

## **WHY WASH THE DIRTY YARN BALL? REASONS FOR BUSINESSES TO JOIN MULTI-STAKEHOLDER INITIATIVES IN THE GARMENT INDUSTRY**

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The world's hunger for fast, cheap and changeable fashion is pushing garment firms to produce clothes in countries with low manufacturing costs and even lower social and environmental standards. Satisfying consumer wishes leads to poor working conditions, health and safety risks, and child labour. It generates environmental problems such as greenhouse gas emissions, land degradation or chemical waste. The problems became obvious during the 2013 Rana Plaza catastrophe, in which over 1,100 people died when the factory building collapsed, serving as a cruel wakeup call for the deplorable conditions in parts of the industry.

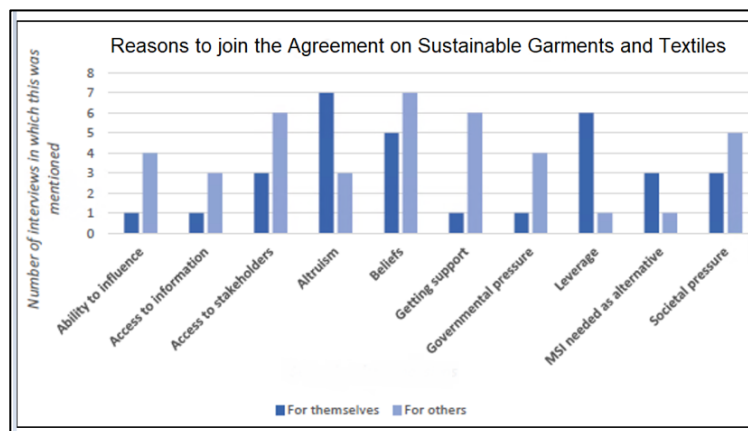
Tackling the social and environmental issues in the garment industry is, however, fraught with challenges. Immensely complex and transnational supply chains are making it difficult for governments to design and enforce effective legislation. However, new collaborative forms of governance—so called multi-stakeholder initiatives—which are set up between state actors, business firms and civil society organisations raise hope to bring solace. One such example is the Dutch Agreement on Sustainable Garments and Textiles (short: AGT), which has been launched in 2016 as Dutch response to the Rana Plaza catastrophe. Its aim is to transform the Dutch textiles market in order to prevent tragedies such as Rana Plaza from ever happening again.

Despite the promise of multi-stakeholder initiatives such as the AGT to raise standards in countries where governments fail, businesses remain reluctant to join these voluntary agreements given the problem of free-riding. Thus, through interviews with members of the AGT, we tried to understand why involved parties—i.e. fashion brands, NGOs, and state actors—decide to join voluntary initiatives. Through these interviews we gained insight into what drives organisations with differing purposes to join agreements such as the AGT.

Our data suggest businesses join multi-stakeholder initiatives in the global garment industry for two reasons: First, the importance of prevailing norms. Simply said: A driver to join voluntary agreements was to many that 'it felt right' for them to join. Having been aware of the disasters related to garment production for a while now, many parties said that they had realised that this was the right moment to come together and try to change the current production practices. While some

informants drew attention to these beliefs being deeply ingrained in their personal values, others simply referred to these values as core to their organisation's mission and vision. However, detached from whether these norms were being anchored on a personal or on an organisational level, there was agreement upon the necessity to join in an effort to decrease the negative impacts clothing production has until today. Participants of the AGT expressed that they were convinced that collaborative approaches were necessary so buyers at the very end of global supply chains could effectively work together and so address the issues appearing at the very beginning of supply chains: in factories on the ground. Only by setting industry-wide goals could the brands distributing clothes from garment factories make sure social and environmental standards are increasing in their lower supply chain tiers. The second reason is connected to direct or indirect financial incentives. The AGT for example, provides workshops for participants to help them drive sustainability into their supply chains. Through and within these workshops' members can network, share best practices and exchange pre-competitive knowledge. This is especially important for smaller firms which have a lower maturity level when it comes to questions around sustainability. Beyond, participating in voluntary initiatives such as the AGT has proven useful for business firms in the past to lower external reputation pressure. Interestingly, when asking our study participants which driver was most central to their decision on participation, most informants drew attention to soft factors such as 'it felt right', more than on factors connected to a financial benefit gained through accessing stakeholders, getting support in changing practices, and decreasing societal external pressure.

Another aspect is how informants assessed the motives of other participants of the initiative. Indeed, we found that there is a mismatch between self-motivation and expected external motivation. Figure 1 gives an overview of this finding.



*Figure 1. Reasons for why interviewees joined the AGT according to self- and external evaluation.*

## TAKE-HOME MESSAGES

Participants in voluntary partnerships (such as the AGT) care about doing ‘good’ more than the financial benefits that result from a membership. Business firms truly want to change the garment industry for the better, given the long-lasting history of malpractices and shadow lying over the entire industry. Discussing the role of the government in voluntary initiatives, we learned from our informants about the very unique position state actors can take on—becoming both a source of external pressure but an instance facing external pressure at the same time.

The study results can be useful for when setting up new collaborative forms of governance (such as multi-stakeholder initiatives), since getting people on board has proven to a major hurdle. When better understanding what drives actors to join, the potential of such agreements can be unleashed to tackle social and environmental issues in the garment industry and beyond. The results of our study can be useful to NGOs and governments, as they display which arguments are most convincing for business firms to join.

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*This policy brief has been written on basis of the thesis ‘The Emergence of Multi-Stakeholder Initiatives as a Form of Private Governance: Studying the Case of the Dutch Agreement on Sustainable Garments and Textiles’ by Sabrina van der Linden, which has been successfully accepted in fulfilment of the degree Master of Science in the Program Political Science at VU Amsterdam.*