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CREATING AN ETHICAL CHECKLIST FOR CLOTHING BUSINESS

European perspective

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ABSTRACT

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<p>The purpose of the practical thesis was to identify ethical issues related to clothing business by reviewing existing literature and other materials regarding the subject. Subsequently, the main issues were summarized and formed into an ethical checklist. The objective was to create a comprehensive checklist, which could be useful to anyone working in connection with the clothing business.</p> <p>The theoretical framework of the thesis consisted of a general overview of clothing business in Europe, followed by an introduction to business ethics. After that, the specific ethical issues regarding clothing business were addressed. The most important subjects were categorized as environmental concerns, issues related to labor, issues related to marketing, excessive consumerism and plagiarism.</p> <p>After the writing process of the theoretical part of the thesis, the checklist was constructed based on the findings. The purpose, the intended usage and finally the creation process of the checklist were described in the thesis. Additionally, the finished checklist was added as an appendix to the thesis.</p> <p>Finally, the conclusion and discussion were written to summarize the main findings of the whole thesis process. The most important conclusion was that all ethical issues should be addressed simultaneously, instead of considering them separate matters. Furthermore, companies should attempt to create a balance between their ethical and economic objectives.</p>		

<p>Key words clothing business, consumerism, environment, ethics, labor conditions, marketing methods, plagiarism, sustainability</p>
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1 INTRODUCTION

The purpose of this practical thesis is to identify the most important ethical issues related to clothing business by reviewing existing literature and other materials regarding this subject. Subsequently, the main issues will be summarized in order to form an ethical checklist for clothing business. The objective is to create an easily understandable and comprehensive checklist, which can be used by anyone in connection with the clothing industry, regardless of the actual occupation.

Although clothing business is global, this thesis will be written from the European point of view. Considering this perspective is important, because European companies and organizations have substantial power, authority and capability to ethically influence the whole global supply chain of the clothing industry. The importance of clothing industry as a business sector is huge in Europe, as well as in the rest of the world. The global clothing consumption has been estimated to be worth between US \$550 billion and US \$570 billion each year. Approximately a third is consumed in Europe. (Black 2012, 15.) Clothing business consists of all services and industries which are linked to clothing in some way. These services and industries include, for example, design, production, distribution, marketing, retail, publishing and consulting. (Stone 2008, 6.)

After the introduction, this thesis proceeds to present an overview of the clothing industry in Europe. Economic statistics according to data by Eurostat will be illustrated in charts. These charts are included in chapter two as figures 1, 2 and 3. In the following chapter, the general idea of business ethics will be discussed, including topics such as corporate social responsibility and ISO 26000 standard. After these chapters, the focus will be shifted to the specific ethical concerns regarding clothing business. These issues will be discussed in detail in the five subsequent chapters.

First of all, the fourth chapter addresses the environmental issues regarding clothing business. These issues include concerns such as usage of harmful chemicals, consumption of water and energy, waste creation and animal welfare. Next, the fifth chapter presents issues related to labor, the labor conditions being the most significant subject. The following chapter focuses on ethical issues in marketing, including topics such as marketing methods and product safety

certification. Subsequently, the seventh chapter is about excessive consumerism. Finally, the eighth chapter explains issues related to plagiarism.

After all of the key issues have been described, the ninth chapter concentrates on the practical portion of the thesis, which is the construction of the ethical checklist for clothing business. In this chapter, the purpose and the intended usage of the checklist will be explained. Additionally, the actual creation process will be described. The finished checklist will be included in the thesis as Appendix 1. Lastly, chapter ten consists of the discussion and conclusion of the thesis.

2 CLOTHING BUSINESS IN EUROPE

Fashion has extensive and significant history in Europe. Some of the world's most prominent fashion cities are located in Europe. Throughout the history, Paris has been undoubtedly the most important fashion capital. Other European cities with longstanding history in fashion include London and Milan. (Craik 2009; Frings 2008.) Traditionally, clothing was manufactured essentially in every country in Europe. Now most of the manufacturing has shifted to Asia because of lower costs. Many clothing factories in Europe have been forced to close down and numerous people have been left unemployed because of this change. (Goworek 2007, 74-75.)

The phenomenon of fast fashion has changed the European clothing business in the recent years. The main idea of fast fashion is to bring designs from high fashion runways to average consumers with low prices and as fast as possible (Shaw & Koumibis 2014, 30). In the past, clothing businesses introduced two collections of clothing each year, one for spring and summer and another one for autumn and winter. That concept has completely changed, as clothing businesses want to create more profit by constantly introducing new products to the market. Instead of two collections a year, companies now attempt to provide new designs for the consumers to purchase every week. (The True Cost 2015.)

The supply chain in clothing is complex, consisting of many different processes. Especially because of globalization, different processes of clothing supply chain can take place in different countries around the world. For example, a clothing chain from Germany might have its design team in Germany, but they buy the fabric for their products from India, the thread from Indonesia, buttons from China, and outsource the manufacturing to a factory in Bangladesh, and finally ship the finished product to their stores in different European countries. In reality, there are often even more steps in the supply chain. Therefore, even if the company itself is European, the supply chain of their products is global. (OEKO-TEX 2013.)

The four levels of fashion business, identified by a professor of New York's Fashion Institute of Technology Elaine Stone in the 2008 book "InFashion", can be applied to clothing business on its own as well. These levels are primary level, secondary level, retail level and auxiliary level. Primary level consists of the producers of raw material, such as fiber and yarn. The secondary level includes designers, manufacturers and wholesalers. The retail level consists of all

types of retailers that sell the products directly to the consumer, for example brick and mortar stores, online retailers and department stores. Finally, the auxiliary level functions simultaneously with the other levels consisting of supporting services, such as advertising, consultants and researchers. (Stone 2008, 80-83.)

According to the World Trade Organization (WTO), the European Union's collective imported clothing was worth \$170 billion USD in 2015, accounting for 34 % of the whole world's imports. It identifies the EU as the biggest clothing importer in the world, followed by the United States as the second biggest importer accounting for 19.4 % of the imports. In comparison, the clothing exports from the EU were worth \$112 billion USD, accounting for 25.2 % of the whole world's exports. Only China was able to top that with exports worth \$175 billion USD accounting for 39.3 % of the total exports. However, individual European countries are not able to seriously compete with the world at this level. (WTO 2016b.)

When comparing the European Union countries regarding exports and imports in clothing, diversity between different countries is evident in the 2015 statistics by Eurostat (FIGURE 1 & FIGURE 2). According to figure 1, Germany is clearly the biggest importer of clothing in the EU, with over half of the imports coming from outside of the EU. Other significant clothing importers include the United Kingdom and France. Whereas the United Kingdom also imports more from outside the EU, France imports slightly more from inside than the outside of the EU. Further important clothing importers in the EU include Spain, Italy and the Netherlands, of which all import more from outside than the inside of the EU.

However, it is likely that a lot of which is shown as imports from inside the EU are actually products that come from outside of the EU, but they have come to the EU countries to be sold again by wholesalers and distribution centers. In addition to this, there are many other details about the complex clothing supply chain which cannot be easily seen in statistics. For example, figures 1 and 2 show statistics about the finished clothes, but the origin of the fibers, fabric, yarn, buttons, zippers and other components of the clothes cannot be identified within this information.

When it comes to exporting, Italy is clearly the leading country in the European Union, with exports worth over 17 billion euros, of which almost half is exported to countries outside of the EU (FIGURE 2). Italy is known for producing luxury products and it is the home of many well-

established fashion brands such as Armani, Diesel, Dolce & Gabbana, Prada and Versace. As can be seen in figure 2, the second largest clothing exporter in the EU is Germany, which exports mostly to countries inside the European Union. Other significant countries regarding clothing export are Spain, France, the Netherlands, the United Kingdom and Belgium, of which all export more within the European Union than to the countries outside of the European Union.

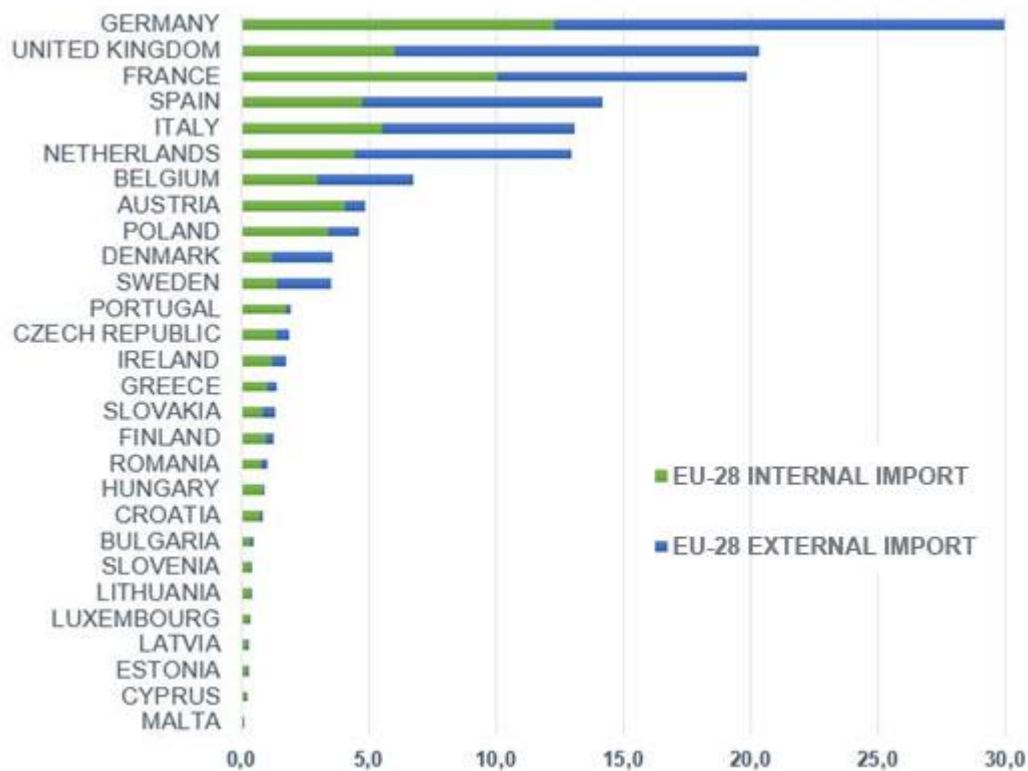


FIGURE 1. Internal and external import of apparel and clothing accessories by EU country in billion euros in 2015 (Eurostat 2016a)

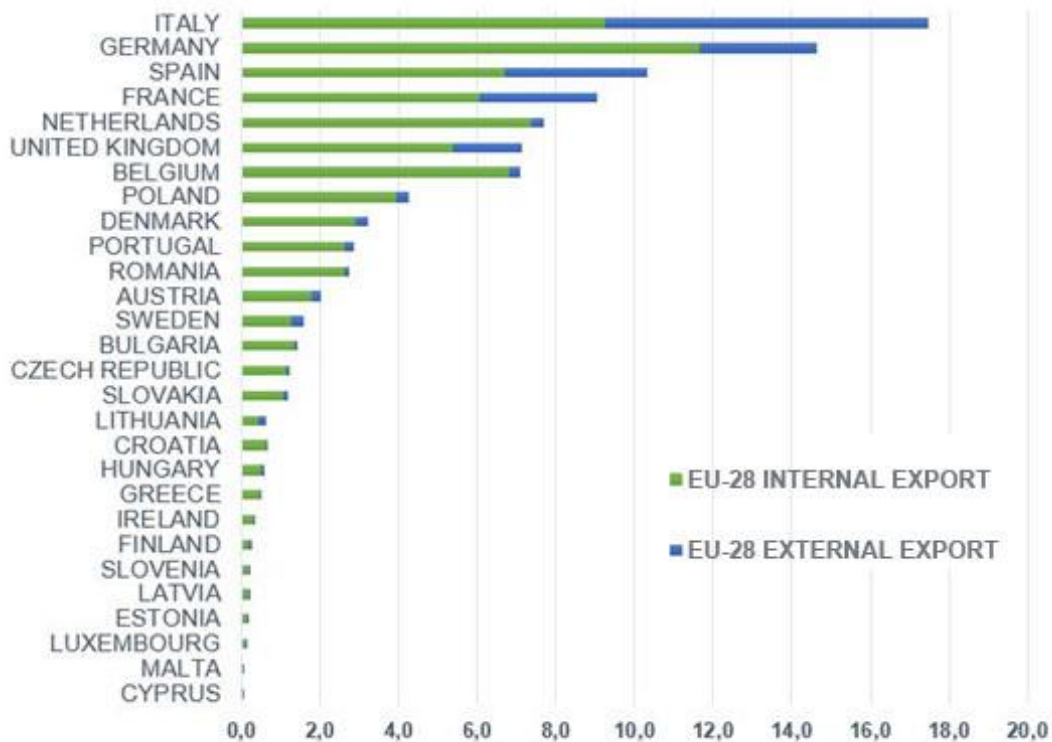


FIGURE 2. Internal and external export of apparel and clothing accessories by EU country in billion euros in 2015 (Eurostat 2016a)

In comparison to import and export, figure 3 displays the gross value added in manufacture of textiles and clothing in European countries. As can be observed from the data, most of the largest exporters and importers are also significant manufacturers in Europe. Italy is undoubtedly the most important country in manufacturing textiles and clothing in Europe. According to Euratex, out of all clothes made in the EU, 45 % are made in Italy. Different countries in Europe are specialized in different products within the clothing and textile industry. For example, Germany produces 24 % of all technical textiles made in the EU. (Euratex 2015.)

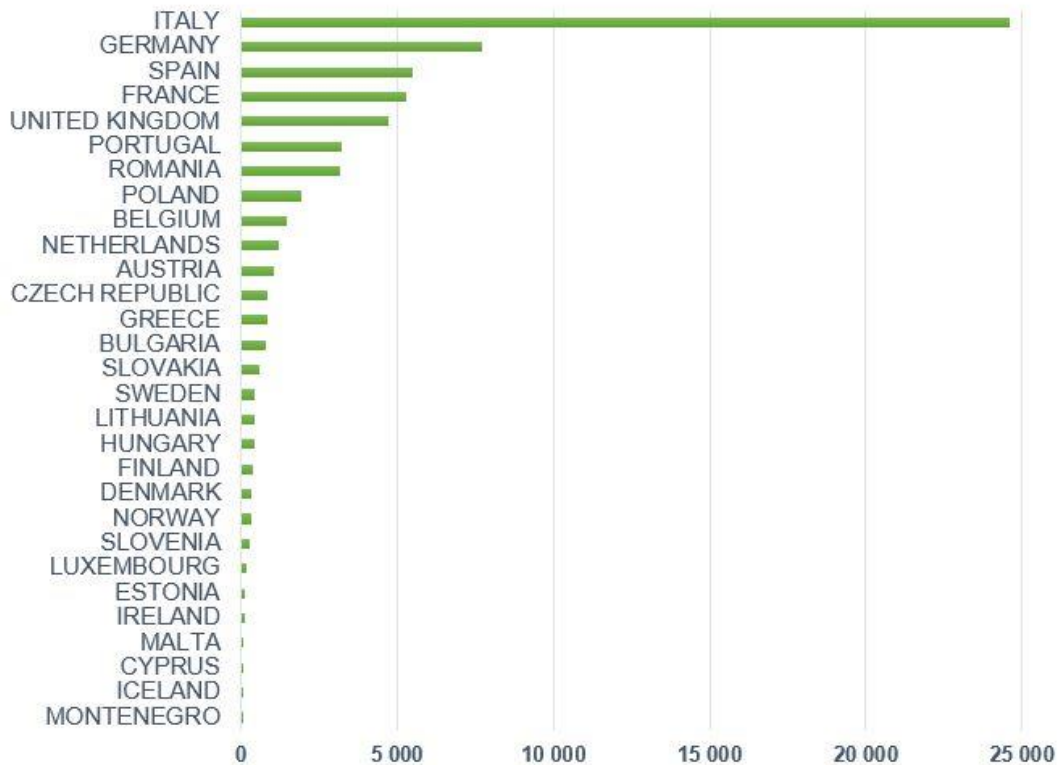


FIGURE 3. Gross value added in manufacture of textiles, apparel, leather and related products by European country in million euros in 2011 (Eurostat 2016b)

According to the European Commission's project Sustainable Energy Saving for the European Clothing Industry (SESEC), most of the clothing businesses in the EU are considered to be small and medium size enterprises. Many of them are located in the southern and eastern parts of Europe. Clothing is a significant industry contributing to the economy of many countries and regions, especially to countries such as Bulgaria, Romania, Portugal and Italy. (SESEC 2014.)

3 ETHICS IN BUSINESS

Business ethics refer to perceived moral right and wrong according to moral standards which can be applied to business. There exist three levels of ethical issues in business, which can be identified as systemic, corporate and individual issues. First of all, systemic issues in business ethics are related to political, legal, economic or social systems in which companies operate. Subsequently, corporate issues refer to issues regarding a specific company. Lastly, individual issues concern ethical issues related to individual persons and their behavior. An important concept related to business ethics is corporate social responsibility. (Velasquez 2012, 15-16.)

Corporate social responsibility refers to a corporation's responsibilities to society. However, the extent of these obligations has been under debate. There exist two major theories regarding the extent of the corporate social responsibilities, which can be identified as the shareholder view and the stakeholder view. According to the shareholder view, the only responsibility of a corporation is to generate as much profit as possible for the owners, while obeying the law and ethical customs of society. This theory forbids acts such as donating money to charity as it doesn't generate any monetary profit for the shareholders of the corporation. In contrast to the shareholder view, according to the stakeholder view, corporations should benefit all stakeholders, not only the owners. Stakeholders include any individual person or a group of people who can affect or can be affected by the corporation. An example of a corporation's stakeholder is an employee, who doesn't own a part of the company, but has an interest in the company's success as it determines the employee's current and future employment status. (Velasquez 2012, 23-26.)

According to the European Commission, corporate social responsibility is important for sustainability, innovation and competitiveness of the European Union's economy. To achieve social responsibility, in addition to following the law, companies should be active and include aspects such as environmental, social and ethical concerns into their business strategies. Although some voluntary policies do exist, the European Commission states that corporate social responsibility is mostly led by the companies. (European Commission 2016.)

One tool for companies to monitor and improve their social responsibility is ISO 26000 standard, which provides guidance regarding social responsibility for companies. Although ISO

26000 cannot be certified, it helps companies to understand what social responsibilities actually are, and how these principles can be implemented effectively into the actions throughout the organization. ISO 26000 was taken into use in 2010. (ISO 2016a.) According to the standard, the main principles of social responsibility are accountability, transparency, ethical behavior, respect for the stakeholders, respect for the law, respect for the international norms and respect for human rights (ISO 2016b).

Ethics should be considered to be an essential part of business because without any ethics, companies wouldn't be able to operate. If there were no ethics, individuals would be acting only towards their own good, instead of the good of the company. This could ultimately lead to, for example, employees stealing from their company. Because of this necessity of ethics to business, it is beneficial for companies to promote ethical behavior. In addition, ethical treatment increases the willingness to cooperate, whereas unethical behavior tends to create a need for retaliation. In regard to business, it is always beneficial to create cooperative relationships, for example with business partners and customers. That is why ethical behavior can be seen as financially profitable as well. Studies show that ethics can contribute to profits, instead of lessening them. (Velasquez 2012.)

4 ENVIRONMENTAL CONCERNS

One of the most serious ethical concerns of the modern day is environmental protection. Multiple studies have indicated that people are causing great distress to the earth in various ways. Some of the problems include global warming and diminishing natural resources. Consumers are increasingly aware of these problems and interested in environmentally friendly products. (Rath, Bay, Petrizzi & Gill 2008, 393.)

Environmental problems in clothing business are diverse, including dated manufacturing methods which use unnecessarily big amounts of energy and water, toxic or hazardous waste and emissions. In addition, harmful chemicals are used throughout the manufacturing, including dyeing, bleaching, printing and finishing processes. The wastewater, including harmful chemicals, of these processes is too often released to the environment. (Pedersen & Andersen 2015; Fletcher 2008.)

4.1 The product life cycle in clothing

Environmental issues can be detected throughout the life cycle of a clothing item. The most environmentally impactful processes regarding a clothing product can be divided into three phases, which are production, usage and disposal. Production phase includes the growing or manufacturing of fiber, manufacturing of yarn, manufacturing of fabric, finishing of the fabric and manufacturing of the clothing product. The usage phase includes wearing of the product, washing and dry cleaning the product. Lastly, the disposal phase includes recycling and discarding of the product. (Eberle, Hermeling, Hornberger, Kilgus, Menzer & Ring 2007, 53.)

Different materials have different environmental effects. The choice of material is very important considering a clothing product's overall environmental impact. The main fiber types used in clothing are natural, which include plant-based and animal-based fibers, and manmade, which include cellulosic and synthetic fibers. Examples of natural fibers include cotton, wool and silk. The most common cellulosic fibers used for clothing are viscose, modal and lyocell. Common synthetic fibers used in clothing production include polyester, polyamide, acrylic and elastane. Consumers often believe that natural materials are environmentally better

in comparison to manmade materials. However, the reality of the matter is not that simple. After all, chemicals are used in all fabric production processes, regardless of the type of fibers used. (Black 2008, 105-110; Boncamper 2011.)

4.2 Use of harmful chemicals

Chemicals are used throughout the production process of a clothing item, from fiber to the finished product. Approximately 25 % of all chemicals produced worldwide are used for textiles (Suomen Tekstiili & Muoti 2016). Many of the chemicals used during the production phase of clothing are hazardous to the environment and to people who come into contact with them. Especially natural, plant based fibers are farmed using many hazardous pesticides and insecticides. One particularly dangerous group of insecticides is used to disrupt the nervous system, and this group includes three substances which are in the top ten of chemicals mostly used in cotton farming globally. These insecticides are called aldicarb, parathion and methamidophos. Aldicarb and parathion have been classified as extremely hazardous in the classification of pesticides by hazard by the World Health Organization (WHO), which is the category for the most hazardous pesticides. Methamidophos has been classified as highly hazardous, which is the second most hazardous category. (Environmental Justice Foundation 2007; WHO 2010.)

Cotton is one of the most used fibers in the clothing industry, and therefore it is a suitable example of chemical usage in the production of raw material for clothing. According to statistics by Organization for Economic Co-operation and Development (OECD), cotton is grown by farmers mostly in India, China, the United States and Pakistan (OECD 2016). Most cotton farmers use extreme amounts of fertilizers and pesticides in order to avoid disease, improve the soil and maximize the harvest. Pesticides are sprayed from air to cotton fields, and the amounts used are increasing constantly because insects are able to build up resistance to the chemicals. These chemicals are hazardous to environment and people in many ways. The amount of pesticide use causes huge areas of land to become infertile. Additionally, drinking water becomes contaminated in the areas near cotton fields. The chemicals used are also absorbed by the cotton plant, which means that the harmful chemicals continue to exist in the fibers even throughout manufacturing processes. It is estimated that approximately 20,000 people die because of pesticides each year. (Udale 2008, 43.) An Indian doctor Pritpal Singh, interviewed in the documentary movie "The True Cost", has studied the relationship between

chemical usage and health issues in Punjab area in India, where the most of India's cotton is farmed. His research shows significant increase of birth defects, mental problems and cancers in the region. According to Singh, increasing number of children are born with mental or physical handicaps in the villages around the cotton fields. (The True Cost 2015.)

The usage of harmful chemicals continues in the production process after the raw material has been produced. The details of further processes in the production vary depending on the choice of raw material. The next step in the production after the fibers have been acquired is turning the fibers into yarn, which is done by a process called spinning. Different fibers need different spinning systems. However, regardless of the spinning system, chemicals such as sodium carbonate, sulphuric acid, alkali, soaps and detergents are applied to the fibers. These chemicals can cause physical irritation to people, and the waste containing these chemicals damages the environment in many ways. (Muthu 2014.)

After the yarn has been produced comes the fabric production stage. Fabric can be manufactured using many different processes depending on the desired outcome, for example knitting, weaving and nonwoven. The usage of chemicals is different in different manufacturing processes. In weaving, for example, chemicals are used in the sizing process which increases the smoothness and strength of the yarn and decreases the stretching ability. The chemicals used in sizing must be washed out of the fabric after the weaving process. After the fabric has been constructed, the last step in fabric manufacture is finishing. Depending on the designated use of the end product, different finishing processes are applied. Examples of textile finishing processes include pretreatment such as stain removal and fabric purification, dyeing and printing, as well as modification of the fabric's characteristics regarding care, texture and use. Hazardous chemicals are used in the most, if not all, finishing processes. (Muthu 2014; Eberle et al. 2007.)

The European Union has developed a regulation to monitor and control the usage of chemicals within the EU. The regulation is called REACH, which stands for Registration, Evaluation, Authorization and Restriction of Chemicals, and it was launched in 2007. The main goal of REACH is to protect the health of humans and the environment from the dangers chemicals can cause, while improving the competitiveness of the chemical industry in the EU. The regulation requires companies manufacturing and marketing chemicals in the EU to manage the risks of the chemicals and demonstrate that the chemicals can be used safely. If a certain chemical cannot be

used in a safe manner, the usage of that substance can be restricted or even banned completely. However, REACH is applied only in the EU. Therefore, raw materials and products coming to Europe from outside of the EU might contain chemicals which are not approved by the REACH regulation. (European Chemicals Agency 2016.)

4.3 Consumption of water and energy

In addition to hazardous chemicals, clothing business causes tremendous damage to the environment through extreme consumption of water and energy. Remarkably, the whole life cycle of clothing item consumes more water and energy than any other industry, with the exception of agriculture and construction industries. Although the production processes of clothing consume huge amounts of energy, the most significant environmental impact created by a piece of clothing actually happens after it has been manufactured and sold. The act of washing, tumble drying and ironing clothing consumes enormous amount of energy. (Black 2012.)

Quantities of water needed in cotton farming vary depending on the climate, but the average water consumption is estimated to be 8,000 liters to produce one kilogram of cotton. Although part of the water comes naturally from rain and is circulated endlessly in the natural cycle, the excessive use of chemicals contaminates water and makes the water used in cotton irrigation inappropriate for any other use. In comparison, polyester production requires none or very little amount of water. However, polyester manufacture consumes twice the amount of energy compared to production of the same amount of cotton. As can be seen from these examples, the environmental concerns regarding different fibers are complex and diverse. (Fletcher 2008.)

The process of spinning fibers into yarn consumes energy, but the amount consumed depends on various factors, such as technological and geographical. The energy consumption depends on the spinning process used as well. Moreover, the manufacture of fabric consumes energy as well. The amount of energy consumption depends on the chosen process. Knitting, for example, consumes less energy than weaving, because knitting requires less processes and machinery compared to weaving. In the last part of fabric production, finishing process, both energy and water consumption are areas of concern. Because of the diversity of finishing processes, the amount of energy and water consumption varies. However, many different finishing

processes require water, for example dyeing. Additionally, many chemicals need to be removed from the fabric by washing, which consumes water. (Muthu 2014.)

The final step in the production process is the manufacture of the clothing. It includes processes such as laying the fabric, cutting, sewing, pressing, ironing and packaging. In comparison with other processes in the production, the manufacture of clothing consumes relatively small amount of energy and water. Most of the energy is used in sewing stage, and other major portions of energy consumption occur during cutting and packaging. (Muthu 2014.) In addition to the production phase, transportation in the global supply chain of clothing products creates environmental impacts. Typically, the fibers, yarn and fabric can come from different countries, the manufacturing might happen in yet another country, and the finished product is shipped yet again to another country to be sold. It is not uncommon that the supply chain would include even more different countries, for example a warehouse of a global clothing chain. Thus, the transportation of clothing products creates enormous environmental effects such as energy consumption and greenhouse gas emissions. (Black 2012.)

4.4 Waste

Waste is created throughout the life cycle of clothing, from the production phase to the disposal of the product after it has been used. During production phase, waste created consists of mainly left-over materials such as scrap fibers and scrap fabric, in addition to waste water. However, the biggest issue regarding waste in clothing is the end-of-life disposal of the product. (Muthu 2014.) As consumers are constantly purchasing new fashion items, their need to discard their older purchases is growing. It has been estimated that 10 million tons of textiles are thrown away in Europe and America on a yearly basis (Pedersen & Andersen 2015). In the United Kingdom, over 1 million tons of textiles and clothing are thrown away every year, of which 70 % are discarded to the landfill, even though up to half of them would still be usable (Black 2008).

When a piece of clothing is discarded by a consumer, it will be typically thrown to landfill, incinerated, reused or recycled (Muthu 2014). Reusing clothing means usually that the product is in good enough physical condition to be used again by another consumer. The most common examples of this are second hand shops, which sell used clothing without doing any changes

to the original product. Recycling, on the other hand, means that the product is processed in some way before it is sold again. Examples of recycling can be creating a new clothing product from the fabric of old clothing items, or even breaking the discarded product down to the fiber level, from which it is spun to produce new yarn. (Fletcher 2008.)

However, using discarded clothing as a material for new products is quite difficult. Different clothing fibers require different processes in order to return them to a state in which they could be reused as a material for a new product. Therefore, fabrics made from mixtures of different clothing fibers are very difficult to recycle. Different chemicals used for dyeing and finishing purposes complicate the recycling process as well. (Kankaanpää 2015, 5.)

4.5 Animal welfare

Clothing industry uses many materials of animal origin, such as wool, leather, fur, feathers and silk. These materials have been used by people throughout history. Usage of felted wool for clothing can be tracked back to tens of thousands of years, and evidence has been found that silk was cultivated already around 3000 BC (Hallett & Johnston 2010). Therefore, most people don't consider using materials of animal origin ethically wrong. It can be argued, though, that currently there exist enough other materials to use instead, so using materials of animal origin isn't truly necessary.

However, the treatment and living conditions of animals are important ethical concerns to many consumers. According to a 2014 study about wool apparel consumers' ethical concerns and preferences, 42 of the total 47 respondents were able to identify ethical issues they would consider if buying clothing made of wool. Some of the concerns included the living conditions of the sheep and the treatment of them during shearing. (Sneddon, Soutar & Lee 2014.) It is common that the wool producing sheep are injected with pesticides or forced into a pesticide bath, which is both cruel and uncomfortable for the animals, as well as harmful to the environment (Farley Gordon & Hill 2015).

One serious ethical issue regarding animals is fur farming. Fur farmers raise animals, such as minks and foxes, with fur being the sole purpose of the farming. Fur farming became common

in the late 1800's. Since its inception, fur farming has been a controversial topic. The supporters of fur farming have claimed that fur farming is actually sustainable. The logic behind their claim was that the animal population in the fur farm was able to renew each year, in comparison to fur obtained by hunting endangered species of animals for fur. Another argument was that fur, as a natural product, was biodegradable, and therefore a sustainable material for clothing. In addition, fur industry supporters insisted that the animals were treated well in the fur farms in order to produce the best quality pelts. On the other hand, the anti-fur movement has challenged these claims and strives to expose the truth about fur farming. One of the most prominent leaders in the anti-fur movement is People for the Ethical Treatment of Animals (PETA), which was founded in 1980. According to PETA, people have no right to exploit animals in any way, including eating, wearing or experimenting on them. PETA has exposed the reality regarding the living conditions of animals raised in fur farms, including tiny cages overcrowded with animals and unethical execution methods. (Farley Gordon & Hill 2015, 148-154.)

5 ISSUES RELATED TO LABOR

Although fashion is seen as a modern and constantly evolving industry, the core process of making clothes continues to be labor-heavy and dependent on people (Black 2008, 171). Labor is cheaper in developing countries, which is why most European fashion businesses have started manufacturing their products abroad. According to the World Trade Organization, most clothing exports in the world come from Asia. In 2014, China exported clothes worth of \$186,607.1 million USD. Other significant clothing exporters in the world include Bangladesh, Hong Kong, Vietnam and India. (WTO 2016a.) Although clothing industry has created much needed employment in developing countries, the labor force is constantly exploited in these countries. The employees in the factories in developing countries don't usually get a fair salary or safe working conditions. (Parker & Maher 2012.)

Big Western clothing companies expect manufacturers in developing countries to produce huge amounts of clothing within a very short time frame. Additionally, the price competition continues to be aggressive, as the companies are constantly seeking for cheaper options. Manufacturers in developing countries are basically forced to sell their products at minimal profit to big Western companies because otherwise they would lose a major customer. Because often the material costs are already kept as low as possible, the diminishing profits lead to negligence regarding the labor conditions in the factories. (The True Cost 2015.)

Most of the ethical issues regarding labor conditions in clothing business are related to the production phase of a clothing product. Clothing production involves many health risks to the employees, such as machinery and chemical related dangers. Many different machines are used in clothing factories, and the employees are often required to work in close contact with the machinery. Therefore, it is extremely important that the machines are safe and working properly. In addition, the machinery should be inspected regularly for any possible safety risks. Furthermore, the usage of hazardous chemicals creates another health risk to the employees of a clothing factory. The employees should have appropriate safety equipment, for example safety gloves and safety goggles, when they work with harmful chemicals. It is also very important to have efficient ventilation. (Eberle et al. 2007, 187-189.)

The labor conditions in clothing factories in the developing countries have been questionable and they have received a lot of media attention during past years. One of the most influential incidents regarding the general public's knowledge about the working conditions in clothing factories was the Rana Plaza tragedy in 2013. In Dhaka, Bangladesh, a clothing factory building collapsed due to poor construction work of the building, killing 1,134 people and injuring hundreds of more. Before the incident, the factory employees had made complaints about safety issues regarding the building, but the management had forced them to continue working in those unsafe conditions. (Westervelt 2015; The True Cost 2015.)

There exists a wide variety of labor rights violations in clothing factories in developing countries. These issues include extremely low wages, unreasonably long working hours, forced labor, child labor, discrimination, sexual and physical harassment and irregular employment. (Parker & Maher 2012.) For many clothing factory workers in developing countries there is no other choice, which is why they continue to work in the factories regardless of the poor working conditions (Black 2008, 185). According to a Bangladeshi clothing factory worker Shima Akhter, interviewed in the documentary movie "The True Cost", the management of clothing factories in Bangladesh are not pleased with employees who question the working conditions in any way. When the employees made demands regarding labor conditions, the management locked them inside the factory and physically assaulted them. (The True Cost 2015).

6 ISSUES RELATED TO MARKETING

This chapter discusses ethical issues related to marketing. Firstly, concerns related to marketing methods are addressed. Marketing has a significant effect on consumers, which is why the marketing methods should be in accordance to the ethical values of the company. Additionally, the subject of product safety is discussed. Product safety certification is introduced in relation to this topic.

6.1 Marketing methods

The marketing of clothing and fashion in general receives criticism frequently. These issues can be categorized in two groups, which are the micro-issues and the macro-issues. The micro-issues category includes specific products and services in which the consumers have the feeling of having been deceived. An example of a micro-issue could be a t-shirt bought by a consumer, which shrinks considerably after washing, even when washed according to the instructions. In contrast to micro-issues, the macro-issues concern a topic which is wider than a single product or service. For example, macro-issue can be a criticism that the fashion industry doesn't care about environmental sustainability, or that the fashion industry promotes unhealthy beauty ideals. (Easey 2009, 13-14.)

One of the main aims of clothing advertising is to catch the viewers' attention, using any means necessary. Fashion advertising is known for provocative and shocking images, and it seems that almost anything is generally accepted, especially when it comes to high fashion. Many examples of fashion photography have been praised for their artistic qualities, but in reality, have exhibited sexism, racism and even sexual violence towards women. (Hancock, Woods & Karaminas 2013.)

Advertisements have a huge effect on young people. Young people tend to think in an absolute way which is mostly black and white, yes or no, without considering or even understanding that there exist different options between two extremes. Consequently, young people are especially subjective to messages, attitudes and behavior shown in advertisements. (Neuberg 2012.)

However, all consumers do get affected by fashion marketing, and the general view of beauty ideals is influenced heavily by fashion.

One of the worst cases of creating unhealthy beauty ideals was the heroin chic trend which was popular in the 1990's, in which the models were thin, pale, dazed and had blackened eyes (Hancock et al. 2013). Although the heroin chic trend has passed, the fashion industry is still constantly promoting extreme skinniness as a beauty ideal. Studies have proven that seeing unnaturally thin models in magazines and other media creates negative body image issues to regular women (Healey 2014; Greene 2011). An experiment in 2001 revealed that fashion magazines can be a partial reason for manifestation of eating disorder as well. In the experiment, teenage girls received a fashion magazine featuring thin models for a period of 15 months. During that time, girls who were already dissatisfied with their own bodies were the most negatively affected by the pictures of thin models. (Shapiro 2012.)

6.2 Product safety

Because harmful chemicals are used throughout the production phase of clothing products, it is important that products are monitored and controlled for harmful substances also at the stage of distribution to customers. From the consumers' perspective, the most hazardous chemicals are used in the dyeing and finishing stages of clothing production (Boncamper 2011).

For clothing companies, one method to convey the safety of their products are controlled labels. One of the most well-known organizations providing these labels is OEKO-TEX association. It is a union of independent textile research institutes in Europe and Japan and their representative offices worldwide. OEKO-TEX provides certifications and services for companies in the clothing and textile industry regarding testing for harmful chemicals, as well as improving the sustainability of production conditions and the supply chain. (OEKO-TEX 2016a.)

The best known certification system by OEKO-TEX is called the Standard 100 by OEKO-TEX. It has been used since 1992. The purpose of the OEKO-TEX Standard 100 is to independently test and certificate textile products at all levels of processing, from raw materials to the finished products. Scientific tests are conducted to determine if the products contain any harmful substances. The tests take into account legal regulations of harmful chemicals, as well as other

harmful chemicals which are not legally controlled. To obtain the Standard 100 by OEKO-TEX certification, the product must meet the required criteria regarding chemical usage. In addition, all parts of the product must meet the criteria, including parts such as buttons, zippers and yarn used for sewing. With attention to detail and longstanding history with researching harmful substances, OEKO-TEX Standard 100 certification assures consumers of the high level of product safety. (OEKO-TEX 2016b.)

7 EXCESSIVE CONSUMERISM

Clothes are considered to be a fundamental human need. It can be argued, however, that the status clothes have in the present day has surpassed the basic needs of people. Instead of purchasing only what they need, consumers find shopping for clothes pleasurable and entertaining (Miller 2013). Especially fast fashion companies exploit this, and strive to provide customers with new products with increasing speed. Consumers consider fast fashion clothes to be cheap, and therefore disposable. Instead of a real need for a particular product, clothing is nowadays bought impulsively. (Black & Eckert 2012.)

A 2013 study of fast fashion consumption practices revealed that fast fashion has changed the shopping habits of consumers. The bigger selection of designs and colors, in addition to low prices, encourages customers to buy products they wouldn't normally choose and to buy in bigger quantity than they would actually need. (Gabrielli, Baghi & Codeluppi 2013.) The amount of clothes an average consumer buys has been growing rapidly. In relation to income rates, clothes have become cheaper than ever before and they are available everywhere, from supermarkets to boutiques. Easy access and cheap prices attract customers to buy low quality clothing which will be thrown out after being worn only couple of times. (Black 2008, 14; Niinimäki 2011, 28.)

In addition to easy availability and low prices, excessive consumption of clothing is related to the primal needs of personal expression, as well as belonging and being approved by others. Consumers can use clothing as a method to express their individual personality, but at the same time, clothes are used to fit in and to gain acceptance of others. Majority of people prefer to fit in and wear clothing that everyone else is also wearing, which means purchasing new clothing according to the constantly changing trends. In comparison, an individual wanting to deviate from the norms decides to wear clothing which is not trendy at the time, and therefore they stand out from the crowd. Sometimes these types of expressions of personality can create new trends, which will be adopted by the masses. (Gale & Kaur 2004, 142-143.)

According to the hierarchy of needs, a well-known theory by Abraham Maslow, human needs can be arranged in an order in which a person tries to satisfy these needs. A person concentrates first in the most important need, and after that need has been satisfied, the next most

important need is concentrated on. According to Maslow, physiological needs such as hunger and thirst are the most important, which are followed by safety needs such as protection and security. After these needs have been taken care of, there are social needs such as need to belong and to feel loved. Subsequently, esteem needs such as recognition, status and self-esteem are addressed. Finally, the last part of the hierarchy of needs are self-actualization needs, which include self-development and realization. (Armstrong & Kotler 2015, 172-173.)

Surprisingly, clothing can be put in each one of the categories in Maslow's hierarchy of needs, when everything about the modern clothing consumption is taken into consideration. Clothes can be considered to be a physiological need for example in an extremely cold climate, where clothes are necessary to keep warm and to avoid hypothermia. In less severe weather conditions, clothing can be considered a safety need as well, for example as protection to avoid sunburns. However, excessive consumerism comes into picture at the social, esteem and self-actualization needs levels of the hierarchy. When it comes to needs such as belonging, recognition, status and self-development, clothing is bought irrationally and excessively.

To understand the problem of excessive consumerism completely, the mindset of an average European consumer should be studied. European consumers are becoming increasingly aware of different ethical issues concerning clothing industry, especially regarding the environment and labor conditions, because of the growing media attention and globalization. However, in spite of this awareness and proclaimed concern, most consumers tend to disassociate themselves from the issues and maintain their unethical shopping habits. (Brooks 2015, 213.)

It can be argued that decreasing the irrational consumerism and excessive shopping would greatly reduce of the amount of textile waste created. In order to reduce the amount of clothes ending up in landfill, the overall amount of clothes produced in the first place should be decreased. Instead of the current trend of fast fashion, consumers should be offered with products which can continue to satisfy the customer for a long period of time. The key factors which can create a garment with a long life cycle include quality, functionality and visual aspects. (Ninimäki 2011, 266.)

8 PLAGIARISM

According to Euratex, counterfeiting of clothing, shoes and accessories creates losses of direct and indirect sales worth €43 billion each year for companies in the European Union. Consequently, over 500,000 jobs are lost in the EU because of counterfeiting. (Euratex 2015.) Because fashion is a rapidly changing industry, new designs and products are relentlessly needed. Companies doing business in the clothing sector are constantly looking for the next big trend, sometimes directly copying a popular design created by another company or individual. Although it is possible for companies or designers to get Intellectual Property Rights (IPR) for their unique designs, in reality, it can get very expensive and practically impossible for small companies. That is why big fast fashion chains are able to take advantage and essentially steal designs from small companies that are not able to legally protect their intellectual property. (Shaw & Koumibis 2014, 156.)

Plagiarism is an enormous problem for big companies as well. Counterfeiters of luxury fashion are unfairly taking advantage of the famous brands, which have been built by the original companies using a lot of resources. World famous luxury fashion brands, such as Louis Vuitton, have to spend huge amounts of money and hire private detectives in order to fight the imitators. (Meraviglia 2015.)

Counterfeit products are not only creating financial losses to the companies they imitate, but the brand image can suffer as well. Although consumers are often able to distinguish counterfeits from the genuine product, there are many excellent imitations available as well. Even the most accurate counterfeits are often lacking in quality. It is possible that a consumer purchases an imitation product unknowingly, is disappointed with the quality, and falsely blames the company of the original product. (Bickle 2011, 271-272.)

9 ETHICAL CHECKLIST FOR BUSINESS WITHIN THE CLOTHING INDUSTRY

The purpose of this theoretical study is to create a practical checklist about the ethical issues regarding clothing business. After the writing process of the theoretical part of the thesis, the checklist is constructed based on the findings. This chapter describes the purpose, the intended usage and finally the creation process of the checklist.

9.1 Purpose and application of the checklist

Clothing businesses face a wide variety of different ethical concerns. To create an ethically sustainable clothing business, all of these different issues should be taken into consideration. Instead of concentrating on improving only one topic, for example environmental protection, companies should strive for a comprehensive ethical standard within all of the company's functions and operations. The purpose of this checklist is to create an easy tool for anyone working within clothing business to evaluate different ethical aspects regarding their business.

Considering the ethical issues should be a top priority for businesses in the clothing industry. Results of a 2009 study suggest that while consumers consider environmental issues important, their buying behavior contradicts their values. The majority of consumers think that the producers of clothing and public authorities should take more responsibility ensuring sustainability of products. Most of the consumers would prefer that only ethically produced fashion products were available to purchase, so the consumers wouldn't have to make that choice by themselves. Additionally, the majority of the respondents in the study stated that they would be ready to change their clothing maintenance habits and use their clothing more before discarding, in order to decrease the environmental impacts. (Niinimäki 2011, 76-77.)

The checklist is intended to be comprehensive and relatively easy to use for anyone in contact with clothing industry, even without any previous knowledge about ethical issues. Regardless of the person's specific job and responsibilities, the checklist is valid to be used throughout the clothing industry. The theoretical part of this report serves as the background information for

the checklist. Therefore, the checklist itself is relatively short and simplified. Detailed information regarding each point in the list can be found in this report in the same order as the checklist has been constructed in.

9.2 Creation process and description of the finished checklist

In order to create a comprehensive and credible checklist about ethical issues within the clothing industry, review of literature and other materials was required. After studying books, articles, official websites of clothing and textile organizations and documentary videos, the key subjects regarding ethical issues in clothing businesses were identified. After the most important topics were chosen, specific information about them was researched and collected from different source materials.

The creation process of the actual checklist began after all the theoretical information had been acquired and written. Each chapter was carefully examined to determine the most important points, which would be included in the checklist. All of the important points were written in a concise way, in order to create as simple and easy to use checklist as possible.

After the written content of the checklist had been chosen, the visual presentation of the list was planned. Color palette for the checklist was decided after reading about a 2015 study regarding colors affecting the ethical perceptions of consumers. According to the study, consumers associate companies with blue logos as the eco-friendliest, followed by companies with green logos. In comparison, companies with red logos were not considered ethical by the participants of the study. (Liberatore 2015.)

In the end, a concise and visually appealing checklist was created using Adobe PhotoShop software. The finished checklist was designed to fit one standard sheet of paper if printed. However, the checklist was mainly designed to be viewed in the electronical form. The reason for the short length of the checklist was that the reader would be able to see the whole list at once. After all, the detailed information about each point is available in this thesis, which can be reviewed when necessary.

10 CONCLUSION AND DISCUSSION

The objectives set for this thesis were to define ethical issues related to clothing business and subsequently to create an ethical checklist consisting of the key issues. The method used in defining the key issues included review of literature and other materials. Afterwards, the checklist was created by analyzing and organizing the findings into a concise list.

The thesis process has been challenging in many ways, but because the topic is so important it has been worth it. First of all, no single source material including all important topics was discovered. Therefore, information about different topics had to be searched from many different sources. The amount of information available was diverse regarding different topics. For example, information about environmental concerns was available in most source materials, whereas finding precise data regarding issues related to labor was much more difficult to find. Furthermore, issues concerning marketing methods and plagiarism were usually not mentioned at all in source materials focused on ethics or sustainability in clothing industry. Another challenge during the thesis process was to find data about the clothing industry specifically. Data about clothing industry is often grouped together with either the whole fashion industry, including also footwear and accessories, or the whole textile industry, including also industrial and home textiles.

Clothing is a complex and global industry, in which supply chains are complicated and long. The product life cycle of a piece of clothing starts with growing or manufacturing of the raw materials, fibers, which will be used to make yarn, which is then used to make fabric. Fabric is then used to manufacture the actual clothing product. After production, the product is distributed to a place where it gets sold to a consumer. After purchase is the usage phase, and finally the disposal phase. Ethical concerns can be identified throughout this life cycle. As the supply chain is long and global, a single product can travel through various countries around the world during its life cycle. Operations in different continents and countries in various positions of the supply chain face diverse ethical issues. The subjects chosen as the most important regarding ethics in clothing business were categorized as environmental concerns, issues related to labor, issues related to marketing, excessive consumerism and plagiarism.

Regarding environmental concerns, the main problems identified were usage of harmful chemicals, consumption of water and energy, waste creation and animal welfare. The environmental impacts of clothing are diverse and they vary depending on the chosen materials, chemicals used during production and manufacturing methods of yarn, fabric and the finished product. In addition to the environmental impact, animal welfare is also a topic to be considered, if materials made of animals are used. This is probably the most controversial of all the ethical topics in this thesis, because there exist extreme adversaries to the usage of materials of animal origin, as well as committed supporters.

Ethical concerns regarding labor are mostly related to the production phase of clothing. As has been explained in this thesis, most of the production happens outside of Europe. However, European companies should take responsibility for the working conditions throughout the supply chain of their products, even if it takes place on another continent. Ethical concerns regarding working conditions in the production phase of clothing include safety risks related to machinery and chemicals, low wages, unreasonable working hours, child labor, discrimination and harassment.

The next ethical concern discussed in the thesis, issues related to marketing, consists of questions regarding marketing methods and product safety. The main concern regarding marketing methods is the creation of unhealthy beauty ideals through advertising. Furthermore, product safety was chosen as an important topic related to marketing because harmful chemicals are used in the production process of clothing products. In order to demonstrate the safety of their products to consumers, businesses can use controlled labels and certification.

The following ethical issue discussed in the thesis was excessive consumerism. The main problem of excessive consumerism is that consumers consider clothing items as cheap and easily disposable products, buying and discarding clothing with increasing speed. This behavior increases the damage inflicted to the environment by the clothing industry. Finally, the last ethical issue identified in the thesis was plagiarism. Plagiarism creates financial losses, in addition to damage to the brand image.

Despite the challenges during the thesis process, the objectives of this thesis were ultimately achieved. A checklist consisting of all important topics was created. As has been explained in

the thesis, all different ethical aspects should be taken into consideration simultaneously, instead of treating them as separate issues. Ethical consideration is a fundamental part of business. Ethical business strategies improve the environmental, economic and social sustainability, creating long term benefits for everyone. Therefore, the ethical values should be in balance with the economic objects of businesses. At best, ethical and economic goals of a company support and benefit each other.

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ETHICAL CHECKLIST for clothing business

ENVIRONMENT

- Understand the whole life cycle of a clothing product
- Understand the differences of fibers and know how they affect the environment
- Know the origin and manufacturing methods of your products
 - ➔ Fibers, yarn, fabric and other parts (e.g. buttons & zippers)
- Know about the chemicals used to create your products
 - ➔ Could harmful chemicals be replaced by safer ones?
- Identify the amount of water used for creating your products
 - ➔ Could it be decreased?
- Identify the amount of energy used for creating your products
 - ➔ Could it be decreased?
- Know what happens to your products at the end of the usage phase
- Know how the animals are treated, if materials of animal origin are used in your products

LABOR

- Know where your products are made
- Know in which kind of working conditions your products are made in
 - ➔ Are there any health or safety risks?
- Consider are the workers making your products treated fairly
 - ➔ Are there any problems such as too low wages, unreasonable working hours, child labor, forced labor, discrimination, sexual or physical harassment?
- Consider if the amount paid to the manufacturers is fair for the products they supply

MARKETING & EXCESSIVE CONSUMERISM

- Make sure that the marketing of your products is accurate and truthful
- Advertise only in a way which is consistent with the ethical values of the company
- Know how the advertising of your products might affect consumers
- Confirm the safety of your products and use certification and labels when possible
- Consider which needs consumers are fulfilling when purchasing your products
- Know the average life span of your products
 - ➔ Are there ways to extend it?

PLAGIARISM

- Know where the designs of your products come from
 - ➔ Designs should be original and plagiarism should not be tolerated
- Take action if your products have been copied
 - ➔ If you don't, your brand image can suffer in addition to financial losses