# Social Upgrading in Global Supply Chains: Reframing Corporate Responsibilities

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Much philosophical literature on sweatshop ethics assumes that the individual branded marketers that sell consumer goods either employ sweatshop workers or can strongly influence the conditions under which those workers labor. This oversimplification misidentifies the rationale for and details of the responsibilities of big buyers for the labor standards in their supply chains. Throughout this article, we illustrate how philosophers' "vertical integration" and "control" assumptions distort our understanding of the internal dynamics within supply chains. Under the more realistic assumption that big buyers have "constrained influence" over labor conditions in their supply chains, we show that big buyers retain the responsibility to work toward social upgrading goals. However, fulfilling such a responsibility requires big buyers to collectively cede power to third parties in supply chains in formalized and accountable ways. Recent developments in transnational industrial agreements, such as the International Accord, are examples of this commitment.

**Key Words:** sweatshop, responsibility, supply chain, unbundling, social upgrading

Since at least the 1980s, many have raised concerns over the working conditions and wages of the workers in the global supply chains that provide high-income markets with consumer products. Attention has been consistently drawn to very long hours, low pay (by high-income country standards), and unsafe conditions, as well as more striking abuses, such as widespread use of child labor, forced labor, abuse and harassment at work, non-payment of wages, and violations of local laws. Yet, after decades of inquiry, big brands' responsibilities[1] with respect to these labor abuses remain a complex and unresolved question due at least in part to our evolving

[1] Sweatshops raise ethical issues for many actors. There is excellent work that focuses on the duties and responsibilities of numerous stakeholders associated with sweatshop labor. These include consumers (Brock, 2014; Calder, 2010; Ferguson & Ostmann, 2018; Hartsock & Roark, 2019; Lawford-Smith, 2018; Peng & Powell, 2024; Preiss, 2014), global trade policy-makers (Barry & Reddy, 2008), and domestic regulators (Flanigan, 2018; Hughes 2024; Pötzsch, 2022; Zwolinski, 2012). We do not engage with these discussions directly here, for we focus on the duties and responsibilities of big buyers.

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understanding of the ability of big brands to influence working conditions in global supply chains.[2]

Throughout this article, we use the term "sweatshops" to refer to factories rife with poor or abusive working conditions, and "big buyers" for major firms in high-income countries that outsource the manufacturing of their products to lower-income countries at the risk of association with such labor abuses.[3] With this vocabulary, we question two of the main assumptions often employed in the philosophical literature to assign duties and responsibilities across global supply chains: that brands "employ" sweatshop labor and/or that they directly influence their suppliers' labor practices. More constructively, we outline a more realistic assumption—that big buyers have a constrained influence on the practices of sweatshops. We suggest general and specific moral responsibilities for "social upgrading" in supply chains (defined as the "improvement in the rights and entitlements of workers as social actors and the enhancement of the quality of their employment"[4]) that this assumption generates.

Philosophers have a crucial role in addressing sweatshops' abuses, but the abstractions they choose to employ can distort and distract attention from the issue at hand. We separate the philosophical literature on the duties of big buyers into three rough groups, based primarily on how they understand the structure of the supply chain relations.

"Vertical integrationists" are those whose arguments treat brands in high-income countries as the direct employers of global sweatshop labor (e.g., Kates, 2023a; Snyder, 2008). "Big buyer control theorists" (e.g., Arnold and Bowie, 2003, 2007; Berkey, 2021; Meyers, 2004) recognize the complex structure of global supply chains, with big buyers typically sourcing from many contractors and subcontractors, often mediated via intermediary sourcing agencies. Nonetheless, they still assert that individual big buyers can control the working conditions of the workers in the supply chains.

Because both vertical integrationists and big buyer control theorists assume that brands can control the working conditions and wages of sweatshop workers, we cannot routinely apply those theorists' conclusions in a real world where these conditions are often not met. To the extent that philosophy should be applicable to actual business agents, we think it valuable to explore the responsibilities of big buyers following the approach of those we call "structural theorists." Structural theorists move away from trying to identify wrongful acts of individuals (or governments). Instead, they try to identify ways in which the complex interplay of *prima facie* blameless decisions can generate unjust disadvantage.[5] Structural

[2] In our use of the term "supply chains" (rather than "networks," or "value chains"), we follow the International Labour Organization (ILO).

[3] We see the term "big buyers" also used in Appelbaum (2016: 33).

[4] Following Barrientos, Gereffi, and Rossi (2011).

[5] In one of Iris Marion Young's famous examples, a hardworking single mother is pushed towards homelessness by the interaction of reasonable, legal, and not obviously immoral decisions by a number of landlords, rental agents, other renters, city officials, and so on (Young, 2010).

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theorists Iris Marion Young (2010) and Mirjam Müller (2024) address sweatshops in global supply chains by describing a nuanced and constrained form of influence of big buyers over working conditions, an approach that we extend in this article by focusing on the forward-looking responsibility of big buyers in global supply chains. We use it as an invitation to explore realistic responses for big buyers in the complex and messy world of sweatshop labor, without exonerating companies of their duties and responsibilities.

## 1. OVERSIMPLIFICATION IN PHILOSOPHICAL WORK ON SWEATSHOPS

### *1.1. The Vertical Integration Assumption*

Whether implicitly or explicitly, vertical integrationists assume that the norm in global outsourcing (i.e., offshoring) is for brands to set up factories in low-income countries and manage and pay workers. Because that describes a vertically integrated firm, we call this assumption the "vertical integration assumption."

An early example of the vertical integration assumption is in a prominent paper by Jeremy Snyder (2008). Snyder's argument approaches the sweatshop issue by considering which duties "employers" have to their "employees" (throughout). The "employers" Snyder refers to are what he calls "MNEs"—multinational enterprises—also referred to by Snyder as "large Western retailers" (2008: 389).[6] For instance, Snyder asks us to "consider the potential interaction between would-be Developing World workers and a would-be Western *employer* Sam … Sam is happy to *open a factory* in the Developing World and *hire* a number of workers at the going market rate" (2008: 402 [italics ours]). At other times, there is a subtler conflation. Even authors who sometimes acknowledge that most sweatshops are not owned or operated by large brands refer to sweatshop workers as the "MNE's workers" (e.g., Powell & Zwolinski, 2012: 468).

We should note that the common use of the terms "multinational enterprise" or "multinational corporation" (MNC) is misleading in this context. The accepted definition of a multinational enterprise in the international business and law field is a company that owns and operates business units in multiple countries. Companies that only own and operate facilities in one domestic market, such as the US, might have a very large global network of independent suppliers, which is why we prefer the term "big buyers" over "MNE" or "MNC." And crucially, such buyers typically do not employ workers to make the products they sell, as we detail in Section 1.1.2 below.

Snyder (2008) and Powell and Zwolinski (2012) are not alone in making the vertical integration assumption. One of the central scholars in the ethics of exploitation—philosopher Alan Wertheimer—also makes the vertical integration assumption. In a transparent "not-so hypothetical example," a firm called Nike "*sets up* factories in less developed countries" where "*employees* work long hours under

[6] While Snyder states that executives of those MNEs are separated from the sweatshop employees by "large bureaucratic structures" (2008: 399), he refers to this as "organizational complexity" rather than the inter-organizational complexity of almost all sweatshop supply chains.

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'sweatshop' conditions" (2011: 259 [italics ours]).[7] Another vertical integrationist is Michael Kates, whose recent argument (2023a) we will explore in later sections of this article.

Relying on the oversimplified vertical integration assumption can reduce the applicability of the arguments of vertical integrationists, as the next example will show.

#### 1.1.1. Nonworseness Objection and the Vertical Integration Assumption

The nonworseness objection is a philosophical argument intended to defend the permissibility of putatively exploitative sweatshop labor transactions by emphasizing the mutually beneficial and voluntary nature of those transactions. The argument first draws attention to the idea that a brand could keep production in its home country (perhaps using automation), rather than seek labor offshore. The second step is to emphasize the voluntary nature of sweatshop employment: if the worker accepts the sweatshop job, they prefer it to not taking the job.[8] Therefore, if it is morally permissible for brands to choose not to transact with a worker at all and the worker is made better off by the transaction, it cannot be worse than morally permissible for the brand to transact with the sweatshop worker at all.

Since being outlined by Matt Zwolinski (2007), attempts to both defend and rebut the nonworseness objection as it relates to sweatshops have captured considerable philosophical attention from both sides of the debate (e.g., Bailey, 2011; Barnes, 2013; Berkey, 2021; Faraci, 2019; Kates 2023a, 2023b; Powell & Zwolinski, 2012; Sample 2024; Snyder, 2008). Michael Barnes calls the nonworseness objection the "typical defense of sweatshops" (2013: 28). Snyder agrees with Zwolinski that "it is easy to see how the [nonworseness objection] if true, creates a problem" for criticisms of sweatshop labor like his (2008: 402), and spends considerable effort trying to rebut the nonworseness objection in general. Kates's recent summary of the topic of "Sweatshops and Exploitation" in the *Encyclopedia of Business and Professional Ethics* calls an argument built around the nonworseness objection (but not given that name) "a powerful objection" to critiques of global sweatshop labor (Kates, 2023b). In the *Stanford Encyclopedia of Philosophy*, Zwolinski, Wertheimer, and Ferguson state that the nonworseness objection "seems to pose an especially significant challenge to critics of sweatshop labor" (Zwolinski, Ferguson, & Wertheimer, 2022: 4.2; Zwolinski & Wertheimer, 2016: 4.2).

The standard framing of the nonworseness objection clearly involves a two-party transaction between an employer and an employee. Even if that framing is an erroneous depiction of the relationship between big buyers and sweatshop workers (as we show in the next section), rebuttals to it typically retain that structure. One clear example is Kates's rebuttal (2023a). We detail Kates's argument to illustrate how both sweatshop defenses and their rebuttals made under the vertical integration assumption fail to apply to cases of actual sweatshops.

[7] Joshua Preiss (2014) also often refers to "MNEs" as employers, although sometimes amends it to "MNEs and their partners."

[8] For a valuable discussion on potential distinctions between voluntariness, freedom, and autonomy in the sweatshop context, see Preiss (2014; 2018).

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Kates inherits Wertheimer's vertical integration assumption by adapting Wertheimer's example of two American firms: Apple and the hypothetical Mapple. While Mapple uses robots to make its products, "Apple *manufactures* its products under sweatshop conditions in China" (2023a: 682, [italics ours]). Kates also adds an editorial note to a quote by Powell and Zwolinski to claim that when Powell and Zwolinski use the term "MNE," they too are referring to sweatshop *owners* (2012: 688).[9]

What—Kates asks—is the duty of "sweatshop owners" like Apple to sweatshop workers regarding their wages? "Sweatshop owners," Kates agrees, "have a right … not to start a business in the developing world" (2023a: 689) which entails they can permissibly keep production domestically in the "developed world." Against the nonworseness objection, Kates argues that sweatshop workers have a moral claim to the social surplus[10] generated by the production process and that, given their precarious position, their claim to the cooperative surplus is typically higher than the market clearing wage determined by a bargaining process.

To make this argument, Kates draws on an extended analogy of baking a cake. If A bakes a cake alone, A is entitled to the cake and can decide how it is distributed. However, if A provides the oven and ingredients, but B mixes the cake batter, tips it into the tin, and places it in the oven, both A and B have a claim to part of the cake in recognition of their respective contribution to the final product. To that, Kates adds that the position of A and B is entirely symmetrical and "there is no reason to assume that either one has a right to decide how much the other should get" (2023a: 686). Hence, B has a *pro tanto* moral entitlement to a portion of the cake "independently … of whether [B] can successfully bargain for it" (2023a: 687).

In Kates's analogy, the sweatshop owner is like A, any given sweatshop worker is like B. Since workers like B typically have a moral claim to a greater share of the cooperative surplus than they receive in wages, Kates claims they should receive more than a market-clearing wage.[11] Thus, contrary to the nonworseness objection, mutually beneficial consensual transactions can still be morally worse than not interacting at all.

Whatever one makes of the debate over the nonworseness objection, it is clearly set up on both sides as concerning a two-party transaction between employer and employee. In what follows, we show how this framing is highly unrealistic in the kinds of supply chains most critics and defenders of sweatshops care about. Section 2 of this article asks what responsibilities big buyers have, once we relax the unrealistic assumptions that drive the nonworseness debate.

[9] Kates has confirmed via correspondence with the authors that he takes the term "sweatshop owner" in his argument to include *both* large brands and the small factories they might contract with. In correspondence, Kates justifies his broad use of this term by appealing to the control assumption, which we will discuss in Section 1.2.

[10] By "social surplus" Kates means "a level of benefits that would not have existed without [one or more parties'] cooperation" (2023a: n.13).

[11] Kates argues that in lower-income countries, the weak bargaining position of sweatshop workers means that we should not take their "actual consent" to be "the final word" on the matter of what a fair wage would be (2023a: 694). Rather, he rests on an intuitive sense that workers provide significant "value" that will typically not be reflected in a wage set by bargaining (2023a: 695).

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### 1.1.2. The Vertical Integration Assumption Is Typically False

In implying that large firms from high-income countries are the owners of sweatshops and employers of sweatshop workers, vertical integrationists follow the popular understanding of the structure of global supply chains. But such two-place, employer-employee relationships between large retail firms from high-income countries and sweatshop employees from low-income countries are very rare.

The focus on a two-place, exploitative relation between sweatshop owners and their employees might have been appropriate when thinking about workers' struggles during the first wave of industrialization, but it is increasingly anachronistic. The current dominance of production models based on unbundling and offshoring (Antràs, 2003; Antràs, De Gortari, & Itskhoki, 2017; Baldwin, 2013; Bonacich and Appelbaum 2000, Costinot, Vogel, & Wang, 2012; Grossman & Rossi-Hansberg, 2008; Rivoli, 2015) requires a new lens to assess exploitative industrial relations and moral responsibilities.

Vertical integration versus unbundling and foreign direct investment versus offshoring describe different options to organize a supply chain. The first pair relates to whether the firm buys or makes its products (or parts). Under vertical integration, the same organization takes care of all production stages, while unbundling a production process refers to sectioning it in stages and outsourcing (some of) them by contracting independent firms to carry out the task(s). The second pair refers to two different ways for the supply chain to cross countries' borders. Offshoring happens when trade in products or parts crosses countries' borders, whereas foreign direct investment is the process of a company owning and operating business units in multiple countries, leading to multinational enterprises (Baldwin, 2013).

Although higher degrees of vertical integration were more common before the 1980s, pure vertical integration is extremely rare. A prominent exception is gasoline, where some oil companies own their entire value chain from extraction to refining, to transportation, to final sale (Ali, Zahoor, Saeed, Nosheen, & Thanakijsombat, 2023), but even in the oil industry, some firms specialize in specific stages of the production or retail process. Higher degrees of vertical integration might be more common for products that require greater quality, precision, or control over the final product, like aviation or defense, but even then, intermediate products or parts can be sourced from specialized suppliers, formally independent (if often restricted by long-term contracts).

Higher degrees of unbundling and outsourcing are common when production is highly codifiable and does not require high levels of specialization. Consumer products are often on this list, like car manufacturing, apparel, electronics, toys, and furniture. Most often, companies decide to unbundle their production process but outsource only some of its stages—those that command lower revenues or strategic value. For example, many apparel companies own design and retail but outsource (sometimes offshore) manufacturing in order to focus on activities that build on their brand image (Aggarwal, 2017; Rungi & Del Prete, 2018). These brand-named firms, or firms like Inditex that produce various brands, can leverage a high degree of market power and organize decentralized production networks.

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**Table 1: Examples of Supply Chains Behind Top Publicly Traded Firms in the Apparel and Technology Industries**

| Brand | Number of first-tier independent suppliers | Number of factories managed by independent suppliers | Source |
|---|---|---|---|
| Inditex | 1,733 | 8,123 | 2023 Annual report |
| Nike | 15 (footwear) +55 (apparel) | 123 (footwear) | 2023 SEC 10-K Form |
| | | 291 (apparel) | |
| Fast Retailing | Not stated | 395 (garment manufacture) | Company website[a] |
| | | 103 (processing) | |
| | | 155 (fabric mills) | |
| | | 80 (auxiliary material) | |
| Adidas | 117 | Not stated | Company website[b] |
| Lululemon | "Approximately 45" | Not stated | 2023 SEC 10-K Form |
| H+M | 574 | "More than 1,027" | Company website[c] |
| Apple | 190 | Not stated | Company website[d] |
| Samsung | 2,500 | Not stated | Company website[e] |

*Notes.* The table lists firms with a top-fifteen market capitalization in the categories, excluding luxury goods, retailers, and those without supply chain data.

[a] https://www.fastretailing.com/eng/sustainability/labor/list.html.

[b] https://report.adidas-group.com/2022/en/group-management-report-our-company/global-operations.html.

[c] https://hmgroup.com/sustainability/fair-and-equal/working-conditions/.

[d] Supplier list – 2023. https://www.apple.com/au/supplier-responsibility/pdf/Apple-Supplier-List.pdf.

[e] https://www.samsung.com/us/aboutsamsung/sustainability/environment/sustainable-supply-chain/.

Typically, they do so with a multitude of contractors and subcontractors often located in low-income countries (Antràs & Chor, 2013; Gereffi, Humphrey, & Sturgeon, 2005) to take advantage of unique assets, like favorable climate, higher levels of competition, or cheaper labor.[12] While some larger suppliers with massive networks of factories, like Yue Yuen and Nien Hsing Textile Co. Ltd., have been emerging (Appelbaum & Lichenstein, 2016: 6–7), many-to-many relationships between big buyers and factories are the norm.

Table 1 gives a sense of the magnitude of outsourcing in publicly traded companies selling consumer products: the largest firms in the "Clothing" and "Tech" sectors according to companiesmarketcap.com. We excluded luxury companies (Hermès, Dior, LVMH, Prada, Kering),[13] retailers that do not design clothing

[12] For an argument that the comparative advantage of cheap labor in low-income countries is a form of "mythology" that "reifies" inequalities, see Mezzadri (2016: 6).

[13] The case of luxury apparel brands or conglomerates (Hermès, LVMH, Prada, Kering) is complex. Luxury goods firms vary with respect to the degree of unbundling, with somewhat less unbundling in leather goods. For instance, 55 percent of Hermès products are manufactured by the company itself, whereas LVMH states that subsidiary Christian Dior "primarily" outsources production (Hermès, n.d.; LVMH, 2025: 14). However, company websites and Universal Registration Documents suggest that most outsourced manufacturing in luxury apparel still occurs within high-income countries, mainly in Europe. For instance, 100 percent of Hermès products and 99 percent of Prada products are manufactured in high-income countries

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(TJX, Ross, Burlington), and firms for which there is no data (Cintas). For technology, we included the only two firms that focused on consumer electronics.

It is important to be clear. In no case do any of the brands in Table 1 own the factories, nor do they employ the workers in any common-sense understanding of what it means to employ them. They contract (typically in the short term, especially in apparel) with suppliers who agree to provide a certain product at a certain price. And it is not just big brands that take advantage of offshoring and unbundling. Prominent advice for consumer goods *startups* often focuses on contracting suppliers in low-income countries (Goldstein, 2020). Throughout the paper, the term "production unbundling" (or simply "unbundling") will refer to the fact that consumer products are typically produced by independent manufacturers that are not owned and operated by the firms that design and market the products.

If we replace the vertical integration assumption with recognition of unbundling, the arguments that vertical integrationists make about how *employers* are required or not required to treat their *workers* now apply, at least in a literal sense, to the local factories and factory complexes that do employ workers in low-income countries. Discussing how the owners and operators of sweatshops in low-income countries (who are usually co-nationals) should treat their workers might be valuable, but it is not the question that concerns us here, since we are discussing the responsibilities of international big buyers with respect to their supply chains.

However, even if big buyers do not directly *employ* workers in low-income countries, perhaps they still largely *control* the working conditions and wages of those workers. Hence, they can be treated *as if* they were employers, and the arguments of those who use it might be recovered and reused. It is to that idea we now turn and criticize.

### *1.2. The Control Assumption*

The vertical integration assumption need not be particularly problematic if big buyers effectively control the wages and working conditions of the employees hired by the contractors they buy from. If that is the case, they are akin to a quasi-employer of sweatshop labor since they both reap the benefits and pay the costs of the way employees are treated, with the local factories and their managers acting as a sort of middle-man for labor. Call this assumption, that big buyers can effectively control the treatment of workers in global supply chains, the "control assumption."

Before Snyder (2008), philosophers writing on sweatshops typically made the control assumption, rather than the vertical integration assumption. Both sweatshop defenders and critics acknowledged that consumer products are typically designed and sold by firms that own few, if any, factories.

(Hermès, n.d.; Prada, n.d.). Kering and LVMH only give regional data, with 91 percent of Kering suppliers and 61 percent of LVMH suppliers based in Europe (Kering, 2025: 240; LVMH, 2025: 203). It is worth noting that, in line with the literature we are responding to, we do not address labor conditions either 1) in the supply chain for raw materials or 2) in high-income countries. For recent accusations of sweatshop conditions in the luxury supply chain, see the recent LVMH case under judicial administration after authorities uncovered that undocumented Chinese laborers worked for long hours and low pay in illegal workshops near Milan (Anzolin, Parodi, & Ognibene, 2024; Mac Donnell, 2025).

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For example, sweatshop critics Arnold and Bowie (2003) explicitly refer to the large amount of unbundling/outsourcing and offshoring in consumer products industries. However, they give a control-based argument for why MNEs are "responsible for the practices of their subcontractors and suppliers" who actually run sweatshops. They argue that "the relationship of power between MNEs and their subcontractors and suppliers is significantly imbalanced in favor of MNEs" (2003: 226). This power imbalance, Arnold and Bowie argue, means that big buyers *can effectively control* how the employees of its suppliers are treated: "MNEs are well positioned to help *ensure* that employees of its business partners are respected" (Arnold & Bowie, 2003: 227 [italics ours]). They repeat this claim in a later paper, adding explicitly the assumption that because big buyers "dictate" terms such as price, quality, quantity, and timing of deliveries, big buyers also "have the ability to hinder or enhance the ability of factory managers to respect employees" (2007: 135). Other work spells the control assumption out more explicitly. For instance, Chris Meyers claims that "though [big buyers] do not set the wages or pay the workers directly" they have *near total control* over the employment practices of their suppliers. Indeed, Meyers refers to suppliers as "*agents*" of the big buyer who "operate the sweatshops *for"* the big buyer (Meyers, 2004: 329 [italics ours]).[14]

More recently, Brian Berkey (2021) makes the control assumption. He states that "highly profitable MNCs that contract with … local firms … are in a much better position [than the local firms themselves] to improve the conditions in which sweatshop employees labor." Berkey states that "they could, for example, offer to pay more for the goods produced, on the condition that wages for the lowest paid workers are increased proportionately" (2021: 53).

### 1.2.1. Against the Control Assumption

The actual ability of big buyers to influence the wages paid by sweatshop owners to their workers is typically not as direct as this control assumption assumes. While big buyers often have the market power to determine the prices they pay suppliers per piece, they have far less control over the way pieces are made (including how much workers are paid). Since at least the 1990s, big buyers in the apparel and footwear, and later electronics, have tried to ensure social upgrading in their supply chains to defend their reputation and brand image. These attempts based on codes-of-conduct and brand-led auditing have largely failed (see, e.g., Appelbaum & Lichenstein, 2016;

[14] Both Meyers and Arnold and Bowie cite Michael Santoro in support of their version of the control assumption. In his pioneering work *Profits and Principles* (2000) Santoro *did* argue that sweatshop factories were *similar* to agents of a principal, rather than mere suppliers, and big buyers could effectively control not just prices and deadlines, but also working conditions of employees in sweatshop factories. However, by 2011, Santoro's view on this had changed considerably. After field work in China, Santoro refers to exactly the kinds of barriers we mention in this section. He refers to "significant and systemic problems" with attempts to raise the welfare of workers that "severely affect" the effectiveness of such efforts (2011: 28). Santoro acknowledges that "even well-intentioned" big buyers are "easily and frequently deceived" by faulty audits (2011: 31). "Many factory owners in China," Santoro claims, "have responded to the social responsibility industrial complex by creating a kind of parallel universe of social responsibility evasion and deception" (2011: 31).

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Bartley, 2018; Bartley, Koos, Samel, Setrini, & Summers, 2015; Esbenshade, 2012; Locke, 2013). One explanation is that the individual big buyers were never appropriately concerned with social upgrading to begin with. But even if their intent was genuine, there are reasons to think that they lacked the power to individually bring about social upgrading: structural and epistemic barriers that should lead us to deeply question the control assumption.

Begin with the structural barriers. First, we should not assume that individual big buyers have significant power to influence the working conditions in individual suppliers because those suppliers will serve many other firms. Given the volatility of offshored manufacturing contracts and the gains from specializing in a very narrow product line, like cargo shorts, it would be foolish for factories in manufacturing supply chains not to supply to multiple different big buyers. There is good evidence that this many-to-many relationship between factories and suppliers is the norm in most supply chains for consumer goods (Lijbaart, 2023; Locke, 2013; Mezzadri, 2016; Reinecke & Donaghey, 2023: 31). Because one factory will make (e.g.) cargo shorts for multiple big buyers, a single buyer will typically be unable to dictate terms of employment at any given factory (Reinecke & Donaghey, 2023: 32).

A second structural barrier concerns the ability of factories to pass on the benefits of any price increases made by big buyers to the workers themselves. Where individual factories are pressured by powerful local industry associations to maintain low wages or resist working condition improvements, factories might not be able to accept Berkey's suggested offer of increased prices for increased wages even if they wanted to (Fontana & Dawkins, 2024: 1018). Factories themselves face pressure from other factories. The manufacturing industry in producing countries has an incentive to prevent factories from breaking the norm and offering much higher wages or better working conditions to maintain low-cost trade relationships with big buyers. We see industry associations like BGMEA (Bangladesh Garment Manufacturers and Exporters Association) advocating against Bangladeshi factories making unilateral wage raises, often based on nationalistic appeals to protect the garment industry from foreign interference (Fontana & Dawkins, 2024; Reinecke & Donaghey, 2023: 76–77). Finally, big buyers' promises to increase prices per piece in return for better working conditions are often met with general lack of trust on the part of manufacturers (Ashwin, Kabeer, & Schüßler, 2020a; Locke, 2013: ch. 5).

Epistemic barriers to big buyer control over social upgrading in supply chains add to these structural barriers. Big buyers or their contracted auditors typically lack the power to enter factories without the consent of the factory management, and even if they stipulated that right to enter as part of a contract, it might not be enforced by the local government. Factory self-reports or third-party auditors often provide the only data to evaluate wages and working conditions. As one author puts it, "Practitioners have long recognized the cat-and-mouse game that even honest and dedicated auditors get trapped in: auditors chase the elusive "real" data, managers offer suspicious or partial records" (Bartley et al., 2015: 165). Another refers to further collective action problems that arise when auditors rely on the cooperation of workers. Workers often fear recriminations from management for revealing their

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real working conditions (Claeson, 2015) or losing their jobs when a big buyer abandons a noncompliant factory.

The control assumption leads philosophers to conclude that big buyers are like de facto employers and thus gain both the responsibilities of employers and the power to individually enact those responsibilities (Arnold & Bowie, 2003, 2007; Berkey, 2021; Meyers, 2004). In place of the control assumption, we suggest "constrained influence:" big buyers (especially collectively) have some influence over the working conditions and wages of the factories in their supply chains, constrained by the structural and epistemic features of the industry.

In line with the literature we are addressing, we focus only on consumer-goods manufacturing, rather than other global supply chains such as agriculture or mining, or the outsourcing of services. Most of the research we cite in support of constrained influence comes from case studies in the highest-profile sectors: apparel, textiles, footwear, electronics, and toys, which match the examples given by supporters of the control assumption (Arnold & Bowie 2003, 2007; Meyers 2004). However, it is plausible that constrained influence of buyers arises in the presence of even one of the mechanisms we identify above: many-to-many supply chains, collective or regulatory *ceilings* on worker treatment by individual factories, lack of trust between factories and buyers, and the infeasibility of accurate verification by buyers of social upgrading. These conditions might occur in manufacturing supply chains that are marked by production unbundling and global outsourcing: most sectors where production is highly codifiable and does not require high levels of specialization (see Section 1.1.2).[15]

One upshot of accepting constrained influence is that defenders of sweatshops can no longer appeal to the nonworseness objection, and critics need not respond to it. We explain this point below.

### 1.2.2. The Nonworseness Objection and Kates's "Making With" Argument Under Constrained Influence

The nonworseness objection struggles to apply to the role and actions of big buyers if we avoid the vertical integration assumption and the control assumption. The debate around the nonworseness objection stems from the tension between an objective benefit and an intuitive wrong arising from the same agreement. According to nonworseness advocates, an advantaged party is benefitting a vulnerable party a little when others are not benefitting them at all, even though the advantaged party's behavior intuitively seems worse than the others'. It challenges those who would criticize the advantaged party to explain why the advantaged party's conduct is worse than that of a bystander who does not interact with the vulnerable party at all. The whole force of the nonworseness objection in the case of global supply chains is to argue for the permissibility of a transaction between a powerful

[15] For instance, Walmart, which buys a huge range of manufactured products beyond apparel, footwear, electronics, and toys, counts 25,900 factories in its supply chains (Walmart, 2024). The number of these factories that also produce for other retailers, face pressure to maintain labor condition ceilings, or would mistrust an offer from Walmart to increase prices in return for social upgrading, is hard to assess.

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buyer of labor and a vulnerable worker. But the objection fails to apply if the only party the big buyers *transact with* are factories (or intermediaries who contract with factories).[16]

As we discussed earlier, Kates's "making with" argument is intended to respond explicitly to the nonworseness objection. If the nonworseness objection does not apply to big buyers, Kates's reply is not needed. However, one might still wonder to what extent Kates's argument that employers might owe more than market-clearing wages still holds. But rejecting the vertical integration assumption not only makes the idea that big buyers play the same role as employers difficult, it is also less clear that any worker is as indispensable to the big buyers' final product as depicted in Kates's simplified baking scenario.

The standard approach of many philosophers in discussing the duties of big buyers is beset by inaccurate assumptions. When those assumptions are replaced by more realistic assumptions, the arguments of sweatshop defenders and critics alike lose their bite. But we certainly do not mean to imply, as big buyers themselves did in the 1990s, that replacing the vertical integration assumption or the control assumption with the recognition of unbundling and constrained influence lets the big buyers off the moral hook. In Section 2, we take a closer look at the potential moral duties and responsibilities of big buyers in global supply chains.

## 2. BIG BUYERS' RESPONSIBILITIES UNDER CONSTRAINED INFLUENCE

If recognition of constrained influence and unbundling replace the vertical integration and the control assumptions, what is the responsibility of big buyers for social upgrading in global supply chains?[17]

Our treatment of the existing philosophical discussion implies that big buyers have the responsibility to advance social upgrading in their global supply chains. Social upgrading has been defined as "the process of improvement in the rights and entitlements of workers as social actors and the enhancement of the quality of their employment" (Barrientos et al., 2011). Social upgrading typically encompasses features of the ILO Decent Work framework: "employment creation, social protection, rights at work, and social dialogue" (see Gereffi & Lee, 2016).[18]

[16] Does the puzzle around the nonworseness objection arise regarding big buyers' decisions to contract with a given local factory then? Because, in this article, we are primarily concerned with the responsibilities that big buyers have to production workers, we do not explore the potential exploitation of factories by big buyers, except where it is relevant for our central discussion. However, if the claim of exploitation applies to the relationship between big buyers and the factories they contract, it would typically be due to a weaker sort of vulnerability than that of sweatshop workers, given that the capital embedded in those factories provides their owners with ready alternatives to the exploitative option.

[17] Constrained individual influence does not mean that big buyers never make unilateral or voluntary decisions that violate their duties: they often do. See, for instance, the cancelling of $3 billion worth of orders from big buyers during the COVID-19 pandemic, likely an unjustifiable breaking of an agreement, if not a legal breach of contract (Anner, 2022).

[18] For a critical take on this conception of social upgrading see Selwyn (2013: 75), who argues that the concept ignores "the reality of labour's exploitation by capital." But the concept is widely used in the literature on workers' concerns in supply chains.

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In what follows, we first survey the *sources* of responsibility for social upgrading in global supply chains under the constrained influence and unbundling assumptions. We then explore how big buyers might fulfill these responsibilities, given the difficulties of having only constrained influence over the working conditions in global supply chains. While some might see unbundling and offshoring as attempts by big buyers to evade moral responsibility (rather than simply seek efficiency), we remain agnostic. Instead, we offer a vision of big buyers fulfilling their responsibilities in a way that might appeal to realistic optimists and cynics about corporate social responsibility (CSR) alike. Guided by "federated corporate social responsibility" (Caulfield & Lynn, 2024) and "agonistic corporate social responsibility," (Dawkins, 2021), we stress the importance of legally enforceable agreements to share the costs of social upgrading in systems that are marked by giving genuine voice to the concerns of workers and factories. We conclude by exploring what these agreements might look like in practice, using as a model the International Accord and the growing ACT (Action, Collaboration, Transformation) initiative on wages.

We refer to the moral requirement to contribute appropriately to social upgrading in global supply chains as a "responsibility." The notion of a "responsibility" is context-sensitive and gives the responsible agent more flexibility and discretion than a "duty" would (Feinberg, 1966; Richardson, 1999; Young, 2010), thus fitting the complex and ever-shifting environment of global supply chains under global outsourcing and the constrained influence assumption.

### *2.1. Multiple Sources of Responsibility*

There are multiple reasons why a big buyer might face a responsibility to contribute appropriately to social upgrading in supply chains—either individually or as one firm within an industry. First, we look at sources of responsibility that can arise for an individual firm.

#### 2.1.1. Individual Sources of Responsibility for Social Upgrading

**Joint exploitation.** Very many philosophical accounts of exploitation start with a dyadic structure, where a single exploiter takes unfair advantage of a single exploited (e.g., Kates, 2023a; Snyder, 2008; Wertheimer, 2011). Assuming production unbundling and constrained influence means the portrayed role of big buyers as exploiters of sweatshop workers is a poor starting point for social upgrading. The relationships between individual big buyers and individual workers are too complex, and big buyers' influence is too constrained for a dyadic relationship to represent the moral details of the interaction. However, other non-dyadic accounts of exploitation could be a more helpful grounding for big buyers' responsibilities for social upgrading. We discuss some accounts of what could be called "structural exploitation" in Section 2.1.2. Another approach, the joint exploitation approach, retains the individual as the core unit of analysis, but explores non-dyadic ways in which individuals can be involved in exploitation.

In this context, the joint exploitation approach asks what responsibilities are generated by an actor knowingly contributing to, or acting jointly with, a factory that is exploiting a worker. According to Erik Malmqvist and András Szigeti (2019), an

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individual who encourages exploitation can be a "culpable cooperator" even without being in direct control of the exploitative terms of the transaction. Culpable cooperators in exploitation routinely gain the responsibility to "redress the negative consequences of that exploitation" to the extent possible. Applied to global sweatshop labor, most big buyers are at least knowing "cooperators" to cases of exploitation in global supply chains, even if constrained influence prevents them from rising to the level of joint agents with factories. As culpable cooperators in exploitation, big buyers gain a responsibility to promote social upgrading in global supply chains.[19]

**Benefitting from injustice**. Even assuming that big buyers have limited or no influence over their suppliers' labor standards, they might benefit from broader injustice and thus gain a responsibility to discharge some of those benefits appropriately (Goodin, 2013; Preiss, 2014; Sample, 2003, 2024). What injustice big buyers are benefitting from depends on the readers' moral assessment of the situation. Candidates could include unjust exploitation, violation of human rights, the lack of appropriate labor and health and safety regulations, or more broadly, colonial/neocolonial extractive practices or structural global economic policies. Discharging such benefits requires the big buyer to improve the lives of those whose unjust deprivation it benefits from. Thus, big buyers gain the responsibility to take feasible measures to contribute appropriately to social upgrading, as a way of responding to their benefits from broader injustice.

**European Union (EU) law**. EU law is turning big buyers' moral responsibility to address social upgrading in global supply chains into a legal requirement. The EU Corporate Sustainability Due Diligence Directive (CSDDD) requires many large global firms[20] to "identify and assess" (8.1), "prevent … or … adequately mitigate" (10.1) "adverse impacts" of the operations of their "business partners, … where related to their chain of activities" (8.1).[21] These "adverse impacts" include human rights impacts, and the EU takes "just and favourable conditions of work, including a fair wage and an adequate living wage" as a human right (Annex 1, 6). Since many workers in big buyers' global supply chains do not have just and favorable conditions of work, the directive clearly holds big buyers to a legal standard of responsibility for social upgrading in these supply chains.

The sources of responsibility—joint or contributory exploitation, discharging benefits from injustice, and EU law—can be understood to apply to individual firms. Taking a broader view, there are other sources of responsibility that are better understood as applying to big buyers as a group, and by extension, to individual firms within that group. We now turn to those sources of collective responsibility.

[19] See Ferguson and McKittrick Sweitzer (2025) for a similar view that takes incentivization, rather than cooperation, as the core nontransactional relation that can ground exploitation.

[20] At the time of writing, the rules will apply to European firms with more than 1,000 employees and €450 million turnover, and non-EU companies with EU revenue greater than €450 million (which includes a large number of big buyers worldwide). But see note 21 below

[21] The Omnibus I Package proposed by the EU Commission in February 2025 weakens the requirements in the CSDDD, including raising the thresholds of firm size at which the rules apply and amending "business partners" to "direct business partners." At the time of writing, the Bill is progressing through the EU Parliament.

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2.1.2. Collective Sources of Responsibility for Social Upgrading

**Participating in structural injustice**. One prominent idea based on collective responsibility is that big buyers must further social upgrading because they participate in unjust social structures. The idea can be found in the work of the group we call "structural theorists." Gabriel Wollner (2019) lays it out in his account of "anonymous" exploitation. Maeve McKeown (2018) focuses on the concept of individuals "reproducing" structural injustice. Perhaps the most influential account of responsibility for social upgrading in global supply chains is in work by Iris Marion Young (2004; 2011). Young attempts to "make sense of the claims of the anti-sweatshop movement" assuming what we call constrained influence and unbundling. Young notes first that factory owners and the states that house sweatshop factories typically have direct moral responsibility for what Young calls the "superexploitative" conditions under which their workers labor. But those "egregious" working conditions, Young states, are enabled and sustained by "complex structural processes" and thus are difficult for any single agent to change (2004: 381). According to Young, factory owners and states have direct responsibility for poor working conditions, understood by Young as moral "liability." Still, big buyers, along with other agents, gain forward-looking "political responsibility" for improving the lives of sweatshop workers due, in part, to the depth of their connections to those workers in a manner that transcends national boundaries.

More recently, Mirjam Müller adds to Young's concept of structural injustice the point that workers will often be suffering structural vulnerability which is "mediated" (2024: 81) by gender, race, and migrant status, which in turn marginalize sweatshop workers and threaten to make them "disposable," as evidenced by treatment in the pandemic and the Rana Plaza collapse (2024: 100).[22] Both Young and Müller understand responsibility for social upgrading to be bound to the roles that different groups of actors play in the structures that enable and sustain the demeaning conditions in which sweatshop workers labor. Young claims, and Müller cites approvingly, that responsibility for social upgrading in global supply chains tracks agents' relative connection to the victims of injustice—and that big buyers share in that responsibility by virtue of their indirect connection. Müller specifies, drawing on the work of Maeve McKeown, that the *relevant* connection is one of taking actions that "produce and reproduce" the economic practices that lead to the structural injustice that sweatshop labor represents.[23]

[22] Relatedly, an influential book in the Marxist-feminist tradition suggests the concept of a "sweatshop regime" rather than a supply chain, to center attention on its capillary organization, the places in which commodities are being constructed, and the "joint enterprise where processes of surplus extraction are made possible and organized by a complex crowd of global, regional, and local lords" (Mezzadri, 2016). Mezzadri seems more focused on diagnosis than recommendation, and has less to say about the responsibility of big buyers than Young or Müller do.

[23] One interesting feature of the structural theorists' account is that, on the face of it, they also place some political responsibility on workers. Young accepts this, claiming that workers too share in the task of bringing about social upgrading. Müller disagrees, holding that workers are not "on the hook" for fighting injustice, for although their actions produce and reproduce unjust social structures, they do not do so in a wrongful way (2024: 110).

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Due to the diverse and diffuse nature of structural injustice, Young claims she "cannot provide a set of rules or even a method of deciding what to do" (2010: 144) regarding big buyers' responsibilities. Müller adds that the "complexity of sweatshop labor relations" means that determining the "specific content" of big buyer responsibility will require "detailed empirical research" (2024: 112). Despite their reticence to articulate the contours of political responsibility for structural injustice, Young and Müller do make several remarks aimed at big buyers. Young notes that it has "been difficult for the large corporations to ignore or reject" the claims of the anti-sweatshop movement that they could collectively pressure factories to "improve working conditions, monitor those conditions, and directly subsidize plant improvements" (2010: 144–45). Müller notes that "powerful actors like MNEs/TNEs often have considerable room to maneuver" especially if they have "a dominant position in the global market." Both stress that whatever political responsibility firms have for social upgrading has to be understood, like all forms of responsibility to remedy structural injustice, as *collective* responsibility for social upgrading (Young, 2004: 387; 2010: 146–47; Müller, 2024: 113–14).

**Mere capacity.** While individual big buyers have constrained influence, the capacity of big buyers, *as a group*, to contribute to social upgrading in their supply chains seems relatively strong, especially compared to other groups, such as factories, supply chain workers, and consumers.

Global supply chain workers' labor conditions can be seen as a (very) bad situation that requires a "remedial responsibility" based on a range of criteria, one of which is mere capacity (Miller, 2001). The idea is that, when hearing of disasters like the Rana Plaza collapse, and more generally the harsh conditions and low pay of workers in global supply chains, the sense that "something must be done" naturally arises. The question then arises—done by whom? Here, big buyers, as a group, appear well-placed to contribute appropriately to social upgrading in supply chains. This is less controversial in the philosophical literature than it might sound. Even sweatshop "defender" Matt Zwolinski points out that big buyers "are often in the best position to know about what needs to be done to improve labor conditions, and often have the power to make positive and creative changes" (2007: 713).

We have identified a significant range of plausible candidates for the source of big buyers' responsibility to promote social upgrading in their supply chains. These provide what Amartya Sen calls a "plural grounding" for that responsibility, that is "using a number of different lines [of ethical argument] without seeking an agreement on their relative merits" (Sen 2010: 2). Such responsibility to improve the lot of workers in global supply chains is agreed upon by most in the philosophical debate who acknowledge unbundling with constrained influence. In the next section, we touch on how it might be discharged in practice.

### *2.2. Concrete Content of Responsibility*

One of our aims in this article is to bring some concreteness to the typically abstract way philosophers have discussed the responsibilities and duties of big buyers.

Many of the theorists who recognize unbundling and constrained influence are understandably reticent to spell out the responsibility of big buyers regarding social upgrading in global supply chains. We saw above that Young and Müller shy away

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from providing concrete suggestions for big buyers, focusing instead on the role that consumers play. Similarly, Malmqvist and Szigeti emphasize that their approach "offers no shortcut to evaluating exploitative practices in the real world" (2019: 296).

We agree that any strong recommendation on how big buyers should discharge responsibilities will be highly context-sensitive and requires significant empirical research. However, retaining the structural theorists' emphasis on the nature of constrained influence as a barrier to simple actions, along with new work addressing political dimensions of global supply chains and their governance, can help us make somewhat more concrete suggestions about how big buyers might contribute to social upgrading in global supply chains.

#### 2.2.1. Requirements from Constrained Influence

Constrained influence means that structural and epistemic barriers handicap even highly motivated big buyers' attempts to improve their suppliers' labor standards (see Section 1.2.1). Still, these barriers are not necessarily insurmountable, and we can draw a range of opportunities for big buyers to contribute to social upgrading as per their responsibilities. Table 2 summarizes these constraints and available responses. The responses should not be interpreted as magic bullets but as attempts to contribute to social upgrading in big buyers' supply chains that have met widespread (although not unanimous) approval.

Big buyers' collective action and commitment appear prominently in Table 2. In recommending that big buyers limit their opportunities by joining collective action agreements or engaging in legally binding commitments, we are drawing from the related theories of agonistic corporate social responsibility (Dawkins, 2021) and federated corporate social responsibility (Caulfield & Lynn, 2024), which we discuss below.

Matthew Caulfield and Andrew Lynn argue that the centralization of power in massive corporations, like in any political system, leads to predictable threats of self-serving behavior. Without self-imposed constraints, big buyers lack the appropriate redress for vulnerable members in their supply chains. Just as constitutions constrain responsible states and decentralize power, Caulfield and Lynn maintain, big buyers have a responsibility to seek restraint and support appropriate countervailing powers. This is "federated CSR." The state and other legitimate civil society organizations (like multi-stakeholder initiatives, third party accreditation agencies, unions, worker-driven social responsibility initiatives, professional and trade associations, and activist groups) are examples of institutions to which big buyers can make binding commitments (2024: 46–47).

Similarly, Cedric Dawkins's idea of "agonistic CSR" points out that powerful corporations will take advantage of the very governance gaps that require multi-stakeholder initiatives in the first place (Dawkins, 2021). Therefore, those initiatives must involve the explicit threat of coercion as a fallback, and the *creation* of countervailing power.[24]

[24] Both Dawkins and Caulfield and Lynn suggest that their approaches are responses to criticisms of a two-decades-old paradigm: political corporate social responsibility. Like federated and agonistic CSR, political CSR attempts to address transnational issues of global business governance (Scherer & Palazzo, 2007). Political CSR

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**Table 2: Features of Supply Chains That Constrain the Influence of Big Buyers Acting Unilaterally and Possible Responses**

| Feature of the supply chain | Constrains the influence of individual big buyers because…. | Available responses |
|---|---|---|
| Many-to-many relationships between buyers and factories. | Factories have few incentives to change practices if only one of their suppliers offers a price premium for upgraded labor standards. | **Collective agreements** between many big buyers and factories. |
| Attempts to improve labor standards in supply chains through codes of conduct have not been accompanied by price premiums from big buyers.[a] | The unstable nature of global supply chains reduces the effectiveness of big buyers' offers to pay more for goods with strong labor standards. | Long term, **legally binding commitments from big buyers** to continue to source from the region and to increase prices for goods from the region, conditional on social upgrading. |
| Pressure on factories from domestic industry associations to maintain low wages across the industry.[b] | Factories that begin to improve conditions for workers will lose benefits associated with industry association membership. | **Collective agreements** between many big buyers and groups of factories. |
| Workers are unlikely to report violations of codes of conduct or local laws out of fear of 1) personal recrimination, or 2) that their factory will be stripped from the supply chain and they will lose their jobs.[c] | Big buyers are typically reliant on worker reports to monitor issues around pay rates, hours, and health and safety processes. | 1) Big buyers requiring **legal protections for freedom of association and collective bargaining** in the jurisdictions where they source their products.<br>2) Big buyers' **commitment to support workers** for an adequate bridging period if factories lose their orders due to not meeting standards for social upgrading. |

[a] See Ashwin et al. (2020b) and Fontana and Dawkins (2024). Relatedly, Carnovale (2019) provides an account of environmental standards not leading to price premiums for upstream suppliers in global supply chains when suppliers are at a relative competitive disadvantage compared to big buyers.
[b] See Fontana and Dawkins (2024).
[c] See Claeson (2015) and Bartley et al. (2015).

Dawkins's and Caulfield and Lynn's emphasis on firms making agreements that bind them to the demands of third parties (suppliers, workers, states) counteracts the worrying concentration of power by the collectivization of buyers. Although (we argue) big buyers must act collectively to improve the working conditions of global supply chain workers, at the heart of this collective action is a ceding of power to other agents (suppliers, workers, states, civil society) to make legally binding demands. This power is both formal—giving workers and factories voice in *how* social upgrading is to be achieved—and material—committing to provide resources to factories attempts to upgrade.[25]

has been criticized for, among other things, being overly wedded to an idealistic deliberative democratic paradigm (Dawkins, 2021), based on the falsehood that firms are good representative agents (Hussain & Moriarty, 2018).

[25] Appelbaum and Lichenstein also argue that this sort of material support from buyers is required for social upgrading (2016: 8).

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### 2.2.2. Principles in Action: The International/Bangladesh Accord

The principles of collective action among buyers ceding power via legally binding commitments to materially support collectives of workers, factories, and unions in social upgrading might sound overly ideal. However, there is at least one supply chain governance regime that contains all of these elements, if in imperfect form. It is the International Accord (nee the Bangladesh Accord) for Health and Safety in the Textile and Garment Industry. This agreement between factories, workers, and big buyers contains the elements that help big buyers fulfill their responsibilities for social upgrading, despite their individual constrained influence.

The Accord involves collective action by big buyers. At the time of writing, 260 big buyers have signed on to the initiative (International Accord, n.d.). The Accord companies collectively face less constrained influence regarding social upgrading than they do alone: factories will not risk losing orders from the 200+ big buyers simultaneously (Reinecke & Donaghey, 2023: 156). The Accord also formally empowers workers and factories.

At its beginning in 2013, the Accord was an agreement brokered largely by global union federations between workers and big buyers, with the Bangladesh government and supplier factories invited to play only an advisory role (Reinecke & Donaghey, 2023). This had a concrete impact on workers' voice and power in the system, including the creation of joint worker-management Occupational Safety and Health committees in all factories, a right of workers to refuse unsafe work, genuine worker inclusion in inspection visits, and an independent complaints mechanism (Reincke & Donaghey, 2023: 84). The current structure of the prominent Bangladesh arm of the International Accord also involves buyers ceding power to factories. It includes tripartite governance, with big buyers, factories, and workers represented on the Ready-made garment Sustainability Council, or RSC.[26]

Crucially, big buyers who sign the Accord agree to *materially support factories and workers* with respect to social upgrading. They pledge to conduct business in a way that makes it "financially feasible for the factories to maintain safe workplaces" (Art. 31). They also pledge to make "reasonable efforts" to ensure that workers who lose their jobs if a factory is terminated for safety concerns can find work with "safe suppliers." More generally, they commit "to maintaining a long-term sourcing relationship" with the host country (Art. 46), mitigating some risk that big buyers will flee after factories invest in costly upgrading.

While in the first instance, disputes are to be resolved within the Accord's internal systems, the agreement is *legally binding* and is explicitly governed by Dutch law. Indeed, cases "have been brought in 2016 and settled for millions of dollars (in 2018 and 2019) against unnamed big buyer companies for failing to meet the Accord terms including Article 31 which requires big buyers to negotiate commercial terms that make health and safety upgrading feasible" (Reincke & Donaghey, 2023: 83).

[26] The council formally balances the influence of "brands" (what we call "big buyers"), "industry," and workers, with each group contributing one co-chair, six directors, and one executive committee member (RSC, 2020).

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Enforcement by the Hague lends a distinct power to the agreement that mere voluntary codes of conduct and accreditation schemes have lacked.

With over 200 big buyers collectively setting standards and legally committing themselves to fund the cost of meeting them, the Accord has been at least a moderate success.[27] By many accounts, the Accord has been much more successful than other voluntary auditing compliance programs, with, by some accounts, 140,000 documented health and safety improvements funded by US$70 million in investments from big buyers (UNI, 2023). Some raised concerns that the Bangladesh Accord might be a way for big buyers to limit their liability (Salminen, 2018). Supporters counter that the chance that big buyers will be held liable for supply chain conditions without the Accord are slim (Reinecke & Donaghey 2023: ch. 5). The Accord is a work in progress, but it does represent a concrete approach to big buyer responsibility for social upgrading that takes production unbundling and constrained influence seriously.

#### 2.2.3. Could There Ever Be an International Accord on Wages?

The International Accord is narrowly concerned with health and safety in the ready-made garment industry. However, many see pay as a component of social upgrading in supply chains as well. Remedying low pay also seems to require incorporating collectivization, ceding power, and legal bindingness, but is likely to be more difficult than an Accord on health and safety. Indeed, some observers suspect it was limiting the Accord to less controversial health and safety issues, as well as the dramatic and publicly visible Rana Plaza collapse that led to much of its success (Hyde 2021, Reincke & Donaghey, 2023: 84).

Nonetheless, the Accord has generated "spillover" efforts that refer to living wages (Ashwin et al., 2020a) with the Action, Transformation, Collaboration initiative (ACT). ACT is a legally binding bipartite agreement between big buyers and one of the key players in developing the Bangladesh Accord—the global union federation IndustriALL. The agreement outlines an overall process by which big buyers and the global union federations involved commit to seeking "living wages for workers in the global textile and garment industry supply chains" via "mature industrial relations, freedom of association and collective bargaining" (ACT n.d.[a]).

The ACT MoU contains significant, although still nascent, collective action by brands. At the time of writing, it has been signed by nineteen global buyers, including Inditex, PVH, and H+M, representing perhaps around 7 percent of the global apparel market by revenue.[28]

The agreement incorporates some of the principles of federated and agonistic CSR, particularly corporations binding themselves to commitments and supporting countervailing powers. It does exclude a key player in that local factories are left out

[27] As one buyer told Reinecke and Donaghey, "If you don't remediate you lose your orders from 215 brands. That's leverage, that's how you get things done in Bangladesh" (2023: 83). For a look at the complex responses to the first years of the Accord, see Ashwin et al. (2020a).

[28] Authors' calculations based on publicly available revenue data.

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of the memorandum of understanding, as was the case with the first iterations of the Bangladesh Accord (Fontana & Dawkins, 2024). However, the ACT MoU is just a framework—the real work comes through the bargaining processes between brands, factories, and workers at the country level. To that end, ACT reports initial success in Cambodia, where all three parties came to an agreement to support both genuine collective bargaining and long-term sourcing agreements that big buyers remain committed to source from Cambodia even as wages rise (ACT, n.d.[b]).

ACT is not universally welcomed as an appropriate concretization of brand responsibility to contribute to better wages for global supply chain workers. Justine Coneybeer and Rowena Maguire (2022) call the ACT approach merely "feigning" collective brand action on living wages (2022: 24) because the "resolution of a living wage" is "conveniently pushed into some utopian future" which includes widespread genuine collective bargaining between workers and factories.[29] Coneybeer and Maguire prefer the approach of the Fair Wear Foundation (FWF), by which individual buyers attempt to include an appropriate price for labor in the prices they pay to factories. However, the FWF to date has only had limited uptake, primarily small buyers, and seems to be focused on multi-stakeholder initiatives to support brands in their Human Rights Due Diligence required by the EU legislation, therefore tying itself to the binding nature of EU laws. For brands that do not fall under EU law, other systems might be more appropriate.

Given the constrained influence that buyers have, and the relative success of the International Accord in addressing decades-old challenges of securing adequate worker health and safety in global supply chains, we think the similarly structured ACT should not be dismissed so quickly.

## 3. IMPLICATIONS AND CONCLUSION

In this article, we question two implicit assumptions that distort much of the philosophical literature on sweatshop ethics. Many philosophers have stated or implied that big buyers of consumer goods *employ* sweatshop workers in their supply chains or that big buyers can at least directly *influence* their suppliers' labor practices. We refer to empirical evidence on unbundling that suggests big buyers have less direct control over workers' conditions, which we call constrained influence.

As structural theorists such as Mirjam Müller and Iris Marion Young point out, big buyers rarely own the manufacturing facilities where their products are made, preferring to unbundle the production process and outsource it to independent suppliers where labor rights abuses may occur. This is especially common in the nonluxury apparel, footwear, and electronics industries, where the prospects of and responsibility for social upgrading in global supply chains have been debated for decades, and might extend to most consumer goods supply chains. Drawing conclusions on big buyers' responsibilities for labor abuses based on an incorrect set of

[29] Their other critique is that ACT does not acknowledge the gender inequity in global apparel supply chains.

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assumptions often leads scholars to misidentify the rationale and form of big buyers' responsibilities for social upgrading. This is the negative implication of our work.

More positively, we hold that constrained influence does not absolve big buyers of responsibilities for social upgrading. Instead, there are plural grounds to conclude that big buyers still have significant responsibility to improve workers' rights and enhance the quality of their employment. Concrete ways of fulfilling this responsibility require collective action from big buyers. While structural theorists writing on responsibility for social upgrading have tended to focus on collective action by consumers, we draw on new ways of conceiving corporate social responsibility in "agonistic" or "federated" terms that emphasize the importance of powerful firms forming binding commitments to achieve social goals.

In this case, appropriate collective action under the constrained influence assumption includes ceding power to third parties in formalized and accountable ways. We show that nascent initiatives like the International Accord and ACT are examples of such efforts.

Our tentative proposals place little emphasis on the state as a mechanism by which the epistemic and collective action problems inherent in current supply chains can be solved. This might seem puzzling, especially in light of ongoing concern about the legitimacy of purely private regulation of labor and sustainability issues (Bartley, 2018; Seidman, 2009: ch. 6). This article focused exclusively on the responsibility of big buyers, and we leave a discussion on the responsibility of sovereign governments to future work.

Our proposals do leave room for states to (continue to) play a significant role in social upgrading. While we emphasize the importance of buyers making collective commitments to factories and their workers, nothing prevents governments from mediating and governing these commitments. Even if the state is not directly involved, as is the case in the International Accord, collective self-binding approaches can and should reference domestic laws and regulations as a default standard for factories to meet, if not exceed (Locke, 2013: 180). This is mirrored in the International Accord, where minimum safety standards for factories are developed in consultation with national governments and frequently refer to existing laws.[30] Indeed, big buyers joining the International Accord effectively provide enforcement power to Bangladesh's existing building codes, strengthening rather than weakening state power in this respect (Bair, Anner, & Blasi, 2020: 979). This seems especially relevant, given that Rana Plaza's collapse was in part due to four floors being constructed without a building permit (Bergman and Blair, 2013; Goos and Hoppe, 2013), a failure of enforcement, not legislation.[31]

[30] This aspect will be less easy to mirror in the case of the ACT effort, which by definition aims to go well beyond minimum wages. This is part of what makes collective action on wages more controversial than collective action on other forms of social upgrading.

[31] It might be argued that big buyers are using their global mobility to intentionally evade legal and political responsibility as well as moral responsibility, and that the new form of federated private governance of global supply chains is just another step in this process of exploitation of global publics. We find it hard to distinguish between a justifiable search for efficient inputs into production, and an intentional evasion of moral, political, or legal responsibility, and so do not take a stand on this issue. We only note that if one assumes big buyers are actively and intentionally subverting justice, their support of federated private

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By contrast, market advocates might argue that by advocating that firms bind themselves to supporting social upgrading, social upgrading proponents distort the power of the market to deliver efficient outcomes that help the worst off (Powell & Zwolinksi, 2012). Following this rationale, our recommended solution pushes big buyers to harm workers. Either big buyers will abandon countries where collective action is forming, or they will remain and support inefficient reforms that are likely harmful to the marginal worker.

In response, as noted above, our view is compatible with multi-stakeholder agreements binding participating firms to existing democratic laws rather than paternalistically imposing social upgrading. While Powell and Zwolinski go so far as to argue that big buyers should also ignore *de jure* labor laws since they distort the labor market, their argument disregards the higher-level duty of companies to respect the local rule of law (Muchlinski & Arnold, 2024).

We are not arguing for the obstruction of big buyers, rather that market incentives alone will not identify all relevant mutually advantageous actions required of big buyers, especially given global unbundling and constrained influence. One such win-win action is to join collectives of buyers making long-term commitments to factories to foster social upgrading. Just as market advocates in the debate support the freedom of workers to associate and bargain collectively (Powell & Zwolinski, 2012: 467), they should support our encouragement of big buyers to collectively cede some power to those associations, in the service of seeking solutions that benefit workers, factories, and buyers alike.[32]

There is far more to say on these issues, and our main hope for this article is that it refocuses the attention of those interested in philosophical accounts of sweatshop ethics away from oversimplified versions of global supply chains, and towards the equally complex questions about the details of feasible social upgrading efforts and how states, unions, factories, employees, consumers, and big buyers ought to interact. Taking a cue from structural theorists and new approaches in federated and agonistic CSR, we highlight the promising ways in which big buyers might collectively commit to their responsibilities to help bring about social upgrading in global supply chains.

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governance is less unjust than either such firms a) intervening in extra-territorial public governance, b) simply conducting self-administered codes of conduct, or c) ignoring social upgrading completely.

[32] Even if the kind of collective action we propose does end up hurting the marginal worker, this sort of prioritization of the worst off is no way to think about the ethics of sweatshops (Preiss, 2014, 2018). Human rights concerns, and a general concern for fairness, should often trump pure welfare considerations (Faraci, 2019; Muchlinski & Arnold, 2024).

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