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## **7. DOES COMPLIANCE WITH CODES OF CONDUCT MAKE WORKERS BETTER OFF?: A study at three garment factories in Vietnam**

**D. Hoang**

**Abstract:** Over the past decades, there has been a growing number of corporate Codes of Conduct (CoC) being developed and introduced by multinational corporations (MNCs) to promote international labour standards in supply chains. This paper examines the implementation of CoC by suppliers in developing countries. A study was carried out at three garment factories in Vietnam that supply products to a number of well-known international brands. Findings of the research show that there are different levels of compliance with CoC although the three factories are requested to implement the same sets of CoC from similar buyers. The foreign owned factory, which has direct relationships with buyers, complies with most of the standards required in buyers' CoC while the other two factories, which are subcontracted by intermediaries, violate the codes and deceive auditors to pass buyers' audits. Nevertheless, workers working in the factory with high level of compliance do not seem to enjoy better working conditions and benefits than those who work at the non-complying factories. The study also found that in the non-complying factories, there is a high level of willingness of workers to collaborate with employers to deceive the auditors. The findings of the study raise the question whether CoC imposed by the MNCs practically help workers in developing countries.

**Key words:** supply chain, labour standards, codes of conduct, working conditions, corporate social responsibility, ethical trade, garment workers, Vietnam

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## **Introduction**

Over the past decade, concerns of labour standards and workers' rights in global supply chains have been soaring. In the garment supply chain, most production activities take place in developing countries where material and labour costs for production are low. The majority of workers working in the export manufacturing sector are employed by locally owned factories rather than global companies (Elias, 2003). A large number of multinational corporations (MNCs) have adopted corporate codes of conduct (CoC) as a voluntary-regulatory measure to promote international labour standards in suppliers' factories.

Garment factories in the developing world have long been known to employ low paid young female workers who constantly have to work for long hours under poor workplace conditions, getting extremely low wage and they are often physically and psychologically abused (Yanz et al., 1999; Rao and Husain, 1991). The introduction of CoC aims to address these issues.

After nearly two decades of CoC implementation, the improvement of labour standards and workers' rights in the garment supply chain remains controversial. A great deal of research on CoC in global supply chains has been generated. However, the majority of the research in this field tends to place the focus on MNCs' practices in implementing and enforcing the codes. Little is known about manufacturers' practices in complying with the codes. There is almost no knowledge about workers' experience as CoCs are being enforced. This paper seeks to address this gap by answering the question of how garment producers in Vietnam implement multiple corporate CoC introduced by international buyers and what benefits workers have from the enforcement of the codes.

The following sections of the paper starts with a literature review of CoC's application in supply chains, followed by the background information of the garment sector in Vietnam as well as its position in the global supply chain. Subsequently, the paper presents the method of data collection, findings and discussion. The paper ends with a conclusion and a recommendation for further research.

## **Literature review: Codes of conduct in global supply chains**

During the last two decades, there was a growing number of CoC being developed and implemented by businesses. The issue of voluntary CoC has generated a good deal of research. A large number of publications in the field of CoC have also been produced. This section reviews the development of CoC literature on various aspects from the evolution to today's application of the codes.

### ***From proliferation to standardization***

Since 1990s, thousands of CoC have been developed. The evolution of CoC in global supply chains is studied and reviewed by a number of scholars including Jenkins (2001), Frenkel and Scott (2002), Pearson and Seyfang (2001), Sethi (1999) and Ferguson (1998). One of the main debates is about the proliferation of CoC. Discussions are focusing limitations of the codes. They are including the heterogeneity of standards (Emmelhainz and Adams, 1999; Ferguson, 1998; Jenkins, 2001), limitation of scope of application to some export segments (Liubicic, 1998) and the coverage of the codes, which often excludes part time and home workers (Elias, 2003; Pearson and Seyfang, 2001; Ferguson, 1998).

Besides the development of CoC, there are a growing number of organisations which are dedicated to work on the issue of ethical supply chain and labour standards. Most of these organisations were established in the 1990s when the supply chain labour standards started being addressed widely in the public sphere. For example, the Ethical Trade Initiative (ETI) was initiated by the British government in 1998, the Fair Labor Association (FLA) was developed by the Clinton administration task force in 1996, the Worker Rights Consortium (WRC) was created by US students activists in 1999, the Social Accountability International (SAI), which is a multi-stakeholder organization and the developer of the social accountability standards SA8000 was first introduced in 1997 and the Clean Clothes Campaign (CCC) began in the Netherlands in 1990s (Vogel, 2006). A rapid evolution of CSR institutions and standards has been addressed by Waddock (2008) who claims that there is a need for consolidation.

Some initiatives have been developed aiming at resolving the issue of proliferation of the codes. In 2005 the Joint Initiative on Corporate Accountability and Workers' Rights programme was developed with the involvement of six organisations including Ethical Trading Initiative, Fair Labour Association, Clean Clothes Campaign, Fair Wear Foundation, Social Accountability International and Workers' Rights Consortium. This joint programme aims to develop and implement a common set of CoC. In the same year, a working group within the International Organisation for Standardizations (ISO) was established to work on developing guidelines for social responsibility standards, which is known as ISO 26000. A recent article by Schwartz and Tilling (2009) criticises the standardized approach, which is unlikely efficient in a complex global supply chain context with multiple cultures.

### *Application of CoC*

Besides the issue of heterogeneity of corporate codes, the implementation of CoC by MNCs is strongly criticised by both academia and NGOs. Auditing CoC compliance is the main activity in the ethical trade agenda of many MNCs. However, most MNCs outsource this activity to a third party, which is often commercial auditing firms. Laric (1999) criticises the use of profit-making auditors, who have limited understanding of human rights and labour issues. Prieto-Carron (2006) condemns the 'ticking box' audit method, which is often used to assess suppliers' compliance. The author argues that this method may not be able to identify worker's rights issues such as discrimination, harassment and freedom of association.

There are also numerous discussions about the monitoring system set by MNCs. Some criticises the credibility of different parties involved in auditing labour standards (Rodriguez-Garavito, 2005; Locke et al., 2007) while others are sceptical about the sustainability of this voluntary practice (Vogel, 2006). Evidences from a number of studies show the failure of the system, which is unable to detect suppliers' breaches (Egels-Zanden, 2007; Mccafferty, 2005; Roberts et al., 2006). Their studies show that suppliers have used various ways to deceive auditors. This somewhat proves that audit methods employed do not seem to work effectively.

Nevertheless, some could argue that the failure of CoC is not necessarily because of the bad monitoring but lack of incentives for suppliers to comply. Corporate buying practices, such as squeezing suppliers on price, quality and time to a large extent force suppliers and their subcontractors into a non-compliance position (Jiang, 2009; Insight Investment, 2004). Pedersen and Andersen (2006) point out that the business case of 'doing good' does not always extend to all actors in the supply chains but mainly lies at the ones with brands.

Factors affect the likelihood of suppliers' compliance remain controversial. The study of Locke et al (2007) suggests that the variation in level of compliance of CoC by different

suppliers reflects the quality of legal regulations in the country where factories are located. Frenkel & Scott (2002) argue that the management styles of suppliers influence the quality of social performance while Boyd et al. (2007) claim that long term commitment, cost sharing and trust between buyers and supplier can improve compliance. However, Jiang's work (2009) on testing different models of market governance claims that even the 'promise' of a long term contract with suppliers is not a sufficient condition to obtain suppliers' commitment.

In the clothing and footwear supply chains, products are often sourced from multiple tiers of suppliers of which many are hidden and out of reach of the CoC initiative. In many studies of CoC and supply chain labour standards, the term 'suppliers' often implies the primary suppliers who have contractual relationships with international brands and retailers. The implementation of CoC at the second and third tier suppliers has not been sufficiently studied.

### ***Consequence of CoC application***

The process of CoC implementation tends to put more emphasis on the issue of compliance than the consequential impacts of such compliance. Similarly, suppliers have a tendency to just pass the audits instead of working on the issues that the CoC address (Jiang, 2009). For example, CoC stops the use of child labour in factories but do not provide alternative arrangements of these children, who may suffer worse situations after being dismissed by factories (Kolk and Van Tulder, 2002). The objective of 'child labour free' may well be achieved on the expense of the children.

Other argument is about the difference in perceptions of standards. What is regarded as 'poor and unacceptable' working conditions in the global North perhaps is a 'privilege' for factory workers in the global South since other alternatives are even worse (Kabeer, 2004; Kristof, 2009). The lack of stakeholder consultations and the top down approach of CoC lead to the possibility that it may do more harm than good (Prieto-Carron et al., 2006).

Many studies of CoC implementation tend to focus on business practices rather than the role of workers in the process. A recent research by Wells (2009) claims that CSR initiatives have little effect on enforcement of labour standards in developing countries. This author argues that local workers and their supporting stakeholder groups play vital roles to help themselves. Perhaps workers are not only victims or beneficiaries but they can also be active participants who have some influence in the compliance of CoC. Despite a large number of studies in the CoC literature, there is almost no knowledge about workers' roles and experiences as CoC is implemented. This study aims to shorten this gap by exploring Vietnamese workers' views and experience with CoC.

### **The context of Vietnam & the garment industry**

Vietnam has been spotted as a cheap-labour destination compared to other countries in the Southeast Asia region. Minimum wage in Vietnam is significantly lower than many of its regional counterparts. In 2008, the minimum wage in China, Thailand, Indonesia and the Philippines is approximately USD117, 135, 108 and 120 respectively (ILO, 2009). In Vietnam, the highest minimum wage level is about USD 50<sup>7</sup> a month. The main export

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<sup>7</sup> Government's regulation on monthly minimum wage as at 01/01/2008 varies between 540,000vnd and 1,000,000 vnd. Decree number 167 & 168/ND-CP dated 16/11/2007

markets for garment products from Vietnam are US, Japan, Germany, UK and Spain which together count for about three quarters of the total garment exports<sup>8</sup>.

Most Vietnamese producers are subcontractors to East Asian companies, called ‘vendors’, based in Hong Kong, South Korea, Taiwan and Japan. Vietnamese producers are mainly responsible for ‘make-cut-trim’ processes, getting paid a processing fee and exporting finished products to developed countries (Thoburn, 2007). It is estimated that 80% of the total garment products in Vietnam are produced through contracts with vendors (IOE, 2001). There are almost no direct contractual relationships between Northern retailers/brands and Vietnamese producers. Many vendors, apart from outsourcing production, establish their own factories in Vietnam as their subsidiaries to carry out production activities. These subsidiaries often outsource some of their works to other local producers as sub-subcontractors.

The industry consists of about two thousands garment factories, employing approximately 2.1 million<sup>9</sup> workers (CDI, 2006). Like elsewhere, the main workforce is formed by young single migrant female workers, aged between 18 and 25. On the average, migrants account for about 63% of the total workers working in industrial zones across the country (Dang, 2008). Industrial actions are often wildcat strikes, which have been increasing in number in the recent years. Most disputes are over pay and working conditions (Clarke et al., 2007). Labour turnover can be as high as 35 to 40% as workers often move from one company to another to seek higher pay (CDI, 2006).

The introduction of CoC and frequent audits at garment factories by international buyers is familiar to many export oriented producers so as workers working in the industry.

## **Methods of data collection**

### ***Selection of case studies***

Three large garment companies with recognized CSR initiatives were selected for the study. There are assumptions for this choice. Large companies are likely to be the suppliers to large international brands and retailers. If the large companies do not comply with CoC, it is unlikely small suppliers do. Workers working in large and reputable factories often get more benefit than those in small and medium sized ones.

The three companies also represent three dominant types of garment companies in Vietnam. These are a foreign owned subsidiary, a partly state-owned and a domestic private-owned enterprise. This allows the study to compare the difference in the implementation of CoC under each management style as this may result in different impacts on workers.

For the reason of anonymity, the three selected company will be named SOE (partly state-owned enterprise), DPE (domestic private-owned enterprise) and FOE (foreign owned enterprise). These companies are relatively large in terms of numbers of full-time permanent workers, ranging from three thousand to more than six thousand workers. The average size is about one thousand in a typical garment company in Vietnam.

The three companies are recognised by the industry as good social performers. SOE and FOE are SA8000 certified facilities while DPE has gotten several National CSR awards. This makes the three companies comparable in terms of social performance.

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<sup>8</sup> Data obtained from the online database of UN comtrade with statistics updated in 2009.

<sup>9</sup> Statistic from the Decision 36/2008/QĐ-TTg of the Prime Minister approving the development strategy of textile and garment industry of Vietnam up to 2020.



### ***Collection of data***

Twenty in-depth interviews with factory managers, trade union representatives and workers were conducted at the three factories by using semi-structured questionnaires. Interviews with company managers and Trade Union representatives were conducted face – to – face at companies' offices. Interviews with workers were conducted confidentially via telephone outside working hours.

Approaching workers was more difficult than anticipated. A plan of meeting workers outside factory premises for face-to-face interviews was not possible as most workers did not finish work until dark and usually worked seven days a week. Contacts with workers were obtained through a network of friends who have connections with people in the factories' locations. Fifteen workers were approached and interviewed via telephone. Each telephone interview took about an hour and was normally conducted at late evening between 9 to 10 pm after the workers finished work and had come back to their accommodation.

Half of the interviewed workers were introduced by intermediaries and the other half was recommended by the workers themselves. For example, an intermediary introduces one or two workers in the factory of concern. From these workers, the researcher is introduced to other workers for interviews. This selection is not entirely random. However, this method provides a great level of trust between the interviewer and respondents from whom the researcher can obtain mostly trustworthy information.

### **Findings**

#### ***Which CoC are required to be implemented?***

The number of CoC that the garment companies have to comply with depends on the number and the type of customers these companies have. As the state-owned enterprise (SOE) and the domestic private enterprise (DPE) supply many customers, including well-known international brands, each company has to comply with about ten to fifteen sets of CoC. Half of their customers, including some EU and Japanese buyers, do not have CoC and do not implement any monitoring activity. Unlike SOE and DPE, the foreign owned enterprise (FOE) has only three customers and is subjected to three sets of CoC.

The table 1 (next page) shows a list of buyers with CoC. In total, twelve sets of CoC were provided by the three companies<sup>10</sup>.

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<sup>10</sup> Copies of CoCs were provided by factories' managers at the time of research between June-August 2008. The content of these codes may have been revised by the brands.



**Table 1**

Buyers\ Factories	SOE	DPE	FOE
Gap	✓	✓	✓
Wal-mart	✓	✓	✓
AEO		✓	✓
C&A		✓	
Timberlands		✓	
Levi Strauss	✓	✓	
Sears	✓	✓	
Kohl's	✓	✓	
Zara (Inditex)	✓		
Columbia	✓	✓	
Perry Ellis Int'l	✓		
Target Corporation	✓		

An analysis of the twelve different sets of CoC shows some variations in the required standards. For example, requirements of maximum weekly work hours and overtime vary from 60 to 72 hours with some exceptions. All twelve codes prohibit the use of child labour but apply different minimum ages, which range from 14 to 16. Only two codes specify some protection measures of women workers in terms of women's rights, job security, health and safety. Notably, standards in most codes are generally less strict than mandatory requirements in the labour law. Interviews with three factories' managers reveal that buyers have different ways of monitoring compliance. Some buyers audit suppliers' performance against standards in the labour law, which are generally stricter than what is stated in the CoC, while others check against standards in their own CoC. Frequency of monitoring varies between every 4 to 12 months.

Buyers have different audit schedules and can conduct factory visits at any time with or without notice. Suppliers must accept this condition although they are not very happy with the situation. A manager of SOE complains that sometimes the factory has ten audits in a week and for each audit they have to prepare almost forty types of records and documents to present to auditors. Each factory assigns at least one staff working full time on compliance related issue.

According to managers from the three factories, buyers are generally happy with their compliance. Some copies of audit reports were shown with comments from auditors that no serious violation of CoC standards is found. Minor corrective actions are recommended such as record keeping and signposts installation in the factory. Managers are proud of their factories' social performance which helps further the relationships with buyers. However, workers' experience about the implementation of CoC is rather different.

### ***How are labour standards implemented?***

Interviews with fifteen workers and two trade union representatives reveal that among the three factories, the FOE complies with most requirements in the labour law and buyers' codes. SOE and DPE fail to comply with many standards but have been deceiving auditors to pass audits. DPE also get national awards and certificates of merit for the social performance.

All interviewed workers are aware of CoC required by buying companies. The workers seem to be familiar with the existence of multiple CoC and frequent labour standards audits at the factories. "They [the codes] are all over places", as one worker puts it. Although experience

of CoC implementation is different in each factory, most interviewed workers do not think the CoC and the monitoring system implemented by buyers have sufficiently addressed their needs.

At the non-complied factories, SOE and DPE, workers view the CoC compliance as 'playing game' with auditors.

*'It is like playing a game ... (giggling). When we know they [auditors] are coming, we all scurry here and there to get things in order, tidy up our work place, remind each other of what to say to them. It is funny...(giggling)'* (a worker at SOE)

At the complying factory, FOE, workers claim that managers usually use the excuse of compliance to deny workers' requests such as pay increase and other benefits.

*They [managers] said they complied with the law, if we wanted more we'd better wait until the law was amended. We knew that kind of answers. The quickest way was to go on strike. I have been working here for almost five years. They never took initiative to increase pay for us unless the minimum wage is changed or we went on strike.* (a worker of FOE)

### **Work hours**

Workers at FOE, the factory which complies with the labour law, usually work 8 hours a day and have Sunday off. Occasionally workers are required to work overtime but this only lasts for a short period of time to complete orders. In contrast, workers at SOE and DPE work overtime of at least 700 hours per annum, more than double of what is allowed by law and also higher than buyers' standards. Regularly working hours are about 10 to 11 hours a day and occasionally workers can have one or two Sundays off a month.

At FOE female workers of seven month pregnancy and young workers between 15 and 18 years old only have to work maximum 7 hours a day. This standard is not explicitly required by buyers' codes but stipulated by the labour law. Nevertheless, this privilege is not applied in the two companies, SOE and DPE. All workers, regardless status, work the same number of hours.

The two companies have managed to hide the breach of working hours. At SOE, line managers often falsify records which are used to show to auditors. At DPE, there is a more sophisticated way of cheating. This company uses automatic timing system for checking attendance. This practice is highly appreciated by buyers as it is more difficult to falsify compared to hand written attendance cards. However, the company can still deceive by asking workers to check out in time, say, at 5pm or 6pm every day and then come back to work as normal.

### **Wage & benefits**

Working hours at the three factories do greatly affect workers' earnings. Although minimum wage applied to domestic companies is 20% lower than their foreign owned counterparts, workers at SOE and DPE have no worry about minimum wage. Their average earning is paid per piece and workers usually earn double or even triple of the stipulated minimum wage.

Unlike SOE and DPE, FOE pays workers a monthly wage which is slightly higher than the minimum wage. Workers are also paid overtime rates of at least 150%. Nevertheless, their basic salary is low therefore their overtime payment is not significant. In addition, workers at FOE do not have to work overtime very often. Therefore on average they earn significantly less than what workers at the other companies do. All interviewed workers at FOE express their disappointment about their low wage and ability to earn more.

### **Harassment and abuse**

Verbal abuse is common in all three factories, but it seems to be worst at FOE. At FOE, there is a strict regulation at work place that workers are not allowed to talk or walk around during working hours. Line managers strictly supervise workers' performance and often shout at them whenever they think workers are not working hard enough.

Sexual harassment is also the case at FOE, but most of the workers do not think the incidents are offending. All interviewed workers at FOE claim that sometimes they see foreign & Vietnamese male managers addressing and touching young female workers on factory floors but none of them see that as harassment. As the majority of line managers are Vietnamese females these cases are rare, however.

### **Discrimination & unequal remuneration**

Most interviewed workers do not know what discrimination means. In buyers' codes suppliers are requested not to discriminate against workers in terms of race, gender, religion, nationality, political stance or disability. These conditions are rarely applicable in garment factories in Vietnam since the majority of workers are women. There are almost no differences in race, religion, nationality and political stance among workers. Women workers at SOE and DPE even earn more than male workers for the same job as their productivity is higher.

However, the most common problem, which is not often specified in the codes, is that line managers often treat workers unequally. If a worker is favoured by a line manager, she will be given more benefits and less difficult jobs. At FOE, pregnant workers and workers with small children are paid lower bonuses and get nothing or very little salary increase compared to normal workers. This creates a great deal of problems in employment relations and even leads to strikes in some cases. According to a manager of FOE, unequal remuneration due to line managers' discretion is the most frequent complaint that the company hears from workers. Company managers in all the three companies view this as a 'non-avoidable' matter and that is a typical 'women issue'. Buyers do not seem to pay attention to this problem as it is not considered as a human rights matter.

Age discrimination is common practice in all three companies. Young and unmarried workers are favoured due to their obedience, relatively higher productivity and lower cost. In DPE factories, workers above 35 are asked to resign voluntarily or otherwise they will be transferred to do other work such as cleaning or packaging. CoC audits often focus on workers in production lines while much less attention is paid to other types of work in the factory. Auditors usually investigate discrimination among current workers but not those who have been forced to leave nor those who never have a chance to be employed.

### **Freedom of association and collective bargaining**

All three companies have officially recognized trade unions. Although the terms of reference for the trade unions are similar, each company has its own way of organising the trade union. At DPE, the chairman of the Trade Union (TU) is a vice director of the company. At SOE, the chairwoman of TU is the deputy head of the business department of the company while at FOE, the position holder is a nurse who is appointed by the company's manager. Regarding the function of TU protecting workers' rights and interest, most workers think that TUs at their factories are useless.

### ***What is the difference between compliance and non-compliance?***

Workers at DPE and SOE are found to be committed to their companies. In the interviews, these workers express their sympathy with the companies and they are willing to support their employers by deceiving auditors and inspectors. Workers want their companies to be able to get large orders from large buyers, which they believe will improve their income.

All interviewed workers in DPE and SOE reported that there is no compensation or punishment measure even if some workers failed to report positively. Workers are well informed about the result of audit reports, awards or sanctions by clients. Most workers feel they are responsible for a 'collective good' by saying positive things about the factory. Although workers are coached by managers and their colleagues, they are mainly 'learning by doing'.

*Auditors are getting smarter. They themselves select workers for interviews. They do not ask someone like me (smile), they ask young, fresh looking girls. These girls sometimes do not really know how to lie... so there it goes...(laugh). They'll make it better next time (a worker of DPE)*

Although FOE complies with most requirements of buyers' CoC and the labour law, workers are less happy than those in the other two companies. Workers do not have to work long hours overtime but they don't earn much either. They are subjected to strict discipline at the work place with high intensity of work load.

CoC protects workers from wage deduction punishments but does not safeguard the right to work. A worker from FOE describes a policy which does not seem to be the concern of CoC.

*'We are requested to be at the work place at least 10 minutes earlier than working time so we can be ready to start working in time. If I am late, they [the guards] will not let me in. That means I have to go home and get no pay for that day. One time I arrived early but I forgot my attendant card at home to check in. They did not let me in. So I had that day as a no pay leave' (a worker of FOE)*

Beside various complaints and disappointments, workers at FOE, however, appreciate that the CoC system has resolved one problem regarding the policy of 'toilet cards'. Before, the factory issued toilet cards for each production line, which includes about 30 to 35 workers. This limits the number of workers going to the toilet at one time and also limits the time they spend in there. After several buyers' audits, the company was asked to cease this policy.

### **Discussion**

The study at three factories reveals a remarkable fact, which shows that not only factory managers but also workers do not seem to appreciate the CoC initiative. There appear to be a high level of workers' willingness and commitment to support their employers in deceiving on compliance. There are two implications for this.

Firstly, the phenomenon of workers being supportive to the factories' managers to a large extent explains why intensive audits are unable to detect breaches. Most audits involve interviews with workers to verify labour practices in the factory. Some MNCs report that they also conduct off-site interviews with workers while others claim that they apply unannounced factory visits. These efforts are unlikely effective if workers are not willing to tell the truth.

Secondly, the experience of close collaboration between workers and manager in this study challenges the ethical intentions of CoC, which aims to empower workers against their employers. Findings learnt from this study shows that workers stand on their employers' side

to betray labour auditors. Unlike the experience from previous studies that workers obey their employers due to a fear of being fired or punished for non-collaboration (Smith et al., 2006; Welford and Frost, 2006; Egels-Zanden, 2007), this study found that workers share the same incentives as their employers. Workers believe they can be better off if the factories have larger orders and better prices.

The issue of compliance and its effects on workers' benefits and working conditions can be discussed from various perspectives. For example, one could argue that MNCs have not done enough to properly enforce the codes or support suppliers. Others may want to analyse the case from the management perspectives such as organisational culture and management styles of the factories influence the level of compliance and workers' welfares. In this paper I will discuss the findings from the workers' perspectives.

The codes aim to establish labour standards that would serve workers' interests. Although the principles of labour standards and workers' rights are widely accepted, compliance with CoC results in a certain trade off which workers may not wish to make. Workers, perhaps in the short term, have their own priority regarding working time and level of income. Findings from this study show that workers tend to prefer the choice of more earning rather than less working hours if they cannot have both. The enforcement of corporate CoC in the factories means workers have no choice but must accept the standards that are believed to be good for them.

Workers at the bottom of the supply chain are regarded as victims of unethical business practices and are suppose to be the beneficiaries of ethical trading initiatives such as CoC. While the former is rather obvious, the latter is far from certain.

The model of a 'complying factory' appears to have various problems that the codes fail to address. For example, the clause of '*working hours are not excessive*' protects workers from the number of hours but not the intensity of work within those hours. Since the work hours are capped, say not more than 8 hours a day, workers are under great pressure to work harder to complete the amount of work that may have been done in more than 8 hours.

The prohibitions of '*deductions from wages as a disciplinary measure*' create an incentive to transform the measure from 'deduction' to 'no wage at all'. What have been found at the FOE factory in this study shows that workers are punished for turning up to work late by a 'no pay leave' day, which is much worse than the deduction of thirty minutes or so of wage.

Compliance does not always mean better conditions to workers but rather implies 'low risk' to buyers. A recent study by this author at a number of UK retailers reveals that international buyers are well aware of workers' interest in working overtime. The CSR report of a giant retailer states a common problem in China and Southeast Asia factories that the majority of workers are found "happy to work long hours" to be able to save more money for their families in home villages (Next, 2005 p.12). However, to comply with the codes, workers are not allowed to work overtime. Behind the ethical concern about workers' health, there is an implicit understanding that it is too risky for brands' images not to stop the overtime practices.

The findings show that the enforcement of CoC seems to be counterproductive. Workers working at the factory with higher level of compliance do not seem to enjoy better benefits and conditions than those who work for factories with less compliance. Suppliers can be in compliance while still maintaining exploitative measures. The enforcement of CoC in this instance unlikely improves workers' life.

## Conclusion

This paper has presented a comparative study of CoC implementation in three garment factories in Vietnam. Results from the study show two different practices in complying with buyers' CoC. Two suppliers who fail to comply with the codes have supports from workers in hiding breaches. One supplier who complies with most of standards in the codes is not appreciated by workers. This paradox is because compliance results in a certain trade off between working time and income, which workers may not wish to make. In compliance, exploitative measures are not eliminated but are transformed to different formats, which in some cases is even worse. The author argues that complying with the current form of CoC does not necessarily mean workers will enjoy better working conditions and benefits. In contrast, workers' may support non compliance standards, since this may be more beneficial for them.

Although the study involves a small number of workers and factories, its findings can be the basis for a further research in the area. A larger scale of study, which may include the effects of CoC on workers' life beyond factories', may better examine the impacts of CoC.

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