Another labour management scandal in the clothes retail industry forces new questions about 'fast fashion' and apparel.

Ethical sourcing

A BBC investigation has revealed that clothing retailer Primark Stores Limited is implicated in a labour scandal. A supplier in Manchester stands accused of employing illegal immigrant workers and of allegedly paying them less than the legal minimum wage.

European retail groups and commentators are frequently and volubly critical of companies in Asia that employ similar tactics to keep the price of the clothes they produce falsely low, so for this to happen in the EU, on the doorstep of Dublin-based Primark, has raised more eyebrows than usual.

Wearing a hidden camera, an undercover BBC reporter, who is originally from India, went to work in the factory in Manchester where TNS Knitwear makes hundreds of thousands of knitted garments for the Irish retail group every year. According to the broadcaster, she was asked for no information about her social security status or her right to work in the UK. In fact, she wasn't even asked her name.

By law, the minimum anyone carrying out this work is entitled to is £5.73 an hour; the BBC reporter recorded a conversation in which the factory owner told her she would receive £3.50 an hour instead. On-camera conversations with some of her co-workers revealed that TNS Knitwear was also employing people with no legal right to work in the EU. A man from Pakistan said his visa had run out eight years ago, and an Afghan man said he was an asylum-seeker and had been working illegally for three years. Some of the people she spoke to said they had to work for 12 hours a day, seven days a week.

The reporter worked in the factory for five days, at the end of which she received her wages in cash, without any paperwork or cash deductions, leading the BBC to allege that Primark—a company with more than 26,000 employees of its own, 162 stores across Ireland (where it trades as Penney's), Spain, the UK and one in the Netherlands, and a 2008 turnover of approximately £1.8 billion—was implicated in a black-market economy.

TNS Knitwear immediately insisted that all the allegations were untrue and that some of them were completely fabricated. For its part, Primark issued a statement saying that it took the allegations seriously and was conducting its own investigation.



Primark seeks to offer affordable fashion for women, children and men.
Primark

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Go into a Primark store and you're unlikely to miss posters proclaiming the company's commitment to ethical trading. A group called the Ethical Trading Initiative has called on the retailer to remove these posters, at least temporarily, while the internal investigation takes place.

The International Textile Union (ITU) has also become involved. Its spokesperson in the UK, Neil Cairney, has been forthright in his criticism of Primark, saying: "This is a total scandal; it is the importation of developing world working conditions into Europe."

No such thing as cheap clothing

And he goes on to raise what is, arguably, the most serious question of all in this affair. Primark's major selling point is that it provides fashionable clothing for the whole family at affordable prices. It's fleece tops, T-shirts, jogging bottoms and other sports clothing is no different from the rest of the products in its women's, children's and men's ranges. Most items are available for only a few pounds, which company director Breege O'Donoghue says is possible because Primark takes a simple approach. "We sell a lot of T-shirts," she explains. "We're a high-volume business. We have a low overhead, we take a low margin and we make our clothes in only the most popular sizes. We do not make complicated designs, and we do not run expensive advertising campaigns."

But Neil Cairney says there is no such thing as cheap clothing: "Somebody has to pay at the end of the day, and in this case it's the workers in Manchester who have been paying."

The author of a book called Eco Chic, which claims to be a savvy shopper's guide to ethical fashion, Mathilda Lee, says: "Research has shown that people don't think much about ethical issue when they're shopping. Shopping is a leisure activity, something you do in your free time. It's supposed to be fun and rewarding. Judging by how well the budget retailers have been doing, and the whole phenomenon of fast fashion, I would say the one thing we have in our minds is 'does this look good?' we look at the price tag and say 'great, I'll take it', or 'I'll take five of them'."

She explains that between 2001 and 2005, the number of garments bought per person in the UK increased by more than one-third. At the same time, the price of clothing has gone down considerably. "We're just buying more and more, and wearing each item less and less," she says. "And it's shocking to learn that, according to one study, there's an average of 14 items of clothing a year that women buy and never actually wear. Over a lifetime, that would be about £13,000 worth of shoes and clothes never worn."



The Primark store in central Birmingham, one of 162 the retail group runs in four European countries.

WTP

Ms Lee argues that, although discount retailers may have a point to make in that they are providing fashionable clothes to people on a budget, their collections are often so trendy now that they claim column centimetres in magazines that cover high fashion. Also, in her words, many consumers are "bragging" about paying only a few pounds for a particular top or even a suit.

She says: "I don't know whether alarm-bells are going off in people's heads or not when they're buying these things. They're not stopping to ask how it actually works that they can buy something for £5 when there are so many different processes in making a garment, from growing the fibre right down to when it gets to the racks. Fast fashion clearly has a number of costs that we're not reckoning with. There is research that shows that 50% of consumers don't want to buy goods that damage the environment and don't want to buy clothes that are made in sweat-shops. But the real truth is that the fashion industry is based on aesthetics and you're never going to read a label explaining where a garment comes from. You have to be your own investigator to look behind the label and do research on the retailer. There's very little information."

Primark, though, still claims to be ethical. It has a code of conduct for suppliers and it carries out audits of their premises, directly and through third-party auditors. It's proud of

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the investment it makes in the developing world—more than £700 million in 2007—and has calculated that more than two million people there "depend on Primark". It has set up a foundation called Better Lives, which aims to give financial support to organisations that devote themselves to improving the lives of young people.

But the Manchester scandal is not the first to hit the retail group. Last summer, another BBC programme presented it with evidence that three of its outsource partners in southern India were sub-contracting clothes manufacturing work to organisations in the region that openly used child labour, specifically children who have fled Sri Lanka and who now live in refugee camps in the state of Tamil Nadu. When they can find it, these children often take work as finishers (by hand) of garments destined for the shopping malls of the developed world, earning about a dollar a day.

"We detest that children have been used," says Ms O'Donoghue. "We do not support that children should be used in our supply chain. These children were not in our [partners'] factories; they were in unauthorised production. These three factories had had stringent audits and inspections within the last 18 months. It's against our terms of trade to employ children so our code of conduct and our standards have been breached here, and this is why these factories will no longer be doing business with Primark."

She says ceasing to work with these partners has been "a matter of great regret" for her company, but that it had no choice as its suppliers in this case had deceived Primark and the relationship between them had broken down. "There was no trust, no transparency and so, regrettably, we took the action of last resort," she explains.

No excuses

After the news about the labour scandal broke, Breege O'Donoghue said her company would review its audit processes with the aim of making sure nothing like this would happen again. A few months later, another labour scandal did occur, and much closer to home.

It has already carried out an investigation into the TNS Knitwear incident, finding that the Manchester-based company has improved its procedures for requesting and retaining right-to-work documentation from its employees and has promised to work with the local authorities on immigration issues. Primark said it would work with the company to make sure employees worked a fair number of hours each week and received a fair rate of pay.

"There are no excuses," Primark says. "We are absolutely committed to ensuring that the factories who sell to us treat their workers fairly and equitably. This was the third time in less than a year that independent auditors instructed by Primark had inspected TNS. We are clearly very disappointed that this visit demonstrated that TNS had still failed to address some real concerns."

This time, the outcome is a yellow rather than a red card. The retailer has made it clear that it will stop placing contracts with TNS Knitwear if it cannot improve its standards even with the benefit of external help. But the Primark story also offers a warning to the whole of the apparel industry that consumer-facing companies risk trouble if any partner at any point in their entire supply chain compromises their commitment to ethical sourcing.

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