

Louvain School of Management

How can European organizations ensure that suppliers from Southeast Asia do respect human rights in subcontracting relationships?

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INTRODUCTION

Human rights abuses are a global issue that affects all aspects of life in society all over the world. In particular, the workplace is a prosperous environment where many human rights violations take place. This problem is especially acute in developing countries where the protection of human and labour rights is very poorly regulated by governments in place. Although the situation is improving on some points, it is getting worse on others.

Southeast Asia is strongly affected by the issue of human and worker rights abuses. In many factories, working environments are hazardous which leads to many cases of injuries, illnesses and deaths. Working time is too long and affect workers' well-being and health. Wages are too low to guarantee decent living conditions. There is very little labour protection in place to ensure that their rights are heard and respected. There are a lot of discriminations against people with disabilities, women and migrant workers. Southeast Asia still faces child labour, forced labour and violence at work. The informal sector where workers no longer have any rights is widespread. Human and labour rights are a huge issue in the Southeast Asian workplace.

This problem intensified with the emergence of international trade. Western companies, including Europeans, started to outsource part of their supply chain in developing countries, in Southeast Asia among others. This international market penetration created economic growth and employment opportunities. But at the same time, it generated a strong pressure on suppliers to cut their costs. This cost constraint included a reduction in the importance given to the respect for worker rights.

The question of the respect of human rights and more particularly worker rights is a fundamental challenge for companies in today's world. Since the collapse of the Rana Plaza in 2013, many companies have become aware of the issue of human rights abuses in global supply chains and start to try to avoid, prevent and mitigate the risk of human rights violations in their subcontracting relationships. This is an especially complicated task to which many companies can still not guarantee 100% respect for human rights.

As far as I am concerned, finishing my university studies in Corporate Sustainable Management in the Louvain School of Management in Belgium, the respect of human rights in subcontracting relationships is a current challenge that I really wanted to try to tackle.

To carry out this thesis, we will first explore the literature review in order to better understand the human rights issue and the context in which the issue takes place in subcontracting relationships, in a general and then, more specifically in subcontracting relationships between Europe and Southeast Asia. From this, the following question of research emerges:

"How can European organizations ensure that suppliers from Southeast Asia do respect human rights in subcontracting relationships?"

To answer this question, the research will go into three steps: Data collection, analysis of the results from collected data and creation of a guide of solutions.

The first step will be the data collection, which will be carried out through qualitative research based on two data collection technique. First, in-depth interviews with experts on human rights, labour rights and local economy, companies in Europe and suppliers in Southeast Asia. Secondly, document analysis and in particular the analysis of the corporate social responsibility policies and supplier codes of conduct of the European companies participating in this study.

The analysis phase will be the highlighting of the interesting and relevant information from the interviews which could help us to answer our question of research. It will be based on two axes. The first one is the examination of information collected from interviews with experts and suppliers. The second one is the case study of the companies on the basis of their interviews and corporate social responsibility reports.

The last step will answer the question of research of this thesis. For that purpose, we will analyze the results from data collection in order to com up with solutions that European companies should implement to ensure the respect of human rights in subcontracting relationships in Southeast Asia.

CHAPTER

1

LITERATURE REVIEW

The literature review will introduce the subject of this thesis. It will provide an overview of the current situation of human rights in subcontracting relationships between Europe and Southeast Asia by presenting these concepts individually and putting them into context.

1.1 Humans rights

The first section will go about human rights. It will begin with the definition of human rights and labour rights. It will present the current human rights situation and the various abuses associated with it. It will finish with the accountability for these violations.

1.1.1 Human rights definition

The term "human rights" found its origin in the League of Nations (United Nations [UN], 1919) created in 1919 by the International Labour Organization [ILO]. This body of nine countries was set up the same year as part of the Treaty of Versailles (International Labour Organization [ILO], 1920) that ended World War I. The objective of these establishments is to maintain worldwide peace relying on the principle that global lasting peace can not exist without good treatment of workers. (ILO, 2019a)

Human rights were universally defined for the first time in 1948 by the United Nations [UN] in the Universal Declaration of Human Rights (UN, 1948). The United Nations emerged during World War II in 1942 and were officially created in 1945 (UN, 2019a). Nowadays, this declaration has been ratified and adopted by the 193 current member states of the United Nations. This corresponds to all nations of the world. (UN, 1948)

In 1966, these fundamental human rights were classified into five categories: Civil, political, economic, social and cultural rights (Office of the High Commissioner for Human Rights [OHCHR], 1966). These were described in two international treaties: The International Covenant on Civil and Political Rights (OHCHR, 1966b) and the International Covenant on Economic, Social and Cultural Rights (OHCHR, 1966c).

These three internationally recognized human rights standards came together with two optional protocols to form the International Bill of Human Rights (OHCHR, 1966a). The first protocol aims to protect the victims of violations of any civil or political rights. The second protocol aims to abolish the death penalty. (OHCHR, 1966a)

The first article of the Universal Declaration of Human Rights claims that "All human beings are born free and equal in dignity and rights" (UN, 1948, p.2). Indeed every human individual is concerned by these universal human rights without any distinction of race, sex, nationality, ethnicity, language, religion or any status (UN, nd a) (Farhan, 2019).

The definition of fundamental human rights given by the International Bill of Human Rights is very precise and therefore relatively long (OHCHR, 1966a). To summarize it in a very simplified definition, we would say that human rights are rights to freedom and decent standards of living that every human being deserves (Purnama et al., 2015).

1.1.2 Labour rights definition

In 1998, the United Nations defined the main human rights specific to the world of work in the Declaration on Fundamental Principles and Rights at Work (ILO, 1998).

The fundamental principles and rights at work discussed in this declaration are:

- "Freedom of association and the effective recognition of the right to collective bargaining" (ILO, 1998, p.1);
- "The elimination of all forms of forced or compulsory labour" (ILO, 1998, p.1);
- "The effective abolition of child labour" (ILO, 1998, p.1);
- "The elimination of discrimination in respect of employment and occupation" (ILO, 1998, p.1).

1.1.3 Human rights abuses

Amnesty International, an international non-governmental organization working on the defense of human rights worldwide, has published in 2018 a state of play of the global human rights situation 70 years after the establishment of the Universal Declaration of Human Rights. Since 1948, the situation has improved in certain domains but has deteriorated in some others. Here are the key points of this report. (Amnesty, 2018a)

Women are the first victims of human rights abuses. Many governments are still opposed to some fundamental women's rights. For example, two-thirds of the European Union governments do not recognize a non-consensual sexual act as rape. This situation is even worse in other regions of the world. Abortion is prohibited or restricted for 40% of women in childbearing age. 225 million women have no access to modern contraceptive methods. The world continues to face strong gender-based violence against women, transgender

people and people not in line with gender norms. Many women face sexual violence, domestic violence, forced marriage, excision, among others. 10% of women are victims of sexual abuse before their 20th birthday. Women are not equal at work. 105 states have laws that prevent women from accessing certain job occupations. Only 87 states guarantee wage equality. 740 million women work in the informal sector without any labour protections. 750 million women have no right to maternity leave. The situation is even worse since the rise of outsourcing in developing countries. (Amnesty, 2018a)

The situation of refugees is terrible as well. There are 25 million refugees around the world. The UN Global Compact on Refugees completely failed. The number of refugees resettlements decreased by 54%. Many people leave their country to get out of violence or death risk but are not accepted in any safe host country. Refugees are held in inhuman conditions in refugee camps. Many of them are sent back to their origin country where they risk to be imprisoned, injured, killed or married by force. Governments are shirking their responsibilities. In 2018, in the United States, many children were separated from their families and detained by force after trying to cross the border. (Amnesty, 2018a)

Political conflicts continue to affect innocent people. (Amnesty, 2018a) In 2019, the Yemen war has killed more than 100 000 people in four years (Beaumont, 2019). Many companies and governments have participated in conflict by selling arms. (Amnesty, 2018a)

Many countries remain under an authoritarian state regime. Speech and press freedom are not respected. Many people have been suppressed, intimidated, threatened of death, arrested, criminally prosecuted, imprisoned, tortured or killed for having given their opinion or positioning themselves against the government. Human rights defenders put themselves at risk by making their rights heard. Even if the situation is improving, it is still catastrophic and alarming. (Amnesty, 2018a)

Many people are discriminated based on their sexual orientation because they are lesbian, gay, bisexual, transgender, queer, questioning or intersex people [LGBTQI+]. In 2018, same-sex sexual relations are still criminally prosecuted in 71 countries. (Amnesty, 2018a)

In Europe, these human rights take place in a climate of fear reinforced by the rise of intolerance, hatred and discrimination. This is reflected in the rise of extremist political parties with radical ideas against immigration in many European states. The situation is especially dramatic in Hungary and Poland where rights to protest are infringed by authoritarian and particularly intolerant politicians. (Amnesty, 2018a)

1.1.4 Accountability

According to these four internationally recognized human rights standards, every human being has the responsibility to respect the human rights of others and can be penalized if he does not (UN, 1948) (OHCHR, 1966b) (OHCHR, 1966c) (ILO, 1998).

Governments also have the obligation to respect and protect human rights based on the international treaties which they ratified and other international standards. They must protect their population against human rights violations caused by internal and external residents, as well individuals as organizations, including companies. This applies equally to human rights abuses caused inside their state, as to abuses caused by their internal actors in other countries. (Amnesty, 2019) (UN, nd b)

For that purpose, they need to make use of rules, supervision, investigations, arbitrations and sanctions. The UN Committee stated that governments have the duty to implement a legal framework to enforce businesses to establish human rights due diligence in their supply chain and partners' supply chains. They are also required to react in case of human rights abuses by investigating, holding people accountable and remedying damages. (Amnesty, 2019) (UN, nd b)

Companies and other business institutions have the responsibility to respect and protect human rights too. It is an established fact that nowadays more than ever, businesses must ensure human rights respect in their whole supply chain including in their subcontractors' facilities. They are accountable for any human rights abuses caused directly or indirectly by their activities, as well as those caused by their business partners. (OHCHR, 2011) (Amnesty, 2019) (UN, nd b)

They have the obligation to respect international laws set up by the United Nations. This international responsibility goes above national legislations. This is not a good deed, but it is also internationally required by their existence as enterprises. Companies must set up a due diligence program and put these commitments into actions to ensure the abolition of any human rights violation in their supply chain. (Amnesty, 2019) (UN, nd b)

1.2 Subcontracting relationships

This section will start with the definition of a subcontracting relationship. It will discuss the advantages and disadvantages. It will go through four models classifying these relationships. Finally, it will set out the context in which subcontracting took place.

1.2.1 Definition

A subcontracting relationship or outsourcing relationship takes the form of a contract, a legal agreement between a prime contractor and a third party called the subcontractor (Business-Dictionary, nd).

The contractor pays the subcontractor to do all or a part of the work that should ordinarily be done by the contractor (Cambridge-Dictionary, nd c) (Merriam-Webster, nd). A company subcontracts or outsources part of its production to an external business. (Hayes, 2019b) (Snapp, 2013)

In other words, this is a business strategy where an organization asks a third party specialized in a specific domain to do business activities in this specific field instead of them. (Pine, 2019).

1.2.2 Advantages

There are many reasons that lead companies to outsource part of their operations.

By outsourcing, an organization can lower production costs, focus on its core activities, access specialized skills, free resources for other missions, improve productivity and efficiency, optimize the use of resources, share some risks, improve execution speed, reduce human resources management (Pine, 2019) (Patel, 2017) (Riggins, 2017).

This is a gain at all resource levels, as well as money, time and human resources.

At the money level, it is sometimes cheaper to outsource part of its operations instead of hiring additional employees. (Hayes, 2019b) (Patel, 2017) The company also has the opportunity to outsource in countries with lower labour costs (Martin, nd).

At the time level, the company increases productivity and incomes in a reduced period of time. Delegating responsibilities saves time and allows to discharge part of its mental load (Riggins, 2017).

At the human resources level, the firm does not always have the capability to do all segments of its supply chain by itself. (Hayes, 2019b) Outsourcing gives the opportunity to access to more talent with high potential for profitability, especially experts in environments where the company is not specialized (Patel, 2017) (Riggins, 2017).

1.2.3 Disadvantages

Unfortunately, subcontracting also has a negative side.

Outsourcing can face loss of control, reduction of quality, hidden costs not covered by the contract, security and confidentiality risks by intellectual property sharing, a new responsibility of proper functioning of your subcontractor's company, negative effect on corporate culture and well-being of own employees, less security of long-term business continuation, communication difficulties, time shift and moral dilemmas (Raineri, 2019) (Patel, 2017) (Riggins, 2017).

As mentioned earlier in the "Human rights" section, companies have the responsibility to respect human rights in their whole supply chain, including in their business partners supply chains (Subsection 1.1.4 page 5). This accountability becomes even more difficult with subcontracting relationships since in this way, companies lose a huge part of control over a part of their production line (Raineri, 2019) (Patel, 2017) (Riggins, 2017).

1.2.4 Models of classification

A lot of experts have been working on the outsourcing issue in order to find the most efficient and productive way to manage a business. There are dozens of models classifying outsourcing. The most relevant models will be developed in this section.

Service-related model

There are several outsourcing categorizations related to the types of services subcontracted. Here is the most pertinent mix of models from different consultancy companies.

→ Professional Outsourcing: This is the most common type (Martin, nd) (Leheida, nd). It concerns the outsourcing of professional services to a specialist in IT, law, accounting, design or any other expertise domain (Michaels, nd) (Martin, nd) (Leheida, nd). It is especially used to outsource complicated tasks that a company is not qualified or not sufficiently qualified to achieve it by itself (Martin, nd). IT Outsourcing is sometimes considered as a separate type of subcontract due to its unique specificities (Martin, nd).

→ Manufacturing Outsourcing: That is the most pushed towards form of subcontract. Manufacturing is the production of physical products (Martin, nd). Because this is considered as an easy task to do, this solution is often selected to reduce costs by outsourcing the production of goods to countries where the cost of labour is cheaper (Michaels, nd) (Martin, nd) (Leheida, nd).

→ Process-specific Outsourcing: The firm subcontracts a specific stage of its supply chain to keep focusing on its core activities. This is often an additional service that extends the usual supply chain like the delivery for example. (Michaels, nd)

→ Operational Outsourcing: The firm subcontracts a specific operational task (Michaels, nd). It can be more or less long-term support such as machinery maintenance for example (Michaels, nd) (Leheida, nd). This is sometimes not considered as outsourcing and can be confused with a simple partnership or recruitment (Leheida, nd).

→ Project Outsourcing: What differentiates it from the other types of subcontracting is that this form of outsourcing is specific to one project within the firm's activities (Leheida, nd). Businesses choose for this solution when they need additional human resources for a defined period of time, for the duration of a specific project (Martin, nd).

Location-related model

A second model classifies outsourcing related to its location.

→ Onsite Outsourcing: It consists in subcontracting service to an external professional that will come within the company to carry out a specific mission during a specific period of time. These consultants have high-level skills in a specialized sector that the company

does not have or insufficiently have in its own site. (Babaev, 2019)

→ Onshore Outsourcing: The supplier is located in the same country than the company but not inside the firm (Babaev, 2019) (Salas, 2017) (Warcholinski, nd) (Israele, 2018).

→ Nearshore Outsourcing: The supplier works in a nearby or neighboring country (Babaev, 2019) (Israele, 2018). It means that the supplier is located in the same time zone or minimal differences (Salas, 2017) (Babaev, 2019) (Warcholinski, nd).

→ Offshore Outsourcing: The supplier is based in a distant country, far away from the contractor's headquarter (Babaev, 2019) (Warcholinski, nd). The company outsources in a totally different area on the globe (Salas, 2017) (Israele, 2018).

→ Multisource Outsourcing: A business uses diverse types of outsourcing. (Babaev, 2019)

The closer the supplier is to the company, the more control the firm has on its supply chain and the easier is the communication process. The further away the supplier is from the company, the less control the firm has on its supply chain but in the case of Western countries, the highest is the cost-saving. (Salas, 2017) (Warcholinski, nd) (Israele, 2018)

Relationship-related model

This model classifies subcontracting relationships depending on where the accountability of the subcontracted mission lies. The type of responsibility defined in the contract creates different types of relationships between the prime contractor and the subcontractor.

→ Staff Augmentation Model: In this pattern, the accountability is into the hands of the prime contractor (Babaev, 2019) (Ossawa, 2019). The firm hires external workers to extend its staff team for a specific duration. The company opts for this model in case of a skills gap in the main organization. (Babaev, 2019) (Ossawa, 2019) (Klaudia, 2019) The company focuses on the needs for current projects (Klaudia, 2019).

→ Managed Team Model: In this model, the responsibility is shared between the prime contractor and the subcontractor. They contractually decide who is in charge of which task. (Babaev, 2019) (Ossawa, 2019) (Klaudia, 2019) This is a system of cooperation in the long-term, more than the two other patterns here above and below (Klaudia, 2019).

→ Project-Based Model: In this framework, the majority of the responsibility lays between the hands of the subcontractor. The firm asks a subcontractor to manage a certain project under several requirements specified in the contract. (Babaev, 2019) (Ossawa, 2019) (Klaudia, 2019) All of the project's resulting tasks from this project are outsourced to a third party and the responsibility is transferred by this way to the subcontractor (Klaudia, 2019).

Contract-related model

The subcontracting relationships can be categorized on a cost-based type of contract that links the two stakeholders.

→ Time-and-materials contract: The cost of the outsourced project is based on the actual resources and time required by the mission. (Babaev, 2019) The contractor bills the subcontractor related to the real costs of the project. The cost corresponds to the addition of the hourly cost and the material cost. (Korotia, 2017)

→ Fixed-price contract: The cost of the project relies on a price defined in advance not related to the actual use of resources. (Babaev, 2019) This is a single-sum contract. The contractor predicts a price for an upcoming project and then, the subcontractor needs to realize the mission within the limitations of the fixed price. (Korotia, 2017)

1.2.5 Context

As we saw in the previous outsourcing model, subcontracting relationships take place in a variety of different contexts. Furthermore, subcontracting relationships between European companies and Southeast Asian suppliers settle in the context of international trade.

Historical context

Before the 19th century, international trade was very weak. The idea of internationalization appeared in the mid-19th century when the theory of comparative advantage of Ricardo took over the protectionism and the mercantilism of Western countries. Trade treaties emerged and countries opened their borders to commercial exchanges. (Becuwe and Blancheton, 2017)

The international exchanges slowed down during the two World Wars and picked up again at their end. In the 60s, the rapid economic growth of Western countries started. The quantity of trade exchanges reached new heights. The national boundaries disappeared. The trade became international. (Becuwe and Blancheton, 2017) (Appendix 1.1)

Theoretical framework

The notion of internationalization has been used for centuries. It has evolved over the years. (Knight, 2015) This term has different meanings depending on people and situations (Knight, 2007). In this thesis, we are going to focus on its commercial dimension.

The internationalization of the market is the amplification of commercial relationships and trade exchanges among nations (Daly, 2002) (Daly, 1999). It corresponds to all the efforts which companies make to sell their products and services abroad (Gosia, 2018).

This notion is often confused with the notion of globalization which is a strategy part of internationalization. Globalization is all processes that a firm set up with the aims of selling its product all over the world. Products must be adapted to the place and culture where it is implemented to be attractive to local customers. The objective is to create a global product with global policies to reach a global audience. (Gosia, 2018) This is an economic process of integration of national economies into one global economy through free trade. These two concepts are different but linked to each other. (Daly, 2002)

International trade opened up borders and gave a way to free trade. Free trade is the free flows of goods, services, people and labour across boundaries with no policies of limitations of imports and exports from the government such as tariffs, quotas, subsidies or prohibitions. (Cambridge-Dictionary, nd b) (Baronne, 2019)

The emergence of international trade and free trade completely changed the commercial and economic horizon. It was no longer an exchange of good practices between small merchants but the emergence of international competition between all companies from all countries over the world. (Becuwe and Blancheton, 2017)

Ricardo's theory of comparative advantage proposed in 1817 made perfect sense in this competitive environment (Wells, nd). A comparative advantage is the ability to produce goods or services at a lower cost than competitors (Hayes, 2019a). Each nation has a comparative advantage to focus its production efforts on a limited range of products (Wells, nd). They should select the commodities for which they have the best productivity, i.e. the less amount of labour to produce one unit of a good, compared to other countries. To this extent, each country will exchange with other countries products for which it is the best producer. Everyone, nations as well as businesses, has a comparative advantage to trade this way. (Haley, 1968)

This last concept leads to the idea of the international division of labour. Different countries gain in exchanging final products. The new international division of labour extends this definition to the division of the tasks and processes in different countries. The strategy of subcontracting abroad has continued to grow since then. (Fan Lim, 2017)

Conclusion

With trade internationalization, commercial exchanges started to expand beyond national borders. Trade became free. And in order to gain a comparative advantage over their competitors, companies find their productivity in the international division of labour. Many companies started to outsource part of their production. To reach new talents and expertise, to reduce costs, to delegate part of its work or to focus on its performance and core activities but in any case, to maximize its profits and stay in the race. Outsourcing became a key to success for all Western companies.

1.3 Situation in Europe

This section will highlight the European trade context and economic concepts around it.

1.3.1 Definition

The European Union [EU] is a political and economic union of 28 member states: Belgium, France, Germany, Italy, Luxembourg, Netherlands, Denmark, Ireland, United Kingdom (no agreement for Brexit for time being), Greece, Portugal, Spain, Austria, Finland, Sweden, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Bulgaria, Romania and Croatia (EU, 2019a) (Schengen, 2018) (Appendix 1.2).

Europe is one of the six continents (Almanac, 2017). The European Union defines Europe as a geographic region of 50 countries. In addition to the 28 EU members, there are Albania, Andorra, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Iceland, Kosovo, Liechtenstein, Moldova, Monaco, Montenegro, North Macedonia, Norway, Russia, San Marino, Serbia, Switzerland, Turkey, Ukraine and Vatican City. (EU, 2019c)

The boundaries of Europe are subject to controversial (Dumont and Verluise, 2016) (European Environment Agency, 2008) Some people refer to 44, 45, 50 or 51 state members of Europe. The European Union [EU] relates 50 countries on its website as mentioned here above. Kazakhstan is not recognized by the EU. (Countryaah, 2019)

Europe has three fairly obvious borders: the Atlantic Ocean, the Arctic Ocean and the Mediterranean Sea. The boundary between Europe and Asia is the only continent border that is not delimited by seas or oceans. That is why Europe and Asia are called together Eurasia. (Dumont and Verluise, 2016)

As a result, the east border of Europe is blurred. (Dumont and Verluise, 2016) Five countries are not always considered as part of Europe because they are transcontinental. They are part both of Europe and Asia. Those countries are Azerbaijan, Georgia, Kazakhstan, Russia and Turkey. Moreover, Armenia and Cyprus are not always taken into account because many consider them as politically part of Europe but geographically part of Asia. (Countryaah, 2019)

1.3.2 Context

Historical context

The previous section "International trade" (Section 1.2.5 page 10) is a good illustration of the situation in which Europe has been built around international trade. European countries were early adopters of international exchanges as well as international outsourcing.

In the 1970s, a new business model was developed in Europe. Companies started to outsource part of their supply chain. At first, firms subcontracted the end of the production

line to reduce costs. The model has evolved, nowadays, all stages of the supply chain can be outsourced to a supplier. It changed the competitive environment to a more global system of global companies with global supply chains. (Stierna and Rangelova, 2013)

The European Union [EU] represents the political and economic alliance of European countries. With a GDP of 15.3 trillion euros in 2017, the EU is one of the three largest trading powers in the world, together with China and the United States. In 2017, 64% of its trade exchanges took place within its members. Despite the fact that its residents represent only 6.9% of the world's population, its trade exchanges outside its borders represent 15.6% of global export and import exchanges in 2017 which is more than the United States [US]. (EU, 2017)

Despite its major global economic position, European economy is slowing down. Europe is just emerging from a decade of economic stagnation after the global financial crisis, which it successfully recovered from the crisis. Inflation, interest rates and growth are low. But its economy is not thriving as it did before. (Horowitz, 2019) (Vakulina, 2019)

Theoretical framework

Europe is dominated by a variety of systems arising from capitalism (Rosik, 2018) (Hall, 2007) (Alcott, nd). Capitalism is an economic, political and social system ruled by private ownership and profits maximisation (Cambridge-Dictionary, nd a) and regulated by the supply and demand law of the market (Chappelow, 2019).

The law of supply and demand is a model suggesting that on the short term, the quantity of goods supplied and the quantity of goods demanded vary with prices until they reach on the long term a balanced price and quantity where the amount of supplied goods is equal to the quantity of demanded goods. Price drives the market and the trade exchanges until a perfect equilibrium point. (Ehrbar, nd)

In this context, European businesses have to reduce their costs as much as possible in order to generate the biggest profit and to be competitive on the market (Harris, 1999). With the emergence of market internationalization, organizations have the ability to lower their production costs by outsourcing part of their production abroad (Maskell et al., 2007) (Bardhan and Kroll, 2003).

A very effective solution to achieve extremely low costs is to outsource in developing countries where labour costs are lower (Maskell et al., 2007) (Bardhan and Kroll, 2003). The cost of living, and consequently prices, are lower in developing areas than in developed ones (World-Data, 2018). Indeed, the gap between rich and poor countries has widened significantly since the 20th century (Harrison and Leamer, 1997).

The United Nations [UN] classify the world in three sections: developed economies, economies in transition and developing economies. Developed countries are United States,

Canada, Japan, Australia, New Zealand and main Europe. Countries in transition are those from the Commonwealth of Independent States and Georgia and South-Eastern Europe. Developing countries are situated in Africa, Asia, Latin America and the Caribbean. (United Nations [UN], 2019)

The level of development is calculated based on per capita Gross Domestic Product [GDP], Human Development Index [HDI], income per capita, level of industrialization and general standards of living. The level of development is high for developed economies, medium for economies in transition and low for developing economies. (Kenton and Majaski, 2019)

1.3.3 Rana Plaza

The 24th of April 2013, the building of the Rana Plaza in which five factories were located collapsed in Bangladesh and caused 1132 deaths and 2500 wounded just after an accident killing 112 people in another factory in Dhaka five months earlier. (ILO, nd f) (Safi, 2018)

These two industrial disasters involving several renowned fashion brands highlighted the working conditions in global supply chains. The world became aware of what was happening in the factories of the garment industry. Many workers are exposed every day to hazardous labour conditions in unsafe, unhealthy and insecure workplaces. People are frequently killed or injured at work due to the precarious factory conditions and the lack of safety standards. (ILO, nd f) (Safi, 2018)

After these events, the entire international community felt concerned. Trade unions and labour rights organizations have mobilised for the compensation of victims and the securing of factories. It is the awakening of consciences. New standards, conventions, arrangements and remediation plans were set up, including a national scheme in Bangladesh against occupational accidents. (ILO, nd f)

This tragedy forced international companies to react. 250 enterprises outsourcing in Bangladesh signed the Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety with the aim to enhance working conditions in 2300 factories in Bangladesh. Before the Rana Plaza, Bangladesh faced 71 deaths a year in fire and building collapses. Since then, the number decreases to 17 deaths each year. (Safi, 2018)

Even if the situation improved very fast after those accidents, not all factories are concerned by these agreements and many workers still face hazardous occupational risks and human rights abuses (Safi, 2018). The governments are repressive against unions and labour rights movements (Margenat, 2018).

International companies started to commit to the international community to avoid any other disaster such as the Rana Plaza in the future. Enterprises put in place measures to better control their supply chains and improve working conditions. (Margenat, 2018)

There is one before and one after Rana Plaza in terms of corporate social responsibility. This accident woke up international brands about the importance to ensure the respect of human rights and the health and safety of workers in their whole supply chain including their accountability in their outsourced factories. Countries established legal frameworks on business responsibility in global supply chains on people and the environment. The due diligence appeared and is now a duty for all companies. Nevertheless, the progress on corporate social responsibility stays modest. All enterprises are now committed to worker rights on the paper. But the situation is still problematic for workers in the factories. (Chaplier and Morrow, 2016) (Hira and Benson-Rea, 2017)

1.4 Situation in Southeast Asia

This section will bring more details on the Southeast Asia context as well as a deep description on the current situation of human and labour rights in this region.

1.4.1 Definition

The Association of Southeast Asian Nations [ASEAN] is a political and economic union of 10 member states: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam (Association of Southeast Asian Nations [ASEAN], nd b).

Southeast Asia is a geographic region including 11 countries: The 10 ASEAN member states and Timor-Leste (Andaya, nd) (Appendix 1.3). Timor-Leste is not part of the ASEAN: The Association has refused its application since 2011. Some of its members find that they do not fulfill the elementary requirements of the ASEAN. (Hooi, 2019)

In some cases, there is no available figures about Southeast Asia in particular. Thereupon, we will examine the situation in Asia or in Asia and the Pacific which is a regional distinction made by the ILO in many documents.

The ILO defined 36 countries included in the term "Asia and the Pacific". Afghanistan, Australia, Bangladesh, Brunei Darussalam, Cambodia, China (including Hong Kong), Cook Islands, Fiji, India, Indonesia, Iran, Japan, Kiribati, Korea, Laos, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nepal, New Zealand, Pakistan, Palau, Papua New Guinea, the Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu and Vietnam (ILO, 2019b).

The UN defined 48 countries in the continent of Asia: Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Cambodia, China, Cyprus, Georgia, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Lebanon, Malaysia, Maldives, Mongolia, Myanmar, Nepal, North Korea, Oman, Pakistan, Palestine, Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Syria, Tajik-

istan, Thailand, Timor-Leste, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, Yemen (Anwar, 2018) (Ramos, 2017).

1.4.2 Context

Southeast Asia is considered as the most diversified area of the world with a huge variety of political, economic, social and cultural systems coexisting in the same region (Leinback and Frederick, nd) (Andaya, nd) (Farhan, 2019). With 1.7 million square miles of land or around half a billion residents, the region welcomes a wide range of diverse ethnic communities with their own languages, culture and lifestyle. Despite all disparities, we observe some common values and some common points of view, e.g. on gender, family structure and social hierarchy. However, these divergences make the feeling of belonging to a common Southeast Asian identity difficult to reach. (Leinback and Frederick, nd)

The region is mainly rural but urbanization is growing very fast. There is a wide movement of migrant workers moving from rural areas to cities in order to find a job. For many of them, the informal sector is the only hope to get a livelihood. The level of poverty is very high, especially in rural areas. (Leinback and Frederick, nd)

Southeast Asia has always been a platform for trade exchanges. Many products originate from these countries, mainly from agriculture. Hence the area started to interest Western commercials during the colonization era. Since then, the interest for Southeast Asia has continued to grow. There are nowadays many Western firms implemented in Southeast or doing business with Southeast Asian companies.(Leinback and Frederick, nd)

The penetration of the Southeast Asian market by Western companies has raised these countries to a global and international trade level. It has generated an increase in their economic growth and it has created new job opportunities. (Leinback and Frederick, nd) But it has also adverse effects on local populations: It has created a new distinction of classes and it has increased the gap between poor and rich. It has made these countries dependent on international trade. They strongly suffered from our crisis and wars in addition to their own. (Leinback and Frederick, nd)

These developing countries are in full economic development and growth. (Leinback and Frederick, nd) Southeast Asia started its industrialization in the 1960s (Jomo, 2001) (Leinback and Frederick, nd), one century after the Industrial Revolution reached a large part of Europe (Allen, 2017).

The industrial development overshadowed the agricultural one. But nowadays, agriculture is still the central activity in these countries, except in Brunei Darussalam and Singapore. The agricultural employment rate is two-thirds in Cambodia and Laos even if it is decreasing. The agricultural part of the Gross Domestic Product [GDP] is decreasing despite that the outcome increase over the last 50 years. (Leinback and Frederick, nd)

In the 1960s, Cambodia, Laos, Myanmar and Vietnam were not yet members of ASEAN and they were among the poorest countries in the world, while the members of ASEAN, i.e. Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, had in comparison developed faster. (Leinback and Frederick, nd)

Nowadays, the majority of businesses are small manufacturing factories. Thailand, Myanmar and the Philippines are ruled by the textiles and garment industry while Thailand and Indonesia mainly developed the chemical industry and Indonesia, Malaysia and Brunei Darussalam focus on oil and natural gas extraction. (Leinback and Frederick, nd)

The position of Singapore is very different from the other Southeast Asian nations. The country reached very early a high level of development and industrialization. Singapore is an attractive place for Western businesses due to the high level of education of the workers. This is nowadays one of the four key players in Asia. (Leinback and Frederick, nd) Singapore was classified by the United Nations as a high-income economy but is still considered as a developing country (UN, 2019b). It is dominated by the manufacture of electrical, electronic and transport products. (Leinback and Frederick, nd)

However, the export percentage of Gross Domestic Products [GDP] is quite low in Cambodia, Myanmar, Vietnam and Laos, it is temperate in Thailand, the Philippines and Indonesia and it is high in Singapore, Malaysia and Brunei Darussalam. Most of the trade relationships take place within Southeast Asia. However, Japan, Europe and the United States are the main international customers with Taiwan, China and South Korea which start to integrate the Southeast Asian market. (Leinback and Frederick, nd)

1.4.3 Human rights

Amnesty International, Human Rights Watch and the ASEAN Post wrote three reports on the current state of human rights in Southeast Asia (Amnesty, 2018b) (Human Rights Watch [HRW], 2018) (Farhan, 2019). This section will present the main conclusion of these reports.

Human rights violations

Southeast Asian countries have experienced great economic development. But the region continues to face a huge amount of fundamental human rights violations. (Amnesty, 2018b) (HRW, 2018) Several basic universal human rights and freedoms are neither respected nor protected by governments (HRW, 2018) (Amnesty, 2018b) .

Although states have demonstrated that willingness to solve certain human rights problems (Farhan, 2019), some fundamental human rights are still violated, sometimes by governments themselves. (Amnesty, 2018b) (HRW, 2018) The United Nations warn about the issue of human rights in Southeast Asia. (HRW, 2018)

The causes of those human rights violations are multiple: On one hand, there are very few punishments against human rights abusers. It is even more critical as the police forces also commit human rights violations without sanctions. There are cases of murders, rapes, illegal detentions, fires, torture, forced disappearances, extrajudicial killings, unjustified violence and even more (Amnesty, 2018b) (HRW, 2018) (Farhan, 2019). Police officers have killed thousands of people including two cases in Myanmar and Philippines that have been considered as a crime against humanity by the United Nations. There are not lawsuits, punishments or fair national inquiries. (Amnesty, 2018b) (HRW, 2018)

On the other hand, human rights defenders risk heavy state repression if they stand up for human rights which is considered to stand up against governments themselves. They take the risk to be confronted with harassment, threats, lawsuits and violence. In some countries, even trade unionists run the same risk just by existing. (Amnesty, 2018b) (HRW, 2018) (Farhan, 2019)

Governments are increasingly intolerant. Any gathering, action for human rights or expression of divergent opinion, even pacifically, are violently repressed by governments and their supporters. (Amnesty, 2018b) (HRW, 2018) There is a huge issue of speech and press freedom (Farhan, 2019).

Furthermore, the justice is not on the side of human rights defenders. The judicial system is being abused by governments to silence attempts to protect human rights. In several countries, many people have been condemned by the courts for expressing their position towards the government or towards human rights abuses. (Amnesty, 2018b) (HRW, 2018)

States publicly claim that they are a democracy. But actually, there is no shadow of democracy in these political regimes. Political opponents are often more or less discretely eliminated and governments keep the same Prime Minister for years or decades. (Amnesty, 2018b) (HRW, 2018)

Nevertheless, Malaysia gives some hope. The democratic situation is improving. After the political defeat of the Prime Minister, some human rights defenders were released from prison and some repressive laws like death penalty were abolished. (Amnesty, 2018b)

Affected communities

Some communities are more likely to be targeted by human rights abuses (Amnesty, 2018b) (HRW, 2018) (Farhan, 2019).

Firstly, the migrants face poor living conditions, they are not legally protected and some of them are sent to jail. Some states prevent humanitarian organizations to access and help the refugee camps where the migrants are being held. (Amnesty, 2018b) (HRW, 2018) Migrants are subjected to more labour exploitations due to the difficulty to get a national legal identity. (HRW, 2018).

Secondly, in several Southeast Asian countries, some people are tracked, harassed, threatened, mistreated, persecuted and repressed by governments and by the entire society for their membership in a religion, a culture or an ethnic group. Some ethnic groups and religious minorities are totally excluded from society, they have no rights at all. (Farhan, 2019)

Thirdly, there is discrimination against lesbian, gay, bisexual, transgender, queer, questioning or intersex people [LGBTQI+] in most Southeast Asia. They risk severe lawsuits from fines to prison sentences to public lashes. (Amnesty, 2018b) (HRW, 2018) Their rights are violated because of their sexual orientation or gender identity. Defenders of the LGBTQI+ community are even more threatened by these persecutions. (Farhan, 2019)

The women are the fourth and last target group. There is no gender equality, they are less considered, less protected and they face more violence than men. Gender inequality is part of Southeast Asian culture and mindset. (Farhan, 2019)

Conclusion

This is a non-exhaustive list of human rights abuses faced in Southeast Asia but that highlights a hard reality (HRW, 2018). An interesting illustration is a map of the main human rights issues created by Human Rights Watch in its 2019 annual report that can be found in the appendices of this thesis (Appendix 1.4) (HRW, 2019) (Farhan, 2019).

Human rights are a significant issue in this area of the world (Amnesty, 2018b) (HRW, 2018) (Farhan, 2019). There is a huge need for Southeast Asian governments to change their mentality and implement measures to protect fundamental human rights throughout their territory. But this is not only the responsibility of governments even if they are the main actor able to set human rights laws. All stakeholders involved in human rights abuses directly or indirectly need to react. (Farhan, 2019)

1.4.4 Labour rights

The main human rights issues encountered in Southeast Asian factories can be categorized into eight subsections: work environment, work time, wages, labour protection, child labour, discrimination, forced work, violence. Moreover, the situation of the informal sector will be presented at the end of this section.

The International Labour Organization [ILO] has been working on labour rights for decades. The situation has improved thanks to their actions and thanks to an increase in stakeholders' awareness. But there is still work to be done. (Harkins and Ahlberg, 2017)

Work environment

The work-related mortality was estimated at 2.78 million people in the world in 2017. 65% of these occupational illnesses and accidents occurred in Asia. Even if the fatality rate is

still higher in Africa, Asia has the second-highest fatality rate with 12.99% of the labour force dying at work. These two regions are classified far ahead of the other continents. In Southeast Asia, the fatality rate is the highest in the agriculture sector, then in the industry sector and the lowest in the service sector. In this area, the two main causes of death are circulatory and respiratory diseases. (Hämäläinen et al., 2017)

In many subcontracting factories, working environments do not respect fundamental human rights to dignity and safety (UN, 1948). Working places are unsafe and unhealthy. Work conditions put workers at risk everyday (Amis, 2011) (Tashi, 2016).

In Asia, the most frequent causes of fatal accidents are transportation, violence, contact with objects and equipment, falls, exposure to harmful substances or environments and then fires and explosions. Manufacturing is the fourth most frequent affected industry after agriculture, including forestry and fishing, mining and construction (Sincavage, 2005)

Besides the risk of death, workers have a high risk of suffering from pains, diseases and injuries (HRW, 2016).

Work time

The number of working hours a week is very high. In 2019, five Southeast Asian countries stand in the top 20 of the highest average working hours a week worldwide. Myanmar with an average of 48 hours a week, Brunei Darussalam with 47 hours a week and Malaysia with 46 hours a week, Thailand and Singapore with 43 hours a week. (Harper, 2019) The average in Southeast Asia and the Pacific was 42.9 hours a week in 2016 (ILO, 2018).

People work a high number of overtime hours. From 2014 to 2015, 30.5% of people have worked more than 48 hours a week and 11.1% more than 60 hours a week. (ILO, 2018) In 2015, in Indonesia, 14.3% of workers exceeded 60 hours a week (OECD, 2015). Between 2015 and 2016, the maximum authorized extra hours a year in Vietnam has increased by 3 times with 600 extra hours a year (HRinAsia, 2016) (Job-Street, 2018).

Southeast Asia holds numerous records. Singapore and Malaysia have the record of the highest average of extra working hours a week with 12 hours (Job-Street, 2018). In the Philippines, the number of overworking workers increases by 41.2% with 8 million workers between 1995 and 2017 (Ager, 2017). In 2016, Bangkok was the city with the 5th highest working hours a week with an average of 42.13 hours a week and until 19 extended hours a day in the high season in the tourism industry (Jin, 2016) (Job-Street, 2018).

Wages

Workers receive extremely low salaries that lead to inhuman living conditions. There is no minimum wage protection. Employers for whom the primary objective is to reduce costs at their maximum take advantage of this massive quantity of poor workers in need,

ready to work no matter the salary. (HRW, 2016) Workers must have the right to a fair salary (Amis, 2011).

All Southeast Asian countries are affected by this issue but there is a gap between countries, as very prosperous nations like Singapore and Brunei Darussalam lie nearby some of the poorest countries in the world like Cambodia, Myanmar and Laos. (Tashi, 2016)

In 2018, the monthly minimum wage is 98.88 USD in Myanmar, between 102.74 and 257.73 USD in Indonesia, between 120 and 173 USD in Vietnam, 130 USD in Laos, between 144.14 and 288.3 USD in the Philippines, 170 USD in garment industry in Cambodia, between 229.11 and 249.03 USD in Malaysia and between 276 and 295 USD in Thailand. Brunei Darussalam and Singapore do not have a mandatory minimum wage. Living standards vary between countries. But this amount remains quite low. (Rastogi, 2018)

Minimum wages are currently increasing (Rastogi, 2018). However, this minimum wage is often not respected. In the garment industry, the number of workers who do not earn minimum wages reaches 53.3% in the Philippines, 39.1% in Indonesia, 37.5% in Thailand, 25.6% in Cambodia and 6.6% in Vietnam. (ILO, 2016)

Governments keep low wages on purpose, they want to keep the outsourcing companies which are looking for cheapest workforce in their countries. Some people must work overtime to be able to earn a decent wage. (Clean Clothes Campaign [CCC], 2014)

Labour protection

In many places, there is no trade unions (HRW, 2016) (Amis, 2011). Workers have no right to associate or bargain collectively. They have no right to strike. (Amis, 2011) Workers have no access to complaints mechanisms nor to whistleblowers protection. They have no social security or healthcare insurance. They have no way to be heard in order to enforce their rights as workers. (HRW, 2016)

Unfortunately, implementing unions is not sufficient to protect workers rights. We encounter cases of anti-union abuses where rights arising from trade unions are not respected by employers even if there is one union in place. Workers are threatened, harassed and fired after trying to organize and complain about human rights violations. (HRW, 2016)

Child labour

Child labour is still huge issue in Southeast Asia (Amis, 2011) (HRW, 2016) (Tashi, 2016). Around 122 million children between 5 and 14 years old are working in Asia and the Pacific. This number is decreasing but the issue is still present. (ILO, nd) Child labour is very common especially in Cambodia, Indonesia, Myanmar and the Philippines (Terredeshommes, nd).

Children cost less than adults and are able to do some jobs that adults can not. These works are often very hazardous. (HRW, 2016) Children work in nearly all industries (ILO, nd). Some industries are more affected by child labour such as agriculture, mining, carpet and fishing sectors (HRW, 2016) (Tashi, 2016). The consequences on their health will follow them for the rest of their lives. (HRW, 2016)

Children face many violence and human rights abuses. They are sometimes separated from their parents and family. Some of them are forcibly detained or enslaved. Especially, they are sold for domestic, manual and military work. Many of them are confronted with physical, psychological and sexual violence. With women, children are the two groups that face most sexual exploitation. (Chappell and Di Martino, 2006)

The domestic work is particularly risky. The majority of those children, working as servants in other families than theirs, are between 12 and 17 years old but in many countries some are also younger than 12. 90% of children working as domestic workers are girls. This is the largest work opportunity of girls under 16 years old. In this closed area, their freedom, identity and self-esteem are tackled. They are even more defenceless against physical, verbal and sexual assaults. (Chappell and Di Martino, 2006)

In the street, children are also at very risk. They are victims of all potential forms of violence. They are confronted with the world of crime with marginal or illegal jobs. This environment is particularly dangerous. (Chappell and Di Martino, 2006)

Some children are employed as soldiers where human rights violations become the normality. They face all kinds of terrible violence that will destroy their childhood forever (Chappell and Di Martino, 2006)

Usually, those children are not going to school (Chappell and Di Martino, 2006). Many families have no choice to send their children to work to survive and feed the family. Unfortunately, the lack of access to education prevents children from getting out of their precarious situations. (HRW, 2016)

Discriminations

People are not equal on the labour market (Amis, 2011). Workers endure discrimination at work, they can earn different wages or have different employment opportunities depending on selective criteria. (HRW, 2016) In particular, people with disabilities, women and migrants are underprivileged (Amis, 2011) (OHCHR, 2011).

→ DISABLED PEOPLE:

Disabled people are the most discriminated and excluded group at the workplace (ILO, nd a). There are 238 million working-age people with disabilities in Asia and the Pacific (UN, 2007). They have less access to education when they are young and less job opportunities

when they are older. (ILO, nd a) In developing countries, 80 to 90% of disabled people of working age have no job. This rate is 50 to 70% in developed areas. In Asia and the Pacific, the rate is above 80% as well even if the United Nations face difficulties in collecting data on this issue (UN, 2007)

Even if they are not considered as disabled people, people with HIV/AIDS also meet a high level of discrimination because of a stigmatization against this disease. (ILO, nd a)

A new form of discrimination appears against people with genetic predisposition to be affected by a specific illness or disorder. (ILO, nd a)

→ WOMEN:

Gender discrimination and inequality is an major issue in Southeast Asia (Tashi, 2016).

First of all, women earn less than men. In Asia, women wages are on average 70 to 90% lower than men. (Tashi, 2016)

Furthermore, women have less access to employment than men (De Vido, 2017). Gaps are very dependent on the Southeast Asian country. According to the World Bank data, in 2019, the female workforce participation rate is 26% in South Asia and 58% in East Asia and Pacific (World-Bank, 2019). It can be explained by countries economic development: In Southeast Asia, there are as well prosperous countries like Singapore and Brunei Darussalam as some of the poorest countries in the world like Cambodia, Laos and Timor-Leste. (Watson Andaya, nd) Men have more access to work than women with 79% workforce participation in South Asia and 76% in East Asia and Pacific (World-Bank, 2019). Asia is the only area in the world where the female labour force rate has decreased for the two last decades (Tashi, 2016).

Another important gender gap in Southeast Asia is the access to the top management positions. In 2018, women were occupying only 12% of the CEO and board direction positions. (Trueman, 2018) This is the same issue in Europe with only 27% of women in the board direction (EU, 2019b). This can be explained by stereotypes in gender roles (Tashi, 2016).

The strongest discrimination against women is violence. Women live considerably more violence than men in the society but more particularly in the workplace. Many women face sexual exploitation and harassment at work. (Clarkson, 2017) (Norsworthy, 2003)

Finally, there is no maternity protection, no pregnancy leave and no access to daycare center (Amis, 2011) (Tashi, 2016).

→ MIGRANTS:

Migrant workers are all workers who move from one country to one other as well as those moving from rural areas to urban ones within the same state. (Ariffin, 2018)

Migrant workers occupy a important place in the Southeast Asian economy. Due to economic growth inequalities, most migrants come from Indonesia, Myanmar and the Philippines to Malaysia, Singapore and Thailand. (Thomas, 2019) (Ariffin, 2018)

The labour migration has expanded in line with Southeast Asia economic development that created jobs. Workers move to find a livelihood. Unfortunately, that opened the door to workers exploitation and human rights abuses. (Harkins and Ahlberg, 2017)

The main issue is the informal economy. Because they are often poor, low-skilled and un-informed, they fall back into the informal market. (Harkins and Ahlberg, 2017) (Thomas, 2019) (Ariffin, 2018) We will learn more about the informal sector in a later section 1.4.4 (page 26). Because the workers are not legally registered, employers abuse of their power on the workers. They have no labour rights at all. They can not complain about their working conditions. (Harkins and Ahlberg, 2017) They have no possibility to form an union (HRW, 2016).

Moreover, some employers make use of unethical systems to control workers like passport confiscation or debts on recruitment fees. These conditions often lead to human traffic, forced or bonded labour or slavery. (HRW, 2016) (Ariffin, 2018)

Even when they have a legal status, migrant workers are victims of mistreatments, discrimination, exclusion and racism (ICC, 2017) (Ariffin, 2018). Their working conditions are often worse than those of local workers. (ICC, 2017) They often do the unpleasant tasks that locals do not want to do. They are exploited by organizations that bring them across the border, by local recruitment agencies and by their employers. (Ariffin, 2018)

In addition to this, migrant workers come from rural and poor regions. They are seen as cheap labour workforce. This makes them completely dependent on their work. (Ariffin, 2018) They live under precarious conditions in a dangerous and insecure environment. They have very few access to healthcare. (Thomas, 2019)

Even if they decide to complain, access to justice is complicated. They are afraid of reprisals, do not speak the national language and the procedure is too costly. Migrants are completely defenceless against violations of their labour rights. (Ariffin, 2018)

Forced labour

→ DEFINITION:

The United Nations [UN] defined human trafficking, forced labour and slavery in different a protocol and two conventions.

Human trafficking is the "recruitment, transportation, transfer, harbouring or receipt" (UN, 200, p.42) of someone by force or coercion (UN, 2000).

Forced or compulsory labour is "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily" (ILO, 1932, p.1)

Slavery is the "status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised" (OHCHR, 1926, p.1) The difference with forced labour is the ownership term. Nowadays, it is illegal to own someone but it is the idea to be treated as if he or she were owned. (Labour Exploitation Accountability Hub, nd)

Bonded labour is defined as forced labour constraint by debt (Anti-slavery, nd).

→ SITUATION:

Southeast Asia faces human trafficking, slavery and forced labour (HRW, 2016) (Caballero-Anthony, 2018). In Asia and the Pacific, it concerns more than 11 million people, half of the world figure (ILO, nd b). The most affected sectors are fishing, agriculture, domestic work, construction and manufacturing and entertainment (Tungpuchayakul, 2019) (Caballero-Anthony, 2018) (Rajaratnam School of International Studie [RSIS], 2017).

Compulsory labour can occur in different ways (ILO, nd b). It can be migrant workers in debt bondage or passport confiscation, women and girls in forced sexual labour, indigenous workers from whom almost all rights and freedoms have already been taken, undocumented workers detained by illegal techniques, children separated from their families and even more. (ILO, nd b) (HRW, 2016) (Derks, 2010) (RSIS, 2017)

People living under very precarious conditions are the most defenceless, hence the most exposed. (ILO, nd b) (HRW, 2016) (Derks, 2010) They come from rural or marginalized societies. Employers promise them fake jobs far away from their villages (RSIS, 2017).

Most of them are migrant workers (Tungpuchayakul, 2019) (Caballero-Anthony, 2018) Human trafficking movements are mainly carried out from Cambodia, Myanmar and Laos to Thailand and from Indonesia, the Philippines and Vietnam to Malaysia (Caballero-Anthony, 2018). We discussed migrant situation in the subsection 1.4.4 (page 24).

Slavery is particularly present in the fishing and seafood industry in Thailand, Vietnam and Indonesia. People are retained on boats for years, forced to work with no way to escape (Tungpuchayakul, 2019) (RSIS, 2017) (Suphanchaimat et al., 2017). We estimate around 30 000 migrant slaves just in Thailand (Tungpuchayakul, 2019)

It is also very present in the oil palm industry. Indonesia and Malaysia produces 85% of oil palm production worldwide. With the rise of consumer demand for palm oil, the number of people in the grip of forced labour has increased a lot. (RSIS, 2017)

Violence

The ILO wrote a complete report on violence at work (Chappell and Di Martino, 2006).

Many workers endure physical, psychological and sexual violence through insults, harassment, intimidations, threats, brutality, aggression, sexual abuses and murders among others (Chappell and Di Martino, 2006) (HRW, 2016).

It nearly always happens in authority relationships. It is perpetuated by employers against employees. Victims have often no possibility to leave the job due to a lack of job alternative. If they complain, they will lose their job. They are forced to accept violence if they want to keep a livelihood to survive. (Chappell and Di Martino, 2006)

In other cases, it appears in contexts of forced labour. There, violence is used as a way to keep workers in the work environment. (Derks, 2010) (Caballero-Anthony, 2018) (RSIS, 2017) We discussed this case in the previous subsection 1.4.4 (page 24).

Violence is directed at the most vulnerable: poor, migrants, women and children. Poor and migrants are stuck in a workplace by wage necessity or illegal coercive mechanisms. Women are more affected because of gender-role and the image of sex object. (Chappell and Di Martino, 2006) Child labour was detailed earlier (Subsection 1.4.4 page 21).

In export-processing companies, in a context of intensive production at low costs, the level of violence is even higher. That leads to indecent working conditions, long working hours, physical, psychological and sexual assaults. (Chappell and Di Martino, 2006)

Violence is part of a cultural system. It is not committed by some violent people. It is integrated in the organizational system due to the position of authority and the role of women in the society. (Chappell and Di Martino, 2006) Violence has long been considered as the norm. For a long time, it has not been identified as a particular work-related issue. It is only recently that violence at work has begun to be pointed out. (ILO, nd e)

Informal sector

The worst situation in terms of labour rights comes with informal labour. 60% of the workers work in the informal economy in Asia and the Pacific. (ILO, nd d) It means that workers are not legally registered with the state. To this extent, there is no labour protection at all. (Perry et al., 2007) (OECD, 2003) (ILO, nd c) (ILO, nd d)

Many workers work informally because it is the only way to find a livelihood to feed their family. They are often women, children, migrant and poor workers. (HRW, 2016)

Informal workers have no possibility to complain. They do not exist for governments. They are dependent on these jobs. They face very hazardous occupational risks related to health and safety. (HRW, 2016) (ILO, nd d) They have no protection in case of wages non-payment, no compensation, social security or health insurance. (ILO, nd d)

CHAPTER

2

PROBLEM STATEMENT

In this chapter, the scope and the boundaries of this thesis will be defined. The question of research is derived from the previous chapter learnings.

2.1 Problem Statement

According to the literature review, the issue of human rights abuses is a global concern which is increasing if we focus on developing regions and especially in Southeast Asia.

International trade has driven companies from developed countries to outsource part of their supply chain in developing countries to reduce their costs and to stay competitive.

This new economic model led to a rapid economic growth in those developing areas. It increased the Gross Domestic Product [GDP] of states. It created employment and gave access to a livelihood to many needy families.

The other side is the creation of an intense competition between suppliers. They underwent a huge pressure to reach a higher productivity at lower costs. To cut costs as much as possible, the working conditions went worse and human rights violations intensified.

Nowadays, Western companies have become more and more aware about this issue. They have started to integrate corporate social responsibility in their corporate strategies. The corporate social responsibility is a commitment to become a responsible organization respecting the environment, the populations and the society. It includes the respect of human rights. The objective is to avoid any adverse effect caused by their activities.

Despite the solutions implemented by companies to ensure more respect of human rights, the issue of human rights abuses persists.

In this thesis, we will analyze this situation in order to understand the problem of human rights in subcontracting relationships and to find effective solutions to address this issue. The scope is the relationship between European companies and Southeast Asian suppliers.

2.2 Question of research

As a result, the question of research of this thesis is:

How can European organizations ensure that suppliers from Southeast Asia do respect human rights in subcontracting relationships?

The objective is to create a guide of solutions for European organizations that want to outsource in Southeast Asia in making sure that their suppliers do respect human rights.

Because the issue of human rights abuses in Southeast Asia persists despite the efforts of many European companies, we need to focus on this specific relationship to understand its characteristics, limitations and constraints with the aim to find effective solutions.

2.3 Scope and boundaries

As seen in the literature review, human rights are a very wide topic. We need to establish the borders of our research: the subject of research and the geographical dimensions.

2.3.1 Delimitation of the subject of research

Human rights

This thesis will analyze respect for human rights within the framework of subcontracting relationships. It will focus on the human rights of workers in outsourced supply chains.

Human rights specific to workers are also called worker rights or labour rights. But workers as individuals are protected by both human rights and worker rights.

Indeed, the fundamental human rights considered by this thesis are defined by all four internationally recognized treaties mentioned in the literature review (Section 1.1 page 3):

- The Universal Declaration of Human Rights (UN, 1948);
- The International Covenant on Civil and Political Rights (OHCHR, 1966b);
- The International Covenant on Economic, Social and Cultural Rights (OHCHR, 1966c);
- The Declaration on Fundamental Principles and Rights at Work (ILO, 1998).

Subcontracting relationships

As defined in the literature review, a subcontracting relationship is a agreement in which a contractor pays a subcontractor to do some work in behalf of him (Section 1.2.1 page 6).

However, subcontracting relationships include a wide diversity of services that can be outsourced. It makes difficult the setting up of an homogenous guide of solutions. Indeed,

a company do not face the same human rights abuses and can not address these abuses in the same way if they outsource at agricultural, manufactural or managerial level.

In order to create an useful analysis and solutions guide, we will limit the type of outsourcing that will be studied in this thesis. We saw earlier that outsourcing can be categorized in different types of subcontract according to four classification models (Section 1.2.4 page 8).

The issue of the diversified range of services that can be outsourced is relative to the service-related model. This model includes five types of subcontract: Professional, manufacturing, process-specific, operational and project outsourcing.

This thesis will focus on the manufacturing type of outsourcing. It means that it will focus on the subcontracting relationships with manufacturers in Southeast Asia.

Moreover, in the location-related model based on the distance between the contractor and the subcontractor, we are definitely in an offshore type of outsourcing given the gap between Europe and Southeast Asia.

The two last categorization models, depending on the person in charge and on the subcontracting costs, are not interesting to define our scope.

2.3.2 Geographical delimitation

In this thesis, the prime contractor is a company in Europe and the subcontractor, the third party, is a supplier in Southeast Asia.

Europe

We saw in the literature review that the boundaries of Europe are still a controversial debate between parties. In order to work on an unambiguous geographical delimitation, this thesis will consider the European Union as geographical scope of research.

Southeast Asia

In order to remain coherent, if we restrict Europe to its economical and political boundaries, we should apply the same rule to Southeast Asia. As a result, the geographical delimitation of Southeast Asia in this thesis includes all state members of the Association of Southeast Asian Nations [ASEAN].

CHAPTER

3

RESEARCH DESIGN

This chapter will present the research design. It will start with a general presentation of the methodological structure. Then, it will go into the types of research design, data collection and data analysis techniques that will be used to answer our question of research.

3.1 General structure

The methodology to answer our question of research follows three stages.

The two first steps are the purely research part of this thesis for which the research techniques will be presented in this chapter.

The first one is the data collection. This data can be found in the appendices (page 119).

The second step is the data analysis. It will extract all useful information from the data collection and summarize it in the "Results" part (Part 4 page 35).

The last stage provides solutions for European companies to ensure the respect of human rights in subcontracting relationships in Southeast Asia (Part 6 page 69).

3.2 Type of research design

Researches generally follow two designs patterns: qualitative and quantitative.

A qualitative research is a market research method that consists of the data collection from open conversations (Bhat, nd a). It allows to acquire more detailed and in-depth information than other data collection techniques with the aim to understand the social aspects of a problem. (Corssman, 2019)

This research pattern is based on descriptive data from verbal narrative discussions. It comes from semi-structured in-depth interviews with open-ended questions conducted with a limited number of respondents. This method focuses on the quality of each interview. The objective is to understand human and social sciences in order to explore and

find out new ideas. (Surbhi, 2018) (De Franzo, 2011) (Bhat, nd a)

More precisely, this research is structured around a descriptive research design which is a theory-based research. It means that the research collects, analyzes and presents the data it has gathered. (Bhat, nd b)

In opposition, the quantitative research is based on numerical data. It arises from very structured questionnaires with closed-ended questions. This method of research focus on the quantity of respondents to compare the dataset. The objective is to produce measurable data in order to analyze cause and effect reactions between variables. (Surbhi, 2018) (De Franzo, 2011) (Bhat, nd a)

This thesis is implemented using a qualitative research design.

3.3 Data collection

There are four methods to collect qualitative data: Interviews, focus groups, observations and document analysis. (Elmusharaf, 2012) (EMGO, nd) This research focuses on two data collection techniques: Interviews and document analysis.

3.3.1 Interviews

The first method is the conduct of in-depth face-to-face interviews of 3 types of profiles.

1. Experts: Experts from national and international organizations focused on human rights, labour rights or local economy;
2. Companies in Europe: Organizations in Europe that pay suppliers in Southeast Asia to make all or a part of the work they should ordinary do;
3. Suppliers in Southeast Asia: Organizations in Southeast Asia that make all or a part of the work that companies in Europe should ordinary do.

The transcripts of all conducted interviews stand in the appendices (Section 5 page 119).

Profiles selection

All these profiles have the ability to provide concrete solutions to our question of research.

Experts on human and labour rights have in-depth studied the issue of human rights abuses for years, whether worldwide or more specifically in Southeast Asia. They have extensive knowledge about the problem statement and the solutions to address it. Experts on local economy can help to better understand the specificities of the local market.

European companies are the main subject matter of this research. Interviews focus on businesses especially good at respecting human rights in their supply chain. Indeed,

companies that are models of excellence in terms of human rights will be able to help us to find the best solutions to address human rights issues.

Southeast Asian suppliers are the second subjects involved in our problem statement. This thesis will focus on suppliers respecting human rights in their supply chain for two reasons. Firstly, because the objective is to discover how to success in ensuring human rights respect. Secondly, it is impossible to get interviews from suppliers abusing of human rights. Talking to us would lead them to lawsuits that they would rather avoid.

Contact methods

We will reach these three profiles by different means.

In order to get interviews with experts, we will search online for international and national organizations specialized in human or labour rights issues or specialized in the local economy. Then, we will contact them via contacts available on their website and by looking for email addresses of specific people when there are staff lists online.

To reach European companies, we will use four different tools: Advice from experts we talked with, address book of ambassadors, honorary consuls and chambers of commerce, list of top-100 most sustainable companies ranked by Corporate Knights (Corporate-Knights, 2019) and European B-Corporation certified companies (B-Corp, nd).

To contact Southeast Asian suppliers, we will proceed in five ways: Advice from experts we talked with, address book of ambassadors, honorary consuls and chambers of commerce, Better Work factories list, manufacturers associations in all ten ASEAN countries and personal contacts from my internship in Cambodia.

3.3.2 Document analysis

For companies in Europe, interviews will be filled in with data from document analysis. The objective is to complete data from interviews with more in-depth information about human rights practices from corporate social responsibility policies and annual reports.

3.4 Interview guides

The interviews aim to understand the reality on the field with discussions about what is existing and what could be improved in terms of human rights in subcontracting relations.

These interviews will be conducted with the support of interview guides. An interview guide is a guideline including a set of standard questions which are used to conduct the discussion. The interview guides can be found in the appendices (Section 4 page 104).

3.4.1 Objectives

This research will use three different interview guides adapted to the three types of profile selected for the interviews. As a matter of fact, the interviews of these three profiles have three different objectives so they can not have the same interview guide.

The aim with experts' interviews is to obtain neutral opinions from people who are not directly involved in subcontracting relationships, but overall who have a thorough knowledge of the subject matter. They can provide useful information and interesting solutions.

The purpose with European companies' interviews is to examine the practices of their organization in order to select the most relevant, interesting and effective solutions in order to create a guide for other European companies.

The goal with Southeast Asian suppliers is to understand the reality on the field, the limitations and constraints that they face in the same way than with experts.

3.4.2 Structure

These three interview guides follow the same structure with similar questions. The questions are adapted according to the profile of the interviewee but have the same basis.

First, the introduction presents the context in which this interview takes place as well as a reminder of the question of research and its delimitations. Then, it requests the permission to record the interview.

Secondly, the general discussion aims to confirm that the interviewee and his/her organization correspond to the profile required by this study. The interviewer checks if the interviewee and its organization fit in the subject of research and the geographical scopes.

Thirdly, the specific discussion is the core of the interview. During the dialogue, the interviewer gathers information to answer the question of research of this thesis. At first, the interviewer asks the position of the interviewee relative to the human rights issue in subcontracting relationships. Then, the interviewer focus on the interviewee's expertise.

The interview is built around 3 themes: Human rights, solutions and reality on the field.

The first one aims either for experts to understand what are the main human rights issues in Southeast Asia and especially in Southeast Asian factories or either for companies and suppliers to understand what are their practices in terms of human rights.

The second theme discusses the solutions that can be set up to address human rights abuses, first in a very general way and then more particularly the solutions that can be implemented by our target audience, European companies.

The last theme goes on the reality on the field to understand what is really happening in Southeast Asian factories, what are the main limitations and constraints to ensure human rights respect in subcontracting relationships and finally what are their advices for European companies willing to ensure human rights respect in subcontracting relationships.

The questions described in the interview guide are not exhaustive. Additional questions can be asked if there is a need for clarification to understand the interviewee's point of view or if the conversation takes an interesting direction for our research.

Moreover, not all the questions of the interview guide will be asked. Some questions foresee a lack of precision in the previous answer. Indeed, many interviewees tend to answer several questions at once. In this case, repetitive questions will not be asked. And some others answer very short replies that need additional precisions if we want a complete answer at the first question. The interview guide is integral in order to be ready to deal with this second case of brief answers.

3.5 Data analysis

To answer the question of research, we will use the Grounded Theory type of qualitative analysis. This method develops a theory from the data collected during the research instead of basing the research on an initial predetermined theory or hypothesis (Raghunath, 2018) (Astalin, 2013). The data provides a new theory by understanding how participants have experienced a specific phenomenon. This is a solution to address existing issues in a new manner. (Astalin, 2013) We will focus the analysis on two main axes.

The first axis is to collect information from experts on human rights, labour rights and the local economy and from suppliers. We will examine the gathered information and then, highlight the most recurring and relevant solutions that come out of these interviews.

The second axis is a case study of the interviewed companies. We will try to find effective solutions to address human rights abuses in subcontracting relationships based on the best solutions that these different model organizations set up.

CHAPTER

4

RESULTS FROM EXPERT AND SUPPLIER INTERVIEWS

In this chapter, we will present the results of the interviews with experts on human rights, labour rights and the local economy and with suppliers in Southeast Asia. We will highlight the most interesting information collected in the interviews.

4.1 Crux of the problem

This section discusses the issue of human rights to understand where the problem comes from. We need to better understand the problem statement before looking for solutions.

The main human rights abuses mentioned by interviewees are: (Appendices 5.1.1 to 5.2.6)

- Child labour: Children working under the ILO/national minimal age ;
- Forced labour: Forced and bonded labour, modern slavery, document withholding ;
- Labour protection: Lack of freedom of association and collective bargaining, lack of unions, lack of social security, lack of social dialogue, poor legal framework to protect worker rights, low enforcement of national and international laws ;
- Working conditions: Occupational health and safety risks, no health and safety minimum standards, no accident insurance, bad living and working conditions ;
- Wages: Non-compliance with minimum or living wages, non-payment of full wage ;
- Working time: Excessive overtime hours, non-payment of extended hours ;
- Discrimination: In terms of gender, religion, race, migrant workers ;
- Women: Sexual harassment, discrimination, non-respect, gender inequalities ;
- Migrant workers: Exploitation, forced labour, discrimination, not legally registered, no labour protection, bad working and living conditions, desperate workers ;
- In general: Contractual non-compliance and labour laws non-compliance.

These elements confirm our previous research in the literature review (Chapter 1).

4.1.1 Internationalization

Market internationalization has positive and negative sides.

On one hand, supply chain globalization has participated in the social and economic development of the region by moving from an agricultural society to an industrial society. It created employment and lifted many people out of poverty. (Appendices 5.1.8 and 5.2.2) It allowed people in subsistence situations to get a livelihood, access to the middle class and access to university studies for the next generations. (Appendix 5.1.9) It gave women the opportunity to leave the household to find a first job (Appendix 5.1.8).

On the other hand, companies have started to outsource part of their supply chain to countries where the regulatory systems regarding human and labour rights are weaker than in Europe, which increases human rights abuses in international brands' global supply chain. (Appendices 5.1.2 and 5.2.1) They are no more the ones with direct control over the operations. They transfer part of their control to subcontractors. (Appendix 5.1.8)

Until recently, companies were not aware of human rights violations and not committed to social concerns. After the Rana Plaza drama, the world opened its eyes to reality. Since then, brands started to require minimal standards from suppliers and to visit, audit and monitor them. Some enterprises felt more sensitive and involved in worker rights. What is undeniable is that major advances have been made these last years in terms of working conditions, faster in some countries than in others. (Appendix 5.2.2)

4.1.2 National laws

The human rights issue is country-specific. The human rights abuses as well as labour protection differ from one country to another. (Appendices 5.1.6, 5.2.2 and 5.2.6) We therefore can not generalize what is already done and what should be done as soon as some countries already have labour protection systems in place and some others do not. (Appendix 5.1.6) The political context and the economic development of states strongly influence the respect of fundamental human and labour rights inland (Appendix 5.2.6).

With the emergence of international trade, governments were at first happy to see trade expansion in their country and did not coordinate laws at the same time (Appendix 5.2.2).

Nowadays, many countries have ratified ILO conventions on labour rights. Then, governments must mandatorily incorporate them into their national law which is not always the case. (Appendix 5.1.9) Thailand has for example ratified ILO worker fishing convention but has not executed it in labour law (Appendix 5.2.1).

There are laws in place. Child labour and forced labour are illegal. Minimum wages are legally required in most states. (Appendix 5.1.2) Cambodia has a mandatory union representation system that allows workers to form unions. Vietnam has a national union

system and ratified two conventions on freedom of association and collective bargaining. Indonesia has a legal framework on labour protection and so on. (Appendix 5.1.6)

Southeast Asian governments have reformed their labour law a lot so that international brands continue trading in their country. The European Union [EU] and the International Labour Organization [ILO] have put a lot of pressure on these states to become more responsible by threatening them to ban international trade in their country if they do not bring changes to certain aspects of their regulations. Under this trade pressure, governments made a lot of legal improvements. (Appendix 5.2.1)

Still, we observe a lack of enforcement of the aforementioned laws in Southeast Asia (Appendices 5.1.1, 5.1.9 and 5.2.5). In reality, the national legal framework does not protect worker rights and does not guarantee labour protection or social security (Appendix 5.2.1). There is too much impunity against companies that do not respect human rights, not mentioning corruption. (Appendix 5.2.5) Primarily, governments are lacking transparency in terms of law enforcement. (Appendix 5.1.4)

Even when there are laws in place, governments have a limited capacity to monitor and promote human rights. (Appendix 5.1.3) They do not have enough inspectors and not enough women ones that women and children victims trust more. (Appendix 5.1.1)

Respect for human rights should be a social contract, such as the abolition of slavery in Western countries more than one century ago. Human rights respect should be strictly mandatory and any violations should be unacceptable. (Appendix 5.1.4)

4.1.3 Tiers of suppliers

The main crux of the problem comes with the various tiers of suppliers in global supply chains. The top tiers of suppliers, the ones European brands are directly working with, usually respect international human rights standards and laws. They know they must comply to keep their contracts with brands, but also to avoid lawsuits. They are the most controlled and monitored by governments and international firms and the most visible by the international community. (Appendices 5.1.1, 5.1.2, 5.1.4, 5.1.7, 5.1.8 and 5.2.1)

The issue of human rights abuses appears with intermediary suppliers. The lower you go down in the supply chain, the more likely you are to face human rights violations, child labour and forced labour. (Appendices 5.1.1, 5.1.4, 5.1.7, 5.1.8 and 5.1.9) Supply chains are complicated to track all the way down (Appendix 5.2.1).

The biggest question companies ask themselves is to know to which tiers down the supply chain their accountability ends. Most European companies are aware of the issue of human rights in subcontracting relationships but they do not know where their responsibility ends, until which link of the production line they are still accountable. At a certain level, firms do not feel responsible anymore. (Appendices 5.1.1 and 5.1.9)

4.1.4 Informal sector

Human rights abuses, especially child labour and forced labour, happen mainly in the informal sector where worker rights are not protected at all (Appendix 5.1.1).

In order to deal with cost pressure, many manufacturers subcontract part of their supply chain in the informal completely hidden, such as in villages or in prison. There, workers are not legally registered and are not protected by any social security or employment protection. (Appendix 5.4.1)

4.1.5 Pressure

A core explanation is the pressure on costs and lead time required by international brands.

Pressure on costs The first one and the most problematic one: The pressure on costs affects suppliers and governments. There is strong competition between the different suppliers as well as between the different developing countries to stay attractive for international brands. The competition winner will be the one who offers the lower price to international companies. To make this achievable, there is a huge pressure to lower costs as much as possible. (Appendices 5.1.1, 5.1.2, 5.1.4, 5.1.6 and 5.2.1)

The pressure on costs makes supplier margin too low to enable factories to invest in human rights concerns (Appendix 5.1.8). To be able to offer low prices, some suppliers give less importance to human rights and working conditions deteriorate. They make use of child labour and forced labour which is the cheapest labour force. (Appendices 5.1.1, 5.1.2, 5.1.6 and 5.4.2) They do not pay minimum wages or living wages because they are not able to with the money they get from brands (Appendices 5.1.6, 5.1.8 and 5.4.2). They do not invest in long-term staff and appreciate turnover not to pay more for experienced workers (Appendix 5.1.8). They do not invest in occupational safety and health. They do not have proper human resources functions and trade unions. (Appendix 5.1.6)

Another issue is the companies' incentives in the selection of suppliers. Several criteria enter into account: product quality, lead time, order price and compliance to ethics and sustainability (Appendices 5.1.6 and 5.1.9). In this trading world of cost competition, most of the time, brands take decisions the supplier which proposes the lowest price. This one will win the contract (Appendices 5.1.4, 5.1.6 and 5.1.9)

Governments have less incentive to control and regulate factories in terms of human rights because they want them to continue to propose lower costs as possible in order to keep international companies within the national market. In any case, in most Southeast Asian countries, the level of governmental labour inspections is weak. (Appendix 5.1.4) Their priority is the economic development of the country and not business monitoring (Appendix 5.2.2).

At the same time, international brands are also affected by cost pressure from consumers and investors (Appendices 5.1.9, 5.2.2 and 5.4.1). Consumers have become accustomed to cheaper and cheaper products. Businesses must provide extremely cheap goods to be competitive. (Appendix 5.2.2) All at once, they need to maximize profits by any means. A manager who is not maximizing profits will be kicked out by investors. This is a whole system of cost pressure that comes from different levels of authority. (Appendix 5.1.9)

Arjen Laan (Appendix 5.4.1) says that cost pressure is the main difficulty as a manufacturer. Brands are continuously pushing for lower prices every year. But at the same time, the cost of living is increasing. It is very difficult to deal with social and environmental concerns and at the same time to be able to offer low prices to international companies. His factory lost 71% of his margin by reducing prices under brand pressure over the last four years. If suppliers do not succeed in reducing prices every year, they will lose their customers for other factories less compliant with national laws on labour rights. (Appendix 5.4.1)

As a result, many manufacturers make use of hidden or illegal means violating fundamental human rights. Those who avoid those methods have many difficulties to remain in business. It is feasible, but it costs money. In his factory, Arjen Laan had to invest in automation and process improvement to stay afloat without affecting people and the planet. But it is also constrained by the fast product turnover required by brands. Machines need to be adapted all over time. Manufacturers need guarantees of high production to make use of automation. (Appendix 5.4.1)

Pressure on lead time The second type is the lead time pressure on suppliers (Appendices 5.1.4, 5.1.6 and 5.1.8). Especially with fast fashion, the pressure to deliver rapidly is high (Appendices 5.1.4 and 5.1.7). Some businesses might discover human rights abuses in a factory and accept the products from this manufacturer anyway because they really need these orders very quickly. After the pressure has passed, they might ask for changes or leave that supplier. But the time pressure makes them more flexible towards human rights violations. (Appendix 5.1.4) The delivery time pressure also leads to excessive overtime in order to comply with companies' time requirements (Appendix 5.1.8).

There is an additional issue with the irregularity of orders which results in local employment instability. Factories face high seasons with a huge amount of orders from international brands and low seasons with almost no orders at all. To deal with this gap, suppliers must make use of extended hours during high seasons and fire employees during low seasons. If companies request constant orders, suppliers will minimize losses and be able to invest in human rights in the long-term. (Appendix 5.2.2)

Supervisor stress caused by sourcing practices such as uncertainty in orders, late deliveries, changes in technical requirements and penalties results in abuses (Appendix 5.1.7).

4.1.6 Corporate Social Responsibility

Nowadays, all companies have a corporate social responsibility [CSR] policy including several human rights standards. They have done a lot in terms of corporate social responsibility these last 20 years. They are better than before. They are more responsible and transparent about social issues. (Appendices 5.1.2 and 5.2.2)

Human rights abuses depend on the company's level of maturity and accountability. (Appendix 5.1.6) Some enterprises give huge importance to social concerns. They are ready to invest a lot in order to address and avoid human rights abuses. Some others are only driven by profit. (Appendices 5.2.6, 5.4.1 and 5.4.2) They place orders without even knowing the factory which is producing for them. They have no visibility on what is happening in their supply chain. (Appendix 5.1.6)

For some companies, this is a question of name shaming. They are only worried about their reputation in the news media. CSR becomes a business strategy, a question of public relations. They want to show the world a positive image. (Appendices 5.1.4 and 5.1.5) Many of them are acting responsibly on the request of customers but would not do it without consumer pressure (Appendix 5.4.1).

There is a strong causal link between corporate exposure to reputational risk and the amount of human rights practices put in place. The most they are exposed, the most they do and inversely. If nobody was looking at them, would some companies behave the same way? Some only invest in human rights to keep selling and making profits. Then, it becomes a business decision more than a duty to society. (Appendix 5.1.9)

There is another causal link between the management's personal values and the enforcement of corporate social responsibility policies. Some directors feel more sensitive to human rights and social issues than others and this is reflected on the ground. (Appendix 5.1.9) Some managers do not really matter for labour conditions and make a choice not to respect human rights in order to generate profit. (Appendix 5.1.7) But above all, most suppliers have a short-term survival view. Human rights is not their first priority. (Appendix 5.1.8)

On one hand, some brands work hard on human rights abuses. On the other hand, some policies have more of a charity approach than an actual due diligence. (Appendix 5.1.1) The main problem is the willingness to be responsible or not (Appendices 5.1.2 and 5.1.7).

Furthermore, corporate social responsibility [CSR] and purchasing departments often do not work collaboratively. The purchasing branch who places orders with suppliers is pushed to maximize profits, not to be ethical. Then, the CSR division has only a public relations mission. (Appendix 5.1.3) The situation is conflicting and it is often the purchasing one that gets the final judge to select suppliers (Appendix 5.4.1).

4.1.7 Due diligence

A main issue is the efficiency of the due diligence process, of the enforcement of commitments (Appendices 5.1.6, 5.1.9 and 5.2.5). A CSR policy on paper means nothing with due diligence (Appendix 5.4.2). The issue is on one side commitment and understanding and on the other side enforcement and oversight. Organizations need to understand why they must set up certain human rights practices in order to create awareness, willingness and accountability to invest in human rights. (Appendix 5.1.6) Many companies fail because they do not know what to do (Appendix 5.2.6).

Human rights abuses are not always discovered during audits and inspections. Some audits are too weak and do not uncover the reality. Things can be hidden. (Appendices 5.2.5, 5.4.1 and 5.4.2) Many factories outsource part of their productions in villages or in prisons informally and do not show related documents during the audits. It is impossible for inspectors to discover these human rights abuses because nothing is visible inside the factory. (Appendix 5.4.1)

Audits are not always done in a good way. The current audits mechanisms were effective in the 1990s but they are not anymore. Enforcing penalties does not work anymore. They can not just go to the factories and point all the negative elements. They need to make sure to elevate the voice of workers to make these audits effective. (Appendix 5.1.6)

Another issue is that some companies have a lack of staff. So they will ask some agents to look for suppliers instead of them. Some of them do not care about ethical issues and will try to propose to them the lower price as possible. (Appendix 5.1.6)

4.1.8 Differences

Mentality gap Human rights are not considered the same depending on the countries (Appendix 5.4.1). Suppliers care about human rights but some of them do not consider human rights as universal. They say that human rights are specific to the context and country and that in developing countries, Western standards are unrealistic to put in practice and not relevant to their level of economic and social development, culture and business reality. Added to cost pressure, suppliers find it unworkable. (Appendix 5.1.2)

In Southeast Asia, many suppliers have a patronizing way of thinking, being hard with employees makes them work better. (Appendix 5.1.4) There are also cultural differences. In some places, the culture of the country itself attaches more importance to human rights. For example, the Vietnamese culture gives a lot of value to human life and human being. So the working conditions are better. (Appendix 5.2.2) Different cultures give also different places for women. Some managers tolerate sexual harassment as the norm in the industry. In addition to the cultural gap, there are also manager personal drivers. Not all managers think that way. (Appendix 5.1.7)

The freedom of association and of collective bargaining as also a country-specific point of view. In Asia, the establishment of unions is considered as an intent to fight against the employer or against the country's social and economic stability. (Appendix 5.1.3)

There is a lack of education and training in Southeast Asia (Appendix 5.1.5). But it is important to highlight that not the majority of suppliers are abusing from human rights. This is unusual. (Appendix 5.1.4)

Economic development The second difference is the economic development of Southeast Asian countries. The differences in terms of economic developments coincide with the proportion of human rights abuses. There are most violations in less developed areas. For example, Singapore, Malaysia and Thailand are the most developed countries in the region. Vietnam, Indonesia and the Philippines are in the middle. And Myanmar, Laos and Cambodia are the less developed ones. There is more labour protection in more developed nations and less in less developed ones. (Appendix 5.1.5)

Local adaptation Corporate standards and CSR policies are often not adapted to the local reality, local supplier perspective and local standards and laws. Companies must try to understand the local situation and comply with national laws. (Appendix 5.1.7)

4.1.9 Structural issue

There is a key structural issue (Appendices 5.1.1 and 5.1.8) . Most of the time, we are not working on the structure of the problem. We need to create a social environment where adults can work under decent conditions and where children have better opportunities for the future. In addition to work on the different human rights issues separately, we must work at the root, on the structure of the society in different countries. (Appendix 5.1.1)

4.2 Solutions

This thesis focuses on the solutions that European companies can set up. However, the solutions proposed by the experts and suppliers for other stakeholders are summarized in the appendices (Appendix 3 page 99)

European companies have the accountability to respect all human rights wherever they operate in the world. International laws and standards overcome national legislations. They have the duty to avoid, prevent and mitigate human rights abuses caused by their own activities or their business partners' activities. (Appendix 5.2.4)

They have of course a large influence on the respect for human rights in their suppliers' human rights practices. They can make use of their buying power to encourage suppliers to comply with human rights standards. (Appendices 5.1.2 and 5.1.3)

There are some companies doing an excellent job. Some others do nothing. And some are in between. (Appendix 5.1.9) Most companies, particularly multinational ones, are aware of the human rights issue. Most companies establish a certain number of procedures to try to address this issue. They have codes of conduct and regulations. (Appendix 5.1.1)

4.2.1 Corporate Social Responsibility

Brands must set up a corporate social responsibility, sourcing and sustainability strategy that really works. They must focus on suppliers who are respecting human rights and not on suppliers that are proposing lower costs. (Appendices 5.1.2, 5.1.3 and 5.1.8) They have to be willing to pay and invest in human rights concerns. They must work and monitor factories continuously and not only during audits. They need to be transparent by publishing public reports. (Appendix 5.2.6)

Since corporate social responsibility [CSR] policies do not seem to work, a new effective model is the Worker-driven Social Responsibility [WSR] scheme. This is a new CSR model for global supply chains created by workers themselves. (Appendix 5.2.6) It is intended to contractually enforce supplier compliance with economic consequences and requests top brands to invest more in subcontracting relationships to avoid cost pressure leading to human rights abuses. They provide workplace-specific codes of conduct, worker education about their rights, complaint mechanisms and comprehensive audits. (WSR, 2017)

They must change their purchasing strategies and have their CSR and purchasing departments working together in a common direction with the same level of importance (Appendices 5.1.3, 5.1.8 and 5.4.1). They need to raise awareness of the purchasing branch to social concerns (Appendix 5.1.8).

They must have a code of conduct for their suppliers that promotes sustainability and labour standards. But the most important is to make sure that they are effectively respected, not only by the first tier suppliers but also through the whole supply chain. These labour standards must ensure minimum living wages, freedom of association and collective bargaining, health and safety and social security. (Appendix 5.1.3)

Businesses that really want to ensure human rights respect need to work on their corporate vision. They have to implement their values in their corporate culture and to train employees to that extent. Human rights must be embedded in the company's core values for real investments to be made. They will have to reduce their profit and be ready to end contracts in case of abuses. (Appendix 5.1.1)

4.2.2 Supplier selection

When international companies select a new supplier, they can look at several criteria to have a better guarantee that suppliers will respect human rights in their factories. By

this mean, they have the power to change the situation (Appendix 5.2.6).

First, companies must require suppliers to comply with several standards, with a code of conduct within the contract. (Appendices 5.1.4, 5.1.9 and 5.2.5) This contract should include minimum standards not only in terms of product quality and environment respect but also in terms of worker treatment. (Appendix 5.1.4)

Depending on the sector they are working in, they can look for certifications (Appendix 5.1.9). There are many renowned certifications such as SA8000 or ISO and many other certifications from auditing companies such as Sedex. These certifications assess several human rights standards throughout external audits. (Appendices 5.4.1 and 5.4.2) The issue is that there is sometimes corruption in certifications granting. The most important is to check by themselves by visiting the factories. (Appendix 5.1.9)

They can choose suppliers that are members of sustainable and ethical organizations such as Better Work, Sustainable Apparel Coalition, etc. (Appendices 5.1.6, 5.1.7 and 5.4.1)

Brands can also check if this factory is already manufacturing for another exposed international company. If this is the case, this is a sign of trust because these big brands have for sure already done some audits (Appendix 5.1.9).

In all cases, the most important is that they need to see suppliers as strategic partners and keep a limited number of suppliers in the long run. It is not manageable to have thousands of suppliers. (Appendix 5.1.8) They have to select suppliers that are aware of human rights concerns or to build this understanding. (Appendices 5.1.8 and 5.4.1)

4.2.3 Due diligence

The most important is to have a strong due diligence program to tackle human rights abuses. But the enforcement of the commitments is even more important. It needs to be effective and efficient on the field. (Appendices 5.1.1, 5.1.2, 5.1.9 and 5.2.5)

Companies must focus on labour inspections in order to see by themselves what is happening in the factories (Appendices 5.1.1, 5.1.4, 5.1.5, 5.2.5, 5.2.6, 5.4.1 and 5.4.2). They have to invest in the same way to control social issues as they do to control quality. They need to do random inspections, talk with employees and check documentations proving their compliance efforts (Appendices 5.1.4, 5.4.1 and 5.4.2).

Before signing with a factory, companies must visit the facility (Appendix 5.1.9). Once they are in contract with a supplier, there are several ways to monitor this factory. Companies can do it themselves or ask an external third party. In any way, they still need to visit their suppliers by themselves regularly. (Appendices 5.1.9 and 5.2.2) Businesses can also collaborate with other brands to have one common audit. It uses fewer resources as well for the international company and for the supplier. (Appendices 5.1.8 and 5.4.1)

The best solution is a combination of both: External partners with local knowledge and internal auditors with corporate standards as a priority. (Appendices 5.2.2 and 5.2.6) It is safer to get a second opinion in addition to the company's own audit as well as to avoid corruption from external auditors by doing itself. It is more expensive but companies can lower their cost by working directly with main suppliers instead of having intermediaries. (Appendix 5.2.2)

It would also be good to work with several auditing companies within the same country and make their audit reports public to create a sort of competition between those companies to see who is the best to audit and ensure human rights respect in factories. By working with only one enterprise, they take the risk to be confronted with corruption between auditing companies and supplier factories. (Appendices 5.2.6 and 5.4.2)

It is important to train inspectors, especially when it comes to child labour and forced labour, to detect it and to know how to react in case of detection. The ILO developed forced labour indicators to support businesses in these training. (Appendix 5.1.1) Labour inspections are not effective alone. To make it successful, it is necessary to combine audits with the elevation of the voice of workers. It is essential to give more ownership to workers if companies want to see improvements in working conditions. (Appendix 5.1.6) During audits, they need to make sure that workers are able to speak freely (Appendix 5.2.6).

In the case of human rights abuse, brands should not end the contract and run away. It will not solve the issue. They should try to improve the situation. (Appendix 5.2.1) They must work together with suppliers in a corrective action plan (Appendix 5.2.2).

Thereafter, more than only auditing and monitoring, global brands must build supplier capacity and support their improvement by providing training and coaching and raising awareness (Appendices 5.1.8 and 5.2.6).

4.2.4 Investment

To address cost and lead time pressure that results in human rights abuses, companies must invest money, human resources and time (Appendices 5.1.1, 5.1.8, 5.2.6 and 5.4.1).

Brands put pressure at once on cost reduction and social compliance. Both can not go together without financial investment. (Appendices 5.1.5 and 5.4.2) Ensuring the respect of human rights has a cost. The most important is the willingness to pay more to respect personal and corporate values. (Appendices 5.1.1, 5.2.1, 5.2.2 and 5.4.1) If businesses want suppliers to ensure decent wages and working conditions and to avoid child labour and forced labour, they need to pay them enough to make it possible. (Appendix 5.1.1)

Businesses must have an agenda that does not push suppliers to hurry. They have to accept that this is not a race. (Appendix 5.1.6) They should ensure more constancy in the flow of orders to address the problem of irregular ordering seasons (Appendix 5.2.2).

Brands must invest in long-term relationships (Appendices 5.1.3, 5.1.5, 5.1.6 and 5.4.1). They should not end a contract because a scandal breaks out in the media or because of human rights abuse discovering. Brands need to help suppliers, encourage them and set deadlines to reach a certain level of compliance. (Appendix 5.1.3) They must stop switching from one supplier to another every season (Appendices 5.1.6 and 5.4.1). Otherwise, the factories can not be profitable (Appendix 5.1.5). Suppliers will not invest in improving working conditions to comply with company standards for short term contracts (Appendices 5.1.3, 5.1.5 and 5.1.6).

4.2.5 Unions

Brands can take the decision to deal only with suppliers with trade unions and collective bargaining agreements. This is a first security for human rights respect. (Appendix 5.1.3).

They must above all ensure freedom of association and collective bargaining, right to form unions and social dialogue. It allows workers to defend their rights and to complain in case of human rights violations. (Appendices 5.1.1, 5.1.6 and 5.2.1) It enables the identification of problems before it turns into more serious abuses (Appendix 5.2.1). Social dialogue is the best way to ensure all other fundamental labour rights. (Appendix 5.1.4)

4.2.6 Tiers suppliers

International organizations can not just claim that they can not control all the levels of the supply chain. They can not use that as a pretext. (Appendix 5.1.4) They need to consider and recognize their accountability beyond first-tier suppliers (Appendix 5.1.8). They need to work not only with top tier suppliers but also to work down in the supply chain to deal with the suppliers of their suppliers (Appendix 5.1.1). They need to reduce the number of intermediaries and work directly with the main suppliers (Appendix 5.2.2).

4.2.7 Multi-stakeholders collaboration

Everyone has a role to play to improve working conditions and standards. Brands should collaborate with other stakeholders. (Appendices 5.1.1 to 5.2.6) There are more information on the role of other third-parties in the appendices (Appendix 3 page 99).

The first step is to look at the international framework made to help and advise companies about how to respect human rights, labour rights and environmental standards, how to set up a corporate social responsibility policy, how to make a due diligence program, etc. We can find several codes of conduct online. This is an important step to follow international standards. It is useful to use all the sources created in order to support businesses. But commitment is just a starting point. They are still accountable. (Appendix 5.1.2)

Companies should collaborate with global and local organizations working on human and

labour rights (Appendices 5.1.1 to 5.1.9 and 5.2.6). In particular, they have an interest in working with the International Labour Organization [ILO]. They establish international labour standards and conventions that companies can follow. They provide technical support, tools and advice to deal with labour rights issues such as migrant workers, child labour, forced labour, labour protection, freedom of association and collective bargaining, labour inspections, etc. (Appendices 5.1.1 to 5.1.9)

The ILO is the only organization setting up a tripartite dialogue between worker representatives (global unions), employer representatives and governments. But they also work with global brands to improve working conditions and competitiveness. (Appendix 5.1.7)

Businesses must work closely with tripartite partners mentioned here above. They have to work with trade unions and governments to understand local conditions and the local market. (Appendix 5.1.7) Companies should work with national governments and put pressure on them (Appendices 5.1.4, 5.1.9 and 5.2.6). Governments want to keep brands investing in their country so they will react. Businesses should see governments as partner to work with and must comply with national laws (Appendices 5.1.4 and 5.1.7).

The Better Work program from the ILO creates a dialogue between local governments, workers representatives, employee representatives but also international organization from the garment industry (Appendices 5.1.6 and 5.1.7). To attend these meetings, they need to be partners of Better Work. To do so, they need to get approval after a review process that will check if they fulfill certain criteria of ethics and social responsibility. But companies that are not partners of Better Work can still access to all the online reports and information from Better Work such as factory ratings. (Appendix 5.1.6)

Better Work provides compliance assessments with labour standards, advice and training by working closely with workers and managers in the factories. Moreover, there is a program called Better Work academy especially designed for global brands. It offers training and knowledge sharing about methods to ensure labour rights compliance and monitor supply chains until lower tiers of suppliers. (Appendix 5.1.7) In addition, Better Work provides a public and transparent portal where there are factories' names and their compliance assessment made by the ILO. (Appendices 5.1.6 and 5.1.7) It has already been tested and has proved its effectiveness on the ground since 2001. (Appendix 5.1.7)

They can also trust associations highlighting human rights violations (Appendix 5.2.4).

Brands should also work with external auditing organizations which have sometimes better knowledge of the local culture or do sometimes a better monitoring job (Appendix 5.1.7).

Warning, even if businesses have interest in multi-stakeholder initiatives, it does not mean the outsourcing of all company's commitments. They have to keep control on their process of corporate social responsibility. They should work with other stakeholders but not leave everything in other stakeholders' hands. (Appendix 5.2.6)

CHAPTER

5

RESULTS FROM COMPANY INTERVIEWS

This chapter will analyze the human rights practices of nine European companies. We will first have a look at their corporate social responsibility commitments related to human and labour rights. Then, we will summarize the most interesting information from interviews.

We only obtain identity disclosure permissions for two companies. The other ones requested to remain anonymous. As a result, we will not mention their name or any particularity that could expose their identity. Indeed, we will not be able to reference their websites in the corporate social responsibility commitment analysis.

5.1 Chr. Hansen

5.1.1 Presentation

Chr. Hansen is a bioscience company developing natural solutions from microbial strains for the food, nutritional, pharmaceutical and agricultural industries: Food culture and enzymes, health and nutrition & natural colors. The enterprise is located in Denmark with suppliers all over the world. (Chr-Hansen, nd a) (Appendix 5.3.1 page 239)

In 2019, Chr. Hansen is elected the most sustainable company in the world (Corporate-Knights, 2019). They commit to society well-being by acting legally, ethically and responsibly such as mentioned in their reports (Chr-Hansen, nd c).

5.1.2 Sustainability Reports

Chr. Hansen is committed to the UN Guiding Principles on Business and Human Rights for its employees, suppliers and all communities where they operate with six key commercial and operational objectives: Better farming, good health, less waste, workplace responsibility, climate and environment and leading with integrity (Chr-Hansen, 2019).

The company provides a safe workplace by means of the Global Safety Assessments and Minimum Requirements and the Global Leadership Development Program. They ensure human rights respect and responsible sourcing with required e-learning, third party due diligence procedure, vendor management system and SMETA audits. (Chr-Hansen, 2019)

Their due diligence has highlighted a low risk of human rights abuses. The highest risk is agricultural raw materials suppliers in developing countries. Even if they have few, the firm is actively working on preventing, reducing and mitigating this risk. (Chr-Hansen, 2019) (Chr-Hansen, 2018)

The Sustainability Report of 2018 focused among others on human rights and responsible sourcing. Chr. Hansen is audited as a supplier itself and monitors its suppliers based on the "Suppliers Requirements for Sustainability". They strengthened their responsible sourcing plan, Supplier Requirements and human rights due diligence process, especially on high-risk suppliers. Now, they invest in regular training of supplier employees and quality auditors to avoid any violation of their requirements. They integrated supplier requirements in contracts with direct suppliers. They closely collaborate with long term suppliers and partner with agronomists on-site to ensure sustainability and Good Agricultural Principles [GAP]. (Chr-Hansen, 2018)

5.1.3 Suppliers Requirements for Sustainability

The "Suppliers Requirements for Sustainability" sets requirements on social and environmental practices based on the UN Guiding Principles on Business and Human Rights, UN Global Compact and Ethical Trading Initiative's Base Code that suppliers have a duty to comply with and against which they will be assessed before and during subcontracts. Before, the company makes a food safety, quality and sustainability assessment through the "Vendor Approval Management process". Once they are in, they continue to be audited. (Chr-Hansen, nd b) (Chr-Hansen, 2018)

There are five requirements. First, suppliers must respect applicable national and international laws, including for all the following components. Secondly, suppliers have to provide a safe and healthy workplace which prevent accidents, injuries and hazardous risks. Thirdly, suppliers should own legal permits and authorizations. They need to make their best to enhance environmental performance, reduce environmental adverse effects and protect biodiversity. (Chr-Hansen, nd b)

Fourthly, suppliers must ensure the respect of human rights for their employees, partners and own suppliers. They have to identify, mitigate and remedy to adverse impacts of their activities. More precisely, they shall ensure equal worker treatment with no harassment, discrimination and punishment. They must avoid any form of forced labour and child labour under the minimum age recommended by the ILO. Employees are free to work there and free to leave after fair notice. The employment of young workers should not

prevent them from going to school or make them face health risks. They have to provide decent work hours, overtime and wages according to law, industry standards and collective agreements and freedom to associate and collective bargain (Chr-Hansen, nd b).

The fifth requirement is business integrity. Suppliers shall have a zero-tolerance for competition violation, anti-trust and anti-corruption laws. (Chr-Hansen, nd b)

In addition, they need to establish a dedicated management system and document their efforts to reduce and mitigate risks and set up efficient processes. (Chr-Hansen, nd b)

5.1.4 Interview of Louise Rosenmeier

We got the chance to talk with Louise Rosenmeier, Program and Partnership Officer and previously, Sustainability Business Partner, at Chr. Hansen (Appendix 5.3.1 page 239)¹.

Corporate vision Chr. Hansen defined its position three years ago in its first Sustainability Report which establishes minimum requirements and due diligence program. The company communicates about its main management tools and governance systems which enforce commitments into effective actions.

Human rights practices They make sure to know exactly what is happening in their supply chain by means of supplier requirements and an approval assessment system.

To select suppliers, the enterprise assesses documentation, policies, ISO certifications, audits, etc. They have three key drivers leading their decision: Distance, quality and sustainability. They try to find the closest suppliers. The quality concerns required quantity, frequency and price. The sustainability is not the leader driver but they will never deal with a supplier who does not fulfill their social and environmental requirements.

Once they are suppliers, the company makes annual risk assessments through its whole supply chain, including on human rights. It highlights the biggest risks and measures their impacts. They visit suppliers every three years and high-risk suppliers, raw materials farmers, every two years. They collaborate with human resources in countries where they operate. They have frequent internal assessments of compliance with ILO conventions.

Chr. Hansen chose to work directly with small family households farmers who are the most skilled but do not have any management or accident report system. In addition, the firm does constant on-site audits by sending sourcing employees there to enhance agricultural, social and environmental practices including human rights. They also have a partnership with CARE Denmark, an NGO working on small farmer resilience to build a new local industry for them by supporting their development and promoting human rights. This is a good way to ensure that they will understand and respect Chr. Hansen's values.

¹This bibliographic reference applies to the entire section "Interview of Louise Rosenmeier".

(Chr-Hansen, 2019). By the way, suppliers will value this relationship, feel involved and be less likely to cut costs thus affecting human rights. A strong long-term relationship is a win-win for both parties and strengthens risk monitoring.

They have never had any human rights abuse cases. There are a free whistleblower and a standard procedure in place in case any social or environmental issue would arise.

Limitations & constraints The main difficulty with outsourcing is that a part of the supply chain is outside of your company. While a company may care about human rights, they do not always know how to process with this loss of control.

Human rights is a complicated issue because it is often context-specific and it has many implications. Businesses need to make sure their actions have no negative impact on every human being inside and outside their supply chain. It is less straightforward than the environmental issue for example.

Even if human rights are a very old concern, corporate responsibility relative to human rights is a very recent one. Companies do not always understand the complexity of subcontracting relationships or how to deal with it.

It is not difficult to find suppliers complying with business needs as well as sustainability requirements because nowadays all multinational brands ask for the same standards. But it is difficult to be 100% sure that suppliers all respect their commitments. If a reluctant supplier decides to bypass requirements, there can always be hidden activities that the company will never see even by visiting and auditing. A company can never be 100% sure but can try its best to prevent human rights abuses. In most cases, investing in subcontracting relationships works. We are talking about rarer cases.

Advice for other companies In addition to a strong compliance and monitoring system, the most important aspect is to build long-term relationships. If suppliers find added value in the subcontracting relationship, if the firm supports and helps them to improve their economic, social or environmental performances, they will feel concerned and involved in this business connection. They will make their best to fulfill the requirements and keep this trade relationship. If the company invests in suppliers, they will give it back. It is the only way to be able to ensure the respect of human rights in subcontracting relationships on the other side of the world. It will work better than only auditing.

5.2 Decathlon

5.2.1 Presentation

Decathlon is a French company providing sport equipment. They design innovative, high-performance and environmentally friendly products with the aim to make sports facilities accessible to the greatest number of sportsmen and women around the world. They want to preserve the planet and enhance people's lives. (Decathlon, nd a) (Decathlon, nd c)

5.2.2 Declaration of extra-financial performance

The main figures of 2018 are: 30.1% of environmental labeled products, 76% of sustainable cotton, 86% of first-tier suppliers are rated A, B or C for their human rights responsibility with 1157 social audits in 2018 and 69.4% for environmental management, 50% less air transportation and 2.5% less CO2 emissions. (Decathlon, 2018a)

5.2.3 Due diligence

The due diligence program concerns human rights, health and security and the environment and applies to the company, its production subsidiaries and suppliers. It is related to the UN Universal Declaration of Human Rights, eight ILO Conventions on Fundamental Principles and Rights at Work, the ISO26000 Certification on Social Responsibility, the OCDE Guiding Principles, the PCN report and the OCDE Due Diligence Guidance for Responsible Supply Chains. (Decathlon, 2018b)

The due diligence plan highlights key risks: Child and forced labour, discrimination, freedom of association, health and safety, working time, wages, water, soil and air pollution, climate change, management systems and raw materials management (Decathlon, 2018b).

The risk management process consists of 3 systems: a supplier assessment system based on the Code of Conduct, a risks prevention and mitigation system and an alert system for risk collection and management (Decathlon, 2018b).

Social audits on human rights, health and safety are applied to first-tier suppliers and high-risk second-tier suppliers. 67% of them are assessed by internal auditors trained and certified by SA8000, including local people. Audits are driven by an evaluation grid based on the Code of Conduct. It classifies suppliers on social performance: From "exemplaire" (A) to "inacceptable" (E). If the result is E, Decathlon immediately stops the production and requests an action plan until they reach an acceptable level. In 2017, 69% first-tier suppliers and 49% second-tier suppliers reached A, B or C levels. (Decathlon, 2018b)

Decathlon stands out from the crowd by hiring 1943 people located on-site in 25 subcontracting countries. They are working with suppliers on products development, quality, production costs, lead time and compliance with the Code of Conduct. They are trained

in sustainability to manage risk detection and resolution. They also have a team specifically in charge of sustainability who is trained on human rights, health and safety risk management. The OGN Vérité supports them by training this team on forced labour identification, evaluation and mitigation. These two teams organize training for suppliers and subsidiaries to make them understand why they should adhere to Decathlon's values and encourage them to make self-assessment on social issues. (Decathlon, 2018b)

The purchasing team is also trained on sustainability including human rights and considers it in supplier selection. Decathlon is actively working on the purchasing strategy. Their next objective before 2023 is to get 80% of purchase volumes from only 100 suppliers. This way, they can set up an "embassy" system to collaborate closely with a small number of suppliers. This partnership will improve risk management. (Decathlon, 2018b)

After each assessment, suppliers have to establish action plans in order to solve any non-compliance element. Thereafter, these plans are audited by Decathlon to ensure their efficiency and build a long-term risk management system. (Decathlon, 2018b)

The alert system consists of ONGs and customers questionings, civil society reports and studies, social media, newspaper articles and TV documentaries. Decathlon takes it into account, investigates and remediates to any issue. (Decathlon, 2018b)

5.2.4 Supplier Code of Conduct

The Code of Conduct created in 2003 sets up minimum standards for suppliers based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights and the OECD standards and principles for responsible conduct. The suppliers must enforce these requirements in their supply chain. (Decathlon, nd b)

First, suppliers must respect applicable laws and principles. In case of confusion, they have to apply the most strict one. They need to be fully transparent about compliance with local laws and the Code of Conduct by setting a management system and sharing data. They have to declare any modification in their supply chain. (Decathlon, nd b)

They must respect human rights concerning child labour and young workers, modern slavery and forced labour, freedom of association, discrimination, disciplinary practices, working hours, living wages, human resources, grievance system. They have to provide a healthy and safe workplace by ensuring among others fire and industrial safety throughout the entire workplace including dormitories. They need to protect workers' health from chemicals. Moreover, they must prevent adverse effects on the environment. They have to know exactly where their raw materials come and under what conditions they are produced. Decathlon avoids corruption. Suppliers must communicate this Code of Conduct to all workers and implement training and a management system. (Decathlon, nd b)

5.2.5 Interview of Ronan Le Moguen

To understand the implementation of strategies, we conducted an interview with Ronan Le Moguen, Leader for Sustainability in Global Supply Chain (Appendix 5.3.2 page 247)².

Corporate vision Decathlon has a strategic team in its headquarter with a project manager for each sustainability topic including a manager on human rights and working conditions in factories and another on recruitment practices and forced labour. They also have a operational team of 50 people in charge of sustainability in every subcontracting country. And finally, they have now around 2500 people working directly with suppliers, with an office in the factory for the biggest ones. They have suppliers in Vietnam, Thailand, Cambodia, Malaysia and Indonesia.

Human rights practices The enterprise establishes a policy of massification and consolidation of suppliers. They try to reduce the number of suppliers and diversify their activities to build long term partnerships and have a better social impact on workers and local communities. If they need a new supplier for any specific reason, they will audit this supplier on several aspects including social performance and its economic desirability to make sure to engage a future long term relationship.

The company is working hard on the second tier of suppliers in three stages. First, they map second-tier suppliers to identify who they are, where they are and which Decathlon's influence in their supply chain. Then, they assess risks. Finally, they work with first-tier suppliers to involve and raise second-tier suppliers' awareness, they audit them and verify that risks are under control. For the moment, they have already mapped half suppliers and they audit regularly suppliers in Bangladesh and Pakistan which are high-risk countries.

Decathlon works with SGS to audit certain suppliers, with Vérité and Stronger Together on forced labour and with Better Cotton Initiative to audit cotton farms. They prefer to make audit by themselves because they are more stringent than certification organizations they are working with.

Limitations & constraints No one can make 100% sure to ensure human rights in the whole supply chain at all tiers. It is difficult to have visibility beyond first-tier suppliers.

Advice for other companies International brands must establish a strong due diligence program and above all, they need to check the state of mind of top management in factories to ensure sustainability, transparency and accountability to address human rights issues. They need to audit them, to build long-term subcontracting relationships and to have people on the ground. Long-term relationships guarantee better compliance with fundamental human rights and corporate standards.

²This bibliographic reference applies to the entire section "Interview of Ronan Le Moguen".

Anonymous companies

Several interviewees requests anonymity of their company. We will analyze these companies without mentioning their name or any characteristic that could reveal their identity.

5.3 Healthcare company

5.3.1 Presentation

The company is active in the healthcare sector, developing scientific and technological solutions for the medical and pharmaceutical industries. They operate all over the world including in Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam.

5.3.2 Human rights policy

The company ensures decent labour conditions and has a zero-tolerance policy for discrimination, harassment and mistreatments based on any personal characteristic. They ban forced labour and child labour. They regulate overtime and reinsertion after an absence. They provide fair contracts with freedom to leave it and wages above living wages. They create an environment of freedom of speech where workers have the right to form unions, associate and social dialogue. They are committed to health and safety for all people that could be affected by their activities. They protect local communities. In particular, they make sure not to participate in any crime, violence or violation of international and national law. Finally, they promote the UN Global Compact to all third parties.

5.3.3 Supplier code of conduct

Suppliers have the duty to treat workers with dignity in compliance with the supplier code of conduct and with the law. The company ensures compliance through audits, corrective action plans, monitoring by external specialists among other improvement programs.

Labour rights requirements Suppliers must ensure free choice of work and avoid any form of forced labour or coercive mechanism. They must respect ILO required minimum age and prevent child labour. In case of child labour discovery, the firm will remove the child from work and support the child with training and accommodation among others.

They must avoid any kind of sexual, physical or psychological harassment, discrimination, violence mistreatment, bullying or bribery. They must provide a safe healthy workplace, educate workers about safety and risks, protect them from exposure and establish a program to identify, prevent and mitigate risks and emergency plans.

Workers have the right to freedom of association and collective bargaining, to form union or worker committee, to social dialogue with no fear of reprisal. Employers must comply

with national laws on minimum wages, working time and occupational benefits. These standards are written on a contract communicated to workers.

Suppliers must set up a management system to respect the code of conduct and national laws: Ensure its enforcement, continually improve and record their compliance with standards, ensure risk management, report about abuses or illegal activities, educate workers to ethics, law and contract terms, get approval for new suppliers.

Compliance audits A manager is nominated on each site in charge of human resources to ensure that labour rights standards and related procedures are respected. They ensure and verify that workers work freely by choice and are being paid, are not underage to work, are not discriminated, do not face unfair treatment, have decent wages and working time, are free to associate, bargain and complain, and have a healthy and safe environment. Compliance managers on-site must implement efficient practices including disciplinary measures. Moreover, the company may at any time audit and monitor suppliers, to make sure they comply with the supplier code of conduct and national laws.

5.3.4 Interview of the human rights manager

We conducted an interview with the human rights manager (Appendix 5.3.3 page 249)³.

Corporate vision The company has constantly been working on human rights. They joined the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the UK Modern Slavery Act. The firm has a dedicated human rights department, whereas a single one was dedicated to all CSR purposes in the past. This split gave more authority to human rights within the company.

Human rights practices Risk assessment is managed in three stages. Before entering into a subcontract, a team of labour experts make a complete analysis of the supplier's social and environmental performance. They check seven types of risks including human rights. Would a risk be identified, a risk expert makes a risk assessment which may be performed on-site. If the risk is too high, no contract will be launched. If suppliers pass the evaluation and become an official supplier, they have the duty to agree and comply with the supplier code of conduct as a legally part of their contract. During the relationship, they do regular on-site visit to their direct and indirect suppliers on-site through their human rights due diligence. In case of abuse, the contract ends immediately.

Limitations & constraints First, global brands face difficulties to monitor their huge amount of suppliers, especially at lower tiers. Secondly, there is lack of influence. If a firm represents only a few percents of its production, a supplier may not make costly efforts

³This bibliographic reference applies to the entire section "Interview of the human rights manager".

to comply with the company's requirements. Thirdly, businesses outsource to reduce costs but ethics do not come for free. They must invest money and time. Fourthly, the awareness for human rights in Southeast Asia differs from Europe. Governments sign international treaties but do not implement them into national laws to make them legally binding. Finally, some brands react only after an abuse scandal to protect their reputation and not value-based. It is challenging to get businesses to act responsibly before causing adverse effects in a proactive rather than in a reactive position.

Advice for other companies Companies should not consider suppliers as a transactional mean to get services at the lowest price but as long term partners. Suppliers will be more willing to make efforts for long term than for short term contracts. This is a win-win relation. If brands invest in long term subcontracting relationships, they will get more from suppliers feeling involved.

5.4 Design company

5.4.1 Presentation

The company is a design company producing crafting, high-quality, long-lasting furniture and accessories from responsible production and sourcing with the aim to have a positive impact on people and the planet. They have a global supply chain including in Thailand, Vietnam and Indonesia. They are part of the UN Global Compact and the Amfori's Business Social Compliance Initiative [BSCI] Code of Conduct.

5.4.2 Annual report

Principles They report annually on the UN Global Compact on human rights, labour, environment protection and anti-corruption practices. First, human rights: They must respect internationally recognized human rights and can not cause any violation thereof. The company respects and protects human rights in their whole supply chain, as well locally as globally. Secondly, labour: They must enforce freedom of association and collective bargaining, avoid forced labour, child labour and discrimination. The firm ensures transparency, decent wages and a safe workplace by building long-term relationships.

Results International trade has positively impacted the economy and wealth level but also negatively with pollution, waste and natural resources overexploitation. The company is positioned for responsible sourcing. They implemented the UN Sustainable Development Goals [SDG] into their business model, including decent work. The company is certified Benefit Corporations [B Corp]. B Corp guarantees the highest social and environmental standards by assessing governance, workers, communities and the environment. They scored around 90 out of 200 for their first assessment. They provide additional

healthcare insurance and activities, professional and personal skills training and a low wages gap. They ensure gender equality and local community protection which is especially effective with their long-term suppliers in Southeast Asia. The wood they source is certified by the Forest Stewardship Council [FSC] which protects local communities, biodiversity and forest workers against deforestation. They also source from the Programme for the Endorsement of Forest Certification [PEFC] in Canada. They comply with the EU's Timber Regulation for legal wood sources. They source around 70% FSC wood with the aim of 100% before 2025, especially from Indonesia.

Audits They have a zero-tolerance policy for breaches of law or contract. If it happens, they support the supplier to improve its practices or end the contract. Suppliers are audited by independent organizations approved by Amfori with advanced knowledge in the industry and region and partnerships with local experts. In 2019, they audited the majority of their manufacturers with the last ones scheduled in early 2020. Big suppliers get pre-audited to prepare them. Suppliers are assessed based on wages, payslips, contracts, working conditions, worker information and education. Global and fire safety, machine processing, Personal Protective Equipment [PPE], toilets, canteen and cleanness will be checked. The firm ensures living wages higher than legal minimum wages.

5.4.3 Code of conduct

The code of conduct sets social and environmental requirements for their own facilities as well as their suppliers. They joined Amfori's Business Social Compliance Initiative [BSCI], a code of conduct shared by 2000 businesses and based on the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development [OECD] and the UN Global Compact to frame high CSR standards. The eleven BSCI requirements are the right of freedom of association and collective bargaining, fair remuneration, occupational health and safety, special protection for young workers, no bonded labour, ethical business behaviour, no discrimination, decent working hours, no child labour, no precarious employment and environment protection.

5.4.4 Interview with the CEO

We conducted an interview with the CEO. (Appendix 5.3.4 page 258)⁴.

Human rights practices The company works with several organizations to reach higher human rights standards. They joined Amfori to create a better code of conduct with the BSCI general code and to help them by auditing them. They integrated the UN Global Compact that looks up their report and makes sure that they are doing right. They are also part of B Corp that gives them a score and point out areas of improvement.

⁴This bibliographic reference applies to the entire section "Interview with the CEO".

The firm mainly sources wood which is from suppliers who do not have their own suppliers. Very few of their suppliers have subcontractors, or only small pieces such as bolts. So they will not visit these suppliers that represent only 1% of their subcontracts because they are a small team of 40 employees within the company. But they do visit all direct suppliers as well as indirect ones who represent more than only a few bolts. Anyway, their direct suppliers must ensure that their suppliers do also respect the code of conduct.

Their main material is wood which is FSC certified. They aim to source 100% FSC wood. They have guarantees that their suppliers respect human rights thanks to FSC and Amfori audits. Their possibilities are limited in terms of suppliers selection because they look for high-quality and FSC certified suppliers. They often find new suppliers on a network basis. Suppliers providing high-quality products are also often a guarantee of quality for human rights. Then, they audit their compliance with the code of conduct.

They keep suppliers in the very long term. By ensuring them to stay overtime, suppliers have willingness to invest in human rights. They visit suppliers every three years according to BSCI. They can not do more because they are a small team. If they discover a violation, they will react instantly to remedy to the issue which can take more or less time.

Limitations & constraints Some companies care, some do not. The first issue is the supply chain length. It is complex to know what your suppliers are doing, who are their suppliers, what they are hiding from you. It is especially difficult down the supply chain. In particular when you only source a small quantity from this factory. It is complicated to make suppliers change things if you are only a small customer for them. Another big limit is the lack of understanding of the local culture where you outsource.

Advice for other companies Companies should work with organizations like Amfori which ensures good standards and makes audits for them. It is better to invest money in another organization than doing everything by yourself. They have to take the time to go down and visit factories. They need different people visiting these places, not only one.

5.5 Food and beverage company

5.5.1 Presentation

The company is one the biggest food and beverage enterprises. They are one of the leaders in human rights compliance.

5.5.2 Annual report

This annual report presents the company's social and environmental commitments including on the respect and promotion of human rights including the freedom of association

and collective bargaining, working time, safety and health protection, living wages, child labour and forced labour suppression, grievance systems, access to land, water, sanitation, accommodation and basic services.

The firm works with a number of association for the protection of human rights, worker rights and the environment. They constantly work to improve their due diligence program with human rights training program, audit protocol, human rights risk assessment and risk management. They actively worked to enhance working conditions and to avoid child labour and forced labour with employers training, safety measures, dangerous behaviour banning, monitoring systems implementation, audits improvement and remedial actions. They have a special regard to the agricultural sector which is the riskiest one.

To create a culture of integrity and respect throughout all their operations, they raise communications about compliance and grievance mechanisms in all their industries and they worked with external auditors to measure compliance, implement best human rights practices and conduct training in supplier facilities. The company sets up an effective grievance system throughout its whole supply chain to find the causes of major issues and to allow anonymous worker and external stakeholders complaints in an online channel.

They ensure decent work and diversity by working on the gender pay gap, inequalities and balance at all hierarchy levels, by integrating all people indiscriminately from age, culture, disabilities or sexual orientation and with skills training for young people. They provide a healthy and safe workplace with a focus on ergonomics, healthy diets, stress and resilience, fatigue and working time. They have various programs to improve work environment against occupational illnesses, injuries and deaths and maternity protection.

5.5.3 Human rights due diligence

Their human rights due diligence program consists of policies, stakeholder partnerships, training, awareness raising, risk assessments, impact assessments, grievance mechanisms, governance, monitoring and reporting. Their objective for 2020 is to tackle child labour, wages, grievance system and transparent report on the number of workers who got advantage from their actions.

5.5.4 Supplier code of conduct

The code of conduct is particularly long and precise with the mantra to source responsibly. It is a set of mandatory social and environmental requirements for suppliers all the way down in the supply chain considering direct suppliers as well as indirect intermediaries. Suppliers must apply the same standards to their own suppliers. This document goes beyond local regulations and industry norms and is based on UN Guiding Principles.

This text provides detailed standards classified by type of suppliers: first-tier ones, inter-

mediary ones and raw materials ones. All of them must respect people, communities and the planet according to the company's standards and applicable laws.

Because compliance takes time, suppliers are required to be transparent and work continuously until they achieve all these requirements with the support of the company. Subcontractors have 6 months to comply with urgent requirements and 36 months with important requirements. If they do not show continuous efforts, the contract will stop.

Suppliers from the first tier must ensure decent treatments and conditions for employees. They have to run their business activities without prejudice to people and the environment. Their sourcing standards concern their compliance to fundamental human and labour rights including recruitment and employment standards, ban of any form of forced labour or child labour under the minimum age, freedom of association and collective bargaining, wages equality, work time and days off, worker respect and health and safety including emergency management, decent work environment and living conditions insurance. It goes about the right to land, environment preservation, hazardous risks and subcontracting relationships. Finally, it addresses their attitude towards ethics, grievance system, conflict of interest, entertaining, knowledge use and sharing and transparency.

In addition to the obligations above, intermediaries must ensure that every supply chain stage is fully transparent and traceable, especially in the transportation and with labour brokers. They can not harm people, animals or the planet in any way.

Origin farmers and fishers must respect, protect and preserve workers, animals, soils, land, water and forests. The required production standards are defined very precisely in this document although they are not relevant to our research topic.

5.5.5 Interview of the sustainability manager

We talked with one of the sustainability managers of the company (Appendix 5.3.5 page 265)⁵.

Corporate vision The interviewee established the Human Rights Due Diligence program. The company integrated its human rights policy all along its supply chain.

Human rights practices The firm has high-level risk management, including on human rights. They identify human rights issues that could impact people. They have tools in place to assess risks and measure impacts. If a risk is identified, they react proactively with remediation actions by themselves or with other companies, NGOs, civil society associations or governments depending on the situation and nature of the abuse.

Direct suppliers sign responsible sourcing standards contractually. These standards are

⁵This bibliographic reference applies to the entire section "Interview of the sustainability manager".

applicable to all suppliers down to the bottom of the supply chain, also to indirect suppliers. Some supply chains are easy to trace with a few tiers but some others are more complicated with sometimes 55 tiers. Once traced, they assess suppliers, engage with them, find gaps and come up with remediation action plans. Compliance takes time. The company is working on achieving 100% traceability.

They select new suppliers by bidding process based on business needs, prices and capacities. They look at certifications as a solid basis. But certifications often do not identify child and forced labour. They need to go beyond and perform their own assessments.

They visit suppliers depending on commodities nature. For cocoa, they have agronomists on-site working daily with farmers on agricultural practices, social and environmental concerns. For other commodities, they have partners visiting suppliers every 3 to 5 years.

Limitations & constraints The biggest difficulty is the rentability between firms investing in human rights and those who do not. It has been a long journey for the firm to reach their current level. Legal frameworks are limited. It takes time and is complex at start. In Europe, new laws enforce businesses to process due diligence. Some laws are effective and enforced. But others like the UK Modern Slavery Act raise awareness but are not really legally binding. At local level, depending on the country's level of development, many local governments do not enforce ILO conventions and labour laws.

Advice for other companies At the start of the journey, companies should engage human rights impact assessments, on-site visits and audits, human rights due diligence. Before establishing policies, contract requirements or team recommendations, they need to go to suppliers and see by themselves what is going on.

5.6 Technology company

5.6.1 Presentation

The company is a materials technology and recycling multinational enterprise providing clean solutions for various high-tech industries.

5.6.2 Corporate social responsibility report

They respect fundamental human rights in their supply chain all over the world for their workers, the communities near their operations and the entire society. They operate based on high standards of business ethics and integrity and values of respect, innovation, openness, teamwork and commitment. They give importance to being an excellent employer providing fair working conditions in a decent workplace.

5.6.3 Procurement report

A a supplier itself, the company commits to work with suppliers respecting the highest ethical and professional standards. They rely on relevant high-level quality, social and environmental requirements to enter into subcontracting relationships.

They support suppliers to fulfill the company's requirements and communicate transparently in annual reports. They protect local communities by working with smaller sized suppliers to participate in the local economy and ensure high standards on safety and health in their entire supply chain. Their suppliers have the duty to comply with the company's standards on the environment, human and labour rights, business integrity, assessment and monitoring in their entire supply chain, including for their suppliers.

Focusing on human and labour rights, suppliers must comply with the ILO Declaration on Fundamental Principles and Rights at Work and all human rights international laws and strive against any violations of regulations. They have to implement a managerial system to proscribe forced labour and child labour under 18 years old, to respect the freedom of association, collective bargaining and social dialogue, to avoid any form of discrimination or unfair treatment, to comply with applicable laws concerning work remunerations, benefits and time, to ensure safety and health at work with emergency plans and procedures and to provide training and opportunities of development to employees.

Suppliers need to prove with documentation the implementation of procedures to achieve these standards. The company assesses their compliance with this charter with self-assessment questionnaires, visits and on-site audits. If suppliers do not work on, they will have to bring corrective plans to remedy adverse effects and prevent occurrence.

In additon, they have a specific framework for cobalt which comes from conflict zones.

5.6.4 Code of conduct

The code of conduct requires the respect of ethics, laws and the company's standards for all employees or people acting on its behalf. All employees receive the code of conduct as part of their training. Any violation of the code of conduct will lead to disciplinary measures, redundancy or lawsuit. It goes about complaints and concerns reporting, personal behavior, equality and diversity, integrity, fraud, bribery, conflict of interest and confidentiality, compliance with labour and competition laws, press inquiries and rights.

5.6.5 Interview of the Vice President in Europe

To understand the human rights decision-process, we conducted a first interview with the Vice President of the company. (Appendix 5.3.6 page 271)⁶.

⁶This bibliographic reference applies to the entire section "Interview of the Vice President in Europe".

Corporate vision Human rights is one of the core principles of the company. They commit to fundamental human rights in their main Charter.

Human rights practices In their own factories, managers receive wages based on their performance in meeting standards. The company makes its own assessments and works with IndustriAll, a grouping of international unions, which visits its facilities to speak with workers without the presence of local or headquarter managers. They assess sustainability, which relates to social and environmental concerns, and policy implementation. The company always receives positive feedback.

To deal with suppliers, the company has a Procurement Charter establishing requirements for suppliers. They commit to train and help suppliers to set up ethical practices. If suppliers do not meet these standards, the contract will end. They have a specific framework for cobalt that comes from conflict zones. They work with an external auditor certifying that materials do not participate in conflicts. They select suppliers related to provided services, regions at risk and social and environmental practices. They look at certifications: ISO 14001, ISO 24000, OHSAS 18000, RMI, etc. Low tiers suppliers must comply with the same standards. They consider the entire supply chain as a whole. Direct suppliers are accountable to apply standards to their own suppliers too.

Limitations & constraints There are no real limitations or constraints to human rights compliance. Respecting human rights is a choice.

Advice for other companies Firms have to visit places to see what really happens and need to understand cultural differences and local practices. They should find the right balance between company's standards on human rights and local operational practices.

5.6.6 Interview of the Managing Director in Thailand

We completed the previous interview with an interview of the Managing Director in one of their factories in Thailand (Appendix 5.3.7 page 278)⁷.

Human rights practices The company created a code of conduct which defines exactly how employees and suppliers have to work. It includes specific industry standards. They have an internal audit every five years and external audits from organizations such as Ernst & Young. The Thai office has an annual report on ethics and working standards which is submitted to its headquarter in Belgium.

The firm has its own scoring program to assess suppliers which includes on-site visits. They audit suppliers in their factories based on specific criteria and request documentation

⁷This bibliographic reference applies to the entire section "Interview of the Managing Director in Thailand".

to make sure they comply with the company's standards. They are very strict about compliance. If a supplier does not source ethically, it will be rejected by the firm. It is important to them to know their suppliers. The enterprise works with several accreditation organizations. For the moment, they do not require suppliers to have certifications but it is well appreciated. They educate suppliers about their code of conduct and expectations.

These standards are also applied to suppliers of their suppliers. They will visit and assess high-risk sub-suppliers to make sure that they are ethical. They have an internal supplier blacklist that they should not work with. They look at accreditations. For example, for the jewelry industry in Thailand, they only work with suppliers with Responsible Jewellery Council or LBMA certifications from which they are an active member of.

Limitations & constraints In Southeast Asia, difficulties depend on the country's stage of development. For example, Thailand is well developed but Myanmar is a red flag country. The issue in Myanmar is corruption affecting private inspectors.

Moreover, human rights are a relatively recent concern at corporate level. Companies become more and more aware. It was not necessarily the case in the past where profits played a predominant role. Hence some firms still do not fully respect human rights.

Advice for other companies Businesses should have a dedicated well-designed screening process in place and not just focus on accreditation which is not always sufficient. It should include regular on-site visits and audits. They need to put these commitments into action and not just leave them on paper. Random audits without announcement are also efficient. Businesses should know who exactly are their suppliers and what they are actually doing in order to make sure they comply with the corporate standards.

5.7 Garment company

5.7.1 Presentation

The garment company is a multinational enterprise with a worldwide presence. They propose a huge range of various clothing, shoes and accessories for men and women fashion industry. They have suppliers in Cambodia, Myanmar, Indonesia and Vietnam.

5.7.2 Corporate social responsibility policy

Their suppliers have a duty to ensure respectable working conditions, to treat people with dignity and to pay decent wages according to the internationally recognized human and labour rights and to the company's code of conduct. They have more than one hundred employees working on supplier compliance who audit their factories at least once a year. They inform workers and managers about the company's compliance standards. They

provide training programs to support manufacturers to ensure decent work and deal with worker rights issues. They offer education programs to workers.

5.7.3 Supplier code of conduct

Suppliers are committed to the code of conduct as part of their contract and must respect specific social and environmental requirements. Concerning human rights: They must make sure that employees are working by choice by avoiding any form of forced labour or identity document deposit. They ensure the freedom of association and the right to collective bargaining, the right to form and join trade unions and freely discuss and negotiate with employers with discrimination fear. They are required to provide a healthy and safe workplace where employees work under decent working conditions and are protected against occupation risks by their employer with training, access to water and sanitary facilities, risk management system and dedicated manager. They have to avoid child labour and protect young workers under 18 years old in accordance with ILO standards. They must pay living wages as part of their employment contract. Working time can not exceed 58 hours a week. Overtime should stay voluntary and not exceed a total of 60 hours of work a week. Workers deserve one day off every week. Suppliers must prevent any kind of discrimination and any form of physical, sexual or verbal mistreatment. They must comply with applicable local laws.

5.7.4 Interview with the Manager for Southeast Asia

We conducted an interview with the Manager for Southeast Asia (Appendix 5.3.8 page ??)⁸.

Corporate vision They have a Supplier Code of Conduct based on ILO fundamental labour standards. It is a guidance document on social and environmental compliance that all suppliers have to comply with.

Human rights practices They have double monitoring to check compliance with the Code of Conduct. They audit suppliers by themselves and by means of the dedicated audit organization, including Better Work part of the ILO, which assesses factories for them. In case of minor violation of the Code of Conduct, the company will end the production and suppliers will have to bring a remediation plan to fix the issue. In case of human rights abuse discovery or voluntary violation of the Code of Conduct, the company will stop the subcontract with this supplier. They are working in the same factories than other big brands. Even if they are competitors, when it comes to human rights respect, they help each other and they warn each other in case of serious issues. The company does not consider audits as a sanction mechanism but as a learning one.

⁸This bibliographic reference applies to the entire section "Interview with the Manager for Southeast Asia".

If their suppliers want to have their own subcontractors, they need to get the company's approval after a range of investigations and audits by the international brand. The supplier Code of Conduct also applies to low tiers of suppliers.

They select suppliers based on production capacity and ethics which includes all labour rights standards and health and safety requirements. In addition to audits, Better Work provides useful assistance and advisory both to international brands and to factories. The company has around 500 partnerships with various global and local organizations for diverse fields of action, from audits to driver training.

Limitations & constraints There is no company that can ensure to be 100% compliant. An important limitation is the distance between factories and headquarters. A limit with ILO's audits is that suppliers often know in advance that they are coming. Moreover, another issue is that some countries are not able to comply with corporate standards.

Advice for other companies Brands should have employees working on-site in the countries where they have suppliers. Being close to suppliers greatly reduces the risk of violations. They need to consider factories as partners. Avoiding risky countries is not a solution. We need to stay in the country and participate in its development by ensuring human rights at least in our factories but also by putting pressure on governments.

5.8 Industrial provider company

5.8.1 Presentation

The multinational enterprise is an industrial manufacturer and services provider of technological solutions such as vacuum and compressors among other.

5.8.2 Human rights report

The company respect and support human rights throughout their entire supply chain through a strong human rights due diligence program. They integrate in their code of practices the highest ethical standards from the UN International Bill of Human Rights, the ILO labour conventions, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Their due diligence program aims to prevent, identify and remediate to any violation of these internationally recognized standards caused by their activities. They have a special focus on the most vulnerable people: women, children and disabled workers. They provides training and education on human rights fo all employees and suppliers. Their partners and suppliers have the duty to respect the same standards. They developed a grievance system leading to investigations and solutions.

5.8.3 Code of conduct

Their code of conduct is stricter than local laws and regulations. They take into account the economic, social and environmental impacts of their activities by respecting fundamental human rights, protecting local communities and preserving the planet. They select suppliers and business partners based on their productivity, fiability, quality, price, lead time, social and environmental performances. They make sure their partners adhere to their values, policies and commitments. They are committed to transparent communication, business integrity, proper governance and commitment enforcement.

5.8.4 Interview with the Manager for Southeast Asia

We interview the manager for Southeast Asia. (Appendix 5.3.9 page 293)⁹.

Human rights practices Before entering into a subcontracting relationship, they audit factories based on several criteria including quality, delivery time, human rights, environmental practices, etc. They look for accreditations if they have some. Suppliers must sign a compliance statement which is a set of rules including labour rights among others.

Once the subcontracting relationship starts, the company continues to audit and visit factories. The brand train suppliers and raise awareness on human rights to make them understand their impact on people and to show them how they should behave.

As a supplier, the company also gets audited on their compliance with corporate rules and standards. Some companies do, some do not. The firm communicates with its customers about its statements by means of its code of practices. It is a guarantee that they will comply with customers' standards. They are transparent with their customers.

Limitations & constraints In developing countries, some suppliers are not aware of their social impact. Moreover, some international enterprises have commitments on the paper but they do not audit suppliers.

Advice for other companies International companies must take the time. It is a process and a long journey that involves all stakeholders. They must raise awareness of suppliers and employees. Many suppliers are just not aware. Brands need to explain them why respecting human rights and how to act exactly. They should get their own employees involved and train them. It starts within the company. If their own employees are trained and aware, they will know how to proceed and what to avoid. In addition, they should make audits to monitor compliance with standards.

⁹This bibliographic reference applies to the entire section "Interview with the Manager for Southeast Asia".

CHAPTER

6

SOLUTIONS

This chapter will provide solutions for European organizations willing to ensure the respect of human rights in their subcontracting relationships in Southeast Asia. We will analyze the results from collected data (Chapter 4 page 35) together with new ideas for solutions.

6.1 Shared corporate vision

First and foremost, the company should establish a common corporate vision within the headquarter. They have to create and share a vision that prioritizes social and environmental concerns with respect for all populations and for the planet. They have to include these matters as the main part of their corporate vision, mission and business model. In every decision-process, social and environmental impacts must be considered.

To that extent, they must share those values with all their stakeholders throughout public corporate social responsibility policies. These commitments take a precise stand for the respect and protection of all people and environments that could be affected by their activities throughout their entire supply chain until lower tiers. It must be accepted by all stakeholders, including investors. Corporate social responsibility will not harm the business profitability, but sufficient funds will have to be allocated to it. No decision will be made to maximize profits if it could have any adverse effect on people or the planet.

They must raise awareness for social and environmental care within their own company by selecting their employees on these criteria and by providing them with social training throughout their career. This way, they ensure their staff acts and makes decisions with due consideration for people and the planet, including in subcontracting relationships. The respect of human rights by the suppliers definitively starts within the headquarter. The most sustainable and ethical businesses are the ones who have a strong corporate vision shared by all stakeholders, starting with employees.

They have to share these values with subcontractors as well. In the same way they have done with their own employees, they must select suppliers who demonstrate a genuine concern for social and environmental matters, starting with the directors of those factories.

The only way to ensure that managers will not save costs on human rights is to have them to share the same values as the company does. The first step is to talk to the board of directors and see if they share the same vision. Then, the firm must raise the same awareness for labour rights within the supplier's facility by training managers and employees on the topic of human rights at work, on safety and health precautions and by informing workers about their own rights on a written contract. For that purpose, they can do it by themselves or require specialist associations.

The company needs to make sure that these suppliers have the same conception of human and labour rights by taking into account the cultural differences and mentality gap between Europe and Southeast Asia. They should inform and train managers about the productivity benefits of providing a pleasant and safe workplace where workers feel respected and protected. They can also inform them about the benefits of the freedom of association and collective bargaining which do not establish a conflicting relationship with workers but a partnership towards greater well-being, productivity and accident safety. The better workers feel, the better they will work and the most income suppliers will get. They need to show them the opportunities of a long-term vision rather than a survival short-term one. These information sessions must be non-judgmental where the director will not feel attacked and will be ready to hear what it states. If the firm is confronted with managers with patronizing or misogynistic mindset, they can be sure that the factory will not respect workers and women at work.

It is essential to consider and find out about the cultural and economic differences of each region where they operate and to adapt their speech and strategies to the local reality. Some places require more involvement and investment on human rights than others, especially in low developed countries and in states with weak legal labour framework. By outsourcing in a Southeast Asia country, companies should take into account the country particularities: its culture, mentality, level of development and labour laws to know what are the human rights issues and the applicable laws in this country. This is necessary to investigate the location where we want to operate. But companies should not avoid certain red flag countries by considering that they are too risky. They need to participate in the country's development. They only need to pay close attention and special care to the facilities in this country by adapting their monitoring and training to the difficulties and peculiarities of this area.

Finally, they need to ensure that internal and external labour inspectors also have the same business integrity and ethical view as the company. The corruption during audits is commonplace in Southeast Asia. It is a cultural, accepted by the majority and often unpunished behaviour. Businesses must hire the right auditors who share the same values as the company, in particular towards corruption and they have to train them to make them understand the importance of refusing bribes and of protecting worker rights.

6.2 Corporate strategies

The corporate strategy must include social and environmental matters, including human rights, as a core part of their business strategy. Even so, they must be careful to remain tolerant in their subcontracting relationships. Of course, some human rights abuses are intolerable such as forced labour or violence. But zero-tolerance policy will only lead suppliers under pressure to hide activities and outsource to the informal sector. They need to support suppliers in their improvement.

They need strategic changes in terms of business model. Suppliers can not deal with price reduction requests year after year and providing decent working conditions at the same time. They have two choices. The first option, they need to completely change their business model: leave the low-cost mass consumption and production and offer to consumers most sustainable products with higher quality and longer-term use, at a higher price if needed. The second option, less radical but less compliant with the idea of ethics and sustainability, they need to accept to reduce their own margin by increasing the one of suppliers. In any case, clothing companies should stop encouraging fast fashion which puts too much lead time pressure on suppliers, generates employment instability, requires extended work hours, causes worker stress, overuses natural resources and increases violations of human rights.

The major strategy to set up concerns the headquarter's structure. Companies must have a corporate social responsibility [CSR] department and a purchasing department working together on a common goal bringing together social responsibility and profitability which are not incompatible. Businesses must put less cost reduction pressure on the purchasing department and include ethics and sustainability in the key missions of this department. The CSR department is not a public relation bureau but a main actor in supplier selection and follow up. Both departments must be regarded as equal and have the same power of decision in subcontracting relationships. We also suggest them to have a dedicated human rights branch focusing on the enterprise's impacts on workers and local communities.

The most important is to build long-term subcontracting relationships in which suppliers feel involved and considered enough to invest in compliance with corporate requirements. They become solid partners who share the same vision. The international brand has to support the supplier to improve its economic, social and environmental performances. And the supplier has to promise to work on continuous improvement of its compliance with the company's standards. It needs to be a win-win contract in which both parties value the relationship and are willing to make efforts to maintain it. Otherwise, the factory has little incentive to invest in human rights for short term contracts, even more if the customer has low influence within its supply chain. And the international company wastes resources in supplier search, awareness, training and monitoring and gains risk monitoring and compliance certainty.

Most human rights violations appear in the lower tiers of the supply chain. Direct suppliers are quite well monitored by governments and brands and do not take the risk to disregard. As a result, the company must extend its accountability to all tiers of suppliers. In order to do so, they must map and identify their second-tier suppliers. They need to visit, assess and audit them to find out potential or current risks. They have to work in collaboration with first-tier suppliers to raise second-tier suppliers' awareness the same way the company does with first-tier by training, informing and educating them to worker rights, social and environmental matters. Once they are as involved and aware as first-tier suppliers, the company have to go down and down in the supply chain to map their whole supply chain. It takes a very long time to achieve this goal but this is necessary for all companies to start this process right now. They should prioritize suppliers related to their level of risk.

To make it feasible, they must implement two key strategies which participate in better monitoring factories but also in better mapping the supply chain. First, the company has to work with direct suppliers and limit the number of intermediaries. Secondly, they must reduce the total number of their suppliers. This way, companies can have stronger control over a limited number of business partners and ensure the respect of human rights until lower tiers of the supply chain. They can work closely with a reasonable amount of suppliers to improve their performances which is impossible with thousands of suppliers.

To address the issue of corrupted audits, international brands need to create a culture of non-tolerance towards corruption in which the likelihood and consequences of getting caught are significant. To do so, they have to monitor auditors continuously and to reward them when they are well doing a good job, rather than punishing them severely.

6.3 Subcontracting relationships timeline

Supplier selection The first step of the subcontracting journey is the selection of potential future partners. Businesses need to change their selection criteria from manufacturers proposing the lowest prices to manufacturers proposing the most ethical production or at least proposing decent working conditions respecting fundamental human rights. They need to work with direct factories with the lowest number of intermediaries as possible.

As mentioned earlier, the company needs to ensure that the supplier shares the same values and vision of worker rights. In addition, they can rely on renowned certifications such as SA8000, ISO certifications and external audit certifications from Sedex, Amfori, the ILO or Better Work among others. They can check their membership in ethical associations. Certifications and memberships are added values but businesses can not only rely on that. It does not guarantee full respect of human rights, notably because of corruption. They must visit and audit suppliers by themselves before starting any contract. This is important to know their suppliers in-depth and to identify their potential risks. This approval assessment must include discussions with workers without their managers and

directors. They need to pay special attention to suppliers from conflicting areas and from high-risk industrial sectors.

They should take the decision to focus on suppliers with trade unions in place. The only way to ensure all fundamental labour rights is to have independent unions within the factory. By raising the voice of workers, they allow collective bargaining, social dialogue, complaint procedure and above all, the identification of human rights abuses. In addition, the Worker-driven Social Responsibility [WSR] framework recommends establishing an open channel to receive anonymous worker complaints and prevent retaliation fear.

Contract The second step is the contractual agreement. The contract must include a supplier code of conduct requiring minimum professional, social and environmental standards including the respect and protection of the fundamental human rights according to the International Bill of Human Rights and the Fundamental Rights and Principles at Work which are: the freedom of association and the right to collective bargaining, the abolition of any form of child labour and forced labour and the elimination of any kind of discrimination. In addition, they should ensure living wages above minimum legal standards, health and safety working conditions, labour protection measures and no excessive overtime.

The code of conduct should require manufacturers to set up evidence of compliance recording, a worker training system, an emergency plan, a risk management system, a compliance management system to prevent, mitigate and remedy to any human rights abuse. They must comply with applicable international and national laws and industry standards. To encourage compliance, the WSR advises to adapt supplier codes of conduct to the different factories and countries and to include in the contract economic consequences in case of non-compliance.

Subcontracting relationship Throughout the entire contract, the supplier must work continuously to comply with the company's minimum standards and the brand must ensure it by means of a due diligence program. Due diligence is the whole evaluation process of commitments enforcement. Along with all the methods presented in this chapter, the main procedure to assess supplier compliance is through regular visits and audits. These audits must not only evaluate product quality but have a deep focus on social and environmental concerns. Thereafter, these audits must happen regularly to direct and indirect suppliers, several times a year would be the best. The monitoring of these factories should continue all over the time outside the duration of the visits. Having people in charge on-site can fix it.

The best way to know what is actually happening in supplier factories is a double audit by both internal auditors from the headquarter and external auditing companies. Internal labour inspectors must be strongly trained, especially to detect forced labour which is the

most difficult abuse to identify. They can be trained and certified by SA8000 which is one of the best auditing systems in place. It is safer to monitor factories on their own to prevent external auditors' negligence or corruption. External inspectors offer added value by being highly specialized in this field and having knowledge of local specificities but they are often huge auditing companies who will not give a very close level of attention to individual client's requirements as expected.

Totally unannounced audits can create conflicting relationships with suppliers but is also necessary to prevent them from hiding human rights violations. A good in-between is a semi-announced audit. The brand notifies the manufacturer that they should expect a visit anytime during a defined period of for example two weeks or one month. Suppliers will have time to be prepared for the audits without being able to hide major issues. During audits, they must ensure once again free talk with employees without their hierarchy and check documents proving compliance efforts. Auditors should be careful of falsified documentation. Furthermore, audits can be supplemented with root cause analysis to understand what is driving the issues.

Audits is rather an education than a monitoring tool. Once again, the most important part is to create awareness of suppliers. It can also happen through audits by telling the manager about the need for improvement that the inspector see all around during the visit of the factory. Often, they are just not aware of occupational risks for example. It is also important to have a positive attitude towards suppliers during the audit. Many manufacturers see inspectors as the enemy. Auditors can be insulted or threatened.

In case of abuse, international brands should not end the contract and run away. That would mean leaving the workers to their fate in this factory. They have to momentarily stop the production and support suppliers by working together on a remediation action plan until to reach acceptable responsible standards. Only if the supplier shows signs that it has no will to address these issues, then the firm can end the contract.

6.4 Investment

The most important is the investment of financial, time and human resources in labour rights concerns. This is the best way to address the issue of cost and lead time pressure and most of the human rights violations resulting from a lack of supplier resources.

Financial resources International brands must give enough money to suppliers to allow them to ensure decent working conditions, in particular to provide higher wages, health and safety measures, trade unions facilities and informal work, child labour and forced labour abolition. Moreover, they also need to pay inspectors enough to make sure they will not accept bribes.

Time resources They need to invest in long-term relationships to get suppliers on board as discussed earlier in this chapter. On a yearly basis, they should not rush suppliers or require them peak seasons productivity. Year-round constant orders address overtime and job instability. They need to take the time to become more ethical and responsible. They also need to give suppliers the time to improve and to reach corporate standards by supporting them in this process. It is a very long journey for all stakeholders that never ends because there are always new challenges and doors for improvement.

Human resources They have to invest in human resources with internal labour inspectors, with people in charge in the headquarter but also, with people working on-site. This is essential for multinational companies to have employees in all countries where they operate. Being on-site on a daily basis is the only way to really ensure human rights respect. The most ethical multinational companies all have dedicated people on-site, either within the factories, especially for the bigger ones, or in an office within the country at the national or regional level. Those employees work directly with suppliers on a daily basis to support their activities as well as to monitor their compliance and performance. On-site employees need to be trained on risk detection and resolution, in particular on human rights.

6.5 Partnerships

Companies must definitely work with non-governmental organizations who share experiences, understand causes and discuss possible solutions with the only common interest to enhance human and labour rights respect.

The United Nations [UN], that includes all the nations of the world, has established several labour rights conventions, standards and guidance for global brands. International brands must at first commit to these internationally recognized standards such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the UN Sustainable Development Goals. These standards also give guidelines on required standards approved by the United Nations, for example on the minimum age to work. Many other international and national organizations provide guidance reports created after years of research on the ground which it will also be interesting to take a look at such as the UK Modern Slavery Act to strive against forced labour and slavery.

Companies should definitely work with the ILO. They must use all their labour rights tools: standards, conventions and research documentations which give technical advice to address the main labour rights issues based on their tripartite dialogue with worker, employer and government representatives.

Companies from the garment industry must become a member of the Better Work program of the ILO which creates a dialogue between workers, suppliers, governments and

international brands. They need to request an affiliation approval and receive personal support to get plenty of advice, to audit and to train workers. They will directly talk with human rights and local economy specialists to help them to ensure the respect of human rights in subcontracting relationships in Southeast Asia. Non-members can still access to guidance documentation and the portal with all Better Work factories and their social compliance assessment ratings.

International companies can work with organizations specialized in auditing and organizations specialized in training. There are plenty of different organisms to support their journey to human rights respect in subcontracting relationships. Multi-stakeholders initiatives are useful and efficient although they should not replace the company's own initiatives because it remains a loss of control on their supply chain.

Brands should work with global trade unions to understand the worker reality and with governments to encourage them to improve their labour laws.

International brands can also work with other big brands to share information, assessments and audits. Many companies are often outsourcing to the same factories. Even if they want to stay competitive, they can warn other companies when they find severe human rights issues within one of their manufacturers. It is also a good solutions for small and medium-sized enterprises.

An interesting tool is the Worker-driven Social Responsibility scheme. This is a new corporate social responsibility [CSR] framework build by workers themselves for effective commitment enforcement and working condition improvement. Businesses should join this network and follow their suggestions. We implemented several of their requirements in the different sections of this chapter.

DISCUSSION

This chapter will discuss the solutions, the limits and the open doors of this research.

The solutions presented in this thesis take into account the point of view of a diversified number of experts from distinct specializations and companies from a variety of industries and corporate cultures. We observe some correlations and differences between interview responses. Besides the expertise disparity, it varied due to the interviewee's personal characteristics. First, based on their position related to human rights abuses. The human rights defenders took a more accusatory stance, where the companies and people working on the business side took a more defensive position. Secondly, it was influenced by their natural level of optimism or pessimism about the studied problem. The differences provided a rich source of solutions and the correlations confirm certain proposals. Although the diverse type of interviewees, we can always consider these answers as subjective. We would get different solutions from a larger or simply, a different sample of respondents. It opens doors to further research to complete the solutions from this thesis.

The nature of this research has set certain limits in producing a fully complete solution guide. The subject is particularly sensitive for businesses. It was difficult to get enterprises willing to answer questions concerning the respect of human rights in the business community. Most European brands answered that they had no time for an interview and when they agreed, almost all of them request identity non-disclosure for fear that it will be used against them. The fear to discuss this topic was even higher with Southeast Asian suppliers where it was nearly impossible to find factories willing to talk about it.

The question of human rights in subcontracting relationships between Europe and South-east Asia is overbroad to be answered in one master thesis. This thesis proposes innovative ideas but needs to be completed by the excellent guiding documents of the United Nations [UN] and its entities, especially the UN Guiding Principles on Business and Human Rights among others, and the reports of the human rights research institutes and associations.

This thesis can serve as one more step towards further research and may lead to new questions to be explored: First of all, what other solutions can be added to these? How can these solutions be effectively implemented by European companies? How applicable are these solutions in today's business world? What results can these solutions bring? Is full respect for human rights in subcontracting relationships achievable?

CONCLUSION

In today's world of the globalization of supply chains, European companies outsource part of their production in Southeast Asia where the cost of labour is lower. In order to offer lower and lower prices, many suppliers reduce their efforts on decent working conditions and on the respect of human rights. The objective of this thesis is to find solutions to the following question of research:

How can European organizations ensure that suppliers from Southeast Asia do respect human rights in subcontracting relationships?

To answer this question, we conducted qualitative interviews with three types of profiles: Experts on human rights, labour rights or local economy, European companies outsourcing in Southeast Asia and Southeast Asian suppliers producing for European companies. In addition, we analyze the corporate social responsibility policies of nine European enterprises. In analyzing the results of this collected data, we identified the crux of the problem and came up with the following solutions.

In order to make sure that their suppliers do respect human rights in their subcontracting relationships with Southeast Asia, European companies have to transform the way they think and do business. All these changes are based on a corporate vision that prioritizes social and environmental values over profit maximization.

It starts by sharing this corporate vision and values with all stakeholders: Managers, employees, investors, business partners and suppliers. They need to raise their awareness for social and environmental concerns, and in particular for the core values of the company, by responsibly selecting, training and working with all these stakeholders while taking into account all personal cultures and differences.

The companies must set up new corporate strategies to include social and environmental matters into their new business model and leave the endless cost-cutting competition. For that purpose, they should implement a corporate social responsibility department working closely with the purchasing department in a common direction. They have to build long-term subcontracting relationships that leave room for supplier involvement in human and worker rights and benefit both sides. They need to extend their accountability to all tiers of their supply chain all way down to the bottom and reduce the number of suppliers they are working with.

They also have to insert their new values throughout their entire subcontracting journey from the supplier selection and contract setting until the end of the subcontracting relationship. At all stages, they need to consider social concerns as the main priority and assess the risk of human rights abuses through their due diligence program including regular audits on-site.

International brands must be ready to invest heavily in financial, time and human resources to address the issue of human rights violations in their whole supply chain, including in supplier facilities. Compliance with fundamental human rights does not come for free. It needs to give suppliers money to ensure human rights respect in their factories. It should involve all stakeholders including employees working directly with suppliers on-site. And above all, it requires to invest a lot of time in this long corporate social responsibility journey.

In addition, they should have a multi-stakeholder approach by working closely with different types of partners: Non-governmental associations such as the UN and the ILO, external auditing companies, trade unions and governments, other international brands and worker-driven network.

In conclusion, there are a lot of available processes and tools for European companies to make sure that their suppliers in Southeast Asia do respect human rights. The most important is to create awareness for all people involved in the supply chain, including for consumers. This objective of human rights respect is achievable for all organizations who have the willingness and the ambition to invest time, money and human resources to respect their core values and vision for a better future for all people on the planet.

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