



Working Conditions and Factory Survival: Evidence from Better Factories Cambodia

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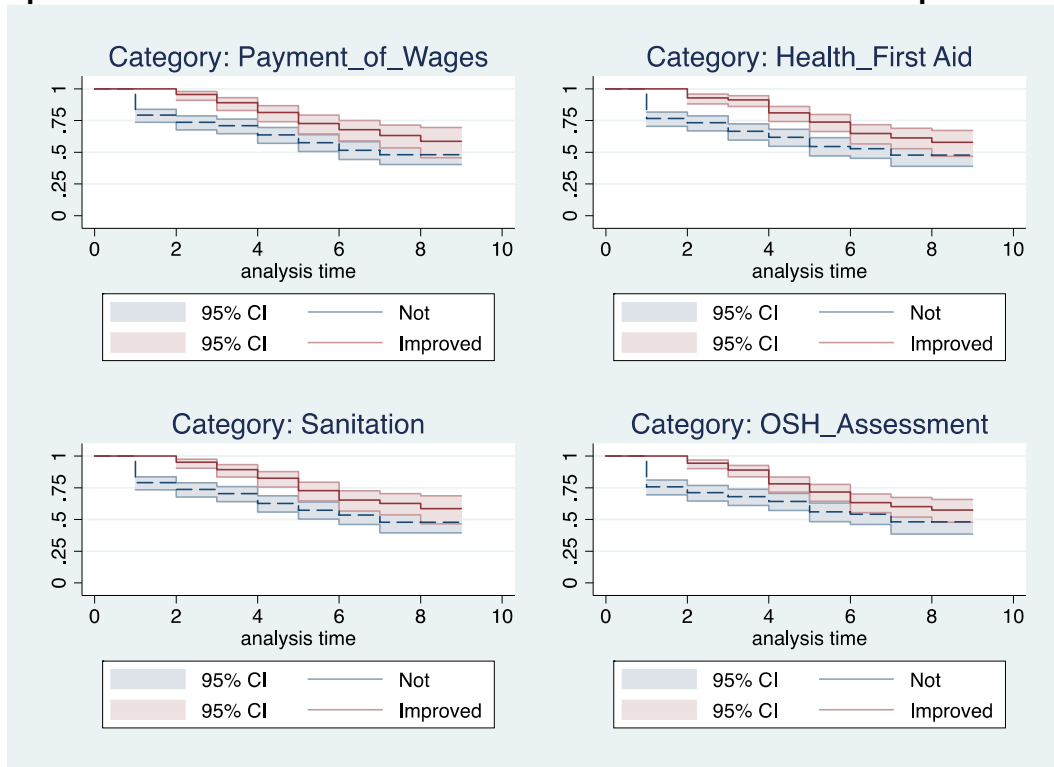
Abstract:

A large and growing literature has identified several conditions, including exporting, that contribute to plant survival. A prevailing sentiment suggests that anti-sweatshop activity against plants in developing countries adds to the risk of closure, making survival more difficult by imposing external constraints that may interfere with optimizing behavior. Using a relatively new plant-level panel dataset from Cambodia, this paper applies survival analysis to estimate the relationship between changes in working conditions and plant closure. The results find little, if any, evidence that improving working conditions increases the probability of closure. In fact, some evidence suggests that improvements in standards relating to compensation are positively correlated with the probability of plant survival.

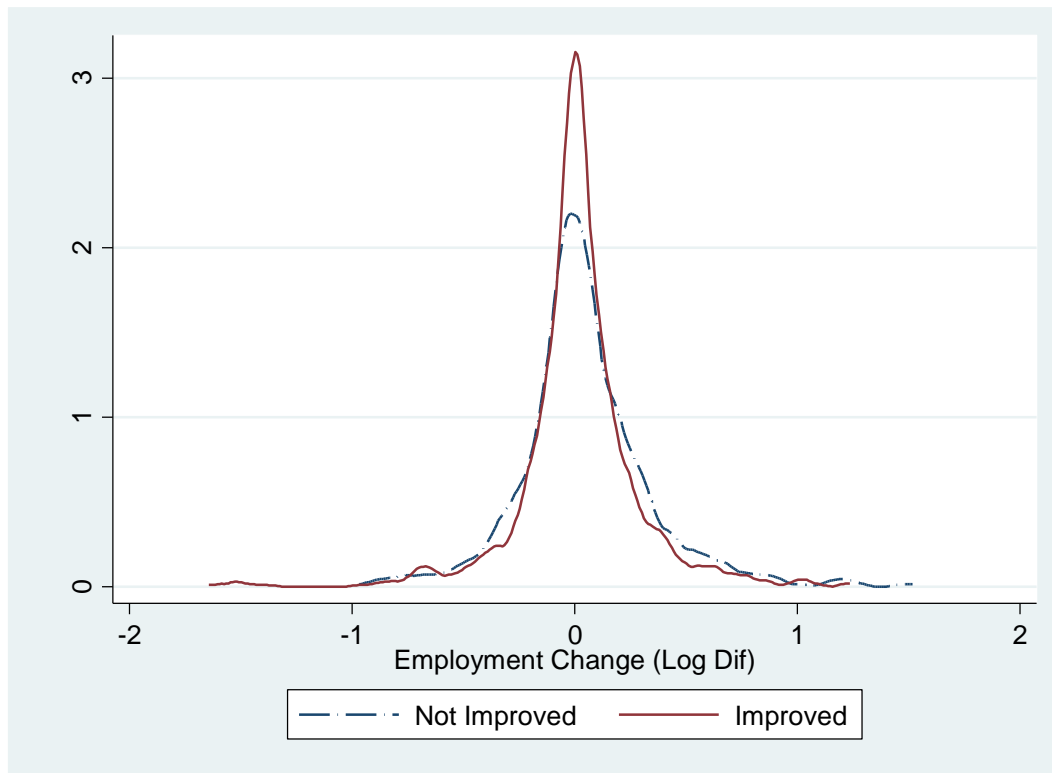
Keywords: Working Conditions, Apparel, Sweatshops, Plant Survival, Closure

JEL Codes: J8, J5, J3

Disaggregated Kaplan-Meier survival functions between factories that improved compliance between the first and second visit for a selection of compliance areas



**Change in Employment by Second Visit Improvement
Group: Compensation**



Notes: Compensation working conditions are defined in Table 5. The distributions are the kernel density estimates of the visit-to-visit difference in log employment.

