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978-1-107-03155-5 - The Promise and Limits of Private Power: Promoting Labor Standards in a Global Economy

Richard M. Locke

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The Promise and Limits of Private Power

Promoting Labor Standards in a Global Economy

This book examines and evaluates various private initiatives to enforce fair labor standards within global supply chains. Using unique data (internal audit reports and access to more than 120 supply chain factories and 700 interviews in fourteen countries) from several major global brands, including Nike, Hewlett Packard, and the International Labor Organization's Factory Improvement Programme in Vietnam, this book examines both the promise and the limitations of different approaches to improving working conditions, wages, and working hours for the millions of workers employed in today's global supply chains. Through a careful, empirically grounded analysis of these programs, this book illustrates the mix of private and public regulation needed to address these complex issues in a global economy.

Richard M. Locke is Class of 1922 Professor of Political Science and Management, Deputy Dean of the Sloan School of Management, and Head of the Political Science Department at the Massachusetts Institute of Technology (MIT). His current research focuses on improving labor and environmental conditions in global supply chains. Working with leading firms such as Nike, Coca-Cola, and Hewlett Packard, Locke and his students have been showing how corporate profitability and sustainable business practices can be reconciled. Locke is the author of *Working in America* (with Paul Osterman, Thomas Kochan, and Michael Piore, 2001), *Employment Relations in a Changing World Economy* (with Thomas Kochan and Michael Piore, 1995), and *Remaking the Italian Economy* (1995, 1997). He was awarded the Jamieson Prize for Excellence in Teaching in 2008 and the MIT Class of 1960 Teaching Innovation Award in 2007. Locke was named a 2005 Faculty Pioneer in Academic Leadership by The Aspen Institute.

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*To my mother, Franca Franzaroli, who taught me about the value of
work and the dignity of Labor.*

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Acknowledgments

Throughout the world, millions of people, both young and old, work long hours, under harsh conditions and for low wages, to make the goods most readers of this book consume every day. These workers' citizenship rights are frequently violated, and their health, because of long work hours and hazardous working conditions, is often compromised. This book seeks to understand what, if anything, can be done to promote labor justice for these workers. Through an analysis of several private voluntary initiatives promoted by global corporations, lead suppliers/contract manufacturers, labor-friendly non-governmental organizations (NGOs), and international organizations such as the International Labor Organization (ILO), this book sheds light on both the promise and the limitations of private power in enforcing labor standards for the millions of people employed in global supply chains. The central finding of this book is that working conditions and labor rights can only be promoted in our global economy through a mix of both private and public regulation. Private voluntary regulation is important in redressing labor abuses in global supply chain factories, but it is not enough. Without the support and legitimacy of government regulation, these private initiatives will produce only limited and often unsustainable improvements. In the chapters that follow, I illustrate how this is already taking place, notwithstanding significant resistance by powerful interests operating at different points of most global supply chains.

This book has a long history. It began ten years ago, through a series of conversations with my then MIT colleague Dara O'Rourke, while I was working on a teaching case about Nike and alternative conceptions of corporate responsibility. Although I had done work on labor politics before, I had never studied global supply chains and private voluntary regulation. Dara was an excellent mentor, and his enthusiasm for the topic was infectious. Trying to convince global corporations such as Nike to work with me, share their factory audit reports, and facilitate visits to their suppliers was not easy. It took years

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and many conversations and visits to corporate headquarters. But the time and effort paid off and as a result, what began as a case study evolved over the years into a full-fledged research project involving the collection, coding, and analysis of thousands of factory audit reports; more than 700 interviews with company managers, factory directors, NGO representatives, and government labor inspectors; as well as field research in 120 factories in 14 different countries. As such, the project evolved from a study of one company (Nike) in a particular industry (athletic footwear) to a research project covering several global corporations competing in different industries, with different supply chain dynamics, and operating across numerous country boundaries.

Throughout this trajectory, I was fortunate to work with a terrific group of graduate students and wonderful colleagues who diligently (and patiently) commented on the various constituent pieces of this larger research project. I was also fortunate to collaborate with a number of company managers, NGO representatives, union leaders, and even government agents who opened up their offices and factories and shared incredible amounts of original data. Without this generosity and openness, this book could never have been written.

Let me first thank the amazing group of students who worked with me as research assistants for this book. These include Matt Amengual, Akshay Mangla, Monica Romis, Alberto Brause, Fei Qin, Hiram Samel, Ben Rissing, Timea Pal, Jonathan Rose, Jennifer Andrews, Dinsha Mistree, Rushan Jiang, Salo Coslovsky, Alonso Garza, Gustavo Setrini, Greg Distelhorst, and Seth Pipkin. I hope that these students learned as much from me as I did from them. Several of these students (Matt, Akshay, Monica, Greg, Alberto, Fei, Timea, Hiram, and Ben) did more than simply assist me in the research but also collaborated as intellectual partners and coauthors on several papers that were written as part of this larger research project. Three of these papers have been published, and sections of these papers, with the permission of the different journals, appear in Chapters 2, 3, and 5. I would like to thank the *Industrial and Labor Relations Review*, *Politics and Society*, and the *Review of International Political Economy* for both publishing the original papers and allowing me to use excerpts of those papers for this book.

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