universität wien

MASTERARBEIT / MASTER'S THESIS

Titel der Masterarbeit / Title of the Master's Thesis

Securing Institutional Workers' Power in the Global Garment Industry
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The ACT agreement's efforts to establish sectoral collective bargaining in Cambodia

verfasst von / submitted by

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angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of

Master of Arts (MA)

Wien, 2022 / Vienna, 2022

Studienkennzahl lt. Studienblatt / degree programme code as it appears on the student record sheet:	UA 066 589
Studienrichtung lt. Studienblatt / degree programme as it appears on the student record sheet:	Masterstudium Internationale Entwicklung / Development Studies
Betreut von / Supervisor: Cornelia Staritz	Ass.-Prof. Mag. Mag. Dr. Cornelia Staritz, PhD

Abstract English

This master thesis analyses the implementation of the Action, Collaboration, Transformation (ACT) agreement, signed between 20 garment lead firms and the Global Union Federation IndustriALL. The agreement seeks to secure living wages through a dual approach. At the national scale in selected garment producer countries, the agreement aims to establish sectoral collective bargaining between garment trade unions and employer associations. At the transnational scale, lead firms have committed to support this process by transforming their purchasing practices to enable negotiated changes structurally and financially. This thesis analyses the implementation process in Cambodia, the country with the longest and most comprehensive negotiation process. Theoretically, I complement the vertical perspective of the GPN approach with the horizontal perspective of the Power Resource approach (PRA). To combine these two approaches, I use the concept of scales to describe the complex geographical relations in the ACT agreement. I explore how vertical and horizontal power relations influenced the implementation process in Cambodia between mid-2018 and mid-2020, and how this process in turn affects these power relations. Drawing on the qualitative analysis of press and media articles and interviews with Cambodian trade unionists (6), a representative of the Cambodian garment employer association (1), IndustriALL and ACT staff (2) and industry experts (2), this thesis identifies three phases and its key developments, in addition to summarising the position of the employers' association and six unions on the implementation process. Although, ACT is a promising and qualitatively novel approach to labour governance and has been appreciated by Cambodian stakeholders, the implementation process in Cambodia has been unsuccessful. Key factors identified are limited lead firm participation, institutional weaknesses in the mechanism, intense regional competition and the lead firms' mode of handling the Covid-19 pandemic. These factors left the vertical and horizontal relations highly asymmetrical and resulted in the fact that the employer association declined to enter sectoral bargaining. On the horizontal dimension, the thesis finds that while unions were eager to join sectoral bargaining, the employer association and the state preferred and were able to prevent the establishment of a new form of institutional power for trade unions. IndustriALL and Cambodian unions did not use their power resources to pressure lead firms and employers to get the establishment of sectoral bargaining off the ground. The thesis concludes that ACT represents a promising and novel approach to GPN specific problems, but it lacks a power-sensitive approach to implementation.

Abstract German

In dieser Masterarbeit wird die Umsetzung des ACT-Abkommens (Action, Collaboration, Transformation) analysiert, das von 20 führenden Bekleidungsunternehmen und der globalen Gewerkschafsföderation IndustriALL unterzeichnet wurde. Die Vereinbarung zielt darauf ab, existenzsichernde Löhne durch einen dualen Ansatz zu sichern. Auf nationaler Ebene in ausgewählten Bekleidungsherstellungsländern will das Abkommen sektorale Tarifverhandlungen zwischen Gewerkschaften und Arbeitgeberverbänden etablieren. Auf transnationaler Ebene verpflichteten sich de führenden Unternehmen, diesen Prozess zu unterstützen, indem sie ihre Einkaufspraktiken transformieren, um die ausgehandelten Veränderungen strukturell und finanziell zu ermöglichen. Diese Arbeit analysiert den Implementierungsprozess in Kambodscha, dem Land mit den längsten und umfassendsten Verhandlungen. Theoretisch ergänze ich die vertikale Perspektive des GPN-Ansatzes durch die horizontale Perspektive des Machtressourcenansatzes. Um diese beiden Ansätze zu kombinieren, verwende ich das Konzept der Skalen, um die komplexen geografischen Beziehungen im ACT-Abkommen zu beschreiben. Ich untersuche, wie vertikale und horizontale Machtbeziehungen den Implementierungsprozess in Kambodscha zwischen Mitte 2018 und Mitte 2020 beeinflusst haben und wie dieser Prozess wiederum diese Machtbeziehungen beeinflusst. Auf der Grundlage einer qualitativen Analyse von Presse- und Medienartikeln sowie von Interviews mit kambodschanischen Gewerkschaftern (6), einem Vertreter des kambodschanischen Arbeitgeberverbands der Bekleidungsindustrie (1), IndustriALL- und ACT-Mitarbeiter:innen (2) und Branchenexpert:innen (2) werden in dieser Arbeit drei Phasen und die wichtigsten Entwicklungen identifiziert und die Position des Arbeitgeberverbands und von sechs Gewerkschaften zum Umsetzungsprozess zusammengefasst. Obwohl ACT ein vielversprechender und qualitativ neuartiger Ansatz für die arbeitsrechtliche Steuerung ist und von den kambodschanischen Akteuren geschätzt wird, war der Umsetzungsprozess in Kambodscha nicht erfolgreich. Als Schlüsselfaktoren wurden eine begrenzte Beteiligung der Modeunternehmen, institutionelle Schwächen des Mechanismus, intensiver regionaler Wettbewerb und die Umgangsweise der Unternehmen mit der Covid-19-Pandemie, identifiziert. Diese Faktoren führten dazu, dass die vertikalen und horizontalen Beziehungen sehr asymmetrisch blieben und der Arbeitgeberverband es ablehnte, an sektoralen Verhandlungen teilzunehmen. Was die horizontale Dimension anbelangt, so zeigt die Arbeit, dass die Gewerkschaften bestrebt waren, sich an Branchentarifverhandlungen zu beteiligen, der

Arbeitgeberverband und der Staat es jedoch vorzogen und in der Lage waren, die Schaffung einer neuen Form institutioneller Macht für die Gewerkschaften zu verhindern. IndustriALL und die kambodschanischen Gewerkschaften nutzten ihre Machtressourcen nicht, um Druck auf die Modeunternehmen und Arbeitgeber auszuüben, damit die Einführung von industrieweiten Tarifverhandlungen in Gang kommt. Die Arbeit kommt zu dem Schluss, dass ACT ein vielversprechender und neuartiger Ansatz zur Lösung der GPN-spezifischen Probleme ist, dass es aber an einem machtbewussten Ansatz für die Umsetzung fehlt.

Thanks to:

To Veasna Nuon for his support in getting in contact with relevant stakeholders.

To Pisey Dorn for her support to secure interview partners and her translations.

To all trade unionists and the GMAC representative for sharing their perspective.

To my supervisor Cornelia Staritz, for her great feedback, understanding and support.

To the University of Vienna for financing my online research.

To Laura Plochberger for her emotional and organisational support.

To Judith Mühlleitner for her emotional and content-related support.

To Jona Bauer for our scientific cooperation and for your influences on my thoughts.

To Hannes Grohs for your support at the early and late stages.

To Andi Pils for his emotional support.

To my mother Ute Holl-Pachler for her linguistic, emotional and financial support.

To my father Wilfried Holl for his emotional and financial support.

To my grandmother Irmgard Pachler for her positive attitude and her belief in me.

To all my other friends, who supported me in the stressful phases of this process.

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1. Introduction

The developments around the Covid-19 pandemic and its effects on garment workers have shown once more how fragile garment workers' rights in Global Production Networks (GPN) are. When fashion stores in the Global North closed due to lockdown regulations in 2020, garment lead firms used emergency provisions in purchasing contracts to cancel orders of already produced clothes. In this way, financial losses were passed on towards the weaker actors in GPNs. Thousands of supplier factories in the Global South had to shut down, and millions of garment workers lost their jobs and incomes (Anner 2020) This mode of crisis handling renders a mode of production visible which is characterised by highly asymmetric power relations between global apparel lead firms, their suppliers, and workers. (see Holl/Bauer 2022) [1]

Low wages and poor working conditions such as health and safety issues, gender-based discrimination, and harassment of trade unionists are central concerns in GPN research (e.g. Arnold 2014; Plank et al. 2014; Rossi et al. 2014). Social upgrading subsumes strategies to improve the working conditions and livelihoods of workers in GPNs, for example through enforcement of national labour laws and collective bargaining (Barrientos et al. 2011; Milberg/Winkler 2011). Both these traditional routes have limits in GPNs as they only target capital at the places of production, namely suppliers who directly employ the garment workers, and not the lead firms in the Global North. Supplier companies, however, have limited power and resources to increase wages and change the mode of production as the working conditions are strongly influenced by the purchasing practices of Transnational Corporations (TNCs) (Marslev 2019; Anner et al. 2013).

Mechanisms of global labour governance seek to address these issues and regulate working and employment conditions in GPNs, for example through Corporate Social Responsibility (CSR) standards. However, such standards have proven insufficient in securing substantial

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[1] In a paper for the Journal of Development Studies (JEP) I described some of the results of this Master Thesis and together with Jona Bauer compared them to his results on Global Framework Agreements.

social upgrading due to their voluntary nature, limited participation by labour actors, and the neglect of the conflict of interests between capital and labour (e.g. Barrientos/Smith 2007; Egels-Zandén/Merk 2014; Miller et al. 2010; Zajak 2017a). An alternative to CSR are initiatives involving trade unions, at the global level represented by Global Trade Union Federations (GUFs) such as IndustriALL Global Union. Such instruments are subsumed under the term "Transnational Industrial Relations Agreements (TIRAs)" (Ashwin et al. 2020)

In this master thesis, I analyse the Act Collaborate and Transform (ACT) agreement signed in 2015 between IndustriALL and 20 TNCs. ACT is a multi-firm TIRA and aims at addressing the root causes of low wages and poor working conditions by transforming the purchasing practices of the participating TNCs at the transnational scale and establishing sectoral collective bargaining at the national-sectoral scale in producer countries.

While ACT is being implemented in selected countries, the analysis focuses on the implementation in Cambodia, because it was the first country selected to begin the process of establishing sectoral bargaining and the negotiation process has been conducted the longest and most comprehensively. I explore how vertical and horizontal power relations between capital, labour and the state shape the agreement's implementation process and how the agreement in turn affects those power relations. Thereby, I want to find out what the challenges of the implementation process in Cambodia are and how the process has affected the capital-labour relations in the country.

Theoretically, I analyse the ACT agreement with an action-centred perspective, looking at agency spaces of workers and their representatives. I analyse the interlinked vertical, horizontal, and intersectional dimensions and connect the social upgrading debate of the GPN approach with the power resource approach (PRA) through the concept of scales to describe the complex geographical relations present in GPNs.

My argument draws on semi-structured interviews with stakeholders in Cambodia and at the global level as well as on the analysis of press and media. The interviews covered trade unionists in Cambodia, one supplier representative, two ACT and IndustriALL representatives and two industry experts. The documents are the documents around the agreement, press releases, and similar communication material. To include an analysis of the impact of the Covid-19 pandemic I analysed newspaper articles.

The thesis proceeds by outlining the theoretical approaches and concepts employed to systemize the complex phenomenon at the centre of this master thesis. Secondly, I describe my methodological approach and the research process. In the third chapter, I summarize empirical case studies on the global garment production network, and in the fourth Cambodia’s position in it. In the fifth chapter, I outline my empirical results. Finally, I conclude and outline how power dynamics shape the ACT implementation, and how they, in turn, are affected by it.

2. Power Relations in Global Production Networks

The Global production of clothes is performed in a complex network, that connects various activities performed by multiple actors globally. These actors relate to each other vertically and horizontally through a hierarchical system, that is structured by exploitation and oppression and results in uneven development. This network is constantly reproduced and reshaped. Workers' agency and their power resources have been proven to play a significant role in transforming the network.

2.1. The Global Production Networks approach

The research area on Global Commodity Chains (GCC)/ Global Value Chains (GVC)/ and Global Production Networks (GPN) combines multiple complementary but also conflicting accounts of the global production – amongst the approaches as well as within each approach. The GCC/ GVC/ GPN approaches were mainly developed in the 1990s and have since then proven valuable in analysing and thinking global capitalism. Central to all strains is their novel point of view. Instead of describing the global economy through the activities and transactions between different states, GCC/GVC/GPN research describe the global economy through transnational chains or networks. This is particularly beneficial as a qualitative change in global production occurred since the 1980s. The production process of many consumer goods was continuously broken up into different stages performed in various countries by independent supplier firms. (Milberg 2004: 45)

The first scholars speaking about "commodity chains" were world system theorists Hopkins and Wallerstein in the late 1970s. They defined the commodity chain as a chain covering all singular production steps of a product, from the raw materials to the finished product. (Bair 2005: 155) This represented a new way to conceptualize the global economy and its division of labour:

> *"The predominant current procedure is to trace primarily the economic flows between states (that is, across frontiers) such as trade, migration, or capital investment. […] Such efforts do not, however, and for the most part cannot, show the totality of the flows or movements that reveal the real division, and thus the integration, of labour in complex production processes."* (Hopkins/Wallerstein 1986: 159–60)

The commodity chain concept was subsequently used in the 1980s within the World System Theory research and in the 1990s Gary Gereffi and others developed the concept further, first into the Global Commodity Chain (GCC) and then into the Global Value Chain (GVC) approach. Throughout this transformation scholars often moved away from the holistic and macro-perspective as applied by world system theorists to a more meso or micro level, namely the relation between firms, manufacturers, suppliers, and subcontractors. These approaches focused on the role of lead firms, governance within the chains and the possibilities of economic development (upgrading) through chain participation. Especially the GVC approach focuses on developing policy advise for the various actors participating in the chain aimed at economic development. (Bair 2005: 156, 162)

In this master thesis I use the Global Production Networks (GPN) approach, mainly developed by labour geography scholars. Several scholars applying this approach - and other accounts from Bair (2005), Selwyn (2012) and Werner (2016) - were fundamental in reviving the critical spirit within the GCC/GVC/GPN approaches and filling some gaps coming from the mainstream, firm-centrist and economic accounts.

These GPN scholars abandon the firm-centred point of view by including various non-firm actors in its analysis such as workers, consumers, civil society organisations and states. They seek to put the analysis of capitalism as a system at the centre, rather than focusing mainly on firms and their relation to their suppliers. (Cumbers et al. 2008: 372) Central is, that all these actors are embedded in the broader structures and institutional arrangements of the global economy and that many processes happen simultaneously within a structure that is characterised by power asymmetries. (Coe et al. 2008: 272–3) The GPN approach serves "as a way of interpreting the complex spatiality of power relations between diverse actors that shape global systems of production and exchange" (2008: 371)

Following Werner (2016), Bair /Werner (2015) and Coe et al. (2008) I use the GPN approach to analyse uneven development in capitalism. Doing so is often a complex process as global relations of inequality can be hard to grasp. The non-state-centred, but chain/network centred perspective is highly valuable to capture the complex processes and relations within global production and to think through "contemporary forms of uneven development in observable

GPN dynamics" (Bair/Werner 2015: 120) This specific perspective is important as "the losers [of globalisation] include many of those who have participated actively in the process of global integration." (Kaplinsky 2000: 118)

But this is not the end of the story. GPNs are not only reproducing uneven development and inequalities but are also arenas of transformation that are "best considered as, on the one hand, conjunctural expressions of uneven development and, on the other hand, organizational and social arrangements that reshape the geographies of uneven development, thereby hastening new network arrangements." (Bair/Werner 2015: 127) The extent to which transformation is possible is fundamentally determined by the current power relations between capital and labour. The governance of firms was analysed thoroughly in the GCC/GVC/GPN approach, however labour's agency is often not integrated into the analysis sufficiently. (Coe/Jordhus-Lier 2010: 221; Cumbers et al. 2008: 370; Plank et al. 2012: 3; Rainnie et al. 2011: 156)

2.2. Economic Upgrading, Social Upgrading and its critique

Many scholars – especially those publishing within the policy-oriented GVC strand –mostly focused on the firm-dimension, identifying ways how the producers in the Global South can secure more value capture. (Gereffi 1999; Humphrey/Schmitz 2002; Kaplinsky 2000) This development was named "upgrading" and defined as a "process by which economic actors—nations, firms, and workers—move from low-value to relatively high value activities in global production networks" (Gereffi 2005: 171). Upgrading became a synonym for economic development and the main objective of network participation. (Bair 2010: 154)

Those efforts of "enhancing firm-level competitiveness" (Selwyn 2013: 76) proved to be connected with clear boundaries due to lead firms' governance structures. Case studies show that suppliers can often upgrade their processes and products, however, hardly manage to upgrade functionally – performing higher value functions, those that secure more-value added. (see Humphrey/Schmitz 2002: 1023–4; Kaplinsky 2000: 140) Economic upgrading can also be a "strategy to defer devaluation" rather than an effective way to secure more value capture. (Werner 2016: 462)

Some scholars suggested that those economic upgrading processes also led to improvements in working conditions – even though the impacts on labour were not looked at closely and various case studies come to different conclusions. (Bair/Werner 2015: 121f; Barrientos et al. 2011: 325)

> *“Among the key conclusions are that upgrading, even at the level of the firm, is by no means a guaranteed outcome of GPN participation; that successful upgrading – at the level of improved efficiencies, expanded capabilities, etc. – does not always secure greater value capture for the firm; and that the gains from upgrading, when they do occur, are not necessarily shared by worker.” (Bair/Werner 2015: 124)*

To fill the gaps of the upgrading debate and to distinguish between benefits for firms and workers, the concept of “social upgrading” was subsequently introduced and defined as “the process of improvement in the rights and entitlements of workers as social actors, which enhances the quality of their employment.” (Barrientos et al. 2011: 324).

This definition of social upgrading was “framed by the ILO’s Decent Work Agenda”. (ibid.) The rights and entitlements are first of all, standards that can be measured such as “the type of employment (regular or irregular), wage level, social protection, working hours” as well as the level of unionization and gender distribution. Those measurable standards are often the result of “enabling rights”, the second component of social upgrading, that is harder to quantify, such as “freedom of association and the right to collective bargaining, non-discrimination, voice and empowerment”. If workers lack access to enabling rights the social upgrading is less likely. (ibid.: 324–5)

The automatic connection between economic and social upgrading was renounced and case studies in this relation “provide a mixed picture.” Social upgrading may be an effect of economic upgrading (high road), but also social downgrading can be (low road). Additionally both can be a result of economic upgrading, resulting in some workers benefiting and some workers loosing from economic upgrading. (ibid.: 325) The latter is a central argument of many feminist and intersectional scholars. When capital is faced with a need to economically upgrade it often uses social difference among workers to separate them into a hierarchical system, those with lower and higher skills. (see Rossi 2013; Werner 2016: 461–2, 2012)

Despite these mixed-picture the definition of social upgrading includes the possibility of a win-win-situation and social upgrading advocates search for strategies of upgrading that benefit both capital and labour. (Barrientos et al. 2011: 320)

> *"An important aim is to better understand how and why economic upgrading does not automatically lead to social upgrading, thereby providing a more informed basis for designing and promoting interventions that will promote both (the so-called "win-win" scenario)[…] Such interventions […] can occur at different levels, including: independent trade union representation of workers; company-level initiatives (including buyer and multi-stakeholder codes of labour practice); government legislation; and multilateral initiatives (such as ILO and OECD guidelines)." (ibid.: 336–337)*

In contrast to neo-classical trickle-down conception, social upgrading advocates apply a more institutional approach, that assumes that mutual gain for capital and labour is possible if their relation is regulated through good institutional settings. (Selwyn 2013: 80) This conceptualisation was criticised for its "inability to comprehend the nature of capitalist exploitation and indecent work" and an "weak conceptualization of class relation." (ibid.: 76,82)

Workers are included as "productive and social agents" and "independent trade union representation" is stated as one of many levels where interventions for social upgrading can occur (Barrientos et al. 2011: 336–7), but the concept mostly looks at labour as a passive component and hands the responsibility of improving working condition to actors on top of GPNs such as firms, states and international organisations and therefore remains a "top-down conception". (Selwyn 2013: 76) Additionally the social upgrading concept ignores that regulations and institutional arrangements do not come from nowhere, but are often outcomes of class struggles. (ibid.: 83)

2.3. Workers' Power Resources: Labour-led Social Upgrading:

While much of the research in the past was focusing on labour as an object (Cumbers et al. 2008; Plank et al. 2012; Selwyn 2013) there has been a rather recent shift by various scholars that emphasise labour as an agent that can shape the GPN. (Bair/Werner 2015; Coe/Jordhus-Lier 2010; Cumbers et al. 2008; Selwyn 2013) It is necessary to "recognize that workers have the agency to strive to improve their relative position and, at the same time, to contribute towards reshaping economic geographies " (Coe et al. 2008: 285)

Selwyn argues for a "'bottom-up conception of social upgrading, rooted in the analysis of the capitalist labour process, where changes to workers' conditions are determined, fundamentally, by the balance of power between labour and capital and how this balance is institutionalized by states" (Selwyn 2013: 76) This "labour-led social upgrading" leads to a different scientific point of view. It „analytically prioritizes workers' struggles to ameliorate their conditions through collective action" rather than allocating "labour a subordinate 'partnership' role to capital's profit orientation and states' attempts at regulating the capital–labour relation" (ibid.: 88)

Central in this argument is, that when workers organize themselves, they fundamentally increase their changes of achieving social upgrading. If labour unions use their associational power to activate their structural power resources through strikes and demonstrations, social upgrading can happen as capital is pressured into making concessions. (Marslev 2019; Selwyn 2013).

Structural power "rests on the power to cause disruption and as such to interrupt or restrict the valorisation of capital". As a primary source of power structural power exists without collective organisation but is activated by "the refusal to continue working" as is the case during strikes. In this way workers "can cause major costs for capitalists and force them to offer better wages or working conditions." (Schmalz et al. 2018: 116)

Structural power is affected by workers' position in the labour process and the GPN and the given labour market (Silver 2003: 13; Wright 2000: 962) It is higher where less people are needed to stop the production process, and where employers depend on timely production. Additionally, structural power can be increased by certain labour-market dynamics such as qualifications that employers need, low number of jobseekers and workers' dependence on wage labour to survive. (Schmalz et al. 2018: 116-7; Silver 2003: 13)

Workers have "associational power" when they form collective organizations, such as unions, parties, work councils and community organization. (Wright 2000: 962) Associational power can especially be effective where structural power is low and its amount depends on the amount union members, their activity, a shared identify or cause and the union's organizational efficiency. (Schmalz et al. 2018: 118–20)

To account for more power resources this two-folded model of "labour-led social upgrading" was subsequently developed further into the Power Resource Approach (PRA) that included two more sources of workers' power. As already indicated institutional arrangements are often the outcome of workers' struggle that manage to organise effective strikes. Consequently, these give arrangements give some power to the unions.

Institutional power is in place when trade unions can institutionalize or secure - maybe even in a legal way - their political impact permanently and beyond momentary political changes. (Dörre 2007: 56) It arises from legal guarantees such as the right to strike and institutions like labour courts and can emerge from formal and informal conventions and practices between capital and labour. Institutional power must be established, this is usually the case after workers' collective action using structural and associational power. Institutional power is of "two-fold nature". It gives rights and space to trade unions, is relatively stable over time and can still be in place when structural and associational power declined. At the same time, it confines workers' action to certain paths and can as such prevent workers' mobilization. (Schmalz et al. 2018: 121)

As many trade unions in the global South often lack enough structural, associational, and institutional power, they often try to access another form of power resource, through linking to other actors. Societal power comes from arenas of cooperation with non-labour actors and when union demands, or visions are successfully transported and incorporated into other parts of society. As the first source of societal power, coalitional power derives from cooperation with other social actors or organization and use some of their power resources for the mobilisation and campaigns of workers. Coalitional power can for example come about if trade unions engage with and utilize support of other civil society organisations or consumers for workers' demands. Discursive power is in place when union members and workers' can intervene in public debates, and when their ideas are seen as credible and just. It can be best employed and secured when scandals take place, and when unjust conditions can be brought to the attention of the general public. (ibid.: 122–3)

The different power resources are deeply interlinked and complement, substitute, or contradict each other. Institutional power for example can contain strikes and other workers' action and predefining paths of negotiation (Schmalz et al. 2018: 121).

> *"The relationship between the four power resources is complex, sometimes conflicting, and not to be understood simply as an add-on. […] Furthermore, it is hardly possible for unions to advance all power resources at the same time. Therefore, it is not so much the extent of power resources, but rather their development and specific combinations which are crucial for unions' assertiveness." (ibid.: 115)*

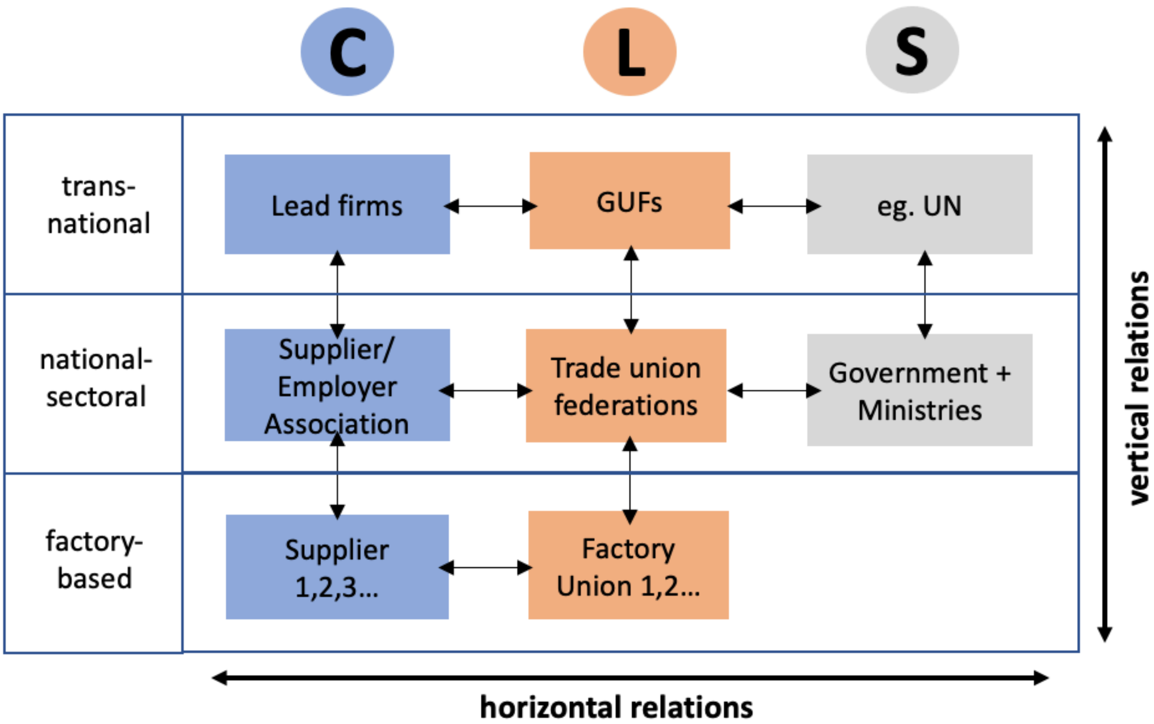
2.4. Vertical and horizontal Power relations

Despite the focus on labour agency and workers' power, it is central not over-emphasize their capacity to transform GPNs. Simply "putting labour in isn't enough" (Bair/Werner 2015: 127). Labour power needs to be embedded in in the existing political, economic, and social relations with other actors and institutions and it is essential to identify the "grounded, real-world conditions in which progressive change is possible". These relations condition workers' potential to improve working and living conditions and explain why some workers' action are influential and others not. (Coe/Jordhus-Lier 2010: 221).

In this master thesis, I follow the call for a "relational approach" that looks at actors as interconnected with each other. (Pries & Seeliger 2013: 39) This is essential as not only workers use their power resources, but so does capital, in order to "disorganise or come to an agreement with organised labour." (Schmalz et al. 2018: 115). How exactly capital and labour act is not determined. Their relation is however defined by capital's exploitation of labour. Specific actions will nevertheless always vary in time and space and between different groups of actors. (Cumbers et al. 2008: 372–3; Selwyn 2013: 82). Capital, labour and other GPN actors can relate to each other through "contestation as well as collaboration". (Levy 2008: 943)

Due to the global dimension of GPNs the conventional point of view on capital-labour relation is unsuitable. Workers in the Global South directly relate to their employers, who are suppliers to transnational lead firms. Labour's position is characterised by its employment relation to national capital, and the national capital's position by its competition relation to transnational capital. (Selwyn 2013: 82) To account for these different locations of interaction, I use the concept of scales. Originating from geography scales are used to describe geographically and politically constructed spaces of social relations such as the factory, the national-sectoral, and the transnational level. (Herod et al. 2007; Lier 2007; McGrath-Champ 2005; Selwyn 2013: 82)

Figure 1: Capital-State-Labour Relations in the Garment GPN



I define three societal fractions, as can be seen in Figure 1: capital, labour, and state actors. Each fraction exists in its specific form at each scale. At the transnational scale, capital actors are lead firms, labour actors are Global Union Federations (GUF), state actors can be representatives from the UN for example. At the national-sectoral scales supplier organisations meet trade union federations and the government of a country. At the factory scale, the supplier management of one unit meets the factory union, or workers individually. These horizontal relations at one scale are most elaborately discussed regarding the places where production touches down: on the national-sectoral or factory-based scale of one producer country. (see Marslev 2019: 36)

The horizontal conditions of each national space matter a lot. The PRA was developed to define and quantify workers' power in this realm. The quantity of workers' power is determined by workers' position in the factory, the labour market dynamics, the unionization rate, how active and united unions are and what strategies are applied to secure social upgrading. The relation to capital and the state, however, is not fully conceptualised within the PRA. Workers' power on the horizontal dimension is affected by capital's ownership structure, the type of products etc. and what strategies of management and labour control it applies. Additionally, it matters what national legal framework exits, how the government applies these laws and what attitude towards trade unions it has. (see Marslev et al. 2021)

While the PRA originated in global analyses of labour movements (Silver 2005), its subsequent conceptualisation does not systematically account for the global dimension of the networks that workers are positioned in. The vertical dimension that covers power relations from transnational to factory-based scale is underexplored. To fill this gap, it is essential to connect the horizontal dimension of the PRA with the vertical dimension applied by GPN research. Vertical GPN relations are most elaborately conceptualised for inter-firm governance between lead firms and suppliers (Gereffi et al. 2005; Gibbon et al. 2008). But they are not only capital-capital relation, but also capital - labour relations, e.g. relations between global lead firm and a trade union federation in a production country. Additionally, the state plays an important role in meditating capital-labour relations, both horizontally and vertically. (Smith 2015: 290–1)

In addition, I use a third perspective to highlight the intersectional structure of GPNs. It's important to account for the various intersectional categories along which GPNs are structured, and along which domination and exploitation are applied. Class is a fundamental category in the capital-labour relation, as capital exploits labour based on its class status. Yet, other categories of exploitation and domination also play an important role in GPNs. This has most elaborately been discussed within Feminist Political Economy. Social difference organizes the world and transnational production. (Bair 2010)

The position of labour actors as well as their level of exploitation are importantly defined by their gender, race, legal status, or migration history. The specific ways of difference vary between places and times. Research shows that "*how* gender matters in a particular location on the global assembly line is variable and contingent; *that* gender matters is not." (ibid.: 205) Race played an important role in the development of capitalism and "continues to play a role in the ordering of accumulation and impoverishment in the present." It serves as a "mode of classifying" (Tilley/Shilliam 2018: 537–8)

The vertical and horizontal dimension are highly interlinked. While the need for control of labour is established through vertical governance of GPNs, it materialises in horizontal, relations between workers, direct employers, and the state (Coe/Jordhus-Lier 2011, Levy 2008). To form this connection, and to connect the GPN approach with the PRA through the scale concept, can highlight this complex relation. In addition, the intersectional point of view can show how various categories of differences are utilised by capital to enhance the hierarchical power relations.

Central in this realm is the "adverse role company purchasing practices can play". (Barrientos et al. 2011: 332) They create "competing pressures" for social up- and downgrading at the horizontal scale. To secure orders from lead firms suppliers must produce high quality at low costs. The first is better achieved with a permanent workforce, that is more likely to be related with social upgrading – but the latter is achieved by using a temporary, lower-paid workforce. That is why "suppliers are likely to combine economic upgrading with social downgrading". (ibid.: 332–3) This can be done through creating difference among workers that legitimate hierarchies and ultimately help to reduce production costs, while incorporating code of conducts. Additionally, suppliers, governments and trade unions in producer countries fear relocation to competing countries. Lead firms can apply a "spatio-temporal fix" when production costs increased in one country. (Harvey 2004: 183) Capital is quite mobile and can easily change production locations. As labour is less free, this poses "fundamental spatial asymmetries between labour and capital". (Coe/Jordhus-Lier 2010: 222).

How successful unions are in securing social upgrading, first, depends highly on their horizontal relation to capital and the state and what mix of power resources they can use and create. Secondly, it matters how they are vertically related to other GPN actors and how effective they are escalating their power resources vertically (moving up scales). (Brookes 2013; Merk/Zajak 2019) It's important to link national trade union work to the activities of GUFs and thereby increasing associational power across scales. By building these transnational alliances with GUFs less powerful labour organisations can increase their associational power towards capital (Brookes 2017). This is also the case, when unions go beyond the factory-scale and manage to secure their institutional representation on the national-sectoral scale. Unions can also use global institutional settings such as ILO core conventions or OECD guidelines and thereby escalate their institutional power transnationally. If unions manage to connect strategically with trade unions that possess exceptional structural power as they can easily stop the product to reach their destination such as dock workers, they can compensate their own limited structural power. Unions can also use transnational societal power by linking to other civil-society groups in the Global North. (Schmalz et al. 2018)

3. Methodology, Methods, Data & Research Plan

While many researchers are not explicit on their basic ontological, epistemological and ethical assumptions and thereby their philosophy of science, I aim to disclose this “often-unacknowledged basis on which empirical claims are founded” (Jackson 2016: 58). In this master thesis I work with a critical realist approach. Like Jackson I regards ontological commitments as “world-disclosing” and “foundational” since the definition of social reality – or the question of what is existing, how the perceivable looks like and what reality is made of - provides the conditions for understanding and analysing one’s research field and one’s empirical material.

3.1. Ontological, epistemological and ethical Assumptions

Critical Realism works with three domains of reality. According to Critical Realism there are (a) things that can be directly perceived such as experiences, (b) things that are potentially perceivable such as events and (c) things that have a causal effect but can often not be perceived such as mechanisms. With each phenomenon a researcher can perceive the first two domains, but to Critical Realism it is central that the last domain is closely looked at, as it is directly contributing to the appearance and developments of the first two domains. (Mader et al. 2017: 15)

The social consists of structures, artefacts, and actors. All three need to be understood in their own originality and their reciprocal dependency and interaction. Their interaction occurs through practices, as actions of actors in certain structural and artefactual circumstances. Through this practices, structures, artefacts and actors are reproduced or transformed. (ibid.: 25–6) Artefacts and actors are mixed entities, both natural and cultural. Actors can act individually and collectively, their actions are always intentional, even though they might not realise it. Artefacts are socio-material things with their own specific causal powers (Wirkkraft). They get their meaning through their relation to human beings, and also their form is socially constructed by humans throughout history, in that way they possess a path-dependency. This also means that artefacts – such as the machines in a factory, the factory as a building, or the communication technology used in the Fashion industry - can support certain power relations. (ibid.: 29–30)

Structures are specific historic and socio-spacial arrangements. I define them according to Elder-Vass as whole entities, that relate its elements (actors, artefacts + other social structures). There are macro structures such as capitalism, the state, democracy, meso structures such as organisations, and micro-organisations such as the heteronormative family for example. It can be analysed how one structure works within itself but also how it works to the outside, to other structures. (ibid.: 31) Social structures are always power structures (see Isaac 1987: 81–2)

To describe a phenomenon, it is important to define how the context defines the individual or collective actions of those who live in it and vice versa. The specific position within a system restricts and enables certain forms of social actions. The structure can be transformed by actions. (Mader et al. 2017: 17,33) To sum up, Critical realism emphasizes both the objective and the subjective side of the social. The social is subjective as humans have the capability to transform themselves and their social context. The social is objective too, in such as all actions are conditioned by social structures and artefacts. Those have causal powers that can be constraints but also motivation for certain actions. (ibid.: 33)

When it comes to epistemological assumptions that form the basis of my research - the question what I can and cannot perceive and what obstacles to knowledge production exist – Critical Realism also argues for the objective as well as the subjective. The central epistemological assumption is that knowledge production is both transitive and intransitive. In its transitive quality knowledge production is always epistemically relative as it is situated in a certain socio-historic situation and realized by a researcher with a specific social, economic, and political background. In its intransitive side, knowledge production refers to research objects that have an objective side, that exist irrespective of the researcher's or societies' construction. (ibid.: 34)

Like constructive or poststructuralist approaches Critical Realism disapproves of epistemic certainties and final conclusions. That knowledge is always situated and therefore epistemically relative does not, however, result in a judgmental relativism, that says all views are equally valuable or well-grounded.

Critical realism calls for a judgemental rationality. Important here, again, is the assumption that the research object is given and existing outside the researcher's construction (ontological realism). Scientific statements are only true if they match with the object or capture it adequately. Researchers must know that knowledge is of fallible and provisional character. We know that the world consists of complex and multiply conditioned factors. But we regard this fallible knowledge as true knowledge, until a more accurate account is given. (ibid.: 35–36) This enables what Owen calls the "holy trinity of critical realism": a combination of ontological realism, epistemological constructivism and judgmental rationality (2011: 10) Bashkar gives an example from Isaiha Berlin: To say millions of people died in the second world war, is correct but not the most accurate description. Millions of people were massacred is the most evaluative but also best description of what actually happened. (Bhaskar 2015: 59) The scientific aim is to evaluate, not to prescribe. (see ibid.: 64)

My research question is retrodictive and aims at explaining the interaction of many things and mechanisms. I ask: What power relations influence the ACT implementation and how the ACT implementation influence the power relations. In doing so, I want to find out what socio-structural and actor-specific mechanisms are hindering or supporting the implementation of industry-wide collective bargaining in Cambodia. I want to find out, how certain social structures like certain power or property relations, mechanisms of social interaction, as well as patterns of interpretation like understandings on responsibility or social change effect the negotiation within the ACT agreement.

In an ethical sense, it is central to critical realism to reject a strong separation between facts and values. It rejects the dominant perception that analysing and criticising the object of research is incompatible. The object of research itself is normatively impregnated (formed, conditioned), therefore it needs a normative standpoint or position (Stellungnahme). Values are often necessary for an accurate description of phenomenon, such as exploitative practices. If you would describe it neutrally information would often be lost. (Mader et al. 2017: 46–7)

I want to apply an ethical critique. Andrew Sayer says people are necessarily "evaluative beings" (2011:13) They constantly evaluate in their everyday life cognitively and physically. In Emotions the two sides are interconnected. Emotions are key as they deliver indispensable information on what is good for people. Every-day evaluations are essential for interpreting situations and motives of actions. That's why they must be considered. Social critique needs to be developed by taking every-day actors and their subjective experiences seriously. This represents a bottom-up perspective of critique and is why I centrally include the perceptions of Cambodian actors in this master thesis. For example: The description of suffering is not value neutral, but its normative character needs to be taken seriously, as it cannot just be seen as a result of social conventions or subjective preferences but as something that tells us whether people are well or not. However, the evaluations of actors are not homogeneous and often conflicting. We cannot know everything, but we can know important factors, such as some universal boundaries no matter what culture and socio-historic context applies. (ibid.: 53–4)

3.2. Methodology, Methods & Research Steps

In this sub-chapter I describe my position towards the question, which methods we can and should use to answer a specific research question. The epistemological and ontological assumptions described above also have implications for methodology. If the world is as complex and multiply conditioned, and if mechanisms are not directly observable, it's delusional to speak of a singular method as the best way to answer research questions. Therefore, critical realism calls for a plurality of methods. Specific aspects of a phenomenon need specific methods. (ibid.: 44)

Since developing a methodological approach is closely linked to epistemological assumptions or as Castles say is a "systematic application of epistemology to research" (2012: 7), it is also central here to incorporate the epistemological assumptions described in the previous chapter. Accurately understanding a phenomenon - its actors and the structural and artefactual conditions they act in – requires an elaborate examination on the relevant factors that impact the knowledge production. Therefore, it is necessary to – throughout the research process - challenge whether interviewees accurately represent the actors involved, have the same understanding of the questions asked, are willing to share their views and state intentions that match their actual behaviour. (ibid.: 13)

In this master thesis a qualitative research approach is used. To analyse the material two methodical approaches were used. The *historical-materialist policy analysis* (HMPA) outlined by Brand (2013) and Forschungsgruppe "Staatsprojekt Europa" (2014) subsequently serves to open up a structural perspective for the analysis. I complement this with a *qualitative content analysis* in order to lay out the procedure of the analysis and to describe how exactly I collected and analysed the data.

The HMPA suggests an analysing procedure in three steps: context, actors, and process analysis. First, the context of the conflict needs to be described in its historical-dynamic and its structural dimension. The goal is to identify the historic situation on which the various actors of the conflict react in diverse and conflictive ways. The implications of this context for the power relations of the conflict need to be stated. (ibid.: 54–55) In this thesis, I mainly describe the context in chapter four, where I describe the North-South relations defined by power asymmetries, labour mechanisms regulating them and the Cambodian context. Additional factors are identified in the empirical chapter.

As a next step, in the analysis of actors, the researcher must find out how and why actors react differently and conflictive on this identified historical situation and the problems related to it. This is done by researching what relevant actors have said and done in relation to the conflict. Existing and conflictive strategies are identified, as well as inner heterogeneity. Normally all actors are then allocated to a project of hegemony. (ibid.: 55–58) This will not be done in my master thesis since I don't work with the concept of hegemony. For this thesis, I did not have space and time to do this actor analysis for itself. I rather included it in chapter three and the empirical chapter. The main actor analysis is done in chapter 4.3. that describes the Cambodian context and its relation to the global dimension. Additionally, I describe how different actors are connected asymmetrically.

The final part of the HMPA is the analysis of the process, which will be done in my empirical chapter (chapter 5). This analysis combines both the analysis of the context and the actors and reconstructs the conflict in its dynamics. Different phases of the conflict are described and classified. The strategical actions, practices and tactics of parties involved in the conflict are described. The significance and specific articulations of the structural conditions are pointed out, as they have been identified in the context analysis. (ibid.: 58)

The HMPA serves as an interesting approach to conceptualize and structure the analysis of a conflict. It however says little or nothing on how a researcher collects, structures and analyses data. Since it is clear that I cannot simply see and observe reality I must see reality through material. That is where the qualitative content analysis comes in. The qualitative content analysis is a "method to collect social reality" and aims to draw from features of a manifest text to features of a non-manifest context. (Merten 1995: 15–6) The goal in my research is not to just describe the content per se, but also latent meanings behind it. I use the QCA to analyse a social phenomenon outside the text, not only to get an understanding on what is discussed on the issue.

I used literature review and qualitative interviews to collect my data. I draw from text as a source – press releases, media articles and transcribed interviews - and work with both deductive and inductive categories. First creating some categories related to theory, or preliminary results from the case study background, and then develop categories directly from the material (Kuckartz 2012: 70) Throughout the process I worked with memos to note important aspects that I had found and first analytical ideas and assumptions.

This master thesis analyses the developments around implementing the ACT agreement in Cambodia between August 2015 and August 2020. The analysis draws from three types of sources:

1. Press releases from ACT and IndustriALL (29 ACT and 270 IndustriALL press articles)
2. Newspaper articles from Clean Clothes Campaign (CCC) Covid Blog related to Cambodia
3. Semi-structured interviews
    a. Cambodian trade unions (6)
    b. Cambodian Employer Association of Garment industry (1)
    c. ACT + IndustriALL staff (2)
    d. Industry Experts (2)

For the qualitative content analysis to be scientific, the research procedure has to be systematic, rule-based and theory-driven. (ibid.: 25; Mayring 2010: 13) The theoretical concepts used as well as the Case Study background are systematically considered at all research decisions and processes. I will analyse my material in relation to my research questions and my theorical concepts. (ibid.: 49) There are plenty of different forms of the qualitative content analysis. I will mostly work with the thematic analysis. As it is essential to lay out the rules of the research and reflect the procedure, I will do so and describe my specific research decisions. This is essential to make the procedure and the results transparent and to make the interpretative part, or the analysis more traceable. (Deutschmann 2014: 108)

For the interviews I did a thematic analysis of those interviews with Cambodian stakeholders (7) to look for patterns and themes within the material that answer my research question. I developed categories both inductively and deductively for each interview, organised them systematically, described the patterns descriptively and then analysed them in connection to theory and the case study background. (see ibid.: 98–101) I followed the guide of Braun and Clark that is similar to open coding in Grounded Theory. (2006: 87) For the systematic analysis of the press articles I used time as the first category, systematically making a chronological timeline, regional position of the activities described in the release and thematic content. These three categories helped me to find out what press releases were essential for the analysis and how to tell the story. I ordered the content along chronological lines, by location and as well by theme.

In the following paragraphs I will make some more research decisions transparent and describe the research process: *First,* I wanted to find out what public discourses existed on ACT and how IndustriALL, member brands and the media portrayed the agreement. I quickly found out that there were hardly any articles by news channels on the agreement and no public debate on it. It was clear that the processes around ACT happened outside of the public's attention. The ACT website itself also had rather few articles and did not serve as the best tool to understand the process. However, some of these articles gave a first impression on the implementation and negotiation process. The most valuable secondary data, however, was found on IndustriALL's press site. There I found articles that accompanied and described the process. I systematically collected relevant press articles from both ACT and IndustriALL as well as documents and magazines provided on their respective websites. When it comes to the extensive material provided by IndustriALL I choose articles on the ACT initiative precisely as well as the living wage campaign in general to get a broader idea of the federations efforts to increase workers incomes. I collected the articles by searching with the keywords "living wage", "collective bargaining" "Cambodia" "garment industry" and "Covid-19". In total I collected 29 ACT articles and 270 IndustriALL articles.

Secondly, after having accumulated this material, I made myself more acquainted with the material by reading through all 270 IndustriALL (and additional 101 articles prior to ACT introduction in 2015 that I decided to exclude from the analysis) and 29 ACT press articles to get an overview of the debates around introducing a living wage through sectoral bargaining. Due to the vast number of articles, I identified sections relevant and irrelevant to my research questions. In an open coding process following the Guide of Braun and Clark and inspired by Grounded Theory I categorised all relevant sections with preliminary deductive and inductive categories derived from my theoretical concepts as well as the material itself. In the beginning I mainly worked with content rather than analytical categories (Kuckartz 2012: 42). I didn't describe each article as a whole but made a timeline that divided the information. I chronically ordered the information and developments described in the articles, and thereby extracted the pattern of the process. This process was essential as it structured the information provided in the articles along chronological lines. This step showed me the first successes and obstacles of the ACT implementation gave me an overview of the various actors involved, their perceptions and actions. It was also possible to see the different steps of the processes, see how the debate changed and who was involved at a specific time.

In a third step, I decreased the number of articles I used for the description of the events and its analysis. I excluded articles that spoke about the living wage campaign without a connection to sectoral bargaining. This process of reduction and comprised timeline helped me to see the key developments around IndustriALL's efforts to establish sectoral bargaining as a way to secure living wages. Throughout the process I identified important gaps. The material I analysed gave an overview of the information that IndustriALL and the ACT office wanted to be public. It therefore mainly represented their point of view. This material gave me little input on the perception, situation, and critique of the Cambodian stakeholders.

In a fourth step, I conducted qualitative interviews with Cambodian stakeholders to fill this gap. The planned research trip to Cambodia was cancelled due to Covid-19. However, I got funding from the university of Vienna to conduct online interviews. I contacted all 10 unions affiliated to IndustriALL via e-mail, WhatsApp and Telegram, as well as the employer association GMAC. I also contacted actors based in the Global North, such as ACT, IndustriALL staff and industry experts. It was easier to interview actors on the top of the network. Luckily, I got in contact with a Cambodian industry expert and a competent translator who both helped me to contact the unions that had not replied to my messages. The translator could communicate with them in Khmer, let them know that they could speak their first language in the interview and secure their trust to participate. In total, we could interview 6 trade unionists. All interviews were done via Zoom. One interview was done in English. In the other five the translator repeated by questions in Khmer, let me know the answers and later translated the interview word by word. Overall, I conducted 11 interviews, but I decided later to only analyse the 7 interviews from Cambodian stakeholders. The interviews helped me to fill the gaps identified in the secondary material, and to understand parts of negotiations that were not publicly reported.

Fifth, to describe the impact of the Covid-pandemic, I used the data base of the CCC, that collected newspaper articles on a daily basis. I chronically collected the newspaper articles on Cambodia from the beginning of the pandemic until mid-2021. This was done for a research paper for the CCC, that unfortunately was not published later. To make the information public and to support my findings, I decided to include the highly interesting results in my master thesis.

In a final step, I combined the information collected in an analysis that included the findings from before. Throughout the process, I discovered patterns in the material, that I then interpreted and theorised, in connection to my theoretical approach, the case study background and the research question at the centre of this master thesis. In this process, I gradually moved from a more descriptive approach to an interpretive and analysing approach, that helped me to get more meaning and implications out of the material. This was done throughout the data collection, but the main analysis was done after the data collection (Deutschmann 2014: 100) The funding from the University of Vienna helped me to work together with a Cambodian industry expert, who helped me throughout the process, but mainly gave inputs on my analysis.

3.3. Limitations and Reflections

As it is important to be aware of the social, political, and theoretical conditions of knowledge production, about the uneven power dynamics that exist in each research process and the researcher's personal situated context, I will outline these in the following paragraphs.

I want to write some lines about myself, to contextualise my research. The base of this master thesis is a personal question for me. My research on the ACT agreement began with a certain euphoria. I have been researching on the global garment industry in different contexts for 7 years now. I first engaged with the topic in summer 2015 when I organized a journalistic research trip to Bangladesh. This was still during my journalism Bachelor and during an unsalaried participation in a sustainability online news platform. I was 21 years old then, a young white woman from Austria, doing six weeks of research on the working conditions in the garment industry in a country I had known almost nothing about before I went there. This trip had its problematic parts, but it was also crucial in understanding social inequality and developing an interest for the possibilities of social change. Additionally, I think these experiences are insofar important that, since I personally spoke to many garment workers and trade unionists in Bangladesh and later in India in 2017/18, the topic became personally close to some extent. As I personally met the people working in that industry and fighting for better conditions I started wondering how I as a researcher and journalist from the Global North, can use the power I have to deal with social injustice. So, when I did my first research on ACT during the research seminar of my Master program, I felt a certain euphoria that existing labour actors had a clear way to solve central problems to social upgrading. I wanted to see whether there are practical solutions and strategies how workers in the Global South themselves, with additional international solidarity from the Global North can improve their own lives. After going into detail, reading a lot, and formally and informally speaking to some relevant actors, the obstacles and shortcomings of the program became obvious. As the research deepened, I became more and more pessimistic, especially as the effects of the Covid-19 pandemic on garment workers became severe. Over the long period of writing this master thesis, my perception changed time again. The pessimism paired with a certain pragmatism, the will to find out what actors entangled in the system try to change things for the better and to find out the contradictory nature of acting in this system. Somehow this master thesis represents a long way of becoming open to the complex nature of the capitalistic system we live in. Taking the efforts to contact Cambodian unions and the employer association and speaking with them about the ACT agreement was highly informative and I learnt a great deal about unionism and doing business in Global Production Networks.

Regarding the social, political, and theoretical conditions of knowledge production, it is important I think, to reflect the fact, that it is highly strange, that I as a young Master student from Austria do research on and interview Cambodian unionists. And that knowledge production on global labour issues is mostly performed in one direction. Researchers from the Global North research about issues in the global South. By writing this master thesis, I reproduced this uneven system of knowledge production.

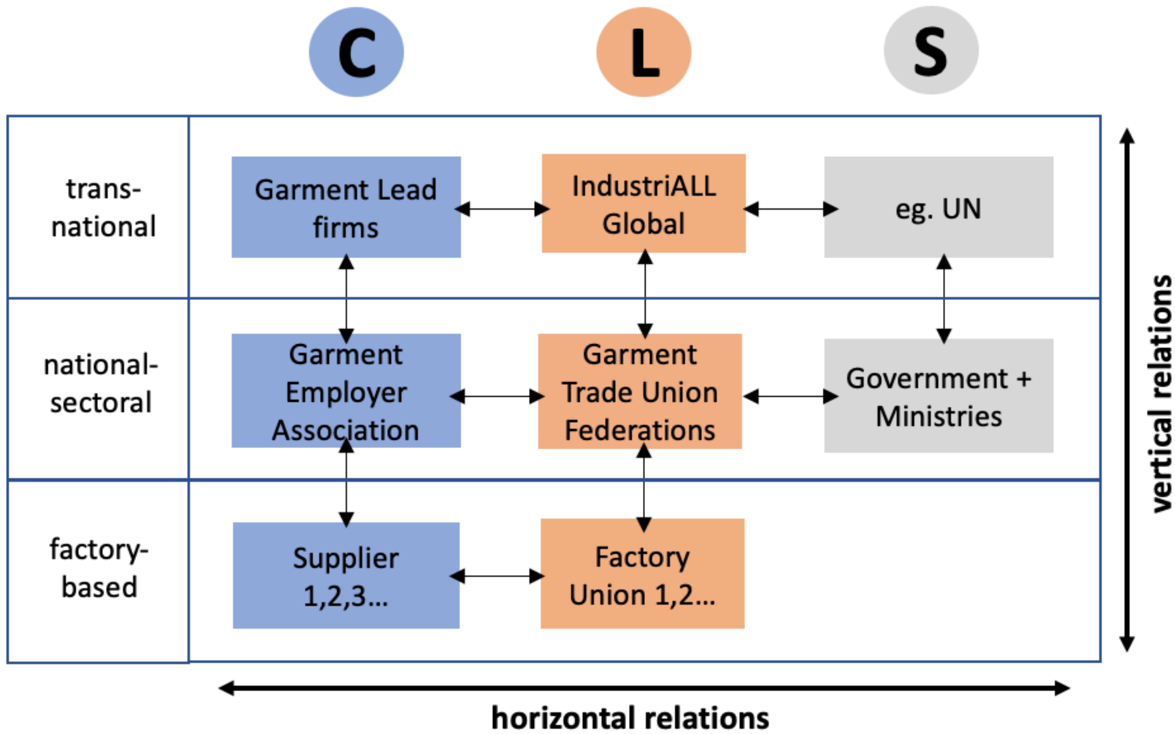
Finally, I want to reflect on factors that impacted the knowledge production during my research. Interviewees did accurately represent the actors involved in ACT. I was very successful in this regard. But I encountered some difficulties while taking the interviews. First of all, there was a language barrier between me and the unionists. I could communicate with them through zoom and an interpreter, but I only got limited information on the answers of the unionists and could not fully connect with them. Additionally, there was another barrier, of political and cultural nature. My understanding of the Cambodian political and social context is limited, that's why I had little understanding what topics were conflictive for the interviewees. I tried to tackle my lack of knowledge by speaking with a Cambodian industry expert. This helped me to find out what topics are important within unionism in the Cambodian garment industry and what terms and appreciations are used to speak about certain issues. Having both the interpreter and the industry experts as consultants who filled me in on factors that I otherwise would not have understood was highly helpful. The expert also gave inputs on my preliminary analysis.

4. Conditions and Patterns of Change within the Garment GPN

4.1. The Garment GPN, its power relations and labour issues

When defining the relations of garment workers in production countries to the other GPN actors, a complex network of vertical and horizontal interrelations arises between transnational, national-sectoral and factory-based actors. Garment workers and trade unions in the Global South do not only relate to their immediate employer (national capital), but also to garment lead firms positioned hundreds of kilometres away from them, mostly in the Global North (transnational capital). Secondly, garment workers also vertically relate to labour actors on the transnational level, through their affiliation to IndustriALL, through international labour campaigns or cooperation with NGOs and Trade Union Aid Organisations. Thirdly, transnational and national state actors regulate the political and economic context and norms of interaction.

Figure 2: Transnational Relations in the Garment GPN



Fashion brands, their suppliers and workers do not interact on a level playing field. Their interaction is characterized by strong power-asymmetries.(Anner 2015: 152; Marslev 2019: 72; Pickles et al. 2015: 383; Plank et al. 2012: 3–4) Garments are produced in a complex network with a diverse set of actors in the Global North and South that are connected through a hierarchical tiered production system. (Gereffi 1994: 42; Islam/Stringer 2018)

The apparel industry is a classic example of a buyer driven GPN. Lead firms positioned in the Global North stand on top of the GPN and control so called *high-value-added activities* like design, branding and marketing and can therefore define how the industry and its sourcing and pricing regime work. (Bernhardt/Pollak 2016: 1226; Gereffi 1999: 40; Pickles et al. 2015: 283)

Often these buyers source from big intermediaries with headquarters in Asian countries such as China, Taiwan and Hong Kong, that have relations with suppliers in low-income countries. This triangular system of production originates from the Multi-Fibre-Agreement (Frederick/Staritz 2012: 51; Marslev 2019: 58) The garment GPN was regulated through the Multi-Fibre Agreement (MFA) and the Agreement on Textiles and Clothing (ATC) for forty years (1974-2004). These two quota-agreements restricted quantities that could be exported by non-industrial countries to industrial countries. When manufacturers in China, Taiwan and Hongkong reached their quota, they sub-contracted to countries which had not yet reached their quotas. (Robertson, 2012: 33)

Due to MFA phase-out and China's entry the competition among suppliers has intensified since. (Anner et al 2013: 8) In the last view decades the apparel industry has seen a very strong restructuring. There has been a rising fragmentation and geographically dispersion and since the 1990s the industry is strongly shaped and changed by the advancement of a business model called "Fast Fashion. (Anner 2015: 152; Plank et al. 2012: 3f; Pickles et al. 2015: 383):

> *"At the heart of the fast fashion strategy lies a business model that is based on increased variety and fashionability and on permanently shrinking product life cycles that requires bringing new products to markets at an increasing pace and in shorter time spans. Lead firms' high responsiveness to changing consumer markets implies not only increased organizational flexibility and shrinking lead times for supplier firms but also delivering high quality apparel items at low cost. Supplier firms struggle to accommodate these potentially conflicting requirements and may pass on these commercial pressures on the workforce." (Plank et al. 2012: 3f)*

Before the effects on the workers will be described, it’s essential to stress the change in sourcing practices. Lead firms have squeezed production time and prices. In the last decades the prices paid by fashion corporations to suppliers have declined or stagnated. At the same time fast, flexible high-quality delivery is expected. (Anner 2015: 152; Marslev 2019: 72; Pickles et al. 2015: 383; Plank et al. 2012).

> *„In a pinch between falling export prices and rising living costs, today’s garment manufacturers face severe obstacles to raising value-capture in line with workers’ reproduction costs – a condition that gives rise to the peculiar problem that even maintaining real wages erodes profitability. […] In this setting, capitalists are – for their very survival – required to pay declining real wages, push workers beyond exhaustion, evade social security contributions, compromise building safety, suppress workers’ attempts to mobilize and so on.“ (Marslev 2019: 73)*

The result of this is that countries which changed from commodity-based regimes to export-oriented manufacturing couldn’t considerably increase their surplus value, a fact that is especially interesting as manufacturing had always been given as one of the central reasons why European countries developed and others not:

> *“This is because lead firms in global production networks outsource lower value-added activities, retaining control over production in the higher value-added areas of their ‘core competency’. These areas are often characterized by higher technological and skill requirements, but they are also commonly oligopolistic and subject to significant barriers to entry. The lower value-added portions of many global production networks have low entry barriers and are characterized by ongoing entry by firms into countries that previously did not produce. Competition at this level can be so intense as to make it difficult to raise profits and wages. (Milberg 2004: 45–6)*

The garment industry is highly competitive at the supplier level and characterised by intense South-South competition (Staritz 2012: 9) After 1990s new garment factories were opened on an immense scale. Estimates show that their number almost doubled between 1990s and 2010. (Mahutga 2014: 163–4)

"The growing power of buyers vis-à-vis suppliers" which "facilitated by trade liberalization and retailer consolidation, has enabled them to resist pressures to pay their contractors more. Negotiations with potential suppliers focus not on what a specific producer's cost might be to make an item, but rather the price that the brand or retailer is willing to pay" (Anner et al. 2013: 10–11)

Capital's power is especially problematic, due to its high mobility. As the garment industry is not a capital-intense industry, and does not require a lot of technology, the mobility of capital and its potential to change location is high. (Bernhardt/Pollak 2016: 1226; Pickles et al. 2015: 283) Pressures to pay more for orders can be addressed by applying a spatio-temporal fix and giving orders to countries with lower production costs. Suppliers fear relocation, and states underbid each other with low wages. As the garment GPN is still very labour-intense, wages are a factor of competition. (Frederick/Staritz 2012: 42; Gereffi 1994: 38; Perry et al. 2015: 744)

Behind this lies the "structural racism" of the garment GPN, which relies on the exploitation of Black and People of Colour (race), but also of women (gender) and the planet (nature), while Feminism, Anti-racism, Corporate Diversity and Environmental Issues are promoted in advertisements:

"Fashion racism isn't just what we see in magazines, window displays, and runways. It is also in the trade policies and agreements that we can't easily see. Fashion racism is built into and extends from the trade liberalization policies in the 1980s and 1990s that expanded western corporations' labor and consume markets. As many studies have shown, free trade agreements like NAFTA and the policies of the WTO enabled western and largely white fashion brands to move their production from the U.S. and Europe to countries in Latin America and Asia where labor is much cheaper and labor laws are more difficult to enforce. As apparel manufacturing shifted to the Global South in the 1980s and 1990s, so too did the human and environmental costs of mass manufacturing. Today, global fashion continues

to depend on the exploitation of non-white, poor, and mostly female workers and communities in the Global South." (Minh-Ha 18.04.2019)

It is continuously argued that female and migrant workers in the global South got jobs that were not available to them previously. Most of these however remained insecure and unprotected. (Barrientos et al. 2011: 320; Pickles et al. 2015: 283) Lead firms purchasing prices, have a vertical implication on the horizontal relations in producer countries, that often affect workers along intersectional lines. National and factory-based capital applies different strategies to meet lead firms' demands. One way to deal with purchasing practices is to create a dual workforce within the firm, employing both a regular and skilled workforce for stability and an irregular, unskilled work-force so that production costs remain low and a time with low orders can be addressed by firing those. (Rossi 2013: 227)

Various categories of difference (Gender, Migration status, Ethnicity…) can be used or created to justify hierarchies and create an exploitable workforce. Managers can for example apply certain ideas of skills to certain categories of workers and thereby "map their vulnerability." (see Collins 2013: 32) In Southern India, for example, women or Dalit people are a preferred workforce as gender and caste norms limit their agency. (Carswell/De Neve 2013: 69)

Subcontracting by tier 1 factories to tier 2 and 3 factories is another common strategy to comply with conflicting lead firm requirements. Tier 1 factories that are under pressure to comply with conflicting CSR requirements as well as the price and sourcing regimes of the retailer. They subcontract to other firms that might not follow CSR requirements. (Gereffi 1994: 42; Islam/Stringer 2018)

To conclude, the purchasing practices of lead firms trickle down to workers in the form of poor working conditions on the one hand characterized by flexible work arrangements, unrealistic production targets, excessive overtime, high work intensity and discrimination at the workplace (Plank et al. 2012: 19; Rossi 2013: 19) and poor living conditions on the other hand resulting from low wages and a lack of social protection (Pickles et al. 2015: 283). Workers with regular contracts benefit from an improvement in working conditions, while a growing number of irregular workers or workers in subcontracting factories have been excluded from positive impacts and even experienced aggravated working conditions. (Plank et al. 2012: 19)

The asymmetric relations between lead firms and suppliers have proven particularly fatal for suppliers and workers in the Covid-19 pandemic. When fashion shops in the Global North had to close around April 2020 due to lockdown regulations major apparel corporations cancelled future orders and used emergency provisions in their purchasing contracts to stop shipment of already produced clothes. As a result, thousands of supplier factories in the producing countries had to partially or completely shut down and millions of garment workers lost their jobs and incomes. (Anner 2020)

This mode of handling the crisis chosen by capital (and the state), like the problems already existing prior to the crisis, makes the asymmetric power relations between fashion brands, their suppliers and workers even more apparent. Financial losses due to the crisis were simply passed on to the weaker participants of GPNs and the already problematic nature of the working and living conditions of garment workers deteriorated dramatically. Apart from partial or complete wage losses, many garment workers had to face increased pressure within the operating factories, missing health and safety regulations and missing transportation to factories. Active trade unionists were dismissed, while other non-union members could continue working. Additionally, workers protesting dismissals faced increasingly harsh treatments by their respective governments.

4.2. Different routes towards Social Upgrading

4.2.1. Action Centred Approaches and Workers-led Social Upgrading

While many scholars put the focus on institutional arrangements, several scholars advocate for routes that centre workers' power and the class struggle between capital, labour and the state. Several case studies have shown that trade unions and civil society organisations collectively possess various power resources that can in fact pressure capital into concessions. (e.g. Arnold 2014; Marslev 2019; Schmalz et al. 2018)

This occurs at a time when academic studies of global labour are shifting from a regulatory to a social movement-oriented perspective, that understand working conditions as the outcome of power struggles (Brookes/McCallum 2017) or what is referred to as labour-led social upgrading. Empirical results of workers' struggles on Brazilian grape and mango plantations between mid-1990s and the mid-2000s show that social upgrading and the establishment of institutional power can occur when workers form collective organisations and use the resulting associational power to activate existing structural power resources. Central to this were the active mobilisation of workers, the existence of structural power due to just-in-time production and the need for skilled labour, and the threat of strikes that would endanger the valorisation of capital. (Selwyn 2013: 83–5)

This is more difficult to achieve in the garment GPN where structural power is significantly lower. (Silver 2005: 123) Garment workers were highly militant in the 19th and 20th century, but mostly unsuccessful in achieving what they sought to achieve, due to capital's spatio-temporal and technological fixes. Two exceptions are the struggle of garment workers in Great Britain, where a long class compromise could be secured, and the involvement of the garment workers in the anti-colonial struggle. (ibid.: 108–9)

In the 21st century there is, however, an important example where social upgrading resulted from the activation of workers power: In Cambodia workers' collective action was essential to achieve social upgrading. (Cichon 2019: 217; Marslev 2019: 217; Xhafa/Nuon 2018: 18-9) This will thoroughly be described in chapter 4.3.2.

Workers face significant hurdles when seeking to secure social upgrading through the activation of their power resources. Labour Agency is restricted by vertical and horizontal power asymmetries as described in the previous chapter such as creating difference among workers, subcontracting, labour control. (Hale/Wills 2005; Plank/Staritz 2015) Additionally, trade union work is declining and under attack in neoliberal economies. (Carswell/De Neve 2013) Another central fact which makes labour-led social upgrading efforts more difficult is that it is lead firms – not suppliers – which centrally influence the mode of production within the Garment GPN. This poses serious challenges to traditional routes of social upgrading such as the enforcement of national labour laws and collective bargaining of trade unions with their employers. Both routes are limited since they are only applicable to the local capital - namely the suppliers who directly employ the garment workers - while the global capital - the lead firms buying from them are left out of the equation. Suppliers, however, have limited resources and power to increase wages and change the mode of production, as the working conditions are importantly influenced by standards and requirements of lead firms within GPNs. They have little financial room for accommodating trade union demands. (Anner et al. 2013: 3; Blasi/Bair 2019: 5)

4.2.2. Conventional institutional approaches: from CSR to multi-bargaining

Institutional mechanisms that regulate the global relations along the GPN can address these power asymmetries. The plurality of these mechanisms and their different scopes of application and participation make it difficult, however, to assess their effect. (Zajak 2017: 530) A useful categorisation is offered by Ashwin et al. (2020: 1002) who differentiate between single firm and multiple firms agreements, as well as such that exclude and those that include labour actors. Those that largely exclude labour, such as the initiatives of individual or multiple lead firms, are the ones that proliferated. They are often dominated by business actors from the Global North and the participation of workers and trade unions is weak or lacking. (Zajak 2017: 530)

The first individual Code of Conduct was published in 1991 by Levi Strauss representing “a set of global sourcing and operating guidelines for its supplier firms. (Miller et al. 2011: 1) Many lead firms followed. Very soon there was a critical debate on the effectiveness of CSR.

"Looking back over this period, many observers, both inside and outside the industry, have tended to concluded that the private voluntary route to supply chain governance, via assessment (social audit) against a corporate code of conduct is largely unsustainable*" (ibid.)*

One of several conclusions was that the effects on workers are selective. Workers with regular contracts in first tier firms usually benefited while irregular workers or workers in subcontracting factories were excluded from positive impacts and even experienced aggravated working conditions. (Plank et al. 2012: 19) Plank et al. also note that "attainment of social upgrading is limited also for regular core workers, since certain issues such as wages, working time, work intensity and trade union representation that are in contradiction to business strategies in the fast fashion segment continue to be contested." (ibid.)

In 2003 six labour organisations - such as the Clean Clothes Campaign, the Workers' Rights Consortium - tried to harmonize these different Code of Conducts and to improve their implementation. This effort mostly failed despite a long consultation process. Suppliers and/or stakeholders holding companies accountable are still left with a "confusing" picture. Wage standards, Freedom of Association and working hours are the most contested issues. (Miller et al. 2011: 4–5)

The tragic Rana Plaza collapse in Bangladesh in 2013 - where more than 1.100 workers died - was an apparent reminder of CSR's inability to secure basic workers' rights. IndustriALL stressed that this approach does not "identify and address root causes and systematic barriers":

"Faith in the auditing model was further shaken when it became known that the social auditing and certification bodies SAI and BSCI gave clean bills of health, respectively to Ali Enterprises before it burnt down killing 254 workers, and to Rana Plaza before it collapsed, killing more than 1.100 workers. Better solutions need to be urgently found, and only strategies that take into account the nature of the industry and the manner in which sourcing decisions are made have any chances of success." (Global Worker 2016/05: 12-15)

Lead firms and different organisations responded by creating various tri-partite or multi-stakeholder initiatives, some of which include workers to different extents. Examples are the Ethical Trading Initiative (ETI), a union inclusive MSI or the Business Social Compliance Initiative (BSCI). (Ashwin et al 2020: 1003) But in general workers know little about the existing potential of participation. And even if workers or trade unions participate, their information is interpreted and validated by non-labour actors, who therefore have the power to define knowledge. (Zajak 2017: 537–8) Overall the CSR approach is "widely acknowledged to have major limitations." (Ashwin et al. 2020: 996)

> *"Moreover, corporate social responsibility (CSR) managers of some of the leading multinational buyers in their industry have acknowledge the weak nature of this approach [voluntary CSR]. They have embarked on a more fundamental examinations of the root causes of poor compliance with labour standards in their efforts to improve supply chain governance. (Miller et al 2011. 1)*

Today, it is widely acknowledged that "the principal root cause of sweatshop conditions in international subcontracting networks is to be found in the sourcing practices of the brands and retailers that coordinate these supply chains." As a result, these need to be addressed in efforts to improve the conditions of the garment GPN. Otherwise "no approach can be truly effective". (Anner et al. 2013: 3)

4.2.3 Transnational Industrial Relation Agreements: IndustriALL's approach

In recent years emerging Transnational Industrial Relation Agreements (TIRAs) - global agreements between lead firms and Global Union Federations (GUF) - have caught more and more scientific attention. They provide an alternative to compliance-based agreements and go beyond most labour governance mechanisms when it comes to union-firm collaboration and the global regulation of transnational industrial regulations. The extent of union-firm collaboration is unprecedented. Workers and trade unions are included as active participants and agents of social upgrading mechanisms. (Alexander et al. 2017; Ashwin et al. 2020)

Before the collapse of Rana Plaza created immense public pressure to enact change, IndustriALL focused mainly on single-firm Global Framework Agreements (GFAs), agreements that seek to improve ILO core labour standards in the supply chain of individual apparel corporations. IndustriALL signed GFAs with two garment lead firms, Inditex and Mizuno. The tragic Rana Plaza collapse in Bangladesh in 2013 and CSR apparent failure in this case created immense public pressure towards brands to take responsibility and just a month after the collapse more than 30 apparel lead firms had signed a health and safety agreement - called the Bangladesh Accord - with two GUFs – IndustriALL Global Union and Uni Global. This marked a crucial point in the history of labour mechanism and "represents a new paradigm in the enforcement of global labour and human rights."(Alexander et al. 2017: 2) Anner et al. (2013: 2) call the Accord "a new paradigm in the enforcement of global labour and human rights."

The central involvement of labour actors within the Accord was unprecedented for a multi-firm agreement in the apparel sector, so was the amount of firm participation. The Accord represents the beginning of multi-firm TIRAs. Over 200 garment lead firms signed the agreement and pledged to maintain orders with suppliers and ensure that necessary renovations were financed. If factories did not comply with recommended renovations, lead firms were committed to end their business relationship with the supplier. This binding nature was possible due to the massive public attention after the disaster. IndustriALL itself often argues that Rana Plaza marks the "turning point" away from the failed CSR auditing model towards global supply chain industrial relations. It addresses the root causes of unsafe factories. *(Global Worker May: 12-15)*

In 2015 IndustriALL announced the signation of another multi-firm TIRA, called ACT Transform and Collaborate (ACT), that seeks to address the industry's low wages. By signing a Memorandum of Agreement with IndustriALL, 20 garment lead firms pledged to transform their purchasing practices and support sectoral bargaining in selected producer countries. This agreement is the central phenomenon of research in this thesis.

Both ACT and the Accord "go beyond previously existing initiatives" by addressing the root causes of unsafe factories and low wages: lead firms' purchasing practices. Additionally, the collective approach makes real change more likely. It was the experience with the Accord that "shifted firm's perception of the potential of collective action." (Alexander et al, 2017:12). As a result, lead firms increasingly view GUFs as important and legitimate partners for managing labour challenges in GPNs. Buyers are more willing to cooperate with unions (Alexander et al. 2017: 1)

> *"Buyers,* traditionally, have not been willing to support or *even work with trade unions. In fact, many attempts at supply chain governance based on unilateral voluntary approaches were designed to keep unions out of the equation, to create an alternative system of corporate social responsibility which avoids or crowds out the possibility to genuine and sustainable improvements in working conditions and wages." (Cichon, 2019: 188)*

This change is striking, as the global dimension of production exits because of the fact that lead firms tried to escape regulations in already industrialised Global North by starting to have their goods produced by suppliers in the Global South. This fact makes their role in TIRAs an "empirical puzzle" (Alexander et al. 2017: 2) It usually requires contestation from unions and other civil society actors to make lead firms join TIRAs. (Ashwin et al. 2020: 996) After describing the context of the ACT agreement in Cambodia, several of these factors will be addressed in the empirical chapter.

5. The social, political and economic context in Cambodia

5.1. Cambodia' garment industry

"Cambodia's political, economic and social context is unique". (Arnold 2014: 216) The country was under the murderous Pol Pot regime from 1976 to 1979. After this regime, the process of state building began in the 1980s. During this period, the state was heavily dependent on the communist bloc and was under Vietnamese occupation until 1989. When the communist bloc lost its power, the state had to look for other ways to legitimise itself in the changing world. In 1989, the state initiated the transition to economic liberalisation and multiparty democracy. This took place in a climate of violence against opponents of the regime and personal enrichment those close to the regime. (Hughes 2007: 838; Marslev 2019: 79)

When the country entered the global economy from the mid-1990s, its industrial base was destroyed. The country pursued investor-friendly policies with tax-incentives. The cheap labour force was a pull factor for global lead firms. (Arnold/Han Shih 2010: 406) In 1994, the first companies invested in Cambodia's garment industry. In 1999, the country became a member of ASEAN. In 2004, it joined the WTO. (Marslev 2019: 80)

In 2001, the ILO launched the Better Factory Cambodia project. It introduced internationally coordinated compliance-based audits of garment factories (Hughes 2007: 843) which involve unannounced visits. During these meetings, discussions are held with management and workers to review selected but comprehensive labour standards such as wages, contract form etc. These activities are linked to quota access to the US market. Incentives were given if compliance improved. In 2005, these export incentives were removed and participation by lead firms became voluntary. (Serrano/Nuon 2018: 54–5)

In 2001, Cambodia also fell under the EU's EBA scheme and gained tax-free access to European market, subject to human and labour rights, as well as democratic standards. (ibid.: 53) Cambodia is economically dependent on the garment and footwear industry and in particular on the European market, which represents its biggest buyer today. (Xhafa/Nuon 2018: 7–8) To this day, Cambodia is integrated into the triangular network. The country's manufacturing firms are linked to the buyers through other companies in Asian countries that used to produce garments. (Savchenko 2012: 173) 93 per cent of the firms are owned by foreign firms. Important decisions about the production process are therefore not made locally. Therefore, the potential for social upgrading is restricted. (Staritz 2012: 117)

It was "overwhelmingly single young women, living away from home" who were able to get the jobs in the emerging and growing garment industry. These jobs were poorly paid, but provided a source of income that had not been available to them before. (Hughes 2007: 842) Today, 80 percent of garment workers are female and more than 80 percent are under the age of 35. (ILO 2018: 1–2) Between 85 to 90 per cent of the garment workers are migrants who support their family in rural areas. (Arnold 2014: 214)

Cambodia has a very progressive legal framework. The first modern labour law was enacted in 1997. Industrial relations are characterised by a tripartite bargaining system. (Marslev 2019: 83–91) In 1999, the Labour Advisory Committee (LAC) was established, a national tripartite body with 28 representatives – half from the government and 7 each from employers and unions - which discusses various labour issues, but mainly the minimum wage. An Arbitration Council was established in 2003. (Serrano/Nuon 2018: 56–8)

Cambodia has made significant progress in regulating capital-labour relations since 1997, but recent years have been marked by an erosion of workers' rights. Improvements in relation to forced and child labour have been coupled with a deterioration in freedom of association. (ibid.: 70) The garment industry is characterised by the non-enforcement of labour laws and the political repression of striking workers and active trade unionists. The agency space for independent trade unions and civil society in Cambodia is constrained due to the political environment. (Arnold 2014: 213)

Nevertheless, trade unions have managed to make the minimum wage a contested and highly politicised issue and to push through huge wage increases. However, working conditions in the factories remain harsh. Excessive working hours are common. The limit of 2 hours overtime per day is often neglected. Short-term contracts are widely spread and workers with these lack protection. Employers can decide to terminate the employment and threaten to do so if workers are union members. As a result, it is difficult to organize workers. (Serrano/Nuon 2018: 72–9)

The garment industry's unionisation rate is very high at 60 per cent. However, the trade union movement is highly fragmented. There are 88 federations in the garment and footwear sector. (ibid.: 104) Many unions are close to the ruling party (ibid.: 78), others to the opposition party and a third group sees themselves as independent from any party. (ibid.: 104) There are few collective bargaining agreements at the factory level and those that exist have limited scope and hardly go beyond national law. (ibid.: 72–9)

5.2. Social Up- and Downgrading in Cambodia

Developments between 1996 and 2018 show a connection between social upgrading and workers' action (Marslev 2019: 217) Labour unrest and massive worker mobilisation led to the increment of wages (Xhafa/Nuon 2018: 18–9) and "the Cambodian labour movement was successful in driving up wages by a) making wages a contentious political issue in Cambodia and b) simultaneously advocating for a supply chain solution and demanding that brands and retailers deliver high wages." (Cichon 2019: 217)

The developments in Cambodia from 1996 up to 2018 are contradictory. Both social up- and downgrading can be observed. The time between 1996 and 2011 is characterised by social downgrading despite a high level of unionization and first organised resistance. In the period between 2012 and 2014 profound social upgrading occurred, as a result of a climax of workers' struggle. The minimum wage was doubled, and an annual wage-setting mechanism was adopted. After 2014 however capital and state answered with effective counterstrategies to secure their future profits and their power. Cambodia was long famous and celebrated for its progressive labour rights framework, but since 2010 the ruling government pursues a policy that dismantles more and more enabling rights. (Marslev 2019: 90–1; Serrano/Nuon 2018: 70)

The first strikes started right after the entrance of the apparel industry to Cambodia. The first non-state union (FTUWKC) was already founded in 1996 and poor working and living conditions soon sparked first protests of 4.000 apparel workers who were successful in getting concessions at the factory-level. This inspired workers in other factories to also protest, which led to first discussions between governments and employers and finally also influenced the introduction of a minimum wage of 40 USD in 1997. (Marslev 2019: 102) The opposition party Sam Rainsy Party (SRP) played an important role here. FTUWKC was strongly connected to the party. Sam Rainsy came to workers' protests and included unions' demands into their political programme. (Hughes 2007: 842–3)

In 2000 in a May Day parade organised by FTUWKC 10.000 workers protested. After that the government proposed to raise the minimum wage and add 2 USD. Again around 10.000 workers protested against this small increment, initiating a spontaneous, uncoordinated and peaceful week-long strike wave, with workers marching from one factory to the other and the number of protesters growing to 20.000 workers. Security guards opened fire on protestors and two women were wounded. After that the minimum base income was increased by 5 to 50 USD in 2000. (Marslev 2019: 102–3)

Capital and state in general applied various anti-union strategies such as the establishment or support of yellow or government-friendly unions. This continues to weaken the labour agency up to now, since independent trade unions compete with a high number of pro-government unions. (Arnold/Han Shih 2010: 416; Nuon/Serrano 2010) In order to secure profits and avoid the demands of organised labour, capital also began in the 2000s to use repeated short-term contracts instead of regular employment, a strategy that became even more widespread in the following two decades. (Arnold/Han Shih 2010: 417–9) Both forces used violence and intimidation, such as the use of paramilitary groups, to suppress the labour movement. (Hughes 2007: 846) Press reports of violence against protesters became more common from 2002 onwards. In 2004 the president of FTUWKC president and another important activist were killed in the open street. (Marslev 2019: 102–3)

Those anti-union strategies were very effective. Since the 2000s, workers had experienced a serious decline in real wages. They earned less in 2006 than in 1997. It took the labour movement until 2006 to regain enough strength to continue striking. After unusual strike intensity GMAC was willing to take part in bilateral negotiations, but those remained fruitless. The minimum income was then raised by 5 to 55 USD in 2007. Pro-government union threatened to strike, but then agreed on a monthly living wage allowance of 6 USD, leaving apparel workers with a basic income of 61 USD in 2008. The government changed its strategy for controlling labour during this period from more open forms of harassment in the beginning, such as the killing of another trade union official, to less open, legal forms of harassment. (ibid.: 108–9)

In 2010/11 a promised re-negotiation of the minimum wage was not undertaken. Trade unions started mobilizing workers and threatened to strike if a wage increase would not take place. After a small increase of 5 to 66 USD was decided in the tripartite labour body. Trade unions used public gatherings and public threats of mass strikes to demand re-negotiation. When no answer from the government came, the largest protest in Cambodia's history took place in September 2010 with 202.000 workers striking, but outcomes were disappointing. Hundreds of trade union leaders were dismissed, and lawsuits filed against unions. The minimum income was only raised by 2 to 68 USD. (ibid.: 110–1)

During these fourteen years from 1997 until 2011 workers were already organising and mobilizing on an impressive scale, but were still not able to achieve social upgrading, especially because of rather low power towards capital and state. But the small material improvements during that phase were results from collective workers' action. (Marslev 2019: 101) Collective resistance was the motor of all the total five wage increases that can be seen in table 1. Overall, the minimum income was increased by 70 per cent, however, growing consumer prices (111 per cent) resulted in an actual decline of real wages, which left apparel workers increasingly malnourished and led to increased mass fainting in factories. In 2008 the minimum income was at the lowest point in history. In 2012 workers were worse off than in 1997. (ibid.: 111) The fourteen-year long phase from 1997 to 2011 was marked by serious social downgrading. This was mainly due to extremely low structural power due to a big labour surplus and low regime-disruptive power since the government had its electoral base in farmers and the countryside. Productivity increases were erased by pricing dynamics. (ibid.: 101)

Table 1: Wage Increases in the Cambodian Garment Industry between 1997 - 2011

→ 40$ (1997) → 50$ (2000)
→ 55$ (2007) → 61$ (2008)
→ 66$ (2010) → 68$ (2011)

While in 2010 protests had been organised as industry-wide mass strikes, in 2012 workers protested on a factory level, the biggest of these isolated factory strikes lasted 17 days and played an important role in initiating a transition from social down- to upgrading. After a period of unusual strike intensity, a new minimum income of 83 USD was decided representing an increase of 10 USD in the second half of 2012 (73 USD had been the minimum income since a 5 USD health allowance had been decided). This represents the largest relative increase since 2000. (ibid.: 133)

The next wage increase in 2013 also happened after an intensification of strike action and a threat of mass strikes. The new minimum wage was put at 97 USD representing an increase of 14 USD and the government for the first time voiced its willingness to think about its wage-setting role. But since workers had demanded a much higher increase, they took to the streets again. On May Day 2013 5.000 workers protested in the largest public gathering since 2010. At the same time factory-level strikes continued.

The more active involvement of the government was very much linked to the political campaigning for the coming election in July 2013 in which the opposition heavily spoke about the improvements for apparel workers. (ibid.: 134) The SRP joined forces with another party into a unified opposition party (CNRP) and campaigned for a fundamental raise of the minimum wage. Garment workers represented a key voters base of the CNRP. This almost led to the defeat of the ruling party. After the election large workers' protests took place. CNRP politicians and activists joined, so did garment workers in political rallies. (Serrano/Nuon 2018: 75)

The time after the election saw an all-time climax of workers' action. The longest-ever factory strike occurred in a factory in mid-August and 60 more strikes took place. The time after the 2013 election saw more strikes than any other comparable period. Because of this and since the ruling-party had almost lost in election in July the government showed unprecedented initiative on the minimum wage, even conducting its own research on a fair minimum wage. But this was not enough to prevent a nationwide strike wave. When the government proposed to raise the minimum wage to 160 USD by 2018, based on its research, workers were outraged about the five-year implementation phase of a wage that even the government's research said they needed now. Workers soon were protesting in 36 factories. (Marslev 2019: 135–6)

In an unprecedented alliance 22 union leaders joined forces in a common demand of an immediate raise to 160 USD. When the tripartite labour body decided for a new minimum wage of 95 USD, five trade unions publicly announced that they would organize a nation-wide strike until their demand was fulfilled. But before they could do so spontaneous strikes started in around 300 factories. After another round of failed negotiations, the government responded by implementing a raise of the minimum income to 117 USD, representing an increase of 20 USD, on 31st of December. The government publicly said this increase was to pacify the industrial relation conflict. (ibid.: 136)

But the union leaders were not satisfied and more protests - albeit less participation by workers since they needed to earn money again after almost two weeks without salary - continued in a significant number during the first days of 2014. This was when the government started violently cracking the protest down, by calling armed forces. On 2nd January 10 workers and activists were beaten up with electric batons and then arrested. And on the next day soldiers opened fire against a protesting crowd, killing five workers, injuring many more and arresting 23 afterwards. After these events it was hard for trade unions to mobilise workers. Another gathering was violently broken by authorities and the government continued its repressive approach. (ibid.: 132–7)

But the images of these events went all over the world and caught global attention. This marked the beginning of brands' intervention due to public pressure and new union strategies. A critical number of fashion brands and retail associations were demanding a reform of Cambodia's wage setting framework and held close dialogue with Global Union Federations and local trade unions. By this they maintained the pressure towards the Cambodian government. (ibid.: 137–9) Lead firms declared they would incorporate increased wages into their purchasing practices. (Serrano/Nuon 2018: 64) During the next months in tripartite and bipartite negotiation rounds two important things were decided upon. The institutionalization of annual wage adjustments based on social and economic factors was a major victory for workers. And the new minimum wage that put the minimum income at 145 USD (28 USD hike) was twice as high as the minimum wage from three year before in 2012. (Marslev 2019: 137–9) Before this, the minimum wage was only raised every three to four years (Serrano/Nuon 2018: 72)

The minimum income was doubled in the time from 2012 to 2014 and an annual wage-setting mechanism was implemented. This was mainly due to an immense increase in workers' collective action and a shift in the balance of power. (Marslev 2019: 131) This "surge in workers' collective action during the critical juncture played a crucial role in the transition to social upgrading". (ibid.: 140) Additionally they coincided with new union strategies targeting lead firms and political power shifts. The labour movement was successful because it turned wages into a political issue and formed international coalitions. (Cichon 2019: 83) Additionally, the political situation forced the government to take the interests of workers seriously. Garment workers became a key voting bloc. (Marslev 2019: 143)

Table 2: Wage Increases in the Cambodian Garment Industry between 2012 - 2014

→ 73$ (1/2012) → 83$ (9/2012)
→ 97$ (2013)
→ 117$ (2014) → 145$ (2015)
→ annual wage-setting mechanism (2014)

The changes in capital-labour-state relations, described above, led to a dual crisis for capital and the state. The two forces responded with counter-strategies to resolve this crisis. (ibid.: 155) After the massive gains of the opposition in the 2013 election the ruling-party sought to win votes from the garment workers by using a populist approach of giving material concessions to the workers but at the same time dismantling the opposition. The increase of wages to a minimum income of 157 USD by 2016 and 170 USD by 2017 were negotiated in the new annual wage-setting mechanism and additionally the ruling party granted other concessions such as the exemption of most garment workers from salary tax, reduction in electricity bills, a law on rent control and a health insurance scheme. Additionally, the prime minister held weekly meetings with garment workers announcing even more benefits before the 2018 election such as a 100 USD baby bonus, 120 per cent maternity bonus and health insurance contributions shifted to employers. To be 100 per cent sure the opposition party was dissolved in November 2017 by the Supreme Court its leaders were prohibited from joining political parties for five years. (Serrano/Nuon 2018: 67) As a result, the ruling party won all seats in the National Assembly in the election in July 2018. (Marslev 2019: 155–9)

At the same time the ruling party and the employers curbed the associational power of the garment workers by implementing repressive laws, legal harassment of trade union leaders and activists and continued anti-union tactics within factories. Marslev summarizes: "If the prime minister gave with one hand, he took with the other." (ibid.: 160) The effects on the labour movement were fatal. Two laws that specifically targeted the labour movement were accompanied by law reforms against NGOs, oppositional political parties and critical media. The Trade Union Law (2016) constricts what is a legal strike, making it harder for unions to strike lawfully. Workers must decide to strike by secret ballot, and more than half of the union members must vote for a strike. Unions then must give a seven working days notice to employers and the ministry of Labour. The law puts excessive reporting requirements on trade unions when registering but also to remain registered. And it gives exclusive right to the biggest union in a factory to represent workers, which often restricts independent unions to do their work and also makes it hard for union federations to represent workers nationally. (ibid.: 160-2; Serrano/Nuon 2018: 61, 86) The law also enables the government to dissolve a union if a union member performs activities against the law or if union leaders are found guilty of misconduct. This is particularly threatening for the unions, as many opposition union leaders were already subjected to legal harassment after the strikes in December 2013 and January 2014. (ibid.: 62)

Table 3: Wage Increases in the Cambodian Garment Industry between 2014 - 2018

→ 157$ (2016) → 170$ (2017) → 187$ (2018)

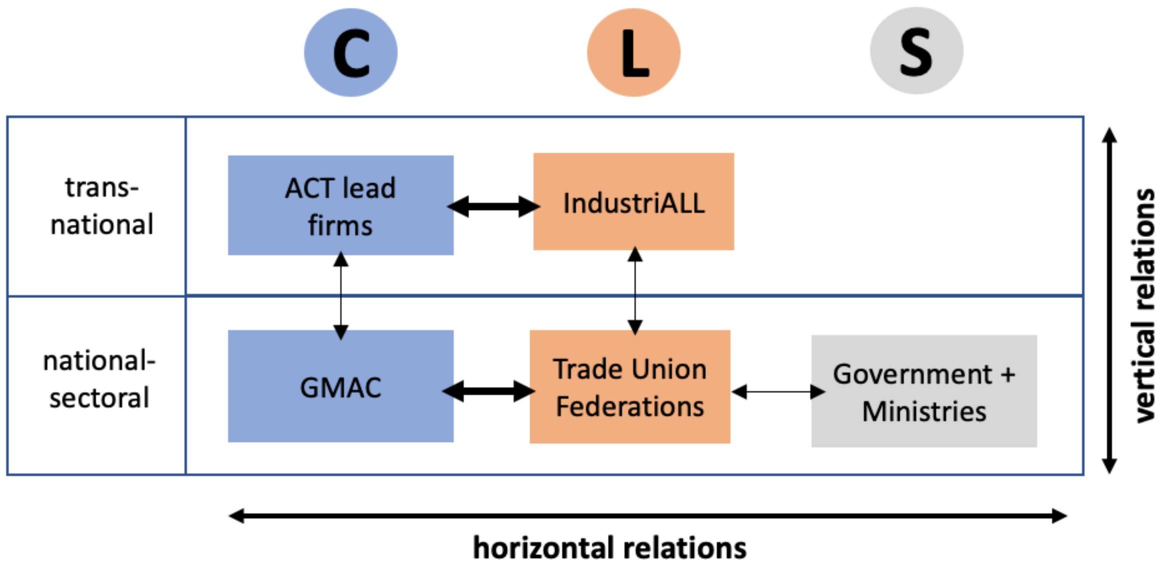
To conclude, collective struggles were central to achieving social upgrading. The minimum wage from 2019 represents 75 percent of the living wage in comparison to only 37 percent in 2012. (Marslev 2019: 72) However, the analysis also shows that social upgrading when achieved, remains contested. Counterstrategies by capital and state led to further material improvements (social upgrading) but to a serious deterioration of enabling rights (social downgrading).

6. The promising but contested multi-firm ACT agreement

6.1. The ACT agreement: An introduction

ACT is a multi-firm TIRA between IndustriALL and 20 garment lead firms. The agreement's primary aim is to secure living wages in the garment industry by realizing two interlinked processes at two different scales. On the national-sectoral scale of producer countries, ACT seeks to establish sectoral collective bargaining between garment workers' unions and the employers' organization. At the transnational scale, the signatory lead firms committed to transform their purchasing practices to enable the changes negotiated in sectoral bargaining financially and structurally. (see Ashwin et al. 2020; Holdcroft 2015)

Figure 3: Transnational Relations in the ACT process



The ACT office in Berlin represents both IndustriALL and the signatory lead firms and holds the executive role in implementing these two interlinked processes. At the national-sectoral scale, the office - together with lead firms and IndustriALL - initiates and leads negotiations between national capital, state and labour actors in selected producer countries. At the transnational scale, the office coordinates and monitors the implementation of the lead firms' commitments to transform their purchasing practices. The former process is dependent on the later.

In August 2015, fourteen lead firms signed a Memorandum of Understanding (MoU) with IndustriALL nine from the UK (Arcadia, Asos, Debenhams, N Brown, New Look, Next, Pentland, Primark & Tesco), three from Germany (C&A, Esprit & Tchibo), one from Sweden (H&M) and one from Spain (Inditex). All these brands were either members of the Ethical Trading Initiative (ETI) or the Bangladesh Accord. The regular meetings of the ETI were decisive in developing the idea of approaching living wages collectively.

Table 4: Corporate Signatories of ACT by Time and Origin

Nr	*Signatories*	*Time of Signature*	*Country of Origin*
x	Arcadia Group	Founding	UK
1	Asos	Founding	UK
2	C&A	Founding	Germany
x	Debenhams	Founding	UK
3	Esprit	Founding	Germany
4	H&M	Founding	Sweden
5	Inditex (Zara)	Founding	Spain
6	N Brown	Founding	UK
7	New Look	Founding	UK
8	Next	Founding	UK
9	Pentland Group	Founding	UK
10	Primark	Founding	UK
11	Tchibo	Founding	Germany
12	Tesco	Founding	UK
x	Topshop	Founding	UK
13	KMart	2015	Australia
14	Bestseller	2018 (May)	Denmark
15	Cotton On	2018 (May)	Australia
16	PVH	2018 (Nov)	US
17	zLabels	2018 (Nov)	Germany
18	G-Star	2019 (Sept)	Netherlands
19	Lidl	2019 (Nov)	Germany
20	Big W	2020 (May)	Australia

Source: Ashwin et al. (2020:999), ACT press articles and website

From 2015 to 2020, eight more firms joined. One from Denmark (Bestseller), one from the Netherlands (G-Star), two from Germany (zLabels & Lidl), three from Australia (Kmart, Cotton On & Big W) and one from the US (PVH). As two lead firms were sold to competitors

(Arcadia & Debenhams) the number of signatory firms is 20 as of October 2022 - most of them headquartered in Europe.

In the MoU ACT is called a “model of new cooperation”. The document says: “The ACT process aims to transform the way that wages are set, by establishing industry agreements supported by brand purchasing practices as the primary means of wage fixing in the global garment industry. This is an ambitious aim, which will require significant political will, particularly in those countries that supply cheap labour to global supply chains” (ACT MoU n.d.).

The MoU signed in 2015 defined the initial details of the agreement and laid out the foundation for the dual approach. However, the national and transnational processes – both challenging and time-consuming- still needed to be put into practice. Many technical details on defining and enforcing lead firm commitments still had to be developed such as a “contractual or other mechanism to support suppliers to implement the negotiated wages.” In this regard, the MoU mentioned stable sourcing and the consideration of higher wages in price negotiations with suppliers as potential mechanisms. The establishment of sectoral bargaining still had to be tested in the national context and negotiated between national trade unions and employer organisations. It was stipulated that the resulting agreements would have to be registered by the state and legally enforceable under national law. Freedom of association was recognised as an essential condition for the success of the agreement. (ACT MoU)

Since 2015, consultations on developing a common understanding on whether and how to establish sectoral bargaining have been held with trade unions in Cambodia, Myanmar and Turkey. Cambodia was chosen as the first country for implementation. To date, it is the country with the most in-depth negotiations among the implementation countries and is the one with most thorough scientific examination (Cichon 2019). Promising developments in Myanmar which led to a provisional sectoral agreement and Covid-19-related commitments were scotched by the military coup in March 2021 and the subsequent persecution of trade unionists. In Turkey, sectoral negotiations are hindered so far due to the absence of a sector-wide industry association representing suppliers. Several introductory meetings were also conducted in Bangladesh, Vietnam, Ethiopia and in various Eastern European countries.

In this chapter I will analyse the developments that have taken place around the implementation of sectoral bargaining in Cambodia during the first five years of ACT's existence, i.e. from mid-2015 to mid-2020. Cambodia is especially interesting due to its high unionisation rate and vital history of workers' action. I will complement this description of developments in Cambodia with an overview of developments on the transnational scale.

Before describing my empirical results, I want to stress that ACT follows an institutional approach, which does not centrally involve the activation of workers' power in its implementation. However, ACT centrally includes labour actors as agents to negotiate change. This is not exactly what Selwyn calls "workers-led social upgrading" as laid out in the empirical chapter. The agreement rather tries to implement institutional power by bringing together different stakeholders at the national-sectoral and transnational scale.

ACT goes beyond all other institutional labour governance mechanisms described in chapter 4.2.: If both processes are successfully enforced, the approach of ACT has the potential to fundamentally reshape vertical and horizontal power relations. Firstly, the transformation of lead firms' purchasing practices could decrease the vertical power asymmetries between lead firms and suppliers. Suppliers are provided with an increased purchasing price if they accept wage increases in sectoral bargaining. This makes them less vulnerable to economic dynamics that require them to decrease wages to maintain competitiveness, and it can decrease competition among suppliers.

Secondly, the agreement creates an institutional platform in producer countries on which trade unions and employers can negotiate sector-wide changes. This creates institutional workers' power on a national-sectoral scale. Trade unions can negotiate sector-wide wage increases and changes in working conditions. This goes far beyond seeking compliance of individual suppliers with basic labour standards as it is the case with GFAs. Previously, collective bargaining in the garment industry was limited to the factory-scale, leaving the burden of bargaining to workers at each factory. In Cambodia, trade unions also negotiate wage changes in the minimum wage boards established in 2014. In this tri-partite body they must prevail against state and employers, whose interests often coincide and contradict those of the workers.

Sectoral bargaining is an improvement to tripartite negotiation in the minimum wage board as bi-partite negotiations give more power to unions.

Thirdly and in line with certain GPN research, ACT identifies lead firms' purchasing practices as the root cause of low wages and poor working conditions (Anner et al. 2013; Plank et al. 2012; Rossi 2013) Thereby, signatories entered uncharted waters in the history of labour governance and addressed the shortcoming of many other labour mechanisms. Changing purchasing practices can target structural constraints to social upgrading present in GPNs. The agreement aims to create structural conditions for negotiations and give employers room to pay higher wages. Lead firms collectively commit to enable these changes negotiated in sectoral bargaining financially and structurally. Such a collective approach can - to some extent - address the competitive pressures among garment lead firms. (Alexander et al. 2017, Aswhin et al. 2020)

Additionally, ACT creates novel union-firm relations on a transnational scale and deepens firm-firm relations on a transnational scale. (Ashwin et al 2020, Alexander et al) However, some challenges have been identified in the scientific realm. They include limited lead firm participation (Ashwin et al. 2020) and unsettled technical details such as the problem of legal enforcement (Cichon 2019). As lead firms joined freely and the driver for ACT is not direct contestation as was the case with the Accord, it is unclear how exactly the agreement will come about. This is especially important as lead firms have a "contradictory role" in TIRAs. (Alexander et al. 2017) The agreement has a long-term and less insistent approach as transnational contestation by labour NGOs, which made it attractive for the signatory lead firms to join. They can gain from an improved public image while the agreement has not yet been implemented. (Ashwin et al. 2020)

So far, little is known about Cambodian trade unions perspectives and actions. This master thesis seeks to shed light to unions and the horizontal perspective in general, by subsequently analysing press and media articles on the process in Cambodia, and filling the gaps identified there by analysing the interviews conducted with Cambodia trade unionists and the employer association GMAC in chapter 6.2.4.

6.2. The process: Implementing ACT in Cambodia

In this subchapter, I describe the developments around the ACT implementation in Cambodia as can be seen in Figure 4. The first phase spans from mid-2015 to mid-2018. In this time, the ACT office and Cambodian stakeholders made first tentative steps of introducing the agreement. The second phase, the time between mid-2018 and 2020, constitutes the main implementation phase. The third phase between 2020 and mid-2021 is defined by Covid-19 pandemic. The analysis is based on IndustriALL, ACT and media articles. Subsequently, I describe the positions of Cambodian trade unions and the employer association GMAC, and the status quo of the ACT agreement.

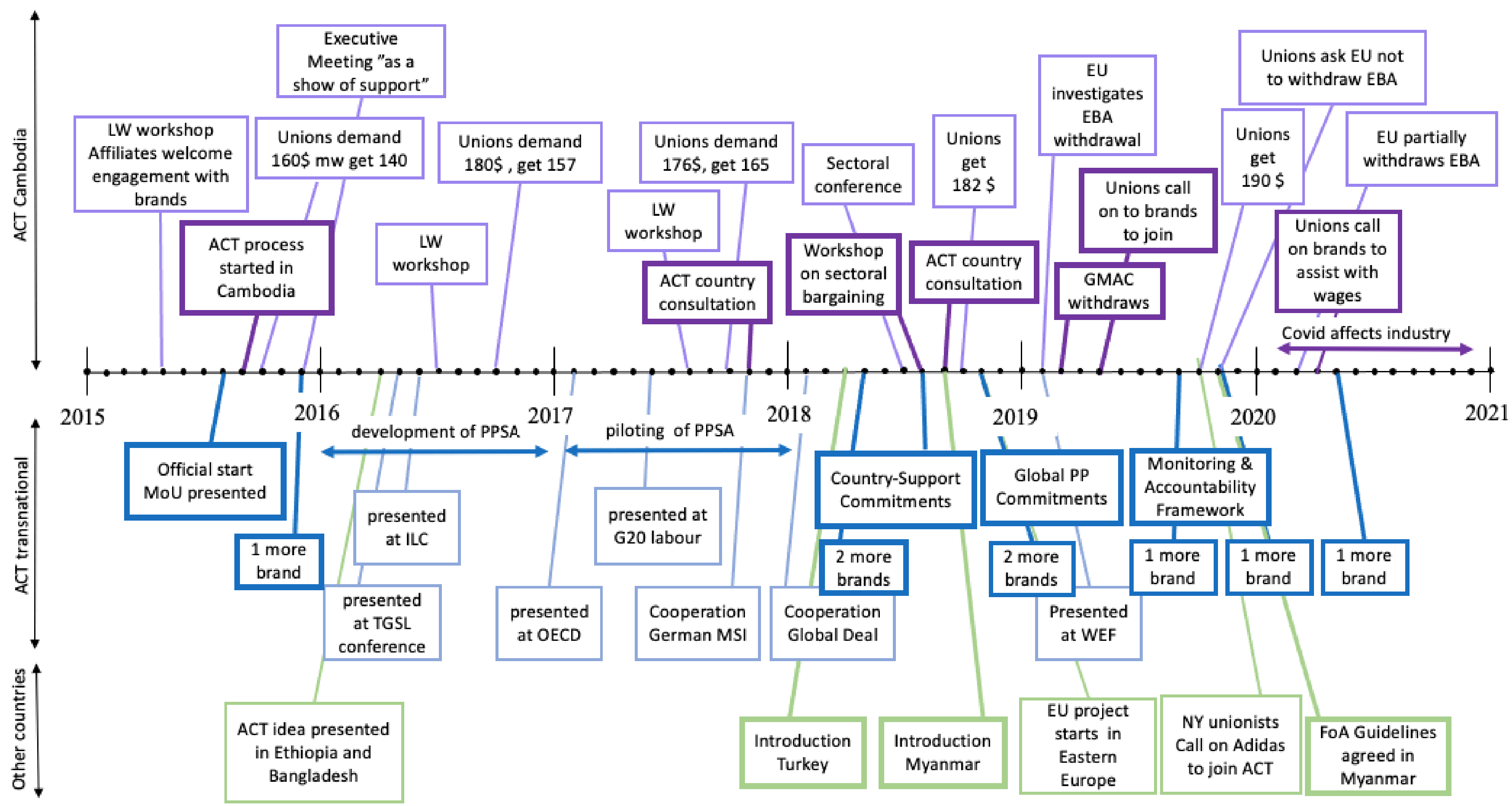
6.2.1. Introducing and elaborating ACT: first tentative steps (2015 – mid-2018)

Between mid-2015 and mid-2018, the ACT office introduced the agreement's approach to Cambodian stakeholders but focused mainly on developing the mechanism together with lead firms at the transnational scale. In Cambodia, trade unions focused mainly on the annual minimum wage negotiations. ACT was introduced just one year after the annual institutionalisation of tripartite minimum wage bargaining, which was a major success for Cambodian unions. However, ACT and IndustriALL consistently emphasise that sectoral bargaining is better at achieving a living wage and beneficial for suppliers as it takes "conflict out of the workplace". By mid-2018, there has been no fundamental success in establishing sectoral bargaining. The period is marked by preparations for the main negotiation phase starting in mid-2018.

ACT was officially launched in August 2015 after a long process between IndustriALL and several lead firms behind the scenes (see Ashwin et al. 2020). Cambodia was selected as the country to pilot the implementation. The idea had already been briefly presented to Cambodian stakeholders during one of IndustriALL's regular living wage meetings in May 2015:

> *"The meeting concluded with Cambodian affiliates expressing their full support for moving forward together in the process that IndustriALL has started with global brands towards industry bargaining on wages. The next step will be for unions to develop their proposals for a national plan of action for implementation in Cambodia to be discussed with brands and their suppliers." (IndustriALL 12.05.2015)*

Figure 4: Developments around ACT implementation between 2015 and 2020



In September 2015, the country consultations in Cambodia officially started. An ACT delegation consisting of IndustriALL and lead firm (H&M, Inditex, Primark, C&A and Topshop) representatives met with Cambodian stakeholders, including suppliers, the *Garment Manufacturers Association of Cambodia* (GMAC), trade unions, the Ministry of Labour, and the Ministry of Commerce. In addition, the ILO was present. The press release on this consultation states that the delegation "explained the process" of ACT to the Cambodian stakeholders. *(IndustriALL 23.09.2015)*

After that not much happened for quite some time. In 2016 and 2017, the ACT office mainly focused on efforts at the transnational scale. Unions reported that it took until 2017 or 2018 for the meetings between the GMAC, trade unions and the government to really begin. Before that, in the years of 2015, 2016 and 2017, unions mainly focused on the annual minimum wage negotiations.

In this regard, it is essential to remember that ACT was introduced in Cambodia just shortly after the annual minimum wage fixing process was institutionally and annually implemented. This had happened after an immense and deadly strike wave in December 2013 and January 2014 and after novel lead firms' intervention. The first negotiation in the annual minimum wage fixing board had taken place in 2014. Unions had demanded an increase to 177 USD. They got 128 USD, representing a 28 percent wage hike (see chapter 4.3.2. for more details).

In October 2015, shortly after the introduction to the ACT agreement, the minimum wage process took place for the second time in Cambodia's history. Trade unions united behind a demand of 160 USD. In the tri-partite body, state, employer and worker representatives decided on 140 USD (from 128 before). Unions were disappointed. IndustriALL's press release quotes union leader Ath Thorn: "We are not happy. So, on Monday we will be consulting our general council and colleagues from across the country, as well as other unions in Cambodia, to decide whether or not to strike." Jyrki Raina, then General Secretary of IndustriALL voices his disappointment too and connects it to ACT: "It illustrates the relevance of our new ACT initiative with global brands, which sets out to increase garment sector wages by building industry level collective bargaining structures" *(IndustriALL 23.09.2015).*

In December 2015 IndustriALL held its Executive Meeting in Phnom Penh "as a show of support". 200 IndustriALL delegates from around the world met. Some of them protested in solidarity with Cambodian unions, which stressed that 140 USD was not a living wage. Individual brands (H&M, Walmart, Levi's, GAP, Puma, UNIQLO, C&A, Adidas and Zara) were directly addressed in this protest with stickers that said: "Brands must provide a living wage for workers!" During this meeting the Cambodian Labour Minister Heng Sour stated that "The Cambodian government can't act alone. We need to work with the brands and investors to make sure there is no exploitation of cheap labour in any Asian country." *(IndustriALL 10.12.2015)*

Image 1: Solidarity Protest of IndustriALL during Executive Meeting in Phnom Penh

In July 2016 IndustriALL coordinated its regular living wage workshop with Cambodian affiliates and six other Asian countries. The different challenges of the minimum wage struggles were discussed and the press release states that Cambodia has a "bloody history of disputation and violence prior to instituting an annual revision of the minimum wage". At this time unions were developing a common claim for the upcoming negotiations. The article concludes that sectoral bargaining must be developed in each country. *(IndustriALL 03.08.2016)* IndustriALL again coordinated talks between Cambodian unions to determine a common demand for the minimum wage negotiation. 17 unions agreed on 179 USD. Ath Thorn stressed that this was still not enough, but that they cannot demand more due to economic and political situation. (IndustriALL 06.09.2016) In the end unions got 157 USD (see chapter 4.3.2.).

Image 2: Protest stickers

One year later, in October 2017 unions demanded an increase of the minimum wage to 176 USD, based on a report commissioned by IndustriALL and others. 170 USD were decided in the minimum wage boards, including 5 USD from president. Pro-government unionist Chuon Monthol said: “The garment brands need to increase their order in Cambodia. The government is making progress by increasing the wages, improving maternity protection and other improvements to conditions of workers, but this cannot be sustained without stable orders from the brands.” Jenny Holdcroft stressed: “There is still a long way to go and we look forward to implementing the ACT process.” *(IndustriALL 06.10.2017)* In November 2017, series of ACT stakeholder workshops were held in Cambodia. Brands presented development of country specific commitments. At that time also establishment of ACT Secretariat and appointment of ACT Executive Director Frank Hoffer. Positive remarks are voiced about possibilities of reaching a bilateral agreement by late 2018. (Serrano/Nuon 2018: 81) This was not reported by IndustriALL or ACT.

Throughout the different press releases, the minimum wage process is continuously mentioned, but presented as unable to deliver a living wage. The reason given is that the representation of trade unionists in this tri-partite board is smaller than those of government officials and the employer organisation GMAC combined. Both actors still worried that brands will stop sourcing from the country if minimum wage keeps rising. *(IndustriALL 12.05.2015)*

In a special report on sectoral bargaining the policy director Jenny Holdcroft makes a similar argument. Garment workers rely on ineffective minimum wage processes or bargaining on the factory floor, which is an “enormous burden” on unions as each factory union has to negotiated an agreement individually. Sectoral bargaining “takes wages out of the competition” and creates a “level playing field”. IndustriALL stresses the benefits for employers. It “takes conflict out of workplace” and provides stability. (Global Worker 05/ 2015: 2)

While – in the first three years - only limited efforts by the ACT office could be identified around establishing sectoral bargaining in Cambodia, several important developments on the transnational scale can be observed. Throughout the year 2016, an ACT working group developed a purchasing practices self-assessment (PPSA) tool for brands to start self-assessing their purchasing practices. This tool consisted of 55 questions covering 16 areas of purchasing practices. (ACT Press 20) Throughout 2017, the PPSA was piloted, and a first round of responses was gathered. (ACT Press 20 + ACT Press 09)

Additionally, ACT was presented and debated in various contexts on the transnational scale. In May 2016, the agreement was presented at the *IndustriALL Textile, Garment, Shoes and Leather (TGSL) sector world conference* in Germany. Holdcroft stressed that if brands and trade unions work together real change can be made. Cambodian unionist Athit Kong said: “Brands must take their responsibility”. In the press release, ACT is called the “first realistic mechanism to create level playing field.” *(IndustriALL 24.05.2016*) In June, IndustriALL’s General Secretary Jyrki Raina presented ACT at the ILO’s International Labour Conference as “best chance we have” and states that IndustriALL goes “beyond naming and shaming MNCs by entering into direct relationships”. (IndustriALL 15.06.2016) In February 2017 ACT is represented at the OECD guidelines for garment and footwear sector launch, where trade unions can actively participate in identifying risks and violations. *(IndustriALL 10.02.2017)* In May, Holdcroft and the CEO of Tchibo introduced ACT at G20 Labour and Employment Minister Meeting. One of the themes there was to highlight initiatives for decent work. ACT was recognized in the final declaration. Tchibo’s CEO stresses that ACT represents a “promise of collective action to leverage change” (IndustriALL 19.05.2017) In December ACT cooperates with German Partnership for Sustainable Textile. The two initiatives pledge to share experiences. (ACT 26.07.2018) In November PVH and zlabels join ACT. (ACT 05.12.2018 / 09)

In April 2016, the ACT idea and its benefits were also presented in Ethiopia, Bangladesh in living wage workshops. *(IndustriALL 14.04.2016, IndustriALL 26.04.2016)* In April 2018, the ACT agreement is introduced in Turkey the second country of implementation. ACT signatories and IndustriALL met with two Turkish affiliates. The unions pledged to support the process and suggested what purchasing practices have most negative impact on workers. *(IndustriALL 11.04.2018)*

In July 2018, Cambodian unionist Kong Athit Kong and Holdcroft summarize the status quo during the regional sector conference *(IndustriALL 09.07.2018):*

"We have very important global instruments including GFAs, the Accord in Bangladesh and the ACT initiative which can be used to improve workers' lives. However, we are facing major challenges in implementing these instruments at the national level. We need to work more to build union power on the ground and find ways to effectively implement international instruments to bring change for workers" (Kong)

"We made significant progress, but it is important that we need to address massive challenges in implementing these tools. We need to strengthen our union structures and develop capacity to effectively use these international instruments. We need to eliminate competition among unions and build unity. We need to reduce the gap between plant level unions and leadership and bring women and youth into the union fold." (Holdcroft)

6.2.2. Implementing the ACT approach: Negotiations in Cambodia (mid-2018 – 2020)

Between mid-2018 and 2020, a lot of progress is reported. Cambodian unions gave their input on the most harmful purchasing practices. At the transnational scale, the ACT office represented six country-specific commitments that lead firms would enact once a country entered sectoral bargaining. Progress was also reported during the fourth and key country consultation in Cambodia. Unions formed a joint bargaining group of nine unions and started talks with GMAC. The employer association showed willingness to participate in the ACT negotiation, so did the Cambodian government. It was additionally reported that open exchange on the mechanism of calculating labour costs helped to build trust among Cambodian stakeholders. But in early 2019, this reported progress began to crumble. The EU announced the partial withdrawal of the EBA-scheme and in March, GMAC withdrew from the negotiations, stating that it could not enter sectoral bargaining as signatory lead firms were not sufficient in their number. This development was a first defeat for the ACT office, as the agreement's key factor to get GMAC to participate in sectoral negotiations was unsuccessful. Unions called on missing lead firms to enter ACT. The office continued to work on improving the mechanism to gain trust from Cambodian stakeholders. Unions focused on the minimum wage process again.

Promising steps were made from August 2018 onwards. During a union workshop on sectoral bargaining with Cambodian and Myanmar affiliates, unions from both countries met to discuss joint strategies on sectoral bargaining and to discuss the most harmful purchasing practices. Unions concluded that pricing and late orders lead to most harmful effects for workers, such as increased working hours, low wages, bad working conditions, and job insecurity through temporary contracts. Unions called on brands to pay "appropriate prices" to cover all costs for employed workers, source permanently and work in closer cooperation with factories. The articles states that negotiations between Cambodian unions and employers on sectoral bargaining are "well under way". Additionally, Cambodian affiliates agreed on strategies for minimum wage negotiation that would soon be undertaken. *(IndustriALL 28.08.2018)*

After this workshop, the ACT office announced its first big success at the transnational scale: six Country-specific Support Commitments aimed at supporting countries in taking the first steps of establishing sectoral collective bargaining. They will be enforced by lead firms once a sectoral agreement has been negotiated between suppliers and unions. These commitments were a result of developments at the transnational scale that were undertaken in 2016 and 2017, as well as the consultation of national stakeholder in producer countries. Key elements are that lead firms make the country a preferred sourcing destination for a certain time, incorporate higher wages in their calculation of purchasing prices, strengthen long-term partnership and improve their purchasing practices in general. Additionally, lead firms will ask their suppliers to actively support the collective bargaining process and comply with the results of these negotiations and engage with the government. (ACT 27.11.2018)

These commitments were a crucial progress prior to the fourth country consultation in Cambodia in September 2018. In a press release prior to the consultation the ACT office writes regular consultations with national stakeholders (suppliers, GMAC, unions, ministries) had been undertaken to discuss the country specific dimension of ACT. A joint bargaining group of nine trade unions had been formed and started talks with GMAC. The press release says GMAC would now be requested to participate in sectoral bargaining and ACT lead firms would then source from these suppliers, which comply with standards and incorporate wage growth in their purchasing practices. Cambodia would become a preferred sourcing country. The article quotes GMAC boss Ken Loo: "We are working together towards a collective bargaining agreement at industry level supported by the purchasing practices of ACT member brands. This has the potential to establish a new way of trade unions, employers and buyers working together." Jenny Holdcroft summarized the status quo: "There are still many issues to be negotiated, but there is a common will to make this work which is really important. With ACT, we have a process to ensure the sustainability of the garment industry in Cambodia." (ACT 10.09.2018)



Image 3: Chuon Monthol (President of the Cambodian Confeder

Image 4: Ath Thorn (President of the Cambodian Labour Confederation)

Image 5: Ken Loo (Garment Manufacturers Association of Cambodia)

In September 2018, the fourth and key country consultation took place. ACT member brands meet with Cambodian trade unions and employers "to hear about their progress towards negotiating industry-wide collective bargaining." ACT in its press release on the country consultation reported positively on progress concerning the negation on sectoral bargaining between trade unions and GMAC and that union representatives wanted to reach an agreement within the next few months. This agreement will be supported by brands commitments and their implementation would then be accompanied by monitoring and a complaint mechanism, the development of which was an important topic during the consultation. It is stated that open exchange on the labour costing model helped to build trust and to develop a methodology. As two new lead firms joined ACT (first US-American firm, and big German brand zLabels) it was reported that ACT brands now source from factories employing 50 percent of Cambodia's garment workers." *(IndustriALL 24.09.2018,* IndustriALL 14.09.2018) ACT's new Executive Director Frank Hoffer met Labour Minister Semheng, who reportedly expressed support for ACT approach and welcomed brands commitments (ACT Press 06)

In addition to the commitments at the national scale, ACT adopted five *Global Purchasing Practices Commitments* in November 2018. Signatory lead firms pledged to implement them throughout their supply chain until the end of 2023, covering all their suppliers worldwide, not only in ACT implementing countries. Central here again is to include wage

Image 6: Frank Hoffer (Executive Director of ACT)

Image 7: H.E. Ith Samheng (Minister of Labour and Vocational Training)

increases as an itemised cost in the purchasing price. Additionally, brands commit to timely payments as per purchasing contract, to better planning and forecasting of orders, to undertake training on responsible sourcing and to practice responsible exit strategies. All these commitments were the result of a process orchestrated by ACT where brands self-assess their purchasing practices, as well as consultations with suppliers and trade unions in Cambodia and Myanmar. The press article states that brands are in the process of developing internal implementations plans, that will be monitored by involved brands, suppliers, and trade unions. (ACT 19.12.2018 a, ACT 19.12.2018 b)

At the transnational scale, some positive developments can be observed. A press release from January 2019 reports that "support for ACT continues to grow". A report from a parliament inquiry into UK's fashion industry mentions ACT as a positive initiative. One Member of Parliament said: "It's disappointing that only a third of the retailers we wrote to are signed up to ACT, an important global initiative working towards getting a living wage for all garment workers." Jenny Holdcroft addresses other states: "More governments should be following the example of the UK and Germany and calling on brands to sign up to the ACT Commitments in order to transform wages and working conditions in the garment industry." (IndustriALL 01.02.2019) In January 2019, Frank Hoffer presents ACT at the World Economic Forum at a meeting of the Global Fashion Agenda, a non-profit organization and leading forum for industry collaboration on sustainability in fashion. Promoting better wage systems is on of eight priorities in the report presented there. (ACT 14.02.2018)

In November 2018, IndustriALL started an EU-Project in Bulgaria connected to ACT that centrally includes sectoral bargaining. *(IndustriALL 21.11.2018)* This project is subsequently started in December in Croatia and Slovenia, *(IndustriALL 12.12.2018),* in January 2019 in Romania *(IndustriALL 30.01.2019)*, in February in Serbia *(IndustriALL 01.02.2019),* in March in North Macedonia *(IndustriALL 21.03.2019)* and in April in Albania. *(IndustriALL 02.04.2019)*

The reported progress of provisional negotiations in Cambodia between affiliated trade unions and GMAC and the optimism to establish sectoral collective bargaining in Cambodia, however, began to shatter at the beginning of 2019. In February, the EU started a process to investigate the suspension of Cambodia's preferential access to the European market through the Everything-But-Arms (EBA) scheme due to workers' rights violation, political repression, and a crackdown on independent media. *(IndustriALL 25.11.2019)* This decision was bad news to the employer side and threatened to weaken their position within the GPN.

In March 2019, GMAC publicly withdrew from the ACT sectoral negotiations. The employer organisation stated not to be able to enter sectoral negotiations leading to higher wages if the signatory lead firms represent only 30 to 40 percent of the buyers sourcing from Cambodia, according to their data. Without more brands entering the agreement it would not be able to continue negotiations. Subsequently, in April 2019, Cambodian unions called on several lead firms (GAP, Puma, Nike, Adidas, Uniqlo, Levi's and VF) to join the ACT agreement, blaming GMAC's decision to withdraw on their inaction. The article quotes Holdcroft: "The Cambodian unions are understandably frustrated that their efforts to negotiate an industry wide collective agreement that will improve wages for garment workers are being undermined by brands that state their support for living wages but have not yet made the commitments necessary to achieve them."*(IndustriALL 09.04.2019)* Yet none of these lead firms joined ACT. Companies headquartered in the US in particular, except for PVH, refuse to join. In October 2019, 40 trade unionists rally in front of adidas flagship story in New York and ask the brand "to get off the sidelines and join ACT". (see Holl/Bauer 2022) [2] But Adidas refused to join until the time of writing. *(IndustriALL 01.11.2019)* In November 2019, the first German discounter, Lidl, joins ACT. *(IndustriALL 19.11.2019)*

As no sectoral bargaining was established, Cambodian stakeholders focus on the minimum wage negotiations. In September 2019, during a living wage meeting in Cambodia prior to the minimum wage negotiations, unions again developed a common demand. The board decided on a raise to 190 USD from 182 USD. The press release quotes unionist Pav Sina: "Trade unions welcome the result and hope that the ministry will further consider our 13 demands, which include meal allowance, safter transportation and extension of the minimum wage to other sectors in the country." During the same workshops unions also discussed about achieving living wage, the ACT approach and had a roundtable discussion with brands. They renewed their call for industry bargaining. The press release quotes Cambodian unionist Athit Kong: "As Cambodian trade unions we will continue our fight for better wages and acknowledge the support by the 20 global brands and retailers who have made a public commitment to reform their purchasing practices and actively support sectorial collective bargaining. But for a living wage to become a reality for thousands of Cambodian garment workers – brands such as Adidas, Timberland, North Face need to get off the sidelines and make the same commitment to work with IndustriALL and national trade unions." *(IndustriALL 23.09.2019)*

In November 2019, Cambodian unions called on the EU not to withdraw the trade benefit. The press release quotes Pav Sina, president of CUMW: "Withdrawing the EBA will be a disaster for Cambodian garment workers" and Mann Senghak, Vice President of FTUWKC: "Cambodian trade unions must urgently put aside any differences and unite to send a strong message to the EU that the trade preference scheme is of paramount importance for the survival of millions of Cambodian people dependent on the industry."*(IndustriALL 25.11.2019)*

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[2] In a paper for the Journal of Development Studies (JEP) I described some of the results of this Master Thesis and together with Jona Bauer compared them to his results on Global Framework Agreements.

At the transnational scale, ACT office continued to improve ACT mechanism. In July 2019, the PPSA General Report is presented and shows first results of purchasing practices self-assessment and covers responses from 18 lead firms, and 1506 respondents in buying merchandising, sourcing, management, and design summarize results (ACT 26.07.2019). So far, little is known about the actual transformation of lead firms' purchasing practices and the consequences of non-compliance. In September 2019, the ACT office adopted a *Monitoring and Accountability Framework.* This entails further conceptualizations on how to enforce the ACT idea. Both sets of lead firms' commitments are not legally-binding. Lead firms solely made themselves accountable to IndustriALL. The Framework regulates that the implementation of lead firm commitments will be monitored via four routes: common indicators for all brands, lead firms existing self-assessment (PPSA), anonymous assessment of suppliers (PPA), and information collected through a complaint and dispute settlement mechanism yet to be created. Progress will be measured annually, in transparent way. IndustriALL will hold brands accountable. The PPSA and PPA will be rolled out in 2020 for lead firms and suppliers in ACT priority countries. Holdcroft call this framework: "the basis for providing suppliers with the confidence to enter sectoral bargaining agreements with trade unions that will improve pay and working conditions. Experience has shown that without such assurances, suppliers will never agree to take on additional costs." The framework includes a labour costing protocol to make sure all direct and indirect labour costs are included in purchasing practices agreed in the negotiations between brands and suppliers. *(IndustriALL 14.10.2019,* ACT 08.10.2019*)*

This had no practical implications on the Cambodian ground. But successful developments can be observed in Myanmar. In November 2019 unionists and employers agreed on Freedom of Associations Guidelines after eight months of negotiation. They outline timetable to begin the process on sectoral bargaining (IndustriALL 15.11.2019) This was later destroyed by the military coup in February 2021 and in December 2021 ACT ceased its engagement in Myanmar. (ACT 15.12.2021)

6.2.3. The Covid-19 Pandemic and its impacts

The Covid-19 pandemic, its economic and social impact, and the actions of stakeholders during the crisis worsened the conditions for ACT implementation and the situation of workers in general. As shops in the Global North were forced to close, lead firms cancelled already given and produced orders. As a result, 180 garment factories had to suspend operations and 150,000 workers had to survive from a reduced wage compensation. This way of dealing with the crisis increased distrust among Cambodian actors. GMAC repeatedly called on all lead firms to act responsibly during the crisis. After a global campaign demanding that brands pay up their outstanding orders in full, lead companies began to do so at different intervals. It was not possible during this master thesis to find out which ACT affiliates responded and how much time they allowed to pass before doing so. The unions also demanded that the brand companies pay part of the cost of paying wage replacement to workers during their suspension. This demand was not considered. The crisis triggered by Covid-19 is not a one-off exception to the normal, as crises occur regularly in a capitalist system. The last global crisis of 2008 is not long over. The Covid-19 crisis revealed the underlying deep power asymmetries that are an obstacle to the implementation of the ACT.

In February and March 2020, the global Covid-19 pandemic hit the apparel GPN. In Cambodia, the financial impacts of the pandemic were felt very soon. As early as February 2020, factories were forced to close due to a lack of raw material supplies from China and workers started to lose their jobs and incomes. *(IndustriALL 12.03.2020)* On February 11 production was, for example, halted at the New Best Global Textile factory, a supplier to Primark and Walmart. Almost 800 workers lost their jobs. The owner of the factory went into hiding without paying wages and bonuses. (Khmer Times, 19.03.2020) Altogether 15,000 workers lost their jobs indefinitely, at this time (CCC, 2020, S.15)

It was already foreseeable at this point that more factories would close temporarily in the coming weeks, and so the government decided in February 2020 that factory owners would only have to pay 40 percent of the minimum wage to their suspended workers. The government would add 20 percent, making the wage compensation 60 per cent of the minimum wage. For the workers, this meant a massive reduction in their income from 190 USD minimum wage to just 114 USD. *(IndustriALL article 12.03.2020, VOD 24.02.2020)*

In addition, the EU finally in mid-February announced the suspension of tariff-free access under the EBA scheme. Citing human rights violations and rollbacks on democracy. (Radio Free Asia 01.07.2020, Khmer Times 30.06.2020) Despite the risk of losing the preferential trade to the European Market the Cambodian government had not addressed systematic violations of human and workers' rights. Cambodian suppliers had to start paying some tariffs to the EU-market from the beginning of August 2020. This represents another detrimental factor for convincing GMAC to join sectoral bargaining.

In March 2020, raw material deliveries from China were still missing. (Khmer Times a, 10.03.2020) The Ministry of Labour stressed that even in this difficult phase, all actors must comply with the labour law when temporally suspending operations. It asked suppliers not to dismiss workers due to lack of orders but suspend the operations. Ministry Spokesperson Heng Sour said: "Do not take this opportunity to interpret the suspension of contract as termination of employment or discrimination against unions. Anyone who does so will face the full force of the law." (Khmer Times b 10.03.2020) The prime minister himself called on companies not to dismiss workers. He also asked microfinance institutions to postpone the collection of loan payments and electricity and water providers to postpone the payment of user fees. (Khmer Times a 10.03.2020)

At the end of March, the lock-down-regulations in the Global North and the related closure of fashion shops, started to impact the garment industry to a greater extent.

> *"The picture that is emerging is devastating. Social distancing measures taken in countries currently most affected by COVID-19 are driving wholesale closure of thousands of garment factories with millions of workers being laid off without a social safety net. As the virus spreads within the garment-producing countries themselves, more factories will be forced to close, putting potentially millions more workers out of work." (IndustriALL 23.03.2020)*

When fashion stores in the U.S. and Europe were forced to close for several weeks, brand companies began cancelling orders to their suppliers. Major apparel corporations cancelled future orders and used emergency provisions in contracts to stop shipment of already produced clothes. And therefore, avoid paying for goods they had already ordered, but feared not to sell. As a result, suppliers struggled to pay their workers. *(IndustriALL 23.03.2020)* In this way garment lead firms passed the financial losses down on to suppliers and workers.

The effects of this mode of handling the crisis were devastating in Cambodia and other ACT participating countries. Cambodia's supplier companies faced a massive financial hardship, losing payments for orders in which they had already invested capital and for which workers had to be paid. Towards the end of March 2020, the Garment Manufacturers Association Cambodia (GMAC) asked the global fashion brands not to withdraw their orders and wrote in a public letter: “To all Buyers: PLEASE DON’T GIVE UP ON CAMBODIA! We urge you to fulfil your existing contractual obligations by taking delivery of goods already produced and goods currently in production and pay under the normal term.” (Khmer Times, 25.03.2020)

But this did not happen for the time being. As a result of the cancellations, many factories could not pay the wages of their workers. At the Canteran Apparel factory, nearly 1,000 workers went on strike towards the end of March 2020, because they had not been paid their wages on time, according to factory management, due to declining payments from fashion brands. Unionist Pav Sina said: “We cannot let the employers give excuses to delay paying workers’ wages, because workers are in debt and they cannot make an excuse to delay their expenses”. (VOD, 26.03.2020) At the beginning of April 2020, 91 factories had already suspended production, leaving 61,500 workers suspended for an uncertain period and receiving only 60 percent of the minimum wage. (Reuters, 01.04.2020) But there were also delays in the reduced payments. At the end of March 2020, for example, 200 workers at the "Jacka Shoes" factory went on strike because they had not been paid the 40 percent by the employer after their suspension. (Khmer Times, 30.03.2020)

While the ACT platform was used in Bangladesh in March and Myanmar in May to secure commitments from apparel corporations to source responsibly during the crisis, nothing similar was taking place in Cambodia. *(IndustriALL 31.03.2020, IndustriALL 14.05.2020)* At the beginning of April 2020, supplier companies were facing an existential crisis. At that time, 80 percent of brand companies had postponed their orders for an uncertain period of time. (Asia

Floor Wage Alliance 05.04.2020) GMAC again turned to the fashion brands. In an open letter, company representatives wrote: “Our manufacturers operate on razor-thin margins and have less ability to shoulder this burden compared to our purchasers." (Khmer Times, 06.04.2020) It also asked the government to revise the decision that factories had to continue paying 40 percent of wages when they closed. (Asia Floor Wage Alliance, 05.04.2020) The government reacted and reduced the payment of wages for suspended workers from 114 to 70 USD. Thus, the factories had to pay only 15 percent of the minimum wage (30 USD) and the government 40 USD. In total, the workers received only just under 40 percent of the minimum wage. (VOD, 07.04.2020, *IndustriALL 16.04.2020)* The daily wage of textile workers was thus only 43 cents (dollars) above the World Bank definition of absolute poverty. Oxfam stressed that this could push hundreds of thousands of textile workers below the poverty line. (Khmer Times, 09.04.2020) This marked the beginning of a debt crisis.

Unions stressed that this wage supplement was not enough for garment workers to live and represents a substantial drop from 190 USD minimum wage on and call on brands to pay 40 percent of minimum wage to then 91,500 officially laid-off workers. Cambodian unionist Athit Kong, CCAWDU: “We hope brands can shoulder part of the responsibility by paying 40 percent of the minimum wage to support the garment workers: Manufacturers should increase their share to 40 percent, given the profits they have made for years in Cambodia.” *(IndustriALL 16.04.2020)* They did not receive an answer.

The workers' plight was exacerbated by their debt burden. Four out of five textile workers in Cambodia have microloans. In Cambodia, a total of about 2.6 million people have taken out a microloan, and with an average loan amount of about 3,800 US dollars per debtor, Cambodia is at the top of the global league table. With the loss of regular income, many textile workers were unable to pay off the loans and interest. (Los Angeles Times, 15.04.2020) No decision came from the government on how to deal with this. (VOD, 16.04.2020) By the end of April 2020, 130 factories had already announced their temporary closure, which meant an income of only 70 USD per month for 100,000 workers. (Khmer Times, 28.04.2020) In addition, lay-offs continued in April. Towards the end of the month, for example, 3,000 workers at Propitious Cambodia factory were laid off without warning. (Asia Floor Wage Alliance 23.04.2020) At the Hulu Garment factory, over 300 workers protested after the owner kept all 1,020 workers in the dark about whether they were temporarily suspended or terminated, but publicly claimed they had terminated themselves. (Khmer Times, 23.04.2020)

Despite the pressure by the EU to improve its human rights records, workers faced further repressions by the state. In early April 2020, the trade unionist, Soy Sros, of the Collective Union of Movement of Workers (CUMW) was arrested for criticizing possible lay-offs at her factory on Facebook. Sros was locked in a cell for weeks with so many women that they did not have enough space to sleep at night. The buyer brands, including luxury brand Michael Kors, did not comment on her arrest. *(IndustriALL 28.04.2020,* New York Times, 08.05.2020)

In early April 2020, the government began preparing a state of emergency law. This was heavily criticized by unions and the rest of civil society because it would give the government broad powers to circumvent fundamental freedoms and rights. With the new law, the government could restrict freedom of expression, gatherings, meetings, travel, and information dissemination if they caused chaos and thus threatened the country's security. Later that month, the law was accepted by Parliament and the Senate and was provisionally in effect for three months. The Minister of Justice publicly announced that anyone who criticized this law was "not a friend of Cambodia." (VOA Cambodia, 18.04.2020) To contain the virus, the government banned public gatherings of more than ten people. Meanwhile, textile workers continued to work in large groups on the factory floors. (Khmer Times, 02.04.2020) Among the workers, there was great fear of catching the disease at work. One textile worker told Reuters, "Please, we are not animals; we are not machines. Will anyone take the time to consider our safety?" (Reuter, 10.04.2020) Before the Cambodian Khmer New Year holidays, the government banned textile workers from visiting their families. The prime minister said publicly said that work is “the safest place." (VOD, 07.04.2020)

On the first of May 2020, International Labour Struggle Day, 226 local unions sent a public letter to the Prime Minister demanding that he restore the wage replacement for suspended workers to 60 percent. (Khmer Times, 04.05.2020) The labour rights organization CENTRAL stressed that the 70 USD was simply not enough with rents of 30 to 70 USD. At the same time, it was criticized in early May that the government's 20 percent wage replacement had not yet reached the workers. (Khmer Times, 02.05.2020) The government stressed that the payments were still being processed. (Khmer Times a, 06.05.2020) This was compounded by the workers' ongoing debt crisis. At the end of April 2020, 135 NGOs and human rights organizations had called for debt repayments to be suspended during the crisis. (Radio Free Asia, 27.04.2020)

In early May 2020, 180 factories had suspended production, leaving 150,000 workers without work for an uncertain period of time. Once again, GMAC addressed global fashion brands in a public statement, saying: "We understand the difficulties that buyers are facing but strongly appeal to all of you to honour your payments for goods already received and are in transit to you." It added that payment terms can be put on the table for discussion, but no payment is not acceptable. The letter read: "Therefore, we appeal to your sense of decency to make good on your debt." (Khmer Times, 05.05.2020) After an international civil society campaign called PayUp demanding that brands pay for their orders in full, some major brands relented. Many, however, continued to refuse to take responsibility for the workers. However, it is challenging to find out which ACT brands reacted in which way. (Pay Up Campaign 2020)

In early August 2020, 400 workers at the Kun Da Footwear factory protested because they had not been paid their wages. (Khmer Times b, 06.05.2020) At the You Ling factory, the factory management suspended 2,000 of 5,000 workers because there were too few orders. (Khmer Times, 07.05.2020) Around mid-May, protests were held at the SEPIA factory because workers suspended on April 17 had not yet been paid their wages for working hours in April. (Khmer Times, 12.05.2020)

At the end of the month, workers in two other factories protested for similar reasons. At the same time, unions reported more cases of trade unionists being targeted by politics and business in May 2020. Four trade union leaders from the Cambodian Alliance of Trade Unions (CATU) were dismissed from two factories, 30-40 trade union leaders from the Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU) and over 1,000 local CUMW trade unionists were suspended or dismissed. (Camboja News, 22.05.2020) In the middle of the month, the international industrial union confederation "IndustriALL" launched a global campaign for the still imprisoned trade unionist Soy Sros. (Labour Start, 15.05.2020) After almost two months, she was finally released at the end of May. Out of prison came a physically and psychologically weakened woman. (IndustriALL 29.05.2020)

In early June 2020, the government enforced measures that resulted in more disadvantages for workers. It postponed the semi-annual seniority bonus payments until 2021, and textile workers lost two payments of 60-200 USD. (VOA Cambodia, 03.06.2020) Trade unionists from 14 unions called on the government to reverse this decision. (Phnom Penh Post, 23.06.2020) However, at the end of June, the government exempted textile entrepreneurs from two other obligations to pay for the dismissal of workers. (Phnom Penh Post, 30.06.2020)

At the same time, GMAC President Ken Loo called for the suspension of annual minimum wage negotiations, saying, "If we are not competitive, businesses will close, and workers will be displaced and face unemployment. Unions need to be realistic. The higher we raise the minimum wage, the more jobs we will lose, and more workers will face unemployment." Unions strongly criticized this, stressing that it would lead to the exploitation of workers. Loo responded, "How does exploitation take place when it is a free market? Workers are not forced to work and free to accept or reject any terms offered to them." (Khmer Times, 22.06.2020) Yang Sophorn, President of CATU commented: "I understand that employers are facing difficulty during the crisis. But for workers, it's even worse; they'll die first before the employer" (Asia Nikkei, 23.06.2020) H&M spoke in favour of holding the negotiations and the Ministry of Labour stressed that they should take place. (Camboja News, 25.06.2020)

Some workers' struggles took place, targeting the prime minister, but they faced repression**.** Already in June 2020, workers of the "Hana 1" factory had demanded to be paid their wages after their suspension. At the beginning of July, 300 workers protested again and demanded that the Ministry of Labor work to ensure that they were paid all bonuses, including those that had been suspended. One worker said, "We are facing many difficulties. Our rent is due soon. I have no money now to pay my back debts." Workers tried to get to the prime minister's house but were stopped by officials. Further protests by the workers took place during the month. At the same time, several hundred workers at Violet Apparel, a Nike supplier factory, protested because they had not received their wage replacement in the two months since their suspension. (Radio Free Asia, 01.07.2020) Yang Sophorn of CATU met the workers and members of her union at their protest to advocate for a solution for them. The following day, she was charged by the government with "illegal trade union activities" and "inciting workers". In the official letter, she was threatened that her union would be banned if she did not stop the activities. (VOD, 03.07.2020)

At the end of June 2020, unions and NGOs addressed the growing debt burden. CATU and two human rights organizations released a report stating that tens of thousands of textile workers were having increasing difficulty repaying their loans. The majority of the 162 workers surveyed were already eating less or had taken out another loan to get by. Yang Sophorn said, "Garment workers have worked tirelessly to provide food for their families. Now they can barely afford to feed themselves. Without debt relief or social protections, I'm worried that things are going to get worse and worse for these workers." (Licadho, 30.06.2020) The Ministry of Labor questioned the methodology and accuracy of the study. The Secretary of Labor said, "Some organisations have conducted research that did not reveal the truth behind what it was trying to cover. Some researchers have even repeatedly persuaded interviewers to give false information or intentionally phrase questions to make interviewees confused." (Khmer Times, 01.07.2020) Microfinance institutions also criticized the research and accused the organizations of misinformation. Bank ACLEDA called on the government to apply legal measures against groups that led to instability and threatened the economy and investor confidence. (VOD, 03.07.2020)

Toward the end of July 2020, the Ministry of Labour took steps towards another amendment of the labour law. What had already been thought of and planned before the crisis was now underway. The unions opposed the proposed changes because they would only have disadvantages for the workers. Night work should no longer be rewarded better than day work. Vacation days should be reduced. And the power of employers to settle disputes should be strengthened vis-à-vis employees. (Phnom Penh Post, 21.07.2020)

In August 2020, the partial EBA withdrawal came into effect. (VOD, 12.08.2020) This will further aggravate Cambodia's economic situation - in addition to the Covid-19 crisis. 78 percent of exports are clothing and footwear, and the EU is a major customer. NGOS and trade unions have repeatedly called on the government to take the EU's criticism seriously in order to prevent losing access to the EU market. (Camboja News, 28.07.2020) But no answers came from the government in this regard. In July 2020, it announced a future free trade agreement with China as a substitute. (Vietnam+, 24.07.2020) The president also called on the dismissed textile workers to grow their own vegetables and engage in agriculture. (Khmer Times, 08.08.2020) Khun Tharo, program coordinator of Central, summarized the situation of the workers: "It was easy to fall into poverty even before COVID — now the situation is much worse. We're seeing workers sleeping outside of factories. Many have no choice but to sell their homes or take on even more loans from informal lenders just to get by, not [to] mention any health or family emergency." (Los Angeles Times, 07.08.2020) The Prime Minister again urged micro-finance institutions not to be too hard on debtors. (Khmer Times, 18.08.2020) In mid-August, the unions launched a major online campaign calling on the government to make the factory owners pay all missing bonuses to the workers. At the same time, the unions negotiated with over 30 fashion brands to pay 76 USD to the suspended workers themselves. (Camboja, 15.08.2020)

6.2.4. Unions' and the employers' associations position on ACT

In this chapter I analyse the interviews with six Cambodian trade unions and one representative of the employer association GMAC as laid out in chapter three. The analysis shows that Cambodian trade unionists appreciate the idea of ACT and its potential to establish collective bargaining at the national scale. They welcome their inclusion in the implementation process and the potentials of negotiating with employers at a sectoral level. The analysis, however, identifies four key factors voiced by Cambodian stakeholders that hindered the implementation. First, unions and the employer association mention the fact that lead firm participation is not sufficient to enable sectoral bargaining. Secondly, they are concerned about weaknesses in the mechanism and the fact that lead firms are not obliged to comply with their commitments. Thirdly, the Covid-19 pandemic created further distrust towards lead firms. Fourthly, regional pressure on wages makes GMAC less eager to join sectoral bargaining. As a result, the two horizontal actors, GMAC and the Cambodian government did not want to give new power resources to trade unions. The analysis identified power asymmetries between national and transnational stakeholders. Two interesting suggestions made by Cambodian unions were not taken seriously enough to consider implementing them.

All six unionists and GMAC approve of the ACT approach to different extents as can be seen in Table 5. However, unionists are quick to describe key challenges that led to the failure to implement ACT. They welcome their inclusion into the implementation process and several state that the process has given them some power or at least space to negotiate, but only of limited extent as sectoral bargaining was not established.

Table 5: Cambodian Unionists and GMAC voice approval towards ACT

"In the negotiation process, the trade union side was very happy. It gives power for us to negotiate. We joined the negotiations and gave lots of recommendations. But the problem was that after the negotiations, those things could not be put into practice."	CLC
"For my thought, it is a good idea. And it helps to organize and to have sustainability. But the sustainability is not clear due to Covid-19."	CFITU
"We could see the real purpose of ACT. ACT wanted to show to all buyers around the world that ACT is a group of buyers, who care about the livelihood and health of workers, who produce products for them. Second, I saw that this process is not a short process and cannot immediately help workers, but it would need more time."	CUMV
"When the ACT campaign came, we agreed. We were happy. We welcomed the initiative. But afterwards it's just an ambitious dream, with no clear practical level to go there."	C.CAWDU
"To what I see, ACT is helping trade unions to have power in the negotiation, because ACT is trying to train and introduce a good relationship practice. […] But unfortunately, the Cambodian project seems not to work very well."	FTU
"There is no support so far from ACT. [...] Actually, I am interested. I am interested in the establishment of sectoral CBA, but for the sectoral CBA, before we start the establishment, we should study every details. […] Our hope from sectoral bargaining for the future is so little."	CATU
"The concept was interesting. It was refreshing. It was a new idea. And we wanted to explore to see what possibly could come out of it."	GMAC

Several unionists stress that lead firms gain from the ACT agreement, a fact that will be described more thoroughly later in this chapter. All of them remain sceptical on the future implementation but welcome the shift towards a multi-employer agreement that will be briefly described in the next subchapter.

A key factor that hindered the implementation of sectoral bargaining, mentioned by all unionists, was that the ACT corporate signatories were not sufficient in their number to establish sectoral bargaining. Important buyers of Cambodian suppliers are not part of the ACT agreement, as mentioned by one unionist.

> *"GMAC withdrew. Because GMAC thought that ACT could not represent the garment sector in Cambodia. Because the number of buyer companies under ACT was very low in Cambodia. That was why GMAC rejected. GMAC could not accept ACT as a representative of all buyers in Cambodia. (CUMV)*

This was deemed especially important as suppliers have various buyers. Several trade unionists questioned how suppliers would implement the negotiated changes resulting from sectoral bargaining, when they would only partially benefit from increased purchasing practices.

> *"By our estimates, 21 brands that were ACT members at that point in time probably represented between 30 to 40 percent of the total sourcing from Cambodia. But they wanted it to be a sector wide collective bargaining agreement, which would apply to the whole sector. And they cannot represent the whole sector. I represent the whole sector. They don't. ACT member brands, they don't even represent the majority of the sector. They represent the minority. So that was why we, GMAC, felt that they wanted to overrepresent, or they were trying to overrepresent. And it was not possible to go forward with a sector wide collective bargaining agreement." (GMAC)*

In order to get more lead firms to join, three unionists stressed that they had voiced the need to create an official campaign to target those brands that have not joined ACT. However, this was not taken seriously enough by IndustriALL, as no such campaign yet been carried out.

> *"Trade unions suggested to ACT that we should work together to launch a campaign to encourage more brands to join ACT. But in reality, until this*

time, nothing has been done. No single activity has been carried out to attract brands to join with ACT. This attempt is in the negotiation plan only. [...] Maybe ACT spoke with other brands. I am not sure, but a joint real action between trade unions and ACT has not yet existed or carried out. "(CUMW)

One unionist stressed that they were effective in the past when workers understood an issue, organized and collaborated with international partners to lobby the government and put pressure on employers and brands. The representative believes that those leading the processes need to understand the balance of power and in the case that action by brands is not sufficient, consequences need to be drawn like the announcement of strikes. The representative says ACT must decide what works, find a balance between campaigning and negotiating, but claims that sometimes the "negotiator is a bit far away from the pain of workers".

"We need to be clear at the national level and try to provide a correct tool for the local union in order to collaborate with the existing power of the global union. And at the same time, we have to promote and build a genuine agreement with the brand. Internally, inside IndustriALL we do have some group, who want to push more in that way. And we have another group, who are a bit resistant in the middle way. So, it's like shaking. [...] So there is some emerging of a new way of campaigning and trying to claim the balance of powers, try to energize the movement a bit. But there is also some challenging of the other group that assume that let's say social dialogue, we keep talking, talking, talking and promote that." (C.CAWDU)

The second factor cited by trade unionists as hindering the implementation is weaknesses in the ACT mechanism and the fact that Cambodian stakeholders could not be certain that commitments would be fulfilled by lead firms. Trade unionists and GMAC stressed that crucial parts of the mechanism remain unclear to them, such as the level of price increases. One unionist called this part about the agreement "not clear and merely a promise."

"The commitments by the buyers were not clear. There were not enough details. It was agreement in principle. Right. But we need more details to understand exactly how it's going to work. […] We need to know these details before we put pen to paper. And in fact, it should be a starting point. We

need to know what we are getting and how. What are the mechanisms to ensure we are getting what has been committed." (GMAC)

In this regard, the analysis of the interviews suggests a disconnection between lead firms and suppliers. The trade unionists mention disagreements between companies and suppliers on how to exactly proceed with the implementation and on how to regulate the responsibilities between them:

> *"There are three things that need to be cleared before any negotiation. What am I giving or what are they requesting? Number two: what am I getting in return? And number three: who does this agreement – if eventually an agreement is reached - who does it cover? We were unable to agree to any of these three items and so the negotiation was doomed to fail from the start." (GMAC)*

> *The stakeholders are concerned by the fact that corporate ACT signatories are not obliged to honour the commitments made and that the burden of paying higher wages falls on the suppliers, if lead firms choose not to comply. This is particularly grave as all interviewees voiced distrust towards lead firms as can be seen in*

Trade unions wanted brands to sign the sectoral agreement and asked them to do so. Lead firms, however, refused. One unionist believes ACT itself could "face some challenges", when "the members do not follow their instruction."

> *"And after the negotiation we asked the brands to sign the agreement. […] I observed that each brand did not answer the request. Some responded to me with hesitancy. The benefit of establishing sectoral CBA is good reputation for their business. So, they will receive the benefit of good reputation. But they want employers in Cambodia or GMAC to sign and they won't. It means that they want to escape from any responsibility. […] Their responses were 'it is not necessary to do so, only GMAC should sign.' I don't think that is right. You brands joined the negotiations and then you made excuses." (CATU)*

Table 6. In this regard, a disconnection between IndustriALL and Cambodian unions could be observed. It was IndustriALL which started the ACT idea and which works closely with brands. However, unions do not trust those lead firms.

> *"For example, if buyers would change their behaviour. If they no longer respect the agreement, no longer care about workers or the agreement would expire. Who would be responsible for all the benefits promised to workers? Even if ACT no longer joined, workers would still demand their benefits. […] GMAC was concern that this burden would fall on the factories. This was an obstacle. So, there was no trust and confidence between GMAC and ACT" (CUMV)*

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Regarding the government's role, the pro-government labelled unionist stressed that the lead firm commitment to pay higher purchasing prices to suppliers is vague and that the "government also looks at that uncertainty." One independent unionist stressed that this had implications on the ACT negotiation process:

> *"And the pro-government TUs did not very much involve in the process. […] We pulled and pushed, but one reason that those TUs did not join was the government did not believe brands. The government did not want all workers to receive decent wages. But they could not officially say that, so this led to*

that the pro-gov TUs did not dare to push the process. So only us, the independent TUs." (CLC)

Table 6: Mistrust voiced by Cambodian unions towards lead firms

"But if wage rise was demanded for workers, and brands did not add the extra cost, what the companies could do? They might close their factories, right?"	CLC
"Some buyers said that they had commitment to join. But this is only what they said. In reality, the commitment of the relevant parties in the ACT mechanism is still limited."	CFITU
"I want to say we cannot trust buyers. Some buyers are not honest."	FTU
"For me, I don't see much commitment from brands. When I joint the meetings with some brands [...] I saw that some of those brands expressed their commitment. [...] But as my experiences working so far, what I see in general, I can say that all brands – those under ACT and those not under ACT – trade unions don't trust them."	CATU

In this regard, different points of view could be observed. Two unionists said the government had nothing against sectoral bargaining, while others stressed that the government is not fully in support of it. Several unionists mentioned that the legal background for sectoral bargaining is not yet secured as the government of Cambodia adheres to the legal requirement of unions to have a "Most-Representative-Status" (MRS) of 30 per cent of all workers to represent them in sectoral negotiations. The nine trade unions affiliated to IndustriALL cannot achieve this status.

"And when we register, we know, as independent TUs, we cannot do anything. We, independent TUs, will be under the influence of the government...we cannot do anything. The TU that leads us must be a pro-government TU, whose voice will be supported by the government. [...] But in case of those 9 TUs, [...] how can they ask the Minster of Labor to issue a letter recognizing the MRS for us. It is not possible! [...] Until this time, no trade unions or federations, at the national level, have reached the point where they become a TU representing workers." (CUMV)

The third factor, observed in the interviews is that wages are a contested issue among garment producers in the region. One unionist stressed that the employers are not interested in joining sectoral bargaining as they think the current minimum wage is already high enough. This was confirmed by the GMAC representative, who stressed that Cambodian suppliers struggle to compete with other producer countries due to the high minimum wage.

> *"The wages of the workers in our sector in Cambodia has risen significantly over the years. Our minimum wage is the highest amongst our competitors. […] And it is a problem for us to remain competitive because it is a global market. We are producing the same products that sell at the same price in the stores. […] And prices have been on the decline for thirty years. […] Apparel has in fact seen deflation over the last three years. And that's because we are being squeezed. Yeah. So in the past, we did make extraordinary profits. And that's why there are so many producers. So many people want to open up factories. But over the years, our profits have been eroded because of eroding prices. To the extent that now it is it is almost unbearable. It is almost unbearable." (GMAC)*

One unionist says the employers "sit in the same boat" as the unions, but do not want to join forces with them to secure social upgrading. Instead, the employers formed their own regional alliance, the "Star Network" to negotiated with brands directly about increasing purchasing prices. Another unionist thinks the "employers don't care enough" to join.

The fourth factor mentioned by Cambodian stakeholders was the Covid-19 pandemic and subsequent cancellations of orders by lead firms – including ACT signatories. According to the GMAC representative the activities of brands created "further distrust" as some of the ACT brands also acted "irresponsibly" when the pandemic hit. Trade unionists stress that their trust in the lead firm commitments is low due to the way they reacted during the Covid-19 pandemic.

Summarizing these four factors, the analysis shows the mechanism was not strong enough in decreasing vertical power asymmetries. The horizontal actors Cambodian employer association and the government did not want to give additional institutional power to unions by establishing sectoral bargaining, when the responsibilities are not clearly laid out. Several unionists mentioned that workers would likely continue demanding higher wages through the established sectoral bargaining, even when lead firms do not comply with paying higher purchasing prices.

> *"And the government thought if the benefits were given to workers, it was not possible to remove those benefits later. But they would ask for more benefits. And if they could not get them there must be demonstrations in the country" (CLC)*

Table 7: Increased Distrust towards lead firms due to Covid-19 pandemic

"ACT brands promised to help and then they withdraw all those benefits [during Covic-pandemic]. What happen to the sustainability of this sector? This is our biggest concern. "	CFITU
"You can see recently during the Covid-19 pandemic, some factories worked for good brands. Brands promised that they still bought from the factories. But during this crisis, those	FTU
"For the Covid issue, those brands are sleeping. How many brands show their faces and help to solve the problem of workers or help to pay the workers' wages? See! No brands. So, from this we can see their true color. They are that kind of human beings who move their business from one country for another to make lucrative business for themselves only."	CATU
"It creates further distrust. We haven't even started. We don't have an agreement, but yet ACT members, this is how they behave."	GMAC

An important factor mentioned by several trade unionists were power asymmetries and differing resources that national and transnational stakeholders had in the process. One unionist says the negotiations were "a bit of a rush", that unions didn't have enough time to prepare, and stakeholders were not ready for the negotiation. Another unionist mentions the training which they got from IndustriALL and that a lot of efforts were taken to implement ACT, but says that "frankly speaking this initiative started from the top" and that "unions are not being trained properly."

"The power is there. They have the executive committee. They have a general council committee. So, it goes a bit into balloons. I did share my idea in some important, in most of the important platform. But you know. I am just like the others. I have other work to do. I don't only have this area. I have my own responsibility in other areas. So, it's so hard to really carry this big global family. And to throw one good idea or a bad idea inside and grow from there. It's not as simple as it is. […] So, the power should be balanced. In this case, ACT is not like that. ACT is more... I think the union is not really equipped, especially the national union. We don't have much voice in those. It's a bit far from here to there." (C.CAWDU)

The representative adds that even if the agreement started from the top, it can still "bring a good thing to the ground", if workers are mobilized and involved and a good negotiation team is formed. The unionist says that they "need to invest a bit more in terms of clarification from the ground." But until now, two unionists particularly believe that brands gain more from the ACT agreement, as they could improve their image.

„ACT is composed by the brand and the global union. The brand is more well equipped. And the brand is taking benefit more than the union from the ACT platform. Because we get nothing so far. And the brand and the other they are promoting themselves through ACT, they say: 'Oh, we join the negotiation with the union, we are more open. We have a responsibility.' So, all those publicity is benefit brand and employer more than the unions if we are not having a genuine relationship. " (C.CAWDU)

"They want to establish sectoral collective bargaining because they just want to show the public in the world that they are good human beings. You buy my clothes, that have been produced by workers whose rights have been highly respected. But in reality this does not exist. Brands are also the group that violate the workers' rights the most." (CATU)

Cambodian stakeholders as well as the other four interviewees mentioned the future path for ACT agreement. At the time of writing, the ACT office is exploring a new approach of still implementing the ACT idea by bypassing GMAC. The office is negotiating with individual suppliers of ACT lead firms to join a multi-employer agreement. At the time the interviews were taken, the ACT office focused on developing a conflict resolution mechanism. The plan is to convince suppliers to join the platform:

> *"We try to get suppliers in directly. So, whether GMAC wants to join or not. They don't prioritize it anymore. They use the brand and maybe other power to convince the suppliers to enter this process. So now some suppliers have entered, especially the supplier, which are under the ACT brands. So, the strategy now is trying to motivate the supplier as much as we can, to make them feel that they own this process." (C.CAWDU)*

This new avenue could be more successful, as all joining suppliers would directly profit from transformed purchasing practices. The sectoral dimension of collective bargaining, however, is lost in this approach. Several unionists appreciated the change of direction by ACT, not because it makes the agreement better, but because the new approach has more potential to work.

> *"Now we are discussing about how to design the dispute resolution mechanism. So now we start from small things first. We did the ambitious and we couldn't achieve it. So, we come back and start from scratch again to build. So now we are discussing the proposal to submit to the ACT brands on how to solve a dispute with the ACT brand supplier. But we are still in the process." (C.CAWDU)*

One unionist believes that if such a multi-employer agreement can be achieved, both employers and buyers could see the benefits:

> *"This is a really good idea. If we can successfully negotiate CBA through ACT buyers with the factories that produce the products, other factories will see this as a good model. There will be more orders through ACT too. So, nothing complicated. The most important thing is to have a successful CBA negotiation so there will be more participation from other brands." (FTU)*

6.3. Analytical Argument: Impact of power relations on ACT and vice versa

ACT is designed to take collective bargaining from the factory scale to the national-sectoral scale. This process is linked to the transformation of lead firms' purchasing practices at the transnational scale. If the agreement is successfully implemented, it can change horizontal and vertical power relations in the garment industry. It can create institutional power of trade unions vis-à-vis their employers at the national-sectoral scale and reduce the power imparity between lead firms and suppliers at the transnational level. However, existing vertical and horizontal power asymmetries have hindered the successful implementation of ACT in Cambodia since its formation in 2015. The implementation of sectoral collective bargaining in Cambodia has stalled. The agreement was unsuccessful in its critical element of making the employer association GMAC join sectoral bargaining. In the following, I discuss key power relations at the vertical and horizontal dimension that explain this outcome.

Vertical dimension:

1. The fact that lead firm participation was limited in ACT, was the key reason for GMAC to withdraw from the negotiation on sectoral bargaining. Together with Cambodian unions it does not think the ACT office can represent buyers sufficiently to provide the financial support for Cambodian suppliers once wages increases are negotiated in sectoral bargaining. The increased wages would have to be paid by all Cambodian suppliers, while only those producing for ACT brands would benefit from transformed purchasing practices. Most suppliers would not gain the financial room to manoeuvre the increase in wages.

2. Additionally, Cambodian Trade unionists and the employer association voiced concern about weaknesses in the ACT mechanism. They stressed that important components of the agreement, such as the level of price increases, remain unclear to them. They criticise the lack of obligation for lead firms to fulfil their commitment of incorporating wage increases in the purchasing prices paid to suppliers. This is especially grave, as all unionists voiced mistrust towards lead firms. It was stated that this was also the reason why the Cambodian government remains rather passive in the establishment of sectoral bargaining.

3. The Covid-19 pandemic deteriorated the relationship between lead firms and suppliers and increased the distrust towards brands. When lead firms in the Global North had to close

their shops due to lock-down regulations, they cancelled already given orders leading to massive lay-offs and suspensions in Cambodia. GMAC continuously called on brands to react responsibly. Within the scope of this master thesis, it was not possible to find out how ACT brands reacted exactly during the pandemic. Trade unions asked lead firms to shoulder the burden of paying wages for suspended workers, but did not receive any answer. While the pandemic was a less than ideal situation for implementing an agreement such as ACT, it is central to keep in mind that the pandemic is not a one-off exception from the normal. Capitalism is prone to crisis, and these bring to the fore the underlying power asymmetries that hinder the introduction of agreements such as ACT.

4. ACT was not able to address regional competition. The Country-Support Commitments did not prove attractive enough for the employer association. GMAC stressed the comparatively high minimum wage in Cambodia's garment sector and the stress suppliers already face to compete with other producer countries. ACT is being implemented only in selected countries without success anywhere else so far.

5. Another detrimental factor for the ACT implementation was the partial withdrawal of the EU's EBA scheme. Since August 2020 suppliers must partially pay tariffs for exports into the EU market. The relation between the Cambodian government and EU deteriorated. The country may orient itself more towards China, as it announced a future trade agreement with China.

6. Power asymmetries between national and transnational stakeholders were identified. Unions appreciated their participation in the ACT negotiation, said that they were able to contribute, but also hinted towards unequal power dynamics between the stakeholders. Two interesting proposals made by trade unions were not taken seriously enough to consider their implementation. First, Cambodian trade unions suggested to create a campaign to pressure other lead firms to join ACT. Second, they wanted to address the problem that lead firms are not obliged to fulfill their agreements by making them sign the agreement made between GMAC and trade unions.

Horizontal dimension:

1. The empirical research shows that Cambodian trade unionists appreciate the idea of ACT and its potential to establish bi-partite collective bargaining with employers at the national scale. GMAC and the government, however, seem less supportive of the ACT implementation and might prefer the tri-partite minimum wage negotiation and factory-based collective bargaining. Both capital and state did not want to give a new and relevant power resource to unions, and as GMAC withdrew were able to prevent this.

2. The Cambodian government did not proactively involve in the ACT implementation. It remained passive in providing the legal background for successful sectoral negotiations. Until now, the participating unions cannot achieve the "Most-Representative Status" necessary to legally be allowed to represent workers nationally. The passive role of the government is not surprising, as a look at past developments in Cambodia shows that the government did not necessarily establish progressive labour law changes on its own, but responded to collective pressure or did so to secure votes before elections.

3. Unions played a limited role in the negotiations on establishing sectoral bargaining. They did not apply structural or associational power resources to pressure GMAC to enter such bargaining, nor did they strategically lobby the government. Cambodian trade unions' room of manoeuvre changed in the recent history. They are less free to pursue their activities due to repression by the government. The Covid-19 pandemic intensified these horizontal asymmetric power relations, as many workers were suspended or fired, and the governments applied repressive actions towards unions.

4. As many researchers have shown, the Cambodian trade union movement is divided in three sections. The pro-government, pro-opposition and independent unions each have different political objectives. The pro-government unions are less willing to exert pressure for substantial change compared to independent unions. Pro-opposition unions have been under heavy attack by the government. This had and will continue to have implications on the ACT implementation, as finding a unified voice and strategy towards the ACT implementation would be beneficial for unions in order to play a more pro-active role in the establishment of sectoral bargaining.

As a result of these horizontal and vertical factors, sectoral bargaining has not been established in Cambodia. Conversely, this means that horizontal and vertical power asymmetries have not been reduced because, first, Cambodian trade unions have not gained a new source of institutional power vis-à-vis capital and the state and, secondly, as no change in purchasing practices has yet been observed.

Overall, institutional power resources established through global mechanisms backed by lead firms need to be taken with caution. First, it should not be forgotten that the problems the ACT initiative tries to solve are co-created by the lead firms' purchasing practices in the first place. Both transnational and national capital benefit from worker exploitation. This makes lead firms' role in the agreement contradictory, motivating the majority to stay away from participating. A comprehensive idea about exploitation within capitalism is lacking in the ACT framework. The approach refers in its problem analysis to many important factors such as the systematically addressing the root causes of poor working conditions and low wages. This comprehensive understanding, however, seems to be lacking for the implementation process, which is characterised by a collaborative and negotiation-based approach devoid of power-sensitive ideas. The agreement offers a central solution, but lacks a strategic and power-sensitive approach on its implementation.

Institutional power is usually the outcome of mobilising structural, associational, and coalitional power in labour action, which pressures capital and the state into making concessions. Relying on institutionalised governance and negotiation, a mobilisation of these power resources could not be observed within the ACT implementation process. The ACT office involved lead firms and IndustriALL tried to win over suppliers by promoting a "win-win situation" between suppliers and workers, emphasizing that collective bargaining "takes conflict out of the workplace". Throughout the ACT implementation process, no major activation of structural, associational, and coalitional power resources took place to pressure lead firms and employers getting ACT off the ground. This is surprising, given that Cambodian trade unions have been very successful in pressuring capital and the state into concessions through a combination of strikes and protests as has been described in chapter 4.3.2. In this regard, a disconnection between IndustriALL at the transnational scale and Cambodian unions at the national scale could be observed. Cambodian unions wanted to create a campaign to pressure more brands into joining ACT. No such campaign was carried out.

ACT can even support lead firms in avoiding the activation of other power resources in their producing countries. In contrast to the call for immediate change by labour NGOs, ACT's long-term approach made the agreement attractive for lead firms in the first place. This long-term approach can potentially obscure lead firms' immediate responsibility to enable living wages while enjoying the benefits of an improved image. Some unionists stressed that lead firms already gained from the ACT process, while they themselves have not. This becomes particularly problematic if ACT continues to fail in establishing institutional power over a long period of time and the mobilization of other power resources remains in the background. The focus on establishing institutional power could lead to disregard for application of other power resources and in result to pacification of industrial relations without wage increases. At the same time, past developments show that the Cambodian workers have often spontaneously taken their discontent to the streets or the factory. This might be chosen by Cambodian unions and workers as the main strategy to achieve social upgrading if the ACT agreement does not materialise.

Finally, looking at developments since Cambodia's insertion into the global market, it is evident that external influences on labour governance and labour law have often not worked as intended in the past, because national stakeholders were not strongly behind them. This is particularly the case with the Cambodian government. It is essential that these mistakes are not repeated in the ACT process. This goes hand in hand with the Cambodian trade unions calling for their comprehensive inclusion into the implementation process in Cambodia.

To conclude, the ACT agreement has many promising elements, but its implementation faces major limitations. So far it could not reduce power asymmetries or create workers' power. At the time of writing, the ACT office is exploring a new approach of still implementing the ACT idea by bypassing GMAC. The office is negotiating with individual suppliers of ACT lead firms to join a multi-employer agreement. This avenue could be more successful, as all joining suppliers would directly profit from transformed purchasing practices. The sectoral dimension of collective bargaining, however, is lost in this approach.

7. Conclusion

In this master thesis, I analysed the implementation process of the ACT agreement in Cambodia between mid-2018 and mid-2020. I did so by qualitatively analysing press and media articles as well as semi-structured interviews with six Cambodian unions and one representative of the employer association GMAC. Four interviews with ACT/IndustriALL staff as well as industry experts additionally informed my analysis. Theoretically, I combined several approaches. I complemented the Global Production Network (GPN) approach with the Power Resource Approach (PRA) that structures workers power resources in four domains. The GPN approach mainly looks at vertical dimension, while the PRA mostly focuses on horizontal dimension. To combine the two, I use the concept of scales to describe the complex relations present in the ACT agreement. I asked how vertical and horizontal power relations influenced the implementation process in Cambodia, and how this process in return influenced the power relations.

This thesis categorises the ACT implementation process in three phases and summarizes the position of Cambodian stakeholders on the process. Between 2015 and 2018, the ACT office introduced the dual approach of ACT to Cambodian stakeholders, but mainly focused on developing the foundations of the mechanism with lead firms at the transnational scale. Between mid-2018 and 2020, major successes were reported. Two sets of lead firm commitments were presented and negotiations in Cambodia took place on establishing sectoral bargaining. However, in March 2019, GMAC withdrew from the negotiations, stating that it could not enter sectoral bargaining when ACT lead firms only represent a minority of its buyers. The social and economic impacts of the Covid-19 pandemic - particularly lead firms mode of handling the crisis - worsened the conditions for introducing sectoral bargaining. Lead firms, including some ACT signatories, cancelled already given and produced orders to reduce their financial losses due to shop closures in the Global North. This led to massive suspension of production as well as workers and created distrust among Cambodian stakeholders. Trade unions' demands towards brands to pay partially suspended workers was not taken into consideration. As a result, the establishment of sectoral bargaining has stalled. At the time of writing, the ACT office explores a new approach of creating a multi-employer agreement. where individual suppliers join collective bargaining. This could potentially lead out of the impasse.

The empirical analysis suggests that vertical as well as horizontal power relations presented challenges for the implementation of sectoral bargaining. Four key factors were identified that prevented the implementation. First, 20 signatory lead firms were not sufficient to enable sectoral bargaining, as many suppliers would not have benefited from changed purchasing practices. Secondly, the mechanism lacked clarity and obligation, which discouraged Cambodian stakeholders and led to concerns whether brands will fulfil their commitments. Thirdly, the Covid-19 pandemic and lead firms mode of handling the crisis created further distrust among Cambodian stakeholders. And fourthly, regional competitive pressures could not be addressed adequately. As a result, the vertical power relations remained asymmetrical. The employer association did not see the benefits of entering sectoral bargaining.

On the horizontal dimension, the analysis finds that while Cambodian trade unions were eager to join sectoral bargaining, employers and the state preferred to and were able to resign from giving new power resources to Cambodian unions. Both might prefer collective bargaining at the factory scale and the tri-partite minimum wage negotiations. The Cambodian government did not pro-actively involve itself in the establishment of sectoral bargaining and did not provide the legal background for sectoral bargaining. Unions played a limited role in the negotiations on establishing sectoral bargaining. They did not apply structural or associational power resources to pressure GMAC to enter such bargaining, nor did they strategically lobby the government. While the major factor for the failure to establish sectoral bargaining is to be seen at the vertical dimension, these horizontal power dynamics were not beneficial to the establishment.

As the implementation process in Cambodia shows, so far, the vertical and horizontal power asymmetries in the garment GPN still prevent a successful implementation. Cambodian unions welcomed their inclusion in the implementation process and the possibility to negotiate with employers at a sectoral level. They, however, stress that lead firms have already benefited by improving their image, while they have not gained institutional power as intended.

The ACT approach represents a novel and promising solution towards securing social upgrading. It was, however, faced with major challenges to implement. Power resources were not used to make more firms join and to pressure the Cambodian employers to join sectoral bargaining and to lobby the government to legally enable this development. The analysis suggests that the negotiation process was characterized by a focus on negotiation. The ACT office, involved lead firms, and IndustriALL tried to win over suppliers by promoting the "win-win situation" between suppliers and workers, emphasizing that collective bargaining "takes conflict out of the workplace". Cambodian trade unionists suggested to create a campaign to make more firms to join ACT. This suggestion was, however, not taken up by the ACT office. With the ACT agreement, IndustriALL and the ACT office presented a good solution, but failed to provide a power-sensitive approach of implementation.

Several scholars describe the emergence of Transnational Industrial Relation Agreements (TIRAs) as a welcome development. While I share this view, I suggest that the major challenges to the ACT implementation process that I identified in this thesis need to be taken seriously. ACT is often referred to as a predecessor of the Bangladesh Accord that managed to broaden the scope of negotiation. It, however, secured much less firm participation as no trigger event such as the Rana Plaza could secure enough discursive power. Additionally, its institutional mechanism is not binding as the Accord. As a result, the optimism towards an increase in GPN regulation through TIRAs needs to be taken with caution.

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