



Role of Brand and Retailer Purchasing Practices in Factory Non-Compliance with Codes of Conduct for Labor Standards

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Among professionals involved in labor compliance at the factory level it is well-known that many of the problems they attempt to correct result from decisions made by corporate staff in buying, product development, sourcing, and other business functions of the buying companies. These decisions and behaviors are referred to collectively as “purchasing practices;” examples include large changes to order volume, delayed approvals during the development process, and pressure to reduce prices year after year (Dickson, Loker, & Eckman, 2009).

First brought to attention by Oxfam International (Raworth, 2004), purchasing practices have been discussed as a root cause of code of conduct non-compliance and labor rights violations. The *Guiding Principles on Business and Human Rights* set a clear expectation for companies to respect human rights in their global supply chains, specifically noting that internal company purchasing practices can be a direct cause or contribute to human rights violations. If a company, through its purchasing practices with its suppliers, causes or contributes to human rights violations, it is expected to correct those practices (United Nations Human Rights Council, 2011).

While there have been several nongovernmental organization (NGO) reports on the types of purchasing practices that are problematic to factories and their workers, the content of these publications has been overlooked as a base of knowledge for devising solutions. Furthermore, academic literature on the topic is sparse, and most studies have identified fragmented bits of relevant information while focusing on topics broader than purchasing practices (Dickson & McCord, 2016; Perry & Towers, 2013; Plank, Rossi, & Staritz, 2014; Ruwanpara & Wrigley, 2011). This purpose of this study was to advance understanding of the purchasing practices that influence compliance with codes of conduct for labor standards.

The research approach was a qualitative synthesis of existing studies. Sometimes referred to as a qualitative meta-analysis or meta-interpretation, the approach allowed existing evidence to be interpreted and distilled in ways that are useful for informing future research, and advancing corporate policies and practices (see Suri & Clarke, 2009; Weed, 2005). Qualitative meta-interpretation is comparable and complementary to primary research in that it uses existing studies as primary evidence; it has most commonly been used in healthcare, but has expanded to educational and other social science fields (Weed, 2005). The research involved three phases: determining relevant evidence to include; evaluating and interpreting the evidence; and creating thematic connections across the evidence (Suri & Clarke, 2009). Throughout the iterative process, the researcher made judgements about criteria for inclusion and exclusion, and the most appropriate way to organize the evidence (Weed, 2005).

A total of 43 pieces of evidence were included in the study. Pieces of evidence primarily included written reports from NGOs (n=27) and refereed journal articles and books (n=15). NGO reports were included to provide voice to a valuable source of knowledge. Additionally, the shared experience of two practitioners gained through consultation and policy-making with multinational

corporations related to the topic of purchasing practices was a useful source of evidence for deepening understanding of the research topic (see Suri & Clarke, 2009). Some academic studies were excluded because they used bits of information or unsupported claims to advance their arguments and assertions about “solutions” or were limited to conceptual ideas.

In evaluating the evidence and making thematic connections, the most useful way to organize the information was by functional activities, including: 1. Planning and Forecasting, 2. Design and Development, 3. Cost and Cost Negotiation, 4. Sourcing and Order Placement, 5. Production Management, 6. Payment and Terms, and 7. Management of the Purchasing Process. These seven functional activities cover the processes brands and retailers use to bring product to market and are useful for considering where policies and practices can be developed to reduce the negative impacts of purchasing practices. An additional theme addressed the Quality of the Relationship between brands and retailers and their suppliers. Content about the detailed purchasing practices associated with each functional area is discussed (e.g., the accuracy of plans and forecasts associated with Planning and Forecasting). This research discusses implications for future academic studies and development of pragmatic policies and practices that can improve working conditions in apparel factories around the world.

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