

# Extending Good Labor Practices to Workers at the Base of Global Value Chains

New Institutions in the Labor Market

# Question

- How and under what conditions can good labor practices and safe working conditions be extended to the most vulnerable workers in lower tiers of global value chains?

Company Codes of  
Vendor Compliance  
(mid 1990s)

Auditing/policing  
punitive model;  
Third party audits

Multi-stakeholder  
Engagement

(Early to mid-2000s)

Consultative/  
Collaborative model

General agreement that private  
regulation is not enough to reach  
beyond top tiers

Root Cause Analysis

Other experiments are underway -  
Bringing the state back in in new  
ways

# New institutional processes in the labor market: 3 examples

- Union-led
- Global buyer-led
- Networked
  
- Shape trajectories of upward mobility and simultaneously of firm performance

A few patterns stand out across these cases

1. Ultimately about economic lives, but start in the *social sphere*.
2. Start not in the workplace, but in the place *where workers live*
3. Goal is protection at the base of GVCs, but pathway is through the provision of *public goods first*
4. Focus is not the individual firm, but the *wider labor market* in the region
5. Government is centrally involved, but not the usual suspects -- *social ministries*, and not labor or economic ministries

# Example 1 New Trade Union Initiative (NTUI)

Successful union organizing of informal workers despite neoliberal pressures

- Alliance of party-independent unions federated nationally in 2006-7
  - Garments (GATWU), Ag, services, Domestic work
- New strategies
  - Reject protectionism as a response to globalization
  - Given internationalization of work, see the global value chain, rather than nation state alone, as appropriate site for organizing labor rights
  - Target Tier 1 + brand stores; to ensure living wage at Tier 1.
  - *“If you see Tier 1 as minimum wage compliant, then you can forget about getting Tier 4 to comply with the minimum”*

# Pathway to the shop-floor was through the community

- Set up a working women's non-profit where the workers lived
- Allied with universities to identify needs
  - Work-time study
  - 16 hour work shifts
  - Water, creches, laundry
- Worked with municipal governments and others to help broker services to lighten the social and domestic burden on the garment workers (need an anchor)
- Gained trust, built leaders from within who later went on to organize the shops where they worked.
- Worked from the inside-out and outside-in (organizing protests at the stores and Tier 1)
- The coupling and intertwining of concerns relating to both the social and economic lives of the workers has been central to NTUI's successful strategy

# Example 2:

Ikea's area-based efforts to upgrade social standards across its carpet belt

- Focused on entire district from where they sourced; Goal: to keep child labor out of production chain
- Specific strategies
  1. Combined sourcing and compliance divisions
  2. Worked with JNU professor and student team to survey region and identify core cause
  3. Identified **debt** as the main cause; and **health**
  4. Worked with UNICEF, WHO, State and Local governments, Gram and Nagar panchayat to address issues
  5. brokered existing programs through process of institutional recombination -- did not simply "throw money at the problem"
    1. SHGs – to help open bank accounts to retire usurious debt
    2. Health care clinics
    3. Bridge schools
    4. Technical change and working outside home
- Benefits flowed to all households in region, not restricted to actual suppliers

# Example 3

## Mewat: Networked ties at the base of the value chain

- Government (Ministry of Women and Child Development); Global buyer (Gap Inc); local NGO (SPYM); Two exporters
- linked local hand-embroiders in two Mewat districts to global markets
  - Removed middleman
  - Brought women workers outside their homes to a common community workplace (organized by the local NGO) + creche
  - Ensured piece-rates tracked minimum wages – direct to bank accounts
  - Workers took over negotiation – MNREGA as benchmark
  - At its peak 800 women participated, earning Rs. 1500-5000/month, collectively bringing Rs 2 million to region.
- Market making layered over 15 years of social organizing in the region
- Partnership a result of global buyer weakness, rather than strength

# In sum: Patterns that cut across

- Spatialized, area-wide approach to organizing – complements sectoral work
  - Focus not just on individual shop-floor, but beyond it to area or region-wide labor market
- Inverted pathways
  - From the places where workers live, to reach the workplace
- Social lives first, not just economic
  - Solutions to problems of value chain working condition actually **involved supply of public goods** (and social services) that extended far beyond the value chain or factory floor



- Collaborative, customized
  - Mix of actors unions, global buyers, government, locally embedded NGOs
  - How they come together varies by case and sector
- Government involved in central ways:
  - but not usual route (regulating or inspecting),
  - And not the usual suspects
    - social ministries were involved, not economic or labor
- Suggests that social bureaucracies can become important allies, and important part of the mix in getting stability and upward mobility at the bottom of GVCs

# Institutions that can nurture stability and mobility at the base of GVCs

- Territorial or spatialized strategies of diffusing labor standards as a complement to sectoral and more universal strategies of labor protection.
- Straddle the complex intersections between the social and economic lives of workers
- Are layered (market making layered over years of other social work)
- Re-embed work in social lives
- Nurture the middle-ground through processes of institutional recombination.