

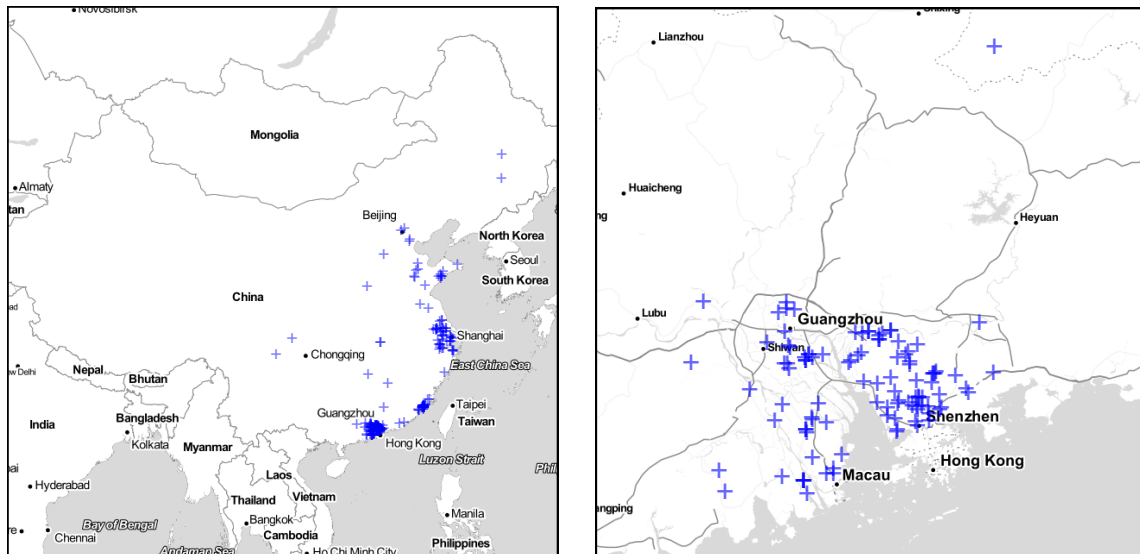
# Ethical Labor Certifications and Exporter Performance: Firm-level Evidence from China

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Ethical labor certifications seek to address concerns about a race to the bottom in global labor standards. In theory, certification allows exporters in countries with poor labor protections to signal they observe minimum labor standards, thereby increasing their attractiveness to reputation-sensitive trading partners. However, there is minimal evidence on whether labor certifications actually play this role. This study analyzes the effects of labor certifications on exporter performance in contemporary China, which is both the top global exporter of manufactures and a highly labor-repressive political regime. We offer the first study the effects of ethical labor certifications by linking records of Social Accountability International's SA8000 certification (Figure 1) to eleven years of industrial microdata in China. Using matching procedures to identify a counterfactual group of exporters that never obtain certification, we report panel estimates of the certification's impact on a range of firm-level outcomes, including wages, total sales, and exports. The results have implications for the literatures on trade and labor standards and the role of private institutions in reducing information asymmetries in trade.

Figure 1. SA8000 certification-seekers in China



Notes. SA8000 certification-seekers in China (left) and detail around Guangzhou (right).