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Rationalizing Harmonization: The Apparel Industry Needs a Framework for Compliance

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As Corporate Social Responsibility (CSR) activities have grown in importance over the past couple of decades, the social compliance industry has gotten extremely crowded with numerous initiatives seeking to address the wide range of challenges inherent in supply chain management.

In addition to multiple for-profit service providers, many brands and most retailers have their own internal programs that sometimes work with (but can often be separate from) several independent non-profit entities that provide compliance monitoring solutions. The resulting mishmash of options has left both buyers and manufacturers confused and venting about audit fatigue. As a result, a variety of initiatives emerged over the last few years to try and bring order to the chaos, and the resulting harmonization trend is one of the more entrenched ones in the industry today.

Unfortunately, in a display of irony rivaling anything the ancient Greeks had to offer, the only success this trend has had has been to increase the confusion, with both buyers and manufacturers now venting about initiative fatigue.

As such, we now have two distinct problems to deal with: the initial challenge (that there are too many standards/codes/programs out there) and this newer one (that there are too many initiatives trying to tackle the initial challenge).

Any attempt to rationalize harmonization must first dig a little deeper into what is irrational about it, and that involves recognizing that the brief history of harmonization initiatives has seen a certain kind of evolution in the thrust behind them. Initial attempts to deal with audit fatigue generally involved trying to come up with a single standard – a universal code – against which to audit (the idea being that over 90 percent of what's in the various codes and standards out there is the same, so why can't we just develop a universal one?). Every single one of those attempts failed, and the major learning from those experiences was that such attempts are all *doomed* to fail.

Because while 90 percent of what's in one organization's code may be the same as what's in the others, the problem is that that 10 percent difference is based on values that are particular and dear to each specific organization. And while one may attempt to reach universal agreement on neutral topics, universal agreement on values is simply not attainable.

With that important lesson learned, harmonization initiatives shifted away from attempting to attain universal agreement to attempting to establish benchmarking mechanisms to create some measure of equivalency between prevailing programs. Such efforts, too, have not been successful. While some of those failures were because the initiative did not sufficiently distinguish itself from the preceding type of "universal code" seeking attempts, the main reason this second generation of efforts has not made headway is that they are all trying to do too much, seeking to be all things to all people.

In trying to create solutions that address as many of the challenges as they can find, these initiatives have embarked on a quest that results in perfection getting in the way of the good enough. More fundamentally, if one's mission is to enable harmonization amongst existing mechanisms, then proposing to achieve that by imposing new mechanisms on top of them all is not going to get you there.

All of this has led to a new flavor of harmonization: simply recognizing multiple programs as being sufficient for meeting one's social compliance requirements and then letting one's vendors choose from any among that list.

This approach is the most practical - and, hence, most rational - of them all. It recognizes the world for what it is and acknowledges that there is always going to be more than one way to skin a cat. Rather than attempting to come up with just one perfect solution, it creates a pool of the solutions that are good enough, and then the number of audits can be reduced because any solution in that pool can be used.

While that may address the problem of having too many initiatives seeking to solve the audit fatigue challenge, we are still left with the initial challenge

itself – that of too many standards/codes/programs. Here, too, a good deal of rationalization is necessary. And once again the main reason for the vexing proliferation is that most of these standards/codes/programs are trying to be one-stop solutions for all comers. Attempting to solve all issues for all industries is not only impossible, it is counterproductive.

While the basic tenets of any social compliance code – safety, dignity, fairness – may be independent of the type of location being audited, the reality is that when actually applied, there are often massive differences, and so having a single program as a jack-of-all-trades just doesn't work. A simple example: as an idea, the notion that a factory ought to be a safe working space is applicable to all factories; but in reality, what makes a factory a safe working space is very specific to the type of work being done in that factory.

It is becoming increasingly clear that the right path forward is to focus a program's offering on a limited area of operations and be able to develop deeper knowledge and sounder expertise in that arena, rather than to try and provide broader (but therefore shallower) solutions to all. Some of the most successful social compliance programs out there today are examples of this more rational approach and one can expect that they will continue to thrive, while the programs that are trying to do too much will eventually find their value proposition diminishing.

This, then, is the future to strive for – a pool of specialized programs (each one maximizing their contribution to the space by concentrating on a specific industry and/or area of expertise) that provide a menu of solutions that collectively address the universe of supply chain management challenges, with actors within that supply chain then being able to pick whichever one of those solutions work best for their set of circumstances. This will address both those problems outlined earlier, by resulting in a reduction in the number of standards/codes/programs out there, as well as in the initiatives seeking to harmonize them, because we will now have a very simple and practical recognition framework in place.

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