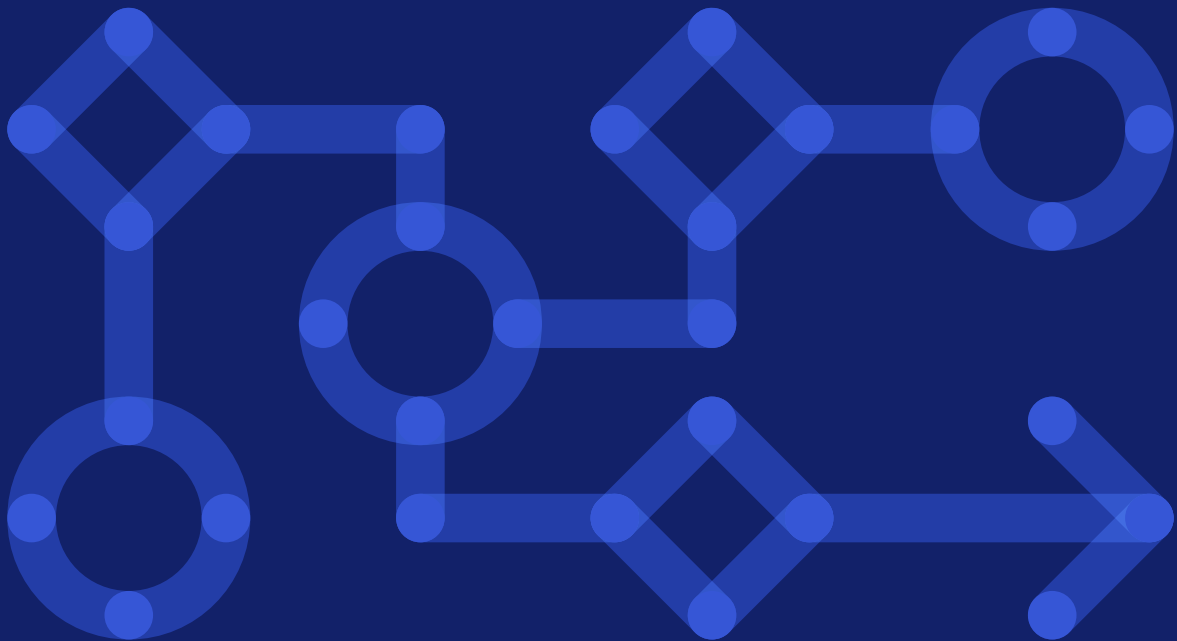


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Beyond Checklists and Handshakes



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Beyond Checklists and Handshakes: A Systemic Approach to Improving Working Conditions in Global Supply Chains

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Issue

Global supply chains (GSCs) face ongoing reports of low wages, excessive working hours, unsafe factories, and forced labour. In response, multinational brands have implemented audits, certifications, and partnerships with select suppliers. Despite these efforts, conditions remain dire for millions of workers because most corporate-led solutions only scratch the surface of these core issues. If serious change is to occur, efforts must move beyond transactional fixes and toward a systemic approach that tackles the root causes of labour violations, as shown in a review of 330 research articles and 20 books by Soundararajan et al.¹

Background

Most multinational companies tackling labour issues in their supply chains rely on two primary strategies: compliance-based (transactional) and relationship-driven (relational) approaches.

The Compliance Trap: Many companies rely on audits and certifications, with penalties for non-compliance to ensure that their suppliers meet certain labour standards. Research indicates that compliance can lead to improvements in specific areas such as pay, safety, and overtime. However, most evidence suggests that these efforts often do more harm than good. For instance, inspections are frequently scheduled in advance, allowing factories time to clean up temporarily. In some cases, suppliers keep double records or coach workers to give the "right" answers to auditors. This approach creates the illusion of improvement while allowing serious issues to persist. The Rana Plaza collapse in Bangladesh (2013) is an unfortunate example of this problem, serving as a wake-up call for the apparel industry. Many of the factories inside the building had passed multiple audits not long before the

tragedy, yet structural safety was never adequately addressed. Over 1,100 workers lost their lives as a consequence.²

The Relationship Fallacy: Some companies have attempted to build stronger partnerships with their suppliers, hoping that long-term collaboration will encourage better labour practices. While this is a step in the right direction, it often excludes lower-tier suppliers, where the worst abuses occur. Moreover, without meaningful incentives, suppliers continue to prioritize cost-cutting over worker well-being. In the cocoa industry, brands have worked with farmers on sustainability initiatives, yet child labour remains rampant in West Africa.³ This is because systemic poverty and market global supply chains.⁴ Tens of thousands of informal miners, including children, work under dangerous conditions for poverty wages. This issue extends beyond the actions of unethical local operators; it is driven by the global demand for cheap raw materials, the lack of enforcement from local governments, and the absence of meaningful pressure from powerful multinational buyers who benefit from the low costs. Garment workers in Bangladesh face similar labour abuses, including excessive overtime, low pay, and harassment.⁵ These issues are not just factory-level failures; they're linked to brands' relentless push for lower prices and faster turnaround times, combined with weak labour protections and systemic gender discrimination that make women workers especially vulnerable.

Considerations

Meaningful progress toward addressing labour exploitation in global supply chains requires multinational companies to move beyond compliance and collaboration. A systemic approach is essential, based on three key principles:

1. Cooperation Beyond Compliance

Improving working conditions in global supply chains isn't something brands can do alone. Real change demands cooperation—a shift from top-down control to active engagement with a diverse set of stakeholders, including suppliers, unions, NGOs, regulators, and workers themselves. This collaboration must extend beyond primary suppliers to involve lower-tier subcontractors and even labour recruiters, who often shape the working conditions from behind the scenes. For example, partnering with ethical recruitment agencies has proven vital in protecting migrant workers from exploitation in industries such as seafood and construction.⁶

Crucially, non-business actors—NGOs, unions, and governments—bring important ground-level insight and regulatory power. NGOs can help companies understand local realities and design smarter interventions. Unions ensure workers have a

voice in decision-making, while governments and international institutions provide the legal backbone to hold bad actors accountable. The key isn't who starts the initiative—it's how everyone works together to move it forward. In Germany, civil society and politicians spearheaded mandatory due diligence legislation, with business support proving critical to its success.⁷ In Bangladesh, unions and brands have co-developed factory safety programs that go far beyond audits.⁸ Successful cooperation depends on open, transparent dialogue. This involves listening to worker concerns, ensuring all parties are heard, and working through conflict constructively. Addressing issues such as wage improvement, gender-based violence, and the role of labour intermediaries requires ongoing engagement grounded in mutual respect.

2. Recognition of Context

Too often, lead firms apply generic solutions across diverse settings, missing the nuances that shape labour conditions on the ground. Recognition starts with understanding the specific challenges workers face—from dormitory regimes in Indian factories to child labour practices shaped by family dynamics in West African cocoa farms. These aren't just compliance issues—they're reflections of local norms, systemic vulnerabilities, and historical inequalities. For example, studies have shown that what may appear as exploitative practices—like children working on cocoa farms—can also be part of traditional rural life.³ Similarly, dormitory arrangements for migrant women in India may offer both restrictions and forms of protection.⁹ These insights highlight the inadequacy of simplistic good/bad binaries in understanding the complexities of labour practices. Recognition extends beyond understanding—it requires action that empowers workers to shape the solutions themselves. Worker-driven initiatives illustrate how workers can lead efforts to improve their own conditions. Examples include participatory factory committees in Bangladesh and the Fair Food Program led by farmworkers in the U.S.¹⁰ Companies can play a vital role: not by dictating terms, but by enabling dialogue, funding training, and committing to support worker-led standards. In doing so, they help turn workers from passive recipients of top-down policies into active agents of change.

3. Evolution and Adaptation

In fast-moving global supply chains, rigid, one-size-fits-all solutions often fall short. That's why evolution—the ability to adapt and improve—is a critical piece of the systemic approach to improving working conditions. Rather than controlling

every initiative from the top, forward-thinking lead firms are learning to step back and support local experimentation. When suppliers, NGOs, and worker groups are trusted to test ideas that work in their context, innovation follows. Take the example of football-stitching factories in India. In response to strict no-child-labour policies, local suppliers—with support from industry groups and the UN—trailed homework support centres for children. These centres helped reduce child labour by strengthening school attendance, offering a solution rooted in local realities rather than external mandates.¹¹ Supporting experimentation also means rethinking internal company practices. Some companies now embed social responsibility experts within procurement teams or bring compliance and sourcing teams together to align business goals with ethical standards. It's about replacing silos with collaboration—and empowering local partners to innovate. Critically, lead firms must share and learn from these experiments, feeding that knowledge back into industry-wide standards and continuously refining what “better” looks like. It's a cycle of improvement: experiment, learn, adapt, repeat.

Next Steps

The systemic approach holds significant potential for improving working conditions in global supply chains, but cannot succeed based on trust alone. Global supply chains are defined by sharp power imbalances, hypercompetition, and highly uneven regulatory environments. In this context, expecting voluntary collaboration to drive meaningful change is unrealistic. Bigger players—whether multinational brands or dominant suppliers—often drown out smaller voices. In the pursuit of profits, even the best intentions can get side-lined. This underscores the need for strong, smart enforcement mechanisms to ensure the systemic approach doesn't get watered down.

- **Multi-Stakeholder Governance:** Independent, democratic institutions made up of brands, suppliers, unions, NGOs, and workers—each with equal voice—are needed. These bodies should be tailored to specific industries and focused on particular labour issues (like gender-based violence or forced labour), not just generic compliance.
- **Legally Binding Agreements:** Voluntary codes of conduct are insufficient without robust legal enforcement. Agreements such as the Dindigul and Lesotho Accords show how binding contracts, paired with local and international collaboration, can protect workers and hold all parties accountable.

→ **Transparency & Oversight:** Public reporting and independent audits build trust and keep enforcement institutions honest. Clear metrics, open data, and accountability to workers and civil society—not just shareholders—are non-negotiable.

The Lesotho Agreements offer a powerful real-world example of where these approaches come together.¹² After reports of widespread sexual harassment in textile factories, global brands, unions, NGOs, and factories came together to form a binding agreement. An independent ombudsperson was appointed to handle complaints, and workers received training on rights and reporting mechanisms—backed by real protection from retaliation.

The global supply chain crisis is not an issue that can be solved with more audits or supplier workshops. It requires a fundamental rethink of how business is done. Companies must stop treating workers' rights as a "compliance issue" and start seeing them as an integral part of responsible supply chain management. A systemic approach offers the best chance at ensuring that the people who make our products—whether in factories, farms, or mines—have safe, dignified, and fair working conditions. Resolving these issues involves moving beyond reactive measures toward long-term, systemic solutions that prioritize the rights and well-being of workers.

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Footnotes

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