

## Editorial Introduction

Garment workers in the Global South work full-time, yet they struggle to feed and house their families, send their children to school or save for their future needs. Many of these workers produce clothing for wealthy fashion companies in the Global North. Consequently, industry stakeholders have established multiple initiatives to mobilise fashion brands and retailers to act and resolve this wage issue. This briefing paper draws from Coneybeer and Maguire's (2022) recent publication and provides a summary analysis of living wage methodologies and initiatives popular in the garment industry. The paper critically assesses why progress on poverty wages has been limited and finds that leading fashion brands can evade responsibility through membership with weak living wage initiatives. The paper concludes that fashion brands must take accountability by accounting for a living wage in their purchase orders.

## About the Authors

Ms. Justine Coneybeer, PhD  
Candidate, QUT Centre for Justice

Dr. Rowena Maguire, Associate  
Professor, Faculty of Business and  
Law, QUT Centre for Justice

## About the Collection

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# Evading Responsibility: Living Wage Methodologies and Initiatives in the Fashion Industry

Justine Coneybeer and Rowena Maguire

For many people, the utility of work is the ability to earn money to live a decent life. However, most Global South garment workers work long, arduous hours and take home wages that cannot sustain their livelihood (Bhattacharjee & Roy, 2016). Poverty wages<sup>1</sup> are an endemic issue affecting the female-dense workforce in the Global South, where most clothing manufacturing is based (Bhattacharjee & Roy, 2016). This briefing paper analyses two methods for calculating a living wage and three initiatives to understand why progress on living wages has been so slow. This paper supports the Clean Clothes Campaign (CCC) living wage definition, determining a working week as no more than 48 hours and a living wage as one that allows for a family's housing, education, healthcare and small savings for unexpected expenses (Clean Clothes Campaign, n.d.).

Poverty wages in the garment industry are a significant issue, paving a slippery slope to poverty, exploitation and slavery (e.g., debt-bonded labour). In the absence of state-based intervention, activists and consumers have campaigned for large fashion companies to support the payment of living wages in their supply chains. In response, multiple initiatives have been established claiming to support living wages for garment workers. However, there is limited evidence that workers' wages have improved. Moreover, as most of these initiatives are corporate-led and voluntary, fashion companies can opt into initiatives with weak requirements. Consequently, most large fashion companies can evade responsibility by engaging with initiatives that push responsibility onto other stakeholders, request weak participation and delay real action.

## The Problem of Poverty Wages

Poverty wages in garment production result from structural injustice embedded in global value chains (Coneybeer & Maguire, 2022). The ongoing exploitation of workers in the Global South is a symptom of enduring colonial and Eurocentric norms, which perceive exploitative work as better than no work (Powell, 2014; Robinson, 1964). This legitimises inequitable norms around low wages, long hours and unsafe working conditions, which would be unacceptable in the Global North.

Fashion companies' business models rely on workers' exploitative conditions and contribute to them by seeking the lowest prices in developing countries (LeBaron, 2014). As a result, these economies have become dependent on these low wages, allowing large Global North buyers to dominate pricing negotiations. This power dynamic instils

fear among Global South governments, who are concerned that companies will relocate their supply chains to cheaper garment-producing countries and thus suppress unions and workers' calls for higher wages (Bhattacharjee & Roy, 2016; Miller & Williams, 2009). Garment workers are caught in a complex web of stakeholders, politics and power where the system creates a challenging environment to improve poverty wages.

Central to this complex problem is the low prices that Global North companies pay to their suppliers, who estimate garment costs according to the target retail price ('top-down pricing') as opposed to pricing based on the labour and environmental costs of the garment (Fair Wear Foundation, n.d.). Additionally, since numerous buyers usually work with a single supplier, improving wages requires collective action from a range of buyers to pay higher prices for these changes to impact garment workers.

However, fashion companies fail to pay higher prices by arguing that suppliers are not trustworthy or claiming they would be competitively disadvantaged as the only buyer paying for a living wage (Coneybeer & Maguire, 2022). Figure 1 demonstrates the power dynamics in global apparel value chains, illustrating the complexity of improving poverty wages and the buyer-driven nature of global apparel value chains (Gereffi, 1994).

To overcome the complexities of improving poverty wages, various organisations have created methodologies and programs for calculating and delivering a living wage to garment workers. The following section provides an analysis of two living wage methodologies and three initiatives that are popular in the fashion industry.

## Living Wage Methodologies

### Asia Floor Wage Alliance

The Asia Floor Wage Alliance (AFWA) is a bottom-up initiative that regards the voice of workers as being key to meaningful reform on living wages. Their independence from brands, retailers and the Global North defines their worker-led approach. Thus, unsurprisingly, AFWA promotes the highest living wage calculation.

A unique aspect of the methodology is the consideration of gender and recognition of unpaid domestic and care work, which women typically undertake (Asia Floor Wage Alliance, n.d.). In addition, by expanding outside the immediate family to wage dependants, such as elderly or sick family members, the methodology provides a contextually accurate representation of the lived experiences of female garment workers in Asia (Luginbühl, 2019).

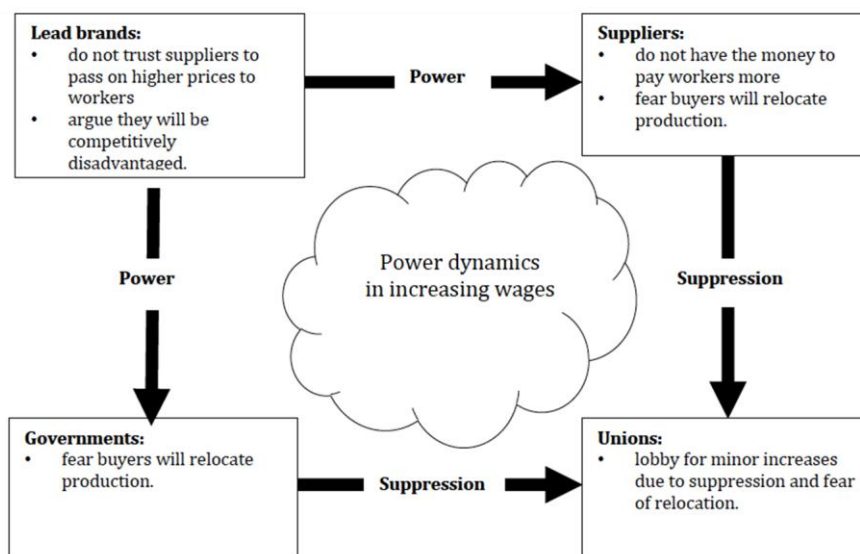
### Global Living Wage Coalition

The Global Living Wage Coalition (GLWC) utilises the Anker methodology to calculate a living wage. Their approach acknowledges the unique context of garment workers in different geographical locations and further facilitates local union bargaining agreements through a justifiable living wage (Ford & Gillan, 2021).

While GLWC does not consider gender, the GWLC and AFWA methodologies are recognised as rigorous and creditable benchmarks for living wages (Ford & Gillan, 2021). Despite the existence of these methodologies, leading fashion companies and their respective living wage initiatives (see Table 1) have largely failed to adopt a living wage methodology meaningfully.

**Figure 1**

*Power Dynamics in Global Value Chains (Coneybeer & Maguire, 2022)*



**Table 1**

Summary of fashion company memberships with living wage initiatives (Adapted from Coneybeer & Maguire, 2022)

Initiative	Leading Brands <sup>1</sup>	Methodology	Strengths	Weaknesses
<b>Action, Collaboration, Transformation</b>	H&M Inditex (Zara) Primark C&A Next	None	Major brands	Corporate-led  No clear benchmark  Idealistic goal  Limited brand responsibility
<b>Fair Labor Association</b>	Adidas Fast Retailing Hanesbrands Inc. (Bonds)	Global Living Wage Coalition (Anker method)	Major brands  Purchasing practices	Corporate-led  No clear benchmark  Based on productivity increases  Limited brand responsibility
<b>Fair Wear Foundation</b>	No leading brands. Notable brands include: Nudie Jeans Acne Studios	Asia Floor Wage Alliance Global Living Wage Coalition (Anker method)	Bottom-up pricing tool  Clear brand responsibility	Only small brand membership

<sup>1</sup> According to United (n.d.) Top 200 Global Fashion Companies (market value) <https://fashionunited.com/i/top200/>

## Living Wage Initiatives

### *Action, Collaboration, Transformation*

The Action, Collaboration, Transformation (ACT) initiative is a popular initiative amongst major fashion companies (e.g., Inditex (Zara), H&M, PVH) and is commonly quoted as proof that brands and retailers are acting on living wages. However, upon closer analysis, ACT themselves have disclosed that no significant steps towards establishing a living wage for garment workers have been achieved (ACT, n.d.).

This initiative seeks to establish country-wide wage floors through difficult-to-broker collective bargaining agreements (CBAs) between manufacturers, trade unions, and governments. A brand or retailer's responsibility only appears when a CBA is assigned, at which point fashion companies are expected to 'support' the agreement through purchasing commitments (ACT, 2018).

Amongst many issues (see Coneybeer & Maguire, 2022), the key to ACT's insuccess is their idealistic CBA goal, where progress is only possible when significant systemic change occurs. As such, fashion companies' individual responsibility to pay higher prices is pushed to a utopian future and actors (e.g., suppliers) with less power are blamed for poverty wages.

### *Fair Labor Association*

The Fair Labor Association (FLA) is another popular voluntary initiative amongst major buyers (e.g., Fast Retailing (Uniqlo), Adidas). Their living wage programme (which does not advocate for any specific living wage methodology) involves asking their members to collect wage data from their suppliers and publicly disclose their commitments for improving wages. Their strategy for improving wages includes the promotion of 'internal conversations' (Fair Labor Association, 2020), improved purchasing practices (forecasting, planning, and communication), and worker incentive pay (productivity increase) (Fair Labor Association, 2021).

### *Fair Wear Foundation*

The Fair Wear Foundation (FWF) was co-founded by activists, labour unions, and retail associations and attracts membership from small fashion brands (e.g., Nudie Jeans). The FWF provide a progressive tool known as the 'Labour Minute Costing' methodology, which offers companies a way to use wage data to accurately price a living wage (according to AFWA and GLWC methodologies) into the production costs of a garment. This approach is known as 'bottom-up pricing', where a garment price is determined by labour costs first and not by the target retail price according to standard practice (FWF, n.d.; Ford & Gillan, 2021).

In comparison to ACT and FLA, the FWF do not allow space for rhetoric around competitive disadvantage, supplier distrust, or worker productivity. They unambiguously define buyer responsibility as accounting for labour costs in garment pricing according to clear wage benchmarks and offer a tool to act on this issue immediately, opposed to pushing action to some hopeful future. As this initiative increases purchase order costs, large fashion retailers have not engaged in the FWF initiative.

## Conclusion

This analysis of popular living wage methodologies and initiatives indicates why progress on poverty wages remains stagnant. Table 1 above illustrates that leading fashion companies have adopted corporate-led initiatives that require little change in business practices, request weak or voluntary participation, and set vague wage benchmarks, all while allowing brands to reputationally benefit from membership. The most popular initiatives, ACT and FLA, push responsibility to governments, suppliers, and workers (e.g., worker incentive schemes), limiting fashion companies' accountability.

To improve garment workers' wages, fashion companies must hold themselves accountable by pricing a worker-centred living wage into their purchase orders. When multiple companies begin to act on their individual responsibility, through collective action garment workers might begin to receive the basic utility of employment, enough money to live a decent life.

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