

Research on Labour Rights Protection in Global Supply Chains

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Abstract: This paper analyses the issues of labour rights protection in global supply chains, exploring the current situation, problems, and solutions. It begins by presenting global labour mobility data and the current state of labour protection, noting that many countries, despite signing the International Labour Charter, face challenges in its implementation. The study reveals the severity of labour rights violations in global supply chains and their impact on individuals and society. Furthermore, it examines the problems and causes of labour rights protection from the perspectives of host countries, home countries, and companies. The research emphasizes the importance of protecting labour rights for global economic sustainability and calls for joint efforts to improve the situation. By addressing these issues, the paper aims to contribute to the development of more effective protection mechanisms and promote fair and sustainable practices across global supply chains. It also highlights the need for enhanced cooperation among governments, international organizations, and businesses to establish robust legal frameworks and enforcement mechanisms. The study suggests that through comprehensive reforms and a commitment to ethical practices, stakeholders can work together to create a more equitable global economy where labour rights are respected and protected.

Keywords: Global Supply Chain, Labour Rights Protection, Sustainable Development

1. Introduction

In the era of economic globalisation, the growth of multinational corporations and global supply chains has intensified the flow and complexity of labour worldwide. While this has brought growth and employment opportunities, it has also posed serious challenges to labour rights protection. The expansion of global supply chains enables companies to seek optimal production conditions globally, reducing costs and increasing efficiency, yet many workers face exploitation and unfair treatment.

In 2023, there were about 232 million international migrant workers globally, many in low - skill jobs vulnerable to exploitation and discrimination, e.g. [1]. The global supply chain, a \$47 trillion economic network, e.g. [2], shows significant spatial differences in labour rights protection. In manufacturing, 32% of assembly line workers in Southeast Asia's electronics industry suffer from musculoskeletal disorders, e.g. [3]. In mining, child workers in the DRC's cobalt mines have lead levels exceeding standards by 12.7 times, e.g. [4]. In 2023, 67% of EU textile recalls were due to forced labour in supply chains, e.g. [5] reflecting the ineffectiveness of labor protection measures of multinational corporations in the current global supply chain.

Currently, labour rights protection mainly relies on domestic laws and international conventions. Though numerous countries have ratified the International Labour Charter, disparities in economic development and legal systems lead to varied protection outcomes.

Table 1: Comparison of labour Rights protection indicators

Indicator	EU Members	Southeast Asian Countries	African Countries
Minimum Wage Coverage	98%	64%	29%
Work - Related Injury Recognition Period (months)	6.2	18.7	34.5
Collective Bargaining Rights Implementation Rate	89%	41%	17%

(Data Source: ILO Global Database, 2024)

As can be seen from the table, there are certain gaps between developing countries and developed countries in all indicators of labor rights protection. EU members, with high collective bargaining rates (89%) and enforcement efficiency, better protect labour rights. In contrast, Southeast and African countries, with lower minimum wage coverage (64% vs. 29%) and longer injury recognition periods (18.7 vs. 34.5 months), show significant protection gaps. These gaps are exploited by multinational companies: host countries weaken labour protection through "special economic zones", home countries turn a blind eye to overseas behaviour due to legal limitations, and companies dodge responsibility via subcontracting chains and soft laws.

Thus, enhancing the protection of labour rights in global supply chains is crucial. On the one hand, The complexity and transnational nature of global supply chains exacerbate labour rights issues, necessitating in - depth research and discussion at multiple levels. It is essential to improve legal regulation from the perspectives of the home country, the host country, and the multinational corporations themselves through binding legal intervention. On the other hand, These legal loopholes indicate that the labour rights crisis is a structural failure of global governance, urgently needing transnational cooperation.

This study focuses on this issue, using literature research and case analysis, and compares labour rights protection across countries to propose improvements for a more effective protection system.

2. Current Situation and Problems of Global Labour Rights Protection

Labour rights violations in global supply chains are not random but result from systemic governance failures of multinational companies, host countries, and home countries. Multinational companies, as supply chain drivers, ignore labour rights due to low transparency and audit failures. Host countries, under economic pressure and cultural - educational constraints, sacrifice labour rights to attract foreign investment. Home countries, limited by extraterritorial legal frameworks and enforcement mechanisms, fail to effectively regulate multinational companies' overseas behaviour. The combined effect of these failures worsens labour rights protection in global supply chains, a deep - rooted contradiction in globalisation.

2.1. Multinational Corporations: Systemic Intransparency and Responsibility Gaps

As the core drivers of global supply chains, multinational corporations significantly influence labour rights protection through their governance and decisions. However, the multi-tiered structure and cost-priority strategies of supply chains often lead them to shift social responsibilities to downstream suppliers that are hard to monitor, causing labour rights issues to fester. This arises from both insufficient supply chain transparency and ineffective auditing mechanisms, preventing companies from fulfilling their legal and moral duties.

2.1.1. Insufficient Supply Chain Visibility: Structural Fragility

Modern supply chains are highly complex, involving geographically dispersed multi - tier suppliers. This complexity makes it difficult for companies to monitor labour rights at lower - tier levels. For example, the ILO's 2022 report indicated that 60% of electronics manufacturing involves fourth - tier or higher supply chains, with critical components often coming from unregistered small workshops, e.g. [6]. These workshops, outside company audits, become hotspots for labour rights violations.

Subcontracting further worsens transparency. HRW's 2023 investigation into Bangladesh's garment industry found that 73% of labour rights cases occurred in unauthorised subcontractors, while brand audits only covered direct suppliers, allowing lower - tier infringements to go undetected, e.g. [7]. This is prominent in fast fashion and agriculture, where cost - cutting pressures drive outsourcing to informal networks, weakening oversight.

2.1.2. Audit Failure: Systemic Responsibility Gap

Auditing mechanisms for ensuring labour standards compliance are often formalities. The core issue is methodological flaws: most audits rely on supplier - provided documents for desk reviews or limited on - site checks via predefined checklists. Transparency International's 2021 report revealed that 85% of garment industry audits excluded worker interviews, missing key labour rights issues, e.g. [8]. Also, conflicts of interest undermine audit fairness. For instance, The Economist's 2022 investigation exposed palm oil suppliers forging wage records to meet certification requirements, with audit firms turning a blind eye due to being paid by suppliers, e.g. [9]. This highlights the urgency of independent third - party oversight.

2.2. Host Countries: Institutional Defects and Structural Barriers

As the direct operation sites of multinational companies, host countries' policies and social conditions greatly affect labour rights protection. However, economic pressures, institutional capacity shortages, and cultural - educational limitations often make them breeding grounds for labour rights issues.

2.2.1. Economic Pressure: Compromising Labour Standards

In the global "race to the bottom" mechanism, host countries often sacrifice labour rights to attract foreign investment. For example, Bangladesh's garment industry, to maintain a cost advantage in global supply chains, long - term condones factories violating minimum wage laws. The ILO's 2023 report showed that nearly 40% of garment workers in the country did not receive the statutory wage, and trade union activities were frequently suppressed, e.g. [10]. This reflects both the short - sighted policies of host country governments and the systematic marginalisation of labour rights in the global economic system. Similar problems exist in Southeast Asia's agriculture and mining sectors. For instance, Indonesian palm oil plantations control labour through debt bondage, and host country governments often turn a blind eye to infringements to meet multinational company demands, e.g.

[11]. This regulatory failure, driven by economic dependence, highlights the need for international cooperation to rebuild labour rights mechanisms.

Further analysis shows that host countries' economic pressures not only stem from multinational company investment demands but are also influenced by international financial institutions' structural adjustment programmes (SAPs). The World Bank and IMF often impose loan conditions such as cutting labour inspection budgets and social welfare spending. For example, Egypt's 2019 IMF loan agreement led to a 25% reduction in labour inspection budgets and a 25% increase in labour rights cases, e.g. [12]. The interplay of external pressures and internal economic needs puts host countries in a dilemma between "development priority" and "rights protection".

2.2.2. Institutional Capacity Shortages: Ineffective Law Enforcement and Regulation

The weakness in host countries' labour rights protection systems is evident in both legal framework defects and systemic enforcement and regulatory capacity shortages. The core problem is the lack of law enforcement resources. For example, in Mexico's export processing zones (Maquiladoras), the ratio of labour inspectors to workers is only 1:50,000, much lower than the ILO - recommended 1:10,000, resulting in only 12% of factories being inspected for compliance, e.g. [13]. This resource shortage renders laws ineffective, allowing multinational companies to evade responsibility through subcontracting chains.

The inefficiency of judicial relief mechanisms further complicates workers' rights defence. In Guatemala, the average backlog period for agricultural labour tribunals in 2023 was 4.5 years, with only 15% of workers eventually compensated, forcing most victims to abandon litigation, e.g. [14]. This judicial delay weakens legal deterrence and allows infringements to persist.

Regulatory corruption and capacity shortages are additional barriers. Nicaragua's 2022 labour ministry survey found that 31% of labour inspectors admitted to accepting bribes from companies to cover up violations, and regulatory agencies couldn't conduct independent investigations due to budget shortages, e.g. [15]. This corruption leads to policy enforcement failures, creating a vicious cycle of "law idling".

Moreover, technological backwardness limits regulatory effectiveness. Colombia's government launched a "Digital Labour Inspection Platform" in 2021, but due to lack of training and infrastructure support, only 30% of inspectors could use it proficiently, resulting in less than 40% coverage of cross - regional supply chain monitoring, e.g. [16]. The combination of technological gaps and institutional inertia highlights the urgent need for host countries to rebuild labour rights mechanisms through capacity building.

2.2.3. Cultural and Educational Limitations: Deprivation of Rights Awareness

Poverty and educational resource shortages limit workers' rights awareness, worsening labour rights protection. For example, in India's textile industry, low - caste rural women, lacking basic education, are forced into the "Sumangali Scheme", accepting low wages for future dowries, essentially becoming contract labourers, e.g. [17]. This shows that host countries fail to break the poverty cycle through education and social security, instead deepening the vulnerability of labour groups through structural discrimination. Host countries urgently need to embed a long - term human rights perspective into economic planning to break the "development - exploitation" vicious cycle.

Also, cultural traditions and social structures exacerbate labour rights issues. Caste discrimination in South Asia puts low - caste groups at a systematic disadvantage in education, employment, and welfare, making them primary targets for exploitation, e.g. [18]. These cultural hierarchies blur workers' rights awareness and breed collective tolerance for infringements. Host countries need to

prioritise educational reform and cultural transformation to dismantle structural barriers to labour rights.

2.3. Home Countries: Ethical Dilemmas and Institutional Failures in Extraterritorial Regulation

As the registration and capital source countries of multinational companies, home countries should legally and politically constrain companies' overseas behaviour. However, regulatory mechanism defects allow labour rights issues to persist.

2.3.1. Extraterritorial Legal Frameworks: Formalism and Substantive Gaps

Most home countries' laws, limited by the principle of territoriality, have weak extraterritorial effects. For example, the US Foreign Corrupt Practices Act (FCPA) has extraterritorial jurisdiction to combat cross - border corruption but rarely involves labour rights protection. The EU Non - Financial Reporting Directive requires companies to disclose supply chain risks but lacks enforcement mechanisms, making compliance a "paper exercise", e.g. [19]. These legislative defects reflect home countries' double standards: shaping a moral international image while avoiding substantive responsibilities.

Germany's 2021 Supply Chain Due Diligence Act is an example. It requires companies to assess human rights risks in global suppliers but exempts small and medium - sized companies with annual revenues below €400 million, covering less than 30% of companies, e.g. [20]. This "selective regulation" prioritises domestic economic interests, severely weakening legal effectiveness. Jurisdictional ambiguity further hinders extraterritorial law application. In the 2022 Vedanta Resources PLC v. Lungowe case in the UK Supreme Court, Zambian villagers accused the British mining company of labour rights violations, but the court delayed the trial due to jurisdictional disputes, denying victims timely redress, e.g. [21]. These legal loopholes provide institutional breeding grounds for companies to evade responsibility, urgently needing international judicial cooperation to clarify extraterritorial jurisdiction rules.

2.3.2. Enforcement Mechanisms: Political Economy - Driven Inertia

Even with extraterritorial laws, home country enforcement agencies often underperform due to resource limits or political pressures. The Vedanta case reveals deep - seated contradictions: multinational companies have structural influence in domestic politics through economic contributions, while labour victims, geographically and power - imbalanced, struggle to initiate legal proceedings. Australia's practice is also typical. Its government repeatedly cited "respect for host country sovereignty" to refuse investigating labour rights accusations against its mining companies in Papua New Guinea, e.g. [22]. This "de - politicisation" strategy is essentially home countries' and companies' collusive interest - based regulatory absence.

Moreover, home countries face dual political - economy pressures. On one hand, multinational companies influence legislation and law enforcement through lobbying and political donations. On the other hand, governments maintain global competitiveness by adopting "double standards" in human rights law enforcement. For example, the US loudly emphasised labour rights protection in the Trans - Pacific Partnership (TPP), yet loosely regulated overseas infringements by its companies, e.g. [23]. These pressures make it difficult for home countries to take substantive actions on labour rights protection.

3. Solutions

3.1. Multinational Corporations

To address the issue of labour rights protection in global supply chains, multinational corporations must take proactive and comprehensive measures. Specifically, they should establish a comprehensive labour rights protection supervision system for suppliers, conduct regular audits, and link results to cooperation opportunities to improve labour rights.

Firstly, multinational corporations should set up effective supervision systems to oversee suppliers, ensuring compliance with international labour standards and local labour laws. Regular audits focusing on labour rights should be conducted, with results directly impacting suppliers' cooperation chances, motivating them to enhance labour rights protection.

Secondly, leveraging modern technologies like blockchain and big data, companies can build transparent supply chain management systems. This enables real - time monitoring and information tracing of raw material procurement, production, and logistics, making labour rights situations visible and facilitating supervision by all parties.

Lastly, for multinational corporations whose poor management or intentional violations cause serious labour rights issues in supply chains, legal responsibilities should be pursued. Stricter penalties, including economic compensation and administrative punishments, should be imposed to raise the cost of violations, compelling corporations to prioritise and fulfil labour rights protection duties.

3.2. Host Countries

To better protect labour rights in the context of global supply chains, host country governments play a crucial role. They need to improve labour rights protection through legal and regulatory enhancements, stricter enforcement, and educational efforts.

First of all, host country governments should, based on their national conditions, draw on international labour standards and advanced experiences to formulate and refine labour rights protection laws and regulations. Clearly define the rights and obligations of workers as well as the responsibilities and obligations of employers, fill legal vacuums, and eliminate legal loopholes, providing a solid legal foundation for labour rights protection.

Moreover, establishing a professional labour inspection team to intensify supervision over enterprises, especially foreign - funded and export - processing ones. Regular special inspection campaigns should be launched to severely punish violations of labour rights, with penalties including fines and business licence revocation, to uphold legal authority and fairness.

In addition to legal and enforcement measures, education and training are equally important. Through government - led initiatives with social participation, labour rights education and training should be widely carried out. This will enhance workers' legal, rights awareness, and self - protection capabilities, empowering them to understand their rights and seek redress when violated. Additionally, provide employers and management with relevant legal training to strengthen their compliance awareness and sense of responsibility.

3.3. Home Countries

To address the responsibilities of home countries in protecting labour rights within global supply chains, it is essential that they enhance extraterritorial legislation and jurisdiction, assess multinational corporations' overseas behaviour, and strengthen international judicial cooperation.

To begin with, home country governments should transcend the territoriality principle, refine extraterritorial jurisdiction laws, and clarify multinational corporations' legal responsibilities and

obligations in overseas operations. Expand the applicability and jurisdiction of laws to effectively regulate multinational corporations' global supply chain behaviour, ensuring compliance with international labour rights standards and local laws.

Furthermore, home country governments should set up special agencies or entrust third - party organisations to regularly assess and supervise multinational corporations' overseas labour rights protection. Require companies to periodically submit reports on overseas supply chain labour rights protection, subject to strict review, with timely warnings and rectification demands for non - compliant enterprises.

Lastly, home countries should actively cooperate with host countries and other relevant countries to jointly formulate jurisdiction rules and applicable principles for multinational corporations' labour rights protection. Establish information - sharing platforms and joint law enforcement mechanisms, and strengthen collaboration in cross - border litigation, evidence collection, and judgment enforcement. This international synergy can effectively resolve legal conflicts and enforcement challenges in multinational corporations' labour rights protection, providing stronger judicial support for global supply chain labour rights.

4. Conclusion

Protecting labour rights in global supply chains is not merely a moral imperative but a fundamental necessity for achieving sustainable and equitable global development. This research has comprehensively examined the intricate dynamics that lead to the violation of labour rights, revealing a complex interplay of factors involving multinational corporations, host countries, and home countries. The findings indicate that the current global governance structure is insufficient to address these challenges effectively. The proposed solutions, including the establishment of comprehensive legal frameworks, strengthening enforcement mechanisms, and enhancing international judicial cooperation, offer a pathway towards a more robust protection regime. However, the successful implementation of these measures requires a fundamental change in the approach to globalization. Governments must recognize that economic growth should not come at the expense of workers' well-being. Multinational corporations need to adopt a more ethical stance, understanding that their actions have far-reaching impacts on communities and individuals. Consumers also play a crucial role by making informed choices that support fair labour practices. International organizations should facilitate dialogue and cooperation among nations, helping to establish global standards and monitor compliance.

The protection of labour rights is not a hindrance to economic progress but a foundation for building a more just and sustainable global economy. By ensuring that workers' rights are respected and protected throughout the supply chain, we can create an economic system that benefits all stakeholders and fosters a more equitable distribution of globalization's rewards. The journey towards this goal will be challenging, but it is a necessary endeavor that requires the collective effort and commitment of governments, international bodies, businesses, and consumers worldwide.

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