

WEAR **FAIR**

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**HOW CAN GARMENT BRANDS CONTRIBUTE TO HIGHER
WAGES IN THEIR SUPPLY CHAIN**

Outline

- Introduction
- Research question
- Methodology
- Findings
- Questions

Introduction

- **Fair Wear**
- **Research**

Introducing Fair Wear



- Founded in 1999
- **Multi-stakeholder** initiative
- Work with around 130 **member brands** to show there is a fairer way to make clothes
- Local presence in **ten** garment producing **countries**
- Guiding brands on **human rights due diligence**
- Annual brand performance check to **evaluate brand progress**
- **Factory assessments** based on triangulation of sources and on-site and off-site worker

interviews

- **Capacity building** for brands and factories
- **Grievance mechanism** for workers
- **Policy influencing**, in market- and in production countries
- Promoting **strong industry standards**
- Supporting **social dialogue** between managers and workers

Introducing research - Industry realities



- »» Lack of binding global human rights protection
- »» Social dialogue is limited or under-developed
- »» Highly competitive industry
- »» Responsibility is diffuse
- »» Brands do not employ workers directly
- »» Imbalance of power and responsibility
- »» Top-down pricing, focused on brands' margin
(not wages and other production costs)

Research question

How to use insights into the management of a social sustainable supply chains to address the topic of wages in buyer-supplier relations.

Methodology

Action research

Applied existing model to topic of living wages

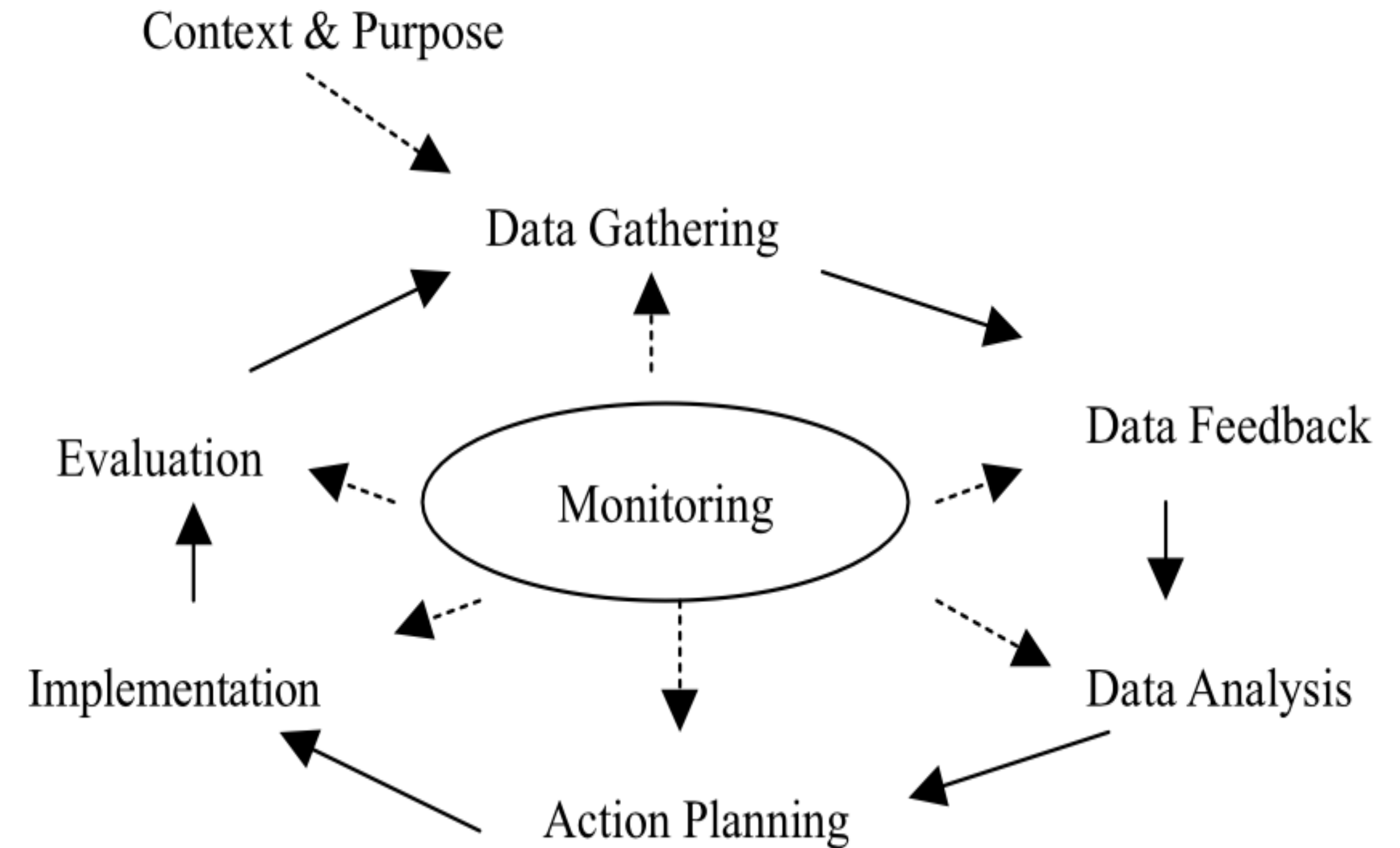
Action research

Methodology for applied research, aimed at active intervention

Main characteristics:

- research in action, rather than research about action;
- participative;
- concurrent with action;
- a sequence of events and an approach to problem solving.

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Action research cycle
(Coughlan and Coughlan, 2002 (230))

Sustainable supply chain management model



Business model →	Inactive	Reactive	Active	Pro-active
Phases	[1] Compliance→	[2] Internal alignment→		[3] External alignment
[A] SSCM Policy	No policy	Policy based on international norms OR company specific Code of Conduct	Policy based on international norms complemented by company mission and vision to go beyond	Policy focused on societal problems
[B] Monitoring and follow-up	Supplier self-assessment No follow-up	Audits. Non-compliance results in termination of contract	Independent auditing/ third party verification. Constructive follow up	Joint capacity building
[C] Supplier training & (upgrading) capability development	Limited (process upgrading)	Capabilities for suppliers on main process/ compliance with Code of Conduct (process/functional upgrading)	Capabilities for buyers/sales (product/social upgrading)	Capabilities for suppliers on general capabilities (allowing for horizontal upgrading: social and intersectoral)

Operationalisation of model for wages



Action research in practice

During three years (2017-2019), we organised six in-person meetings with participating brands. The purpose of these meetings was 'action planning'. The action research cycle would revolve around these in-person meetings:

- Data gathering – gather general input to prepare for the preparatory phone call
- Data feedback – preparatory phone call
- Data analysis – in-person meeting preparation (following the predefined phases)
- Action planning – in person meeting, discussion of data analysis and drafting of action plans
- Implementation – follow-up on filled-out action plans
- Evaluation – check-in phone calls or emails on filled out action plans

Findings

Results of the process



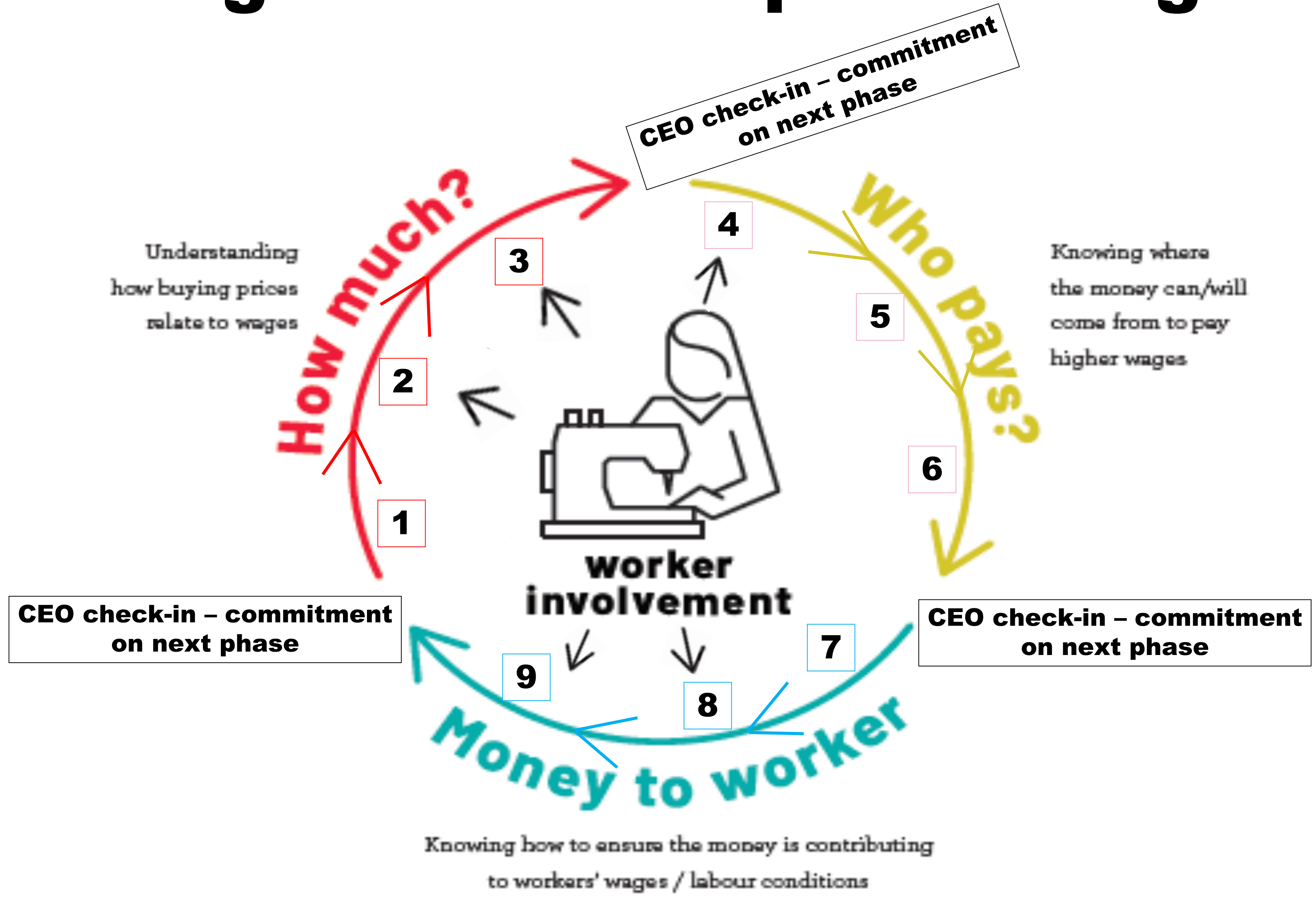
- 14 brands started, one brand stopped after first meeting due to limited resources.
- Three brands cooperated in one production location (ie, one intervention)
- Four brands expanded to two or more production locations (more than one intervention)
- Five brands were able to realise a contribution to higher wages – follow all steps of the cycle.

Findings



- Internal alignment is the biggest obstacle – mostly because people question the figures;
- External alignment is the second biggest (how do you get the supplier to implement higher wages – sought after solution was to create a separate financial chain)

Taking the next step to raising wages



Extend SSCM stage-model to address



wages

Business model →	Inactive	Reactive	Active	Pro-active
Phases	[1] Compliance→	[2] Internal alignment→	[3] External alignment	
General approach to wages at production locations (garment specific)		Minimum wage requirements	Linking information on prices, wages, production times - understanding processes at brand level	Transparency on costing between supplier and buyer – cooperate on wage increases
Know how buying prices relate to wages	Prices are set based on crude bargaining model – no relationship to wages	Prices are based on crude bargaining model and checked against prevailing wages	Prices are based on information on wage levels and labour minutes	Prices are based on a clear understanding of the labour cost component
Where the money comes from to pay for higher wages	Supplier/ factory pays	Productivity gains (supplier level)	Decreased margin/ project funding (brand level)	Supply chain efficiencies (supplier/brand level)

Questions

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