

Can We Put an End to Sweatshop Labour?

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The Problem – Violating Labor Rights

Common Problems in Global Supply Chains:



- Child Labor (215 million child laborers, 126 million under hazardous conditions)
- Excessive and Forced Overtime (often around 70 hour weeks, unpaid overtime)
- Forced and Bonded Labor (debt bondage and confiscation of ID documents)
- Unfair and/or Illegal Wages (often below legal minimum wages)
- Restrictions to Collective Bargaining (intimidation of workers)

Why Does the Problem Persist?

- Asymmetrical power relation between suppliers and buyers in global supply chains (e.g. low margins and infrequent orders)
- Lack of enforcement of labor regulations in developing/emerging economies (often due to corrupt government officials and high cost of enforcement)
- Complete lack of regulations in some countries (e.g. trade unions are still banned in some countries in the Middle East)
- Some problems are hard to address through regulation (e.g. home work in the carpet industry)
- Note: Labor rights are also violated in highly developed Western countries (e.g. sweatshop labor also exists in the US)

Case Study – Nike and Sweatshops

Challenge: global supply network consisting of over 800 suppliers employing more than 800,000 workers in about 50 countries (esp. China, Indonesia, Vietnam)

Scandal: major scandal in 1996-1997 / from denial to compliance management to acknowledgment of strategic importance of issue

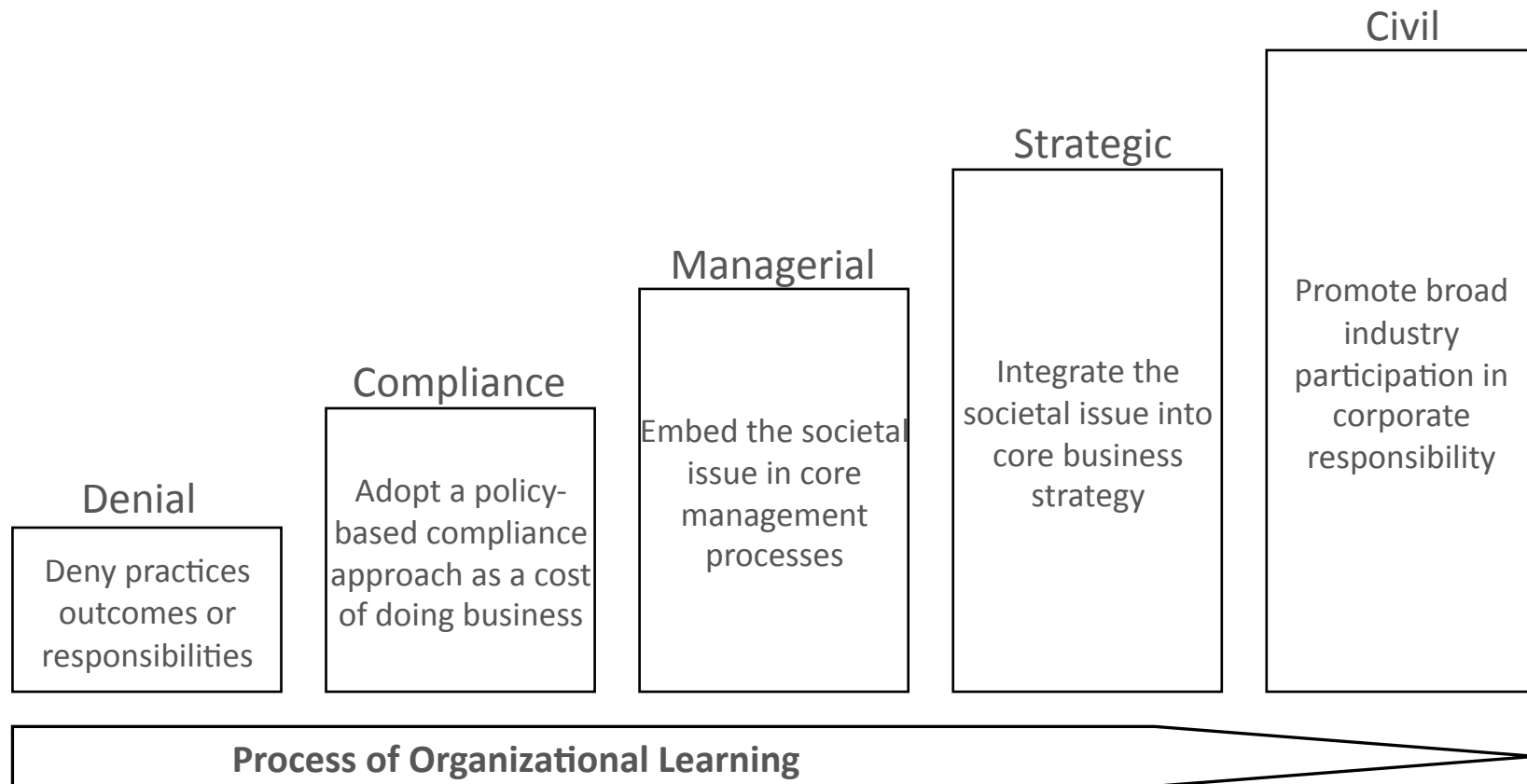
Supplier Code of Conduct (since 1991): no forced and prison labor / no child labor (age limit 15) / right to collective bargaining / minimum wage

Audit: Nike has set up a team of 90 compliance staff based in 21 countries to enforce compliance with the code / Nike may request a monitoring of any plant at all times / Nike also participates in the FLA



Campaign Against Nike 1996-1997

From Denial to Leadership



Source: Zadek, 2004

Forms of Voluntary Labor Monitoring

First Party Monitoring

(Monitoring carried out by MNCs themselves)

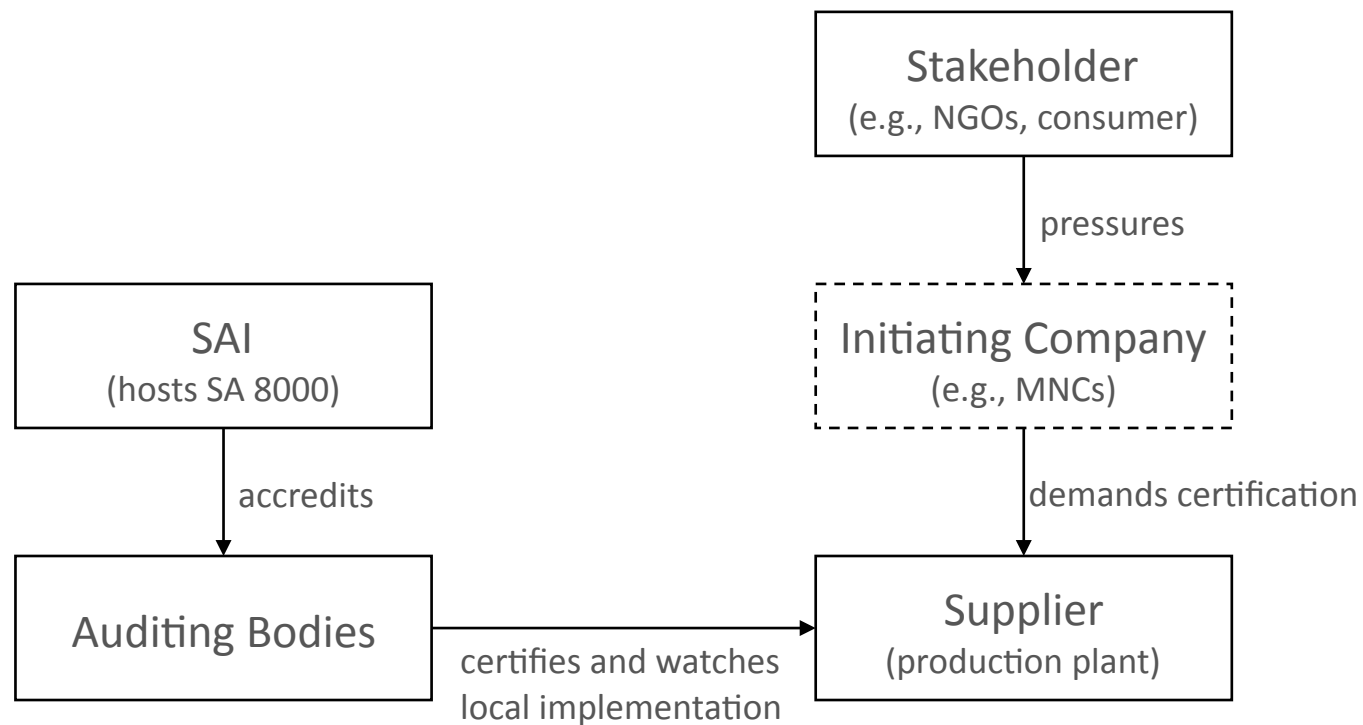
Second Party Monitoring

(Monitoring carried out by contracted professional auditing firms)

Third Party Monitoring

(Monitoring carried out by independent entities)

Third Party Monitoring – SA 8000



The Limits of Factory Audits

Pre-Audit Phase

forced compliance / black-and-white clauses / long-term relations between factory and auditors

Audit Phase

announced audits / poor auditor training / faked book entries / corruption / selection of workers for interviews

Post-Audit Phase

missing transparency (no publication of auditing reports) / level of fulfillment of standards not transparent

Improving Factory Audits

