

Institution: University of Leicester		
Unit of Assessment: 17		
Title of case study: Improving ethical trading practices in the UK fast fashion industry		
Period when the underpinning research was undertaken: June 2014–November 2014		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): 1) Dr Nikolaus Hammer 2) Dr Reka Plugor 3) Professor Peter Nolan	Role(s) (e.g. job title): 1) Associate Professor in Work and Employment 2) Lecturer in Work and Employment 3) Professor of Work and Employment Futures	Period(s) employed by submitting HEI: 1) 2005 - present 2) 2009 - present 3) 2012 - present
Period when the claimed impact occurred: 2015 - present		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact <p>Research led by Dr Nik Hammer at the University of Leicester School of Business was the first to show that after years of outsourcing and offshoring, much of the renewed growth in UK apparel manufacturing was based on unauthorised subcontracting and exploitative employment practices, and was linked to the growing supply chains of high-street brands. Subsequent engagement with industry and policy makers led to improvements in the supply chain practices of UK high street fashion retailers. Hammer's work generated new awareness amongst both industry and policy stakeholders regarding specific challenges of fast fashion and enabled lead firms to develop a new social auditing methodology. Two parliamentary inquiries ('Business and Human Rights'; 'Sustainability of Fast Fashion') utilised the research to inform policy recommendations on supply chain transparency and labour market governance, whilst a new UK-wide, public-private industrial governance framework was developed by stakeholders in industry underpinned by Hammer's research.</p>		
2. Underpinning research <p>As supermarkets and online retailers developed fast fashion business strategies (based on quick response manufacturing and lean retailing) and emerged as competitors for traditional fashion retail, UK fast fashion manufacturing expanded at above average growth rates since 2007, with Leicester and the East Midlands becoming the largest sourcing hub nationally [R2]. In 2019, it was estimated that in Leicester alone, 10,000 textile workers were producing >1million items of clothing every week (House of Commons debate 'Fashion Industry', January 2019). Major UK high street retailers and industry stakeholders, however, grew concerned that competitiveness was achieved through violations in work and employment conditions in their supply chains, particularly where contracted suppliers covertly sub-contracted orders to factories with lower employment standards. Leading retailers commissioned a research report through the Ethical Trading Initiative (ETI) to establish an evidence base to enable nationwide change which was published in 2015 [R3] and received widespread attention in industrial, political and public spheres. Three aspects of the underpinning research are of particular importance:</p> <ol style="list-style-type: none"> 1. Robust evidence on systemic labour exploitation and unauthorised subcontracting in the supply chain <p>Hammer provided the first robust evidence of how the fast fashion value chain increased the asymmetries between lead firms and manufacturers and led to a deterioration in work and employment conditions [R3]. The 'going' wage rate for most garment workers was found to be just £3 per hour, less than half the 2015 National Minimum Wage. Workers had no employment contracts and were subject to intense and arbitrary work practices [R1]. Unpaid wages resulting from precarious employment relationships and an intense labour process amounted to 20% of the industry's gross value added. This number strikingly underscores the costs and suffering caused by non-compliant practices that violate minimum standards for leading firms, manufacturers and workers. Such non-compliance exposes lead firms and the local economy to</p>		

considerable reputational risk, disadvantages compliant manufacturers and thoroughly fails to protect workers.

2. Governance gaps in brands' supply chain management as well as in public policy

Hammer [R3] provided a thorough analysis of regulatory challenges in addressing key governance gaps. Fast fashion supply chains have skewed the playing field further to the advantage of leading brands and retailers while emerging, very fragmented industry structures have rendered existing forms of private and public regulation unfit for purpose (the average size of a garment manufacturer has dropped below 10 employees, at the same time as phoenixing companies have become common). In practice, supply chain accountability tends to be undermined by the push of large retailers' sourcing and purchasing practices, the pull of a vulnerable labour supply, as well as weakened labour market regulations and enforcement practices.

3. Recommendations that outline the key fault lines for private and public regulation

The recommendations by Hammer [R3] identified crucial areas along the entire supply chain required to develop and implement effective industry-wide governance structures. These areas include supply chain transparency and accountability, the ringfencing of labour costs when subcontracting, payment of wages into bank accounts rather than cash-in-hand, and increased centrality of union and community organisation involvement. Some lead firms and industry stakeholders have actively examined and trialled new forms of governing social compliance in the supply chain. Key experiments and discussions have followed the recommendations of Hammer's work [R3] and focus on increasing supply chain transparency, devising novel ways to combine private monitoring with public enforcement, as well as developing capacity and structures between lead firms, manufacturers, workers and government to enable said enforcement.

The R3 research consisted of a team within the University of Leicester Centre for Sustainable Work and Employment Futures. The research was led by Dr N Hammer (Associate Professor) with Prof P Nolan, Prof I Clark (left UoL in July 2017), and Reka Plugor (Lecturer).

3. References to the research (indicative maximum of six references)

R1. Hammer, N and R Plugor (2019). Disconnecting labour? The labour process in the UK fast fashion value chain, *Work, Employment and Society*, 33(6), 913-928.

R2. Hammer, N and R Plugor (2016). Near-sourcing UK apparel: value chain restructuring, productivity and the informal economy, *Industrial Relations Journal*, 47 (5-6), 402-416.

R3. Hammer, N., Plugor, R. Nolan, P. and Clark, I, (2015). *A New Industry on a Skewed Playing Field: Supply Chain Relations and Working Conditions in UK Garment Manufacturing* (Leicester, London: University of Leicester/CSWEF, Ethical Trading Initiative).

Ethical Trading Initiative (GBP35,820) Centre for Sustainable Work and Employment Futures, University of Leicester (GBP35,000). Supply Chain Relations and Working Conditions in the Leicestershire Garment Manufacturing Sector, N Hammer (Principal Investigator), P Nolan, I Clark (Co-Investigators), R Plugor (Research Associate), 2 June-31 Oct 2014, UoL grant number RS101G0151.

4. Details of the impact

Hammer's research [R1-R3] provided the first robust evidence of widespread unauthorised subcontracting and employment practices in the UK fast fashion industry. The original research [R3] was funded by the Ethical Trading Initiative (ETI) and has significantly impacted members since. The ETI is a leading alliance of companies (high street and online retailers as well as

department stores), trade unions, and non-governmental organisations (such as Homeworkers Worldwide or Traidcraft) that promotes respect for workers' rights around the globe. The research findings and subsequent engagement with ETI members, industrial stakeholders and policymakers has substantially improved their understanding and awareness of working practices, thereby enabling nationwide changes in policy, procedure and structural changes, whilst simultaneously stimulating changes in the public perception of fast fashion.

Expert Input to Policy Debate and Formulation

Hammer and Nolan's evidence to policy makers [E1, E2a] was instrumental in establishing employment standards and supply chain governance in the fashion industry as high-priority political issues.

In March 2017, The Joint Committee on Human Rights (JCHR) 'Business and Human Rights Inquiry' visited Leicester to investigate the serious labour rights abuses identified by Hammer's research [E1, p.17]. The JCHR requested a personal session for Hammer and Nolan to present and discuss their research findings in detail at which the Committee '*heard compelling evidence*' (p.18). The published report of the inquiry utilised Hammer et al.'s research extensively, particularly drawing on their recommendations including those covering transparency in supply chains, extension of the Gangmasters and Labour Abuse Authority's (GLAA) remit, local authorities' closure powers, audits and trade union membership and access to remedies [E1]. The GLAA is an executive non-departmental public body, sponsored by the Home Office, to protect vulnerable and exploited workers.

The Parliamentary inquiry on the Sustainability of Fast Fashion drew on Hammer [R3]; evidence submitted by Unite The Union [E2a] also used Hammer's research as the basis of their evidence: "*Research conducted by the University of Leicester reveals that around 2,500 workers in Leicester's garment sector worked in appalling conditions; without worker status and any kind of employment contract, the majority of these workers earn £3 per hour, well below the minimum wage and receive wages cash in hand... The study also revealed inadequate health and safety standards; bullying; coercion; violence; humiliation and health problems often reported by workers in the sector.*" [E2b].

Evidence provided by Hammer [R3] and discussions at ETI's Leicester Garment Industry Working Group enabled ETI and brands to successfully lobby for the UK garment industry to be defined as a priority sector for the GLAA. This ensured that the GLAA received investigative powers over garment manufacturers and led to the development of the Apparel and General Merchandise Public Private Protocol (AGM PPP); the first public-private initiative in this field "*which committed signatories to work together to raise awareness to prevent worker exploitation, protect vulnerable and exploited workers and disrupt exploitative practices and help bring criminals to justice*". [E3].

New media exposés of violations of work and employment practices in 2020, particularly in Boohoo's supply chain, further intensified the political focus on problems first identified by Hammer et al [R3] leading to his expert involvement across a variety of policymaking fora throughout 2020. Hammer:

- gave evidence to the All Party Parliamentary Committee for Ethics and Sustainability in Fashion [E4];
- was invited to share 1-2-1 expertise by a range of government agencies, such as the Low Pay Commission, the Independent Anti-Slavery Commissioner, and Leicester City Council;
- was asked to provide expertise in workshops on compliance and enforcement by GLAA as well as the Director of Labour Market Enforcement.

Improved tools and practices for compliance in fast fashion supply chains

Following publication of the 2015 report [R3] Hammer became an advisor to the ETI Leicester Garment Industry Working Group, which devised a host of initiatives subsequently adopted by brands individually or collectively. ETI members include global companies with a combined turnover of GBP166,000,000,000, their company members include supermarkets, fashion retailers and department stores such as NEXT and ASOS. These changes substantially

enhanced supply chain standards and practices in each case, and advanced development of private-public relationships to improve compliance and industry-wide governance.

In an immediate response to the research evidence, ETI member brands strengthened their supply chain monitoring and enforcement practices, and improved supply chain transparency. Key amongst these initiatives was the development of a tailor-made forensic auditing tool under the Fast Forward programme [E5]. By enacting Fast Forward auditing processes, brands were able to engage in remediation measures with manufacturers and focus their sourcing on compliant suppliers. Implementing these processes across their UK operations formalised and enacted robust social auditing practices and led to closer, more continuous, business relations between brands and manufacturers, which ETI confirm *“has helped improved work and employment conditions and reduced their reputational risk”* [E6]. Not only did Hammer’s research prompt the establishment of programmes like Fast Forward, but *“Importantly, however, Dr Hammer’s recommendations regarding supply chain transparency, accountability, the inclusion of worker and community voice underpin the development of a game-changing public-private model of governance for the industry in the Apparel and General Merchandise Public Private Protocol”* [E6]. Following [R3], ETI members, Tesco and Community-The Union, concluded an agreement to conduct auditing visits jointly [E6], which allowed union workplace access. Taking action as ETI members in the wake of [R3] the CEOs of ASOS and New Look, approached the Mayor of Leicester to initiate ongoing dialogue on support for a sustainable garment industry [E5, E7]. Underpinning this, and with Hammer providing expert input, the Leicester and Leicestershire Enterprise Partnership (LLEP) established a textiles and fashion hub to support businesses [E8]. Contract negotiations for this hub started in 2019 and but were delayed. The contract was signed and the hub publicly announced in January 2021.

Putting industry governance on a new private-public footing

Hammer has worked with a wide range of industry stakeholders to advise on their planned initiatives, from Parliamentary Inquiries and consultations on labour market enforcement, to projects by trade unions and community organisations. The events of Spring 2020 - where manufacturers were found to have increased production for Boohoo during the Covid-19 pandemic, potentially violating lockdown regulations - have injected new urgency to stakeholder deliberations on compliance and governance in the garment industry. In autumn 2019, Hammer drew on [R3] to advise Labour behind the Label (LBL) and Homeworkers Worldwide on their submission to the UK Department for Business, Energy and Industrial Strategy consultation ‘Good work plan: establishing a new single enforcement body for employment rights’, specifically regarding supply chain provisions in the fast fashion industry [E9]. In 2020, LBL produced a hugely impactful report on the conditions in Leicester for workers supplying the Boohoo group and other UK Brands, using [R3] throughout. LBL state that [R3] *“continues to be used by LBL and many others in providing the most reliable and comprehensive set of information and analysis on wages, working conditions and supply chain workers in Leicester and the socio-economic impact of current practices”* [E9].

The significant attention afforded to working practices in fashion during the pandemic has led to increased demand for Hammer’s expertise across a range of media and policy fora to inform public debate and policy/practice change.

- In September 2020 Hammer authored an opinion piece in The Guardian, arguing for transparency, broad stakeholder inclusion, and accountability as key pillars for a new public-private governance of the garment industry. [E10]
- In November 2020, Liz Kendall (MP for Leicester West) tabled a debate in the House of Commons; ‘Worker Exploitation: Leicester Textile Industry’ bringing the issue into national focus once more. Hammer’s report [R3] was cited as the first time in which the issue had been highlighted to policymakers [E11].

Hammer was invited to join a renewed Apparel and General Merchandise Public Private Protocol (AGM PPP) which was significantly widened and relaunched following the media exposés on the Boohoo supply chain. This constitutes the first coordinated collaborative initiative to improve working conditions and prevent labour exploitation by including worker and

community voices, shared monitoring protocols, transparency, accountability and advocacy [E3]. The comprehensive aim of the AGM PPP, regarding the governance of private monitoring-public enforcement as well as its comprehensive remit, are game changers in the regulation of the fast fashion value chain.

5. Sources to corroborate the impact

E1. Evidence to the Joint Committee on Human Rights in the Human Rights and Business inquiry, 2 March 2017, pp.17-21.

E2. House of Commons report (2019).

(a) Fixing fashion: clothing consumption and sustainability.

(b) Written evidence submitted by Unite.

E3. GLAA (2018/2020) Apparel and General Merchandise Public Private Protocol.

E4. All-Party Parliamentary Group for Ethics & Sustainability in Fashion Evidence Session: Modern Slavery Wednesday, 23rd September 2020.

E5. Pegden, T (2017) Asos and New Look bosses say Leicester textiles factories are a 'ticking time bomb' because of unsafe conditions, *Leicester Mercury* 23 August 2017.

E6. Testimonial: Ethical Trading Initiative.

E7. Butler, S (2017) Asos and New Look to join anti-slavery event in Leicester, *The Guardian* 6 October 2017.

E8. LLEP (2017) New report reveals potential for a physical 'Leicester Textiles and Fashion Hub', 19 June 2017.

E9. Testimonial: Labour Behind the Label.

E10. Guardian articles:

(a) <https://www.theguardian.com/commentisfree/2020/sep/01/uk-clothing-industry-abuses-leicester-textile-factories>

(b) <https://www.theguardian.com/business/2020/aug/28/revealed-auditors-raised-minimum-wage-red-flags-at-boohoo-factories>

E11. House of Commons debate '[Worker Exploitation: Leicester Textile Industry](#)' November 2020.