

# Case Study on Fast Fashion Labor Market in Cambodia

Ruoang Jin\*

School of Social Science, University of California Irvine, Irvine, America

\*Corresponding author e-mail: ruoangj@uci.edu

**Abstract.** Fast fashion has become an important trend of world economic growth, especially in the process of economic development in developing countries. Taking Cambodia's fast fashion labor market as an example, this paper deeply analyzes the problems in Cambodia's fast fashion labor market and finds that factors such as wages, working conditions and international pressure directly affect the development of fast fashion labor market. On this basis, this paper puts forward some suggestions to improve Cambodia's fast fashion labor market.

**Keywords:** Fast Fashion Labor Market; Cambodia; Suggestions.

## 1. Introduction

Fast fashion is how brands who mass produce clothing, footwear and accessories to sell current trends in cheap retail stores. With great amounts of advertisement, consumers tend to buy every new product of the brand. Fast fashion has become an increasingly important part within people's life globally, possessing a market value of 3 trillion dollars, 2 percent of the world's GDP (Fashion United, 2021). However, To be able to produce clothes with prices that are becoming cheaper and cheaper, the companies lowered the wages of workers, which some critics suggest that can't meet the minimum level of survival. According to Fast Checker, 93% of brands that the website has surveyed are not paying workers a living wage ( Fashion Checker, 2020) Cambodia has become increasingly important in this industry. But there are implications of labor rights abuse and environmental issues in the fast fashion industry in Cambodia. This paper first reviews the overall macroeconomic situation in Cambodia and then considers labor market and environmental issues related to the fast fashion industry, and finally discusses possible approaches to dealing with these issues.

Development and Population Indicator	Cambodia
Per capita gross national income, 2011	\$830
Human Development Index ranking, 2012	0.543
Gender Inequality Index value, 2012	0.473
Gender Inequality Index ranking, 2012	96
Population, 2011	14.5 million
Average per annum population growth, 2000–2011	1.4%
Fertility rate (births per woman), 2010	2.6
Population increase, 2000–2011	2.1 million
Poverty (national threshold)	23% (in 2009)
Poverty (\$1.25 threshold), 2009	19%
Poverty (\$2.00 threshold), 2009	50%
Income inequality (Gini coefficient), 2009	0.36

Note: The Gender Inequality Index reflects gender disadvantage based on five indicators across areas of reproductive health, empowerment, and the labor market; it ranges from 0 (perfect equality between men and women) to 1 (complete inequality).  
Sources: Asian Development Bank. 2011. *Key Indicators for Asia and the Pacific 2011*. Manila. Tables 1.1, 1.2, 1.17, and 2.3; Government of Cambodia, Ministry of Planning. 2013. *Poverty in Cambodia: A New Approach*. Phnom Penh. <http://www.mop.gov.kh/Projects/tabid/148/Default.aspx>; United Nations Development Programme. 2013. *Human Development Report 2013*. [http://hdr.undp.org/en/media/HDR2013\\_EN\\_Statistics.pdf](http://hdr.undp.org/en/media/HDR2013_EN_Statistics.pdf); World Bank. World Development Indicators. <http://data.worldbank.org/data-catalog/world-development-indicators>.

**Fig. 1** Current macroeconomic situation in Cambodia

Cambodia is a relatively poor country in comparison to most countries in south east Asia, which has a per capital gross national income at about 4000 USD (World Bank, 2011). Also ranking 10th in Human development index in the 11 countries of south east Asia.

Starting from 2008, fast fashion companies started to move their attention from Vietnam and China towards Cambodia, being tempted by their low labor cost. As time goes on, the garment industry has become the main part of Cambodia's economy. According to Fashion Revolution, there are more than

600 garment and footwear factories for around 200 international brands in Cambodia, taking advantage of cheap Cambodian labor (Fashion Revolution, 2016). In 2018, the garment industry accounts for 16 percent of GDP and the amount of workers reach 12.5 percent of the labor force. While also being the dominant factor of Cambodia's export, accounting for 74% of Cambodia's export earning (Invest In Cambodia). However, 90% of the capital that was used to built the factories comes from foreign investment, bringing huge threats to the Cambodian economic environment, particularly in the labor market with environmental concerns and extremely low wage.

The research contribution of this paper is mainly reflected in the following aspects. First of all, the existing research is not enough to analyze the fast fashion labor market, especially the lack of cases from developing countries. This paper takes Cambodia's fast fashion labor market as an example to better understand the development of fast fashion and related markets. Secondly, this paper not only briefly introduces Cambodia's fast fashion labor market, but also analyzes the existing problems, so as to further discuss Cambodia's fast fashion labor market. In addition, this paper also provides some enlightenment for the development of Cambodia's fast fashion labor market. Research shows that good policy design can improve the development of Cambodia's fast fashion labor market.

## **2. Main issues in the labor Market**

### **2.1 Minimum wage**

The 2018 Law on Minimum Wage set a minimum wage of Us\$190. However, even though Cambodia has always had a law of minimum wage, most factories did not follow the law due to lack of supervision, for the government is scared that foreign investment would decrease with higher labor cost. This concern is brought by the history of the transfer of the garment industry, moving from Vietnam and China to Cambodia due to the disappearance of cheap labor. So this encourages capitalists to move further into their goal of decreasing the labor cost. But through continuous effort of the United Nation International Labor Organization Better Factories Cambodia (BFC), the government was forced to give pressure on companies, resulting in the companies obeying the minimum wage law. But this did not manage to stop the companies ambition of lowering labor cost. So large international companies started to focus more on small factories, serving as subcontractors for larger export oriented factories. These factories however, are not as well regulated as larger factories, being secretive with workers and having bad working conditions. "These small factories help cut costs for larger factories that are subject to more scrutiny. And they become all the more relevant with the recent increase in the garment sector's minimum wage." (Human Rights Watch, 2015).

### **2.2 Poor working condition**

Southeast Asia's garment hubs rank highly for "extreme risk of forced labor, occupational health and safety, and child labor". As a method of lowering costs of operating factories, investors tend to spend a limited amount of money on improving working conditions, causing huge threats to worker's health. On a site visit to Cambodia, a journalist named Nordea went to a factory that had been criticized for poor working conditions, having extreme heat that caused workers to faint. "Our team spotted several issues such as poor ventilation and lack of access to drinking water. As a result of the visit, a number of immediate action points were made to improve the working conditions. These included better air condition and more drinking stations." (hinvestmentcontent.com). But for most factories, they don't have the luck of meeting journalists and improve working conditions.

### **2.3 International Pressure**

Being aware of the working situation in Cambodia, governments around the world started to protest against the human rights violations. The EU has withdrawn part of its tariff preferences under the Everything But Arms (EBA) trade scheme. While the EU's stance is noble, withdrawing tariff preferences hurt garment workers even more. As Cambodian export costs increase, Cambodian

manufacturers will have a harder time sustaining their international retail clients. And when client orders decrease, so does the manufacturers' capacity to provide stable jobs. It has been predicted that the loss of trade access will result in 43 percent of Cambodian garment workers and 20 percent of footwear workers losing their jobs. (Brown Girl Magazine, 2020). So the approaches towards changing the current status of labor rights abuse has had down side effects.

## 2.4 Government Intervention

In 2014, workers from the garment sector protested for a higher minimum wage, but what they faced was strong opposition. Soldiers from a military special command unit carrying metal pipes, knives, AK-47 rifles, slingshots and batons clashed with workers at a factory in an outlying area of Phnom Penh, local human rights group LICADHO said. Its statement said 10 people were taken into military custody and that monks and workers were beaten. The violence came at a time of political stress, as the opposition Cambodia National Rescue Party protested daily for Prime Minister Hun Sen to step down and call new elections. Hun Sen won elections last July that extended his 28-year rule in the poor Southeast Asia nation. Until now, Hun Sen has still remained to be the prime minister of Cambodia, still bringing potential threats to the Cambodian labor market.

## 2.5 Long Working Hours

Cambodia's labor law has limited maximum working hours of 48 hours, with an overtime work to 12 hours (2 hours a day). To supplement their incomes, workers generally prefer some overtime work. But Human Rights Watch has investigated that factory managers threatened workers with contract non-renewal or dismissal if they sought exemption from doing overtime work demanded of them. "Most of the workers we interviewed performed overtime work far exceeding the 12-hour weekly limit." (Human Rights Watch 2015) With working hours that last too long, workers' health is threatened, enormously increasing the possibility of sudden death.

## 3. Suggestions

Facing these enormous problems, the international labor organization had set up the DWCP, Decent work country program, focusing on eliminating these problems and build a better environment for workers. The DWCP focuses on these categories:

The potential impacts of "Future of Work" and digital economy developments, with new opportunities in areas such as the creation of decent green jobs in new and emerging sectors, expansion of e-commerce and online banking, the ability to make voluntary social protection contributions online, enhancing productivity, improving labour market information and provision of online training.

- Positive projections for ongoing economic growth, increased revenue collection and public expenditure.

- The demographic dividend arising from population dynamics, freeing up resources for social investment and family income growth.

- Growing regional cooperation within the framework of the ASEAN Economic Community (AEC) linked to efforts to lift workforce skill levels in order to seize the opportunities available.

- Despite the ongoing systemic challenges, gradually expanding opportunities for women arising from factors such as increased access to education, relatively high levels of labour market participation (although still less than that of men), and (slowly) changing social norms reflected in developments such as the more visible attention to gender-based violence and maternity protection.

- Expanded legal, policy, institutional and strategy frameworks in areas relevant to decent work promotion.

- The planned Population and Housing Census in 2019, providing access inter alia to new data on labour market dynamics and trends. (ILO, 2019)

There are some limitations in this paper. First of all, this paper adopts qualitative analysis method to investigate the fast fashion labor market in Cambodia. Future research can adopt questionnaire survey and field investigation. In addition, fast fashion labor markets in other countries should be further studied to better understand the development of fast fashion.

## References

- [1] Global fashion industry statistics - International apparel 2021, Fashion United, [fashionunited.com/global-fashion-industry-statistics/](https://fashionunited.com/global-fashion-industry-statistics/).
- [2] ARE THE PEOPLE WHO MAKE YOUR CLOTHES PAID ENOUGH TO LIVE ON? 17 Sep, 2021, Fashion Checker, [fashionchecker.org](https://fashionchecker.org).
- [3] Fashion Revolution Cambodia. 2021, Fashion Revolution, [www.fashionrevolution.org/asia/cambodia/](https://www.fashionrevolution.org/asia/cambodia/)
- [4] Garment, textile and footwear, 2020, Invest in Cambodia, [investincambodia-eu.org/garment/#:~:text=Cambodia's%20garment%20and%20footwear%20industry%20has%20become%20one,%20garment%20C%20textile%20and%20footwear%20sectors%20have%20grown%20significantly](https://investincambodia-eu.org/garment/#:~:text=Cambodia's%20garment%20and%20footwear%20industry%20has%20become%20one,%20garment%20C%20textile%20and%20footwear%20sectors%20have%20grown%20significantly).
- [5] Work faster or get out, 11 May, 2015, Human Rights Watch, [internap.hrw.org/features/HRW\\_2015\\_reports/Cambodia\\_Garment\\_Workers/](https://internap.hrw.org/features/HRW_2015_reports/Cambodia_Garment_Workers/).
- [6] Decent Work Country Programme 2019-2023, March 2019, International Labor Organization, [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_710183.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_710183.pdf).
- [7] It's time for garment workers to stop carrying fashions economic burden. 19 Aug, 2020, Browngirl Magazine, <https://browngirlmagazine.com/2020/08/its-time-for-garment-workers-to-stop-carrying-fashions-economic-burden/>.