# ETHICAL ACCOUNTABILITY IN THE FASHION SUPPLY CHAIN: A STRATEGIC MARKETING RESPONSE TO LABOUR EXPLOITATION IN ASIA

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*Matriculation Number*

**[Programme of study]**

*Module Title*

*Assessment Title*

Word Count:

Submission Date:

[Your Plagiarism declaration form here]

# Executive Summary

Outsourcing production to low-cost regions in Asia has been the norm for the global fashion industry for a long, and labour protections are often not what they ought to be in countries where production happens. This model has allowed for rapid product turnover and competitive pricing but has also embroiled brands in serious ethical controversies in the areas of poor working conditions, underpayment, and health and safety violations. Widespread public criticism of high-profile scandals, including the 2019 Cambodia building collapse and the Boohoo labour exploitation case, however, has increased demands for ethical accountability. In this context, the reputation and the loyalty of Western fashion brands have failed. In this report, These brands are assessed on how they should respond to such controversies from the perspective of marketing ethics, particularly on the impacts on the brand image, corporate social responsibility (CSR) and public relations (PR).

Additionally, this report analyses such reputational risks within outsourced supply chains and applies theories from the completed CSR pyramid, the triple bottom line, and Situational Crisis Communication Theory (SCCT). The study reveals that weak CSR enforcement, weak auditing and reactive PR strategies can all erode brand equity and brand position. For example, after Boiler Room lost partnerships and was met with consumer backlash after denying and then admitting labour violations, Boohoo’s initial denial and eventual admission of labour violations were similar. Unlike H&M, which adopts a less transparent and more reactive approach, such as publicly revising their sustainability claims, H&M’s more transparent and proactive approach restored a measure of credibility. The paper also points out the importance of digital media in propagating public sentiment and making brands to be held accountable. Twitter and YouTube have also turned localised labour abuses into global PR crises for brands and have pushed them to take swift and ethical action.

The report findings recommend immediate and long-term solutions which brands should follow to handle reputational risks and restore consumer trust. The initial approach involves brands admitting ethical errors publicly while performing independent audits and delivering comprehensive corrective reports. Plans for corporate responsibility should include compulsory performance standards alongside a system of worker oversight and participation with organisations like WRAP and the Fair Wear Foundation. The implementation of these strategies decreases future crisis risks while creating ethical branding as a strength of brand identity. A brand’s capacity to show real dedication toward social responsibility along with human rights has become essential for maintaining a competitive advantage in the consumer market, which prioritises values.

# 2.0. Introduction

The global garment industry has long depended on outsourcing production to low-cost regions in Asia, where weak labour regulations enable fast fashion brands to maximise profits (Rana and Allen, 2021). However, recurring allegations of poor working conditions, wage violations, and safety hazards in these factories have sparked ethical controversies that now threaten brand credibility and consumer loyalty (Abrishami et al., 2024). This report critically evaluates how Western fashion brands should respond to such controversies from a marketing perspective, focusing on the implications for brand image, corporate social responsibility (CSR), and public relations. Using frameworks such as Carroll’s CSR Pyramid, the Triple Bottom Line, and Situational Crisis Communication Theory, the report analyses the risks posed by unethical practices and explores strategies to rebuild consumer trust. Through case studies of Boohoo, H&M, and incidents like the Cambodia building collapse, the paper highlights the importance of ethical branding as both a moral imperative and a strategic asset in sustaining long-term brand equity.

## 3.1. Branding Risks and Threats

The concept of brand image plays a critical role in shaping consumer decision-making, as it comprises the beliefs, perceptions, and emotional associations that consumers form about a brand (Chen and Qasim, 2020). According to Alvarado-Karste and Guzmán (2020), this multidimensional construct is influenced by both rational and emotional factors, directly impacting how consumers perceive value and quality. Closely tied to this is brand positioning, which refers to the strategic placement of a brand in the consumer's mind as distinct and desirable within a market segment (Simbolon, Handayani and Nugraedy, 2020). Additionally, brand equity encapsulates the total value a consumer places on a brand, encompassing intangible assets like brand credibility and trust—factors that are deeply rooted in the brand image (Ellitan, Harvina and Lukito, 2022). In this regard, consumer perception emerges as a linchpin; it shapes and reinforces brand image and equity, making it particularly vulnerable to ethical controversies that evoke emotional and moral responses.

In today's era of heightened ethical awareness, brand-related risks now extend far beyond product performance. Mahmood and Bashir (2020) stated that unethical practices within the supply chain, particularly involving worker exploitation, significantly tarnish brand reputation and weaken consumer trust. The case of Boohoo, as reported in Labour Behind the Label (2019a), offers a compelling illustration of this. In 2020, investigations revealed that workers in Boohoo’s UK supply chain were paid far below minimum wage and subjected to unsafe working conditions. This revelation ignited a firestorm on social media, with #boycottboohoo trending widely and influencers severing partnerships. The reputational backlash was swift and severe; retailers such as ASOS and Next removed Boohoo products, and the brand's credibility plummeted (Labour Behind the Label, 2020). These events exemplify how brand equity, particularly dimensions like perceived quality and loyalty, can rapidly deteriorate under ethical scrutiny.

Similarly, H&M's sustainability rating (2025) highlights the discrepancy between its ethical marketing and real-world practices. Despite some transparency in material sourcing, its low scores on labour conditions and supply chain monitoring erode trust among ethically driven consumers. Compared with higher-ranked ethical competitors, H&M risks being viewed as performative rather than genuinely responsible (Javed, 2020). In support of this pattern, Delistavrou, Krystallis and Tilikidou (2020) explained that ethical boycotts are often triggered by a desire to punish corporate wrongdoing and signal moral values. Social media magnifies consumer dissent, making brand image recovery even more complex (Palacios‐Florencio et al., 2021). Thus, poor ethical conduct poses not only reputational risk but also long-term financial and strategic threats if left unaddressed.

## 3.2. ****Corporate Social Responsibility (CSR) Under Scrutiny****

Corporate Social Responsibility (CSR) is a cornerstone of modern ethical branding, with theoretical frameworks like Carroll’s CSR Pyramid and the Triple Bottom Line offering a structured approach to understanding organisational responsibilities. Carroll’s (2016) pyramid emphasises a hierarchy of obligations, economic, legal, ethical, and philanthropic, while the Triple Bottom Line model insists that businesses must balance social and environmental concerns with profit-making (Štreimikienė and Ahmed, 2021). Overall, these models underpin stakeholder expectations in the fashion industry, where outsourcing production to regions with weak labour protections raises ethical dilemmas. Though many brands publicly affirm their commitment to CSR, systemic gaps between declarations and factory-level realities persist, casting doubt on the authenticity of their ethical narratives.

Inditex, the parent company of Zara, is one such brand that has developed a comprehensive Code of Conduct. The Inditex (2024) asserts a strong ethical commitment, prohibiting forced labour and child labour, mandating fair wages, and upholding the right to unionise. These policies reflect alignment with Carroll’s ethical and legal responsibilities and the “people” dimension of the Triple Bottom Line. However, evidence from the Pakistan Safety report (2019) reveals disturbing inconsistencies between these commitments and actual conditions in supplier factories. In Pakistan, workers reported sub-minimum wages, withheld protective gear, and threats of wage deductions for absences, with the report citing cases of sexual harassment and inadequate fire safety (Clean Clothes Campaign et al., 2019). These findings contradict Inditex’s stated values and demonstrate a failure to enforce ethical and legal obligations across the supply chain. The disjunction highlights the limited effectiveness of voluntary codes and the difficulty of transferring brand-level standards to outsourced environments, especially where subcontracting and weak state regulation prevail.

A similar pattern emerges in the Cambodia building collapse of 2019. Although the incident involved construction workers rather than garment factory employees, it remains a stark reminder of the occupational hazards linked to loosely governed supply chains (Beh Lih Yi, 2019). Despite receiving official stop-work orders, the building's Chinese developers continued operations, resulting in the deaths of 28 workers (Clean Clothes Campaign, 2019). The event exposed dangerously lax enforcement of safety standards and drew attention to the failings of brand auditing mechanisms, which often exclude peripheral yet critical areas of the supply chain (Chea, 2022). Serdijn, Kolk and Fransen (2020) posited that agency problems, weak incentives, and mismatched governance structures in global value chains limit CSR implementation.

Ultimately, as testimonies from the Garment Workers’ Human Rights Day reveal, brands’ promises of dignity and fairness often collapse under the weight of real-world exploitation (Labour Behind the Label, 2019b). Workers in Bangladesh and Cambodia describe ongoing abuse, from denial of maternity rights to fear-based silencing tactics (Asia Floor Wage Alliance, 2019). These lived experiences underscore the core issue: Without enforceable, transparent, and worker-led accountability mechanisms, CSR remains more performative than transformative.

## 3.3. Public Relations and Crisis Management

Public relations (PR) plays a vital role in navigating ethical crises, particularly in industries like fashion, where global supply chains frequently intersect with human rights concerns (Marsen, 2020). Coombs’ Situational Crisis Communication Theory, developed by Coombs (2020), offers a foundational framework for selecting communication strategies based on the nature of the crisis and organisational responsibility. As Borchers and Enke (2021) argue, PR professionals act as the ethical conscience of the organisation, guiding the tone, timing, and transparency of crisis responses. In the context of ethical violations, effective PR hinges on balancing legal risk with moral accountability. According to Borchers and Enke (2021), SCCT provides strategy categories, denial, diminish, rebuild, and bolster, that organisations can adopt depending on perceived fault. When ethical breaches emerge from negligence, as in fashion’s outsourcing scandals, rebuilding and bolstering strategies tend to yield better reputational outcomes (Curran and Nadvi, 2024).

The 2019 Sihanoukville building collapse reported by Cambodia Clean Clothes Campaign (2019) illustrates how such ethical failures rapidly escalate into global PR crises. Constructed without legal permits and housing over 60 workers and their families, the building collapsed fatally despite stop-work orders (Chea, 2022). Public outcry was swift, driven by media coverage highlighting systemic neglect and worker exploitation (Robertson, Brown and Dehejia, 2020). The tragedy spotlighted subcontracting abuses often hidden from mainstream brand oversight and directly contradicted brands’ CSR commitments. As images of the collapse spread, consumers questioned how such failures could occur under brands that claim to prioritise ethical sourcing (Robertson, Brown and Dehejia, 2020). The failure to enforce supplier compliance generated reputational damage not only for the construction firm but also for fashion brands linked to the region, thereby demanding a reputational defence grounded in transparency and restitution.

Brands like H&M and Boohoo illustrate contrasting crisis responses. H&M’s approach, while not without criticism, employed transparency, acknowledging gaps in its “Conscious Collection” and adjusting its sustainability claims (Mickelsson, van Haren and Lemmink, 2022). In contrast, Boohoo initially denied labour exploitation allegations in its Leicester supply chain, shifting to damage control only after an independent review confirmed misconduct (Nassar, Goddard and Freeman, 2023). According to Coombs’ SCCT, H&M’s strategy aligns with the rebuild model, while Boohoo's initial denial approach delayed trust recovery. Balabanova, Palmieri and Liu (2023) explained that social media played a pivotal role in both cases, with platforms like Twitter fuelling #BoycottBoohoo and rapidly amplifying public sentiment. Transparency, rooted in sincerity and storytelling, strengthens post-crisis trust, as stated by Borchers and Enke (2021). Ultimately, Boohoo’s defensiveness weakened trust, while H&M’s transparency fostered credibility—highlighting that ethical, proactive PR determines reputational resilience in crises.

## 3.4. Strategic Evaluation and Recommendations

Ethical crises, while reputationally damaging, also present opportunities for brands to reposition themselves as transparent, value-driven market leaders. The concept of a "buycott"—where consumers actively reward ethical brands—has gained prominence in marketing ethics literature, signalling that socially responsible practices can be leveraged for strategic advantage (Kyller and Thorson, 2021). In the aftermath of public scandals such as Boohoo’s labour exploitation exposure and factory safety violations in Pakistan, fashion brands have a narrow window to demonstrate sincerity and restore credibility. When used effectively, this window allows companies to transform reputational threats into consumer trust and competitive differentiation.

Immediate action should begin with publicly acknowledging the issue and conducting thorough, independent supplier audits. As the Boohoo case revealed, denial or delay intensifies public backlash, whereas swift action communicates accountability (Labour Behind the Label, 2019a). Brands should also consider severing contracts with non-compliant suppliers, publishing impact reports, and offering reparative support to affected workers. According to Bouwman and Berens (2024), short-term crisis recovery depends heavily on tangible responses that signal ethical commitment—not just verbal assurances. These practices demonstrate brand integrity and reassure stakeholders that ethical lapses are neither systemic nor tolerated.

Long-term CSR strategies must go beyond codes of conduct. As noted by Boeger, Murray and Villiers (2020), effective CSR requires reflexive governance approaches, such as embedding living wage policies, transparent sourcing systems, and worker empowerment initiatives across the value chain. These practices align with the legal and ethical layers of Carroll’s CSR Pyramid and address the “people” component of the Triple Bottom Line. Third-party auditing and grievance mechanisms led by workers can further enhance ethical oversight and credibility (Paiement, 2018).

Global certifications such as the Fair Wear Foundation and Worldwide Responsible Accredited Production (WRAP) serve as valuable tools in institutionalising trust (Vigolo, 2024). These certifications validate ethical compliance, offer credibility to marketing claims, and act as assurance mechanisms for socially conscious consumers (Mizrachi and Tal, 2022). Brands like Patagonia exemplify this approach through transparent reporting and self-reflective campaigns that highlight both progress and setbacks, fostering consumer loyalty rooted in authenticity (Kumar and Carolin, 2020).

# 4.0. ****Conclusion****

In summary, the analysis of branding risks, CSR challenges, and PR failures within the fashion industry reveals a pressing need for ethical transformation. Cases involving Boohoo and H&M demonstrate how lapses in labour standards and inadequate supply chain oversight can severely damage brand image, erode consumer trust, and provoke sustained reputational crises. Despite the existence of CSR frameworks such as Carroll’s Pyramid and the Triple Bottom Line, brand practices often fall short in outsourced environments, exposing the limitations of voluntary codes and weak audit mechanisms. Furthermore, the role of public relations has proven pivotal; while transparency and sincerity—as seen in H&M’s response, can rebuild credibility, defensiveness and delay—as with Boohoo, risk long-term damage. For marketers, these findings underscore the importance of adopting ethical leadership roles that champion stakeholder welfare alongside profitability. Strategic recommendations include proactive issue acknowledgement, independent auditing, worker-led accountability mechanisms, and credible certification schemes. Ultimately, ethical branding must evolve from a promotional narrative into a lived organisational practice. The future of competitive advantage in fashion lies not in fast trends but in sustained ethical integrity, transparency, and meaningful social impact.

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