

Ethical Issues in the Fast Fashion Industry

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Abstract: Fast fashion is becoming more and more popular nowadays and this industry is growing rapidly. In order to supply to the big demand of fast fashion clothing, company will need to increase the production of the clothing in shorter time frame. Besides that, to out beat the competitor, company will provide more choices of clothing in cheaper price to the customers. By practicing these actions to increase the business profits, company is behaving unethical to the manufacturer of the cloth. Most consumers are not aware of these ethical issues. This paper is will used and tested the conceptual model of fast fashion business ethics based on literature reviews. The finding from this paper will manifest the “real cost” of a cheap and branded fast fashion clothing and will be supported by real life event that happened. However, after realizing the problems, some company did make some changes and the solutions are stated in the paper as well.

Key words: fast fashion; business ethics; corporate social responsibility

JEL codes: I18, L21, M14

1. Introduction

The term “fast fashion” refers to low-cost clothing collection that is inspired by current luxury fashions trends. It is also a term used by fashion retailers to represent the fast going trendy fashion in clothing industry. Most of the fast fashion clothing designs idea came from the most recent fashion trends that will be seen or shown in the Fashion Week, mostly in autumn or spring in the year. Some examples of fast fashion retailers are Zara, H&M, Forever 21, Gap etc.

Fast fashion retailer is growing rapidly in the global industry now and this trend is not slowing down anytime soon. For example, H&M opened more than 200 new stores in the fall of year 2015 alone which is equal to about 3 stores per day (Milnes, 2015). Currently, H&M has 3675 stores globally (Brooke, 2015).

Why is fast fashion industry so successful? The logics is pretty simple, would you spend \$100 on a “special” item when you can get an identical items for less than \$30? Especially when you are a teenager who you are still financially rely on your parents.

Let’s put it in a scenario: You have a \$100 to spend in the small, would you go to big box store like Nordstrom to get an item for close to \$100 or get a bagful of goodies at a bargain price? Nowadays, peoples always dress up according to the trends especially the teenage so they will not be the “outstanding” person in the group. In order to dress up to date, fast fashion retailers will be the best choices for them to shop for clothing.

The main target market of the fast fashion company will be younger consumer like generation Y and millennial. Fast fashion helps teenagers to satisfy their desire to have on-trend luxury-brands-like goods. Most of

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the people in this age group are not financially independent; the retailers will need to set the price for their clothing in an affordable pricing. In order to offer low price and yet to still earn profits, fast fashion company will choose to manufacture their products in developing country like China, India, Bangladesh etc. because these countries could offer them a pretty low price and quicker turn around compare to manufacturing their product in developed country.

Behind all these cheap and cute clothing that consumers are purchasing; a lot of people from around the globe are suffering and living in a really hard condition. There is always a payback for getting these fast fashion clothing but the person who pay it is not the consumer, not the fast fashion retailers but the manufacturer in the third world countries.

In this paper, we are going to discuss about the ethical issues of the manufacturer in developing country and the solution that has been taken to solve these issues.

2. Purpose of Study

This paper is to examine the ethical issues that exist in the fast fashion industry globally especially the garment factory in developing country.

3. Research Question

In this paper, we are going to look at different ethical issues that exist in the fast fashion industry globally. These ethical issues include wages of the garment workers that work for fast fashion contractors, the working conditions in the factory itself, and employment of child labor in developing country that involve garment factories and also the social effect towards the environment and the villages around the factory.

4. Literature Review

4.1 Employee Wages

As we know that the standard wages of developing country is relatively low. Most of the garment workers who manufacture the fast fashion clothing are often underpaid. It is hard to justify if the worker is underpaid or not because it's all depends on the local condition. Some General Manager argue that at least the people in developing country has a job even though their pay is low, this condition is better than those who do not have a job (Joergens, 2006).

China used to be the most famous manufacturing country but with the increasing of pay, companies are now looking for alternatives developing country (Fredrikson, 2015). Now, Bangladesh is one of the most popular developing countries where fast Fashion Company like to source out the manufacturing process to. 80% of the country exports are about apparel. According to Wall Street Journal, the Bangladesh garment's sector wages are among the in the region compare to China, Vietnam, Cambodia, Indonesia and India. Garment factory bosses in Bangladesh offered only 3600 taka per month which is equivalent to about \$45 (Maxwell, 2014) even though the minimum wages that is set nationally by National Wage Board is 5300 take which is about \$68 per month for entry level garment factory worker (Karim, 2013).

India will be the next country where fast Fashion Company like to source out their production to. At the year of 2009, the National Floor of Minimum wages rises to Rs100 per day. Starting from July 1, 2015, the minimum

wages had been raised to Rs 160 per day which is about Rs3200 equivalent to \$48. Even though this minimum wages is empowered by the government but it is still vary from the city (Paycheck, 2015). In Cambodia, the average garment and shoes industry are offering about \$128 per month for their worker (Wageindicator, 2016). While in China, the wages are ranges from RMB 900 to RMB 1800 depending on the cities you are working (Wageindicator, 2016).

In January 2014, Cambodian garments workers were protesting to get a raise for their wages at the Canadian industrial park in southwestern Phnom Penh where this area has a lot of garment factory. The protestors were throwing rocks and setting up fire on the road. The police force then fired on the protestors and causing 4 deaths. (Mullen, 2014)

As we know that the common working hours is 5 days a week, 8 hours per day whatever extra time that we work will be considered overtime and we shall receive overtime payment. Unfortunately, this overtime payment system is not happening in developing country garment factory. Most of the time, employees will take advantage of the workers. They will set a relatively high target or quotas to the garment workers and they need to reach the targets/quota in order to get paid. If they are not able to reach their target, they will be forced to stay longer to work in order to fulfill the target (Maxwell, 2014). No overtime payment will be paid to them.

Moreover, women workers that are working in garment factory have been denied for paid maternity leave which is an unethical way of doing business. Also, the employers sometimes will not pay the wages and promised bonuses to the workers. Workers are not able to voice this out because whoever that voice this out will suffer more (Watch, 2015).

4.2 Child Labor

Child labor has become a concern issue to the public (Kim et al., 2013). In year 1995, about 73 million childrens between the ages of 10 and 14 are working worldwide. Since year 2000, number of child workers are decreasing but the number is still alarming. About 85 million of them are working in hazardous working environment. There are about 55 million of children aged between 5 and 14 in India working as full time employees and some of them are even sold into labor slavery (Maxwell, 2014). Asia has the most child workers followed by Africa and Latin America.

Working in garment factories does not require a high education or skillful experience; this means that even children are able to do the work as normal adults. Employers like to hire children workers because they are easier to control compared to adults. They will obey whatever their employer tells them to do. Most importantly, children workers get paid less and they can produce almost the same amount of work as an adult. In this way, the employer can cut down cost and gain more profits.

Besides that, some jobs are more suitable for children than adults. For example, in cotton picking jobs, employers would prefer to have children work for them rather than adults because children have smaller fingers so that when they are picking the cotton, they will not damage the crop (Moulds). Children are often more careful in this kind of job compared to adults.

Some would argue that it is better to have children work the whole day instead of wasting their time hanging around and doing nothing; while others argue that it will be better for children to work in a factory rather than seeing them beg on the street because the former will be safer (Joergens, 2006).

4.3 Working Condition

Factory is the place that workers spend most of their time staying in but the working condition provided by the employers are in really bad condition. The factories in countries that care more about production and profits

are often putting workers safety in danger in order to maximize the turnaround (Maxwell, 2014). Most of the buildings are old and do not equipped with first aid kits. The machinery in used were old and do not have regular maintenance to keep them safe. Besides that, these factory often use extension cord to connect the electric current for their machinery from 1 power slot which is action is definitely not compliance to the federal safely law.

In 24 April, 2013, and unfortunate accident happened that caused about 1130 dead and 2500 injured. Rana Plaza, one of the garment factories in Bangladesh collapsed. This is known as the deadliest garment-factory accident in the history. This building was not only a garment factory but also contains bank, apartments and some other shops. The day before the accident happen, the workers realize there is a carks in the building and even a TV channel recorded the footage. After the discovery of the crack, the building was evacuated. The bank, apartments and shop at the lower levels were closed for safety purpose. Later in the day, the owner of the building Mr. Sohel Rana told the media that this building was actually safe to work and urge his workers to return to work the next day. Of course, most of the workers are refuse to return to work but they were blackmail by the owner saying that if they do not return to work, they will get fired. Sadly, the garment workers are forced to go back to work and the building collapsed during the morning rush hours (Yaedley, 2013). This accident can be avoided since there is a warning before the thing get worst but the employer only care about the profit but not the safety of his worker.

In order to help in reducing child labor issue, Gap Inc is working with NGOs in developing country along with government officials, the owner of the factory and trade union especially those country that they source out they manufacturing country to achieve holistic solution for child labor issues (Arrigo, 2013).

Besides the poor structure of working condition, workers are working in high pressure due to the rising of orders. Workers have a target to hit every day and this target is set way higher than a standard regular healthy worker can produce. If they are not able to complete their task, they will be verbally abused by their supervisor or even physically abuse. Even so, they do not have a proper department to report this problem to and they can only take this problem to their own.

A spokesman from Gap Inc said they will monitor if the manufacturing factory is in compliance with the code for working conditions under the Monitoring and Vendor and Development program which helps factories improve safety conditions (Arrigo, 2013).

Since the accident of Rana Plaza, thousands of factories have been checked to make sure there aren't any structural problems and this resulted in dozens of factories shutting down or having to refurbish due to failing the inspection.

4.4 Environment

Consumer often only pay attention to what they wear, how much does it cost and how is it feels to their skin but forget about what is unhealthy for the environment. In developing country, factory does not have advance technology that can filter the vapor that produce by the factory. They will direct release the vapor to the air and cause air pollution. The waste materials that produce by the garments factory are not only causing environmental pollution but also puzzling the villages around the factory.

Factories often dumped the abundance chemicals into the nearest river or sea and this caused water pollution. About 8000 synthetic chemicals are used globally in order to turn the raw materials into textile. 17% to 20% of the industrial water pollution are coming for the treatment and dyeing of textile (Jackson, 2014). In China, water pollution is an issue. There are about 72 toxic chemicals in the water of China are from the textile dyeing process (Risk, 2011).

In India, the use of fake pesticides in the cotton farm is causing soil pollution. The farmers do not know that the pesticides they are using are fake and this will cause soil contamination and cutting the crop yields (DAS, 2015).

4.5 Social

The use of pesticide is common but the health of the workers who spray the pesticides have been ignored in the past year. Pesticides contain chemical that will harm human body in long-run. In developing country, owner of the cotton farm will buy low quality pesticides to spray on their cotton farm and most of the workers that work in the cotton farm were not educated. They do not follow the safety instruction when they were spraying the pesticides. They don't even wear mask when they were working in the farm. They will inhale the toxic chemical and in a long run, this chemical that they inhale will cause cancer.

Also, the most common skin disease that they will get infected is Irritant Contact Dermatitis (ICD). ICD is caused by the direct contact of irritant substances such as pesticide in this case to the surface of their skin and the syndrome is redness on the skin. It will cause a burn to your skin. In a long run, the villages will be infected with skin diseases and led to massive rise in cancer rate. This can also lead to birth defects.

Kanpur, India is famous for its leather industry. A lot of big company are manufacturing their leather goods from here but at the same time, this city is not highly polluted and affecting the villages' life. Each day, the tanneries are delivering the toxic waste to the Ganges River. This River is the main source of water for the villages but now it is polluted (Mukherjee, 2013). The waste from the factories is laced with highly toxic and acidic chemicals which will create a layer of foam when it goes through a small sluice gate. This waste will then en route to local farmland and Ganges River.

5. Solution

Wages issues were also the hot topics. Government starts to raise the minimum wages and this was discussed in the literature review. In Cambodia, David Welsh who is the Cambodia program director for Solidarity Center and also a nongovernmental organization affiliated with the U.S.-based AFL-CIO labor group is helping the Cambodian to call for minimum wages for the local garment workers to raise from \$128 per month to \$177 to support a standing living. Representative from Gap Inc. which is one of the fast fashion retailers say they have already urged the Cambodian Government about the wages concern. A spokesman from H&M also says that they are willing to increase the price they pay the manufacturer in order to help providing higher wages to the local garment workers (Wright, 2014).

After the Rana Plaza accident, the public are more aware of the serious poor working condition of the garment workers and fast fashion retailers were put in blame that they are one of the indirect cause that led to this kind of accident. Fast fashion retailer, Primark were defending themselves by saying this is not the western fast fashion clothing fault but the competition in developing country that provoked this issue. The factory tried to save cost by not providing a better working environment.

In order to help improve the condition of the garment factory, Primark, H&M and Marks & Spencer agreed to contribute \$500,000 per year towards the strict factory inspections, maintaining and install the fire safety measure for the building (Butler, 2013).

6. Conclusion

The price we pay for the fast fashion clothing is not the actual price of how we get the end products. A lot of

blood and sweat or even life that we might not see is involve in it. It is always a debatable issue if the consumer should give up the benefits of paying less in getting nice cloth to support the leaving of the garment worker back in developing country. Even if consumer do not think want to sacrifice of what they are having now but it is very important to spread out this message to the public and raise the awareness of poor working condition, low wages, child labor and environmental issues that is happening in developing country where the garment factories are located at so that we can have some solution to reduce these issues.

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