



LEVERAGING THE GARMENT WORKER DIARIES: A CHINA STRATEGY FOR MFO

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EXECUTIVE SUMMARY

Due to the emergence of China's middle class and the growing global influence of Chinese investment, Microfinance Opportunities (MFO) views Chinese actors as significant stakeholders in the apparel industry in South and Southeast Asia. In its aim of addressing garment worker conditions in South and Southeast Asia, MFO desires a strategy to reach Chinese stakeholders with the Garment Worker Diaries (GWDs). By leveraging the GWDs and other data, MFO seeks to influence Chinese and other relevant stakeholders to improve the conditions of garment workers. MFO has asked the research team to provide a strategy document, involving an analysis of the best methods to communicate and frame GWDs in a contextually legitimate manner to Chinese stakeholders in the apparel industry. This strategy tests the public value proposition to assess *if MFO may have an impact on the economic well-being of garment workers in South and Southeast Asia by influencing Chinese stakeholders through the GWDs information.*

The MFO Capstone project provides MFO with a strategic plan to leverage its diaries with Chinese actors, based on an analysis of the offshore Chinese apparel industry, relevant Chinese stakeholders, and MFO's organizational capacity. The main research question is as follows: *Can Microfinance Opportunities expand the impact of the Garment Worker Diaries by influencing Chinese stakeholders to improve conditions of garment workers? If so, how?*

Below are the key takeaways for the MFO Capstone team's Final Report. This report reflects subject matter research and strategic analysis conducted from September 2018 to April 2019. The takeaways outlined in this executive summary are expanded upon in this report and its appendices. An addendum to this report, the Resource Book for Potential Partnerships, provides additional information relating to the implementation of strategic options.

Key Takeaways

Review of Relevant Literature

Our review of relevant literature informed stakeholder analysis and strategy formation. Research on campaigns and initiatives seeking to influence the apparel industry suggest that it is possible to create change in the treatment of garment factory workers. However, limitations upon influence exist and the literature does not definitively identify effective strategies. Analysis of prior efforts suggests that influencing consumers and brands is both possible and potentially effective, though these changes do not always result in changed garment worker conditions.

Research on nonprofit strategies confirms that partnerships are important and suggests that the legitimacy of their work is influenced by other actors. Use of research-based evidence in nonprofit strategies can be effective tools for gaining legitimacy and influencing potential partner behavior.

Moore's (2000) strategic triangle is a framework for effective strategy formation that incorporates public value, legitimacy and support, and operational capacity. Ackermann & Eden's (2011) power and interest grid for analyzing stakeholders provided a foundation for our evaluation of influence and interest. The review of relevant literature provided a basis for our research and analysis of Chinese stakeholders, along with an understanding of the elements of a strategy. These concepts and frameworks laid the foundation for the rest of this capstone project.

Garment Industry, Trade, and Relations with China

Trade Flows

Quantitative data on apparel production and trade helped to formulate a macro-level perspective of the Chinese stake in the South and Southeast Asian garment industry. Throughout the region as a whole, apparel production represents a small portion of economic production, accounting for only 2.8 percent of regional GDP. Most countries in South and Southeast Asia are garment exporters, yet the overwhelming majority of exports are destined for Europe and North America. Garments from the region are only a modest share of China's total garment imports. One of China's main roles in the South and Southeast Asia is to supply textiles, as over 70 percent of the region's textile imports come from China.

Country Case Studies

Three case studies on important producing countries, Bangladesh, Cambodia, and Vietnam, provide detail on specific country contexts. The case studies show that Chinese investment in the garment industry varies by country. While most factories in Bangladesh are domestically owned, foreign direct investment (FDI) is important in Cambodia's garment industry where Chinese investment in and management of garment factories is substantial. Chinese FDI in Vietnam focuses on automobiles and consumer electronics, resulting in less investment in the apparel industry compared to Bangladesh and Cambodia.

Stakeholder Research and Analysis

We identified the following actors as relevant stakeholders that MFO could potentially influence to improve the conditions of garment workers in South and Southeast Asia: Chinese consumers, holding companies, Chinese investors, third-party logistics companies, the Chinese government, third sector organizations, and trade unions. In-depth research into each stakeholder reveals that three primary motivating interests relate to garment workers: garment worker performance, how garment worker conditions impact reputation, and garment workers' social conditions.

From this information about interest and influence, we determined that consumers and holding companies are the primary stakeholders to target for strategies seeking to affect garment workers. Both stakeholders have the potential to change their interests and therefore impact the treatment of garment workers. Consumers have an interest in the end product that they buy, which is made by garment workers. If consumers could be convinced and motivated to care about the social condition of garment workers, they have enormous potential to apply pressure on other stakeholders and help drive change. Holding companies have a primary interest in minimizing costs (including labor costs). If holding companies view improved garment worker treatment as a way to build their reputation and increase profitability, garment workers would receive better treatment.

Strategic Analysis

We identified several different strategies and assessed them in terms of the three dimensions of Moore's strategic triangle: public value, legitimacy and support, and operational capacity. We define public value in terms of impact or effectiveness. This analysis leads us to several broad conclusions and specific recommendations.

Our assessment of the public value proposition is that there is mixed evidence to support MFO's desire to influence Chinese stakeholders. The Chinese stake in the South and Southeast Asian garment industry is relatively low, and also involves numerous constraints that must be carefully navigated to maintain legitimacy and effectiveness. While there is unlikely to be short-term impact directly on the lives of garment workers, there is a possibility for MFO to increase awareness of garment workers' conditions. We chose to target consumers and holding companies because they can influence investors, who make decisions directly impacting garment worker conditions.

In the Chinese context, advocacy is risky and there are limits on what external organizations are allowed to do; thus, the strategies focus on dissemination of and education based on the data and stories from the GWDs. Specific dissemination options include creating a social media campaign, generating interest among Chinese students, and approaching Chinese academics with the GWDs. We also recommend partnering with socially responsible alliances, holding companies, IOs, and INGOs to influence the environment of the South and Southeast Asian garment industry.

Final Recommendations

MFO can position itself toward strategy implementation to facilitate alignment with Chinese stakeholders by translating the GWDs to Mandarin, acquiring additional communication support, and building relationships with interested Chinese students. Strategic suggestions may be helpful to connect with stakeholders and potential partners, they include: increasing usage of the MFO acronym and leveraging contacts in the academic community.

Potential Partnerships

Partnerships are a critical component for the expansion of MFO's impact among South and Southeast Asian garment industry stakeholders. The Resource Book for Potential Partnerships, an addendum to the strategy options identified in this report, seeks to augment MFO's operational capacity by identifying and listing specific actors for future dissemination or funding opportunities. These potential partnerships deepen the stakeholder analysis and build off recommended strategy options by highlighting specific organizations or individuals in each sector that with whom MFO may consider partnership. With the exception of logistics companies, all seven partnership categories are featured in one or more of the eight education & dissemination and partnership strategies included in the Final Report. This document can be used as a resource to implement one or more of the strategies aimed at improving the welfare of garment workers in South and Southeast Asia.

1. INTRODUCTION

Over the past 50 years, globalization has spurred dramatic changes in the international apparel industry. In 1965, 95 percent of America's clothing was made in the United States (US); today, it is mostly imported from other countries. Liberalization of international trade has made the import of cheap apparel from developing countries, especially Asia, more favorable for the domestic apparel industry than sourcing it from the US (Lund-Thomsen & Lindgreen, 2018). In the post-Mao era, China also entered the world export markets in textiles and clothing (Khan et al., 2009). Following industrial reforms in 1978, China relied on its extensive labor-force willing to work at low wages and rapidly became the cheapest mass producer of manufactured products, especially garment exports.

Due to the increase of international export and trade, the Multifiber Arrangement (MFA) was established in 1974 as an international trade agreement for clothing and textiles. Under the MFA, the US and the European Union (EU) restricted imports from developing countries in order to protect the domestic garment industries (Ernst, Ferrer, & Zult, 2005). Some developing countries were not included in the MFA, as the apparel industry was not yet as prevalent in those economies. Textile firms in South and Southeast Asia were developed in response to increased restrictions in other regions (Lund-Thomsen & Lindgreen, 2018). Cambodia and Bangladesh benefited from quota export exemptions and duty-free tariffs initiated under the MFA. After MFA's expiration in 2005, Bangladesh's textile exports continued to increase (Han & Mah, 2015; Khan et al., 2009; Wetterberg, 2011). Vietnam's textile industry was developed only after the agreement expired, as MFA had restricted Vietnam's exports (Thoburn, 2007).

The industry's growth provided significant job and income-earning opportunities for many people, especially young women. According to the Garment Worker Diaries (GWDs), in Bangladesh, Cambodia and Vietnam, the average worker is likely to be a female in her twenties who has received little formal education (Noggle, Gallager & Stuart, 2018). The apparel industry allowed millions of young women who would not otherwise be employed to participate in the global economy and provide for their families.

Nevertheless, garment workers face difficult conditions and are financially vulnerable. Often coming from rural areas to improve their livelihoods, they are heavily reliant on the low-income jobs available and lack economic mobility. Despite current laws and regulations to improve working conditions within the apparel industry, implementation and enforcement is not uniform, resulting in dangerous factory conditions, low wages, and excessive overtime.

Our client, Microfinance Opportunities (MFO), seeks to understand and publicize the financial realities of garment workers in South and Southeast Asia and to address the poor working conditions they face. An important current project is its GWDs. Based on household-level research, they depict the daily lives of garment workers in South and Southeast Asia, providing an in-depth profile of their earning and spending behaviors. MFO has GWDs projects completed in Bangladesh, Cambodia, and India, and is considering expansion to other countries, particularly Vietnam; it is in the process of scaling up its GWDs in Bangladesh and Cambodia.

MFO has the short-term goal of increasing its data collection through its GWDs and other research to gain additional information about the lives of low-income garment workers. Its long-term goal is to empower low-income households to use data for self-improvement and efficiency. MFO has used the GWDs as a tool to reach apparel industry stakeholders in North America and Europe, but has yet to develop an approach to reach stakeholders in Asia.

Purpose of Capstone

Due to the rising consumer power of China's middle class and the growing global influence of Chinese investment, MFO views Chinese actors as significant stakeholders in the apparel industry in South and Southeast Asia. To address garment worker conditions in South and Southeast Asia, MFO is interested in developing a strategy to reach Chinese stakeholders with the GWDs. By leveraging the GWDs and other data sources, MFO seeks to influence Chinese and other relevant stakeholders to improve the lives of garment workers. Its public value proposition is that *MFO can have an impact on the economic well-being of garment workers in South and Southeast Asia by influencing Chinese stakeholders through the GWDs information.*

MFO has asked the research team to provide a strategy document that assesses the public value proposition, proposes approaches, and analyzes the strategy in terms of its legitimacy and the operational capacity needed.

The main research question for the MFO Capstone team is as follows: *Can Microfinance Opportunities expand the impact of the Garment Worker Diaries by influencing Chinese stakeholders to improve conditions of garment workers? If so, how?*

Project Roadmap

The first stage of work involved research focused on three components: the Chinese offshore garment industry, stakeholders, and MFO as an organization. We divided the Chinese offshore garment industry research into two subcategories, trade flows and case studies. Stakeholder research examined the supply chain actors and other apparel industry influencers, including: Chinese consumers, holding companies, Chinese investors, third-party logistics companies, the Chinese government, third sector organizations, and trade unions. The MFO research focused on the organization's human capital, financial capacity, current and potential partnerships, and previous strategies and accumulated data.

The second stage of work involved strategic analysis, which focused on identifying options and analyzing public value, legitimacy and support, and operational needs related to strategy options. The options centered around who to target, what means to use, how to frame the issues, who to partner with, and where to get funding.

Overview of Report

This Final Report summarizes findings from the subject matter research and strategic analysis to provide MFO with final strategy recommendations for dissemination of the GWDs among Chinese stakeholders. The research and analysis consider how to use Chinese stakeholders to improve the lives of garment workers in South and Southeast Asia. This report relies on theory, information collection, and strategy formation that the research team conducted from August 2018 until April 2019.

The report provides an overview of the MFO Capstone project, discussing the client, purpose, research question, strategic framework, project roadmap, and research design and methodology. The public value proposition is considered, referring to public benefit MFO can achieve by answering the following question: *Can Microfinance Opportunities expand the impact of the Garment Worker Diaries by influencing Chinese stakeholders to improve conditions of garment workers? If so, how?*

A review of relevant literature provides a grounding of our strategy development. This review will focus on literature pertaining to external campaigns and initiatives, general and advocacy-related nonprofit strategies, and stakeholder analysis that provides the framework for the subsequent stakeholder research and analysis. The strategic triangle is used to develop a new strategy to better the lives of garment workers. Ackermann & Eden's power and interest grid for analyzing stakeholders provides a foundation for our evaluation of influence and interest.

Next, an understanding of the South and Southeast Asian garment industry, trade, and relations with China will be provided through quantitative data on trade and production in the apparel industry. Additionally a detailed view of the industry will be provided through country case studies in Bangladesh, Cambodia, and Vietnam. Quantitative data on production and trade in apparel helped to formulate a macro-level understanding of the garment industry in South and Southeast Asia, with particular attention to interactions with China. Three case studies on important producing countries, Bangladesh, Cambodia, and Vietnam, provide greater detail on specific country contexts, showing that the level of Chinese investment in the garment industry varies considerably.

Stakeholder research and analysis provide an overview of key stakeholders' motivations and role in the supply chain, research relating to the influence and interest of each stakeholder, and analysis that examines each stakeholder's influence and interest in improving the lives of garment workers. The key stakeholders examined include Chinese consumers, holding companies, Chinese investors, third-party logistics companies, Chinese government, third sector organizations, and trade unions. The stakeholder analysis concludes with key findings for MFO to use when considering relationships with particular stakeholders. Stakeholder research shows the importance of holding companies and Chinese consumers based on their direct influence in the lives of garment workers as well as their variable interests in which a shift could motivate change.

The strategic analysis explains public value, targeted stakeholders, types of activities MFO may engage in, the theory of change, limitations, legitimacy, and operation capacity. Three education & dissemination strategies are provided, followed by four partnership strategy options. Each of the strategy option descriptions contains assessments of that strategy's effectiveness, legitimacy, and operational capacity. Our assessment of the public value proposition reveals that there is the possibility of increasing awareness of garment workers' situation and interest in the issue. Targeting consumers and holding companies can influence investors, who make the decisions directly impacting garment worker conditions.

We conclude the Final Report by providing three initial implementation steps and two strategic suggestions. Initial implementation steps provide MFO with an opportunity to align with Chinese stakeholders, and strategic suggestions may further this alignment. Initial implementation steps include translating the GWDs to Mandarin, acquiring additional communication support, and building relationships with interested Chinese students, while strategic suggestions include the increasing use of MFO acronym and leveraging contacts in the academic community.

In addition to this Final Report, we have created a separate deliverable entitled Resource Book for Potential Partnerships. Some of our strategy options require partnerships; this document has a several lists of organizations that MFO might want to consider as partners for a China strategy. The Resource Book for Potential Partnerships addendum features background and data for logistics companies, third sector organizations, intergovernmental organizations, holding companies & brands, academia, social media platforms, and key opinion leaders.

2. REVIEW OF RELEVANT LITERATURE

Several different literatures are helpful in grounding our strategy development. First, research on external campaigns and initiatives that have attempted to influence the apparel industry provides some evidence about possible approaches and also limitations of these efforts. Second, work on nonprofit strategies, generally and for advocacy specifically, provided further insights into an analytic framework for developing and evaluating strategies. Finally, literature on stakeholder analysis framed our stakeholder research and analysis.

External Campaigns and Initiatives

Many campaigns and regulations have attempted to improve the livelihoods of garment workers through advocating for stronger regulations, representation of workers, or supply chain transparency. Literature on these efforts provides information on which efforts and initiatives were successful and which actors were involved in creating change.

Despite the establishment of International Labor Organization (ILO) protocols to address global labor practices, the contemporary international apparel industry remains a complex environment in which to promote the welfare of workers. There are several different types of approaches, including efforts to mobilize consumers to pressure companies, multi-stakeholder initiatives, and working directly with factories.

The global anti-sweatshop movement uses consumer-oriented efforts to pressure the marketplace in favor of ethical production and consumption practices. Consumer-oriented efforts involve thematic and episodic campaigns, each with specific objectives. Thematic campaigns seek to reshape consumer paradigms concerning consumption, while episodic campaigns focus on individual issues or offenders and aim to elicit immediate action from consumers. These campaigns have the capacity to raise consumer awareness and mobilize consumers to pressurize apparel brands. The anti-sweatshop movements have caused some brands that formerly avoided social justice responsibilities to adopt codes of conduct in favor of ethical trade (Micheletti & Stolle, 2007).

Education and information are important for such campaigns. If consumers are unaware of garment factory working conditions, they are unable to act and change buying behaviors. But, as consumers become educated and are mobilized to advocate for improved working conditions within the apparel industry, they have the ability to pressure factories and brands towards ethical standards.

One organization that has focused on empowering consumers seeking change is the Clean Clothes Campaign (CCC), which takes a worker and consumer perspective to improve working conditions and empower employees in the global apparel industry (Merk, 2009). It seeks to harness the power of consumers to push for positive social change. Within this approach, the ability to pressure brands and retail corporations to change their behavior ultimately depends on CCC's capacity to inform, engage, persuade, and mobilize citizens to exercise their consumer power.

Global multi-stakeholder initiatives (MSIs) are agreements involving actors in the anti-sweatshop movement, focused on influencing a company's supply chain in favor of worker welfare (Hughes et al., 2007). MSIs involve actors directly invested in the apparel industry, such as brands or trade unions. The Ethical Trading Initiative (ETI) was established in the United Kingdom (UK) in 1998; it brought together corporate, nonprofit, and trade union members to improve the conditions of those who work at the base of global production networks in developing countries. This MSI has encouraged others to create more MSIs that promote ethical guidelines to improve work conditions at supply factories (Lund-Thomsen & Lindgreen, 2018).

There was a sudden burst of this activity in the US in the mid to late 1990s, when the US media exposed poor working conditions in global garment supply chains. Direct protests and campaigns against clothing brands and retailers were launched by nonprofits, unions, anti-sweatshop organizations and other actors (Hughes et al., 2007). In 1996, concerned that the activist campaigns threatened its continued drive for free trade, the Clinton Administration initiated the Apparel Industry Partnership (AIP), an MSI that consisted of companies, unions, human rights organizations and consumer groups. The AIP focused on monitoring labor conditions supply chains, initiating further formations of fair labor organizations and regulations that involved countries' apparel imports to the US (Hughes et al., 2007).

While the CCC focuses on consumer power and MSIs put pressure of multiple stakeholders on supply chain actors, programs such as Better Work partner directly with factories. Better Work, a joint program between the ILO and the International Finance Corporation (IFC), promotes policy-level change in the apparel and footwear sector by directly monitoring compliance in more than 1,000 garment factories (Rees, 2015). Throughout the assessment, compliance with working environment and welfare facility indicators increased over recent years in Indonesia and Cambodia. This effort was successful due to the influence of consumer action and involvement, as it further emphasized factory monitoring.

There is a debate about whether to adopt compliance-based or cooperation-based approaches in order to create change at the factory level. Compliance involves establishing codes of conduct, monitoring compliance, and rewarding or punishing factories based on levels of compliance. Cooperation relies on creating better conditions for good performance, providing incentives, training workers and managers, and emphasizing the use of internal audits. The current trend is toward more cooperative approaches, due to the limited successes of the compliance model. (Lund-Thomsen & Lingreen, 2014; Locke et al., 2007; Locke & Romis, 2007.)

Previous initiatives and approaches suggest that it is possible to create change in the treatment of factory workers. However, there are limitations and the literature does not have definitive assessments on what is effective. Work on previous efforts does suggest that influencing consumers and brands is both possible and potentially effective. Still, it is also clear that changes do not always trickle down to garment workers.

Nonprofit Strategy Development

Advocacy Strategies

Nonprofit advocacy strategies are used to address issues in the apparel industry, such as substandard working conditions. These strategies are defined as “any attempt to influence government decisions through both direct and indirect means, including contacting the government, educating the public, and mobilizing at the grassroots level” (Li, Lo, & Tang, 2017, p. 103). There are two types of nonprofit advocacy as defined by Harper (2001). The first type are efforts to influence global level processes, structures, and beliefs. This requires mobilization of groups with vested interests. The second type attempts to influence projects, programs, or policies. Influencing requires technical knowledge from practical experience and gradual reform based on a long-term effort.

Collaborative networking and the reciprocal exchange of information are integral aspects of advocacy approaches. Working within networks of agencies with similar missions, or collaborative networking, benefits nonprofits by strengthening advocacy capabilities (Johansen & LeRoux, 2013). Advocacy capabilities are strengthened through building infrastructure that mobilizes volunteers, members, and resources. In authoritarian regimes, collaboration is more important than in democratic countries because of the restrictive political environment and lower NGO capacities (Li et al., 2017). Reciprocal exchange of information promotes the interdependence between multiple nonprofit policy environments, allowing information exchange to benefit advocacy efforts. LeRoux & Goerdel (2009) state these exchanges provide opportunities for nonprofits to be seen as relevant and create a demand for their services and expertise.

Legitimacy theory contributes to advocacy strategies regarding behaviors and responses of companies, as it considers the ability of NGOs to influence community expectations due to earned legitimacy. There is a connection between legitimacy and survival; when society does not view a company as legitimate, it can reduce or eliminate the demand for products. Deegan & Islam (2014) assert that NGOs use advocacy to affect regulations or legislation, affecting the social contract that exist between companies and consumers. Multinational buying companies (MBCs) that are headquartered in countries such as Bangladesh, Cambodia, and Vietnam face criticism from stakeholders about factory conditions, child and forced labor, and abuse of workers. To put pressure on MBCs to implement responsible workplace policies, NGOs have leveraged their power to take advantage of the susceptible corporate brands in order to benefit factory workers. Furthermore, NGOs can encourage the news media to emphasize stories that depict specific environmental and social issues within MBC’s supply chains. If the news media shares stories of the negative aspects within an MBC’s supply chain, community perceptions can be altered, legitimacy can decrease, and pressure will be placed on the MBCs to address the issues in the supply chain (Deegan & Islam, 2014).

Confrontational and participatory advocacy strategies use research-based evidence. Confrontational advocacy consists of “powerful counter narratives that dislodge dominant policy positions” (Harper, 2001, p. 249). Participatory advocacy emphasizes developing institutions that address policy issues through participation and promote communication. While confrontational advocacy requires straightforward answers to complicated questions, this approach may fail to consider the validity of various knowledge. To negotiate claims, the participatory process can be employed, as these solutions require that all actors have connections and the ability to facilitate learning by reflection on action taken (Harper, 2001). NGOs that rely on confrontational approaches experience difficulty making these connections; additionally, NGOs can be reluctant to engage depending on scales of investment and the length of time required for research. High-quality analysis is needed to reflect positively on campaign members and ensure that NGOs are taken seriously in policy development processes.

There is some work on advocacy in China, with a primary focus on its constraints. The research suggests that organizations face multiple pressures from the external environment that results in constraints, affecting organizations’ ability to respond to the demands and expectations that threaten their survival (Li et al., 2017). Other work suggests that advocacy is more prevalent in organizations where there is diverse and stable financial and human capital, in addition to leaders who have greater connections to the state-party system (Zhan & Tang, 2010).

The literature on nonprofit advocacy strategies confirms that partnerships are important and suggests that firms’ concerns with legitimacy means they may be influenced by other actors. The research also highlights the resource and institutional constraints that must be considered. Finally, using research-based evidence in nonprofit advocacy strategies can be effective tools for influencing behavior.

Strategic Triangle

One framework that is used for strategy development for nonprofit organizations is Moore’s (2000) strategic triangle. There are three components that nonprofits should consider when developing their strategies: public value, legitimacy and support, and operational capacity.

The first component of the strategic triangle, public value, defines the existence of the nonprofit organization by its mission and goals (Moore, 2000). The strategies implemented by nonprofits should strive to achieve public value; otherwise, they serve no purpose. The second component of the triangle is legitimacy and support. As for-profit firms can gain legitimacy and support from their clients through monetary transactions, nonprofits must expand the appeal of their value outside of their targeted populations to what Moore (2000) calls their “authorizing environments” (p. 200). This would be a summation of all potential donors and supporters that the nonprofit could target. The last component of the triangle is operational capacity. Without the capacity to achieve value or build legitimacy and support, nonprofit strategies cannot be properly implemented. Operational capacity refers to financial resources, human resources, and operational systems; additionally, it may include the potential partnerships used to increase the capacity of the organization.

Any nonprofit strategy needs support from the strategic triangle model. This model is a three-legged stool; each component of this model relies on the other pieces to work. Failure can occur in the implementation stage: (a) if a nonprofit generates ideas to create value and gains support from its authorizing environment, but lacks the capacity to implement it, (b) when a nonprofit has ideas to create value and knows how to achieve that value, but they are unable to convince their authorizing environment that it is worthy, and (c) if a nonprofit has support for an idea and the knowledge required to implement it, but the idea doesn't create value as it relates to the organization's mission and goals.

Stakeholder Analysis

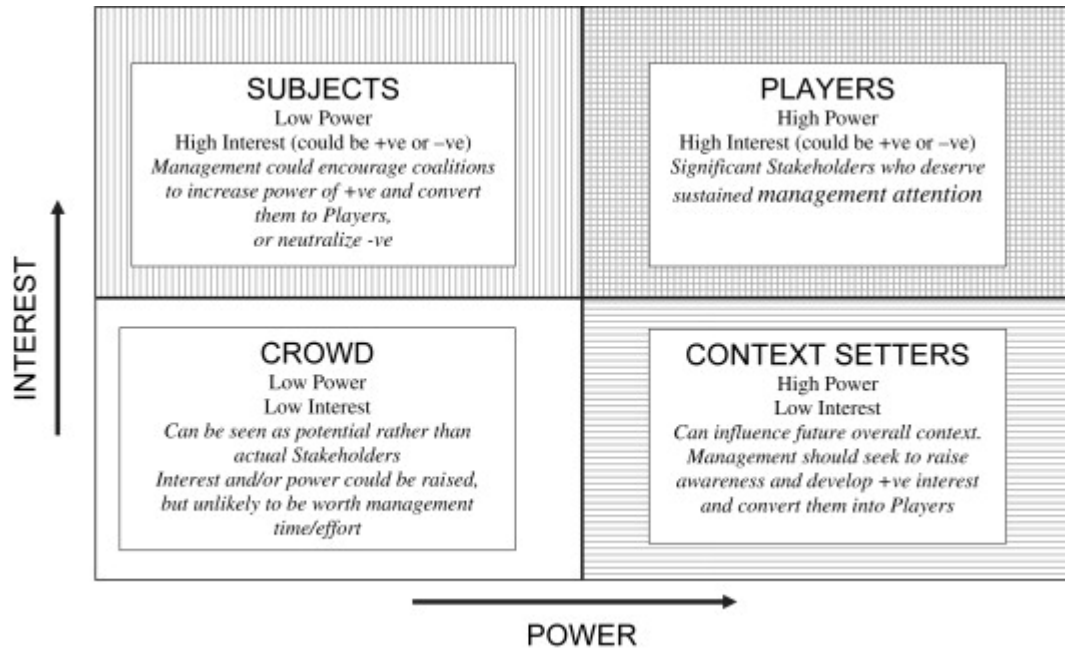
Relevant literature provides an understanding of how to approach our stakeholder analysis. The information obtained has helped us identify potential pressure points and partnerships involved in the apparel industry. Additionally, stakeholder analysis has helped us to frame issues in a way that relates to the interests of each actor. Stakeholder analysis is an increasingly important and relevant management concept. Organizations seek to understand the external environment and leverage this knowledge of critical actors to more effectively fulfill their mission (Bryson, 2004; Mitchell, Agle, & Wood, 1997; Savage, Nix, Whitehead, & Blair, 1991). Furthermore, stakeholder analysis is an effective tool for organizations to use as they analyze options and take action in specific situations.

There are key criteria that help to identify stakeholders. Freeman (1984) defines stakeholders as "any group or individual who can affect or is affected by the achievement of an organization's objectives" (p. 46). According to this definition, a stakeholder has power and can be impacted by other actors, such as a nonprofit organization. Ackermann & Eden (2011) note that stakeholders have power to influence decisions made by the organization; their influence will be unique to each organization and context. In contrast, Bryson's (2004) definition of stakeholders includes relevant actors who do not necessarily have influential power. Ultimately, stakeholders in a specific context have the power to influence a situation and have a vested interest at stake; however, the power and interest levels of each stakeholder can vary.

Stakeholder analysis involves assessing each stakeholder based on various characteristics to classify them into broad stakeholder groups. Assessing and classifying stakeholders gives organizations a rationale for how to prioritize and approach these stakeholders (Mitchell et al., 1997). For nonprofits, stakeholder analysis can help them more effectively fulfill their missions (Bryson, 2004). An important first step is to decide which stakeholder aspects to analyze.

Ackermann & Eden (2011) developed a tool called the power-interest grid to define stakeholders as fitting into four categories: 1) subjects—low power, high interest; 2) players—high power, high interest; 3) the crowd—low power, low interest; and 4) context-setters—high power, low interest (see Figure 1). Stakeholders with high power have the ability to influence an organization's strategies, whereas stakeholders with low power have less of an ability to influence.

Figure 1: Ackermann & Eden's Power-Interest Grid



Ackermann & Eden (2011) argue that it is important to assess stakeholder dynamics, or the ways that stakeholders are interacting with and influencing each other. Stakeholder dynamics can reveal responses to organizational actions as well as potential coalitions. These dynamics can be used to assess the interdependent and multiple actions that simultaneously exist in stakeholder environments. Understanding both individual stakeholders and overall dynamics can lead to a more effective approach to assess stakeholders.

It is imperative to identify the key stakeholders within the global supply chain. Once identified, stakeholder analysis has helped us to analyze the power and interest for each actor. We decided to adapt Ackerman & Eden's power-interest grid as the framework for the analytical portion of the project, as it will distinctly categorize each stakeholder.

Conclusion

This review of relevant literature has provided information on which we have based the development of our strategies. Specifically, our review has discussed external campaigns and initiatives, nonprofit strategy development, and stakeholder analysis. Access to information and globalization have spurred international campaigns against the substandard conditions of garment workers in South and Southeast Asia. Consumers, nonprofit advocacy strategies, and MSIs have worked to develop approaches to change, though the effects of these campaigns on the lives of garment workers is unclear.

Moore's strategic triangle was introduced as a basis for developing a strategy, considering public value, legitimacy and support, and operational capacity as well as external pressures in targeted regions and collaboration with other actors. By accounting for stakeholders and previous efforts to improve the conditions of garment workers, the strategic triangle can be used to develop a new strategy to better the lives of garment workers. A critical piece of this is the stakeholder analysis, which is a framework for an understanding of stakeholder identification and an analysis of stakeholder characteristics, relationships, and motivations. This includes the assessment of each actor's power and interest within the apparel industry by using Ackerman & Eden's theoretical framework.

In summary, the review of relevant literature provided us with a basis for our research and analysis of Chinese stakeholders, along with an understanding of the elements of a strategy. These concepts and frameworks laid the foundation for the rest of this capstone project.

3. RESEARCH DESIGN AND METHODOLOGY

This section will describe the scope of the project, sources of information, and limitations that the research team faced while working on this project.

Geographical Focus

Based on China's influence in Asia, the MFO Capstone team focused our stakeholder analysis and strategic analysis on Chinese actors. Though our research on the garment industry, trade, and relations with China, we examined relationships between China and countries in South and Southeast Asia. We examined countries with large garment industries, taking note of countries that MFO has historically worked in and hopes to work in moving forward. Based on this, the MFO Capstone team focused on understanding the garment industries and contexts of Bangladesh, Cambodia, and Vietnam.

Sources of Information

The research for this project involved both quantitative and qualitative data informing the research team about the Chinese environment, South and Southeast Asian environment, international relationships with China, Chinese stakeholders' interests and relationships, and potential strategies.

Qualitative data consisted of academic, secondary sources; media; elite interviews; government, trade, and economic reports; and publicly available corporate information. Quantitative data informed trade flows and the Resource Book for Potential Partnerships addendum.

Elite interviews were unique, as the research team reached out to American academics and practitioners who are familiar with the Chinese context to add their expert understanding to strengthen the research. Each interview focused on different topics dependent on that academic's area of expertise, but all had underlying themes of trying to see how US organizations have influenced the Chinese and how Chinese bodies have influenced other country's labor forces.

Stakeholder research used influence and interest to analyze individual stakeholders, identifying interests of stakeholders as well as developing a chain of influence to determine how garment workers are impacted. After identifying key stakeholders who could influence garment workers, we researched and analyzed strategy options for MFO to disseminate the GWDs and educate its audiences. The strategy options were developed by considering how MFO could influence the key stakeholders who could influence the conditions of the garment workers.

Limitations

This project has several inherent limitations based on the weak relationships between countries, the diversity of location, and assumptions made. These limitations prevent the research from providing a holistic picture instead focusing on specific approaches and making certain assumptions. The below paragraphs describe the limitations more and how it had been addressed.

One major limitation is the weak relationship between China and the South and Southeast Asian countries in regards to exports and imports. Chinese consumers only purchase a small percentage of the clothing made in South and Southeast Asia, meaning that a strategy that targets Chinese consumers may have a limited impact. This limitation affects the importance of the trade flows data and the relationship between China and Bangladesh, Cambodia, and Vietnam.

Another limitation is how the diversity of a place may impact the effectiveness of a strategy. What works in one place may not work in another place. This principle is applicable to Chinese strategies targeting specific areas as well as countries housing factories that MFO may be trying to reach. To mitigate this limitation, the MFO Capstone team compiled research on the country contexts of Bangladesh, Cambodia, and Vietnam to provide an understanding of how different these countries are.

The strategies also have an inherent limitation as they rely on a long chain of influence that the researchers assume works. The stakeholders that we think MFO will be able to influence are far down the chain of influence away from the garment workers, so if the chain of influence breaks down at some point, then MFO might not be able to influence the garment workers with the same theorized impact. The assumption that the chain of influence will work allows the researchers to rely on education and dissemination strategies, but if it does not work, then these strategies may not work.

4. GARMENT INDUSTRY, TRADE, AND RELATIONS WITH CHINA

In order to gain a macro-level understanding of the garment industry in South and Southeast Asia, we collected quantitative data on production and trade in apparel, with particular attention to interactions with China. We were interested in the significance of these both for the countries in the region and for China. Though we looked for cross-national data on investment flows, we were unable to find those. For notes on the trade flows research methodology, please see Appendix 1. For a somewhat more detailed view into the industry, we also looked at three countries as case studies: Bangladesh, Cambodia, and Vietnam. Those give us some limited insight into investment patterns.

Cross National Trade Flows and Products

Apparel Production

Across the region as a whole, apparel production does not represent a large portion of economic production, accounting for only 2.8 percent of GDP. For some countries, however, it constitutes a significant portion of the economy. At the high end, Cambodia's apparel production comprises 24 percent of the country's economic activity. Apparel production in Bangladesh, Vietnam, and Sri Lanka adds substantial value to their economies as well (12.4, 10.8, and 8.2 percent of GDP, respectively). For further information on the value of apparel production, see Table 1.

As a share of the total garment industry in the region, however, Cambodia's production is toward the low end, with only 3.3 percent of the region's production. In contrast, five countries represent over 85 percent of the region's total apparel production value: India (24.7 percent), Bangladesh (19 percent), Vietnam (16.6 percent), Thailand (13.6) and Indonesia (11.9). The remaining countries in the region each contribute less than 5 percent of aggregated apparel production value in South and Southeast Asia.

Table 1: Value of Apparel Production in Select South and Southeast Asian Countries (2014)

Country	Production Value of Apparel Industry ^{a,b}	GDP ^{b,c}	Production Value of Apparel Industry (% of GDP) ^d	Production Value of Apparel Industry (% of Total Regional Production) ^d
Bangladesh	23,210	186,585	12.4%	19.0%
Cambodia	3,995	16,899	23.6%	3.3%
India	30,166	2,047,811	1.5%	24.7%
Indonesia	14,501	856,066	1.7%	11.9%
Malaysia	2,194	336,913	0.7%	1.8%
Philippines	5,462	289,686	1.9%	4.5%
Sri Lanka	5,864	71,566	8.2%	4.8%
Thailand	16,660	380,491	4.4%	13.6%
Vietnam	20,263	187,848	10.8%	16.6%
Region Total	122,314	4,373,865	2.8%	100.0%
China ^e	483,958	10,355,350	4.7%	-
^a Source: Passport (2019); converted into USD using foreign exchange rates from US Treasury (2019) ^b Values in Million USD ^c Source: International Monetary Fund (2019) ^d Authors' Calculation ^e China shown as a comparison only				

Exports

Garment production in the region is intended for export. With the exception of a handful of small countries, such as Brunei and the Maldives (which are net garment importers), most countries in South and Southeast Asia are primarily garment exporters. As Table 2 shows, the region's top exporters of garments are Bangladesh (33.5 percent of the region's garment exports), Vietnam (23.0 percent), India (19.1 percent), and Cambodia (9.7 percent). Together they account for 85 percent of the region's garment exports, while the remaining countries contribute only 15 percent of the region's total garment exports. Chinese garment exports are nearly double South and Southeast Asia's total garment exports.

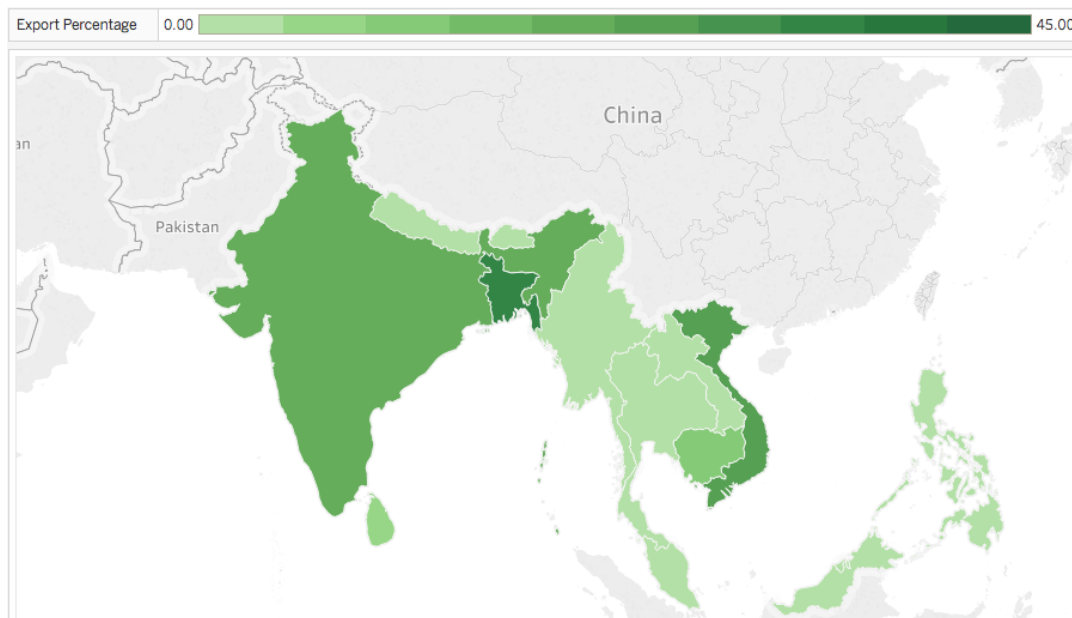
Significantly, garments from the South and Southeast Asia are only a modest share of China's total garment imports. China imported over USD 3.8 billion worth of garments in 2014, but only USD 1.2 billion of those came from South and Southeast Asian countries—only 31 percent of China's garment import market. The largest exporters of garments to China, in terms of absolute dollar value, are Vietnam (USD 441 million), Bangladesh (USD 331 million), and Cambodia (USD 139 million). Representing over 90 percent of the region's garment exports to China, these three countries alone account for 25 percent of China's total garment imports.

Furthermore, exports to China are only a small proportion (1.4 percent) of the region's total apparel exports. While Vietnam, Bangladesh, and Cambodia are important garment suppliers to China, the garments exported to China account for only 2.3 percent, 1.2 percent, and 1.7 percent of their garment exports, respectively. In other words, the garments produced in South and Southeast Asia are mostly for export to the rest of the world.

Table 2: Garment Exports in South and Southeast Asia (2014)

Country	Total Value of Garment Imports ^{a,b}	Total Value of Garment Exports ^{a,b}	Value of Garments Exported to China ^{a,b}	Garment Exports to China (% of Total Garment Exports) ^c	Garment Exports to China (% of Total Chinese Garment Imports) ^c	Garment Exports (% of Total Regional Garment Exports) ^c
Bangladesh	215	27871	331	1.2%	8.6%	33.5%
Bhutan	1	0.11	0.0	0.0%	0.0%	0.0%
Brunei	119	12	0.3	2.8%	0.0%	0.0%
Cambodia	95	8075	139	1.7%	3.6%	9.7%
India	206	15901	79.4	0.5%	2.1%	19.1%
Laos	10	258	1	0.3%	0.0%	0.3%
Malaysia	350	1498	21.6	1.4%	0.6%	1.8%
Maldives	18	1	0.0	0.0%	0.0%	0.0%
Myanmar	30	1342	33.3	2.5%	0.9%	1.6%
Nepal	8	72	0.4	0.6%	0.0%	0.1%
Philippines	207	1746	23.8	1.4%	0.6%	2.1%
Sri Lanka	215	4454	36	0.8%	1.0%	5.4%
Thailand	217	2883	70.2	2.4%	1.8%	3.5%
Vietnam	100	19118	441	2.3%	11.5%	23.0%
Region Total	1792	83232	1177	1.4%	30.7%	100.0%
China ^d	3830	149189				
^a Source: UN Comtrade (2019) ^b Values in Million USD ^c Authors' Calculation ^d China shown as a comparison only						

Figure 2: Garment Exports from South and Southeast Asia as a Percentage of Total Regional Garment Exports in 2014 (Excluding China)



Source: OEC, 2014

Textiles

The garment industries in the region depends primarily on imported textiles.¹ The largest importers of textiles in the region are Bangladesh (40 percent of the region's imports) and Vietnam (22 percent), followed by Cambodia (8 percent). Imports by those three countries constitute approximately 70 percent of the region's total textile imports. See Table 3 for more information on textile imports in South and Southeast Asia.

One of China's main roles in the garment industry in South and Southeast Asia is as a supplier of textiles. Over 70 percent of the region's textile imports originate from China, and all the significant apparel producing countries are highly dependent on Chinese textiles. Several countries get more than 90 percent of their imported textiles from China, including Cambodia, India, Laos, Myanmar, and the Philippines. Among the important producers, Bangladesh is less dependent on China, getting only 48 percent of its imported textiles from there, and the Chinese share in Vietnamese textile imports is less than 80 percent.

¹ Our data show values for textile imports as actually higher than values for garment exports. We are not sure why this is. The explanation could be large domestic markets, and that may account for some of the difference. It seems more likely that it has to do with how the different indicators are measured.

Table 3: Textile Imports in South and Southeast Asia (2014)

Country	Total Value of Textile Imports (in Million USD) ^a	Value of Textiles Imported from China (in Million USD) ^a	Textile Imports from China (% of Total Textile Imports) ^b	Textile Imports (% of Total Regional Textile Imports) ^b
Bangladesh	8239	3966	48.1%	39.8%
Bhutan	0.5	0.4	72.9%	0.0%
Brunei	36	21	57.5%	0.2%
Cambodia	1717	1683	98.0%	8.3%
India	1477	1379	93.4%	7.1%
Laos	8.6	8.4	98.3%	0.0%
Malaysia	618	545	88.1%	3.0%
Maldives	3.4	0.4	10.9%	0.0%
Myanmar	760	705	92.8%	3.7%
Nepal	193	78	40.6%	0.9%
Philippines	1194	1129	94.6%	5.8%
Sri Lanka	900	569	63.2%	4.3%
Thailand	972	813	83.7%	4.7%
Vietnam	4509	3546	78.6%	21.8%
Region Total	20627	14519	70.4%	100.0%
^a Source: UN Comtrade (2019)				
^b Authors' Calculation				

Country Case Studies

Whereas the macro level data presented above give a regional picture of the apparel industry and some of the ways in which China interacts with it, we closely examined three of the important producing countries, Bangladesh, Cambodia, and Vietnam, to provide greater detail on individual countries. We looked for information on the countries' economies, the number of factories and workers in the garment industry, average income of garment workers, average income of workers, number of apparel factories, and exports and imports. For full country case studies, please see Appendix 2.

Table 4: Economic Landscape of Case Study Countries

Country	Total Imports (USD in billions)	Total Exports (USD in billions)	GDP (USD in billions)	GDP per Capita
Bangladesh	\$41.2	\$37.8	\$221	\$3,580
Cambodia	\$14.5	\$18.4	\$20	\$3,704
Vietnam	\$204	\$220	\$223	\$6,780

Source: OEC, 2019

Bangladesh

Currently, Bangladesh has more than 6,000 ready-made garment (RMG) factories with approximately 4 million workers. The industry is dominated by domestically-owned firms. Out of an estimated 4,330 firms at the end of 2006, fewer than 2 percent were wholly or partially foreign owned (Mohiuddin, 2008). Roughly 80 percent of workers are women; 20 million people are directly or indirectly engaged in this industry. The factories are located near the capital, Dhaka, and attract thousands of rural residents in search of jobs and a better life for their families (Salze-Lozach, 2016). As cheap labor is the main driver of the sector's growth, this expansion has provided economic opportunities to millions of women who would have few other options to escape extreme poverty. The garment sector, though depicted as an extremely-low paying industry by Western standards, has positively transformed the lives of many women in Bangladesh.

The majority of garment workers in Bangladesh earn a little more than the minimum wage, set at 3,000 taka per month (approximately USD 36), far below what is considered a living wage, which is 5,000 taka per month (approximately USD 59). The living wage is the minimum required to provide a family with shelter, food, and education. Despite low earnings for workers, Bangladesh's garment industry in 2012 accounted for 45 percent of all industrial employment in Bangladesh; however, it contributed only 5 percent of the country's total national income (FashionUnited, 2013). Working hours worsen the circumstances of workers, as many are forced to work 14 to 16 hours per day, seven days per week (War on Want, 2015).

Most of Bangladesh's garment exports (almost 60 percent) go to the EU, while 23 percent go to the US, and 5 percent go to Canada. The high export rate to the EU is partly due to the Everything But Arms (EBA) free trade agreement that does not impose restrictions or duties on imports from Bangladesh. European buyers save approximately 10 percent in comparison to imports from countries, such as China and India. In fiscal year 2013, Bangladesh increased exports by 11 percent, achieving USD 27.02 billion of the USD 30.5 billion target. At almost 80 percent or USD 21.51 billion, RMG make up the largest portion of those exports (FashionUnited, 2013).

Cambodia

Cambodia's garment industry grew rapidly as Asian garment and textile investors from Singapore, Malaysia, Taiwan, and Hong Kong began exporting in Cambodia, taking advantage of the nation's quota benefits from the Multi-Fibre Arrangement (MFA) as well as its low wages (Soeng & Supinit, 2016). The MFA exempted Cambodia from quotas for garment exports, exporting more garments, while generating greater profits (Han & Mah, 2015). This exemption allowed Cambodia's garment industry to develop rapidly. The success of the garment industry beyond MFA is attributed to Chinese investment in Cambodia as well as US and EU preferences toward Cambodia's garment exports. Cambodia also receives preferential treatment from the EBA arrangement, which guarantees tariff- and quota-free access to the EU market for all exports except for ammunition and weapons (Malmstrom, 2018).

In 2010, 9 percent of the nation's GDP was generated from garments, textiles, and footwear. The garment industry comprises two-thirds of the overall manufacturing GDP. This sector also absorbed 27 percent of all registered FDI from 1998 to 2009, reporting USD 469 million and 421 projects in the eleven year period (Han & Mah, 2015). In 2017, Cambodia approved 117 new projects from foreign investors, totaling USD 5.2 million. Of this foreign investment, 55 new garment and footwear sector projects from were approved, worth a total of USD 269 million, or 5 percent of the total foreign investment (International Labor Organization, 2018). However, this is a decline from 2016, as garment and footwear sector projects previously accounted for 8 percent of the total foreign investment.

In recent years, Chinese investment in Cambodia has been among the highest, totaling USD 9.6 billion between 1994 and 2013. China's stake in the Cambodian apparel industry extends to factory ownership as well, with 65 percent of garment factories owned by Greater China (Lefevre & Thul, 2017). There is a particular draw for Chinese ownership of Cambodian factories because of the short distance between the two countries; this results in many Chinese managers in Cambodian factories (R. Robertson, personal communication, February 25, 2019). Garment factory managers are typically not Cambodian; in addition to those from China, they typically come from Taiwan, Malaysian, and South Korea (Espinosa, 2017).

According to the Ministry of Commerce, there were 571 garment factories in operation in the second quarter of 2017. The garment and footwear sector is a significant employer in Cambodia's labor force, providing an average of 635,000 jobs per month in registered exporting factories. The sector's total wages reached an average of USD 126 million per month, compared to USD 116 million in 2016 (International Labor Organization, 2018).

Pay for Cambodian garment workers is comprised primarily of base pay, contributing to workers' abilities to maintain a level of income that is compatible to the labor exchanged. Cambodia's garment workers have experienced a significant increase in the minimum wage, earning USD 80 per month in 2013, and now earning USD 170 after the latest increase that came into effect on January 2018 (International Labor Organization, 2018). Though the minimum wage determines base pay for workers, overtime payments, allowances, and bonuses comprise nearly 35 percent of pay. The regular number of hours worked in the apparel industry has increased from an average of approximately 180 per month in 2016 to an average of 185 per month in 2017.

As of January 2018, female employees are entitled to a three-month maternity leave with 120 percent salary, with the cost shared between the National Social Security Fund (70 percent) and employers (50 percent). In August 2017, workers were provided with an entitlement to a free two years of access to public transportation.

The EU and US are the predominant markets for Cambodian garment and footwear products, absorbing 46 percent and 24 percent of the sector's exports, respectively, and the markets are growing (International Labor Organization, 2018). The garment and footwear sector accounted for 72 percent of Cambodia's total merchandise exports in 2017, the EU reported an increase of 12 percent, and the US experienced a 3 percent increase in garment and footwear imports from Cambodia.

According to the Garment Manufacturers Association in Cambodia, the status of Cambodia's EBA and competition from lower-cost or more efficient Asian competitors were predicted to slow Cambodia's garment industry growth (Lefevre & Thul, 2017). The July 2018 election caused concern for the sector, with threats of economic sanctions and an ongoing review of Cambodia's EBA initiative. If Cambodia's EU consumer base is lost, the country may begin focusing on China because of the growing Chinese consumer base and existing Chinese investment in Cambodia. The declining production and growing supply will help raise prices of garments (R. Robertson, personal communication, February 25, 2019). Additionally, with Cambodia's wages higher than Bangladesh and productivity lower than Vietnam, competition remains a concern. Indicators for 2018 will reveal whether these concerns will impact the country's garment industry.

Vietnam

Vietnam has a large apparel industry, both in terms of the number of factories and employment levels. According to Better Work (2017), there are approximately 4,000 garment and textile enterprises operating in Vietnam. 76 percent of factories are privately-owned (which includes joint-venture enterprises that may have some amount of foreign or governmental ownership), while 19 percent are wholly foreign-owned (namely by South Korea), four percent are wholly-owned by the state, and the other one percent are owned cooperatively by two or more entities (Better Work, 2017; CBI, 2014). Chinese FDI is more diverse in Vietnam than in other Asian countries; China primarily invests in the Vietnamese automobile (motorcycle) and consumer electronics industries, with a lesser focus on garments (Kubny & Voss, 2010). There are more than 2.5 million garment workers in Vietnam (Better Work, 2017). Economists predict that for every increase of USD 1 billion in garment exports, the Vietnamese apparel industry will add between 100,000 to 200,000 jobs (CBI, 2014).

Garment workers in Vietnam are typically compensated through a piece-rate wage system (i.e. a set amount of compensation per garment created). There is a minimum monthly wage that factories must pay workers, regardless of their piece rate. The minimum wage is determined by the factory's region; as the majority of factories are located in Region I has a minimum wage of 3,980,000 Dong per month or USD 170, while Region II has a minimum wage of 3,530,000 Dong per month or USD 150. Garment workers in Vietnam typically make more than the minimum wage, averaging between USD 180 and 200 per month (not including overtime payments).

Compensation for Vietnamese garment workers exists through benefits as well. Female garment workers in Vietnam are entitled to six months of paid maternity leave at full salary, paid for by the social insurance agency. Women are also given time off for circumstances such as prenatal examinations, miscarriages, stillbirths, and adoption (Better Work, 2018).

The US, EU, and Japan are major destinations of Vietnamese garments, comprising 48 percent, 15 percent, and 12 percent of exports, respectively (Nayak, Akbari, & Far, 2019). Although the garment industry plays a large role in Vietnam's economy, garments are not Vietnam's most exported good; garments constitute only 15 percent of their total exports, whereas technology and machines (such as broadcasting equipment, telephones, and integrated circuits) make up over 45 percent of Vietnam's exports (Observatory of Economic Complexity, 2019).

Conclusion

Industry and trade data and case studies provide key insights for the South and Southeast Asian garment industry and China's role in the region. We see several South and Southeast Asian countries that have significant garment industries. Cambodia is an outlier, as its apparel industry represents almost a quarter of its GDP. Overall, the case study countries predominantly produce garments for export, mostly to the EU and the US; less than 2 percent of the region's exports go to China.

China sources approximately 30 percent of its apparel imports from the region, with most originating from Bangladesh and Vietnam. This is not insignificant; however, given that China is also a major garment producer, it is clear that 30 percent of its imports represents a smaller proportion of garments bought and sold within China. On the other hand, China serves as the major supplier of textiles for the industries in those countries.

The case studies show that the level of Chinese investment in the garment industry varies considerably. While most factories in Bangladesh are domestically owned, foreign direct investment is important in Cambodia's garment industry; Chinese investment in and management of garment factories is substantial. Chinese FDI in Vietnam is less concentrated in the apparel industry compared to other countries in Asia, with a significant focus on automobiles and consumer electronics.

5. STAKEHOLDER RESEARCH AND ANALYSIS

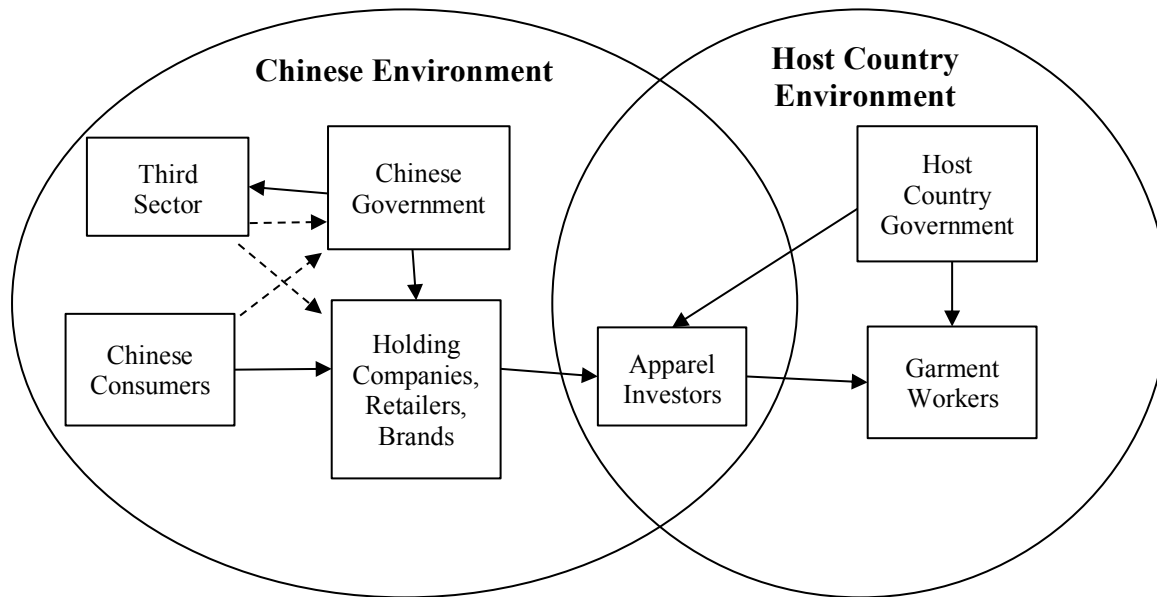
The stakeholder research and analysis examine the relevant stakeholders that MFO could potentially influence to improve the lives of garment workers in South and Southeast Asia. We have identified the following stakeholders: Chinese consumers, holding companies, Chinese investors, third-party logistics companies, Chinese government, third sector organizations, and trade unions. The following sections will discuss the framework for evaluating stakeholders and present the findings for each key stakeholder, discussing their influence and interests as they relate to garment workers.

Stakeholder research shows the importance of holding companies and Chinese consumers based on their direct influence on the lives of garment workers as well as their variable interests in which a shift could motivate change. These findings are based on an analysis of the chain of influence related to garment workers and an analysis of stakeholders' interests.

We conducted stakeholder research and analysis to understand the actors and environment of the apparel industry in South and Southeast Asia, focusing on identifying key stakeholders in the chain of influence to improve the conditions of South and Southeast Asian garment workers. This research helped answer the primary research question and form strategy options for the dissemination of the GWDs to educate Chinese stakeholders by analyzing the roles, constraints, and behaviors of each stakeholder. We were then able to consider how stakeholders contribute to potential partnerships, advocacy efforts, funding sources, framing options, and pressure points.

We used the analysis of the garment industry's supply chain to identify potential key stakeholders. "Supply chain" refers to a linear process of raw materials being processed and made into something and then being sold to a consumer (Grant, Trautrim, & Wong, 2015; Taylor & Plambeck, 2007). The supply chain generally includes suppliers, brands or holding companies, and customers, but can also include, logistics companies and actors in the external environment of the supply chain (Grant et al., 2015; Hou, Chaudhry, Chen, & Hu, 2017). Figure 3 depicts supply chain actors who influence and potentially influence garment workers in their respective country environments.

Figure 3: The Supply Chain and Environment of the South and Southeast Asian Garment Industry in Regards to Chinese Stakeholders



Based on the supply chain literature, we selected the following actors from the garment industry supply chain and environment to conduct in-depth research on:

- Chinese consumers
- Holding companies (also referred to as brands)
- Chinese investors
- Third-party logistics companies
- Chinese government
- Third sector organizations
- Trade unions

Our organizational approach for MFO leverages the GWDs to target Chinese stakeholders. Based on Ackermann & Eden's power and interest grid, we used influence and interest of stakeholders to determine who are the most important stakeholders. Within the context of this research project, influence and interest have been defined according to a stakeholder's concern and ability to influence garment worker conditions or the behavior of other stakeholders.

Stakeholders

Consumers

The Chinese economy tripled in size between 2000 and 2010. To facilitate growth during this decade, the Chinese government primarily drove development through investment. A 2012 McKinsey & Company report identifies consumption as the driving force of future Chinese economic growth, anticipating that consumption will "account for 43 percent of total GDP growth by 2020, compared with a forecast contribution from investment of 38 percent" (Atsmon, Magni, Li, & Liao, 2012, p. 9).

Chinese economic development enabled the growth of an emerging middle class with greater purchasing power. As incomes continue to rise, a greater proportion of the Chinese population will possess larger disposable incomes and greater capacity for consumption (Atsmon, Magni, Li & Liao, 2012). Two important segments of the consumer sector include “value” consumers whose household annual disposable incomes are between USD 6,000 and USD 16,000 and “mainstream” consumers whose household annual disposable incomes are between USD 16,000 and USD 34,000. Researchers project that a substantial portion of value consumers will move into the mainstream strata by 2020 due to increased wages. A larger Chinese middle class represents an opportunity for substantial increased Chinese demand of garments, thus expanding the influence of the domestic Chinese market on garment production costs and methods.

Interest

The price of a good remains an important factor for consumers when evaluating purchases in both the physical and digital marketplaces. While rising incomes in China and recent tax changes have increased disposable incomes available to the average mainstream consumer, a tendency toward thrift and saving remains.

Consumers consider the quality of a good when evaluating a purchase. The quality of a good is linked with brand familiarity and reputation. Brand familiarity, often linked to a brand’s country of origin, influences consumer evaluation criteria. Middle class consumer evaluation of the country of origin involves implicit evaluations of quality, design, and workmanship. Foreign brands are perceived as higher quality and more fashionable (Chen, Chen, & Lin, 2013; Kim, Shin, Cheng, Lennon, & Liu, 2015). To develop familiarity with a brand, a certain level of information must be provided to a consumer for a belief to form concerning the brand. Beliefs, in turn, inform consumer perceptions and future purchase decisions.

Consumer interests relate to garment workers because they form Chinese garment demand. Overall, Chinese consumers lack a general knowledge about the social or environmental consequences of means of production. This knowledge is critical for an individual to take ethical consumption actions (Shen et al., 2012). Without this knowledge, the likelihood of mobilizing Chinese consumers to modify consumption behaviors is low. Moreover, the existence of an attitude-behavior gap between consumer intention and consumer action is important to consider when attempting to influence consumer behavior. The level of diversity in ethical perceptions demonstrates the potential sensitivity of consumers in considering socially responsible efforts.

Influence

Chinese consumers have a reciprocal relationship with the Chinese government, as both can influence the behavior of the other. Chinese consumers influence the government, as they are a source of revenue and are considered by the government to be the engine of future domestic economic growth. The reciprocity of the government and consumer influence is particularly evident when considering efforts to increase consumption. The Chinese government possesses a number of short and long term strategies to stimulate consumer demand (Stevenson, 2015; Wang, 2019).

Aggregated Chinese consumer behavior constitutes demand, which is an important market force brands must address to achieve profitability. The nature of consumer capacities and preferences influence a brand's product selection, quality, market size, and advertising mechanisms. The growth of mainstream consumers enables brands to target a significantly larger population and capitalize on new economies of scale (Atsmon, Magni, Li, & Liao, 2012). Increased incomes enable brands to market new, higher quality goods within Chinese markets, as middle class consumers upgrade or make new purchases.

Consumers can use their influence on holding companies and investors by showing preferences for certain products to retailers and brands (Li & Wang, 2008). In 2010, the Taiwanese manufacturing company, Foxconn, gained a poor reputation in China due to 14 cases of employee suicide within 10 months. Consumers showed their opposition to Foxconn as a sweatshop by boycotting Foxconn-manufactured Apple products (Li, 2010). This situation exemplifies a circumstance in which consumers chose to use their consumer power and were able to exert pressure on a company in order to change worker welfare.

The highly integrated ecosystem of the Chinese e-commerce market amplifies the importance of social media. Consumers are able to confer directly with others when making purchase decisions and view content from key opinion leaders. Chinese consumers are able to request and receive near-immediate feedback regarding a potential purchase from an online platform such as Taobao. Key opinion leaders are an important source of influence in Chinese social media. These individuals are those with active online presence, promoting specialized knowledge or a curated image that is favorably viewed by their followers (Chitrakorn & Suen, 2017).

Conclusion

The growing Chinese middle class represents an opportunity for increased Chinese influence on garment demand. Chinese consumers appear to have greatest interest in the price and quality of a good when making purchases and appear to have little knowledge of the social or environmental impacts of garment production. As the Chinese middle class continues to grow, Chinese influence on the means of production will increase. Chinese consumer behaviors are influenced by the Chinese government, brands, retailers, and digital innovation and are able to influence the government and brands.

Holding Companies & Brands

Holding companies are brands, but brands are not necessarily holding companies. In this report, holding companies will be used to describe the top level decision-makers for single and multiple brands (Fang, Gavirneni, & Rao, 2013). Brands will be defined as the subsidiary brands in a holding company who are influenced by the holding company and change depending on its owners. Holding companies are vital decision makers in the lives of garment workers, as they are able to decide which factories receive business. Their influence derives from their ability to determine corporate policies and strategic directions for their brands and work partners (Ford, 1990).

Interest

The ultimate goal of any company is to make money. For most holding companies in the apparel industry, this is done by cutting costs in production, transportation, and technology and by selling products, either in larger quantities or at a higher profit margin. Profitability can motivate holding companies to switch factories, logistic companies, and partners while, using new technology and trying to reach new audiences (Drake, 2012). This issue contributes to pressure on garment factories and can directly impact the lives of garment workers; impact occurs because high pressure can cause factories to keep wages low and to place additional expectations on the garment workers to be more productive.

The reputation of the company is extremely important, as it can determine customers and who will shop at their stores. The importance of a brand's reputation is why many companies have been open to corporate strategic responsibility (CSR) initiatives and philanthropic opportunities (Ang, Brown, Dehejia, & Robertson, 2012). CSR efforts usually revolve around the environment, supply chain sustainability, and social good benefiting people and communities in which they work. These efforts can generate social goodwill towards the company, meaning if any adverse circumstances occur, the company has a good reputation to cushion their crash of popularity (Husted & Allen, 2011). Ensuring the good treatment of garment workers might help avoid potential problems with the brand's reputation, but the company will be held to their word.

Influence

Holding companies care about the consumers to whom they sell their products. Decisions regarding what to produce follow trends in fashion to motivate consumers to buy what is popular or target utilitarian shoppers (Zhou, Arnold, Pereira, & Yu, 2010). Companies also seek to maintain a good reputation so that consumers are more willing to buy from them (Shum, Wang, Shen, & Lo, 2012; Tian, Wang & Yang, 2011). Consumers are also influenced by company representatives, which is why celebrity representation and modeling is valued by holding companies (Kim, Choe, & Petrick, 2018). As a result, holding companies have a reciprocal relationship with consumers, as they are influenced by what consumers prefer, but also try to set trends and influence what the consumers should desire.

Holding companies and brands are often considered the pinnacle of the supply chain, as they are the turning point from a product being produced to a product being sold (Zeng, Hu, & Ouyang, 2017). They demand clothes from factories and determine the parameters required for factories with which they work. Holding companies also decide how their products are distributed, which determine what products are sold. E-commerce platforms have grown in popularity; it is common for a holding company to have several of their brands sell products on Alibaba's Tmall or JD.com ("The End of the Brick-And-Mortar Trade," 2017).

Holding companies must abide by laws set forth by governments where they operate; in addition, they are subject to the influence of the international community. If a company has a multinational strategy, as many holding companies do, then it must be conscious of reporting guidelines and money owed to the government for its operations. If not reported properly, it risks fines and negative standing with the government (Xi, Witzel, & Ambler, 2017). Countries and international organizations make up an international community that can exert pressure on holding companies to take part in new initiatives and abide by new standards (Kim, 2018). By agreeing with international policies and initiatives, companies also gain a better reputation.

Companies adept at using social media and other media outlets are seen as more in touch with today's world, while companies that fail to do this are behind the trend (Ahmed, Vveinhardt, & Streimikiene, 2017). Information, good or bad, can be spread quickly and is hard to control. Holding companies have to be careful about news could potentially help or harm them.

Many large holding companies are publicly owned with multiple shareholders. Those with majority power can make drastic changes to the holding company and influence the holding company's relationship with other companies (Fierro Hernandez & Haddud, 2018).

Conclusion

Holding companies are influential stakeholders in the South and Southeast Asian garment industry based on their influence, relationships, and their interests. They directly sell to consumers and influence supply chain actors, their internal management, and subsidiary brands; holding companies are influenced by the Chinese government, international community, international and domestic media, consumers, supply chain actors, and company shareholders. Their interests in profitability and brand reputation are the most related to garment workers.

Investors

Chinese investors in South and Southeast Asia's apparel industry play an important role in the garment supply chain as the owners of textile and garment factories. Notably, nearly all of these enterprises are privately owned, rather than state-owned (Wang, 2009). Trends in foreign direct investment can reveal characteristics relevant to investment behaviors. Wang (2009) observes three models of FDI: establishing trade companies overseas, opening factories overseas simply for garment processing, and opening factories overseas to manage the whole production process, from textile and accessories production to garment processing.

Constantly increasing international trade barriers have impeded textile and garment exports from China (Wang & Zhang, 2010). It is within this context that enterprises in China's textile and apparel industry have been motivated to invest overseas, seeking cheap labor and trade opportunities. In 2014, there were 689 textile and apparel enterprises registered under the Chinese Ministry of Commerce for FDI eligibility. Of these, 55.78 percent directed their FDI efforts within Asia (Zhao & Fan, 2017). A substantial portion have their own textile and apparel factories in South and Southeast Asia (Liu, 2018; Wang, 2009).

Interest

Decreasing production cost is the fundamental motive for Chinese investors operating in South and Southeast Asia, particularly in Vietnam, Bangladesh, and Cambodia (Yang, 2004). The labor-intensive nature of the textile and apparel industry drives Chinese investors to seek out cheap labor because it is generally the most direct and effective way for them to lower costs (Xu, 2016; Yang, 2004). Chinese investment in the textile and apparel industry also benefits from low-price raw materials and transportation in South and Southeast Asia.

Nevertheless, investors are also concerned about productivity as well as the sustainability of their factories, not solely economically, but also socially and politically. This concern of operational sustainability potentially leads to attention to garment workers' degree of satisfaction with their working and life conditions.

Influence

As decision-makers for factories, Chinese investors have direct influence upon the daily lives of garment workers. Those investors who own textile or garment factories impact garment workers through wages, benefits, and working conditions. In addition to financial influence, investors control investment levels regarding working conditions within the factories. Investments made to improve working conditions include: machines that are safe for workers to operate; employees' access to personal protective equipment when dealing with hazardous material; and contracts protecting worker rights, limiting forcible overtime, or withholding pay (Wang, 2009).

Chinese investors have a reciprocal relationship with FDI host countries. They influence host countries through their abilities to function as employers, taxpayers, and consumers within host countries. Investors influence the economies of host countries by deciding where to build factories, how many employees to hire, and the amount of raw materials to purchase locally. FDI host countries have influence over Chinese investors through their governments and social environments. Governments use policies and laws to regulate investors. Investment-friendly policies with tax exemptions are valued by Chinese investors when they evaluate and compare different host countries for future investment (Ahmed & Sun, 2014). Social factors, such as negative public attitudes towards China, political conflicts, and social unrest can raise investment risks; therefore, countries with social barriers to investment are bypassed by Chinese investment (Xu, 2016; Zhao & Fan, 2017).

The Chinese government has a strong influence on Chinese investors due to China's socialist market economic system, based on the predominance of public ownership and state-owned enterprises within a market economy (Feng & He, 2015). With such an economic system, the Chinese government can influence the direction of its economic development by controlling the investment magnitude and direction, including Chinese FDI.

Buyers are typically identified as logistics companies and holding companies. Buyers have influence over investors through the negotiation with factories in terms of price and requirements. Factories develop productions plans based on the contract with buyers. As buyers, holding companies and logistics companies tend to be conduits that pass on the pressure from government, consumers, and the public to textile and apparel factories.

International organizations influence Chinese investors by regulating international trade to monitor investors' practices in host countries, promoting intergovernmental cooperation to create more opportunities for investors. Additionally, international organizations serve as watchdogs of investors' behaviors regarding environmental and labor protections.

Conclusion

The clearest interest of Chinese investors is low cost, including low wages. Nevertheless, they potentially have an interest in improving garment worker conditions because they care about operational efficiency and sustainability of factories, which benefits profit generation and reputation in the long-run. Some Chinese investors have noticed that better working environments and higher wages can stimulate higher productivity of garment workers; therefore, they have started to improve garment workers' conditions (Wang, Wu, & Yao, 2008). In their roles of employing workers and running factories, the investors have the most direct influence over garment workers.

Logistics Companies

Third-party logistics companies operate in China and in the offshore Chinese garment industry. These transportation, storage, and logistics firms act as intermediaries, connecting holding companies with production partners to move products to market. Most companies continue to rely on logistics companies to provide sufficient context-specific knowledge to find and create reliable partnerships with suppliers (Burt, Petcavage, & Pinkerton, 2010). Today, China commands the largest logistics companies' market in the world (Elovaara, 2016). This large network of "small, independent Chinese forwarders [that] rely on a network of agency relationships and one-off favors to move freight" make it difficult to reliably track garment supply chain patterns, leading to a high level of opacity within this step of the garment supply chain (Nelson, 2012, p. 9). As many logistics companies within China consist of little more than two men and a truck, overall capital investment in the garment industry is low (Nelson, 2012).

Interest

Profit maximization can be separated into two specific sub-interests: profit generation and increased market share. Similar to other profit-seeking firms in the apparel industry, logistics companies seek first to maximize their own profits. Logistics companies can best maximize their profits by aligning their interests with the interests of holding companies (Cuthbertson & Piotrowicz, 2008; Porter, 1985). Another way that logistics companies seek to maximize their profit is through increased market share, which allows logistics companies to capture a larger share of the overall apparel market. When logistics companies prove that they can make timely deliveries at a low cost, they enhance their reputation in the holding company marketplace (Burt, Petcavage, & Pinkerton, 2010). This enhanced reputation leads to a higher likelihood for increased profit through a larger market share among holding companies and brands seeking to outsource their shipping, storage, and distribution needs.

Influence

Logistics companies have low influence over factory behavior and they serve primarily as an intermediary, connecting holding companies to factories without interjecting their own interests. The primary influencer of factory behavior remains the contracting firm, which has a natural profit-seeking incentive to demand certain characteristics, such as transparency, quality, and price; logistics companies do not maintain these incentives (Macchion et al., 2015; Porter, 1985). In the case of logistics companies, their primary profit-seeking priority is to meet the priorities set by the holding company (Cuthbertson & Piotrowicz, 2008). If a holding company exhibits little interest in improving garment worker conditions, it is unlikely that logistics companies will independently exercise their influence to advocate for garment worker welfare (Turker & Altunas, 2014).

International agreements, such as duties and tariffs, sanctions, and quotas, also have direct effects on many of the logistics companies' interests, including their profitability and ability to expand in a marketplace. The apparel logistics companies, and more broadly, the entire apparel industry in South and Southeast Asia, developed in response to increased regulations and restrictions in other world regions (Lund-Thomsen & Lindgreen, 2018). International agreements have increased both awareness and standards of worker conditions, and with them, the behavior of logistics companies that contract with these firms; in many cases, logistics companies are limited in their profitability and ability to expand in a marketplace (Doorey, 2011; Hughes, Buttle, & Wrigley, 2007; Iwanow, McEachern, & Jeffrey, 2005; Micheletti & Stolle, 2007).

Conclusion

In general, logistics companies have low influence over other stakeholders and low interest in garment worker welfare. They connect garment factories to the holding companies that supply garments to consumers. However, this influence is directed by the interests of contracting firms, which often do not explicitly include an interest or concern in regard to improving garment welfare. Additionally, logistics companies have low interest in influencing stakeholder behavior. This low interest stems from a separation in interactions with the consumer, a fragmented logistics market that makes coordination among firms difficult, and diversified portfolio practices in other, non-apparel industries that diminish the importance of the retail sector compared to other business sectors.

Government

The Chinese Central People's government (CCP) is the state council of the People's Republic of China. It functions as the highest authority of state administration and the executive department of China's highest state power (National People's Congress, 2018). According to the constitution, all Chinese ministries or government agencies report to the president of the CCP, Li Keqiang. However, China is a party-owned state where the absolute power resides with the Communist Party of China (CPC); this body has influence above all institutions in China including the CCP, the military, and the courts (Ross & Bekkevold, 2016).

Interest

The government has a vested interest in maintaining political control (Nolan, 2005). Its interests guide the ways that the Chinese government chooses to exercise its influence. Several interests that link to this one are an interest in China's international reputation and national security. In addition, the Chinese government has an interest in avoiding accusations of human rights violations and an interest in advantageous foreign relationships.

The Chinese government is wary of Western accusations of human rights violations, which are regarded by the Chinese government as an effort to impose Western countries' will on China and an external interference into Chinese internal affairs, as well as unfriendly behavior to Chinese development (Wan, 2007). The Chinese government is attempting to comply with the worldwide mainstream ideology of respecting human rights. This increases its stake and potential interest in caring about and influencing garment workers' conditions in Chinese-owned companies in South and Southeast Asia. Though the Chinese government has reacted defensively to accusations regarding its human rights issues, it is not opposed to international human rights law. Instead, China is actively participating in the creation of new international human rights laws (Yang, 2010).

An additional interest of the Chinese government advantageous foreign relationships; one way that it seeks to achieve these is through its "Going Global" strategy, initiated by former President of China, Jiang Zemin. This initiative has encouraged Chinese enterprises to invest overseas and is currently the main strategy of Chinese international economic development (Hou, Chaudhry, Chen, & Hu, 2017).

Influence

The Chinese government uses various policies to influence Chinese investors. China's National Development and Reform Commission (NDRC) cooperated with provincial development and reform commissions and is responsible for approving, recording, guiding, and supervising China's overseas FDI (National People's Congress, 2018). In 2018, it published the Measures for the Administration of Overseas Investment of Enterprises in which the NDRC was given authority to oversee OFDI activities. Its responsibility was specifically defined as guiding, supervising, and providing services to Chinese offshore investment businesses. The measure also advocates that firms protect employees' rights and interests and respect local laws, though this is not a mandatory requirement. Currently, the Chinese government does not exercise much control over Chinese private investment in the apparel industry (J. Liao, personal communication, March 11, 2019). However, as the absolute authority in China, it could more strictly regulate the activities of overseas investors if it chose to.

Since 1949, Chinese leadership has used patriotism to acquire loyalty from citizens and to influence their consumer behavior (Ishii, 2009; Rose, 2000; Ross, 2015). However, China's policy focus shifted from only sustaining citizens' loyalty to the party to developing the economy, which has improved the living standards of Chinese people and raised a greater sense of confidence and pride in the nation (Rose, 2000). As citizens' consuming ability has increased, consumers have become a dominant power driving China's economy. Their patriotism has shifted from being inward-looking to being more open toward foreign products and business cooperation with other nations (Ishii, 2009; Ross, 2015). The government has emphasized internationalism in its main policies. When cooperating with other countries harms the national interest, the internationalism will stop (Gallagher & Miller, 2017; Ishii, 2009).

The Chinese government has recently created new laws that regulate China's third sector: the Charity Law (2016) and the Overseas NGO Law (2016) (Han, 2018). These laws and regulations contain registration requirements, reporting duties for annual review, and permissible actions; this is also a tool of the government to control and limit NPO growth (Li et al., 2017). Additionally, some indirect mechanisms are used by the government to control NPOs, such as "providing funding and training opportunities, requiring the establishment of party-units of CPC within NPOs, and suspending the supply of critical resources" (Han, 2018, p. 392). Through these regulations, the Chinese government has tremendous influence over the third sector.

Trade partners, or countries with whom China has trade relations, have a reciprocal relationship of influence with the Chinese government. The rapid economic development in China, led by the Chinese government, has placed pressure on industries in other countries. Any nation that could further Chinese interests is encouraged to engage in a mutually beneficial relationship with China, as China has the potential ability to help support its ally's economy (Burgos & Ear, 2010). In addition, the Chinese government's influence over trade partners includes facilitating infrastructure development (Burgos & Ear, 2010). This financial support facilitates the signing and implementation of many bilateral cooperative agreements between countries in South and Southeast Asia and China (Burgos & Ear, 2010).

The international community has exerted influence over the government, especially in the area of human rights. The international community assumes that government is the major responsible entity for human rights issues in any form and scale; additionally, the international community believes the government has the ability to stop human rights violations (Li, 2012).

Conclusion

The Chinese government is a significant stakeholder, since it has absolute and expansive influence over the state and many other stakeholders. However, the Chinese government makes decisions based on its own national interests, including economic development, national security, and maintaining a good reputation in international communities. Regulations and measures published by the government are associated with the conditions of foreign workers overseas, as they contribute to maintaining sustainable investment in the host countries; however, these measures rarely mention human rights and are not mandatory. Thus, the Chinese government has limited interest in the conditions of garment workers in South and Southeast Asia.

Third Sector

Non-governmental organizations (NGOs), or nonprofit organizations (NPOs), in China are rising and increasingly influential actors; yet, these organizations' influence and interest are linked to the status of their relationship with China's government. In our research, we looked at China's third sector as three groups: domestic NPOs, INGOs working in China, and philanthropy (mainly foundations). In China, nonprofits are referred to as NPOs rather than NGOs.

There are several different types of NPOs: registered, non-registered, and registration-exempt organizations (Zhang, 2015). Two key types of NPOs are GONGOs, or government-organized non-governmental organizations, and grassroots organizations (citizen-organized) (Qin, 2017; Lu, Deng, Huang, & Chen, 2018). At the end of 2016, there were more than 690,000 registered NPOs in China. Because many grassroots organizations do not have to register; the true number of NPOs is estimated to be higher, anywhere from one to three million (Han, 2018).

Before the Overseas NGO Law (2016) came into effect, there were approximately 7,000 INGOs operating in China (Feng, 2017). As of January 2019, 439 INGOs qualified to continue operating with representative offices (ChinaFile, 2019). Another feasible way for INGOs to continue to operate in China is through filing to engage in temporary activities; the timespan is usually one year.

Philanthropy is comprised of foundations operating in China and wealthy individuals who create or contribute to foundations. As of December 2016, there were over 5,700 foundations in China (China Foundation Center, 2018). Many Chinese foundations receive donations from wealthy individuals and use this to do their own work, rather than granting the funds to other NPOs (Shieh, 2018).

Interest

One key interest of Chinese nonprofit organizations is the ability to continue operations; this opportunity is dependent on organizations' relationships with the government (M. Sidel, personal communication, November 13, 2018). Due to China's authoritarian state and new nonprofit laws passed in 2016, China's third sector has a strong incentive to avoid trouble with the government (M. Sidel, personal communication, November 13, 2018). These laws favor certain types of nonprofit work: trade and economics, the environment, poverty, sports, disaster relief, health, culture, and education, and not others, such as labor and human rights (ChinaFile, 2019). The legal repercussions for organizations caught in violation of these laws might include the inability to operate (Han, 2018).

Nonprofits have a high interest in fulfilling their mission (Jonker & Meehan III, 2014). This means that organizations' whose mission expresses a desire for better working condition might involve ethical business and global engagement. While the Chinese third sector does not have a direct stake in the welfare of garment workers in South and Southeast Asia, nonprofits with missions that can be or already are connected to garment worker welfare in these countries have an interest in seeing these workers' conditions improved.

Influence

The government is the biggest influencer of the third sector. In 2016, the government passed the Charity Law and the Overseas NGO Law to regulate NGOs (Feng, 2017; Han, 2018). These laws have favored service-oriented organizations and have made it even more difficult for advocacy and social justice organizations to operate (Sidel, 2018). The Charity Law covers a variety of regulations, including restrictions on financial activities and requirements for charity registration and reporting of activities and accounting. There are significant legal repercussions for NGOs that do not comply (Han, 2018). The Overseas NGO Law has changed registration requirements for foreign NGOs (Feng, 2017). Organizations that choose to operate under a temporary activities filing need a Chinese partner (ChinaFile, 2019). As it is challenging and risky for a Chinese organization to partner with a foreign organization, Chinese partners can be difficult to find (Sidel, 2018). Under the new Charity Law, human rights advocacy or efforts to advocate against the CCP are prohibited (Han, 2018; M. Sidel, personal communication, November 13, 2018).

Within the third sector community, individual organizations have influence over each other. Foundations providing funding to domestic NPOs can impact those NPOs' activities: for example, whether those organizations engage in advocacy (Li et al., 2017; Shieh, 2017). In addition, a number of registered INGOs play a role in strengthening civil society (ChinaFile, 2019).

Individual third sector organizations can have some influence over the garment industry supply chain. Nonprofits with a focus area on China's global engagement work to promote sustainable business practices. Some nonprofits (especially environmental nonprofits) have an ability to engage in government advocacy, which could impact government regulatory laws (Li et al., 2017). Third sector actors do not have the ability to enforce laws or to reduce harmful business practices, but they do have the influence to promote sustainable practices and in limited cases, engage in advocacy as long as it aligns with Chinese government interests.

Conclusion

China's third sector is a diverse set of actors. In their specific operating context, they are limited by restrictions on NPOs and INGOs. Organizations in China's third sector have a strong interest in fulfilling their missions, and there are organizations with missions focused on labor conditions or good overseas investment practices for Chinese investors. This interest suggests potential mission alignment with a China strategy for improving garment worker conditions and makes China's third sector an important stakeholder, despite the limitations of its influence.

Trade Unions

All-China Federation of Trade Unions (ACFTU) is a department of the Chinese government and addresses domestic Chinese labor concerns. It is comprised of the National Congress of Trade Union and Executive Committee, both elected by the National Congress. According to China's trade union law, the ACFTU is the only trade union recognized and tolerated by the People's Republic of China (Taylor & Li, 2007). Chinese workers do not possess the ability to freely associate and are not allowed to join an independent trade union (Bai, 2011). They do not have a direct impact on foreign garment workers' conditions in South and Southeast Asia; additionally, they do not have interests independent of the Chinese government. China's trade unions have low influence and low interest in improving garment workers' conditions. The domestic operations of the AFTCU indicate little support for the plight of garment workers in South and Southeast Asia.

Analysis

Stakeholders' Influence and Interest

Table 5 provides a detailed explanation of stakeholders' influence and interest, based upon findings in respective stakeholder sections. Interests discussed focus on those most relevant to garment workers and are indicated as potentially positive (+), potentially neutral (O), and potentially negative (-) for garment worker well-being. Some of these interests could create different behaviors. Various actors are repeated in the 'influence over' and 'influenced by' columns, indicating that a reciprocal relationship between the actors exists.

Table 5: Detailed Key Stakeholders' Influence & Interest

Stakeholder	Interests	Influence Over	Influenced By
Chinese Consumers	<ul style="list-style-type: none"> • Quality (O) • Price (-) • Perceived social status (O) 	<ul style="list-style-type: none"> • Government • Brands • Retailers 	<ul style="list-style-type: none"> • Government • Brands • Retailers • Social media
Holding Companies Operating in China	<ul style="list-style-type: none"> • Profitability (O) • Brand reputation (+) 	<ul style="list-style-type: none"> • Consumers • Supply chain actors • Internal management • Subsidiary brands 	<ul style="list-style-type: none"> • Government • International community • International and domestic media • Consumers • Supply chain actors • Company shareholders
Chinese Investors in Means of Production (Factory owners)	<ul style="list-style-type: none"> • Low Cost (-) • Productivity (+) • Sustainability of Operations (+) 	<ul style="list-style-type: none"> • Garment workers within the factory host countries • Textile and Apparel Industry in China & Host Countries • Host countries 	<ul style="list-style-type: none"> • Host countries • Chinese government • Consumers • International organizations • Buyers (Holding & logistics companies)
Logistics Companies	<ul style="list-style-type: none"> • Timely deliveries (-) • Low costs (-) • Increased market share (O) • Profitability (-) 	<ul style="list-style-type: none"> • Factories 	<ul style="list-style-type: none"> • Holding companies • Host country governments • International agreements
Chinese Government	<ul style="list-style-type: none"> • Maintain Political Power (-) • Expand economic capacity (O) • Strong international reputation (O) • Advantageous foreign relationships (O) 	<ul style="list-style-type: none"> • Investors • Consumers • Third sector organizations • Trade partners 	<ul style="list-style-type: none"> • Trade partners • International communities • Chinese public
Third Sector Organizations	<ul style="list-style-type: none"> • Continue Operations (-) • Avoid government conflict (-) • Mission alignment (+) 	<ul style="list-style-type: none"> • Government • Third sector community • Supply chain • Chinese consumers 	<ul style="list-style-type: none"> • Government • Third sector community • Chinese public • Funders
Chinese Trade Unions	<ul style="list-style-type: none"> • Maintaining CCP's power (O) • Support Chinese workers (O) 	<ul style="list-style-type: none"> • Workers • Companies 	<ul style="list-style-type: none"> • Chinese government

Interest

While all stakeholders have some relationship to South and Southeast Asian garment workers, the nature of that interest varies. For most stakeholders with high interest in garment workers, these interests do not relate to the social conditions of garment workers; instead, these stakeholders focus on how garment workers contribute to their profits. However, almost all stakeholders have multiple interests, and some of those interests can potentially lead them to be open to improving garment workers' welfare. For holding companies and investors, there are concerns with worker productivity, performance of the firms, and reputation. For consumers, potential concern with the source of the clothes they wear and the conditions under which these garments were produced could lead them to be supportive of an initiative to change the conditions of garment workers.

The multiple interests of each stakeholder as well as the strength of their interests determine how a stakeholder might influence garment workers. For example, a holding company with stringent guidelines regarding its garment workers might use its reputation to drive its profitability. Alternatively, another holding company without strict guidelines about their garment workers seems to not prioritize worker welfare, thus failing to see a connection between reputation and profitability.

Table 6 categorizes the types of stakeholder interests that may potentially align with a concern for the garment workers' situation, based on our research findings. Potentially positive stakeholder interests can be categorized by performance, reputation, and social condition. Performance refers to a stakeholder's interest in how the garment worker conditions affect their performance and, therefore, the performance of the firm. Reputation refers to a stakeholder's interest in how the treatment and acknowledgment of garment workers impacts its own public image and relationships with other actors. Social condition considers the well-being of garment workers and their quality of life.

Table 6: Categories of Positive and Neutral Interests Related to Garment Workers

Performance	Reputation	Social Condition
<ul style="list-style-type: none">● Holding Companies● Investors● Chinese Consumers● Logistics Companies	<ul style="list-style-type: none">● Holding Companies● Chinese Government● Chinese Trade Unions	<ul style="list-style-type: none">● Third Sector Organizations● Chinese Consumers

Based on previous research, we determined that third sector organizations, investors, holding companies, Chinese consumers, and international organizations would be the most willing to change as stakeholders sensitive to the state of garment workers, whether good or bad. Certain third sector organizations with interests related to garment workers will be motivated to try and serve garment workers or advocate for them. The textile and apparel factories that employ garment workers have neutral or negative stances to garment workers. For example, they might be being willing to push garment workers harder to meet a production goal.

Holding companies make decisions about expectations regarding garment workers. Some holding companies are more interested in garment workers than others, depending on their standards. One example of an interested holding company would be a company that shuts down a factory that is not meeting garment worker management expectations. Usually, holding companies focus on how garment workers affect their profitability. If MFO is able to maximize the connection between how a company treats its garment workers and the company's reputation and profitability, then the company could be motivated to treat its garment workers better. Chinese consumers are primarily interested in the pricing, quality, and reputation associated with a purchase, but can sometimes be convinced and motivated to care about garment workers' wellbeing. This change in interest is important because it has the potential to motivate a change in behavior towards the garment workers. Members of the international community are also interested in garment workers because some have initiatives regarding labor and garment workers specifically. These efforts demonstrate an interest in garment workers and a willingness to spend time and resources on this goal.

Influence

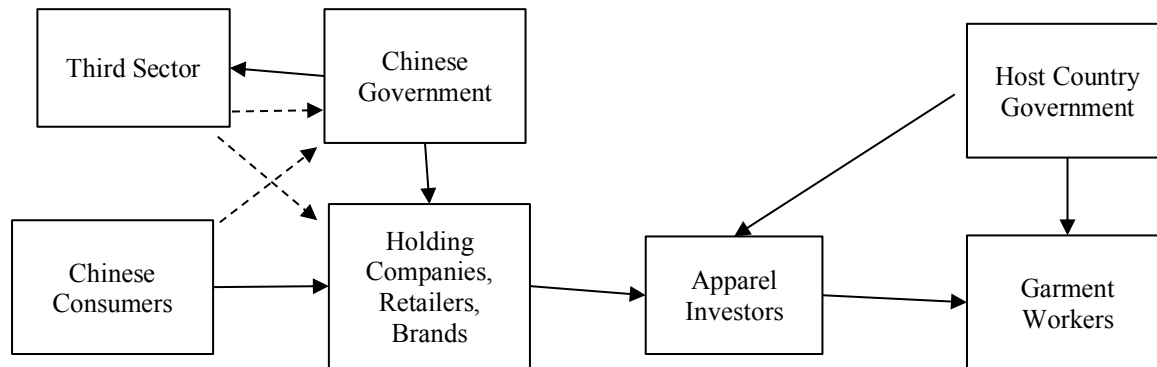
Understanding how these stakeholders influence each other has been an important aspect of our research. Although relationships are complex and multidirectional, a primary goal has been to identify and examine how garment workers can be influenced by the stakeholders.

Garment workers are directly influenced by their factory owners, apparel investors, and the host country government. The apparel investors are influenced by the host country government, which dictates the environment they work in. Apparel investors are especially important as they connect the Chinese stakeholders outside of the garment industry to the garment workers.

Holding companies are influenced by Chinese consumers who buy their products and the Chinese government which determines the boundaries in which the holding companies and the third sector operate in; they are potentially influenced by third sector organizations who might advocate for or against issues related to the holding companies, Chinese consumers give holding companies legitimacy and connect holding companies with the greater Chinese public through purchasing practices and public information like social media. The Chinese consumers are passive for the most part, but when united, they have the potential to be influential, especially with the Chinese government and holding companies. The third sector community has the potential to be influential as it can appeal to the public and holding groups in the garment industry context, pushing for garments workers' well-being and influencing policies made by the government. Furthermore, these third sector organizations can receive international support.

Based on the chain of influence and academic research, Chinese consumers, Chinese holding companies, and Chinese investors are the key stakeholders that have a direct chain of influence on the garment workers based on their interests in products that garment workers create. Host country governments do play influential roles in the lives of garment workers, but working with them as a key stakeholder was outside the project's scope. Figure 5 displays these chains of influence.

Figure 5: Chain of Influence



Conclusion

In-depth research into each stakeholder reveals that three primary motivating interests relate to garment workers: garment worker performance, how garment worker conditions impact reputation, and garment workers' social conditions. Third sector organizations are likely the most passionate about issues related to garment workers, but they lack the influence necessary to bring about change on their own. Holding companies and investors are interested in garment workers' performance and how garment workers affect their reputation. They are less interested in changing their current practices regarding garment workers, but maintain the highest levels of influence over garment worker conditions. Chinese consumers are unique because they typically care about the product being sold, but at times, can be motivated to be concerned about garment workers' social condition. This switch of interest usually requires some outside influence to organize and mobilize these changes. Chinese consumers are important stakeholders in the chain based on their potential influence as well as their potential dual interests in garment workers. By mobilizing Chinese consumers, MFO will be able to influence other stakeholders in the chain of influence so that garment workers are eventually affected.

6. MFO'S CAPACITY

A key piece of developing a China strategy for MFO has includes research on MFO's capacity. One component of Moore's Strategic Triangle is operational capacity, which is critical to the delivery of a public value proposition (Moore, 2000). In this section, research methods are discussed, followed by information on financial capacity, strategies, tools and partnerships, and limitations.

In researching MFO's organizational capacity, we focused research on four areas: human capital, financial capacity, current strategies, and tools and partnerships. We collected the data for analysis based on information in MFO's 2018 balance sheet and profit and loss statement, the 2017 audited financial statement, a 2019 grant proposal provided to the research team by Dr. Stuart, and two Skype interviews with Dr. Stuart.

Data Results and Implications

Human Capital

As of Fall 2018, MFO had five full-time and five part-time staff. Several key staff members play a significant role in current GWDs projects and future GWDs plans. A new staff member is a Project Manager based in Madrid, Spain; in the near future, she will be working with labor rights transparency organizations along with brands in Europe to disseminate the GWDs data. Additional staff members include MFO's financial administrator and a student from Northeastern University who is designing a new, automated data system that will eventually reduce MFO's labor costs. Dr. Stuart is the Executive Director; his roles include administration, organizational strategy, project design, and outreach efforts.

We analyzed MFO's current human capacity in the area of stakeholder engagement and outreach. Although Dr. Stuart currently leads MFO's communications and outreach, he expressed that the organization would greatly benefit from a full-time communications and outreach team member (G. Stuart, personal communication, January 29, 2019). In the future, if MFO adds another employee, it would likely be a communications professional that is tasked with engaging stakeholders. Hiring a highly qualified person would be fairly expensive (around USD 80,000). To lower costs and still acquire skills, an alternative option may be to hire an entry-level person (in the USD 40,000-USD 50,000 range) seeking to gain experience, along with a more permanent consulting partnership (G. Stuart, personal communication, February 1, 2019). Based on our research, the lack of a communications and outreach staff member constitutes an organizational deficit that will need to be considered for future expansion.

Financial Capacity

For FY 2018, MFO received approximately USD 735,000 in income from contracts, grants, and rentals, while the year's expenses totaled around USD 591,000, resulting in a surplus of approximately USD 144,000 (Microfinance Opportunities, 2019a). In FY 2017, expenses exceeded total income by approximately USD 66,000 (Microfinance Opportunities, 2018). Further analysis of MFO's financial capacity revealed three salient factors: 1) current lack of funding for a Cambodia expansion of the GWDs, 2) current quantity of financial resources earmarked for communications and outreach in MFO's budget, and 3) funding of Dr. Stuart's salary.

MFO needs financial backing to scale up the GWDs in Cambodia to expand the current Cambodia data (G. Stuart, personal communication, January 29, 2019; Microfinance Opportunities, 2019c). The C&A Foundation has declined to fund further GWDs projects for the time being, so the Executive Director is currently exploring other possibilities for funding with the goal of having the project funded by the end of 2019.

Currently, outreach and communications account for USD 1,700 of MFO's 2018 expenses; this constitutes approximately .003 percent of its total expenses (USD 591,000) for FY 2018 (Microfinance Opportunities, 2019a). Much of this funding goes toward maintaining MFO's website rather than actively engaging new stakeholders. MFO has considered increasing this line-item by hiring a communications and outreach staff member, but costs of doing so are high (G. Stuart, personal communication, January 29, 2019).

To increase MFO's organizational capacity, Dr. Stuart is currently only receiving 50 percent of his yearly salary from MFO's budget and is performing outside consulting work to make up the remaining 50 percent (G. Stuart, personal communication, January 29, 2019). These remaining funds are then reallocated in the budget towards the GWDs. This supplements MFO's finances; however, the long-term sustainability of this strategy is unclear.

Strategies

Current strategies to reach North American and European stakeholders have not been organized but have targeted labor rights transparency organizations and brands in Europe (G. Stuart, personal communication, January 29, 2019). Currently, Dr. Stuart is taking advantage of the apparel industries headquartered around the Massachusetts area to focus his attention on reaching out to these brands.

A strategic organizational management challenge has been balancing MFO's internal capacity needs with external partnerships (G. Stuart, personal communication, February 1, 2019). The Executive Director has prioritized partnerships as the way for MFO to have an impact, and the vision is to maintain a small organization while pursuing strategies that will yield maximum outputs with limited inputs.

Tools and Partnerships

A current tool that is being developed to increase MFO's technological capacity is an app that is being piloted in Peru, which allows garment workers, or their relatives, to enter in their own data. This app and a data management system are in the process of development by a student at Northeastern University (G. Stuart, personal communication, January 29, 2019). Both of these tools have the potential to greatly decrease the cost of producing and managing GWDs data. The data cleaning and management system, in particular, has the potential to be highly scalable. Both of these are still being piloted, but MFO has invested human and financial capital in creating and testing these tools.

MFO has production, funding, and dissemination partnerships (G. Stuart, personal communication, February 1, 2019). Production partnerships are one of MFO's strengths. These include data production partnerships involving local data collection. Funding partnerships include its historical relationship with the C&A Foundation, though this is not a current financial partnership for the GWDs. Another partnership is that with Northeastern University; a partnership with Northeastern University would allow for a student to clean and manage data for MFO. Dissemination partnerships include those primarily with labor and advocacy organizations; one example includes Fashion Revolution in Europe.

Dissemination partnerships have been the focus of many of MFO's nonprofit partnerships in the past, especially for financial education projects (G. Stuart, personal communication, February 1, 2019). For future partnerships, Dr. Stuart highly prioritizes value for money and high-impact partnerships (G. Stuart, personal communication, February 1, 2019).

Conclusion

There are human and financial capacity characteristics that limit MFO's scope and ability to expand its activities. However, the Executive Director is pursuing new opportunities for financial resources and is willing to add human capital through the addition of a communications and outreach position in the future. This research on MFO's needs, current capacity, and future growth potential help us to better understand which strategy options are most useful to MFO in its current condition.

7. ANALYSIS AND ASSESSMENT OF STRATEGIES FOR CHINA

Using the research and analysis presented in the earlier sections of this report, we begin a strategic analysis to develop potential strategies that MFO might use to influence Chinese stakeholders. Our strategy options are framed through Moore's strategic triangle. We analyze strategy through three dimensions: public value, which we also define in terms of impact or effectiveness; legitimacy and support; and operational capacity.

Our initial strategic analysis addresses a series of questions.

First, to test the public value proposition:

- Can MFO have an impact on the lives of garment workers by reaching out to Chinese stakeholders?

If yes, then how?

- What stakeholders should be targeted?
- What kinds of methods should be used to influence these stakeholders?
- What is the theory of change?

Through the lens of Moore's strategic triangle, we considered the following questions:

- How should strategies be framed?
- What needs to be considered in terms of legitimacy and support?
- How should operational capacity be considered?

Based on that analysis, we identified several different strategies and assessed them in terms of effectiveness, legitimacy, and operational capacity needed.

This analysis leads us to several broad conclusions and specific recommendations. Our assessment of the public value proposition is that, while there is unlikely to be short-term impact directly on the lives of garment workers, there is the possibility of increasing awareness of garment workers' situation and interest in the issue. We chose to target consumers and holding companies because they can influence investors, who make the decisions directly impacting garment worker conditions.

In the Chinese context, advocacy is risky and there are limits on what external organizations are allowed to do; thus, the strategies focus on education & dissemination based on the data and stories from the GWDs. Specific dissemination options include creating a social media campaign, generating interest in Chinese students, and incorporating the GWDs into Chinese academia. We also recommend partnering with socially responsible alliances, holding companies, IOs, and INGOs to influence the environment of the South and Southeast Asian garment industry.

Strategic Analysis

Assessing Public Value

Moore's strategic triangle establishes public value as one of the key components of strategic management in the public and nonprofit sectors. The concept of public value refers to the essential public benefit provided by an organization. MFO seeks to generate public value by strategically leveraging its GWDs to influence Chinese stakeholders in the Southeast Asian garment industry. Our research sought to address public value by considering the following question: *Can Microfinance Opportunities expand the impact of the Garment Worker Diaries by influencing Chinese stakeholders to improve conditions of garment workers? If so, how?*

The team's assessment of the public value proposition of the research question required consideration of the following questions:

- What is China's stake in the region?
- Do the interests of stakeholders suggest that they could be influenced to support improving garment worker conditions?
- Is there reason to think that a change in attitudes or behavior among Chinese stakeholders could have an impact at the level of the garment workers in South and Southeast Asia?

We found mixed evidence to support the claim that the GWDs could be effectively leveraged with Chinese stakeholders.

Analyzing China's stake in the region facilitates an understanding of whether Chinese stakeholders see themselves as being affected by what happens in the garment industry, and thus, might be inclined to think it matters. China's stake is evaluated through its general regional involvement, investment behaviors, and contributions in the garment industry.

From the perspective of regional involvement, China is a regional hegemon, able to influence peripheral states through economic and political preferences. One example of regional hegemony involves China's Belt and Road initiative. Through this initiative, the Chinese government is coordinating investment throughout the region; one of the aims of this initiative is to facilitate transnational cooperation amongst recipient countries. The Chinese government is interested in expanding its international influence and maintaining a credible reputation with other countries.

China's contributions to the offshore garment industry are evident in its dominance of the textile market and share of garment exports from South and Southeast Asian countries. China is the predominant supplier of textile imports to the region. However, in terms of trade in garments, there is a much weaker linkage between South and Southeast Asia and China. China gets about 30 percent of its garment imports from the region, which is a significant portion of imports, but a small share of the total garments sold in China. Instead of exporting to China, the vast majority of garment exports from the region go to the EU and US. Only 1.42 percent of all garments exported out of South and Southeast Asia are exported to China.

Southeast Asia is a location for foreign direct investment from China, more so than in South Asia. Our case studies showed that Chinese investment in apparel factories was significant in Cambodia, while almost all factories in Bangladesh were domestically owned. China is one of a number of countries investing in Vietnam.

Through stakeholder analysis, we found divergent interests amongst stakeholders in the South and Southeast Asian garment industry. For stakeholders directly involved in the production of garments, there is strong interest in low cost operation. Pressure to maximize profits through keeping costs low for both producers and consumers results in persistently low garment worker wages. Importantly, the stakeholder analysis also suggests that each stakeholder has multiple interests, some of which may align with improving worker conditions and pay. Efforts to improve garment worker conditions may be aligned with additional interests such as strong reputations, sustainable operations, and maximized productivity. The variance in stakeholder interests related to garment worker conditions suggests that public value for leveraging GWDs exists, yet must be carefully aligned with relevant stakeholder interests.

There is evidence that Chinese consumers sometimes change attitudes in response to perceived wrongs in society. One of the most prominent examples of changed behavior involves the Chinese worker suicides at Foxconn in 2010. The Chinese public successfully mobilized to boycott Foxconn-produced goods until the company addressed poor working conditions. It is important to note that attitudes changed concerning a domestic Chinese circumstance, and little recent evidence exists to suggest that poor working conditions outside China might influence Chinese consumers' behaviors.

The final issue in assessing the public value proposition is whether changing attitudes in China would result in improvements in workers' conditions in Southeast Asian garment factories. The long and complex chain of influence linking Chinese consumers to garment workers, and the relational and geographic distance, make it challenging for even the most directly impacted stakeholders to stimulate change within garment factories.

In sum, the evidence to support MFO's public value proposition that it can leverage its GWDs to improve the conditions of garment workers in South and Southeast Asia is ambiguous, and overall not strong. On the negative side, China's relatively small stake in the South and Southeast Asian garment industry suggests that even well-mobilized stakeholders would not substantially pressure factories to change their wage structures. Primary interests involve low operational costs, not worker well-being. The length and complexity of supply chain relationships makes impact at the factory level questionable. On the positive side, China has larger interests in the region and is powerful, and foreign investment in the garment industry to sell to export markets is important. The region is a supplier of clothing to China, even if it is not a large part of the market. The multiple interests of many stakeholders make allow for aligning interests may allow for effective leverage of the GWDs. Chinese stakeholder behaviors appear to be malleable.

Changing attitudes and behavior is an essential starting point, even if direct impact on the lives of garment workers cannot be assured, especially in the short run.

Targeted Stakeholders

The stakeholder analysis informed the China strategy for MFO and the strategy options, analyzing the interest and influence of key stakeholders, along with stakeholder interactions. Stakeholders have multiple motivations that can be broken down into how garment workers affect their prices and profits, how garment workers affect their reputations, and how garment workers live. Chinese consumers, holding companies, Chinese investors, third sector organizations, Chinese government, holding companies, apparel investors, and host country governments influence the garment workers. From this information, we have determined that consumers and holding companies are the primary stakeholders of interest to target for strategies seeking to influence garment workers. Both stakeholders have the potential to change interests in and treatment of garment workers. Consumers have an interest in the end product that they buy, which is made by garment workers; if consumers could be convinced and motivated to care about the social condition of garment workers, then they have enormous potential to apply pressure on other stakeholders and help produce changes. Holding companies focus on minimizing costs (including labor costs), but if holding companies see garment workers as a way to build their reputation and increase profitability, then garment workers would receive better treatment.

Types of Activities

The MFO Capstone team considered three types of strategies, advocacy, education & dissemination, and partnerships, but ultimately only use two types of strategies, education & dissemination and partnerships. Advocacy was not used due to its confrontational nature in which it could potentially aggravate the Chinese government and cause an organization to lose legitimacy. Furthermore, the Chinese government is particularly sensitive anything that might appear to be criticism of its practices. To sustain long term work in China, we do not consider advocacy because of its risks.

Strategy options have focused on education & dissemination because of the Chinese context, MFO's experience as an educational organization, and the proposed theory of change. Our first three strategies focus on directly working with groups and the public to sensitize them to the lives of garment workers. The second three options focus on partnerships. These strategies do not directly educate and disseminate information to the public, but education & dissemination are the end results of a successful partnership in which MFO is able to find a wider audience and platform through the partner.

Funding is not a strategy in and of itself, but it is necessary to enable other strategies, although it does not create public value by itself. By prioritizing funding, MFO will be able to pursue its other strategies. Opportunities for funding come from INGOs, IOs, country governments, holding companies, and individual donors.

Theory of Change

The theory of change that underlines our approach centers on influencing these two stakeholders to impact garment worker welfare. By using education & dissemination and partnerships, MFO will be able to ultimately influence the stakeholders with direct influence and variable interests: holding companies and Chinese consumers. Education & dissemination are not direct interventions benefiting the lives of garment workers, but they are essential for change to occur and the root causes of poor living conditions to be addressed. Furthermore, other groups who would want to benefit garment workers would find themselves using the same tools. Based on the chain of influence, Chinese consumers would influence holding companies. Holding companies would influence investors who would, in turn, influence the lives of garment workers.

Legitimacy

In considering the legitimacy of each strategy option, we considered the feasibility of each option, especially the political feasibility. The Chinese government is sensitive to issues of labor and anything that might damage its reputation. We considered a variety of ways to frame strategies based on elite interviews with academics and practitioners familiar with the Chinese context, as well as thinking about the strategies with Chinese nationals studying in the US. These methods were further supported by research on past trends and work done in China.

In implementing the suggested strategies, we recommend that MFO focus on shifting Chinese consumers and holding companies interests in profitability to their interests in the social condition of garment workers and the holding company's reputation respectively. Chinese consumers focus on the good that they are purchasing and do not usually think about garment workers beyond how they might affect prices. Some Chinese consumers have showed interests in garment workers' social conditions, but this is not the norm. If MFO can shift consumers' interest from products to the condition of garment workers, then consumers might be motivated to act and pursue change for the garment workers. Holding companies have interests related to their profitability and reputation. If MFO can present information in a way that would convince holding companies that they would be more profitable by having a better reputation by improving garment worker conditions, then holding companies would be more likely to change their treatment of garment workers. In both of these approaches, we recommend to present the GWDs information and use it to align stakeholders' interests to sensitize them to those of garment workers. These sensitized stakeholders could then be challenged to change their habits and work to change garment worker conditions.

We suggest presenting GWDs information in a documentary format, leaving the consumer to make his or her own conclusion. This framework allows the information to avoid being perceived as human rights-oriented or politically threatening. In this way, the data are simply information, not an argument that could be labeled subversive or contradictory to Chinese policies. Furthermore, we recommend avoiding any content that would put the Chinese government in a negative light, as that might be considered subversive. One example of this approach might include human interest stories relaying an individual worker's story. Additionally, depending on the audience, some data could be presented in addition to those stories.

Partnerships and targeted audiences for education & dissemination strategies provide the primary opportunity for MFO to gain legitimacy and support. As MFO distributes information and builds its network, the more individuals and organizations that support MFO, the more MFO will be able to do in the future as it will be able to pull resources from its supporters such as connections, funding, and human resources.

Operational Capacity

When considering operational capacity, we examined the estimated human and financial resources that each strategy option would require. MFO's current size and operational capacity places limits on a China strategy. Human resources considered include the amount of hours to work, concentration on China-specific strategies, and expertise in carrying out the strategies. Financial resources considered include the amount of money required to implement a strategy, including travel, networking, resource creation, and salary of employees dedicated to this strategy.

The recommended strategies could be adjusted based on the number of staff members and funding available by reaching out to a smaller audience, focusing on one method, or relying on existing resources, rather than creating new content. In order to expand MFO's human resources, contractors, volunteers, and partners could be relied upon for tasks that are not long-term. To expand financial resources, the MFO Capstone team recommends that MFO prioritizes its finances and finds funding before engaging in the education & dissemination strategies.

MFO's capacity might change depending on its potential expansion, perhaps adding an outreach and communications staff member for Asia. For example, someone Chinese or someone very familiar with the Chinese context would further efforts. If MFO added a staff member with significant expertise in China, then this would greatly increase its capacity and ability to implement a China strategy.

Education & Dissemination Strategy Options

MFO's primary mission for the GWDs is to spread awareness and educate people around the world to the situation of garment workers. The following strategy options focus on educating the public as well as specific groups who might have widespread influence. We lay out three options: a social media campaign, engaging with Chinese students groups, and engaging in Chinese academics.

Option 1. Social Media Campaign

China's digital marketspaces provide opportunities for consumers to engage with brands, retailers, and other market stakeholders. Chinese consumers, particularly those among China's emerging middle class, rely heavily upon social media when making purchasing decisions and transactions. Content is often distributed across multiple platforms such as Weibo, WeChat, and TikTok.

The following options use social media to engage with consumers:

- Create a 60-second video produced in Chinese to share on Chinese social media and popular video streaming websites could help translate the GWDs data into a product targeted at Chinese stakeholders
- Establish partnerships with holding companies and brands that have existing social media accounts on WeChat, Weibo, or another predominant platform to disseminate GWDs data and messaging
- Find a key opinion leader whose interests are aligned with MFO's perspective regarding garment workers to promote GWDs data and messaging
- Create and translate the GWDs into human interest stories that can be shared via WeChat and Weibo
- Create a hashtag campaign that could be promoted by key opinion leaders

Effectiveness

This strategy aims to raise awareness amongst Chinese consumers about the conditions of garment workers in South and Southeast Asia. Ideally, consumers will use this new information to exert demand-side pressure on holding companies to stimulate change in garment production processes.

Video creation provides a unique opportunity if it is effectively disseminated through social media. Depending on the success of the initial video created and MFO's capacity, the video could eventually be converted into a video series, short film, or documentary. In the video series version, each video could provide a profile on garment workers in a selected country. In particular, TikTok has great potential for video content because of its current popularity among Chinese consumers. Other options include publishing it on video streaming sites such as Bilibili, YouKu, and iQIYI, as well as additional websites that are popular among young people, such as Guokr, Zhihu, and Douban.

This strategy's effectiveness and ultimate end is increased consumer awareness. Awareness is challenging to measure; social media analytics and sharing or multiplier effect statistics may be the best method to determine consumer engagement with GWDs data and messaging. Effective partnerships in creating and disseminating content are critical to effectiveness, as partner expertise and network contacts are the primary means of disseminating information.

Legitimacy

The legitimacy of this strategy is determined by those who view the social media and if they take action based on the media. Partners or staff sensitive to the political and cultural context are essential for this strategy; the two most substantial constraints to legitimacy involve the government's limitation of activities relating to Chinese domestic labor issues and perceived low interest in foreign garment worker welfare amongst Chinese individuals. With the right messaging, a partner could also confer its credibility upon the GWDs data and messaging and facilitate the transmission of information to social media netizens.

Operational Capacity

This strategy will require Chinese partnerships and financial capital for proper execution. These resources should be used to develop partnerships and create content. Partner development, acquisition, and maintenance will require additional MFO communications capacity. A partnership involves finding and establishing a relationship with a Chinese individual or entity willing to use their social platform to communicate GWDs data and messaging. While MFO does have the option to create its own social media accounts and platform, the greatest number of impressions amongst Chinese consumers is expected from existing social media accounts. The operational capacity required to locate, vet, engage, and maintain a relationship for GWDs dissemination requires time and expertise. Furthermore, a successful partnership will enable MFO to periodically contribute content, thus requiring regular partner engagement. Financial capital may be required for the actual dissemination of content; paid social media spots may increase the visibility of content.

Content creation requires additional operational capacity in terms of human and financial resources. Culturally appropriate and technically proficient expertise are necessary to create the content, and content should be developed in conjunction with a consultant who can ensure messaging is optimal for the Chinese environment.

Option 2. Educate Chinese Student Groups at Universities

Disseminating GWDs data and messaging to Chinese consumers and the Chinese public can be accomplished through aligning with Chinese student groups at universities. Chinese student groups represent an important base of potential support and demand for change in existing consumption patterns. MFO should prioritize pursuing universities with areas of study in fashion design and supply chains so that the leaders of China's next generation of garment industry leaders are influenced by GWDs data and messaging. Efforts directed toward this population are a long-term strategy.

One unique way to engage with Chinese students with reduced political constraints would be to engage with Chinese students in the US. Relationships and awareness regarding foreign labor conditions can be formed in the US for later mobilization in China upon a student's return.

The following options facilitate engagement with Chinese student groups at universities:

- Create or join an academic competition addressing the supply and production processes associated with the global garment industry, requiring students to review and incorporate GWDs data and messaging
- Create a fashion design-oriented competition using GWDs data to generate innovative student problem-solving, requiring students to review and incorporate GWDs data and messaging
- Create a business and supply-chain oriented competition using GWDs data to generate innovative student problem-solving, requiring students to review and incorporate GWDs data and messaging
- Influence existing competitions (e.g. Model UN or Model APEC) to use GWDs data in simulations

Effectiveness

This strategy aims to raise awareness amongst Chinese students, who are current consumers and future industry leaders, about the conditions of garment workers in South and Southeast Asia. Ideally, GWDs data and messaging will inform students' long-term perspectives and future decision-making regarding socially sustainable practices. For this strategy option to be effective, students will need to engage with GWDs data and messaging via student groups at their universities.

The intent of these strategies is to inform students of garment worker conditions through innovative problem-solving. The achievement of an award or title is appealing to Chinese students due to the nature of China's domestic academic climate. Additionally, an award from a foreign organization will be positively perceived. Students' academic exposures during the university experience can importantly frame their professional perspective.

Effective student engagement can be measured both quantitatively and qualitatively. This strategy's effectiveness can be determined by the level of student participation and university buy-in for competitions. In order to effectively implement this strategy, MFO would need to find interested universities and advocates within the university.

Legitimacy

The universities and student groups engaged in the implementation of this strategy are the source of legitimacy for effort. For optimal legitimacy, MFO should align itself with a reputable university and emphasize connections with business or fashion, as any linkage with Chinese labor would be politically unfeasible. Once a legitimate university is identified, MFO will require a strong academic supporter of GWDs interests and data. The strength of the university and academic supporter are an important source of legitimacy for MFO's efforts. There are several limitations to consider in reaching this audience as universities are cautious in allowing students to engage with foreign organizations. All student groups in universities are led by a branch of the Chinese Communist Party. Moreover, all student activities have to be approved by university. MFO will be most effective if it is able to avoid the appearance of advocacy and find appropriate Chinese partners to frame and champion its GWDs data.

Operational Capacity

Reaching student groups in China will require human and financial capital for partnership-building and relationship maintenance. A dedicated, non-senior staff member may be able to build these partnerships after their initial formation. MFO has academic connections, which can be leveraged to generate strong leads for university partnerships. Implementing any of the tactics associated with this strategy would require financial capital; the more elaborate the competition structure, the more financial capital would be required. Due to the highly contextual nature of how these competitions might be implemented, it is difficult to state a total cost for this strategic option.

Option 3. Engage Chinese Academic Community

MFO's research orientation naturally aligns the organization's efforts with the activities of the international academic community. The Chinese academic community, both in China and abroad, represents a potential opportunity for MFO partnerships in disseminating GWDs data. This potential exists due to their ability to influence the education of future leaders and current scholarship. It is important to note that scholarship addressing Chinese labor is actively persecuted under the current administration of Xi Jinping, and is a limitation to reaching academics (Kuruvilla, 2018). While the subject matter of the GWDs does not concern domestic Chinese labor, the topic of labor itself may be challenging to address within the current political environment.

The following options facilitate engagement with the Chinese academic community:

- Convene or collaborate in the convention of academic conferences or symposia, marketed heavily toward Chinese academics, to address financial inclusion of garment workers
- Adapt the GWDs data into undergraduate and graduate-level lesson plans for academics of business, marketing, and fashion practices
- Create and publish scholarly articles incorporating GWDs data and messaging
- Offer a research grant for a Chinese academic to address specific financial inclusion matters addressed by the GWDs

Effectiveness

This strategy aims to disseminate GWDs data and messaging to Chinese academics, who would incorporate GWDs data and messages into their instruction, curricula, and research. Through integrating GWDs data into instruction, Chinese students and the academic community would be sensitized to the conditions of garment workers in South and Southeast Asia. Ideally, this sensitization would impact students' consumption behaviors and professional ethics concerning socially sustainable practices. In order to avoid scrutiny from Chinese government authorities, selected journals, conferences, and symposia for dissemination should avoid sensitive topics such as labor advocacy or human rights.

Effectiveness can be evaluated through the number of academics reached and depth of influence. This strategy's effectiveness would be deepened if academics adapt the GWDs message and data into their own classes or academic works. MFO would need to carefully evaluate its efforts with journals, symposia, and conferences with known Chinese experts to ensure that these sources would not adversely impact the political feasibility of the strategy.

Legitimacy

Chinese universities and academics are considered legitimate in society due to the high value placed on scholarship and achievement. MFO should leverage its academic contacts to align with the most prestigious universities willing to align with its mission, in order to achieve the highest level of legitimacy from the institution itself. In regards to journal publications, MFO should seek to publish in journals focused on business and fashion aspects of the garment industry, as these sources would likely receive the least government scrutiny.

Operational Capacity

Dr. Stuart is likely the best resource to facilitate linkages to the Chinese academic community due to his professional background and network of contacts. Once initial relationships are established, an MFO communications team member should be able to coordinate ongoing communication. Tactics suggested as part of this strategy may require different levels of human and financial capital. MFO's leadership in creating a conference or offering a scholarship would require greater financial capital than other tactical options.

Education & Dissemination Strategy Recommendations

The table below summarizes the effectiveness, legitimacy and support, and operational capacity for each education & dissemination strategy.

	Social media	Chinese Students	Chinese Academics
Target of Strategy	Consumers, Holding Companies	Consumers	Consumers
Effectiveness			
Depth of Impact	<ul style="list-style-type: none"> Shallow impact as it is less likely to be read or seen closely 	<ul style="list-style-type: none"> Students would be deeply impacted by their experience 	<ul style="list-style-type: none"> Academics and researchers would use MFO's data for deep analyses and writing
Scope of Impact	<ul style="list-style-type: none"> Wider audience of viewers on social media 	<ul style="list-style-type: none"> Information limited to student's sphere of influence 	<ul style="list-style-type: none"> Information focuses on the scholars and researchers
Multiplying Effect	<ul style="list-style-type: none"> Program could be spread through the internet 	<ul style="list-style-type: none"> Program could be spread through students, their environments, and their friends 	<ul style="list-style-type: none"> Potential to spread in academic faculty and students
Legitimacy and Support			
Political Feasibility	<ul style="list-style-type: none"> Able to be posted online Might be censored by Chinese government 	<ul style="list-style-type: none"> Able to learn about MFO and possibly provide support Constrained by Chinese government 	<ul style="list-style-type: none"> Able to work with MFO for research purposes Constrained by Chinese government
Outside Engagement	<ul style="list-style-type: none"> General public on social media platforms Social media platforms 	<ul style="list-style-type: none"> Chinese students Hard to find students who would support MFO 	<ul style="list-style-type: none"> Chinese professors and researchers Chinese university departments
Operational Capacity			
Human Resources	<ul style="list-style-type: none"> Dedication to and knowledge about content creation Dedication to and knowledge about social media platforms and communication Knowledge about MFO, the GWDs, and research methods High time cost as keeping a social media presence requires active participation and posting Low time cost for content creation as the cost will be temporary until content is completed 	<ul style="list-style-type: none"> Dedication to and knowledge about finding and maintaining relationships with students Individual able to manage high impact trips or groups of students Knowledge about MFO and the GWDs Low time cost as partnerships are easy to maintain if not working on a project directly 	<ul style="list-style-type: none"> Dedication to and knowledge about finding and maintaining partnerships with Chinese academics Knowledge about MFO, the GWDs, and research methods Low time cost as partnerships are easy to maintain if not working on a project directly Leverage Dr. Stuart's academic contacts
Financial Capital	<ul style="list-style-type: none"> Funds for content creation Funds for dissemination (ads, added views, etc.) Funds need to support staff and supplies 	<ul style="list-style-type: none"> Funds need to support networking, staff, and supplies 	<ul style="list-style-type: none"> Funds need to support networking, staff, and supplies Funding to support a conference or scholarship

Based on the potential effectiveness of the education & dissemination strategies, the MFO Capstone team recommends that MFO pursue a social media campaign. This strategy has the most potential impact and that requires the least operational capacity to implement. Furthermore, a social media campaign is the most flexible strategy that can be adapted to a variety of partnerships and used for an extended period of time. Please refer to the Resource Book for Potential Partnerships addendum for a list of key opinion leaders, social media platforms, and Chinese universities that MFO could potentially partner with.

Partnership Strategy Options

Partnerships provide another mechanism for MFO to educate and disseminate data and messaging from GWDs to the public. In a successful partnership, MFO will provide its GWDs data for distribution within the partner's networks. The following strategies consider three potential partners: socially responsible alliances, holding companies, international organizations, and international non-governmental organizations.

Option 1. Partner with Socially Responsible Alliances

Social responsibility-related alliances are a natural partner for MFO in disseminating GWDs throughout the apparel industry; two prominent alliances are CSR Europe and B Corps. These organizations promote social and philanthropic missions to varying degrees, often connecting organizations with strong social missions. Participating brands and holding companies conform to high corporate social responsibility standards in exchange for the reputational benefits of association. Through a partnership with an alliance network, MFO would have a way to expand the influence of GWDs and gain access to an alliance's network and platform. As concerns a specific China strategy, MFO can target brands active in China who are either members of these alliances or competitors of Chinese brands.

A strategic partnership with an alliance may involve:

- Use GWDs data to create or strengthen social responsibility frameworks for alliance member factories and garment workers
- Offer evaluation services for members of an alliance's network to affirm the positive impact of greater social responsibility efforts in regards to garment workers
- Advise companies on CSR practices as MFO may be able to assist alliance members in improving garment worker-oriented practices based on GWDs data

Effectiveness

This strategy aims to disseminate GWDs data and messaging to holding companies and brands via social responsibility-related alliances. Using the GWDs data and MFO's household-level research expertise, MFO will be able exert influence on brands and holding companies that are leaders in existing socially sustainable practices.

This strategy's effectiveness can be evaluated through the level of GWDs data inclusion and level of reliance on MFO for CSR expertise. Moreover, this strategy would be considered effective if MFO is able to influence brands and holding companies, via social responsibility-related alliances, toward greater consideration of household-level data. One of the benefits of partnering with an alliance would be increased access to member brands and holding companies, who have the potential to be partners for dissemination and potential funding. Alliances will additionally have greater resources confirming the value of their practices through MFO's GWDs data.

Legitimacy

The legitimacy of this strategy is derived from the strength of the value that MFO and social responsibility-related alliances exchange in partnership. Alliances coordinate and legitimize the CSR activities of brands and holding companies. Engagement with socially responsible alliances would give MFO legitimacy through the utilization MFO's data and expertise in improving garment worker conditions. An alliance's use of consulting services may contribute to legitimacy through: generating additional data for both parties about garment workers and factory practices, promoting discussion and awareness of factory conditions through the household-level lens of GWDs, and providing evidence of CSR benefits that can be leveraged competitively against non-alliance members.

Operational Capacity

This strategy will require human resources to facilitate and manage partnerships with socially responsible organizations, in addition to the resources to fund and staff consulting services. MFO would require an initial introduction to alliance leaders as well as communication strategies that demonstrate MFO's unique comparative advantage in household data collection. MFO would also need to develop a plan for consulting services that alliances can provide to members. A new communications staff member to actively create and manage these relationships would be essential for effective implementation of this strategy. From a financial standpoint, this strategy will also require additional funding to support additional partnership-building and consulting activities.

Option 2. Partner with Holding Companies

Holding companies are influential decision-makers in the apparel industry; they often consider garment workers with respect to their bottom lines. If MFO can convince holding companies that treating their garment workers well will improve their reputation and then their profitability, companies will be more likely to change their behavior in regards to garment workers.

Corporate social responsibility (CSR) is a growing trend in the business field, as business' perception of social responsibilities identified in the workplace, marketplace, environment, community, ethics, and human rights (CSR Europe, 2000). Many holding groups in the Chinese garment and apparel industry practice some aspects of CSR due to government regulations or to enhance their reputation, either as a company initiative, a branch of their company, or an affiliated philanthropic entity. In China, environmental impacts are an increasingly salient issue that have gained prominence as a common CSR initiative among holding companies; this rise in importance indicates that sensitizing holding companies to social issues is possible.

We compiled data to overview holding companies active in China (please see the Resource Book for Potential Partnerships addendum). Of the more than 150 companies researched, 86 percent have some type of environmental CSR effort; 82 percent share social initiatives regarding their workers; 73 percent say state interests in transparency or have published reports to the public; 72 percent have some type of philanthropic arm; and 62 percent are engaged in a partnership. Based on this research and on academic research, we recommend that MFO focus on holding companies that have strong social and philanthropic policies with pre-existing partnerships because these companies will be more likely to support MFO in promoting the garment workers as a social issue.

As there are many companies with diverse backgrounds and policies, MFO would have to approach each company as a separate potential partner within a separate context. Each company it approaches might require a new strategy as well. MFO could potentially solicit funds or resources through any of the following mechanisms:

- Apply for grants from philanthropic and social arms of holding companies
- Partner with a holding company for a specific initiative or a long time through cash, in-kind gifts, social media, or sales promotions
- Use past relationship with the C&A Foundation to network with holding companies to find other partners

Effectiveness

Grants and partnerships from holding companies allow MFO to use their resources to fulfill its public value proposition while the holding groups can express social responsibility. An effective partnership can be evaluated by number of partnerships and the depth of partnerships. Furthermore, they can also be assessed by the social return on investment based on what the money achieves.

Legitimacy

This strategy builds legitimacy as it requires holding groups to support MFO and endorse its mission. With a business publicly supporting its work, MFO can use that partnership or donation to leverage the relationship. Furthermore, MFO may be able to access that company's stakeholders and audience more easily through the holding company, thus offering greater opportunities for legitimacy.

Operational Capacity

To reach these holding companies, MFO will need to use and expand its network to connect with key individuals in holding groups who might decide to partner with MFO. This step will require additional communications support and a reallocation of tasks for an individual to make partnerships a primary objective in their job. Beyond an initial connection or introduction, continual relationship engagement will be beneficial.

Option 3. Partner with International Organizations

International organizations (IOs) are potential partners that MFO can engage with to disseminate its GWDs. The International Labour Organization (ILO) is the most closely aligned IO with MFO's GWDs data and messaging as seen in their programs that seek to "seek to influence policy makers and decision makers to promote decent work and better business" (International Labour Organization, 2019). MFO would be able to partner with any IO that may have aligning interests.

Strategies for MFO to engage with IOs include:

- Create or collaborate in the formation of best practices that would be endorsed by the IO
- Create or collaborate in the development of IO educational tools or resources
- Promote the inclusion of GWDs data and messaging in international standards

Effectiveness

This strategy aims to disseminate GWDs data and messaging to holding companies and brands via IOs. IOs are an important source of influence in international business practices, and the successes of ILO programs, such as Better Work, serve as salient evidence of IOs in influencing garment industry practices. This strategy's effectiveness can be evaluated through IO uptake of MFO's GWDs and related research in its best practices or educational resources, or labor standard recommendations. Best practices may address the challenging circumstances encountered in the GWDs narratives household data gathering. Furthermore, this strategy is effective as it shares GWDs information among IOs and related stakeholders, leading to broader audiences for both organizations. IOs also have the ability to set international labor standards and precedents, which can influence individuals and organizations across the world.

Legitimacy

The legitimacy of this strategy is derived from the exchanged value between MFO and IOs in partnership. MFO would derive legitimacy from its association with the partner IO, whereby MFO could use the partner's name and platform to promote the GWDs. An IO would gain high quality information and resources without significant investment. Another way that a partner IO confers legitimacy upon MFO is through the endorsement and promotion of international standards or best practices that MFO suggests. In this case, the IO communicates to stakeholders that MFO's standards and organization are worthy of support.

Operational Capacity

This strategy will require human resources to facilitate and manage partnerships with IOs, in addition to the resources to fund and staff creative or collaborative work. An IO partnership can be generated through academic contacts, and existing academic contacts may be leveraged to find an initial IO point of contact. This strategy involves potentially time-intensive work in creating or collaborating with partnerships, and the human resource capacity and costs must be considered for implementation.

Option 4. Partner with International Non-Governmental Organizations

International non-governmental organizations (INGOs) provide unique partnership opportunities with MFO due to their potential for strong missional alignment and existing operations in East, South, and Southeast Asia.

Possible tactics for MFO to partner with INGOs include:

- Create an educational tool kit or additional resource material for INGOs based on GWDs data
- Offer consulting services to supplement GWDs data

A clear understanding of an NGO's mission, needs, methods, and risk tolerance must be understood prior to establishing a partnership. If a potential partner sufficiently aligns with MFO's research-oriented mission, particularly within the complex Chinese context, it should be strongly considered.

One complication associated with this strategy involves the 2016 Overseas NGO law that requires NGOs to register in China in order to maintain operations. Advocacy organizations often work in China without official government recognition and are, therefore, likely to be held in contempt by the government. MFO's association with an INGO of this nature may have significant negative reputational implications for MFO in China. As a result, MFO might want to avoid this risk by only working with INGOs that are registered with the Chinese government. Mission alignment and risk tolerance will be important MFO to consider as it assesses NGO partnerships in China.

Effectiveness

This strategy aims to disseminate GWDs data and messaging to INGOs with aligning missions. While the INGO sector in China is relatively young, they do hold influence within civil society. This strategy's effectiveness can be evaluated through INGO uptake and inclusion of GWDs data and messaging in their operations. A successful partnership might be further measured by the extent to which its partner's practices are impacted by the information. Ideally, consumers, brands, or holding companies would be targeted with INGO activities, resulting in greater sensitization to garment worker conditions. In its partnership with INGOs, MFO and its partner would have an increased audience and impact as they reach a larger combined audience and pool resources.

Legitimacy

The legitimacy of this strategy is derived from reputational strength of the partner INGO. This strategy builds legitimacy for MFO as a partnership would effectively serve as an endorsement of MFO to both, internal and external stakeholders.

Operational Capacity

The ideal INGO partner will have an aligned mission and seek a mutually beneficial relationship. INGOs are not monolithic, and each partnership will require different levels of effort to establish and maintain. Limitations to INGO collaboration include location and language differences, as potential partners are internationally based. Some specific INGOS that MFO might want to consider include the Ford Foundation and the Fair Wear Foundation. MFO would be able to establish these connections through exercising contacts within its network and meeting key decision makers of potential partner organizations. In order to facilitate partnership acquisition, vetting, and maintenance, MFO will require additional staffing and resources.

Partnership Strategy Recommendations

The table below summarizes the effectiveness, legitimacy and support, and operational capacity for each partnership strategy.

	Partner with Socially Responsible Alliances	Partner with Holding Companies	Partners with INGOs	Partner with IOs
Target of Strategy	Holding Companies, Investors	Holding Companies	Consumers, Holding Companies, Investors	Holding Companies, Investors
Effectiveness				
Depth of Impact	<ul style="list-style-type: none"> • Variable based on depth of partnership • Little depth as resource provider or grant recipient • More depth if partners for projects 			
Scope of Impact	<ul style="list-style-type: none"> • Focus on alliances and their members • Potential to spread to other alliances, companies, and their audiences 	<ul style="list-style-type: none"> • Focus on one company • Potential to spread to other companies and their audiences 	<ul style="list-style-type: none"> • Focus on one nonprofit • Potential to spread to other INGOs and their audiences 	<ul style="list-style-type: none"> • Focus on IOs • Potential to spread to other IOs, country governments, INGOs, and audiences
Legitimacy and Support				
Political Feasibility	<ul style="list-style-type: none"> • Most socially responsible alliances are able to work with MFO • Possible constraints might be reporting international resources or laws dissuading international partnerships 	<ul style="list-style-type: none"> • Possible to work with holding companies • Possible constraints working in cross cultural contexts 	<ul style="list-style-type: none"> • Possible to partner with registered INGOs (although their willingness is separate) 	<ul style="list-style-type: none"> • There are no restrictions on international organization
Operational Capacity				
Human Resources	<ul style="list-style-type: none"> • Dedication to and knowledge of finding and maintaining partnerships with socially responsible alliances and companies with CSR policies • Knowledge about MFO, the GWDs, and research methods • Low time cost as partnerships are easy to maintain if not working on a project directly 	<ul style="list-style-type: none"> • Dedication to and knowledge of finding and maintaining partnerships with holding companies • Knowledge about MFO and the GWDs • Low time cost as partnerships are easy to maintain if not working on a project directly, especially if a one-time partnership 	<ul style="list-style-type: none"> • Dedication to and knowledge of finding and maintaining partnerships with INGOs and third sector in China • Knowledge about MFO, the GWDs, and research methods • Low time cost as partnerships are easy to maintain if not working on a project directly, especially if a one-time partnership 	<ul style="list-style-type: none"> • Dedication to and knowledge of finding and maintaining partnerships with INGOs and third sector in China • Knowledge about MFO, the GWDs, and research methods • Low time cost as partnerships are easy to maintain if not working on a project directly
Financial Capital	<ul style="list-style-type: none"> • Funds need to support travel, networking, resources, staff, and supplies • Funds to support resource creation 			

Considering the complexities associated with developing and maintaining partnerships, we recommend that MFO seek to partner with an IO due to these organizations' anticipated high impact. IOs have the widest net of influence since they take their legitimacy from a wide audience, often facilitating governance and setting standards in various industries. By working with IOs, MFO may be able to influence Chinese stakeholders' operational environment. Furthermore, IOs lack the same restrictions that other organizations face due to country governments. A partnership, regardless of the type of partner, will require similar operational capacity and provide legitimacy.

Partnerships with IOs have additional obstacles as compared to INGOs or partnerships due to the challenges of creating linkages with decision-makers in the organization. This option has the most potential impact, as it influences the broader environment of the garment and fashion industry. By partnering with an IO, MFO will also expand its network and potentially partner with other IOs or related stakeholders in the future.

The Resource Book for Potential Partnerships addendum lists potential IOs and INGOs for MFO partnerships.

Funding

Funding strategies are not directly comparable to other types of strategies, as they support MFO's pursuit of other strategies. We recommend that MFO pursue funding from companies who have exhibited a history of interest in social and philanthropic initiatives. The enclosed Resource Book for Potential Partnerships addendum lists potential funders.

Grants and similar funding applications will require attention from a staff member, volunteer, intern, or contractor who can write grants and manage requirements, if awarded. If grants become a primary method of fundraising, MFO might consider adding a part-time or full-time staff member both familiar with the organization and capable of articulating organizational goals and activities.

8. FINAL RECOMMENDATIONS

MFO can position itself toward strategy implementation to facilitate alignment with Chinese stakeholders. Additional strategic suggestions may be helpful to connect MFO with stakeholders and potential partners.

Initial Implementation Steps

Implementation Step 1: Translate the GWDs into Mandarin

The GWDs are not currently accessible to Mandarin-speakers; translating the GWDs data and messaging into Mandarin will demonstrate strong initial commitment to a China-oriented strategy. From a prioritization standpoint, it would be most beneficial to translate the Cambodian GWDs first, as Cambodia's strong ties with China makes these GWDs especially salient. With the GWDs in Mandarin, Chinese organizations can evaluate partnering with MFO more rapidly and effectively. One translation strategy is partnering with Chinese students or language departments at universities.

Implementation Step 2: Acquire Additional Communication Support

Acquiring additional human resource support for communication will enable the organization to build and manage the relationships that supplement all China-oriented strategies. These individuals could include unpaid interns, volunteers, or communications professionals. This matter will be determined by available financial and management resources.

Implementation Step 3: Build Relationships with Interested Chinese Students

Chinese students in the US represent potential Chinese contacts for MFO. Involving Chinese student in MFO's efforts and sparking their interest may lead to long term connections and partnerships in China for MFO. These connections with Chinese students in the US can be accomplished by partnering with Chinese student organizations, offering internships, or recruiting volunteers for tasks like translating the GWDs.

Strategic Suggestions

Strategic Suggestion 1: Use the MFO Acronym

Throughout the course of our research, we consistently observed confusion concerning the work of MFO, attributable in part to the full name of the organization: Microfinance Opportunities. Greater usage of the MFO acronym may convey the organization's wide portfolio of work in financial inclusion more accurately and effectively.

Strategic Suggestion 2: Leverage Contacts in the Academic Community

As a research-oriented organization, MFO has the ability to partner with similar entities. The academic community in China has the potential to provide legitimacy to MFO activities as well as offer strategic contacts. MFO can leverage its research-oriented nature and exercise its network to establish relationships with Chinese academics whose interests align with MFOs.

9. CONCLUSION

This Final Report has presented key findings from our subject matter research and strategic analysis to provide MFO with final China strategy recommendations. We recommend that MFO use short videos, a social media campaign, and partnerships with IOs to influence Chinese stakeholders to improve the conditions of garment workers in South and Southeast Asia. The team recommended these strategies from the provided options based on our evaluation of their effectiveness, legitimacy, and operational capacity and due to their potential to be advantageous for MFO.

To implement the recommended China strategies, we provided a series of next steps. These next steps included the following: greater use of the acronym “MFO,” translate the GWDs to Chinese, add additional human capital to the organization, leverage contacts in the academic community, and build relationships that can lead to Chinese academic partnerships.

We have evaluated the public value associated with this project, finding that the public value of MFO’s plan to strategically leverage its GWDs to influence Chinese stakeholders in the Southeast Asian garment industry is highly limited by the nature of political constraints, market size, and stakeholder interests and influence.

We have also used the theory of change to consider the ability of holding companies, investors, and Chinese consumers to impact garment worker welfare. By using education & dissemination and partnership strategies to ultimately influence the stakeholders with the most direct influence over garment worker welfare (holding companies and investors), MFO may be able to use the GWDs to impact the welfare of garment workers in South and Southeast Asia.

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APPENDICES

APPENDIX 1. TRADE FLOWS RESEARCH

We collected quantitative data primarily from economic databases from the following sources: the Observatory of Economic Complexity (OEC), Passport, and United Nations Comtrade. We located these sources through TAMU library databases and various country economic trade reports. The main source of data is from the United Nations Statistical Division, known as UN Comtrade. The UN Comtrade data we used were cleaned by members of the BACI International Trade Database team through the Centre d'Études Prospectives et d'Informations Internationales (CEPII). The BACI Database reconciles declarations made by exporters and importers to harmonize data findings. This addresses exporters' tendencies to include transportation costs in their declarations; it also addresses importers' propensities to declare only the value of the goods being imported. Harmonization avoids the overestimation of the real value of exports and underestimation the real value of imports in trade data. We were able to access data from 2008 to 2014 from the OEC at MIT.

The process of managing and preparing trade data for analysis involved three distinct steps: data selection, data contextualization, and data filtering. Once we obtained the data, we selected data so as to narrow 33.7 million data points to only those relevant for this project. We chose to use 2014 data as it was the most complete, recent year available. Data contextualization involved the identification of relevant textile and garment goods in the apparel industry. The dataset categorized garment industry products into four digit codes based on the 2007 Harmonized System. We selected 96 garment and textile products from the 2007 Harmonized System product reference guide. Finally, the contextualized data were filtered for project appropriateness based on specific countries and areas relevant to this project. These countries and areas are: Bangladesh, Bhutan, Brunei, Burma (Myanmar), Cambodia, China, India, Laos, Macau, Malaysia, Maldives, Nepal, the Philippines, Sri Lanka, Taiwan, Thailand, and Vietnam. This process limited observations to countries that included either the origin, or destination country of a product. As a result of the cleaning procedures used, around 300,000 observations remained. From this point, we aggregated the data as needed to perform different analyses.

In order to measure the value of production in the apparel industry in South and Southeast Asia, we used 2017 "Passport" data from Euromonitor International, an independent market research firm. Importantly, Euromonitor International represents production value through an aggregated measure of the Manufacturer Selling Price (MSP). MSP is the price charged by manufacturers to customers and may include direct sales to customers or distributors such as retailers and wholesalers. Thus, these data do not include retailer and wholesaler mark-ups or applicable taxes (typically consumption and excise taxes). We were able to collect production value data for the following countries in South and Southeast Asia: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand, and Vietnam.

We managed the data in order to compare apparel production value across countries and determine the size of the apparel industry as related to each country's economy. Data were originally presented in each country's local currency, and a US Dollar (USD) comparison of the apparel production value in each country was facilitated by the 2017 foreign exchange rate data from the US Department of the Treasury. Upon conversion, we collected 2017 Gross Domestic Product (GDP) data from the World Bank in order to compare the production value of the apparel industry to the total production of all goods in each country.

Limitations

Limitations in data gathering and analysis arise due to the complexity of the research topic. The first limitation is that the most recent, complete trade data available were from 2014; this does not fully represent the most contemporary shifts in the garment industry. For example, recent laws have shifted the level of exports between countries. A second limitation exists due to the inability to access large longitudinal databases, based on the sources available to us; we recognize other databases might have provided more comprehensive data. The third limitation is the inconsistency of information found for all countries in South and Southeast Asia. Frequently, reports included only a sample of countries or industries, which complicated attempts to compare common scales between all countries. For example, with different currencies, it is imperative that the exchange to USD is the same; however, all the countries must have been accessed from the same database to ensure that the same metrics were used.

Data Sources

The Observatory of Economic Complexity

This is the main source that the research team used. It allows the user to download sets of data as recent as 2014, but it has country profiles with more recent data.

- Main page: <https://atlas.media.mit.edu/en/>
- Example of country profile: <https://atlas.media.mit.edu/en/profile/country/bgd/#Exports>

UN Comtrade

This source was helpful, as it provided information by product, country, export/import, etc.

- Main page: <https://comtrade.un.org>
- Example by product imported to China:
https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c156%7c%7c%7c%7c61%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1

European Commission Market Access

This gives some information about which EU countries are importing textiles (product code 61) from other countries

- Link: https://madb.europa.eu/madb/statistical_form.htm

Other Helpful Sources

- World Bank, Stitches to Riches Report PDF:
<https://openknowledge.worldbank.org/bitstream/handle/10986/23961/9781464808135.pdf?sequence=2&isAllowed=y>
- World Integrated Trade Solutions:
https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/LTST/TradeFlow/Export/Partner/by-country/Product/50-63_TextCloth
- Statista Report about China Textile production (cost money):
<https://www.statista.com/statistics/226193/clothing-production-in-china-by-month/>

APPENDIX 2. COUNTRY CASE STUDIES

Country case studies provide MFO with an understanding of how China strategies might need to be adjusted based on the differences across countries in South and Southeast Asia. The team has created profiles for three countries: Bangladesh, Cambodia, and Vietnam, analyzing each of these countries relationships with China, along with their economic and political environments. These three countries have been selected for case studies based on their relevance to the MFO Capstone team's research question: *Can Microfinance Opportunities expand the impact of the Garment Worker Diaries by influencing Chinese stakeholders to improve conditions of garment workers?* MFO already has GWDs for Cambodia and Bangladesh, and in the future, it is hoping to do GWDs in Vietnam as well. Therefore, these three countries have been selected for further assessment to provide a better understanding of specific country contexts.

The research conducted for each case study country addresses specific topic areas generated by the MFO Capstone team in relation to Cambodia, Bangladesh, and Vietnam's country contexts, providing an in-depth understanding of each country's apparel industry. Each country case study examines the historical context, relevant policies and regulations, and the case study country government's role in the apparel industry. Additionally, relationships between the Chinese government and each case study country's government will be analyzed. Other interests and motivations for Chinese investment in Bangladesh, Cambodia, and Vietnam will be considered. Finally, the research presents any previous efforts to influence the apparel industry, which will aid in the strategy creation for MFO.

Methodology

Both qualitative and quantitative data were collected for the country case studies. Data sources include the International Labour Organization (ILO), Observatory of Economic Complexity (OEC), international press, and additional secondary sources. The ILO and OEC data provided quantitative information. From a qualitative perspective, the international press and secondary sources describe the contextual environment for each country case study. Elite interviews also supplement case study country research.

Limitations

Limitations of case study research include inconsistent data and changes to recent trade policies. Due to the collection of qualitative information from international press and secondary sources, there are varying levels of information available for each country. An additional limitation includes collecting the most contemporary information, as trade policies are dynamic and change continually. Examples of contemporaneity issues are garment industry-related legal changes in Cambodia and Bangladesh during the course of the research process. Furthermore, each country has different partnerships and trade agreements with China, which not only affect the garment industry, but also how MFO could operate in each country.

Bangladesh

Historical Context

From 1995 to 2015, the value of Bangladesh's garment industry rose from USD 2.5 billion to 26.6 billion in global exports of apparel, an increase of 964 percent (Khan & Ullah, 2017). With the influence of the Multi-Fibre Arrangement (MFA) and globalization, the ready-made garment (RMG) industry in Bangladesh has evolved. According to Mohiuddin (2008), the United States (US) and the European Union (EU) restricted imports from developing countries to protect their domestic textile industries under the MFA. When the MFA ended in 2005, the World Bank and other international entities were apprehensive about Bangladesh surviving in such a competitive market. The expiration of the MFA gave a boost to the industry in comparison to when the MFA was in effect. Developing countries, such as Bangladesh, were constrained by export quotas, which inhibited the increase of trade with other countries (FashionUnited, 2013). Bangladesh maintains an advantage in this labor-intensive market due to its low wages and duty-free tariffs (Mohiuddin, 2008). The rapid growth of the RMG industry in Bangladesh has been enhanced by "cheap labor, lack of employment options for women, simple technology, small amount of capital required, and economic changes and policies that encouraged the growth of this particular industry" (Ullah, 2015, p. 18).

Garment industry growth has generated safety concerns in RMG factories. Since 1990, more than 400 workers have died and several thousand more have been wounded in 50 major factory fires (Rubya, 2015). Factory management personnel also take steps to prevent the formation of trade unions, a right protected under the Freedom of Association and Collective Bargaining ILO Conventions, which Bangladesh ratified in 1972 (War on Want, 2015). Weak to nonexistent government enforcement of labor and safety laws in the country allows employers to harass and intimidate workers and ignore safety standards without fear of punishment (Rubya, 2015). Regulations are currently in place that prevent safe working conditions in Bangladesh, as factories work to maintain a competitive edge.

Policies and Regulations

Little evidence exists to suggest that RMG factories have voluntarily taken part in corporate social responsibility (CSR) activities for employee benefits. However, some regulations were constructed to improve the livelihoods of these millions of workers. The Bangladeshi government introduced limited positive changes through Labor Acts for the RMG industry. By regulating the mandatory use of safety equipment, conducting more frequent fire drills, and through obligating employees to report accidents to appropriate authorities, the Bangladeshi government can ensure better monitoring of industrial mishaps and instill caution within the workplace (Rubya, 2015).

Multi-stakeholder initiatives (MSIs) were also created to promote security for the garment workers. Two key initiatives are the Alliance and Accord. ‘Accord’ focuses on the fire and building safety of the factories, whereas ‘Alliance’ focuses on the working conditions within sweatshops by monitoring compliance issues (Mausumi & Rahman, 2018). The Accord was a valuable step in international agreements, as it included approximately 150 apparel companies from 20 countries in Europe, North America, Asia, and Australia (Stotz, 2015). In Bangladesh, this act employs around 100 independent inspectors who carry out more than 500 factory inspections each month (Preuss, 2018). Alliance focused on the working conditions within sweatshops by monitoring compliance issues. As a result, more than 400 Alliance-supported factories have launched various safety programs, such as “Amader Kotha” or “Our Voice” (Mausumi & Rahman, 2018). These initiatives successfully put pressure on the government and factory owners to improve factory-working conditions. Stakeholders have noted significant changes in government and factory owners' attitudes since the 'Rana Plaza' tragedy (Mausumi & Rahman, 2018). Many factories start short-term programs that may not bring any sustainable solution to long lasting problems (Mausumi & Rahman, 2018). Unfortunately, these rules lack substance and do not cover all issues because stakeholders involved do not want to invest money and resources that would be necessary for sustainable change.

In December 2018, the government of Bangladesh postponed the re-installment of the Accord Act. This resulted in subjecting all Accord decisions to the approval of a government committee. It prevented any action from being taken against factory owners who threaten or fire workers for raising safety complaints and prohibited Accord inspectors from identifying any new safety violations, “effectively requiring them to ignore deadly hazards found during their inspections, such as faulty alarm systems, blocked fire exits, and cracks in structural columns” (Preuss, 2018, p. 3). The lack of government support for the Accord Act has the potential to be detrimental for garment workers’ safety, as some fear it could create another Rana Plaza incident.

The lack of implementation for governmental regulations and MSIs is a clear violation of the International Labor Organization (ILO) conventions. The implementation of laws is flawed due to the biases and corruption that inhibit the government and stakeholders from keeping the factories accountable for safe conditions. Forms of corruption include factory owners or investors paying off inspectors and government entities prioritizing money over people. The actors, including the government, factory owners, and investors, lack incentives to implement changes because they focus on their own (often monetary) motives. Therefore, international media, advocacy groups, and local and international non-governmental organizations (NGOs) are urging for change in the labor conditions. However, critics question the ILO’s timing of implementing innovative strategies to decrease the number of accidents in Bangladesh’s garment industry (Ullah, 2015).

Significance of Bangladesh's Government

As the economy of Bangladesh benefits greatly from the growth of the RMG industry, the government has created additional laws to increase monetary gain from the RMG industry and promote international trade. For instance, clothes and textiles produced in Bangladesh obtain duty-free access to the EU. This agreement creates another investment incentive for many factory owners and traders (Mohiuddin, 2008). Additionally, if the Accord Act is not re-installed, the government is not required to spend money on making improvements to buildings and implementing safety measures (Preuss, 2018). With duty-free access and inspection authority, the Bangladeshi government has significant monetary incentives to promote accessibility of the garment industry through international relations with other countries, such as China.

Relationship Between Bangladesh and China

The Chinese government has shifted away from the high-labor intensive sectors and begun focusing on technological production (Khan & Ullah, 2017). The size of the Chinese domestic apparel market stands at USD 350 billion out of a USD 450 billion global market (Islam, Mahfuz, & Khanam, 2013). The recent regressions in the RMG industry in China create new opportunities for investments in exporting countries, such as Bangladesh (Khan & Ullah, 2017). When investing in Bangladesh, Chinese investors get quota-free markets, tax exemption facilities, and tariffs advantages for RMG sector investment (Hossain et al., 2018). Bangladesh needs around 3 billion yards of fabric each year for garment production; approximately 85 percent of the needed fabric is imported from China and other countries, further creating investment streams between Bangladesh and the countries from which it imports textiles (Stotz, 2015). Within the past couple of years, Chinese investment has increased.

“Chinese investment in Bangladesh garment sector was USD 21.38 million in 2013 and it increased (35.82%) in 2014 to reach USD 29.40 million. It also increased in 2015 reaching USD 37.11 million which was 26.22% higher than 2014 but unfortunately it declined in 2016 to USD 16.46 million which was 55.64% lower than 2015. In 2017 it increased again to 30.68% than 2016 but not higher than 2015” (Hossain et al., 2018, p. 519).

The increased investment from China and other countries, such as the US and EU, allow for more economic stability in Bangladesh. The country is increasingly relying on the revenue from the exports made by the RMG industry as well as foreign investment.

Other Chinese Interests and Motivations

Before the 1970s, China and Bangladesh were not allies, as China sided with Pakistan and voted for Bangladesh's inclusion in the United Nations. However, the two countries are now considered strategic allies in multiple sectors including economic investment, defense, and the garment industry (Bhattacharjee, 2018).

China is Bangladesh's biggest trading partner with bilateral trade worth USD 10 billion. However, the trade balance favors China, as the trade gap between China and Bangladesh is worth USD 9 billion. Bangladesh pressed for concessions to reduce the deficit and China obliged, giving duty-free access to Bangladeshi products (Bhattacharjee, 2018). Despite these concessions by China, there is no visible change in the deficit. China is also investing in Bangladesh, mainly in the area of manufacturing and infrastructure. In the defense sector, China is the only country with which Bangladesh signed a defense agreement. Additionally, China is the largest arms supplier to Bangladesh (Bhattacharjee, 2018). This weapons-based partnership creates a fully encompassing alliance apart from purely economic gain.

Efforts to Influence the Apparel Industry

National Garment Workers' Federation (NGWF)

The NGWF has been fighting for the rights of garment workers in Bangladesh since 1984. Based in Dhaka, and with 7 branches nationwide, the NGWF is the largest trade union federation in the Bangladeshi garment sector, with more than 27,000 members. The NGWF is a founding member of the Bangladesh Garment Workers Unity Council, an umbrella organisation of 21 garment worker federations. The council is part of a body that negotiates labor laws and cases of workers' rights violations through dialogue between trade unions, government and factory owners (War on Want, 2015). The NGWF has allowed garment workers to advocate for basic rights through trade unions and legal actions.

International Labor Organization (ILO)

The ILO responded to the Rana Plaza tragedy with a high level mission to Dhaka in May 2013. The organization agreed to immediate and long-term actions with the government of Bangladesh and various garment industry organizations. These were integrated into the National Tripartite Plan of Action (NTPA) on fire safety and structural integrity. The ILO launched a USD 31 million, three year program funded by Canada, the Netherlands, and United Kingdom to support implementation of the NTPA and improve working conditions in the RMG sector. Key elements have been implemented, including building and fire safety assessments, labor inspection reforms, occupational safety and health, rehabilitation and skills training, and the launch of Better Work Bangladesh.

Better Work

Better Work Bangladesh has been collaborating with workers, employers, and the government to improve working conditions and boost competition in the garment industry since 2014.

Currently, Better Work is in partnerships with over 170 factories and in collaboration with over 375,000 workers. The organization's initiatives are as follows: training factory staff, facilitating factory dialogue, encouraging labor law reform and improving the health and safety of workers. In 2018, Better Work Bangladesh created a new strategic plan that will continue through 2021. This includes promoting industrial safety, supporting the government's "Vision 2021" provisions for better working conditions through coordination with labour market institutions, employer groups, unions and brands, and expanding worker-management committee elections according to international labour standards (Better Work, 2018).

Conclusion

The rapid growth of the RMG industry in Bangladesh is facilitated by the following factors: cheap labor, lack of employment options for women, simple technology, small amounts of required capital, and economic changes and policies that encouraged the growth of this particular industry (Ullah, 2015). These factors contribute both the growth of the sector but also the well-being of the thousands employed in the RMG industry.

Cambodia

Historical Context

Cambodia is relatively new to the garment industry, becoming an exporter in the 1990s after a period of internal social and political unrest. Following this period came an influx of foreign investment. Investors from Singapore, Malaysia, Taiwan, and Hong Kong began operating garment factories in Cambodia in 1994. The appeal to invest in Cambodia was connected to the government's transition from a planned market system to a free market economy, which lacked interventions regarding import industrialization in textiles (Natsuda, Goto, & Thoburn, 2010). In 2008, Chinese firms accounted for 60 percent of Cambodian factories. Cambodia has begun prioritizing industries preferred by investors, such as the garment industry. In 2007, the garment industry generated 27 percent of the nation's industrial employment and 90 percent of export earnings (Natsuda, Goto, & Thoburn, 2010). In addition to income generation and poverty reduction, the garment sector has also created indirect jobs in Cambodia (Han & Mah, 2015).

Policies and Regulations

The MFA arrangement provided exceptions to Cambodia, allowing the country to generate greater profits. The phase-out of MFA quotas were predicted to decrease Cambodia's appeal as an export location, as US and EU importers would no longer face restrictions in the amount of clothing they could import from other locations; however, when MFA ended, Cambodia's garment industry continued to grow (Wetterberg, 2011).

Since the expiration of MFA, EBA has maintained conditions for Cambodia, with a responsibility to respect and uphold the values in the 15 fundamental conventions of the United Nations and ILO (Malmstrom, 2018). The 2001 agreement has no expiration date, providing access for the Least Developed Countries (LDCs) as long as they maintain this status (United Nations, 2016). In October 2018, the EU notified Cambodia that it would lose its tax-free access to the market unless it made improvements to human rights and democracy in the country. This formal procedure began after Cambodia's Prime Minister Hun Sen returned to power in a controversial July 2018 election, where his party won all parliament seats. The EU's six-month review of Cambodia's duty-free access, which would significantly impact its apparel industry, is underway (South China Morning Post, 2018). Negotiations between the EU and Cambodian government, as well as lobbying by industry groups is expected to prevent Cambodia's suspension (Economist Intelligence Unit, 2019).

Significance of Cambodia's Government

Though Cambodia's government has attempted to increase transparency, corruption persists among political elites, particularly as Cambodian officials protect external funders. Cambodia's current political leadership, the Cambodian People's Party (CPP), led by Prime Minister Hun Sen, maintains power and legitimacy through patronage politics and decentralization (Un, 2012). Beginning in 2002, Cambodia's attempts to decentralize the government have been exhibited through multiparty elections that shift power to local government. The Cambodian political elites have claimed that these attempts will bring accountability, transparency, and responsiveness to the government (Un, 2012). However, the rise to power of current governing officials has been associated with embedding corruption in state institutions, as rule of man has been prioritized over rule of law.

The Cambodian government eagerly accepts foreign investment, resulting in large amounts of capital inflows; this combination of aid and capital inflows exhibits Cambodia's continued reliance on external financing (Hill & Menon, 2014). In the 1980s, Cambodia began shifting from a command and control economy to a free market, establishing open foreign investment to attract investors from all over the world, reduce poverty, and enhance the economy in Cambodia (Soeng & Supinit, 2016). Cambodia's macroeconomic policy is unique, with the nation's significant reliance on foreign aid resulting in the ability to sustain fiscal deficits because they are financed by aid. With a significant reliance on external funding sources in Cambodia, foreign investors rely on connections with political elites, as opposed to unbiased courts, to protect their investments (O'Neill, 2014). Foreign investment inflows have been sustained in Cambodia, as the nation has approved all foreign investment since 1994 (Natsuda, Goto, & Thoburn, 2010).

Relationship Between Cambodia and China

Cambodia began receiving foreign direct investment (FDI) from China in 1993 due to its inexpensive labor costs, investment incentives, and strategic interests regarding natural resources and security. China has maintained its role as a major source of foreign aid to Cambodia, distributing USD 218.3 million to the nation in 1999, resulting in one of the largest aid distributions given to any nation at that time (Heng, 2012). In the 2000s, Chinese firms relocated to Cambodia to use the preferential access to the US and EU they could not gain on their own due to the MFA, which exempted Cambodia from export quotas imposed in other nations, resulting in greater exports and profits (Han & Mah, 2015).

Chinese investment in Cambodia is significant, as China is the largest foreign investor, a vital donor, and increasingly useful trading partner. The incentives of Chinese foreign investment to Cambodian firms include access to new markets and advanced technology as well as a reduction in costs of production and benefits of the host country's preferential treatment (Heng, 2012). Chinese funding comes without conditions regarding political or economic reforms, enhancing the political leadership of the country it invests in. Cambodian officials, including Cambodian Ministry of Commerce Cham Prasidh, have been known to praise China for the lack of political conditions associated with investment (O'Neill, 2014). China also maintains military cooperation with Cambodia, as it provides various forms of military assistance to the nation. The aid and loans provided by China are preferred by the Cambodian government, despite higher interest rates, due to the lack of formal political conditions associated with the funding. However, one condition associated with Chinese aid is that it must fund projects built and supported by Chinese firms, securing a place for Chinese investment and power to control it.

Other Chinese Interests and Motivations

China's strategic interests, which promote investment in Cambodia, include accessing natural resources, influencing security, and mediating conflict in Southeast Asia. China's interest in Cambodia can also be linked to its oversight and security issues with Vietnam, Taiwan, and the Philippines in the South China Sea in addition to safeguarding China's claim to oil and gas in the Spratly Islands. By strengthening the economy and fostering coordination in Cambodia, China is able to leverage its influence and mediate conflicts in the region (Burgos & Ear, 2010).

Cambodia is willing to sacrifice its own natural resources to continue the inflows of Chinese investment. As China's population grows, the industrial sector must secure reliable energy sources, which has led China to focus its resources on building a dam in the Cambodian territory of the Mekong River. Though future water supply is a concern, Cambodia is incentivized to move forward with Chinese investment on its territory because it will create jobs and potentially lead to the sale of surplus energy. Regarding oil, the Cambodian National Petroleum Authority, which mediates all oil contracts and is run by Prime Minister Hun Sen, is already under the influence of China (Burgos & Ear, 2010). Cambodia is not the only nation that Chinese investors pursue for access to natural resources, yet Cambodia is compliant due to the promise of employment and financial opportunities.

Chinese investment in Cambodia occurs despite deterrents to foreign investment including corruption, weak rule of law, and low labor productivity. Chinese investors enhance the survival of the political leadership, as the Chinese government and state-owned enterprises (SOEs) influence key figures in Cambodia. The mutual gains to political elites on either side of the relationship between Chinese and Cambodian government officials creates a status quo where the Chinese government encourages firms to invest in Cambodia and Cambodian leaders protect Chinese firms in order to continue receiving aid, loans, and investment (O'Neill, 2014).

Efforts to Influence the Cambodian Apparel Industry

Better Factories Cambodia

Working conditions in Cambodian garment factories worsened due to buyers' demands of faster delivery and cheaper costs; however, Better Factories Cambodia (BFC) was created by the ILO to address insufficient working conditions in Cambodia. BFC emerged in 1999 out of an agreement between the US and Cambodia, where the US agreed to give Cambodia access to the US market if it improved working conditions in the nation. The success of BFC is attributed to support from the government, incentivizing buyer involvement and hiring domestic workers to support the program's implementation (R. Robertson, personal communication, February 25, 2019). BFC has evolved as a strategy Cambodia uses to attract conscious buyers (Oka, 2010). Its seen as a critical program that incorporates multiple stakeholders to improve working conditions in Cambodia, as involvement from multiple supply chain actors increases productivity.

BFC maintains weaknesses in Cambodia, such as free-riding and a narrow focus, which reduces its legitimacy. A focus on the possibility of free-riding prior to 2006 showed that non-compliant factories could benefit from the overall positive reputation of the Cambodian garment industry. To control for free-riding, BFC implemented a policy to publicly disclose factories that were non-compliant in addition to their areas of non-compliance, yet this policy did not last (Ang, Brown, Dehejia, & Robertson, 2012). After this policy was eliminated, compliance rates slowed and declined in segments of the garment sector. An additional weakness of BFC is its focus on a single industry. If it were to extend across numerous industries, BFC would be less susceptible to the declining demand of particular outputs (Wetterberg, 2011).

Demonstrations

Protests have served as a method for garment workers to demonstrate their discontent with working conditions and wages. An attempt to influence working conditions occurred in Phnom Penh in January 2014, with garment workers demanding a salary raise from USD 80 to USD 160 per month (Espinosa, 2017). The peaceful protests met policy intervention and resulted in four dead workers. The salaries were increased to USD 100, which was considered an insufficient living wage. The previous year, there was a demonstration where workers asked Kingsland, a garment factory that supplies to H&M and Walmart, over delayed salaries. These salaries accumulated after Kingsland promised its workers 50 percent of their salaries during an off work period. However, the company was facing bankruptcy and its managers fled the country. In March 2014, H&M and Walmart agreed to pay a portion of the debt to workers.

Conclusion

With the growth of the Cambodian economy and influx of Chinese investment in Cambodia's export markets, the Cambodian garment industry now faces challenges including suspension from low production, state capacity, corruption, and relationships with buyers. Additionally, changes to Cambodia's status under EBA may alter its access to the EU market. Despite labor unions and programs such as BFC that aim to improve working conditions, the rights of garment workers have not been achieved (Oka, 2010). The results of inefficiencies in labor standards have negative implications for garment workers. While unions do alter wages, hours, and leave standards, they do not focus on health and safety issues. The presence of multiple unions does not help to minimize labor violations (Oka, 2016).

Vietnam

Historical Context

The implementation of *doi moi* and the expansion of international trade in Vietnam revolutionized the economy to benefit the growth and success of the garment export market. Following the Vietnam War and subsequent reunification of North and South Vietnam in 1975, the country adopted a command-style economic system. During this period, most international trade in Vietnam was conducted with other members of the Comecon Bloc, which severely limited Vietnam's capacity to experience the exponential growth that was occurring in other countries in East Asia, such as South Korea and Japan (Hill, 2000). In 1986, a major turning point for Vietnam occurred when the Sixth Party Congress of Vietnam implemented *doi moi*, meaning "renovation" (Nadvi & Thoburn, 2004; Thomas, 2001) or "reform" (Hill, 2000).

Doi moi liberalized Vietnam's economy from the existing command-style system to a more market-style system, leading to international trade and investment expansions, particularly in the garment industry (Hill, 2000). This expansion, occurring from the 1980s to the 1990s, allowed Vietnam's garment export market to succeed despite several obstacles. The difficulties the country has faced include: predominant exclusion from US export markets; a newfound presence in the international marketplace; the presence of large, inefficient SOEs; and the surrounding business environment, which has included limited access to land and finances, unpredictable commercial regulations, and a complex trade regime that is favorable to SOEs (Hill, 2000).

Success of Industry

There are three core factors that have contributed to the success of the garment industry in Vietnam, all intended to stabilize the macro-economic conditions in the country. First, the established exchange rate was much closer to the free market rate than it had been during the command-economy years (Hill, 2000). Second, the Vietnamese government has been open to foreign direct investment (FDI). Third, the incentive regime that the government enacted allowed exporters to use their comparative advantage in labor-intensive industries, such as garment production; this has helped these industries to be more competitive in a free-trade setting.

Vietnam has also made progress in penetrating the US import market for garment production (Trần, 2017). In 1994, the US lifted the trade embargo from Vietnam, and in 2000, the US and Vietnam entered into a Bilateral Trade Agreement (BTA). The terms of the BTA stipulated that the US would decrease tariffs on most imported goods from 40 percent to 3 percent as long as Vietnam lowered their tariffs on US exports. In 1996, before the BTA, the US was the source of just 2 percent of Vietnam's export revenues; in the years that followed, this increased to 55 percent (Hill, 2000; Trần, 2017).

Policies and Regulations

The government of Vietnam enacted various forms of labor laws to protect garment workers. The labor laws fall under the following categories: child labor, discrimination, forced labor, wages and benefits, contracts and human resources, occupational health and safety, collective bargaining and labor disputes, and working hours and rest time. To determine garment factories' rate of compliance with labor laws, Better Work (2017) observed 257 garment factories in Vietnam. They found that the highest rates of non-compliance were in the categories of occupational safety and health, working time, and contracts and human resources. The obstruction of exits and escape routes is the most common safety hazard in garment factories, followed by inadequate fire detection and alarm systems. About 40 percent of factories failed to comply with rules regarding personal protective equipment. Although many factories comply with daily overtime restrictions, over 70 percent of factories exceed the monthly and yearly overtime limits; however, virtually all overtime is voluntary, not forced (Better Work, 2017). Regarding contracts and human resources, the highest noncompliance rates are due to the absence of terms and conditions of employment in workers' contracts.

Significance of Vietnam's Government

Apart from the removal of barriers that private and foreign owned garment enterprises have historically faced, the Vietnamese government is currently in the process of investing in its domestic textile production (Akter, 2018). In 2014, Vietnam imported nearly 80 percent of its textiles from China (UN Comtrade, 2014). This reliance on Chinese textiles may leave the Vietnamese garment industry open to economic influence from artificially high textile prices for factories that are not Chinese-owned. With government investment in domestic textile production, the garment industry in Vietnam can access more competitively-priced textiles to use in production.

The Vietnamese government has yet to address the absence of a strong industrial transportation infrastructure. Infrastructure improvements that are currently on the political agenda involve strengthening the unity of the country, including plans for high-speed passenger rails (Perkins & Anh, 2010). This lack of industrial transportation infrastructure throughout the country is one reason why most FDI is located in Hanoi-Haiphong and Ho Chi Minh City. Currently existing industrial infrastructure investment has primarily focused on equitable distribution across provinces, leading to an efficient and competitive apparel industry (Perkins & Anh, 2010).

Relationship Between Vietnam and China

The defining aspect of Vietnam and China's relationship is competition (Goto, Natsuda, & Thoburn, 2011; Nadvi, 2004). Since the MFA was phased out in 2004, both China and Vietnam's garment sectors have grown tremendously. As of 2008, however, the worldwide market share of garment exports for Vietnam was 2.5 percent, whereas China's share was 33 percent (Goto et al., 2011). China benefits from a large section of its garment industry working on the high value-adding free-on-board (FOB) contracts as well as a sizeable low-cost, low value-adding cut-make-trim (CMT) contract sector (Nadvi & Thoburn, 2004). FOB contracts allow garment factories to source their own fabrics for apparel production, rather than receiving them from the buyer. Thus, Vietnam will need to expand its value-adding capabilities to remain competitive with the Chinese garment market.

Apparel Industry in Vietnam

Garment Production Tiers

The integration of Vietnamese garment production into the global supply chain has created three tiers. The bottom, Tier 3 firms are the subcontractors of the garment industry. Most Vietnamese-owned firms are considered Tier 3 (Trần, 2017). Tier 2 firms are contract suppliers who act as "middlemen" for garment production and manage production operations in Vietnam. The top level, Tier 1, includes the brands and foreign corporate buyers; Tier 1 firms are mostly retail stores based out of the EU, Japan, and the US (Nadvi & Thoburn, 2004; Trần, 2017).

Contract Services

A majority of the work done by Vietnamese firms are low-value-adding services, such as CMT (Trần, 2017; Vixathep & Matsunaga, 2012). For this type of contract, a Tier 1 firm makes an order to a Tier 2 firm. Then, the Tier 2 firm subcontracts the order out to different Tier 3 firms. The retail buyer pays the cost for the fabrics; however, this means that the Tier 3 firm only receives payments for labor and managerial costs, utilities, and its profit margin. Another contract that is used, primarily by SOEs, is FOB production. Under FOB, the inputs make up around 50-80 percent of the final price of the garment (Nadvi & Thoburn, 2004).

Ownership

The ownership structures of Tier 3 firms have changed dramatically over time (Goto, 2012). After *doi moi* was enacted, the Vietnamese Government slowly started to equitize SOEs; this resulted in a variety of ownership arrangements. As of 2012, these arrangement included: joint stock companies (JSCs), joint ventures, SOEs, limited companies, foreign-owned enterprises (FOEs), and private enterprises (Vixathep & Matsunaga, 2012). From 1995 to 2010, the number of SOEs as a percentage of the total number of garment firms decreased from 34.8 percent to 8.2 percent, whereas the percentage of foreign-owned firms increased from 18.2 percent to 47.8 percent in the same time period (Goto, 2012). It should be noted that some SOEs have undergone either full or partial privatization, resulting in distorted numbers due to the misclassification of companies (Goto, 2012).

Constraints

There are several constraints that make it difficult for private firms to complete FOB contracts (Knutsen, 2004). The first constraint involves the sourcing of the fabrics. Fabric sourcing can be done by procuring the material from a domestic producer of fabrics or importing material from a foreign producer. Both options put private firms at a disadvantage compared with SOEs. This is because the availability of affordable domestic fabrics for private firms depends on two variables: the weather (which affects the yield of the cotton crop) and the firms' developed connections with producers. Many of the SOEs, not only produce garments, but are also involved in textile production; therefore, SOEs are able to produce the fabrics for their own garments (Nadvi & Thoburn, 2004). Additionally, many private firms do not have the size or capacity to generate enough orders to penetrate the foreign fabric market. The firms that do have the capacity to import are subject to global markets, in which fluctuations in the value of the Vietnamese Dong can alter the purchasing power of firms. Since SOEs are subsidized by the state, they are able to process larger orders, and benefit from foreign connections and economies of scale and scope to source inputs when needed (Nadvi & Thoburn, 2004).

Efficiency

Although the garment industry in Vietnam has increased rapidly in the past four decades, firms lack efficiency. Firms with less technical efficiency may have the following features: large in size (over 300 workers), categorized as SOEs or JSCs (of which many were previously SOEs, and located outside of Ho Chi Minh City (Vixathep & Matsunaga, 2018). Other scholars argue that a key element for Vietnam's continued success in the garment industry is to shift to higher value-adding services; however, this shift difficult to achieve without an adequate domestic supply of garment inputs (Goto, 2012; Nadvi, 2004; Nadvi & Thoburn, 2004; Trần, 2017).

Influencing Apparel Industry

Previous Attempts

The 1990 Vietnamese Trade Union Law and 1994 Labor Law have done little to transform apparel industry conditions. The Vietnamese Trade Union Law emphasizes significant attempts to transform trade unions by granting them considerable autonomy; this differentiated the trade unions from the Communist Party and company management (Cox, 2015). The Labour Law also impacted the apparel industry by accepting a tripartite structure for IR, consisting of labor, employers, and the state; this legislation also gave workers in Vietnam the right to strike. The regulations that govern the use of strikes as a weapon, however, severely reduce the possibility and legality of labor militancy. For example, a strike must be organized by a trade union and requires two weeks' notice prior to any action to allow time for mediation.

Trade Unions

Official trade unions (OTUs), although present, are systematically weak in Vietnam, which has led to the rise of unofficial worker representatives (UWRs) (Cox, 2015). Many union leaders are also full-time employees of the firm and fear retribution if they raise workers' concerns with authority figures. Additionally, if union leaders raise concerns, government regulations stipulate that the union go through various time-consuming courses of action and channels. Finally, OTUs face low levels of financial resources. Their main revenue source is acquired from a mandatory 2 percent deduction from payroll that goes to the union budget, and union fees paid by workers (Cox, 2015). The garment industry is a very labor-intensive job, meaning 60 to 70 percent of production costs are from labor; therefore, requiring 2 percent of payroll be put toward the union budget creates a large burden for firms. Some firms have also argued that since worker's wages are so low, even having a union fee of 1 percent of wages would disincentivize union membership. UWRs, due to the inherent weaknesses of OTUs, have sprung up in many areas of garment production and are now a growing force in protecting the interests of workers (Cox, 2015).

Better Work Vietnam

The ILO's Better Work Vietnam (BWV) program has worked to improve the lives of garment workers in Vietnam. BWV provides assessment and advisory services for garment factories to improve working conditions and maintain compliance with labor laws; it also provides training services to managers to assist with employee contract management. This program currently operates in more than 400 garment factories that employ over 500,000 garment workers. A report evaluating the impact of BWV from Brown, Dehejia, & Robertson (2018) found the program has had positive effects on the conditions of garment workers. The garment workers employed at BWV factories have higher pay and greater employment stability. As conditions improved, these factories were shown to have higher profitability, compared to factories that did not participate in BWV.

Conclusion

Vietnam's apparel industry has seen impressive growth despite facing many obstacles. The two main areas that Vietnam can continue to develop are its domestic textile market and the share of high-value adding apparel production functions. As the proportion of high-value-adding production functions increases, garment workers are likely to receive higher levels of compensation. Sustaining a domestic textile market will reduce Vietnam's reliance on Chinese textiles, potentially lowering textile prices in the country due to competitive pressure.

Conclusion

Country case studies of Bangladesh, Cambodia, and Vietnam provide insight into country-specific contexts, analyzing each of these countries' relationships with China, along with their economic and political environments. These findings contribute to an understanding of how MFO strategies for China might need to be adjusted based on the differences across countries in South and Southeast Asia. Some of the main research findings for each country are as follows:

- The rapid growth of the RMG industry in Bangladesh is facilitated by the following factors: cheap labor, lack of employment options for women, simple technology, small amounts of required capital, and economic changes and policies that encouraged the growth of this particular industry (Ullah, 2015). These factors contribute to the growth of the sector, and the well-being of the thousands employed in the RMG industry.
- With the growth of the Cambodian economy and influx of Chinese investment in Cambodia's export markets, the Cambodian garment industry now faces challenges including suspension from EBA, low production, state capacity, and corruption. Despite labor unions and programs such as BFC that aim to improve working conditions, the rights of garment workers have not been achieved (Oka, 2010).
- Vietnam's apparel industry has seen impressive growth despite facing many obstacles. As the proportion of high-value-adding production functions increases, garment workers are likely to receive higher levels of compensation. Sustaining a domestic textile market will reduce Vietnam's reliance on Chinese textiles, potentially lowering textile prices in the country due to competitive pressure.

The findings from the case studies provide relevant information that can be considered when applying strategies to specific country contexts. The unique country contexts may influence the activities of Chinese stakeholders in that country, thus potentially altering Chinese stakeholders' abilities to improve the well-being of garment workers.

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