

# The Impact of the Covid-19 Pandemic on Garment Workers & Three Labour Governance Mechanisms for Addressing Decent Work Deficits

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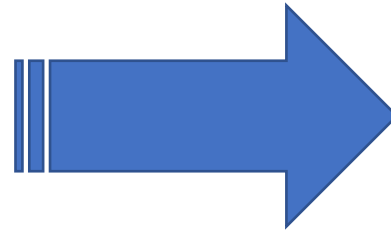
A version of this paper will be published in a forthcoming Special Issue of the *International Labour Review* on  
“Labour Governance and the Future of Work in an Era of Global Value Chain Disruptions”

Guest Editors: Gary Gereffi, Anne Posthuma and Arianna Rossi

# Two parts to my presentation

Impact of Covid on Workers

3 Labour Governance Mechanisms



## Three Labour Governance Mechanisms for Addressing Decent Work Deficits in Global Value Chains

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*This article will be published in a forthcoming Special Issue on "Labour Governance and the Future of Work in an Era of Global Value Chain Disruptions" (Guest Editors: Gary Gereffi, Anne Posthuma and Arianna Rossi).*

### Abstract

The GVC literature has identified six governance mechanisms for addressing decent work deficits (Gereffi and Lee 2016). This article argues that the most effective governance mechanisms are those that mitigate GVC power asymmetries. Three such mechanisms are: 1. public governance, because it brings in the power of the state; 2. encompassing Collective Bargaining Agreements (CBAs); and 3. multi-actor Global Binding Agreements (GBAs). The labour governance mechanism that most effectively address decent work deficits will differ depending on variations in gaps in national labour relations regimes, and it will be shaped by patterns and strategies of worker resistance.

Key words: Global Value Chains, Governance, Garments, Labour Control, Worker Resistance, Bangladesh, Vietnam, Honduras

# Main findings and argument

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- The business response to the Covid-19 pandemic reveals two trends:
  - Confirmation of extreme power imbalance between buyers and suppliers; and between suppliers and workers. [e.g., abrupt order cancellations]
  - Limits of voluntary CSR programs to mitigate human rights harm during a crisis. (Failure of 'responsible exit' protocols.)
- Going forward, need for labour governance mechanisms that address power imbalances.
- However, not a one-size-fits all governance solution. Variation depending on GSC and national employment relations context.

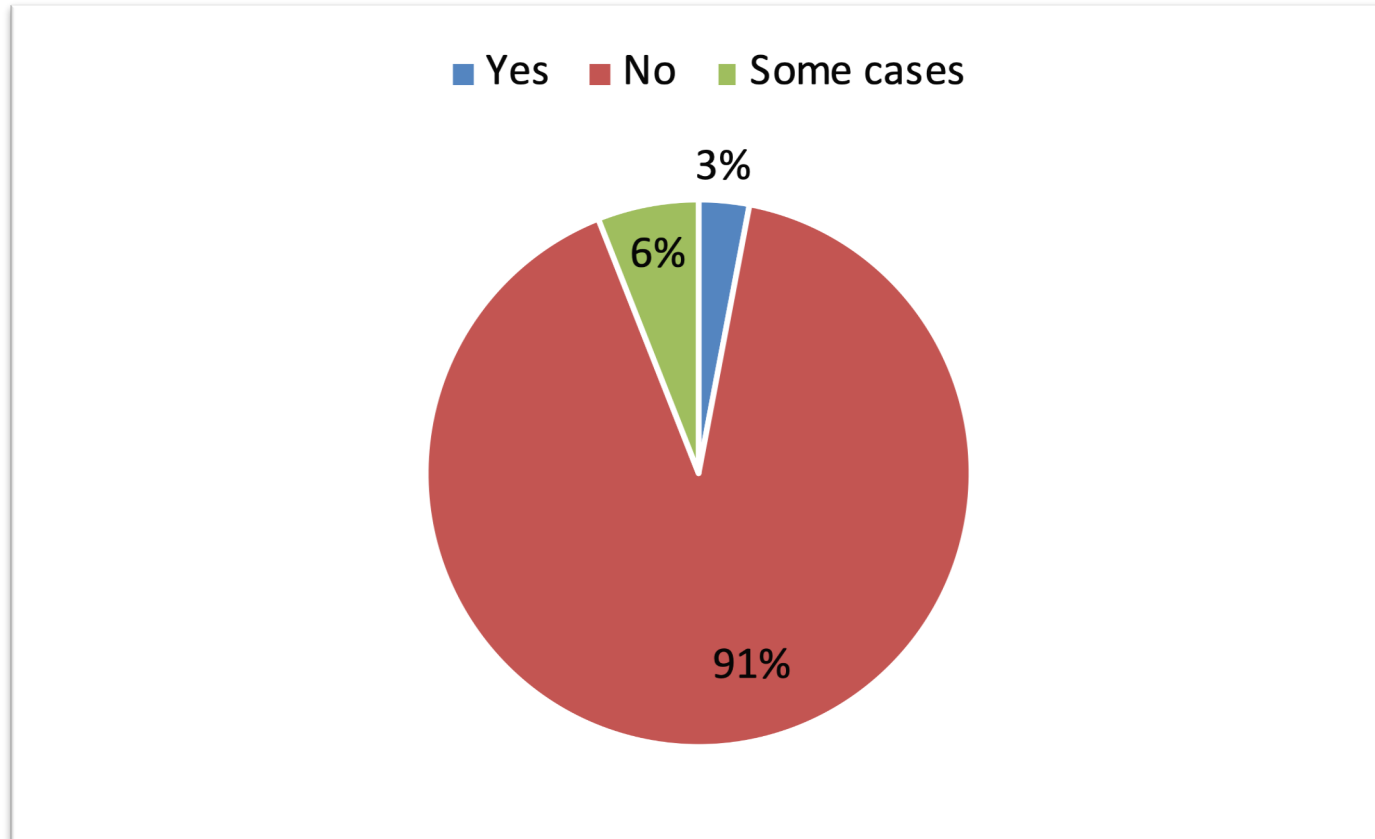
Part 1:  
Impact of Business  
Response to Covid on  
Workers [and suppliers]



## Retailer/Brand Response to Covid:

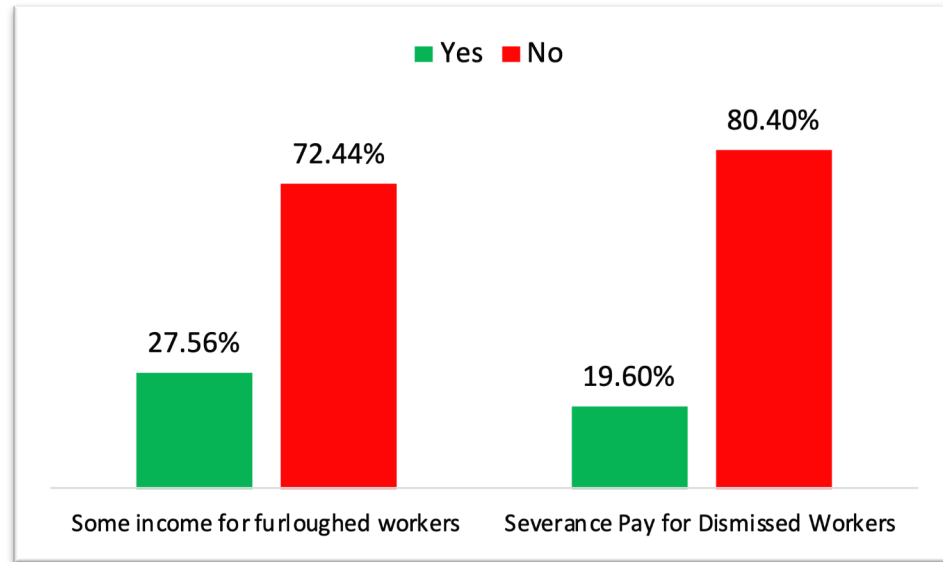
Use of *force majeure* to cancel USD 40 billion in orders, mostly without paying

After Cancellations,  
Buyers Pay for Production Costs?



survey, March 2020

# Impact on Workers



1 million workers adversely affected in Bangladesh.  
Mostly, young women. Many are internal migrants.

# Situation, June 2020

- Of USD 40 billion in canceled orders,
- June 2020, at least USD 22 billion paid up globally.

## Inditex, 4 More Fashion Firms Stick to Bangladesh Commitments—While Cancellations Mount

By Tara Donaldson



Spanish textile retail giant Inditex' Executive Chairman, Pablo Isla (C), chairs the general meeting of shareholders in the town of Arteixo, La Coruna, northwestern Spain, 16 July 2019. Inditex is the largest fashion group in the world, and owns brands such as Zara, Bershka, Massimo Dutti, Pull and Bear and others. Inditex is aiming to become globally sustainable by 2025. Inditex general meeting of shareholders, Arteixo (La Coru?), Spain - 16 Jul 2019

CREDIT: Cabalar/EPA-EFE/Shutterstock

# Trends since June 2020

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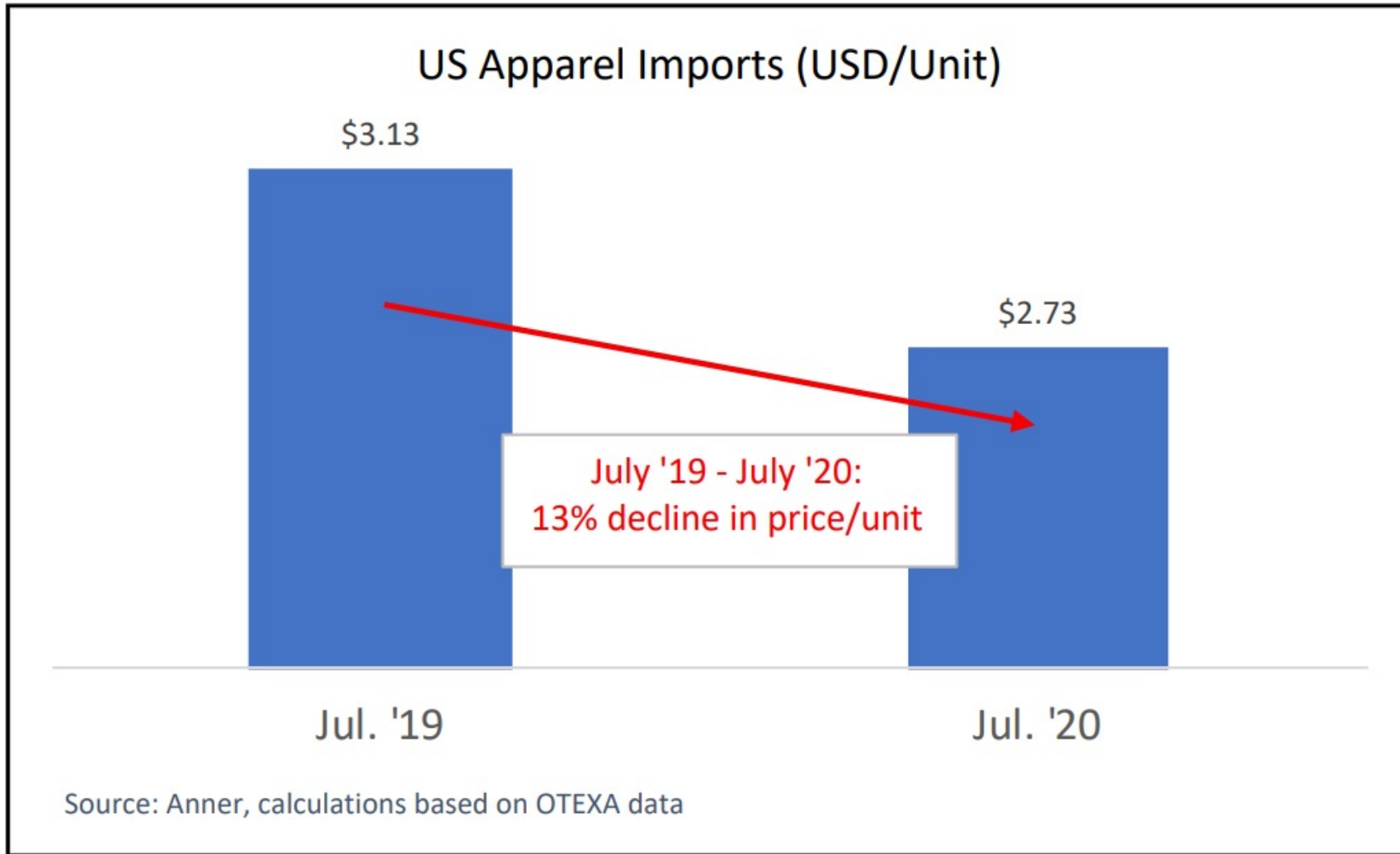
Increased squeeze on prices

Drop in order volume (with exceptions).

Small orders with greater speed to market demands.

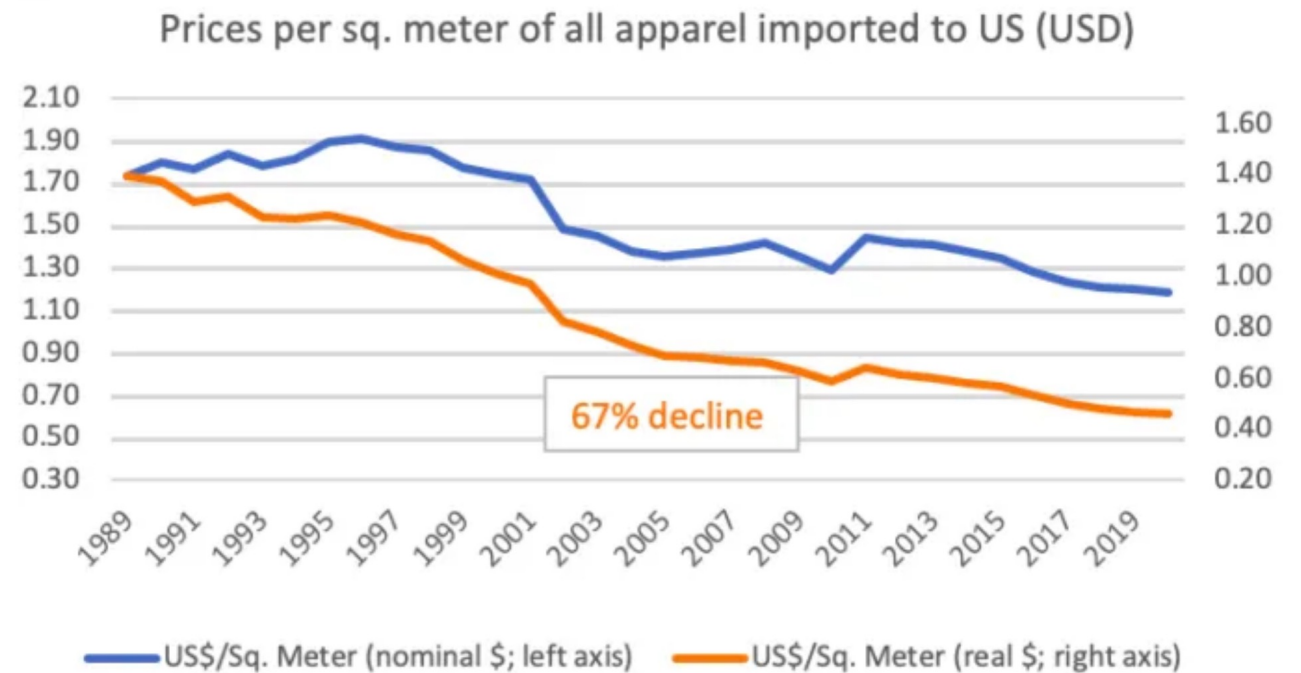
Delayed payments by buyers.





**Figure 9**

# Pre-Pandemic Price Squeeze (2-3% per year)

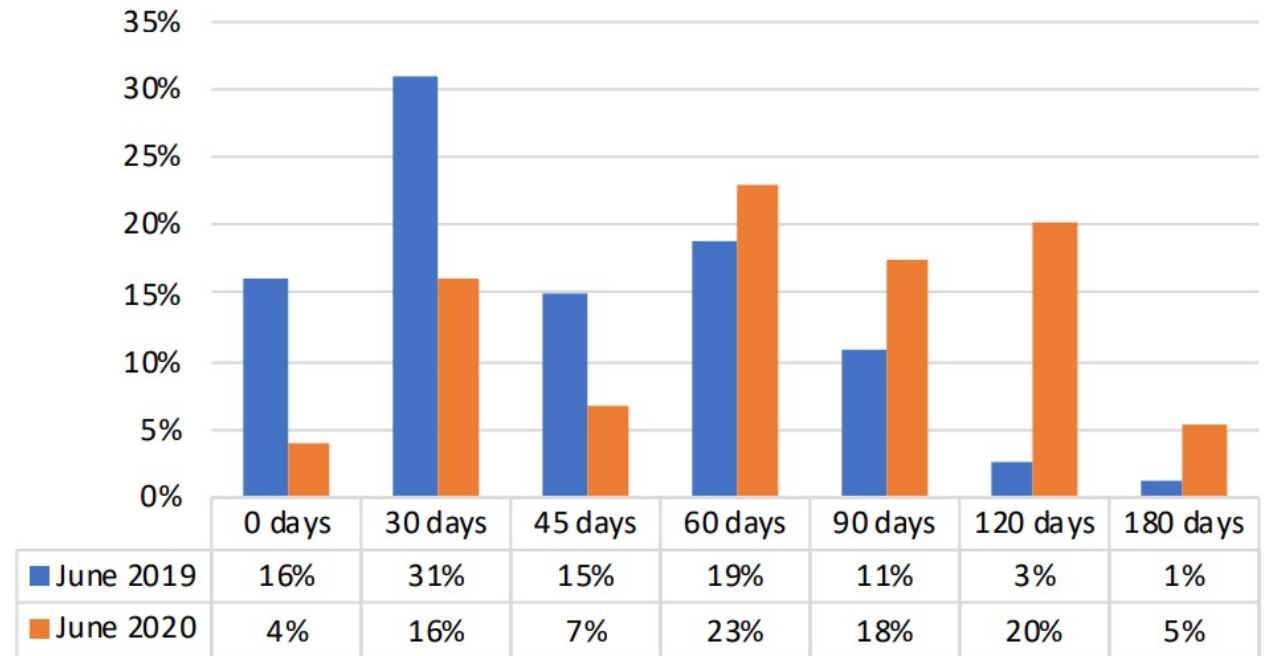


source: Mark Anner, based on OTEXA and US BLS data.

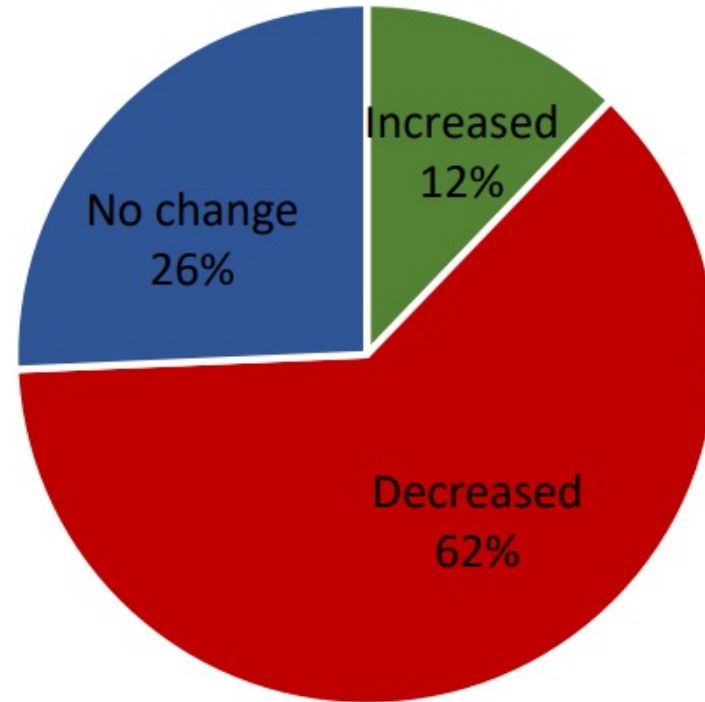
Average  
payment terms:

Before: 43 days.

Now: 77 days.



### Employment Level, Jan. 1, 2020 to June 2020



Source: Anner, Summer 2020 Supplier Survey.

**Figure 8**

# Other impacts on workers

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Reduced hours of work.

Increase in health and safety concerns. (Bangladesh: garment workers as “essential” workers)

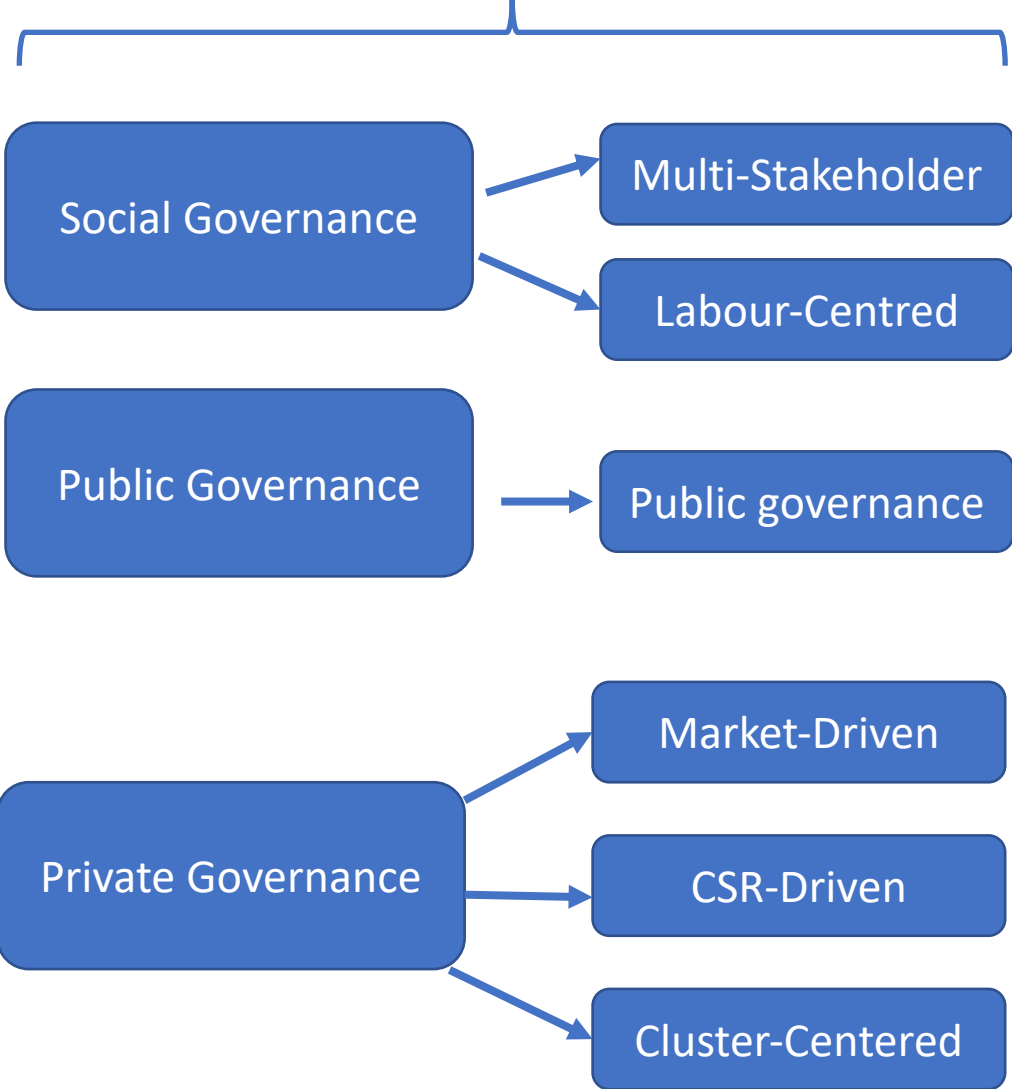
Increase in short-term work contracts.

Rising levels of malnutrition (BRAC: 77% struggle to feed families.”)

# Part 2: Three Labour Governance Mechanisms



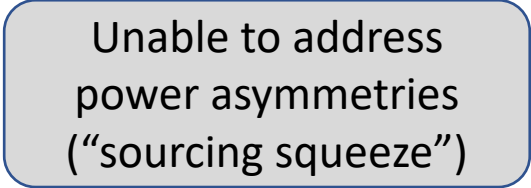
Gereffi and Lee (2016)  
Three Categories & Six Trajectories for Social Upgrading

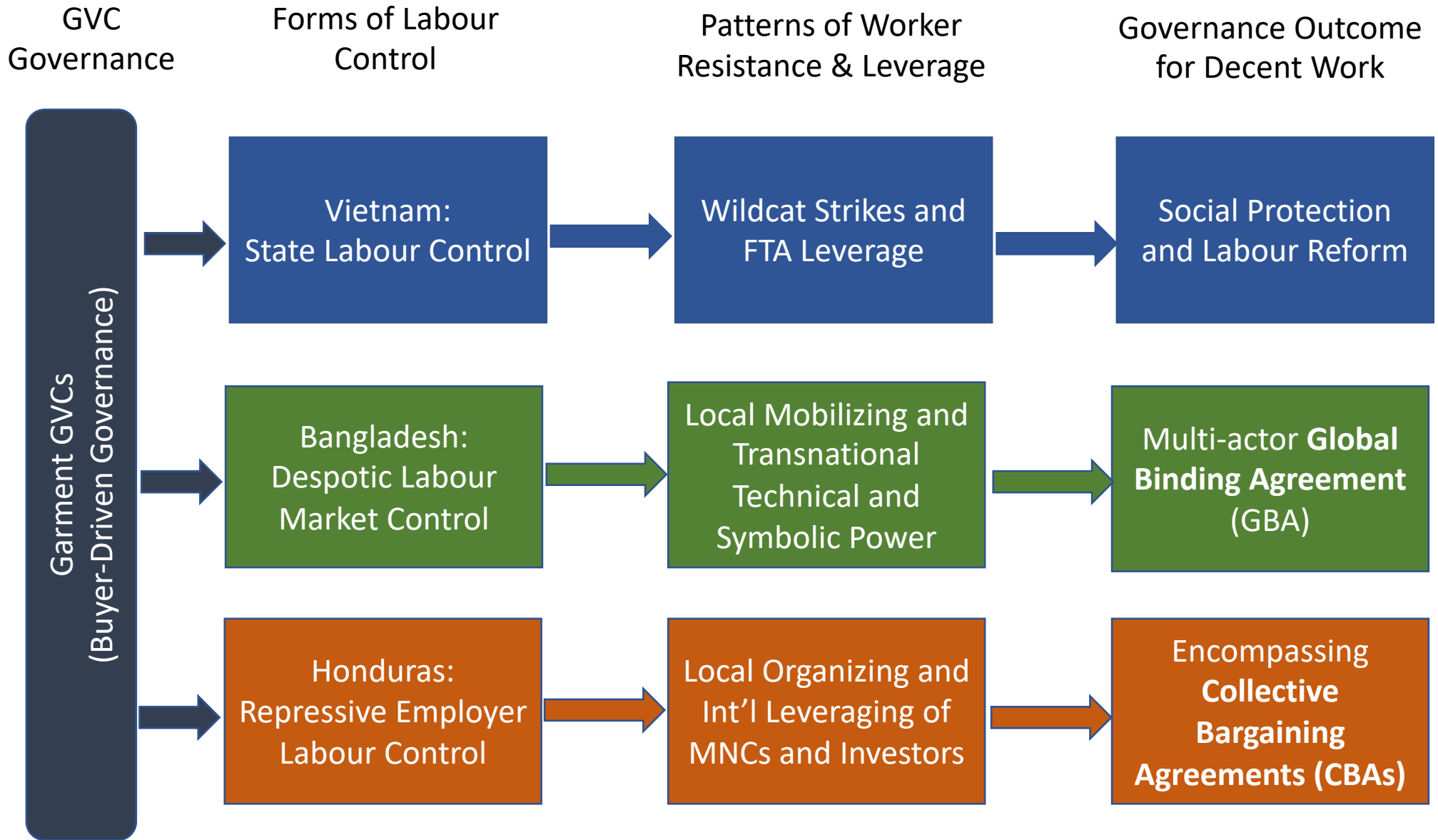


My argument:  
Three Effective Trajectories for Decent Work in Garment GVCs



Less Effective Trajectories for Sustained Decent Work





Source: Author



# Case #1: Public Governance in Vietnam

- **Control:** State/Communist Party labor control: 'harmonious' official unions/('union capture')
- **Resistance:** Massive wildcat strikes, led by women; followed by FTA leverage.
- **Governance outcomes:**
  1. Government tries to stay ahead of strike wave; increases in minimum.
  2. Government forced to reverse pension reforms in response to strikes; women-led demands.
  3. Government leveraged via FTA (US/TPP; EU) to ratify ILO Convention 98 and to allow for "Worker Representative Organizations" WROs.

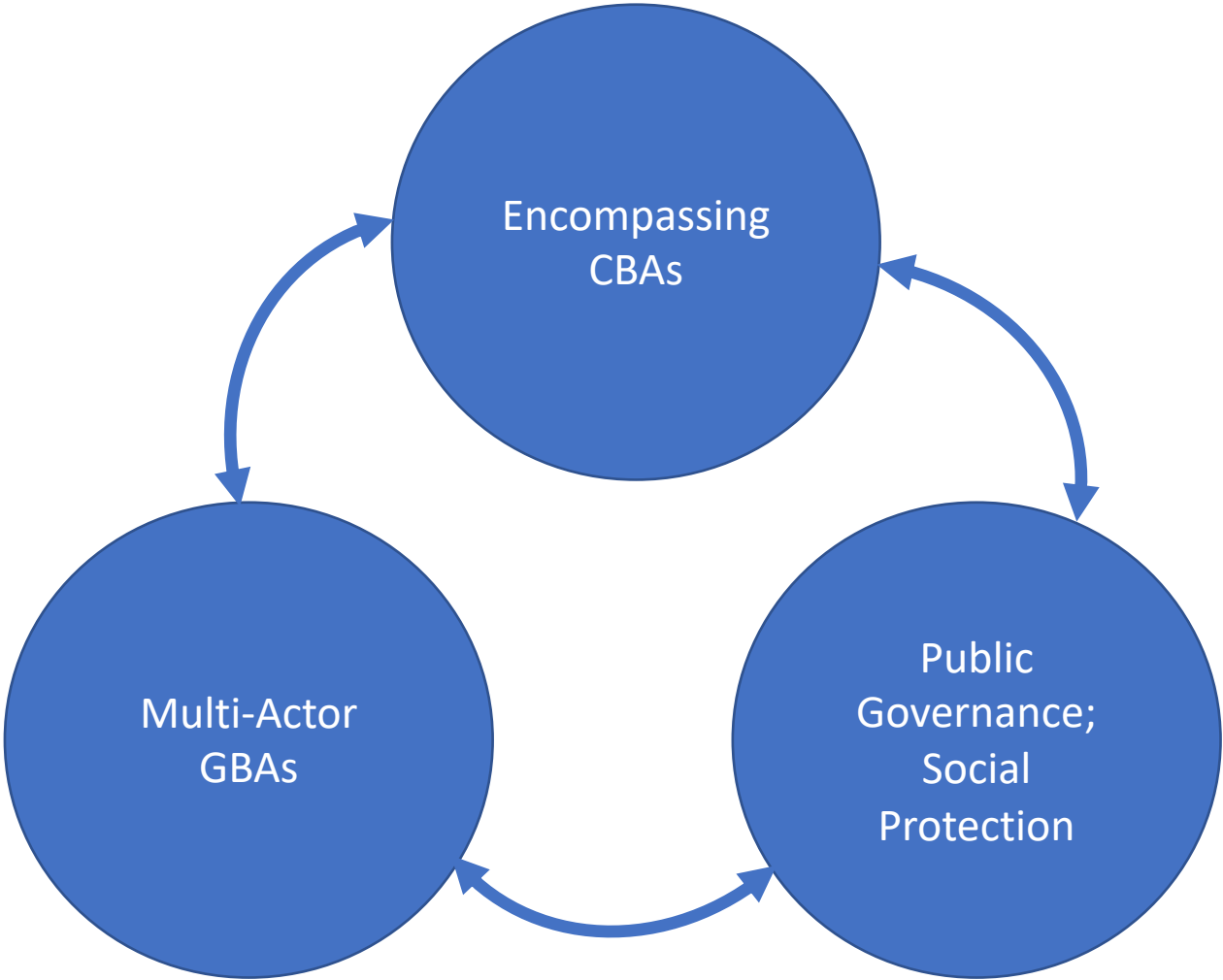
## Case #2: Bangladesh, Multi-Actor GBAs

- **Context:** extreme levels of unemployment and underemployment (labor surplus; control via labor market 'despotism') --> weakens domestic labor's organizing ability. Building safety; [wages, GBV..]
- **Response:** disperse mobilizing (weak/fragmented unions); and strong international pressure; symbolic power (following Rana Plaza) and technical power (power of institutional proposal).
- **Governance outcome:**
  - Multi-Actor Global Binding Agreement (GBA).
  - Like Global Framework Agreements (GFAs), but Binding, and Multi-Actor (MNCs; unions, NGOs).
  - Example: Bangladesh Accord; Building Safety; 218 brands; 2 GUFs; CCC, WRC...

# Case #3: Encompassing CBAs in Honduras

- **Control:** Repressive employer control; context of repression in the country; one of the most violent countries in the world. Death threats (FoL: woman union leader) and blacklisting.
- **Resistance:** local organizing and transnational campaigns targeting brands (FoL) and investors (Warren Buffett). Woman speaks out in US about death threats.
- **Governance outcome:**
  - Starts with union recognition at one Fruit of the Loom factory, and framework agreement with FoL for ALL facilities in Honduras, union neutrality clause.
  - Unionization and CBAs expand to cover most/all FoL factories.
  - Unionization and CBAs expand to other brands (Gildan, Haines; perhaps Tegra/NIKE). In ten years, from 500 to 50,000 organized and covered by CBAs.

# Inter-relations among the 3 (meso-level) mechanisms



Thank you!

