



Advancing decent work in garment supply chains in Asia and the Pacific: The ILO-IFC Better Work approach and recent sectoral compliance trends

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Key points

- ▶ Garment manufacturing is a critical sector in the Asia and Pacific region, accounting for 65 million jobs, or over 4 per cent of total employment in the region.
- ▶ The ILO-IFC Better Work programme is well-established in the region, leveraging trade incentives and investment trends to improve working conditions.
- ▶ Positive compliance trends in the region include better adherence to national law covering compensation and contracts; improvements in workplace relations are also evident in greater compliance with promoting dialogue and reducing workplace harassment.
- ▶ Entrenched non-compliance persists in critical areas, including overtime hours in excess of legal regulations and in multiple aspects of occupational safety and health.
- ▶ Business actors have a critical role to play in ensuring decent work in supply chains, including by maintaining sourcing practices that promote compliance.



Introduction¹

Better Work is a joint programme of the International Labour Organization (ILO) and the International Finance Corporation (IFC) that seeks to advance decent work in supply chains by focusing on improving working conditions and competitiveness, primarily in export-oriented garment and textile factories.²

The programme takes a multi-level intervention approach that includes direct work in enterprises to assess working conditions, and to advise on continuous improvement strategies. Better Work also serves a significant convening role at the sectoral and national level in countries to promote social dialogue and advance strategic planning among sector stakeholders. The programme has a significant footprint in the Asia-Pacific region, where the bulk of the world's ready-made garments (RMG) are produced for export. Better Work operates in the following countries in the region, listed in order of the year the programme was established: Cambodia (2001), Viet Nam (2009), Indonesia (2011), Bangladesh, (2014), Pakistan (2022), and Sri Lanka (2022).

The programme's unique access to a large number of enterprises at the foundation of the RMG manufacturing industry has enabled the programme to collect a significant amount of granular data regarding compliance with national labour law and international labour standards. The regular compliance assessments conducted by the programme offer a robust snapshot of conditions that can be used by factory management and

workers as a basis for joint problem solving and continuous improvement activities. Aggregated, the compliance data collected by Better Work enables a sector-wide assessment of progress in advancing decent work. Analysis and knowledge generated by the programme enables the ILO's tripartite constituents, including those who provide oversight of the Better Work programme in global and national advisory committees, to engage in evidence-based discussions. These discussions can be informed by insights into how labour regulations, and gaps in adherence to standards, are affecting workers and businesses alike. Better Work also engages in direct partnership with international brands sourcing garments globally, providing insights into working conditions in supply chains and guidance on furthering responsible business practices.

This brief reviews progress and persistent challenges in achieving decent work in the garment sector in the Asia and Pacific region. It draws on regional estimates generated by the ILO and leveraging unique, firm-level granular insights from the most recent five rounds of compliance assessments in selected factories across four Better Work countries: Bangladesh, Cambodia, Indonesia, and Viet Nam.

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- 1 This brief was written by Jeffrey Eisenbraun with guidance from the Better Work Research & Impact team. Appreciation goes to colleagues in the ILO's Regional Economic and Social Analysis (RESA) unit in Bangkok, particularly Steven Tobin and Quentin Mathys, for their valuable feedback and for providing updated regional employment estimates.
 - 2 The International Standard Industrial Classification of All Economic Activities (ISIC) is a classification system of economic activities following agreed upon concepts and terms. Within ISIC, there are several levels of categories of activities, ranging from the highest level (e.g., divisions or 2-digit) to the lowest (e.g., classes or 4-digit). The "garment sector" encompasses a vast array of activities and can be captured using different methods and levels of granularity. Due to data availability and other considerations, the garment sector is defined here according to ISIC 13 (Manufacture of textiles) and ISIC 14 (Manufacture of wearing apparel). Data at the firm level in countries where Better Work operates is gathered through annual compliance assessments. Aggregate or regional level employment-related data is based on modelled estimates produced by the ILO.

The Better Work programme, and the insights it can leverage from data collection in a key industrial sector in supply chains, provides a meaningful entry point for engagement on the topic of how trade, investment, and responsible business conduct can build a foundation for decent work.

TRADE AND INVESTMENT ENABLE JOB OPPORTUNITIES AND GROWTH

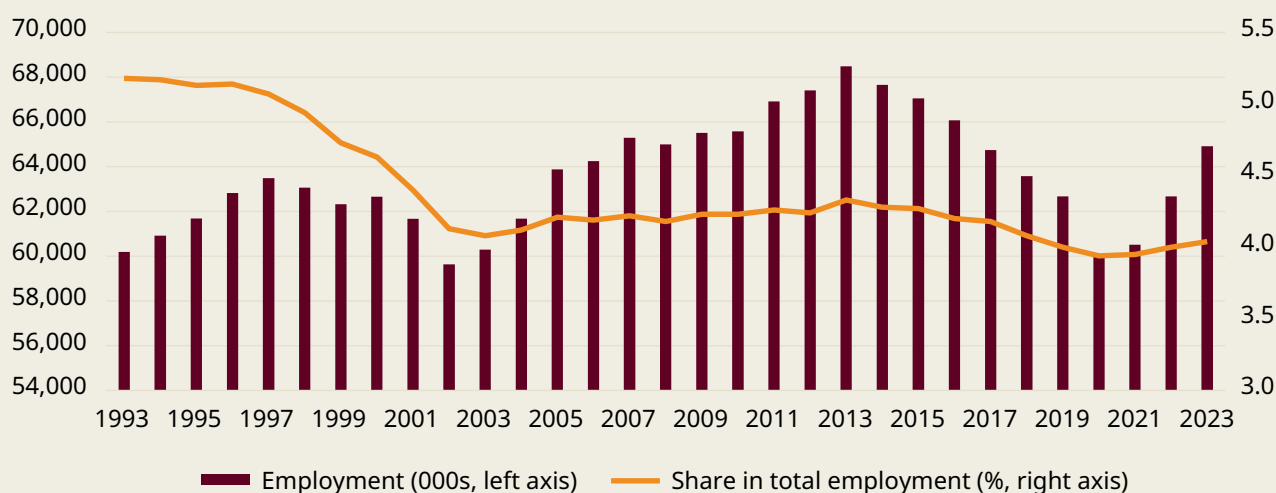
The garment sector, primarily through exports, is a key driver of economic growth and formal employment in the Asia and Pacific region. It plays a critical role in the labour-intensive manufacturing sector of many national economies in the region – most notably in Bangladesh, Cambodia, and Viet Nam – creating formal employment opportunities for millions of workers. As of 2023, the sector employed 65 million people, accounting for four per cent of total employment in Asia and the Pacific (Figure 1). These jobs – when of adequate quality and providing security – hold the potential to provide a livelihood for workers and their families.

In terms of volumes of employment, there have been some fluctuations in recent years but, by and large,

employment in the garment sector in the region has begun to recover from the disruptions from the COVID-19 pandemic. Looking at the past three decades, employment in the garment sector in the region peaked in 2013 when it reached just over 68 million (Figure 1). Following that peak, employment levels fell steadily to 60 million at the height of the pandemic. In the past few years, employment has rebounded strongly and as of 2023 reached 65 million, only 4.4 per cent below its peak level achieved in 2013. In terms of employment share, however, given the overall magnitude of employment in the Asia and the Pacific region (approximately two billion), the garment sector's share of employment has remained relatively stable at around four per cent over the past two decades, after declining from just over five per cent in the late 1990s.

In terms of the gender distribution of employment, the garment sector remains predominantly female in nature. As of 2023, 55 per cent of employment in the region was female. This share has been relatively stable over the past three decades, although since 2002 there has been a moderate uptick in the share of employment in the garment sector held by women in the region, rising from approximately 51 per cent in 2002 to 55 per cent in 2023 (ILO, 2024).

FIGURE 1: TRENDS IN GARMENT SECTOR EMPLOYMENT IN ASIA AND THE PACIFIC (1993-2023)



Source: ILO modelled estimates, October 2024.

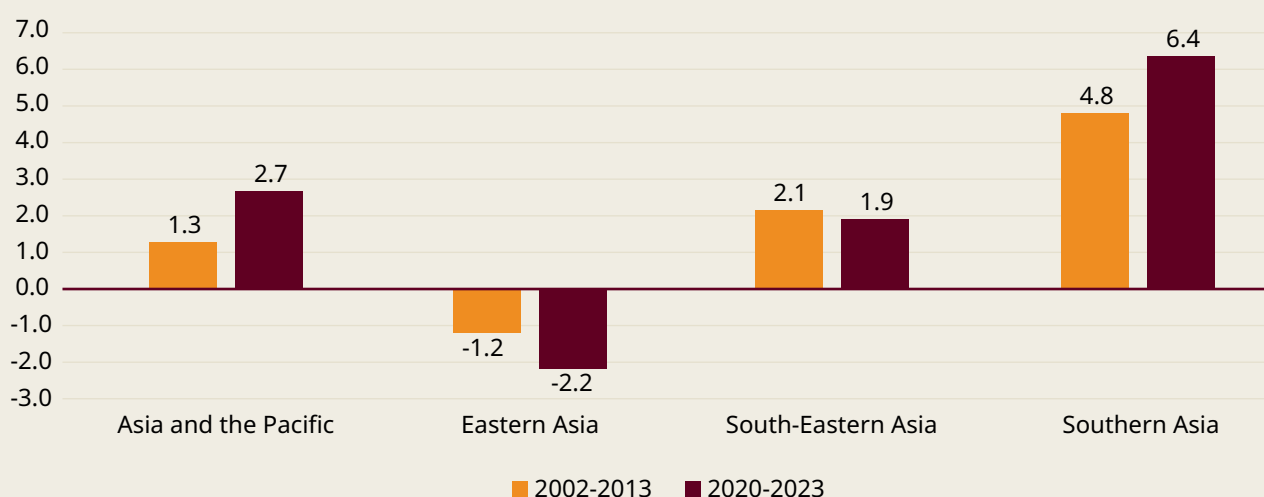
Examining the sub-regional employment landscape within the sector, Southern Asia (including Bangladesh and India) accounts for 52 per cent of garment sector employment, followed by South-East Asia with 31 per cent and Eastern Asia with 17 per cent (ILO, 2024). The relative importance of Southern Asia has continued to increase over the years; in 1992, for instance, it accounted for only around 1 in 5 garment sector jobs in the region. Due to its robust job creation over the past several decades, Southern Asia accounted for just over 38 per cent of global employment in the garment sector in 2023 (compared to 14 per cent in 1993).

As the sector in the Asia and the Pacific region began to recover in 2021, the compound annual growth rates of employment have also diverged, although there has been little change in the overall performance by sub-region. For instance, in comparison to the most recent growth period (between 2020 and 2023) compared to the strong employment growth of the previous decade (between 2002 and 2013), Southern Asia remains the fastest growing at nearly 6.4 per cent per annum on average in recent years compared to 4.8 per cent between 2002 and 2013 (Figure 2). South-East Asia's recent job gains have been considerably more

moderate at 1.9 per cent per annum and even a retrenchment compared to the previous growth period. Employment in the garment sector in East Asia continues to fall at an accelerating pace, i.e., falling 2.2 per cent annum in the past 3 years. In fact, compared to its peak in 1996 (44.6 million), employment in the garment sector has declined by more than half, reaching 20.3 million in 2023.

Global trade and investment have driven the expansion of the garment industry in the Asia-Pacific region over the past several decades, generating sustained employment growth across the region. Within this context, the Better Work programme has emerged as an effective mechanism for leveraging trade and investment incentives to strengthen both compliance and competitiveness at the national level. Trade preference schemes and policies that facilitate market access – such as the Generalized System of Preferences (GSP), GSP+, and Everything but Arms – have been central to this dynamic, supporting labour-intensive manufacturing growth in many Better Work partner countries. These frameworks embed labour provisions designed to ensure trading partners uphold core labour standards, often backed by enforcement mechanisms that allow for the suspension of preferences in case of non-compliance.

FIGURE 2: EMPLOYMENT GROWTH RATES (COMPOUND ANNUAL RATES, PERCENTAGES, 2002-2023)



Source: ILO modelled estimates, October 2024.

Better Work has successfully capitalized on these trade incentives, particularly trade preferences embedded in bilateral agreements, to establish and expand its activities. Cambodia provides a clear illustration. In 1999, the U.S.-Cambodian Bilateral Textile Trade Agreement was signed, granting Cambodia increased export quotas in exchange for improved compliance with labour standards³. Such improvements were to be monitored by a new ILO project, Better Factories Cambodia – which preceded the broader Better Work initiative – designed to provide neutral and reliable information on compliance with labour standards. For the first time in its history, the ILO became directly involved in monitoring factory-level compliance with labour standards as part of a trade agreement.⁴ Participation in the programme remains mandatory today for all firms seeking to export from Cambodia, as required by the Royal Government. Since Better Factories Cambodia's inception, labour provisions in trade agreements have become increasingly common, and the Better Work programme has expanded in parallel. Over time, garment sector stakeholders have come to recognize that strong labour governance aligns with their goals of expanding garment exports and employment opportunities. Rather than constraining trade flows or undermining competitiveness, labour provisions in trade agreements can reduce trade-related risks and costs while expanding employment opportunities, benefiting women workers in particular.⁵

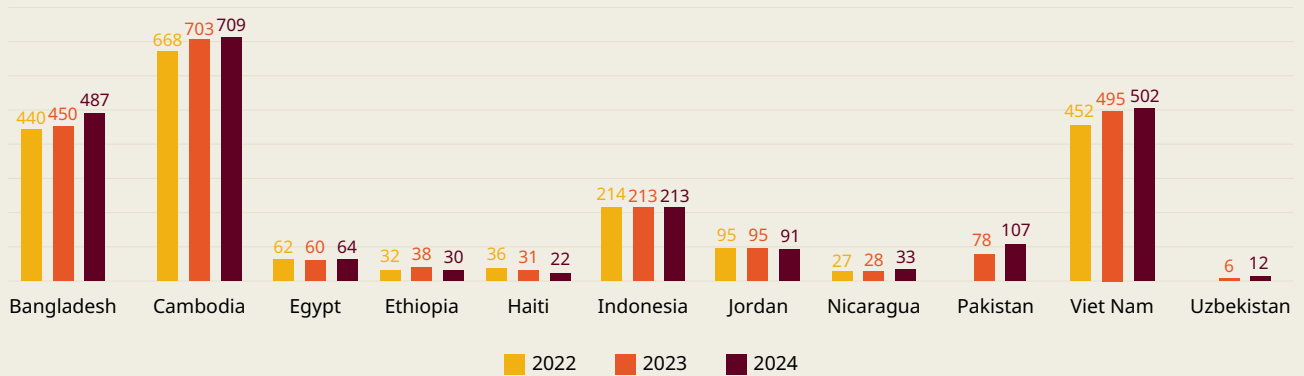
Viet Nam provides another illustrative example from the region. The country has signed numerous free trade agreements (FTAs) in recent years. As of October 2024, it implemented 17 FTAs, with the majority of the agreements signed since 2015 including labour provisions as part of the agreement.⁶ This occurred in a period when Viet Nam grew its exports, reaching export turnover in 2024 of US\$ 43.5 billion, making it the second largest exporter of garments in the world. Better Work's presence in Viet Nam and other garment-producing countries has been shown to support industry competitiveness and export opportunities. Recent trade flow analysis confirms this positive impact, showing that garment exports increase in countries where Better Work programmes operate.⁷

Labour provisions in trade agreements are not the only way trade and market dynamics can be harnessed to promote compliance with labour standards. In most countries where the programme operates, including across the Asia-Pacific region, factory participation has largely been driven by Better Work's partnerships with global brands and retailers in the apparel industry, which use their leverage within supply chains to ensure suppliers engage with the programme and improve compliance with labour standards.⁸

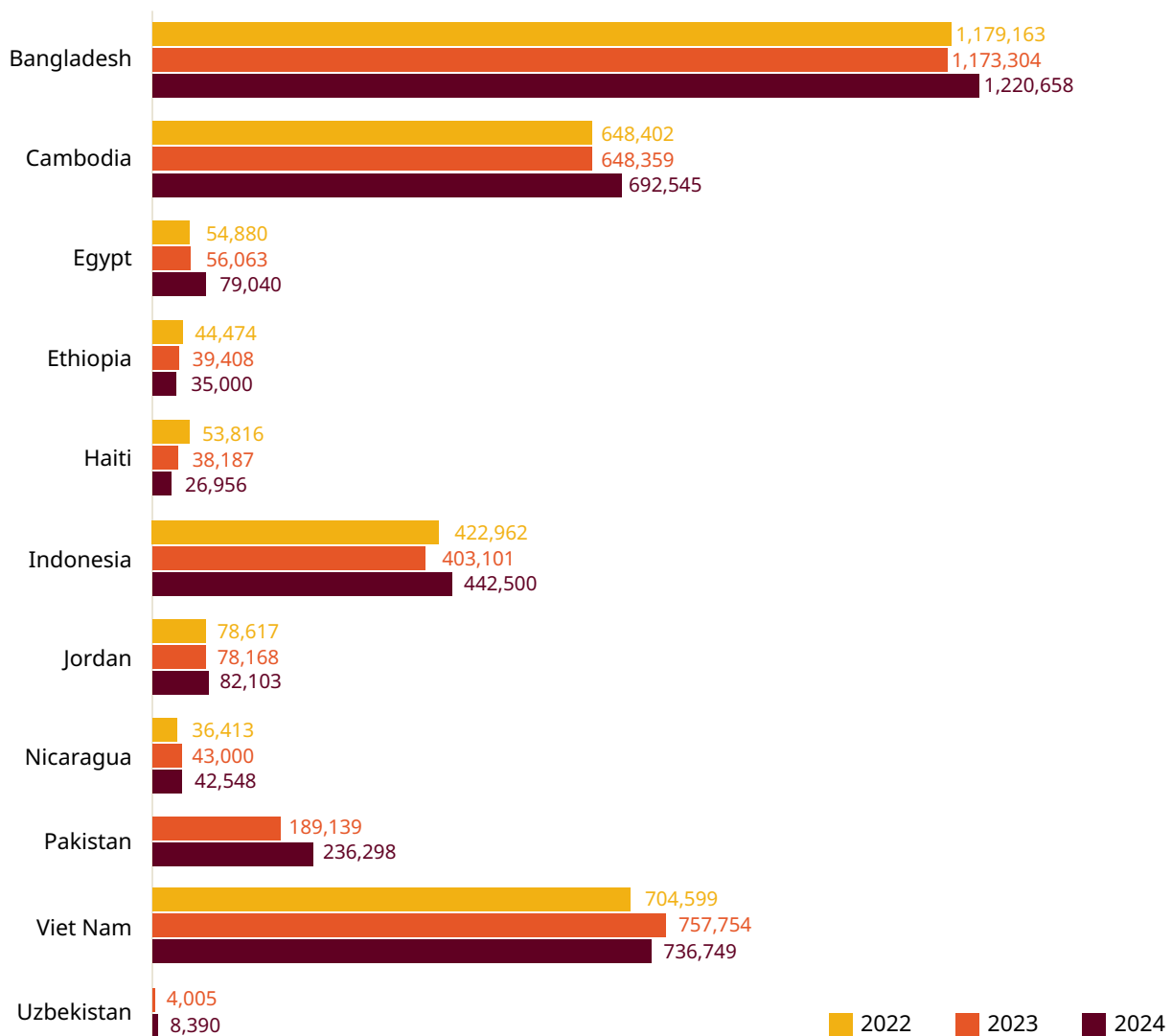
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- 3 Kolben, K. (2004). Trade, Monitoring, and the ILO: Working to Improve Conditions in Cambodia's Garment Factories. *Yale Human Rights and Development Law Journal*, 7(1), 79–107. Yale.
 - 4 Rossi, A. (2021). Better Work: Lessons Learned and the Way Forward for Decent Work in the Global Garment Industry. In *Decent Work in a Globalized Economy* (pp. 243–263). Geneva: ILO.
 - 5 ILO (2016). "Assessment of Labour Provisions in Trade and Investment Arrangements." International Labour Organization, Geneva.
 - 6 ILO (2022). *ILO Labour Provisions in Trade Agreements Hub (LP Hub)*. International Labour Organization, Geneva.
 - 7 Robertson, Raymond (2023). Labor Compliance Programs in Developing Countries and Trade Flows: Evidence from Better Work. *Economics Letters*, 228 (July).
 - 8 Rossi, Arianna (2015). "Better Work: Harnessing Incentives and Influencing Policy to Strengthen Labour Standards Compliance in Global Production Networks." *Cambridge Journal of Regions, Economy and Society* 8 (3): 505–520.



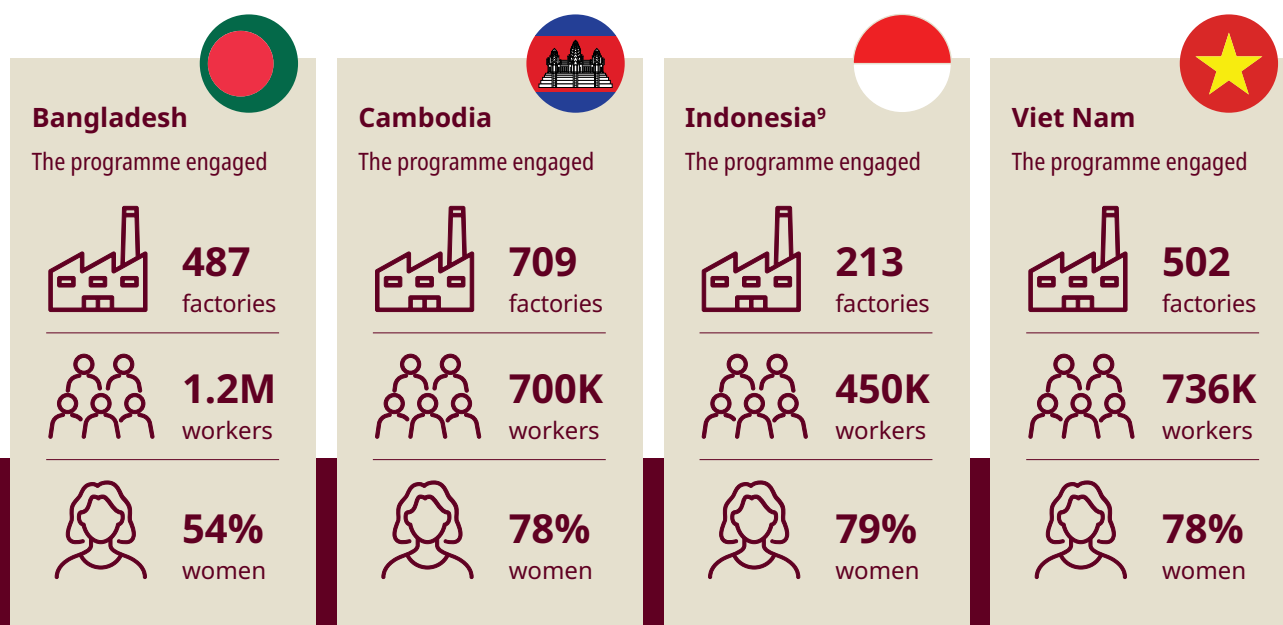
Factories per country programme



Number of workers in the programme



The focus of this brief will be on the four longest-running programmes in the region, given the ability to use substantial longitudinal data from these country contexts. As of 2024:



Better Work's compliance assessment methodology

Better Work assesses factory compliance with national labour law and international labour standards using a tool of approximately 250 binary questions organized into eight clusters: five clusters cover the fundamental principles and rights at work and are assessed in line with international labour standards, and the three other clusters are assessed based on national law and regulations.

Unannounced assessments are typically conducted over two days by two Better Work staff members, who gather relevant information through document review, workplace observations, and interviews with managers, union representatives, bipartite committee members, and a random sample of factory workers. Worker interviews are conducted either in a private room within the factory or outside the building and may take place either individually or in small groups. The compiled information is analyzed to produce detailed factory-specific assessment reports, which identify instances of non-compliance and form the basis for joint problem-solving and improvement activities supported by Better Work through advisory and training services. This sequence of assessment, improvement planning, and advisory and training support constitutes one cycle, which typically corresponds to a year of engagement. Factories that re-enroll for subsequent cycles continue their improvement process through a tailored learning programme, which builds on the results of the most recent assessment and additional insights gathered by enterprise advisors during regular factory visits.

In addition to supporting factory-level improvement, aggregated findings from compliance assessments are published annually in Synthesis Reports and discussed with tripartite stakeholders in each country programme. These reports provide a snapshot of persistent decent work deficits across the industry and serve as a basis for national dialogue and strategic planning.

⁹ The Better Work programme in Indonesia is implemented through a devolved partnership with the Foundation Partnership at Work (*Yayasan Kemitraan Kerja*).

ADDRESSING DECENT WORK DEFICITS IN GARMENT SUPPLY CHAINS

While trade and investment have opened opportunities for job creation and export growth, there has been long-standing recognition of the challenges to ensuring equitable growth and decent work in the supply chains where garment manufacturing takes place. This has prompted scrutiny of both the business practices and governance models that can support decent work. Better Work has demonstrated one model of governance that can help improve conditions for decent work. Part of that model is robust identification of decent work deficits that can then be used as a basis for remediating non-compliance issues and promoting continuous improvement. This brief showcases several areas where conditions of significant non-compliance have been successfully identified and addressed during recent engagement with Better Work, as well as persistent issues that have been resistant to improvement.

Compliance data analyzed over time can identify broad trends in the sector. The following section showcases several positive trends that have taken hold as a result of collective action of industry stakeholders. These findings are based on a balanced panel of factories in each of the four countries and draw on the five most recent cycles of compliance assessments to illustrate prevailing trends. As Better Work's compliance assessments take place roughly on an annual basis, the period under analysis spans approximately from 2020-21 (corresponding to Cycle 1) to 2024-25 (corresponding to Cycle 5).¹⁰

WORKING TIME, COMPENSATION, AND CONTRACTS

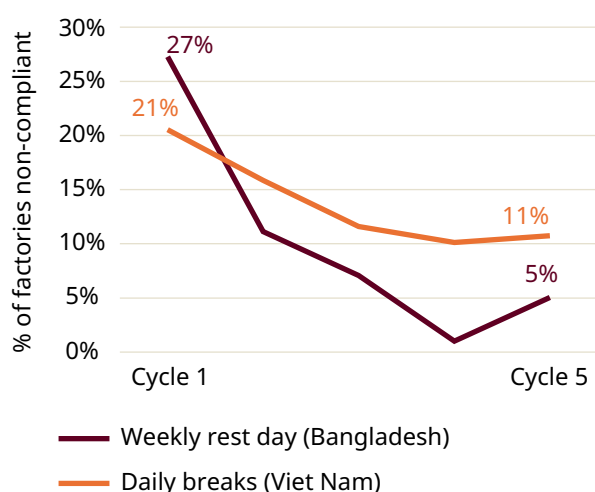
Workers in garment manufacturing have often faced long or unpredictable working hours and low pay. Through its compliance assessments and advisory services, Better Work has supported factories in improving adherence to national labour laws covering working time and compensation. Evidence from Cambodia, Indonesia, and Viet Nam shows that workers in Better Work factories tend to work fewer hours while receiving higher take-home pay, and the conditions on both counts tend to continue to improve the longer a firm engages with the programme.¹¹ Researchers attribute these trends to the fact that Better Work has aided factories in better complying with national regulations, while simultaneously helping to preserve and achieve greater productivity during a time of industry growth.

Recent trends from the past five assessment cycles show elements of improved compliance with working time regulations (Figure 3). In Bangladesh, national law requires that regularly scheduled working hours must include at least one rest day per week. Among factories enrolled in Better Work, the share of firms not complying with this provision has decreased from 27 per cent to just 5 per cent in the most recent assessment. Similarly, in Viet Nam, the non-compliance rate for providing the legally required 30-minute break for shifts of six hours or more has nearly halved over the same period, falling from 21 per cent to 11 per cent. A notable area of persistent non-compliance is maintaining adherence to legal limits on overtime hours, discussed in focus later in this brief.

¹⁰ The sample size for the five most recent compliance assessments varies by country, given the difference in size of programmes and scale of enrollment. The current sample includes 336 factories in Viet Nam, 327 factories in Cambodia, 164 factories in Indonesia, and 99 factories in Bangladesh. For ease of reference, we label 2020–21 (2024–25) as Cycle 1 (5) because it is the first (last) period included in our analysis. This does not necessarily correspond to the first (fifth) compliance cycle of the factories in the sample, as some may have completed earlier cycles before this period.

¹¹ Antolín, A., Babbitt, L., Brown, D. K., Wen, H. (2020). Is social compliance win-win for workers and firms? Evidence from Better Factories Cambodia. ILO-IFC Better Work discussion paper no. 39.

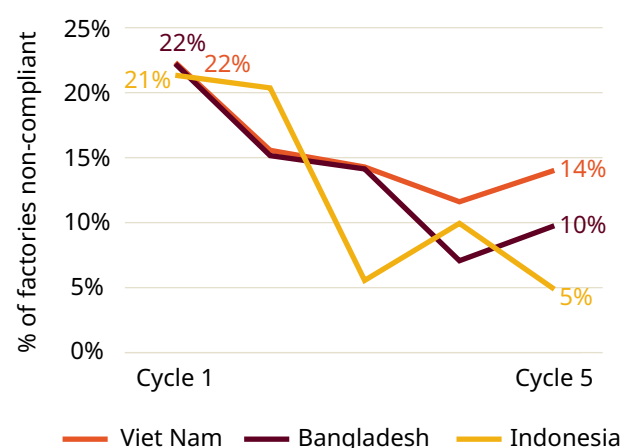
FIGURE 3. NON-COMPLIANCE TREND: REST DAYS / DAILY BREAKS



Issues of pay and compensation loom large for garment workers, as many have household members they support through wages earned in their first formal job. Compliance data from Better Work countries in Asia and the Pacific in the past five assessment cycles does not show prominent outright non-compliance with paying minimum wages according to law. A workers' take-home pay, however, is made up of a package of compensation that includes overtime wages, bonuses, paid leave, and other benefits for which factories are more frequently found non-compliant. Moreover, pay disparities between men and women workers is apparent across countries where Better Work operates. Such gaps stem from several factors: occupational segregation gives male workers access to higher-paying positions, and inconsistent benefit administration, including improper maternity benefit payments and wage deductions during breastfeeding breaks, can disadvantage women. Worker survey data from Better Work demonstrates that improving compliance with pay and benefits according to national law has proven effective in reducing gender-based wage gaps.¹²

Transparency in pay, benefits, and leave provisions is critical for all workers. In Viet Nam, Bangladesh, and Indonesia, an 8-16 percentage point decline in non-compliance occurs in the last five assessment cycles in ensuring contracts, letters of appointment, or work agreements specifying the terms and conditions of employment (Figure 4). In Cambodia, correct payment for annual leave has improved from 52 per cent of factories non-compliant to 35 per cent of factories. In Indonesia, the percentage of firms found non-compliant with regulations governing outsourced workers, who may be more vulnerable to decent work deficits, fell from 31 per cent to just 3 per cent.

FIGURE 4. NON-COMPLIANCE TREND: SPECIFYING TERMS AND CONDITIONS OF EMPLOYMENT



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

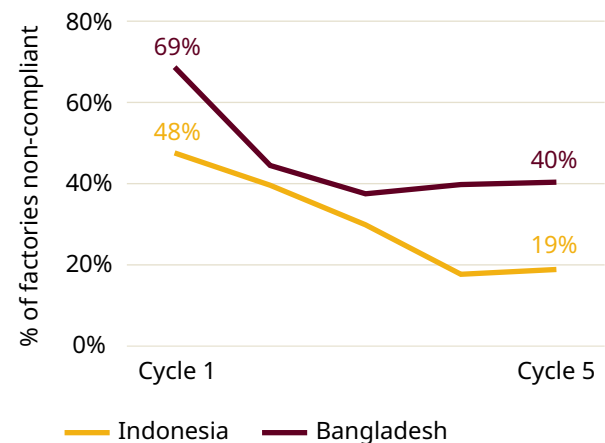
Better Work gathers data on enabling rights at the workplace, including on the environment for freedom of association and collective bargaining. Data on freedom of association and collective bargaining have shown relatively high unionization rates among Better Work factories (averaging 70 per cent across all factories) relative to non-

12 Djaya, D., Brown, D. K., & Lupo, L. (2019). An impact evaluation of Better Work from a gender perspective. ILO-IFC Better Work programme discussion paper no. 30.

enrollees. In Indonesia, for example, nearly 58 per cent of factories enrolled in Better Work are found to have unions, compared to an estimated 15 per cent generally in the garment sector in the country. Research using compliance data collected by Better Work has shown that factories with stronger industrial relations system in a workplace, including the presence of unions and collective agreements, are more likely to meet and uphold compliance with regular and overtime wages, paid leave requirements, and contracts.¹³ Further research has shown that effective collective bargaining in Better Work factories, including no non-compliances found in the assessment of the implementation of collective agreements, is positively correlated with improved working conditions and at a stronger level than complying only with having a functioning union or simply allowing union formation alone.¹⁴

Better Work promotes social dialogue at multiple levels and in various forms through its interventions at firm and sectoral level in the garment sector. One such tool the programme uses is encouraging and advising on the establishment of bipartite worker-manager committees in the workplace to address issues of non-compliance identified in compliance assessments, and other areas for improvement. When looking at compliance data from the past five assessment cycles, both Indonesia and Bangladesh have recorded significant declines in non-compliance related to the functioning of bipartite committees (Figure 5). Further, in Bangladesh, the share of factories not complying with the legal requirement to consult worker representatives has more than halved over the most recent five cycles, dropping from 28 per cent to 12 per cent.

FIGURE 5. NON-COMPLIANCE TREND: FUNCTIONING BIPARTITE INSTITUTION/ PARTICIPATION COMMITTEE



OCCUPATIONAL SAFETY AND HEALTH (OSH)

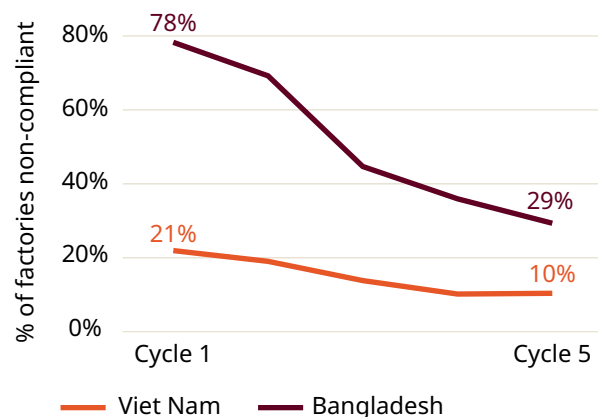
Better Work promotes the establishment of management systems in factories to encourage a culture of compliance and continuous improvement, particularly to address occupational safety and health. Improvements have been made in recent years related to ensuring systems are in place in factories to assess the OSH conditions and risks in garment workplaces. In Bangladesh, Better Work staff gauge whether factories have performed an assessment of general OSH issues on a regular basis. Over the most recent five assessment cycles, non-compliance with this requirement has dropped significantly – from 78 per cent of factories in Cycle 1 to 29 per cent in Cycle 5 (Figure 6). In Viet Nam, the non-compliance rate related to whether employers conduct proper risk assessments has halved over the past five assessment cycles. Focusing on a systematic approach to managing OSH conditions aligns with guidance provided by the ILO in its code of practice on safety and health in textiles, clothing, leather and footwear factories, which is based on international labour standards and provides practice advice on managing risks such as

13 Lupo, L., Verma, A. (2025). Do workplace unions and collective bargaining matter for labour standards compliance? The role of local industrial relations in global supply chains. ILR Volume 164, Issue 2, 2025.

14 Li, C., Kuruvilla, S., & Bae, J. (2025). Between Legitimacy and Cost: Freedom of Association and Collective Bargaining Rights in Global Supply Chains. ILR Review.

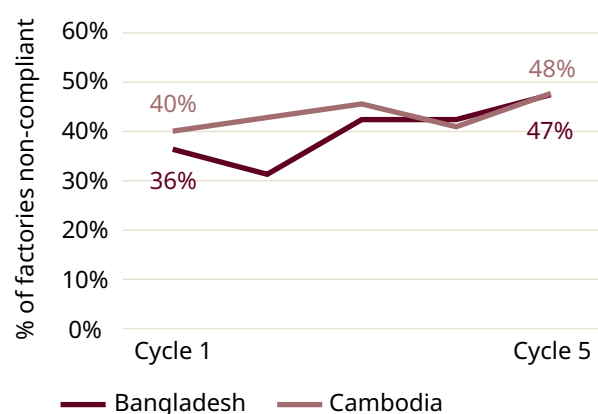
biological hazards, hazardous substances, ergonomic and physical hazards, tools, machines and equipment, and building and fire safety.¹⁵

FIGURE 6. NON-COMPLIANCE TREND: OSH ASSESSMENT / RISK ASSESSMENT



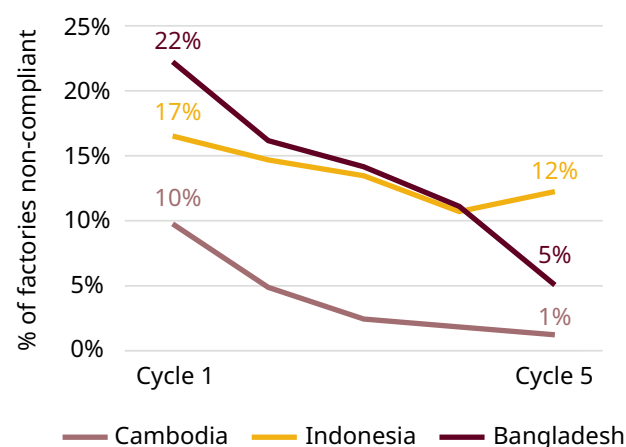
Despite significant improvement in recent years to help factories establish systems to manage OSH risks, garment factories enrolled in Better Work continue to record significant levels of non-compliance in several areas covering safety and health. These include, among others, ensuring workers are trained and encouraged to consistently use personal protective equipment, maintaining proper emergency preparedness including ensuring emergency exit routes are free from obstructions at all times (Figure 7), and in obtaining and updating proper permits for machinery used in production processes.

FIGURE 7. NON-COMPLIANCE TREND: UNOBSTRUCTED EMERGENCY EXITS



Psychosocial risks to health are also present in high-pressure work environments such as garment manufacturing. Workplace bullying and harassment can emerge when workplaces lack systems and norms to uphold respectful behaviour, especially when operating amidst high-stakes production environments. Although harassment at the workplace is difficult to detect within a two-day assessment, Better Work's assessors are able to detect a significant number of issues related to the topic during its compliance assessments. Over the most recent five assessment cycles, non-compliance with the assessment question on whether any workers have been bullied, harassed, or subjected to humiliating treatment has declined in Cambodia, Indonesia, and Bangladesh, though underreporting remains a concern (Figure 8).

FIGURE 8. NON-COMPLIANCE TREND: BULLYING AND HARASSMENT



RESPONSIBLE BUSINESS CONDUCT CAN PLAY A ROLE IN HELPING ENABLE DECENT WORK

Industry stakeholders have recognized, and Better Work data confirms, that the commercial sourcing practices of businesses operating in the garment sector have clear links to the business outcomes and working conditions of manufacturing firms in supply chains. In particular, research using survey data from workers and managers within firms enrolled in Better Work has established an empirical

15 ILO. (2022). *Safety and health in textiles, clothing, leather and footwear*. ILO Code of Practice. International Labour Organization, Geneva.

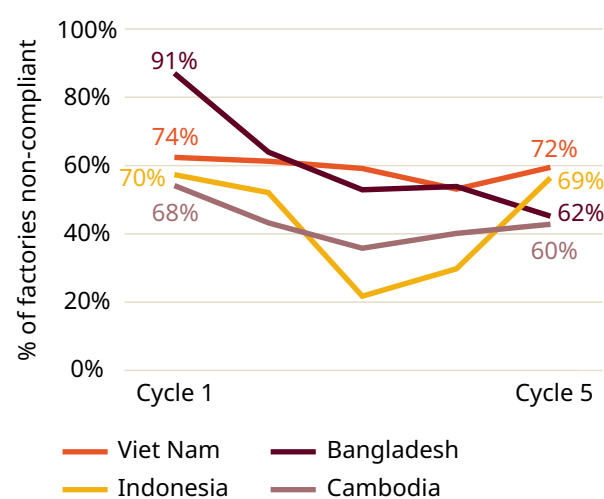
link between high-pressure sourcing practices and negative outcomes for working conditions, including higher levels of verbal abuse, delays in salary payments, and increased violations in excessive working time.¹⁶ At the same time, further analysis has revealed that a buyers' sourcing practices can lead to positive outcomes. For example, stable and long-term business relationships with lead buyers were shown to support improvements in compliance. Buyer requirements for safety equipment contributed to better occupational safety and health conditions. In general, longer-term relationships were linked to improved outcomes related to contracts, compensation, and workplace safety and health.¹⁷

Long-term sourcing relationships have also been shown to be beneficial for the commercial sustainability of manufacturing firms in supply chains. In a study examining the mark-ups received by suppliers in Bangladesh from international buyers, many of which are Better Work partners, buyers taking a "relational" approach to sourcing – investing in long-term relationships rather than purely transactional ones – were found to offer higher prices to suppliers.¹⁸ The evidence suggests multinational businesses can choose to engage in sourcing practices that include long-term commercial relationships that support the competitive sustainability of suppliers, or transactional sourcing that could send mixed signals and that may negatively impact the capacity of firms to invest in compliance.

This positive evidence from Bangladesh notwithstanding, the business model of garment manufacturing in supply chains relies on many transactional sourcing relationships: firms must be able to operate on low margins, with uncertain and often unpredictable orders, and with fast production and delivery times to meet market demands. Trends examining non-compliance with keeping overtime hours within legal limits demonstrates how some

persistent issues of non-compliance in garment industry reflect these business model dynamics. With uncertain and last-minute orders, firms must often resort to instituting overtime hours beyond legal limits set at the national level in order to meet production demands. Non-compliance with overtime hours has remained high and largely static over the past five assessment cycles (Figure 9). Well over half of firms in all four countries remain in non-compliance with national law governing overtime limits.

FIGURE 9. NON-COMPLIANCE TREND: OVERTIME WITHIN LEGAL LIMITS



In addition to facing difficulty in finding a workforce scheduling structure that meets production demands and national working time limits, supplier firms in the garment sector often operate on low margins, which may make it difficult to make capital investments that address emerging needs in the sector. For example, rising temperatures and sea levels linked to climate change stand to threaten the occupational safety of workplaces in the garment industry, in addition to the operational viability of many firms.¹⁹ Better Work compliance data from Cambodia shows that almost

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- 16 Brown, D., Dehejia, R., Rappaport, A., Davis, M., Robertson, R., Babbitt L., Voegeli, E. et al. (2016). The Impact of Better Work. Tufts University Labor Lab.
- 17 Münch, F. (2022). Sourcing Practices in the Garment Industry, The Root Cause for Poor Working Conditions. ILO-IFC: Better Work Discussion Paper 45
- 18 Cajal-Grossi, J., Macchiavello, R., & Noguera, G. (2023). Buyers' sourcing strategies and suppliers' markups in Bangladeshi garments. *The Quarterly Journal of Economics*, 138(4), 2391-2450.
- 19 Judd, J., Bauer, A., & Kuruvilla, S. (2023). Higher ground? Report 1: Fashion's climate breakdown and its effect for workers. Cornell University, ILR School, Global Labor Institute.

two-thirds of factories are consistently found non-compliance in keeping factory floor temperatures within an adequately acceptable range set by national law. Absent significant investments in factory infrastructure such as cooling systems to counteract risks such as increased heat at work, factories will likely continue to be consistently non-compliant with temperature regulations, similar to entrenched non-compliance with overtime limits.

Better Work has used an approach that is evidence-based and consultative for identifying, mitigating and remedying harms in supply chains. The programme has consistently maintained a strong emphasis on stakeholder engagement, transparent reporting, and alignment with international labour standards in its compliance assessments and follow-up activities. The data and experience of the programme in the garment sector in Asia and the Pacific provide a good example of how decent work can be supported when responsible business conduct is embedded in business operations throughout the supply chain, helping to ensure the employment opportunities enabled by global trade and cross-border investment have decent working conditions.

LOOKING FORWARD: PROMOTING AND SUSTAINING ECOSYSTEMS FOR COMPLIANCE

The global trading environment has been marked by significant volatility in 2025, with major trading partners re-examining trade agreements and terms. As a result, manufacturers engaged with Better Work report facing significant uncertainty.²⁰ In this context, the dual objectives of the Better Work programme to support competitiveness and decent work are ever more relevant. The programme continues to build on the progress made by its stakeholders to promote resilient, competitive supply chains that deliver quality jobs.

Better Work is increasingly leveraging the convening role it plays among sectoral and tripartite partners to strengthen the broader ecosystem that can sustain compliance achievements beyond those attained through efforts at individual enterprises. The programme uses its established reputation and convening power to support national labour law reform and develop local capacity to implement assessment and advisory processes based on common compliance frameworks, with the aim to further its positive effects beyond the first tier of garment manufacturing. Through partnerships models and other initiatives, Better Work is complementing its direct service provision role to enable others to replicate its tools and approaches across different sectors and supply chain tiers. Better Work remains committed to maintaining a data-driven, evidence-based approach to enterprise compliance improvement and policy influence, using insights such as those summarized in this brief to help sectoral stakeholders inform actions and policy planning to achieve greater sectoral compliance and competitiveness.

Better Work also sees a role to support its business partners in implementing responsible business conduct and due diligence activities across further tiers of the garment supply chain and in other sectors, drawing upon its proven model of standards-based assessments, advisory services grounded in social dialogue, and a systems-based approach to improvement. Through its experience in programme implementation, particularly in the Asia-Pacific region, Better Work has established a proven approach to advance decent work in supply chains. Looking forward, the programme seeks to build upon its experience and knowledge to enable sectoral, national, and regional actors in Asia and the Pacific to realize and sustain good jobs and equitable growth through resilient supply chains.

20 ILO (2025). "Assessing the impact of tariff uncertainty on the garment, footwear and travel goods sector: Initial survey findings." ILO-IFC Better Work research brief.



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