

# Sports kit case study

Every item of sportswear we put on to go for a jog or a workout at the gym comes with a story attached. These are the stories of the workers at the end of the supply chain who are forced to work long hours on poverty pay, with no rights, because of the way the big sports companies do business.

*This is a composite story. Each of the stories is based on interviews with the workers in factories.*

## Sports vest – made in Indonesia

A woman who works in a factory which makes sports tops is a temporary worker. This allows her factory bosses to make her redundant during slow periods, and to re-hire her when it gets busy. It saves the factory money but it means she can never be sure of a job from one week to the next.

As a contract worker, her income is dependent on meeting a daily target. These targets go up during peak periods and she often has to work many hours of unpaid overtime to meet them.

## Socks – made in Indonesia

A man who works in a factory which makes sports socks is singled out by factory bosses because he is active in the union. He is prevented from using the work bus and has to pay to get public transport instead.

The factory has a hostile attitude towards unions. Factory bosses refuse to meet the union and force union members to work in departments and conditions which isolate them from their colleagues.

## Sports cap – made in China

A woman who works in a factory which makes sports caps is prevented from leaving or taking time off when she or her family are ill. In order to cut down on staff turnover, her boss insisted she sign a two-year contract when she joined. If she leaves the factory she will lose a month's 'back wages'. Her boss is also reluctant to approve sick leave – especially in the peak season.

If she takes unauthorised leave she will lose three days' wages.

## Tracksuit bottoms – made in Cambodia

A lady who works in a factory which makes tracksuit bottoms works non-stop for long hours, but still finds it difficult to get by on her meagre income. With overtime she earns around US\$60 a month which provides her with an income of just \$2 a day. During the peak season she works many hours of overtime to complete orders – yet, because she is paid by piece rate and the amount she receives per item is low, she still struggles to meet her own needs and those of her family. During the low season when orders are cut, her pay plummets further.

## Trainers – made in China

A man who works in a factory which makes trainers lives in factory accommodation. He is a migrant and has had to travel far from home to find work.

The accommodation is really basic; 100 workers share just six or seven water taps for washing clothes or taking a shower. As a result he often has to spend one to two hours queueing to get hot water, after a long hard day at work.



# Supply chains



Puma: US\$1.154 billion sales (2002),  
US\$159 million operating profit (2002).



## Sports brands

Sports brands wield huge power over their suppliers as they provide access to the global marketplace.

Sportswear buyers, often young and seeking to prove themselves as a means of climbing the corporate ladder, work intensely to meet their performance targets: getting the best price, in the best time, and at the best quality. In order to do this they often employ the following strategies:

- Grazing for the lowest cost suppliers – simply switching to another factory if suppliers aren't meeting their demands
- Pushing for factories to manufacture products in shorter and shorter times and for less money
- Pushing down the prices paid to the factory
- Placing frequent small orders to ensure the shelves are always stocked with the very latest fashions and to cut down on 'inventory costs' such as warehousing
- Demanding flexibility from factory managers
- Making the supplier pay for faulty orders

## Manufacturers

Manufacturers are either contracted directly by the sportswear brands or through an agent.

Most don't have a lot of bargaining power, as there are a huge number of them across many countries – all-seeking to supply just a handful of brands. They are the direct employers of the workers who sew and assemble the sports goods, but they also sub-contract other smaller factories to help them to fulfil the production order.

Desperate to enter the supply-chains of global brands, factory managers agree to meet demands for cheaper and quicker delivery knowing that they can make their workers deliver at all costs. To meet the demands and make a profit, they employ the following tactics:

- Hiring workers who are exploitable, low-cost, and easily hired and fired without financial or legal implications
- Increasing the number of hours worked to meet export deadlines
- Paying by piece-rate to reduce costs
- Setting excessive piece-rate targets to force workers to complete orders in time for export, at low cost
- Refusing to pay minimum wages when orders are low
- Penalising workers for faulty production – including fining workers for wasted materials
- Stopping workers from joining or forming trade unions to demand their rights

## Workers

Workers sit at the bottom of the supply-chain. They have the least bargaining power, especially when they are prevented from joining or forming a trade union to fight for their rights. As the buying pressures filter down the production chain workers bear the brunt by having to ensure the following conditions:

- Excessive working hours and forced overtime to meet orders
- Poverty wages and inadequate benefits e.g. sick leave, maternity leave
- No job or wage security, especially during 'low' season
- No freedom to join or form a trade union
- Poor health due to conditions in their workplace or exhaustion due to long hours
- Discrimination, harassment, and physical, psychological, and sexual abuse
- Dysfunctional family life due to long hours and low pay

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Chinese manufacturer:  
US\$50.7million sales (2002), US\$8.9  
million operating profit (2002).



Typical annual wage of a Cambodian  
garment worker in 2003 was  
approximately US\$1,500.

