

The Accord and beyond: Approaches of buyer engagement aimed at improving labour conditions in global supply chains

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Abstract:

The Accord on Fire and Building Safety in Bangladesh ('Accord') has received both praise and criticism concerning its implications on corporate responsibility and power. This article contributes to the debate by situating the Accord within a broader set of activities buyers are engaged in to promote better labour conditions in their supply chains. We identify three approaches of buyer engagement as *auditing, capacity building and advocacy*. Drawing on interviews conducted with 64 European brands and retailers, we show how buyers perceive merits and challenges of these approaches, and whether and how they discharge responsibility and power through these activities. Our study shows that the Accord is seen primarily as part of the auditing approach with a key feature being its use of collective leverage as a means of enforcement. While greater buyer power has not necessarily accompanied greater responsibility, we also highlight heterogeneity among buyers in how they take up different approaches, painting a more nuanced picture of buyer responsibility and power.

Keywords: Accord, Bangladesh, Corporate Responsibility, Labour Conditions, Supply Chains, Auditing, Capacity Building, Advocacy

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INTRODUCTION

The Bangladesh Accord on Building and Fire Safety (hereafter, the Accord) that emerged in the aftermath of the Rana Plaza disaster in 2014 has been hailed as a breakthrough and a game-changer, given its embedded legal liability (Anner et al., 2013) and labour-inclusive nature (Donaghey and Reinecke, 2018). On the other hand, others question whether it really is a paradigm shift, given that it reproduces corporate power (Scheper, 2017) and serves as a white-washing tool for corporations (Salminen, 2018). The Accord thus reflects the ongoing broader debate on corporate responsibility and power in global supply chains.

In this debate, we hear little of what buyers themselves think about the Accord *and* how they situate the Accord in relation to their engagement with other activities aimed at better labour conditions in their supply chains. The Accord, however exceptional and novel its origin, governance, and legal implications may be, is just one of many corporate social responsibility (CSR) activities for global firms. Indeed, the Accord is rather limited in terms of issue scope (i.e. building and fire safety) and geography (Bangladesh), while global buyers are pressed to engage in a wider range of sustainability issues in their global supply chains. Therefore, we seek to understand the Accord and its significance (or lack thereof) by situating it among a broader set of buyer activities aimed at improving labour conditions in their supply chains.

To complement the other two articles in the guest issue covering workers and factory managers' perspectives, we delve into buyers' perspectives by drawing on 131 interviews with 64 garment firms headquartered in Germany, Sweden and the UK. We ask i) how does the Accord fit into the overall tool kit of buyer engagement? and ii) how do buyers perceive benefits and challenges of these activities? In light of the ongoing debate on buyer responsibility and power (or lack thereof) concerning the Accord, we will also examine the question of iii) how do buyers discharge responsibility and power as they engage in different types of activities? In so doing, we contribute to a better and more nuanced understanding of buyers' motivations, constraints, and their implications on corporate responsibility and power more broadly.

The rest of the article proceeds as follows. The literature review situates the Accord in the scholarly debate on buyer responsibility and power and discusses the three approaches employed by buyers: auditing, capacity building, and advocacy. We then give an overview of the garment retail landscape in Germany, Sweden, and the UK and discuss the data and method. The empirical section situates the Accord in relation to the three approaches and

shows how buyers perceive relative merits and demerits of each approach and how buyer power and responsibility manifest themselves. This is followed by the discussion section drawing out the key findings related to the three approaches and the conclusion highlighting contributions and policy implications, notably the need to level the playing field so that all buyers will be compelled to assume greater responsibility.

BUYER RESPONSIBILITY, POWER, AND THE ACCORD

Global firms sourcing from developing countries are often seen as accountable for ensuring fair working conditions in their supplier facilities. This expectation is based on two key assumptions. One is that buyers are, at least partly, responsible for suppliers' working conditions. The second is that these buyers have the power to regulate labour conditions in their supply chains.

Buyer responsibility for supply chain practices has evolved from denial and rejection in the 1980s, reluctant acknowledgment and development of corporate codes of conduct (CoCs) and auditing in the 1990s, to a more proactive engagement by buyers in the past decade (Schrempf-Stirling and Palazzo, 2016). Against the background of activist campaigns and pressure, firms sourcing from poorly regulated environments have been compelled to fill a regulatory gap (Gereffi and Mayer, 2005). This process can be seen to be shifting responsibility from public institutions to private corporations.

Call for greater buyer responsibility is often based on the presumption that buyers wield overwhelming power vis-à-vis suppliers and producing country governments. Development and geography scholars tend to highlight uneven power relations and asymmetries between powerful and concentrated lead firms in the North and suppliers scattered in the Global South (Coe et al., 2008; Nadvi, 2008; Tokatli, 2007). Such power asymmetries and contradicting demands placed on suppliers underlie the anxieties and frustrations expressed by suppliers in the South (Ruwanpura and Wringley, 2011, 'FACTORY MANAGER ARTICLE' this issue).

On the other hand, others argue that buyers are less powerful than commonly assumed and that buyers have limited leverage vis-à-vis suppliers. First, buyers do not necessarily hold the balance of power in individual buyer-sell relationships (Alexander, 2019b). For example, many Tier 1 suppliers are no longer captive, dependent, or subservient as they are now themselves large multinationals with multiple subsidiaries and capable of offering full

package service (Azmeah and Nadvi, 2014; Merk, 2014). Second, factory managers facing contradictory and unrealistic buyer demands can engage in evasion, actively circumventing and disrupting institutional pressure through various means (Alexander, 2019b; Soundararajan et al., 2018). Third, intermediaries such as sourcing agents can dilute and limit buyer power (Oka, 2010; Soundararajan and Brown, 2016).

The question of buyer responsibility and power is at the heart of the debate surrounding the Accord. On one hand, the Accord is seen as a game changer given its labour-inclusive governance, embodying industrial democracy (Donaghey and Reinecke, 2018) and transnational industrial relations arrangement (Ashwin et al., 2019). Moreover, the Accord's legally binding nature has been heralded as a breakthrough, paving the way for joint liability in global supply chains (Anner et al., 2013). On the other hand, others critique the Accord for not changing power relations and becoming a self-serving tool for corporations. Here, the Accord is not seen as a paradigm shift because it reproduces transnational corporate buying power (Scheper, 2017) and it lacks shared responsibility on the part of buyers (Barrett et al., 2018). Moreover, some legal scholars argue that buyers can control liabilities arising from the legal binding nature of the Accord while giving them white-washing effects vis-à-vis consumers and regulators (Salminen, 2018).

In this debate, buyers' perspectives have been largely lacking, and they are often portrayed as irresponsible and greedy capitalists who only care about their reputation. However, we are starting to see emerging work on buying firms' perspectives on how they have reacted to the Rana Plaza disaster, engaged in the Accord and what has come out of the process. For example, scholars have shown that the Rana Plaza as a focusing event had greater effects on followers and laggards rather than leading garment firms (Schüßler et al., 2018), how buyers have constructed varying CSR identity (progressives vs. conservatives) as they engaged in the Accord process (Huber and Schormair, 2019), and how a group of progressive firms formed trust among themselves and with unions through the Accord that spilled over to another collective and union-inclusive initiative, ACT (Ashwin et al., 2019).

What still remains unexplored in the literature are buyers' perspectives of how they view the Accord vis-à-vis other activities they engage in, their relative merits and demerits, as well as how buyers discharge their responsibility and power through a range of activities (one of which being the Accord) in the post Rana Plaza era. It is important, therefore, to situate the

Accord in relation to other activities buyers are engaged in to improve labour conditions in their supply chains.

THREE APPROACHES OF BUYER ENGAGEMENT

Drawing on the literature, we identify three main approaches that buyers use to promote positive changes in supply chain labour conditions as *auditing*, *capacity building* and *advocacy*.

Auditing has been at the centre of the corporate response to growing pressures for buyers to address poor working conditions in their supply chains (Bartley, 2003; O'Rourke, 2003). The system generally involves buying firms setting CoCs, having suppliers audited by internal or external auditors, and demanding remediation when violations are found. The auditing approach has been adopted by almost all major multinationals, making social auditing a US\$80 billion industry (AFL-CIO, 2014). The auditing approach can be separated into three aspects: standards, audits, and enforcement, each of which can pose different challenges.

Unilateral standards set by corporations have been criticized as weak and unaccountable (Jenkins et al., 2002). Although this issue is increasingly addressed as CoCs converge toward industry standards or the base codes of multi-stakeholder initiatives (MSIs), such as the Business Social Compliance Initiative (BSCI) or Ethical Trading Initiative (ETI) base codes, fragmentation continues in the garment industry private auditing systems (Turcotte et al., 2014). On the other hand, audits are often found to be unreliable due to the quality of auditors (LeBaron and Lister, 2015), as not all issues are amenable to auditing (Barrientos et al., 2011), and suppliers can engage in all sorts of dubious practices to hide non-compliance (Raworth and Kidder, 2009). Lastly, enforcement of remediation is not straightforward. Locke et al. (2009) called it “an open secret” that brands rarely exit factories due to compliance issues and they may not have enough leverage to enforce needed changes. These challenges explain the generally disappointing impact of CoCs and auditing on labour rights and working conditions in global supply chains (Egels-Zandén and Lindholm, 2015; Locke, 2013).

Given the limits to the auditing approach, a different approach emphasizing commitment and cooperation has been proposed as a promising alternative. Locke et al. (2009) argue that a commitment-based model characterized by information sharing, trust building, and problem solving between auditors, suppliers, and buyers can address deep seated problems that the traditional compliance model could not. Lund-Thomsen and Lindgreen (2014) identify a shift

(at least in discourse) from a compliance paradigm based on policing to a cooperative paradigm with seemingly higher levels of shared responsibility for addressing labour challenges. One of the core features of the cooperative paradigm is capacity building support from buyers for their suppliers (Lund-Thomsen and Lindgreen, 2014). Capacity building can take various forms, from training suppliers about sustainability standards (Riisgaard et al., 2019), empowering workers (e.g. BSR's HerProject), to introducing lean production techniques in supplier facilities (Distelhorst et al., 2017). Buyers can use capacity building approaches to address diverse and sometimes more complex challenges that producers face (Alexander, 2019a). Nonetheless, trade-offs and tensions between auditing and capacity building have been documented at the level of implementation (Riisgaard et al., 2019).

The third approach, advocacy, has received scarce attention in the literature on global supply chains. While there is emerging research on "responsible lobbying" seeking to promote social good through public policy means (Anastasiadis et al., 2018), such phenomenon in developing country contexts have been neglected. Although brands are often portrayed as culprits, some of them are playing the role of labour rights advocates. Oka (2018)'s work on brand advocacy draws attention to such political activities carried out by buyers, who pressure producer country governments to take pro-worker actions. Drawing on social movement theory and based on three episodes of brand advocacy in Cambodia, Oka shows how issue salience, mobilization structures, political opportunities and context, and resource dependence of actors shape the likelihood and success of brands' collective political action. In this nascent field, there is still much unknown. Who are involved in these activities? What are the merits and demerits of advocacy as perceived by brands? In this article, we expand the scope of brand advocacy to include advocacy vis-à-vis buying country governments as well as producing country governments.

Firms can use all of these approaches at once. Notably, some initiatives that buyers can sign up to can involve all three types of activities. For instance, BSCI, a business-driven initiative, has all three elements as they coordinate auditing, propose capacity building, and engage in advocacy vis-à-vis political actors. In this article, we consider buyers' perceptions of each type of engagement.

CONTEXT, DATA AND METHOD

This article focuses on understanding the ways that European buyers perceive their roles in governing labour standards for subcontracting suppliers. To learn about buyers' perspectives, we conducted semi-structured interviews with CSR managers, procurement managers and corporate strategy managers. Overall, the article draws on interviews with representatives of 64 European firms. These interviews were conducted between 2015 and 2019. All of the firms had over 30 million euros in annual revenue in 2015/2016. The firms we interviewed were selected as being among the largest domestically owned apparel brands and retailers in their respective countries in terms of revenue. They include 54 interviews with 22 German firms that rank in the domestically owned top 70, 33 interviews with 21 Swedish firms that rank in the domestically owned top 30 and 43 interviews with 21 British firms that rank in the domestically owned top 100. Between one and five interviews per firm were conducted. Additionally, the authors attended over 30 industry events where related topics were discussed during this period.

---Table 1 about here---

The home countries for the firms interviewed for this study all have large apparel retail markets (billion US\$ in 2018: Germany 66, Sweden 9, UK 60) with a high level of concentration of sales within a small group of companies (top 20 companies retail market share in 2018: Germany 34%, Sweden 47%, UK 36%) (Euromonitor, 2019). A list of the top 20 garment retailers in each country is provided in Table 1. In all three countries, most retail takes place through clothing specialists (see Figure 1). However, the popularity of clothing specialists is decreasing with the growth of supermarkets in the apparel sector especially in the UK and online retail, which has already captured a significant share of the clothing market in Germany (Marketline, 2018a; Marketline 2018c).

Considering the largest domestic firms in each country, we can see significant differences. The UK and Germany are home to many large companies, with both countries housing 20 or more domestically owned garment sellers with over 1 billion US\$ turnover in 2015/2016. With the exception of H&M, most Swedish brands are smaller than those in the UK and Germany, with only two domestically owned garment sellers having over one billion US\$ in turnover in 2015/2016. Firms based in each of these countries often interact with other domestic firms in various national forums (e.g. ETI in the UK, the Swedish BSCI national chapter, BSCI in Germany). National histories of industrial relations prior to the trend of

outsourcing have been found to play a role in shaping contemporary labour governance institutions and norms in these countries (Alexander et al., 2019).

---Figure 1 about here-

Large brands and retailers in each of the countries have similar models which involve designing and marketing domestically and largely relying on independent suppliers to carry out production. Table 2 shows the top five sources of garment imports for each country in 2018. As can be seen, Bangladesh is an important sourcing location for each European country in this article.

---Table 2 about here---

Interview transcripts were coded using Nvivo qualitative analysis software to identify portions of text where respondents discussed benefits, challenges, power, responsibility and the three categories of activities (auditing, capacity building and advocacy). The authors systematically reviewed these passages to identify key perceptions emerging from the interviewees' responses to understand buyers' perspectives.

EMPIRICAL FINDINGS

Auditing

The vast majority of firms in our sample have either internal or external staff auditing their suppliers' labour conditions. Despite its wide-spread use, CSR managers are well aware of the limitations of social auditing in bringing substantial progress to the lives of workers:

..if you look at auditing, 60 billion a year is spent on auditing, it means nothing, right, because if you look at what we've achieved, you know, workers' wages have gone down by like 30% in the last five years. Ours have gone up by 25%. So we've not made lives better through auditing because again, it is just that snapshot...it's just a piece of paper they can hide behind.¹

While few companies are considering a shift away from auditing, no firm in our sample was willing to abandon auditing. This approach remains a cornerstone for many

¹ CSR Manager, UK Firm₀₂, Interview 21 September 2016

companies, as it gives them a sense of control. One brand representative says “I cannot see that we would ever stop with auditing. You have to have some form of control function.”² Another CSR manager says auditing gives some sort of indication and guideline, despite its limitations.

So whilst there’s, these days, quite a lot of negativity around auditing, it still does have its purpose. We never take it as gospel, per se. It’s a snapshot in time. It’s as good as the person who conducted that audit on that particular day and the people who were present in the factory, cooperation, non-cooperation, accessibility to records and documents and so forth but it does give us an indication and a good guideline³.

One of the challenges of the auditing approach (apart from standards and audits themselves) is how to create incentives for suppliers to remediate. Although the need is very much felt, very few brands claim to have integrated compliance performance in sourcing decisions, as illustrated by one procurement manager:

I guess the challenge for us is, it’s great that factories are hitting all of their compliance targets, but commercially they’re not getting the orders. It’s actually, ‘How do you reward the good behaviour with orders?’ rather than - which I think is what we’re trying to figure out now from a sourcing and quality perspective, that we can give something back to those good suppliers.⁴

While carrots are rarely provided, even sticks are not so effective in many cases. Most of the brands and retailers we interviewed say they have different degrees of leverage vis-à-vis supplier manufacturers depending on the nature of their relationship (e.g. length, share of capacity), and they sometimes lack clout to get their supplier factories to implement remediation, as one CSR manager explains:

So the manufacturer partly failed to push it through because he did not necessarily depend on our orders and made it relatively clear that he was not

² CSR Manager, Swedish Firm₀₇, Interview 19 September 2016

³ CSR Manager, UK Firm₀₄, Interview 12 January 2017

⁴ Procurement Manager, UK Firm₀₇, Interview 17 February 2017

willing to implement these standards. In general, this leads us to say goodbye to that manufacturer.⁵

However, the threat of stopping sourcing from the factory does not always give a sufficient incentive for suppliers to address violations, as another buyer comes in to replace them. This lack of leverage by individual buyers is especially salient in Bangladesh, where suppliers' production capacity is often very large, making it difficult for individual buyers to wield influence, as several buyers remarked. Smaller brands lacking leverage could also call on other larger brands to put things right as one CSR manager explains:

Oh and the other thing, who else is in that factory? Because if we're in there with H&M, if push comes to shove I can just call H&M and say "hey, can you help us with this?" and H&M will then, you know if I tell H&M this factory you know is not paying overtime, H&M will be outraged and they're bigger than we are in most cases, so they will go and make the factory pay overtime.⁶

In fact, the Accord has helped institutionalize such ad-hoc inter-brand cooperation: for each factory, one brand (often the most important buyer in the factory) is nominated to take lead in following up on remediation with the factory. While this can lead to fruitful cooperation among brands, it can also encourage free-riding by smaller brands participating in the Accord.

While the Accord is essentially an auditing approach, its key features lie in setting common standards, sharing common auditing systems, and most importantly, collective enforcement. While common standards and auditing systems have reduced auditing duplication and helped focus factories on remediation, collective response by over 200 buyers has enhanced buyer leverage. Quite a few brand representatives mentioned the Accord has helped expand their network and collaboration with other brands beyond their national network.

What I think it has influenced greatly is what can be achieved collaboratively in the wake of... the Accord...working together. My network with ethical compliance people had always been limited to the ETI. I can tell you all my equivalents in all the big brands in the UK...Now my closest allies would be in Germany, for instance.⁷

⁵ CSR Manager, German Firm₀₆, Interview 6 June 2016

⁶ CSR Manager, Germany Firm₀₇, Interview 13 June 2016

⁷ CSR Manager, UK Firm₀₁, Interview 16 September 2016

The situation is somewhat different in Sweden with the vast majority of firms stating that while the Accord did create space for inter-brand meetings, this has not translated into any in-depth meaningful international collaboration. This is partly due to the fact that Swedish brands are fairly small and less global (except H&M) than their counterparts in Germany and the UK, and they tend to let H&M take lead in global discussions and initiatives while they remain in the Swedish circles.

In the beginning there was a lot with the Accord. You got bombarded with emails. There were meetings with other brands and factory managers to discuss how to solve issues...Now it has settled down as we have elected representatives to discuss and negotiation with unions and other stakeholders. We now mainly have contact with the Swedish brands that we know from other initiatives as well.⁸

In general, however, the growth of inter-brand networks and collaboration has translated into a greater collective leverage vis-à-vis suppliers. One brand representative described the weight of a collective compliance approach as follows:

The thing with the Accord is obviously it kind of links in with the national action plan, and if somewhere was unsafe, then the combined weight of 200 buyers all saying we're not going to work with you, unless you do A, B, C, whatever, focuses a bit more attention by those suppliers who are perhaps before might have been more tempted to go well, actually I don't mind about losing this customer, I've got all these other ones.⁹

This is in line with the findings of 'FACTORY MANAGER ARTICLE' (in this issue), showing how factory managers view and live the concentrated power of buyers due to the Accord and another similar initiative, the Alliance for Bangladesh Worker Safety. The question then is how buyers view their responsibility for remediation once auditing identifies certain deficiencies. Out of the firms that we interviewed that source from Bangladesh, almost half of them said they assist suppliers in conducting rigorous review of safety standards, around a third said they assist suppliers in setting up or maintaining workplace safety committees and about one in ten said they have purposefully paid higher prices to support factories' improvements (4 Swedish, 2 German and 0 UK firms).

⁸ CSR Manager, Swedish Firm₀₈, Interview 20 December 2016

⁹ CSR Manager, UK Firm₀₃, Interview 6 December 2016

Very few of the buyers we interviewed shared the actual cost of remediation with their suppliers. Many buyers felt that it was not their responsibility to pay for factories' improvements. Some said that factory owners themselves say they do not want the buyers to "own" their factory's machinery or equipment. A few, especially Swedish buyers said that they were paying a purchasing price that should allow factory management to cover such costs themselves, saying that "We are really nice when it comes to prices. We do not pressure purchasing prices like maniacs like many other brands do and we have gained a reputation that we can be trusted."¹⁰ Moreover, a few brand representatives pointed out that Bangladeshi factory owners do have resource slack, as exhibited by their Porsches, Rolexes, and helicopters.

The non-corporate participants [of the Accord] are obsessed with making the companies pay for the remediation, even though, you know, the factory owners, well we made a list how we knew that our factories would be able to pay for their remediation project and one of the criteria we used was, does the owner own a helicopter. You know, so these poor third world people they may have to delay buying their fourth apartment in London in order to pay for the Accord.¹¹

Nonetheless, other brand representatives are more circumspect about the vast riches of Bangladeshi factory owners, recognizing financial difficulties many of them are facing.

Capacity Building

While buyers tend to eschew shouldering the direct cost of remediation, they appear to be more willing to invest in capacity building activities. One CSR manager said "We tend not to just give money direct. It's always money like for, you know, through the training programme or resources support rather than actually just giving cash over to a factory."¹² Indeed, capacity building is increasingly seen as a promising alternative or complement to traditional auditing. Given that auditing and capacity building normally come from the same CSR budget, there is a trade-off between these activities, however. One of the consequences of the Accord to some (especially medium size) brands is that CSR budget has been diverted to the Accord at the expense of other CSR work including capacity building.

¹⁰ CSR Manager, Swedish Firm₁₇, Interview 10 December 2016

¹¹ CSR Manager, German Firm₀₇, Interview 13 June 2016

¹² CSR Manager, UK Firm₀₄, Interview 12 January 2017

Yeah, we basically ended up dropping a lot of other CSR work in order to do the Accord work. And you know it's important to understand how fundamentally different from social compliance the Accord is. You know only now they're trying to add on a training component to the Accord.¹³

While small or medium-sized firms found the Accord-related expenses rather expensive, larger firms found the Accord fees more manageable. When asked whether they have reduced other CSR work because of the resources allocated for the Accord work, one brand responded “No, no, definitely not, definitely not. Because [the Accord] membership fees are of manageable magnitude for a company of our size, to be totally honest.”¹⁴

Despite the trade-offs, many CSR managers spoke of the need to engage in capacity building to address deeper issues and bring about change. One interviewee stated, “Today you have to do development and education if you want to achieve any form of change. If not, you could audit every year but it will not lead to any form of change.”¹⁵ Moreover, engaging in capacity building projects allows them to ‘tell nice stories’ in their CSR reports, as one manager candidly admitted.¹⁶

Capacity building can be seen as taking two main forms. Some capacity building is designed as part of ongoing auditing approaches. For example, supplier induction training when a new relationship begins with a factory. The Accord is an auditing programme that has an element of capacity building as training is provided to joint labour-management safety committees. However, other capacity building programmes are designed as standalone initiatives that may be targeted at a particular issue and are often implemented through pilot projects. An example is HerProject, aiming at better worker health and empowerment coordinated by BSR (Business for Social Responsibility).

In terms of buyer-supplier relationships, capacity building involves longer-term commitment with more frequent interactions than auditing requires. Many firms in this study claim to be shifting from short-term transactional relationships to longer-term relationships with fewer

¹³ CSR Manager, German Firm₀₇, Interview 13 June 2016

¹⁴ CSR Manager, German Firm₀₆, Interview 06 June 2016

¹⁵ CSR Manager, Swedish Firm₀₇, Interview 19 September 2016.

¹⁶ CSR Manager, UK Firm₀₅, Interview 16 May 2019

suppliers. Although partnership is emphasized, asymmetrical power and subtle coercion remain an important part of getting suppliers to join programmes specifically focused on capacity building. Buyers tend to urge their strategic suppliers to join these programmes based on the understanding that it is a necessary part of doing business as one CSR manager explains:

Right now we are trying to get our largest supplier in Bangladesh involved in HERproject. We are just getting started but they [supplier management] understand that this is really important and see this as part of their business.¹⁷

Despite the growing interest and excitement about how capacity building can address root-cause issues (as opposed to auditing), the reality is that not all brands are actively involved or willing to invest. And when they do, they often target their strategic suppliers in selected countries, limiting the reach and impact.

They [most brands] don't want to go beyond auditing initiatives, because auditing is sufficient for their business model. Say you're a US brand and you're concerned about suppliers from a liability point of view, and you are relatively mid-range or smaller, you won't invest in any of these other types of capacity programs.¹⁸

We've got many other programmes that are happening within factories beyond compliance that our teams are kind of often in and out of those, particularly our strategic suppliers, which is probably around 20 per cent.¹⁹

Advocacy

Advocacy seeks to bring about change at the industry and/or national level, which can be in producing and/or buying countries. Most firms in our sample have been engaged in some sort of advocacy activities, often by way of their membership in MSIs or business associations. One UK firm representative pointed out that businesses need to go beyond the compliance mode and engage with government actors to address systemic challenges.

¹⁷ CSR manager, Swedish Firm₁₂, Interview 12 October 2016

¹⁸ CSR manager, German Firm₀₆, Interview 8 May 2017.

¹⁹ CSR Manager, UK Firm₁₄, Interview 4 October 2017

We have to be able to call it out when it's a particular problem. For example ... when we're talking about migration and things like that. Is that a government issue? Is it a business issue? Is it both? Where do people start to work together? The agenda is advancing so much and we can't just stick in this compliance, labour standard world.²⁰

In Bangladesh as well as in other garment producing countries, some leading brands have been engaged in advocacy, which can be ad-hoc or more institutionalized. Ad-hoc advocacy can take the form of boycotts, letter writing, and tête-à-tête meetings with government officials. For instance, in February 2017 a group of brands threatened to boycott the Dhaka Apparel summit, a flagship event organized by the BGMEA in response to the violent crackdown of striking workers in Ashulia. C&A, Gap, H&M, Inditex, Next, Tchibo, and VF Corporation announced their intention of not participating in the Summit, expressing concerns of how the government handled the labour unrest.²¹ This threat of boycott led to the immediate release of detained activists.

Many of our interviewed brands have written or signed letters to governments expressing concerns or demanding changes concerning labour rights, laws, or wages. Under pressure by activist campaigns, global brands have urged the Bangladeshi government to raise the minimum wage on several occasions, the latest of which was the wage talk in the summer 2018.²² One Swedish brand which signed letters to the Bangladeshi government asking for higher minimum wages in the past recounts as follows.

We have been part of a group writing letters to the government in Dhaka about raising the minimum wage and that we will continue to source from Bangladesh. Hopefully, this was one of the things that led to the recent wage increase.²³

Nonetheless, one CSR manager experienced in dealing with government officials questions the benefit and impact of signing letters, arguing that local presence and close contact are crucial:

²⁰ CSR Manager, UK Firm₁₄, Interview 11 October 2017

²¹ <https://sustainablebrands.com/read/leadership/h-m-zara-boycott-dhaka-apparel-summit-over-worker-treatment-issues>

²² https://www.just-style.com/news/new-call-for-brand-support-ahead-of-bangladesh-wage-talks_id134335.aspx

²³ CSR Manager, Swedish Firm₀₄, Interview 16 December 2016

It's very interesting when you work directly with government as I do, I talk to ministers, see how brands that are local and on the ground, this is what we try to do, you need to have local insights and local mobility. It's very different to people who sit back say in London and write letters. I'm a bit critical that letters sometimes don't achieve anything. It makes you feel good you sign on it. If you really want to have effective influence and action, you need to engage with officials in a very close way²⁴.

A few buyers engage in ad-hoc advocacy via meeting government officials. For example, the CEO of H&M has met with key government figures in Bangladesh on several occasions and held public press conferences afterwards explaining the reasons for the meetings.²⁵ Nonetheless, such political activities are often reserved for very large buyers with important presence and clout in the country. One relatively large German retailer explains as follows: "But you don't have more influence than that. And I can't sit down with the prime minister of Bangladesh or someone else and say 'You should XYZ.' H&M might be able to do that. It is told that by now, they've got 800 people in the office in Dhaka."²⁶

While brands' responses to unfolding events are largely ad-hoc, there is increasing institutionalization of brand advocacy. The Accord has an element of advocacy, as its implementation, maintenance and survival involved extensive lobbying on the part of brands vis-à-vis the Bangladeshi government and the BGMEA, a business association that represents Bangladeshi garment factories, according to one long-time member of the Accord steering committee.²⁷ Brands' collective leverage was crucial in getting the powerful industry association to listen, as one manager recounts.

But it [collective leverage] also put massive pressure, thank God, on the industry association, the BGMEA, which are... I mean they're all factory owners; they're all involved in parliament as well. They're not exactly the nicest people in the world but it made them have to take notice and get involved and say, "Okay, well we're going to

²⁴ CSR Manager, German Firm₀₆, Interview 8 March 2017

²⁵ For example, in September 2012, as was reported in Radio Sweden (2012-09-05).

²⁶ Procurement Manager, German Firm₀₂, Interview 20 April 2016

²⁷ Informal talk at an industry event, 13 February 2019

have to take this seriously,” because if they didn’t then brands would have had to pull back. They would have lost that sourcing.²⁸

Another example of institutionalized advocacy is the ACT initiative, which involves a coalition of global garment firms seeking to promote industry-wide collective bargaining agreements in key garment producing countries (Ashwin et al., 2019). The basic idea of ACT is to get industry associations, unions, and government to negotiate a living wage that applies to the whole industry, on a country-by-country basis. Here, collective leverage becomes even more indispensable, as highlighted by one ACT-member brand representative,

Actually, we need everybody...So some of the collaborations that we do will really, really work because actually, we have the power of huge retailers saying, ‘You know what, Mr Government Official, you need to do the following.’ And they go, ‘Well, actually, we probably should if we want to keep this industry within our country.’ So that can be really powerful. But one letter from one retailer to a government is not going to have any effect at all. So I do think collaboration is really important.²⁹

Despite such collective leverage of brands, advocacy vis-à-vis state actors and entrenched interest has its limits, however. The most telling example in Bangladesh is how the Court kept postponing the decision on whether to extend the Accord beyond 2018. While a compromise has been reached to replace the Accord with a new safety entity governed by the industry association, brands, and trade unions, the whole process incarnates the tug-of-war between the Bangladeshi government and factory owners on one hand, and a coalition of brands on the other.

Meanwhile, there is a growing interest in lobbying buyers’ home country governments to strengthen regulation, which is another type of advocacy. More than a few brands mentioned the need to “level the playing field” to make sure their competitors do not “undercut” their effort. Some brands are more proactive in lobbying for stronger legislation while others are passively welcoming. One slightly up-market brand said they are in favour of regulation as it will make it more expensive for other brands.³⁰ Also, regulation helps convince internal

²⁸ CSR Manager, UK Firm₀₂, Interview 21 September 2016

²⁹ CSR Manager, UK Firm₀₇, Interview 20 February 2017

³⁰ CSR Manager, German Firm₀₅, Interview 3 June 2016

sceptics within buying companies as CSR managers try to make their case. When asked whether the UK Modern Slavery Act was a good thing, one brand responded as follows:

I think it's a good thing if we're – I guess at XXX we've always tried to do things to a certain level and some of the pushback that you sometimes get from other parts of the organisation is when you have competitors who are not operating at the same level...Government legislation lifts everybody up to a certain base level. It makes it a much more even playing field. The Modern Slavery Act, you could actually choose to do nothing with it as long as you made that clear that you weren't doing anything in your statement that you make. But the consumers are not going to be impressed with any business that is doing nothing to address slavery in their business or supply chain. So yeah, I think there's a role to play.

Buyer Responsibility and Power across the Three Approaches

The main three approaches (auditing, capacity building, and advocacy) and different types we have identified within these approaches are summarized in Table 3. Auditing can be conducted by internal or external auditors. A potentially more important distinction is whether the design of the auditing system is individual or collective. Three components of the design can be considered: standards, audits, and enforcement. Traditional social auditing has individual standards (CoC), individually-hired auditors (in-house or external), and enforcement by individual buyers. This is the most criticized form of social auditing. Brands themselves are well aware of the limitations, as illustrated above. Nonetheless, the practice continues because it gives buyers some assurance and guidelines at a manageable cost.

---Table 3 about here---

Despite much hype and excitement surrounding the Accord, it is essentially an auditing approach (complemented by training). It can be distinguished from many other auditing approaches in that it incorporates common standards, common audit platforms, and more importantly collective enforcement. While some third-party auditing systems have common standards and common audits (e.g. BSCI, Better Work), enforcement is usually individual in the sense that violations can affect sourcing from a single buyer only, if at all. Thus, what really distinguishes the Accord from other auditing initiatives is collective enforcement in the form of the threat of stopping from over 200 participating buyers.

Auditing is one of many activities global buyers are engaged in to promote better labour conditions in their supply chains, however. While few brands actually shoulder the cost of remediation, more brands are willing to invest in capacity building programs (in-house or external) covering a range of issues. While the main mandate of the Accord is auditing, it also carries out training to managers and workers. This can be considered as collective capacity building, where buyers pool resources and let one programme conduct training to their shared suppliers. Brands see capacity building as more promising than auditing in tackling a range of deeper issues such as worker empowerment. Moreover, talking about these initiatives in CSR reports make them look good. Nonetheless, not all buyers invest in capacity building initiatives and when they do, they tend to target their strategic suppliers only, limiting their reach and impact.

The least documented activity type is advocacy. We have identified ad-hoc (e.g. letter writing, boycotts) as well as more institutionalized form of advocacy (e.g. ACT), which can be individual but increasingly shifting to collective. The advantage of advocacy is its potential to address industry-wide issues at a political level, which can lead to sweeping changes. Besides, showing that brands care by signing letters and talking to government officials is also a good PR gesture. Nonetheless, effective advocacy vis-à-vis powerful actors requires size, clout, and local presence, which is not always possible. Moreover, there are limits to what buyers can do in the face of a recalcitrant government and entrenched interest, as the extreme difficulty of extending the Accord attests.

Examining the three approaches of buyer engagement shows that buyers are consolidating power through exploiting collective leverage vis-à-vis suppliers and political actors. The basis of power lies in brands' ability to shift or keep sourcing from the factory or country. While brands' collective leverage is increasingly exploited, such growing buyer power has not necessarily accompanied greater buyer responsibility. One of the thorniest questions relates to wage issues. Although brands may publicly support higher wages, such statements have rarely translated to higher prices paid to factories (Oka, 2018). Indeed, prices and margins have been falling in the Bangladeshi garment sector (Anner, 2018). This lack of shared responsibility is a problem not just for supplier factories, workers, and producing countries, but also for buyers themselves as they try to bring about positive changes at the industry level. For instance, ACT, the latest example of collective advocacy, requires member brands to 'ring fence' labour cost and to continue sourcing from the country in question, these buyer commitments come into force only when industry-level collective bargaining is

actually concluded in the country, which has not yet happened. Given brands' questionable track record of keeping their pledges, government officials and industry associations are deeply sceptical of new and bolder initiatives such as ACT.

A key here is to understand the mixed effects buyers have on labour conditions on one hand, and the heterogeneity of buyers and their constraints on the other. 'WORKER ARTICLE' (this issue) shows that factories in Bangladesh which sell to European and American buyers have better social outcomes. However, buyers' power and sourcing practices have been identified as the main obstacle to improve labour conditions. Indeed, Anner (2018) argues that buyer consolidation and a 'sourcing squeeze' contributed to substandard working conditions and safety issues, culminating in the Rana Plaza disaster.

While brands are reluctant to discuss their responsibility to pay higher prices to factories or change sourcing practices, they do talk about different kinds of responsibility and pressure they are facing. Several firms, particularly German retailers mentioned they have responsibility toward low-income consumers to keep supplying cheap products and they are facing cut-throat competition. Such views appear to be more prominent in Germany, where online retailers and discounters reign and price competition is incredibly fierce. Nonetheless, market pressure especially coming from online retailers is threatening high street brands and retailers in the UK and Sweden alike, leading to bankruptcies in some cases.

In the context of such competitive market pressures, these firms are compelled to play a more active role in improving labour conditions in factories and countries they source from. This can create internal tensions between departments tasked with CSR responsibilities compared to staff whose focus is on meeting profit targets (Ashwin et al., 2019). Moreover, even well-intended firms struggle to coordinate across different functions within the organization. Amengual et al. (2019) exploit micro purchase data and show that even a retailer with a strong reputation for social sustainability fails to integrate compliance into sourcing decisions. Furthermore, different buyers are acting differently with some leading, others following, and the rest free-riding. Some leading brands appear to be exasperated, saying that even they cannot afford to shoulder the whole burden, calling for public regulation to level the playing field.

While the three sets of activities we have discussed have potential to improve labour conditions, buyers' responsibility fundamentally has to include self-regulation and self-alignment as well. Despite aforementioned challenges, buyers need to review their sourcing

behaviour that pushes down prices and shortens lead time, which are currently used alongside extensive investment in programmes designed to pull conditions up.

CONCLUSION

The Rana Plaza disaster has led to soul-searching and experimentation with new approaches among garment brands. This article has identified three approaches (auditing, capacity building, and advocacy) and the emerging trend of exploiting collective leverage of buyers. Furthermore, we have richly illustrated how buyers perceive merits, challenges, power and responsibility as they engage in these activities aimed at improving labour conditions in their supply chains.

Our contributions to the literature are threefold. First, we contribute to the emerging literature on the Accord about its significance (or lack thereof) from buyers' perspectives. We have shown how the Accord is essentially an auditing approach but crucially with collective enforcement. Brands have 'discovered' their collective leverage through the Accord and come to exploit it in the Accord process and beyond. On the other hand, buyers' enhanced leverage has not been matched by greater responsibility. Few, if any brands assist remediating supplier factories with more orders or higher prices, while even fewer share the cost of the Accord-related remediation. While this is in line with the existing studies pointing out lack of shared responsibility (e.g. Barrett et al., 2018; Scheper, 2017), we have argued the Accord is one of many activities buyers are engaged in and that we need to take a holistic view to better understand buyers' perspectives, motivations, and constraints.

Second, we map a set of buyer activities covering not only auditing and capacity building, but also the often neglected element of advocacy, identifying merits and demerits of each approach. The literature has often contrasted the compliance-oriented auditing approach with collaboration-commitment approach (e.g. Locke et al., 2009; Lund-Thomsen and Lindgreen, 2014) but overlooked the advocacy role of buyers. We build on Oka (2018)'s work on brand advocacy and identified different types, merits, and constraints. Moreover, we raise issues concerning the promise of capacity building in transforming the industry, given its limited up-take among brands and lack of willingness to invest beyond pilot projects. Future research could consider in what circumstances each of these approaches is best suited (Alexander, 2019a; Oka et al., 2019).

Third, we paint a more nuanced picture of global buyers, who are far from homogeneous and monolithic, speaking to the emerging work on different groups of buyers engaging in collective initiatives such as the Accord and ACT (Ashwin et al., 2019; Huber and Schormair, 2019). Our study suggests that firm size, market segment, and market pressure importantly influence the kind and extent of activities buyers engage in, with larger and visible brands taking lead. Faced with free-riders in the industry, some leading buyers are calling for more regulation. Such voice from progressive businesses may lie behind the recent growth of national legislation in buying countries (e.g. France, Netherlands) obliging multinationals to disclose how they are addressing human rights risks in their global supply chains.

Proposed solutions to the problem of poor labour conditions in supply chains seem to converge on *sharing*. Scholars have called for shared problem solving (Locke et al., 2009), shared value with stakeholders (Soundararajan and Brown, 2015), shared responsibility (Barrett et al., 2018), and joint liability (Anner et al., 2013), urging buyers to share their power, knowledge, and value. While agreeing with all the above, we emphasize the need to share the burden across *all* buyers and not just a few leading buyers. Indeed, it is important to recognize the limits of buyer engagement, as it is only a subset of buyers that voluntarily opt in (Ahlquist and Mosley, 2018). We are closing a circle as corporations, which have been outsourcing production to less regulated environment, are starting to call for greater public regulation to level the playing field so that all businesses will be compelled to assume greater responsibility.

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Table 1. 20 Top Garment Retailing Companies in Germany, Sweden, and the UK in 2018

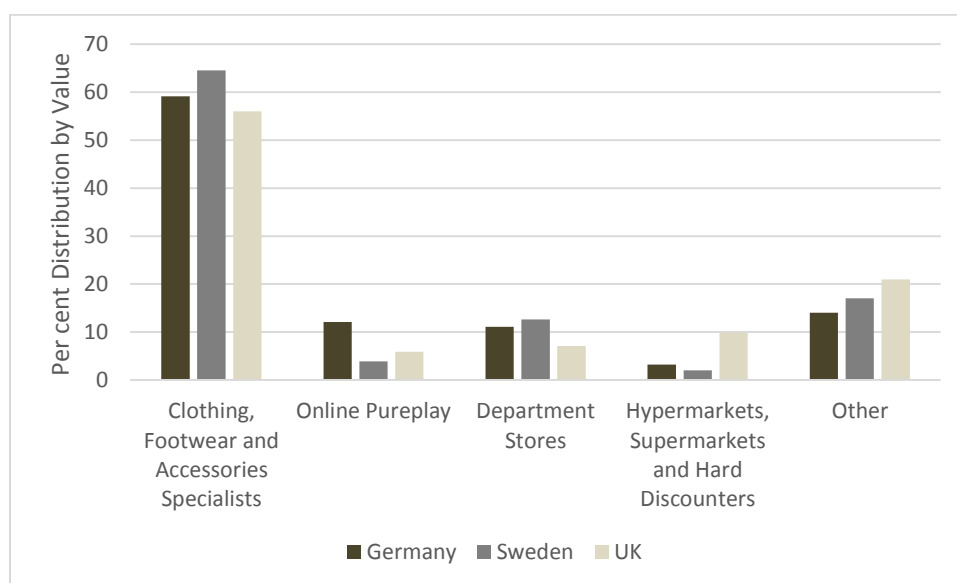
	Top Companies in Germany	Company Revenue (US\$ billion)	German Market Share (%)	Top Companies in Sweden	Company Revenue	Swedish Market Share (%)	Top Companies in the UK	Company Revenue	UK Market Share (%)
1	H&M Hennes & Mauritz AB (Sweden)	23.2	6.3	H&M Hennes & Mauritz AB (Sweden)	23.2	9.8	Marks & Spencer Plc (UK)	13.7	6.1
2	C&A Mode AG (Belgium)	3.0 (2017)	5.2	Stockmann Oyj Abp (Finland)	1.17	5.1	Associated British Foods Plc (UK)	20.3	5.4
3	Tengelmann Group, The (mainly KiK Textilien und Non-Food GmbH and Woolworth GmbH) (Germany)	*	1.7	Varner-Gruppen AS (Norway)	1.42 (2017)	4.9	Next Plc (UK)	5.47	5.1
4	Ernsting's Family GmbH & Co KG (Germany)	*	1.6	KappAhl Sverige AB (Publ) (Sweden)	0.52	4.6	Arcadia Group Ltd (UK)	*	2.8
5	Otto Group (Germany)	*	1.6	Bestseller A/S (Denmark)	3.65	2.7	Matalan Ltd (UK)	1.46 (2017)	2.2
6	Takko Holding GmbH (Germany)	*	1.5	MQ Holding AB (Sweden)	0.19	2.4	H&M Hennes & Mauritz AB (Sweden)	23.2	2.1
7	Hugo Boss AG (Germany)	3.20	1.5	adidas Group (Germany)	25.3	2.1	New Look Group Plc (UK)	1.90 (2017)	2.0
8	S Oliver Bernd Freier GmbH & Co KG (Germany)	1.63 (2017)	1.4	RNB Retail & Brands AB (Sweden)	0.25	1.7	Inditex, Industria de Diseño Textil SA (Spain)	30.0	1.3
9	Tchibo Holding AG (Germany)	12.7 (2017)	1.4	Inditex, Industria de Diseño Textil SA (Spain)	30.0	1.6	River Island Clothing Ltd (UK)	*	1.3
10	Inditex, Industria	30.0	1.4	Gina Tricot AB	0.12	1.6	Nike Inc (USA)	36.4	1.2

	de Diseño Textil SA (Spain)			(Sweden)					
11	Gerry Weber International AG (Germany)	1.04 (2017)	1.4	Ralph Lauren Corp (USA)	6.31	1.5	adidas Group (Germany)	25.3	1.1
12	adidas Group (Germany)	25.3	1.4	Nike Inc (USA)	36.4	1.4	PVH Corp (USA)	9.66	0.9
13	Tom Tailor Holding AG (Germany)	1.13 (2017)	1.3	Lager 157 AB (Sweden)	0.10	1.3	The Edinburgh Woollen Mill (UK)	1.22	0.8
14	PVH Corp (USA)	9.66	1.2	Maus Frères SA (Switzerland)	*	1.2	ASOS Plc (UK)	3.14	0.7
15	Associated British Foods Plc (UK)	20.3	1.1	Björn Borg AB (Sweden)	0.08	1.0	Hugo Boss AG (Germany)	3.20	0.7
16	New Yorker Group-Services International GmbH & Co KG (Germany)	*	1.1	Amer Sports Oyj (Finland)	3.21	0.8	Superdry Plc (UK)	1.21	0.6
17	Esprit Holdings Ltd (Germany)	1.97	1.0	Levi Strauss & Co (USA)	5.58	0.7	Aurora Fashions Ltd (Iceland)	0.75 (2017)	0.6
18	Peek & Cloppenburg KG (Germany)	*	0.9	Acne Studios AB (Sweden)	0.23	0.7	The Gap Inc (USA)	16.6	0.5
19	Marc O'Polo Holding AG (Germany)	*	0.6	Craft of Scandinavia AB (Sweden)	0.05 (2017)	0.7	Boohoo.com Plc (UK)	1.14	0.5
20	NKD Vertriebs GmbH (Germany)	*	0.6	Canadian Tire Corp Ltd (Canada)	9.56	0.7	Ted Baker Plc (UK)	0.842	0.4

*Missing Data

Sources: Euromonitor 2019, Orbis 2019

Figure 1. 2017 Apparel Retail Distribution for Germany, Sweden and the UK



Source: Marketline 2018a, 2018b, 2018c

Table 2. Top 5 Sourcing Location for Each Country in 2018

	Germany's Sources	Value (US\$ Million)	Sweden's Sources	Value (US\$ Million)	UK's Sources	Value (US\$ Million)
1	China	6,940	China	659	China	3,736
2	Bangladesh	4,652	Germany	373	Bangladesh	2,483
3	Turkey	2,781	Bangladesh	351	Turkey	1,298
4	Italy	1,381	Denmark	282	Italy	1,088
5	India	1,253	Netherlands	152	India	1,018

Source: UN Comtrade 2019

Table 3. Three Approaches of Buyer Engagement

	Auditing	Capacity Building	Advocacy
Types	In-house vs. External Individual vs. Collective	In-house vs. External Individual vs. Collective	Ad-hoc vs. Institutionalized Individual vs. Collective Producing vs. Buying country
Examples	CoC audits, BSCI, Accord, Alliance, Better Work	In-house programs, BSR HerProject	Boycott, letter writing, meetings, ACT
Merits	Control function, guideline	Can address a range of issues Looks good	Can address industry-wide issue Looks good
Challenges	Limited effectiveness	High resource intensity Limited reach and impact	Size, clout and local presence Difficult to convince powerful actors
Basis of Buyer Power	Sourcing from the factory	Sourcing from the factory	Sourcing from the country (vis-à-vis producing country)
Buyer Responsibility	Reward good performers Assist remediation effort	Invest beyond pilot projects	Deliver on promise (e.g. price, sourcing)

Source: Authors' construction