Today, most corporations with recognizable brand names sell products made entirely by other firms. Multinational companies source raw materials such as sand, cotton, or corn around the globe. They contract with factories to process them into glass, fabric, and syrup. They hire logistics firms to ship those components to other subcontractors in other countries that assemble them into electronics, t-shirts, or a ready-to-eat meal. When consumers buy a Samsung cell phone, an H&M polo shirt, or a McDonalds Happy Meal, they see only the logo. But the items may never have been touched by a brand employee until they reached the store.

From the corporate perspective, production through such a global supply network has many advantages. It gives the brand flexibility, allows it to avoid the workplace standards and union agreements in its home country, and reduces expenses by locating work in the world’s lowest-wage locations. For workers laboring at the bottom rungs of the global supply ladder, matters are more complex. Such jobs may be the best of the few options they have. But the pricing demands of large brands and logistic companies ensure that subcontractors will be under tremendous pressure to cut costs, which primarily impacts workers’ wages and safety protections. Sometimes, disaster strikes. A spate of worker suicides on cell phone assembly lines in China. Revelations of slavery in the produce fields of the United States. The deaths of hundreds of garment stitchers in factory fires and building collapses in Pakistan and Bangladesh. Mostly, the conditions are more routine: simply an exhausting grind of long hours, high health risks, and low pay.

There is a familiar toolkit to improve substandard work. Governments pass labor laws that ban the worst practices. Workers organize to negotiate better standards. But the global economy has made these approaches much more difficult. Labor laws only cover businesses located within the country where they are passed; despite the important work of the International Labor Organization of the United Nations, there are no legally enforceable international labor standards. Even domestically, employment laws generally apply only to a corporation’s direct employees, exempting it from liability for what happens to its subcontracted workforce. Brands can move production from subcontractor to subcontractor and from country to country, seeking out locales with low wages, few effective unions, and weak or poorly enforced labor standards. Unions have struggled to follow capital across borders, rarely succeeding except in some high-skill industries.

In the 1980s, as the flight of manufacturing jobs from high-wage countries accelerated, activists in those nations began to pressure brands to answer for their global contractors’ treatment of workers abroad. Most corporations initially denied
responsibility, stating that those workers were not their employees. Advocates mobilized Global North consumers to pressure brands to respond, arguing that while the law might not make the brand liable, it still bore moral responsibility for the profit it derived from the workers’ labor. As consumers began to pay attention, corporations responded by creating codes of conduct that required their suppliers to meet certain workplace standards. Within a decade, the field of Corporate Social Responsibility grew from a sideline into a multi-billion dollar industry.

Unilateral corporate codes quickly came under fire for being promotional efforts that sought to protect brand reputations and pacify consumers without truly addressing the underlying problems that workers faced. For example, when Nike was targeted for boycott in 1990s for paying pennies an hour to workers in Vietnam, it responded by creating its own code of conduct and hiring its own accountants to verify its compliance. Few people were persuaded that Nike—and the many companies that followed a similar path—had changed much of anything other than its publicity materials.

One response to the failings of unilateral corporate codes was the creation of new “Multi-Stakeholder Initiatives” (MSIs). There is no agreed-upon definition of an MSI, but most bring together businesses (especially international companies with globally recognized brand names), non-profit organizations, and sometimes governments, to set new voluntary standards in problem areas that have proven difficult for national governments to address effectively. Different MSIs have different purposes, but many produce codes of conduct for participating companies to apply to their subcontractors down the supply chain. In many cases, they also offer some sort of certification program for products found in compliance.

Since MSIs began to proliferate in the 2000s, they have been hailed as an improvement over the prior trend of corporate self-regulation. Increasingly, MSIs have replaced unilateral corporate codes as the solution of choice to problems that governments are unwilling or unable to tackle. Dangerous conditions and low pay in global garment factories? Management of forest resources? How to deal with so-called conflict minerals—gold, diamonds and other natural resources mined in countries known for violations of human rights, whose proceeds are used to fill the government’s coffers? Threats to indigenous communities from oil and gas companies that want access to their land? All have given rise to MSIs, and in many cases to multiple and competing MSI initiatives.

MSIs are now frequently held up as one of the best practices of Corporate Social Responsibility. It is not hard to understand their appeal. In theory, MSIs are about bringing all stakeholders to the table, in contexts where the voices of some stakeholders are rarely heard. They are about negotiating solutions that take the interests of all participants into account, creating standards that protect vulnerable people and natural resources. Words like “transparency” and “accountability” are frequently part of the description of MSI work. These are things that are sorely lacking, so being critical of MSIs feels like picking a fight with the good guys.
On the other hand, while the rhetoric of MSIs is strong—and while there are some newer initiatives that hold some promise—overall, studies have found that even the best-known MSIs have often not generated meaningful changes on the ground. For example, an academic paper published in 2015 regarding the well-known and longstanding MSI the Forest Stewardship Council (FSC) concluded that after twenty years, “while the FSC has successfully facilitated multi-sectoral determination of new standards for forestry, it has nevertheless failed to transform commercial forestry practices or stem the tide of tropical deforestation.” The problem is especially acute for programs that seek to enforce human rights, yet do not seriously engage with the humans whose rights are at issue. Richard Locke, Brown University professor of political science and management, summarizes his extensive study of labor standard-setting initiatives in global production in his 2013 book this way: “private compliance programs appear largely unable to deliver on their promise of sustained improvements in labor standards...”

Emblematic of this disconnect between the promises and the reality of many MSIs is the fact that factories involved in the fire that killed nearly 300 garment workers in Pakistan in 2012 and the building collapse in which over 1,100 garment workers in Bangladesh died in 2013 had recently been inspected and certified as safe by monitors, including, in the Pakistan case, monitors for Social Accountability International, one of the most prominent MSIs in the field. What’s Wrong with Corporate Social Responsibility

How and why has Corporate Social Responsibility failed? It has been almost thirty years since the practice became widespread; by now, corporate codes and MSIs have been extensively studied, and there is some consensus as to their flaws. I set these concerns out with particular attention to codes that target conditions of work at the subcontractors for major brands.

First, corporate participation is always voluntary. A corporation that writes its own codes can craft its substance and the process of its enforcement as it wishes, and faces no penalties if it does not follow the standards it has set for itself. The standards and procedures set by an MSI are usually more stable, but the only penalty for serious non-compliance is the loss of certification by that particular MSI. A corporation can shop for another MSI with a less rigorous set of standards, relying on consumer ignorance about the difference between certification regimes to avoid any economic impact from the change. Or it can just quietly forgo certification.

Centuries of labor history affirm that corporations rarely make truly voluntary efforts to improve the conditions of the lowest-wage workers, particularly those whose work is subcontracted rather than employed directly. Instead, working conditions improve when there is sustained pressure that threatens a company’s bottom line. Traditionally, such pressure has come from collective action by workers. And even those improvements will be only short-term unless they are preserved in a form that institutionalizes them, such as an enforceable contract with meaningful sanctions for
violations, backed up by the credible threat of more pressure if the company reneges on its promises.

Furthermore, the Corporate Social Responsibility standards to which corporations agree are not systematically enforced. Monitoring is intermittent and ineffectual, and standards are not legally binding. Compliance with codes of conduct is almost always determined by private auditors. This has given rise to a growing market for monitoring services. Some auditors work for individual brands, and others for prominent MSIs like the Fair Labor Association and Social Accountability International. It is most often the brands being audited for compliance that pay the monitors. If a brand or an MSI isn’t happy with a monitor, it will switch to another. This symbiotic relationship, and steep competition among monitors, makes auditors reluctant to come down hard on the very firms that are their lifeblood. It also creates incentives for auditors to replace effective but expensive inspection methods that are more likely to reveal violations (such as interviewing workers away from the factory) with ineffective but cheaper ones (such as desk audits carried out entirely on paper). Importantly, codes and MSIs do not include provisions that give workers or others the right to sue for compliance, so if a brand or an MSI doesn’t do what it promised it would, there is no recourse.

Finally, brands simultaneously demand compliance with labor standards and pressure subcontractors to ignore them. Codes and MSI standards impose expensive requirements on suppliers, but brands have not traditionally paid more per contract to cover those costs. As Richard Locke and a number of others have argued, suppliers must compete with each other and with their counterparts in other countries to get contracts from brands (or the logistics firms brands hire to manage subcontractors) on the basis of price, quality, and speed. Suppliers at the bottom of a supply network often operate on very slim profit margins. They can either cut wages and safety costs and increase worker hours in order to win the contracts on which they depend for survival, thus ignoring code requirements, or comply with the codes and see themselves underbid. The only way around this dynamic is to require that the big firms put more money into their supply chains to fund those changes—something that most brands have shown no interest in doing. The result is predictable: suppliers routinely ignore code standards in order to deliver orders on time and up to specifications. Corporations routinely look the other way.

The Absence of Workers in Corporate Social Responsibility

These problems alone should call into question the claims of Corporate Social Responsibility. But there is another issue, much less often articulated but equally devastating: frequently, the parties most affected by labor codes and MSIs—the workers whose lives are affected by the standards being negotiated—have no say in any part of their design or implementation.

Workers are rarely in the room when the standards are set, even when the actor is an MSI rather than a single brand. Although MSIs were supposed to offer an alternative to corporate self-regulation, brands and their representatives (for example, industry associations) dominate many MSI boards and provide most of the funding for their work.
Even when brands do not control a majority of the board, if the MSI wants to claim influence over conditions on the ground, it must keep the companies at the table, so the dynamic is deferential toward their demands. The remaining seats are ordinarily held by concerned outsiders, including religious and human rights organizations. More complex MSIs may also include government representatives. Unions have a presence in a small minority of labor MSIs, but these rarely include unions from the country where production takes place. Seats for the actual workers whose conditions are at issue, or their direct representatives, are almost non-existent.

This is troubling both practically and ethically. The goals of the organizations at the table—rather than those of the workers left outside—drive the discussions at MSI meetings and the outcome in terms of standards. Absent processes and forces that shift the balance of power, the agenda of an MSI reflects the distribution of power in the outside world, which leans definitively toward transnational corporations. Global brands seek to build a reputation for social responsibility that will diffuse protest over conditions in their supply chains and attract customers. They focus on problems that occur lower down the chain at the supplier level, but do not analyze the way that the buying practices and demands of the global brands themselves drive long hours and low wages at the bottom of the chain. Other participants, such as global human rights organizations and representatives of consumer campaigns, seek to advance labor rights, but often do so without consulting the actual workers on whose behalf they advocate.

When workers are not actively engaged in the design and enforcement of standards, critical problems go unidentified and unremedied. Only a third of labor codes address wages. Codes generally do not require subcontractors to assure freedom of association so that workers can form unions. Where freedom of association is included in standards, it is enforced much less frequently than other promises. In addition, what rights codes do establish tend to be generically stated. They apply to an entire firm or industry, all around the world. Ideally, this would allow for adaptability. Instead, it most often permits the fudge room that keeps a code from having a meaningful impact on conditions on the ground. To be effective in changing workplace conditions, codes must reflect the nuanced understanding that only workers have of “how work works” in a particular context.

When MSIs fail to collaborate with workers, they can undertake initiatives that do not help them, or indeed are harmful. Most Corporate Social Responsibility efforts originate in the Global North. Workers are often unaware that their employer is subject to a code of conduct. If they do know, they often have no idea how to notify the brand of violations—or fear retaliation for doing so. Meanwhile, a brand’s immediate response to bad publicity from revelations of poor conditions in a factory abroad is likely to be to drop the offending subcontractor. The workers at that subcontractor then lose their jobs.

**A New Approach: Worker-Driven Social Responsibility**

Worker-driven Social Responsibility (WSR) is a new model for improving working conditions in supply chains that takes on these flaws directly. While Corporate Social Responsibility is motivated by a brand’s desire to protect its reputation among consumers,
Worker-driven Social Responsibility is generated by workers and their allies. Its goal is to do better by those who labor at the bottom of the global economy, by engaging with workers themselves.

The Fair Food Program designed by the Coalition of Immokalee Workers in Florida, United States, has led this new approach.21 The Coalition describes itself as a farmworker-based human rights organization. It is located in Immokalee, Florida, where 90% of the winter tomatoes in the United States are grown. In 2010, after 17 years of organizing with farmworkers and tens of thousands of students, people of faith, and consumers across the United States, the Coalition won and began implementing the Program, designed to raise wages and improve working conditions for the workers picking tomatoes and other produce to supply fast food restaurants, supermarkets, and cafeterias.

The Fair Food Program requires that participating brands like McDonalds and WalMart pay a small premium of one to four cents per pound of produce to their growers, who must pass the money through to workers, keeping a small percentage to offset the additional payroll taxes created by the bonus payments. More than $20 million has gone into farmworkers’ pockets through this program over its first six years.22 Participating brands can only buy from growers who have signed the Fair Food Code, which mandates a range of improvements in working conditions. The design of the code, and the provisions in it, grew out of the experiences of Coalition members—mostly immigrant tomato pickers—with sexual harassment, systemic underpayment, and dangerous conditions in the fields.23 The Fair Food Buyer Agreements are legally enforceable contracts. Experienced workers have taught 45,000 others about their rights under the Code on paid work time, and all actively monitor their employers for code violations.24 The Fair Food Standards Council carries out intensive audits of participating growers, now in three crops and seven states.25

Another example of Worker-driven Social Responsibility is the 2013 Accord on Fire and Building Safety in Bangladesh, adopted in the wake of the building collapse at Rana Plaza, and recently renewed and extended to 2021. The groundwork for the Accord was laid over decades by advocates who pressured brands to sign binding agreements, and the agreement itself was drafted with the participation of Bangladeshi as well as global unions two years before the collapse. Until the tragedy, however, only two brands had been willing to sign.26 That number rose to 218 following Rana Plaza and the ensuing public outcry.

The Accord makes brands co-responsible for safety conditions in the factories, and requires them to commit to fully fund the cost of the safety improvements at their Bangladeshi subcontractors.27 The repairs and upgrades that the Accord mandates target the life-threatening dangers that Bangladeshi garment workers have long faced on the job, and are coupled with protection against retaliation in a context where workers who speak up risk physical violence. The Accord also requires that suppliers pay workers for up to six months during closure for safety renovations, and seek to place them elsewhere if orders drop at a renovated factory. At the factory level, the Accord calls for the establishment of labor-management health and safety committees. The commitments of the signatory
corporations are legally enforceable, a fact that led several American brands, most notably Walmart and Gap, to refuse to participate, choosing a less binding alternative instead.\textsuperscript{28} Despite challenges in implementation, the Accord has carried out initial inspections at all of the more than 1600 factories covered by the agreement, and identified over 122,000 violations.\textsuperscript{29} Although progress toward full compliance has been slow, 75% of the factories report taking steps toward remedying the dangers identified, offering increased protections to over 2 million workers.\textsuperscript{30}

The principles of Worker-driven Social Responsibility reflect a set of insights gleaned from these experiences and from an analysis of the failings of traditional Corporate Social Responsibility.\textsuperscript{31} The participation of workers and their representatives ensures that codes of conduct reflect on-the-ground knowledge about repeat problems. WSR places primary responsibility for these violations at the door of multinational corporations, whose consolidated power at the top of supply chains allows them to demand ever-lower prices from their suppliers. To short-circuit the dynamic in which suppliers meet these demands by reducing workers’ wages and cutting corners on safety, WSR mandates that brands pay subcontractors for the improvements that code compliance requires. WSR establishes mechanisms that make participating corporations’ social responsibility commitments legally enforceable, rather than voluntary. At the supplier level, WSR creates economic, market-based consequences for suppliers for non-compliance with code requirements: denial of access to desirable contracts with signatory brands. Auditors familiar with the industry and the context do extensive inspections of all participating subcontractors, including observations of working conditions, off-site interviews with workers, and full access to financial documents. Finally, and centrally, workers themselves do peer education, monitor for violations, and file complaints that trigger enforcement.

***

Major brands generate massive gains based in part on how little workers at the bottom of their supply chains are paid. Over more than a quarter century, Corporate Social Responsibility has proven more effective in protecting these profits than in improving the circumstances of the workers who make them possible. Worker-driven Social Responsibility seeks to do better, by putting workers’ rather than corporations’ goals at the center. Yet corporations benefit too, as the predictability and sustainable gains of WSR put an end to the public relations crises that recur under less effective approaches.

Worker-driven Social Responsibility is a new concept, but not an untested one. The near-eradication of sexual harassment in Immokalee tomato fields, $20 million in bonus earnings for tomato-pickers, and structural improvements protecting two million Bangladeshi garment workers testify to its early successes. Its next horizon is adaptation of the model to locations beyond those in which it first emerged. The Worker-driven Social Responsibility Network was launched in 2015 to provide training and support to other groups of supply-chain workers who want to apply the principles of WSR to bring about meaningful change in their work lives—on their own terms.
ority).

including them in MSI boards might offer them a modicum of protection under some governmental labour regulation, in Kees Biekart, et. al., ed.s, 36 (2017); Karin Astrid Siegmann, et. al., Civic Innovation in Value Chains: Towards workers as agents in non-Social Responsibility schemes, 14 make of their suppliers conflict with the commitments in their codes of conduct, sending market signals that make clear that fast turnaround and low price are the highest priority).

12 For a few of the numerous critiques focused on monitoring in labor CSR initiatives in particular, see Jill Esbenshade, Corporate Social Responsibility: Moving from Checklist Monitoring to Contractual Obligation?, in ACHIEVING WORKERS’ RIGHTS IN THE GLOBAL ECONOMY at 51; Stephanie Clifford and Steven Greenhouse, Fast and Flawed Inspections of Factories Abroad, NEW YORK TIMES (Sept. 1, 2013).

13 LOCKE, THE PROMISE AND LIMITS OF PRIVATE POWER at 12–17 (describing how the production demands TNCs make of their suppliers conflict with the commitments in their codes of conduct, sending market signals that make clear that fast turnaround and low price are the highest priority).

14 For arguments about the need to incorporate roles for workers and other affected individuals in Corporate Social Responsibility schemes, see Mathias Koenig-Archibugi and Kate MacDonald, The Role of Beneficiaries in Transnational Regulatory Processes, 670 ANNALS of the American Academy of Political and Social Science 36 (2017); Karin Astrid Siegmann, et. al., Civic Innovation in Value Chains: Towards workers as agents in non-governmental labour regulation, in Kees Biekart, et. al., ed.s, EXPLORING CIVIC INNOVATION FOR SOCIAL AND ECONOMIC TRANSFORMATION 109 (2016).

15 It is worth noting that local unions in many countries of production face government repression, and that including them in MSI boards might offer them a modicum of protection under some circumstances.

17 For an examination of how workers’ preferences for strategies and outcomes may diverge from the preferences of their proxies in MSIs (such as activists and consumers), see Mathias Koenig-Archibugi and Kate Macdonald, Accountability-by-Proxy in Transnational Non-State Governance, 26 GOVERNANCE 499 (2013).


20 Siegmann, et. al., Civic Innovation in Value Chains at 109.


22 Fair Food Standards Council, communication with the author, April 18, 2017.

23 For a summary of the Fair Food Campaign, together with additional examples of how campaigns have relied on worker knowledge to craft meaningful standards and strategies, see Siegmann, et. al., Civic Innovation in Value Chains at 109 (2016).

24 Fair Food Standards Council, communication with the author, April 18, 2017.


26 Workers Rights Consortium, communication with the author, June 23, 2017.

27 For an overview and preliminary assessment of the Accord, see Jimmy Donaghey and Juliane Reinecke, When Industrial Democracy Meets Corporate Social Responsibility, BRITISH JOURNAL OF INDUSTRIAL RELATIONS, pre-published online, April 2017.

28 Ibid. This article also compares the Accord with the Alliance, the other MSI preferred by the Gap and Walmart.

