019
21	Chenfeng*	13	2007-2018
22	Arena Group	11	2012-2018
23	Colosseum Athletics Corporation	10	2007-2018
24	Mainland Headwear*	9	2009-2018
25	Volcom, LLC	8	2015-2017
26	Esquel Group*	8	2009-2016
27	Outerstuff, Ltd.	7	2011-2018
28	Prana	7	2010-2016
29	Pou Chen Group*	7	2012-2018
30	Dallas Cowboys Merchandising, Ltd.	6	2013-2018
31	Lakeshirts, Inc.	6	2014-2017
32	Gore Wear	5	2014-2018
33	Vetta, LLC.	4	2014-2018
34	Outerknown	3	2016-2018
35	Textiles Opico*	2	2012-2017

Source: FLA (2019j; 2019k).

Note: * = Participating Suppliers.