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Corporate Social Responsibility: A Case Study of San Francisco's Apparel Procurement

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The presence of sweatshops in the apparel and textile industry has been referenced in history as far back as the 1800s when the term “sweatshop” was coined to bring public attention to factories and workshops that used “sweated labor” (Micheletti & Stolle, 2007). Contemporary anti-sweatshop activism gained momentum in the 1990s with publicized scandals about Nike’s manufacturing and celebrity Kathy Lee Gifford’s child labor subcontractors. Over the last two decades U.S. consumers have become increasingly aware of how goods are produced overseas, especially in the apparel and textile industry. Consumer awareness and public activism have encouraged change. Claeson (2009) points out that activists have succeeded in raising awareness about the global sweatshop problem. However as factories compete for business, wage and factory standards continually decline. In addition to poor conditions that workers face, the average income for a garment worker is well below poverty levels. The World Bank estimates the average income for a textile worker in a developing country is \$1.00 or \$2.00 per day (Powell & Skarbek, 2004). Raising awareness has encouraged government entities and apparel corporations to improve working conditions and wages within their own supply chains.

**Framework and Methods.** The overall framework for this case study is the concept of corporate social responsibility (CSR) in the private and government sector of apparel procurement utilizing the Codes of Business Conduct (COBC) for: the City of San Francisco (Sweatfree Purchasing Ordinance), Gap Inc., and Levi Strauss & Co. According to Lawrence and Weber (2011) CSR implies that corporations should conduct business in a way that enhances society, especially when companies base their production in under-developed countries. This research focused on how government, for profit, and non-government (NGO) agencies, are implementing CSR in the global supply chain through better COBC practices. According to Laudal (2011), most international corporations run the greatest risk of violating CRS standards. These risks include human rights, labor standards, environmental standards, anti-corruption, and management systems. These categories and others utilized by the COBCs analyzed were distilled to ten categories, which were used as the specific framework to compare the documents. These ten categories were: “compliance with laws,” “child labor,” “forced labor,” “discrimination,” “freedom of association,” “harassment and abuse,” “wage and benefits,” “hours of work,” “occupational health and safety,” and “permits.”

As in most case studies multiple sources of archival records, documentation, and personal interviews are relied upon to establish construct validity (Yin, 2014). For this investigation sources of evidence included Gap Inc., Levi’s, and the City of San Francisco’s COBC policies, as a form of archival data, which were collected and analyzed. Documentation of factory inspections from third party NGO monitoring agencies were utilized as a second form of data. And personal interviews with City of San Francisco employees were conducted;

however, due to corporate limitations they were not obtained from Levi's and Gap Inc. A case study database was developed to organize the narrative and raw data to establish reliability (Yin, 2014).

Results and Implications. The City of San Francisco's Sweatfree Purchasing Ordinance, Gap Inc., and Levi's have similar codes of conduct policies related to: "child labor," "forced labor," "freedom of association," and "wages and benefits." Slight differences in the other six categories were based on the organizations' definitions of each category. It is inferred from the data that these organization's COBCs cover similar basic human right protections. It can be concluded that these organizations have similar COBCs and one is not worse nor better than the other. After coming to this conclusion it was important to examine factory inspections to establish if each organization actually upholds their policies. A sample of factory inspection results were analyzed including six inspections conducted by the Workers Rights Consortium (WRC), three for the City of San Francisco, two for Gap Inc., and one for Levi's. In addition Levi's had documentation of eight factory inspections conducted by the Fair Labor Association (FLA). The majority of factory inspections found that company policies were not posted in place or not posted in the local language, both of which are considered violations of "compliance with local law." The WRC found violations of "compliance with the law" in all six of their inspections and the FLA found four in eight of their inspections. The WRC and FLA found "health and safety violations" in all 14 factory inspections, mainly a lack of fire extinguishers or employees' knowledge on how to operate them. Another recurring problem was found in paying workers overtime and fair wages. In all factory inspections conducted there were violations in "wages and benefits," and or "overtime/hours of work." The FLA reported one account of child labor and one of verbal abuse, both violations from one factory. It is safe to conclude that these organizations have the similar intentions for conducting business in a socially responsible manner with most factory inspections supporting these efforts. However referring back to the literature, factories will continue to compete for business, so wages and factory standards will continue to be a challenge unless large organizations such as the City of San Francisco, Gap Inc., and Levi's continue to improve and enforce their COBCs.

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