Institutional Failures and Fast Fashion: Work and Employment in the UK Garment Value Chain

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## The Revival of Apparel Manufacturing?

<table>
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<tr>
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<th>Turnover</th>
<th>approx Gross Value Added</th>
<th>Number of enterprises</th>
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<td>UK</td>
<td>EM</td>
<td>UK</td>
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<td>1998 - 2007</td>
<td>-10.1%</td>
<td>-8.3%</td>
<td>-10.7%</td>
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<td>2008 - 2012</td>
<td>11.7%</td>
<td>12.9%</td>
<td>10.9%</td>
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Sources: ABS Regional 1995-2007; ABS Regional 2008-2012; UK Business Register 2004-13 (No of local units in VAT and/or PAYE based enterprises)

- Employment continues to decline
- Key dates: 2004 (end of MFA); 2007 (reversal of decline, regional differentiation)
- East Midlands share of apparel manufacturing (turnover and aGVA) has grown from 17% to 30% (1995-2012)
Beyond Firm-centric Perspectives

• Arguments about reshoring look at jobs, rather than position in division of labour, and/or kind of jobs that exist
  – “areas to return are: manufacturing production – often because of the quality of UK-led innovation ...”
  – “…4 key factors that have prompted companies to move production: to improve quality; to shorten lead times; to improve delivery performance and strengthen the supply chain; reduce labour costs.” (Prime Minister’s Office 2014)

• approaches on flexible specialisation (Doeringer and Crean 2006), GVC governance (Gereffi et al 2005), Fast Fashion (Taplin 2014) focus on inter-firm networks

• Reshoring in itself is not sufficient to indicate success
• Work and employment context is crucial
Wages, Employment Contracts, Working Conditions (Leicester case study)

- 75%+ of jobs significantly below NMW
- going rate of 3£/hour
- Wages/hour fiddle most common
- Wages overwhelmingly paid cash-in-hand
- ‘Composite wages’: employers consider welfare benefits as wage components
- Underpaid wages in the East Midlands equal 20% of approx gross value added
- Absence of employment contracts; no information on employment rights
Workforce Segmentation and Product Market Competition

• detailed workforce segmentation, mostly without emp contract and NMW; production fluctuations crucial for differential working conditions (disciplinary device), production relations
• Avg firm size 22.2 > 8.6 emp (1995-2012)
• EM firm structure: 0-4: 47%; 0-19: 85%; 20-99: 13%; 100<: 2%
• result and condition of integration into Fast Fashion value chain
Workforce Segmentation, Social Relations, Reproduction

- majority British (!) Asian women
- lack of language skills
- culturally 'acceptable' industry, shift patterns
- 'normalisation' of composite wage (employer driven)
- unstable employment
- last monthly wages £584, weekly household income £229
- debt
The Institutional Production of Fast Fashion

- Institutions have not kept up with change in the sector; market-driven developments and supply-side interventions accentuated power imbalances
- new firms; not part of any representative structures
- new firms also means new function in GVC, no discrimination between firms, regulation of competition
- fragmented enforcement: HMRC, HSE, ACAS, GLA, EHRC
- focus on the firm in the context of decentralised employment regulation
- advice instead of inspection
- labour supply; channeling of different tiers of immigrant workers into apparel manufacturing
- fragmented enforcement complements workfare