

Literary Sources of  
**Fair Labor Practices: Are Workers Truly  
Protected?**

By

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## **ABSTRACT**

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Private businesses often claim that they employ fair labor practices and care about employees' well-being. However, firms may face contradictory situations since fair labor practices can result in cost increases and lower profit. In this thesis, I examine historic and contemporary workers' conditions and fair labor practices. Workers' conditions during the Industrial Revolution and the basis of relevant Marxist theories are examined. Contemporary labor practices are also examined and a secondary analysis of data on worker attitudes in two major companies is conducted. Results and discussion suggest that although progresses in worker conditions have been made, there still needs to be more improvements.

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## PREFACE

A Nobel Prize-winning economist Milton Friedman (Sep. 13, 1970) once stated his view on corporate purpose in his *New York Times* essay, “the social responsibility of business is to increase its profit.” However, contemporary corporations claim to employ fair labor practices, treat their employees well, and care about their well-being. Those practices could cut into profits and result in low profits and high labor costs. In my thesis, I would like to investigate the reality of fair labor practices and whether companies do or do not treat workers in the ways they claim.

Chapter one begins with a description of the historic conditions of workers during the Industrial Revolution period. Workers’ conditions were unsanitary working and living environments, with high rate of infectious diseases and early death, as well as low wages. The basis of relevant Marxist theories is also discussed, which laid the foundation for investigating the relationships between capitalists and workers. Chapter two examines the work of Émile Durkheim, Max Weber, and Frederick Winslow Taylor. Although Taylor’s scientific management principles, in theory, seem to benefit workers, sociologists claim that workers’ rights may still need to be protected. In Chapter three, workers’ attitudes toward their companies in which they were employed were examined for New Balance and American Apparel. A secondary analysis was conducted with data from *Glassdoor* and *Indeed* for both companies. Workers’ reviews were categorized as positive, negative, or neutral. Five aspects of company labor practice, including compensation and benefits, management, working environments, opportunities for advancement, and relationships with co-workers, were examined. Chi-square tests were

utilized to determine whether the data from *Glassdoor* and *Indeed* were similar or different. Moreover, the same kind of test was employed to show whether opinions of employees from the two companies were significantly different.

The results suggest that although progress in worker conditions has been made, there still needs to be improvements. Generally speaking, workers now tend to build good relationships with co-workers and earn decent payments with good company benefits. However, the management teams usually appeared to be unprofessional and unorganized; promotion opportunities sometimes were limited and depended on personal relationships with the management groups; tasks for the lower positions remained too unchallenging and did not involve active thinking. Many of these problems were reflected by early sociologists and remain unsolved. As a result, my conclusion suggests that future changes are still needed regarding those aspects of workers' conditions and company labor practices.

## HISTORICAL BACKGROUND OF MARXIST THEORIES

During the period of the 1800s, Karl Marx, an economist and sociologist, first lived in Paris with his family and later moved to London. It was also in 1844 in Paris that he met his lifelong partner and supporter, Friedrich Engels. At that time, Engels just finished his book *The Condition of the Working Class in England in 1844*. The interaction with Engels and Engels's work built a solid foundation for Marx's understanding of capitalism and the conditions faced by the working class.

Engels (1845: 82), whose father was a partner of a cotton plant in Manchester, argued, "in the cotton industry of South Lancashire, the application of the forces of Nature, the superseding of hand-labor by machinery... and the division of labor, are seen at the highest point." Before the emergence of machinery, the manufacturing of woven goods took place in people's home and was a domestic task for wives and daughters (Engels 1845). During that period, weavers could work in fields or gardens, do as many as they choose to do, and take a rest whenever they want. The primary source of income for weavers was spinning yarn and farming. Nevertheless, situations changed drastically after the introduction of a spinning jenny, a machine that was needed to be operated by hand and able to reduce the amount of time to weave yarn. Because of the diminished cost of producing per yarn, the price of woven goods declined and therefore the demand increased. As a result, more weavers were attracted to the industry. Those who cannot afford to buy a spinning jenny chose to work for someone else who had such means of production and earn wages for their labors.

Some of the workers were assigned to weaving and others to spinning, and this was where the division of labor first started.

### Unsanitary Working and Living Conditions

The working conditions at cotton mills were notoriously bad and sometimes even dangerous. As Kay (1832) described, workers were doing prolonged and exhausting labor, day to day, and thus, workers became used to the boring routine of ceaseless drudgery. The environment they worked in was “ill-ventilated, unprovided with privies, and, in consequence, the streets which [were] narrow, unpaved, and worn into deep ruts, [became] the common receptacles of mud, refuse, and disgusting ordure” (Kay 1832: 27). Doing daily labor in such conditions, it was common for a worker to “[become] reckless,” “[disregard] the distinguishing appetites and habits of his species,” and “[neglect] the comforts and delicacies of life” (Kay 1832: 8).

Building on Kay's ideas, Engels (1845) argued that instead of benefiting workers, the Industrial Revolution made them worse off. He claimed that the increasing visitations of infectious diseases, such as smallpox and cholera, should be attributed to unsanitary working conditions. Engels further linked workers' early deaths to the rise of capitalism. He (1845:107) stated that society in England “has placed the workers under conditions in which they can neither retain healthy nor live long” and “hurried them to the grave before their time.” Because of the centralization of population in great cities, the poor ventilation, and the physical and mental lassitude of urban dwellers, they were more vulnerable when facing acute and inflammatory affections, compared to those who lived in rural areas (Engels 1845). The situation was especially worse in the working-

people's areas in cities, where "everything combine[d] to poison the air" (Engels 1845: 108). Poor people were also "deprived of all means of cleanliness, of water itself, since pipes [were] laid only when paid for, and the rivers so polluted that they [were] useless for such purpose" (Engels 1845: 108). The number of patients in the London Fever Hospital was 1,462 in 1843, which was 418 more than in any previous years. Many of them were from the working class of the country, and eventually, 16.5 percent of all patients died. Moreover, Engels (1845) listed the annual death rate of all England and Wales. According to the data (Engels 1845), for England and Wales as a whole, one died out of 45 individuals each year. For industrial cities like Manchester and Liverpool, the death rate was much higher so one in 32.75 (including Charlton and Salford) and one in 31.90 (including West Derby) died, respectively. Additionally, in Liverpool, in 1840, the average longevity was 35 years for the upper class, 22 years for the businessmen, and only 15 years for the working class.

Besides death rate for adult, Paul Huck (1995) stated that infant mortality rate in England has increased between 1813 and 1846. He analyzed statistics for nine main parishes in England (Walsall, Handsworth, West Bromwich, Sedgeley, Armley, Wigan, Great Harwood, Denton, and Ashton). For all parishes aggregated together, "infant mortality rose 14 percent from the earliest period, 1813-1818, to the last period, 1831-1836" (Huck 1995: 534). Among all nine parishes, he recognized five out of them as experienced substantial and steady increases within the three decades. All those parishes with sharp increases in infant mortality were associated with some sort of



textile industry. His research suggested that by the 1840s several of these towns exhibited infant mortality rate of 200 or more per 1,000 live births.

Many researchers tend to attribute one of the causes of increasing death rate as urbanization. In 1700, there had been only seven towns with over 10,000 inhabitants; by 1801, there were 48 such towns (Szreter 1997). Whereas in 1801, none of those 48 towns has reached a population of 100,000, by 1841, six English provincial cities achieved that number. Among those six cities, Liverpool, Manchester, and Glasgow had populations over 200,000. Towns and cities where industries prevailed grew rapidly, but without any plan or supervision. This later led to the result that even the most elementary infrastructures—"street cleaning, water supply, sanitation, not to mention working-class housing"—failed to keep pace with such fast development (Hobsbawn 1962: 203). The most explicit consequence of such urban deterioration was "the re-appearance of mass epidemic of contagious disease" (Hobsbawn 1962: 203). Two major epidemics, cholera and typhus, started to conquer the continent from the 1830s, along with relapsing fever in the 1840s (Hobsbawn 1962). Rapid urban development not only caused deterioration of people's living environments, but also resulted in class segregation. The poor working class was pushed into "great morasses of misery outside the centers of government," while the bourgeoisie comfortably resided in "the newly specialized residential areas" (Hobsbawn 1962: 203). People in the middle and upper class remain intact because they lived in safer and cleaner areas.

This trend of segregation is also revealed by John Fielden (1836), who was a cotton manufacturer at the time of Industrial Revolution. He described the situation

when cholera occurred in 1832 by recognizing the upper class as “panic-stricken” (Fielden 1836: 38). Fielden (1836: 38) further claimed, “we knew our sins,” “we knew the ‘squalid homes’ of those who make our wealth” and “we knew that the malignancy would fix on them, and that this would endanger ours.” The upper-class members whitewashed and did all that men could do, just to save themselves.

### Low Wages

For those who engaged in spinning and weaving, their wages were calculated by piece work and thus, “the actual earnings of each workman depend[ed] very much upon his individual skill and activity” (Chadwick 1860: 2). However, the introduction of the powerloom decreased the demand for manual labor, and thus, decreased weavers’ wages (Kay 1832). Handloom weavers experienced more than 60% decline in their wages from 1820 to 1840 (Lyons 1989). Around the 1830s, those weavers had been recognized as “the most poverty-stricken workers” in England (Brown 1990: 610). Around 1836 in Manchester, the price for one dozen pounds of flour rose from one shilling and one penny to two shillings and four pennies (Neild 1842). However, during the year of 1837, weavers who were employed could only earn wages less than 6 or 7 shillings per week (Heywood 1838). Their jobs were extremely laborious, their time at work often amounted to 14 hours per day, but their earnings were moderate. Even for those who worked for 14 hours everyday, they could only earn 12 shillings for a week for the most time. The handloom weavers’ economic plight “cast a pall over the entire period and over all the working classes” (Himmelfarb 1984: 137).

Another possible factor that reduced wages for workers was the large-scale immigration of Irish people to England, particularly into Manchester. The Irish were used as strikebreakers by James Taylor, an owner of Newton Heath silk mill (*Report on the state of the Irish Poor* 1836). Capitalists believed that the Irish could live on the lowest living standard and could accommodate to the poorest conditions. Attributed to this characteristic of being less demanding, the Irish were often employed by mill owners to lower their labor costs and maximize profits. Workers viewed this group of people as the reason for low wages of the entire working class: "I have no doubt that the Irish has lower[ed] the wage of Manchester by the number that have come over...Wages are now two-thirds lower than they have been" (*Report on the state of the Irish Poor* 1836:70).

### **Marxist Theory**

According to Marx (1848), history evolves through the interaction between the prevailing mode of economic production and the social relations springing from it. The mode of production refers to the distinctive way of producing in a society, machines, and raw materials. The social relations describe the relationship between people who own the means of production and those who do not (Marx and Engels 1932). At a certain stage of the development, "the material forces of production in society come into conflict with the existing relations of production, or... with the property relations within which they had been at work before" (Marx 1859). The evolvement of the mode of production seems to achieve its full capacity, but at the same time, creates antagonism between different classes of people. As a result, revolutions begin.

Marx's theory considers society to be a result of the economic base and social superstructure; the economic base determines all other social structures such as ideology, religion, and politics. Marx (1859: 20) argues that the economy, or in other words, "the total amount of [these] relations of production" constitutes "the real foundation" of a society, and it is based on this foundation that "the legal and political superstructure" is established. The stages of development, which Marx and Engels (1932) describe as the tribal, ancient, and feudal stages, determine the social structure for that period in history. The tribal form of property follows family as the primary social structure and is relatively primitive. The ancient form of property promotes the development of cities from unionization of multiple tribes. The development of nations and the connections between craftsmen results in the occurrence of the feudal form of property. In modern society, the privatization of property is valued and this is established by the new mode of production—the capitalist system. Moreover, Marx and Engels (1932) claims that the economic structures of society correspond to forms of class consciousness. One cannot judge the transformation of superstructure by social consciousness, and "this consciousness must be explained from the contradictions of material life, from the conflict existing between the social forces of production and the relations of production" (Marx 1859: 21). This idea that consciousness is determined by material conditions which change over time is later regarded as historical materialism.

### Alienated Labor

Marx (1844) contends that in the capitalistic society, workers are regarded as the most miserable kind of commodity, because they do not own the means of production

and sell their labor in return for wages. Workers' misery has an inverse relationship to "the power and size of [one's] production" (Marx 1844: 77). As a consequence of the loss of control over the means of production, workers end up being alienated from the goods. Labor become the only object workers can have as their power. However, the objects that workers' labor produce—the products—are appropriated by the ruling class, those who own the means of production. The more workers produce, the more capital accumulates in a few hands, and thus the poorer workers become. Also, because of commodification of labor, the labor power of the worker is converted to wages and received by workers as an exchange-value. The working class needs to earn wages to survive and labor is no longer "voluntary" but "compulsory, forced labor" (Marx 1844: 79). Therefore, the alienation of the act of production occurs and workers are bounded to unwanted labor.

Additionally, under capitalism, workers are also alienated from the nature of human beings, from both physical and intellectual life. Rather than containing the "manner of vital activity, and free conscious activity," workers sell their labor for wages as a way to satisfy their needs to "preserve [their] physical existence" (Marx 1844: 80). When this happens, "life itself appears merely as a means to life" (Marx 1844:80). Hence, alienation of nature, or humanity, occurs. The fourth outcome of alienated labor results in alienation of the worker from other workers. Unlike commodities that have a two-fold nature, labor is presented in the form of use-value (single-fold) and called useful labor (Marx 1867: 148). In a community of workers, the quantitative difference between the useful labor is "carried on independently by individual producers, each on

their own account, develops into a complex system, a social division of lab[or]" (Marx 1867: 149). The main cause is the competitive labor market. Capitalists hire workers to produce as much labor and value as possible and encourage them to compete with one another for higher wages. Such competition estranges workers and blinds them from realizing their mutual interests. When the workers regard other workers as competitors over scarce resources and job positions, they form a false consciousness and incorrectly assess their role in the capitalist system and how the system works.

### Commodity Circulation and Surplus Value

Marx (1867) considers the society as individuals producing commodities and exchanging them. He recognizes one form of commodity circulation as Commodity—Money—Commodity, which refers to the process of one commodity exchanging for another; in the first phase, "the money is changed into a commodity" and in the second stage, "the commodity is changed back again into money" (Marx 1867:147). In this exchange action, "the combination of these two stages constitutes the single movement whereby...a commodity is bought with money and then money is bought with a commodity" (Marx 1867:147). In the capitalist society, Marx claims that another form, Money—Commodity—Money', become evident. In this circulation, money is changed into a commodity in the first phase and then the commodity is converted back into money. In Marx's theory, workers sell their labor, which should be regarded as a kind of commodity, in exchange for money. They can use their wages to purchase other goods and thus, support their families. As a result, they are engaged in the first form of circulation.

Capitalists, on the other hand, pay salaries to workers to produce commodities. Later, they trade those goods to get money (Marx 1867). Thus, they should be seen as using the second formula of commodity circulation. In this formula, a surplus value can appear when the new value occurred for selling products is higher than the costs to produce the goods. This surplus value can also be understood as profits. Capitalists aim at maximizing profits through the process of producing and selling their products. In order to achieve such goals, it is critical for them to lower the production cost or, in other words, labor cost. Thus, capitalists tend to exploit workers, force them to overwork, focus on increasing workers' efficiency, and pay wages as low as possible. For capitalists, the first form of appearance of capital is money. All new capital, "whether of commodities, labor, or money," has to be "in the shape of money that by a definite process has to be transformed into capital" (Marx 1867:146).

As Marx (1867: 151) claimed, the simple circulation of commodities, or the first formula, is "a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants." On the other hand, the circulation of money as capital is "an end in itself" (Marx 1867: 151). The expansion of value happened only within the constantly renewed movement, when a surplus value is first an annex to the original value and later distinction between surplus value and original value vanishes immediately. Therefore, "the circulation of capital has no limits" (Marx 1867: 152).

### Class Consciousness and Revolution

Marx and Engels (1848: 61) define “the history of all hitherto existing society” as “the history of class struggle.” Society is split into two hostile camps, bourgeoisie and proletariat, oppressor and oppressed, those who own the means of production and those who do not. These two opposite groups stand in constant opposition to one another and “carr[y] on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes” (Marx and Engels 1848: 62). Modern industry and the establishment of the world-market is the outcome of the bourgeoisie, who exploits the proletarians in the form of wage-labor. According to Marx and Engels (1848), the class to which people belong to is determined primarily through who control the mode of economic production. The bourgeoisie “has [an] agglomerated population, centralized means of production, and has concentrated property in a few hands” (Marx and Engels 1848: 65). This group of people exploits the working class in order to maximize economic profits. The bourgeoisie has left “no other nexus between man and man than naked self-interest”, than callous “cash payment” (Marx and Engels 1848: 65). In order to veil the reality of “naked, shameless, direct, brutal exploitation,” the bourgeoisie group presents the public with “religious and political illusions” (1848: 65). Marx and Engels (1848) believe that the capitalist system needs to be changed to liberate people from alienation and exploitation.



Marx and Engels (1848) then call for revolution to abolish the dominant mode of production and private property. They recognize the proletariat as the agent of this emancipation, since their sufferings were universal and they shared interests with the majority. The lower strata of the middle class—"the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants"—all these people gradually belong to the group of the proletariat (Marx and Engels 1848: 76). This happens partly because "their diminutive capital does not suffice for the scale on which modern industry is carried on, and is swamped in the competition with the large capitalists" (Marx and Engels 1848: 76). Moreover, with new machinery and other means of production, people's specialized skills are rendered worthless and thereby lose their values. As a result, the proletariat is recruited from a wide variety of the population.

One important thing, as Marx and Engels (1848) claim, was before engaging in a revolution, the working class should develop class consciousness, an awareness of common interests and the need for collective actions. The division of labor and wage labor result in the alienation among workers. However, instead of conceiving interpersonal relationships as competition, the workers should recognize their shared vision and the power of a worker's alliance on changing working conditions and demanding equality. In Marx and Engel's ideology (1848:94), the proletarian movement should be "the self-conscious, independent movement of the immense majority, in the interest of the immense majority". Once those requirements are achieved, the fall of capitalists and the

victory of proletarians are both inevitable. Furthermore, the advance of industry should “replace the isolation of the laborers, due to competition, by their revolutionary combination, due to association” (Marx and Engels 1848:94)

During the Industrial Revolution era, factory owners merely focused on their self-interest. They seldom cared about their workers and often exploited workers to achieve higher profits. As a result, labor practices at that time were unfair and sometimes even immoral.

## **SCIENTIFIC MANAGEMENT AND CLASSIC SOCIOLOGICAL THEORIES**

In addition to Karl Marx, other classical and contemporary sociologists also focus on the issue of labor practices and the conflict between the capitalist class and the working class. While capitalists during Industrialization mainly focused on exploiting workers by forcing them to work overtime and in adverse environments, the emergence of Taylor's idea about scientific management has changed the situation. Taylor believes that workers should be treated and paid better, follow specific rules during their work, and obey the instruction of their managers. He asserts that these principles can make laborers work efficiently and productively. However, although these rules, in theory, seem to benefit workers, sociologists claim that they still hurt workers' rights. Durkheim (1893:1) states that the modern society "involves increasingly powerful mechanism, large-scale groups of power and capital, and consequently an extreme division of labor." Without power and with the restriction of the division of labor, workers lose their freedom and contend with other workers that may replace them. Moreover, people with lower socioeconomic status remain in the lower class of the bureaucratic system, while those with power are obsessed with achieving higher positions. In addition, this inequality can be reflected through different promotion and employment opportunities that people have access to.

### The Emergence of Taylorism

Throughout history, it was common for industrialists to exploit workers by letting them work in unsanitary environments and offering them low wages; these exploitations were intended to maximize capitalists' own benefits. However, from the 1880s to 1890s,

Frederick Winslow Taylor—an American mechanical engineer—started his investigation into how those practices could lead to low efficiency and productivity (Kanigel 2005). He believed in appropriate management strategies and developed a series of management theories, which were later recognized as Taylorism. Taylor's (1911) first principle of management was that employers should develop a science for work to replace the old rule-of-thumb method. His second principle was that they should select and train workers using scientific methods. His idea was, "it is only through enforced standardization of methods, enforced adaption of the best implements of working conditions, and enforced cooperation that this faster work can be assured" (1911: 83). In the third and fourth principles of management, Taylor emphasizes on the hierarchical structure within organizations. Employers, or supervisors, should ensure that all the work being done by workers is in accordance with the science developed for the work. Meanwhile, the management group and administrative officials have been endowed higher power and more complex tasks, compared to ordinary workmen.

### The Division of Labor

Taylor's idea of management, which emphasizes highly fragmented tasks, intensifies what sociologists consider the division of labor. Émile Durkheim (1893) states that as society advances from traditional to modern, people begin to interact with one another in different ways. In traditional society, people were all generalists; they bonded with each other because of their similarities. This is what Durkheim (1893:79) named mechanical solidarity, which "binds the individuals directly to society without any intermediary." When society enters a modern stage, people become specialists; they

are no longer similar but all specialize in different work. Hence, people rely on each other because they need others to complete tasks they are unable to do themselves, which builds a new kind of solidarity: organic solidarity. The organic solidarity appears because people are tied together due to their interdependence. It is under such circumstances that society developed the division of labor, which allowed “each one [to have] a sphere of action which is peculiar to him” (Durkheim 1893:80).

The peculiarity or personality that individuals have led to a lower degree of collective conscience. The collective conscience refers to “the totality of beliefs and sentiments common to the average members of a society” (Durkheim 1893:79). As Durkheim (1893:41) claims, collective conscience is stronger within a society that values mechanical solidarity, since this society is “a more or less organized totality of beliefs and sentiments common to all the members of the group.” Within modern society, people are allowed to develop their personalities and individual differences, thereby forming fewer norms and values in common.

While Durkheim (1893) states that the division of labor has certain positive functions in society by linking people together more tightly, he also recognizes several undesirable situations when such specialization can lead to disintegration. When workers are bonded to routine movement and the division of labor has passed a certain line in its development, this is when Durkheim (1893) thought the anomic division of labor might happen. He understands anomie as something that will happen when “at certain points of the organism certain social functions are not adjusted to one another” (Durkheim 1893: 292). Workers then lose their directions and do not know how to

respond to changes. Under such conditions, they simply follow what is required by their managers. Therefore, those workers are relegated to the role of a machine and become “no more than a lifeless cog, which an external force sets in motion and impels always in the same direction and in the same fashion” (Durkheim 1893: 306-7). If the workers are not aware of “where the operations required of [them] are leading,” and if they “[do] not link them to any aim,” it is impossible for them to break those routines (Durkheim 1893: 306-7). Consequently, every day workers repeat the same movements with monotonous regularity, but without having any interest or understanding of them. Moreover, because of the specialized skills acquired by workers, what often happens is they “abandon one career in order to take up a similar one” (1893: 269). This is not only true for people within lower socioeconomic classes, such as factory workers. Even scientists can hardly change their functions; it is more often that they devote themselves to different disciplines of sciences, instead of giving up science itself.

### Hostility Among Workers

Under Taylor’s system, tensions between workers who hold basic-level positions are continuous. Historically, workers could disadvantage their counterparts by being less productive, while still receiving the same amount of income when their salaries are based on hours, not productivity (Wagner-Tsukamoto 2007). This situation led to lower efficiency of other workers who realize they could earn the same pay while working less as well. After Taylor introduced the effort scale that measured workers’ efforts during working hours, workers could no longer operate at low efficiency levels. While this reduces the problem regarding efficiency, it created a new problem. Workers are easily

replaceable because the tasks are highly specialized and often require a low level of skills. As a result, workers remain no longer cooperative but rather competitive, since they are afraid that their jobs will be taken over.

According to sociologists, especially Durkheim, the hostility among workers mainly derives from the specialization of tasks and the growing population. When the anomic division of labor occurs, as soon as the division of labor has extended to a certain stage, workers tend to complete repetitive tasks without truly paying attention to them. More importantly, they “isolate [themselves] in [their] special activit[ies]” (Durkheim 1893: 294). They will no longer be aware of “the collaborators who work at [their] side[s] on the same task,” and have no idea of what that task consists (Durkheim 1893: 294). As a result, workers forget the fact that they are parts of the whole society and fail to recognize their common interests. As Durkheim (1893:295) cites, Comte believes that:

...when each individual is placed in a state of close dependence upon the mass of other people, he is also naturally turned away from them by working at his own special activity, which constantly reminds him of his own private interest, whose true relationship to the public interest he only vaguely perceives...

Later sociologists such as Trigilia (2002) also interpret from Durkheim's ideas that he might consider the intensified division of labor as derived from the increasing population. Over time, the growing population developed to be more territorially concentrated and the isolation of human settlements become less marked. Communication improved and people established closer social relations than before. Because of such increased “dynamic density,” people experienced more struggles for survival and this pushed them to “increase their occupational specialization in order to

survive in new conditions” (Trigilia 2002: 80). The work of Durkheim has confirmed this interpretation. Durkheim (1893: 276) states that “as soon as the number of individuals between whom social relationships are established is greater, men can only maintain their position by specializing more, working harder, and stimulating their faculties to excess.” On one hand, he believes that such stimulations enhance the civilization of modern society, thereby building up a higher level of culture. On the other hand, the specialization makes workers mindless working machines and, at the same time, intensifies competition between workers. Men are pushed by the pressure of survival that each worker “exert upon one another, depending upon their number” (1893: 276).

### The Bureaucratic System

Besides the simple breakdown of tasks, Taylor (1911) also proposed that there should be a clear differentiation between those who conduct simple and routine movements and those who conduct management and executive work. Taylor (1912: 78) asserted that employers should ensure that all the work being done by workers is in accordance with the science developed for the work, and there should be an “equal division of the work and the responsibility between the management and the workmen.” He tended to believe that people’s intelligence and overall qualities determined their positions in the companies and differentiated them into these two different classes.

By creating two classes, Taylor endowed them with different levels of power. For those who are a member of the management group, they not only had economic power, but also social power. Therefore, the ruling class—primarily employers and administrative officials—could make certain decisions that workmen could not (Taylor



1911). Workmen are supervised by those who have power and are controlled by scientific rules of work created for them. As a result, they lose the freedom to complete tasks at their own wills and their ability to think, which makes them gradually become machine-like workers.

Max Weber (1922) claims, as society advances, people place more value on rationalization and making decisions based on rationality. Within this rationalized society, specialization, the division of labor, and a hierarchical organizational design become dominant characteristics of ideal organizations. Institutions that are operated under bureaucracy are considered more efficient and rational forms of organization. Weber classifies authorities into three categories: traditional, charismatic, and legal-rational. In every situation, people who are more favored “feel the never ceasing need to look upon [their] position as in some way ‘legitimate,’ upon [their] advantage as ‘deserved,’ and the other’s disadvantage as being brought about by the latter’s ‘fault’” (Weber 1922:953). Traditional authorities are those who are legitimate by the sacredness of customs; charismatic leaders are empowered by their personalities, which are usually inspiring; legal-rational authorities are found to be leaders because of the content of natural or legal laws. The third form of authority differs from the former two, in a way that obedience is given to a certain set of principles instead of individual figures. The best example that involves legal-rational authorities is a bureaucracy, which tends to delegate roles based on a hierarchical structure in place.

While bureaucracy is a rational form of authority, it relies on inequity. In an effort to be fair, bureaucracy does not operate as many other organizations, in which

administrative officials are appointed by superior authorities. Some people originally believe that officials who are appointed by masters, instead of elected, function more accurately (Weber 1922). This is because masters may be more familiar with qualities and personal skills that facilitate the career, and thus make their selections based on those criteria. However, Weber (1922) states that officials elected by the governing force are no longer purely bureaucratic figure[s], because those appointments are usually determined by minorities with great power. In a bureaucracy, “where the demand for administration by trained experts is considerable,” people create new election systems to take public opinions—especially those “intellectually developed, educated, and free”—into account (Weber 1922:961). In this way, bureaucracy attempts to consider the majority interests, not just those of the powerful authority. Nevertheless, since becoming an official requires specialized training and prerequisites, it is difficult for poor or unprivileged people to obtain the necessary education or acquire necessary skills. Moreover, those whose opinions will be valued are mainly the ones who have been with higher social status. They are more prone to select officials based on similarity and discriminate those who are not in the advantaged groups. Therefore, the administrative officials “predominantly come from socially and economically privileged strata” (Weber 1922:960) and inequity persists.

Normally after being elected as administrative officials, people who are truly capable will be empowered with higher wages, status and power over ordinary workers. A higher social position is always one precious thing that people strive for. As officials, their positions are protected “by prescription about rank order and, for the political

official, by special prohibitions of the criminal code against 'insult to the office' and 'contempt' of state and church authorities" (Weber 1922:959). The officials can obtain the highest status in societies where there is a strong and stable social differentiation, since those are the places where the distribution of social and economic powers is unequal. As a result, the elevated social status of privileged administrative officials, together with increased monetary compensation, makes individuals develop an obsession with moving upward to obtain higher positions.

As officials move up the ranks of power, unprivileged workers become stagnant. Weber (1994:368) states that "what lies ahead of us is not the flowering of summer but the polar night of icy darkness." He believes that the increased rationalization inherent in social life has trapped individuals in an iron cage. Thus, individual freedom is limited: people do not have a choice anymore and they are forced to work like machines without an alternative option. Moreover, people are isolated from each other and the external environment by the iron cage and therefore become less engaged in society. In order to increase efficiency and productivity, employers or those authority figures in companies set written rules to control individuals and to specify people's duties. Such regulations limit individuals' movements and therefore their interactions with others. While ordinary workers are trapped by rational calculation and efficiency, this negative effect of bureaucracy is actually shown to be more influential on administrative officials. Officials in the bureaucratic system, unlike those under feudal or patrimonial systems, do not "establish a relationship to a person;" rather, they are "devoted to impersonal and functional purposes" (Weber 1922:959). For example, when selecting workers to be

promoted to higher positions, officials in a feudal or patrimonial society will make their decisions based on interpersonal relationships, whereas, in modern society under bureaucracy, people's promotion is defined by a set of rules that selects people through technological qualification. Within this modern society, interpersonal relationships are no longer valued and therefore people lose motivation to maintain such connections with others.

### Monetary Compensation

In what Taylor proposed as scientific management principles, the reciprocity of labor and wage was emphasized. According to Taylor (1911: 34), the best compensation system should be the system of "initiative and incentive." Within this system, "the workmen give their best initiative and in return receive some special incentive from their employers" (Taylor 1911: 34).

Sociologists (Polanyi 2001; Stinchcombe 1983; Macaulay 1963) recognize the reciprocal labor and wage system as one characteristic of contractual organizations. Historically, one common form of non-contractual economic institutions has been family-run companies built on kinship (Stinchcombe 1983). Originally, the head of a family owns the company and workers within the company are all family members. People come to join a company by birth, or by marrying into the family. In this case, kinship and membership in an economic institution are "conceived as being two aspects of the same thing;" when one moves from one economic enterprise to another, he or she also changes kinship relations at the same time (Stinchcombe 1983: 138). On the other hand, for most economic organizations in modern society, workers have employment,

not familial, relations to the enterprises they work for (Stinchcombe 1983). These relations are built on contracts in which they are required to give an adequate amount of labor in return for wages.

The income of workers, or the resources they obtain, can be reflected by many different aspects of their behaviors, like those “as job changers, as retirees, as workers willing to risk new occupations” (Abbott 2005:313). The general pattern of the national economy in the U.S.—“the whipsaw of the transition years, the strong absolute growth and relative equalization in the glory years, and the slower growth and rapid inequalization in the neoliberal years”—makes each cohort group carry different advantages as well as burdens (Abbott 2005:313). For instance, those who live in the glory years did financially well and experienced relative equalization within their cohort. They were also privileged through “home ownership and other wealth conversions, as well as through creation and expansion of welfare programs” (Abbott 2005:313). However, in the transitional period (the 1910s to 1930s), work satisfaction remained low and turnover rate kept at a constant level: “about four to five hires per 100 employees per month from 1920 to 1980” (Abbott 2005:313). Strike peaked in the 1930s as indicated by the percentage of workers involved in strikes. Therefore, it is shown that wages can influence workers’ behaviors and attitudes toward work; the higher the salaries are, the more satisfied workers become, and the less turbulent the society remains. It is important to provide workers enough benefits and pay in order to encourage them to remain in their positions and work productively.

More importantly, rewards have become one critical factor that influences the choice of people when selecting professions (Abbott 2005). For ambitious youths who first need to determine which career path they want to head to, current educational availability and current rewards are two significant things they have to consider. Whereas for workers who desire to quit their jobs and enter new industries, the occupations that can offer them the best pay and require the least skill will always be their first choice. Therefore, this desire for higher pay can explain why the turnover rate remains high in certain industries or firms, while that rate keeps low in others.

While salaries are good incentives to keep workers working efficiently and orderly, it has also been used to keep social hierarchy and maintain power for those with high status. Weber (1922:963) also believes that “the development of money economy is a presupposition of a modern bureaucracy insofar as the compensation of officials today takes the form of money salaries.” Although Weber (1922:964) claims that officials’ motivation should derive from the nature of duty, instead of income and a common exchange of services, he further states that “without a money economy the bureaucratic structure can hardly avoid undergoing substantial internal changes, or indeed transformation into another structure.” Income serves as a source to protect the officials against the fluctuations in the purchasing power of money. However, whenever the incomes become irregular, officials tend to “have direct recourse to the tributaries of his bailiwick, whether or not he is authorized” (Weber 1922:964). These officials try to satisfy themselves with the use of resources, such as taxation on lower workers, to achieve a desirable income. Hence, in order to maintain the stability of a society, as well

as the taxation system, it is critical to offer officials and those with certain levels of power secure and regular sources of income.

### Unequal Employment Opportunities

Taylor (1911) is mainly concerned with efficiency and maximizing labor productivity. He also believes that workers are different in their intelligence, as well as their overall qualities and skills. Therefore, for Taylor, it is important for a company to select the right personnel and provide appropriate training. Taylor advocates that people who hold the administrative roles should scientifically “select, and then, train, teach, and develop the workman, whereas in the past [workers] chose [their] own work and trained [themselves] as best [they] could” (Taylor 1911:36). Taylor (1911) also provides an example for the scientific selection of the workman in his book. The first step is to find proper workers to begin with and then carefully watch them working for three or four days. Managers should recognize the ones who have the highest efficiency and productivity. After that, workers’ backgrounds—information regarding their habits and characters—should be checked to ensure that they fit the company. Once workers pass the background check, they are hired and offered a decent amount of salary.

Neil Fligstein (2001) identifies three employment systems that have emerged in capitalist industrial societies as vocationalism, professionalism, and managerialism. What Taylor promotes to practice is the managerial model, which “relies on general schooling as a filter for admittance to the organization and firm-specific job training over the life cycle” (Fligstein 2001:102). In capitalist societies, the means of production are held in private hands and the owners and managers of capital obtain the right of

property and control the employment systems. Therefore, under the managerial system, managers “control who enters the firms” and “use internal labor markets as devices to create primary and secondary labor markets” (Fligstein 2001:105). Managers and those who serve administrative roles have a large amount of power in deciding who they want to hire. On the other hand, workers lose their bargaining power and remain in passive positions in the employment system.

Sociologists, such as Abbott (2005) and Streeck (2005), believe that the employment selection process has not always been that easy and fair to everyone; employment opportunities are also influenced by factors such as gender, power, family and class, as well as ethnic origin. Streeck (2005: 254) claimed that the labor market is “not really a market, in the sense of a universalistic, impersonal, color- and gender-blind mechanism matching the supply of, and demand for, labor.” He emphasizes the power of social networks, which “lies at the bottom of labor market transactions and precede, frame, constrain, and facilitate the rational strategic behavior of market participants” (Streeck 2005: 255). While employers make decisions on whether to hire individuals seeking employment opportunities, it is impossible for them to only think about it economically, judging whether those individuals can maximize companies’ utility. Often, social relations require them to also behave within the context of social rules. It is “only through social relations that potential employers and employees can acquire and assess information on each other and on the job at stake” (Streeck 2005: 255). Furthermore, the approach to social network is “far from egalitarian” (Streeck 2005: 256). In fact, social network is always deemed as social capital, which “has been



devised to emphasize both the high market value and the unequal distribution of informal social relations” (Streeck 2005: 256). The social status of individuals determines the people they have access to—their social capital. The higher the status of a person, the more people they can get acquainted with, and the more powerful those acquaintances are. Hence, he or she may be provided job opportunities that are superior in both quantity and quality, compared to people with lower social status.

Moreover, social networks are particularly important when an employer decides which class an individual belongs to in the company after he or she is hired. Granovetter (2005) argued that trust is significant for the orderly operation of economic activities. Trigilia (2002: 224) also claimed that “the insertion of actors in stable networks of personal relations enables information to be spread and behavior to be controlled, generating trust and rapidly isolating those who are not trustworthy.” As a result, sometimes it is not merely responses to an individual’s efficiency at work or overall qualities that determine whether he or she can be assigned to critical tasks involving decision making and gaining higher status. The social capital that one individual has can influence the perception of trust from employers and therefore affect one’s opportunities to be promoted.

In conclusion, people in contemporary period, such as Taylor, start valuing rights and benefits of workers. Nevertheless, they still tend to prioritize the interests of the ruling class—employers and management groups. Under Taylor’s system, workers receive better payment and function efficiently. On the other hand, they lose freedom and the ability to think. Also, hostility was created among workers because they are

easily replaceable by others. Additionally, people's socioeconomic status remains stagnant in the hierarchical structure of a company: those from the lower class stay in lower positions of a bureaucratic system, while people with power may have more access to higher positions. Furthermore, the inequality in workplace under scientific management system can also be reflected through the quantity and quality of promotion and employment opportunities that people have access to. People's socioeconomic status, as well as social capital, largely affect whether they can be employed and be promoted.

## **A SECONDARY ANALYSIS OF EMPLOYEES' ATTITUDES TOWARD COMPANY LABOR PRACTICES**

### **Methods**

Two major companies in the apparel industry were selected to conduct an in-depth investigation of working conditions and workers' attitudes toward company labor practices. American Apparel and New Balance were chosen for several different reasons. First, both companies are proud of their idea of making effort to get their products "made in the U.S.A." and therefore they mainly base their manufacturing factories in the United States (American Apparel, 2017 & New Balance 2017). Second, these two companies are similar in size regarding employment, which also makes them more comparable.

A secondary analysis of data collected by *Indeed* and *Glassdoor* was conducted. The data from these two websites was selected because they are two major and respected job and recruiting websites in the U.S., aiming to, "help people everywhere find jobs and companies they love" (Glassdoor 2017). On both websites, employees of certain companies can share their experiences at their companies, rate the experiences with stars, and provide detailed information regarding their jobs and work environments. Also, both websites consider viewers' trust as their top concern. Hence, companies cannot alter or remove any review that may cause negative results and all viewers can see undistorted reflections from employees. The analysis investigated employees' attitudes toward several aspects of their working experiences in the two companies: compensation and benefits, management, working environments, opportunities for advancement, and relationships with co-workers. *Glassdoor* includes employees'

reviews from 2010 to the present for New Balance and reviews from 2008 to the present for American Apparel, while *Indeed* contains similar information from 2012 to the present for both companies. I coded employees' reviews toward certain aspects of the companies as positive, negative, or neutral, and then analyzed and reported the results—including both descriptive information and percentages—from the two websites separately. Furthermore, a comparison between the two companies was included to show similarities and differences. From employees' reflections regarding the area of company labor policies more can be understood in a comprehensive and accurate way.

## **Results**

### **I. New Balance Athletics, Inc.**

#### **Company Overview**

New Balance Athletics, Inc. was founded in 1906 as the New Balance Arch Support Company by William J. Riley (Grant 2005). It is an American multinational corporation based in Boston, Massachusetts. For more than 100 years, New Balance has produced numerous collections of athletic shoes; it always aims to “aid athletes in their pursuit of excellence, whether that means helping professional athletes set records and win medals, or propelling everyday athletes to achieve a new PR, run their first 5K or just to live a more healthy and active lifestyle” (New Balance 2017). Though the company also built factories in the U.K. for its European market, New Balance has always committed to making shoes in the U.S. and specifically designed a line called “Made in USA Sneakers” (New Balance 2017). Moreover, New Balance claims to invest in its people: It aims at “creating a safe and healthy work environment that fosters

learning and development, advances sustainable business practices, operates with integrity and humanity and contributes to the health and well-being of our consumers and communities” (New Balance 2017).

### Size and Employment

During the early years, New Balance remained as a local manufacturing company in its native state, mainly focusing on arch supports and orthopedic shoes (Grant 2005). It was in this early period that New Balance achieved a solid reputation for the company—“a renowned forged by the quality of its specialty shoes and buttressed by decades of consistent high-quality craftsmanship” (Grant 2005: 267). After successfully building its foundation, New Balance expanded its market to baseball players and track and field athletes. The company specially designed and manufactured orthopedic footwear for professional athletes. In 1972, New Balance was sold to James S. Davis, who was interested in marketing and sales.

Later, because of the high demand for shoes, New Balance finally moved part of its manufacturing processes overseas. In 1998, a spokesman for New Balance stated, “many of the shoes made overseas were sold overseas, and that some 70% of its manufacture still occurred in the United States” (Grant 2005: 269). This was a comparatively high rate for the proportion of the products manufactured in the U.S. Later in a report in 2014 (Aepfel 2014), the company acknowledged that only “about 70% of the value of its Made in USA shoes reflects domestic content and labor.” New Balance claims that it is “the only major company to make or assemble more than 4 million pairs of athletic footwear per year in the USA” (New Balance 2017).

Over the past 30 years, New Balance has struggled to decrease the time needed to make a pair of sneakers (Schlesinger 2015). Each of New Balance's more than 1,300 manufacturing associates in the U.S. is only supposed to touch the shoes for a quick 22.5 seconds. That includes difficult tasks such as cutting leather and hand-stitching. Brendan Melly, the director of U.S. operations for New Balance, has stated that “we’ve taken our process—from cutting raw materials to shipping finished shoes—from eight days down to three hours” (Schlesinger 2015). In 2015, New Balance employed 3,100 people in the U.S. and 5,200 people worldwide (Benefit Focus 2017). Currently, there are over 200 retail stores of New Balance in the U.S. (New Balance 2017).

### Revenues

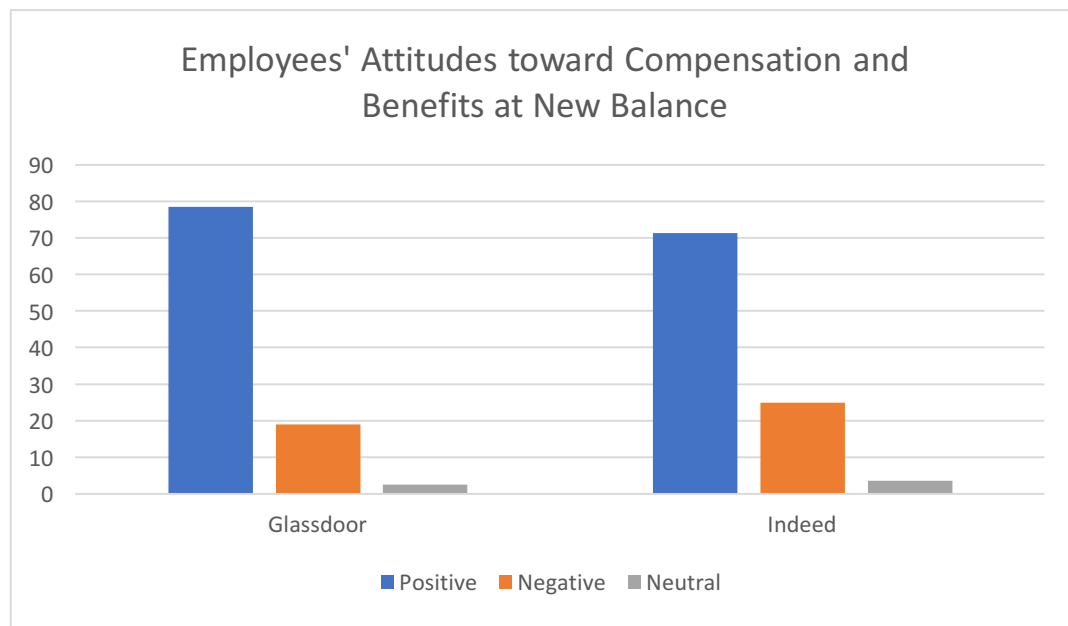
In recent years, sales for this Boston-based company have been growing steadily (Running Journal 2017). Worldwide sales were \$1.78 billion in 2010, \$2.04 billion in 2011, and \$2.39 billion in 2012. New Balance’s worldwide sales reached \$3.3 billion in 2014, which displayed a 20.9% increase from the sales of \$2.93 billion in 2013. For the total sales in 2013, about one-fourth of the shoes sold was made or assembled in the U.S. (Schlesinger 2015). In 2015, the company reported earning a revenue of \$3.7 billion (Forbes 2016).

### An Analysis of Employees’ Attitudes on Labor Practices

In total, there were 239 reviews for New Balance on *Glassdoor* from 2010 to the present and information from 2 reviews were ignored because they were written in languages other than English. The overall rating for this company was 3.8 out of 5.0. On the other website *Indeed*, there were 240 reviews from 2012 to 2017. However, 25 of

the total reviews were written in languages other than English and therefore the results from these reviews were excluded. The overall rating for New Balance was 4.0 out of 5.0.

### Compensation and Benefits



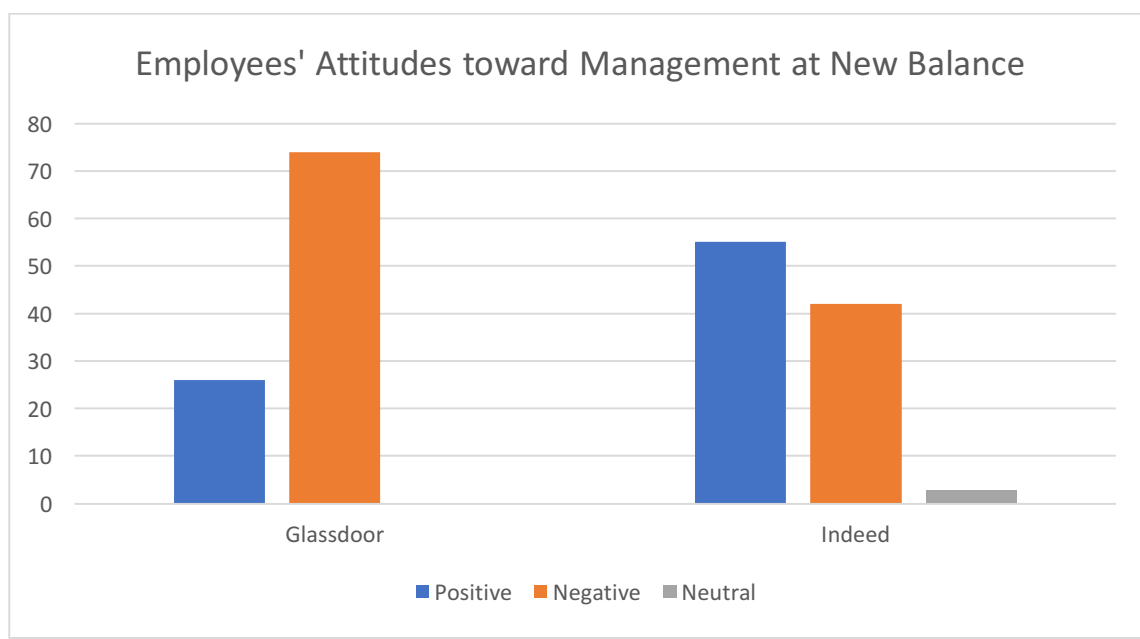
Among 237 employees who have written their reviews in English on *Glassdoor* (2017), 51.0% (121 reviews) of them mentioned New Balance's compensation and employee benefits. About 78.5% of all reviews described the salaries and benefits employees received from New Balance as pros of the company. Several major benefits that are reported were employee discounts, health insurance coverage, fitness reimbursement, and vacation policies. Also, 3.0% considered the payment employees earned as decent or reasonable. Moreover, 2.5% of all reviews reported neutral attitudes toward the compensation and benefits of the company: they claimed that the salaries were okay, but could be higher or a bit better. On the other hand, 19.0% of all reviews reported compensation and benefits offered by New Balance as cons of the

company or one of the reasons that could make them leave the company. The complaints all focused on salaries; employees mainly stated that the payments were poor or “crappy” and “under market rate” (Glassdoor 2014 & 2015). One employee specifically wrote that,

“the system of payment is set up to make sure that even when you do make commission you have to sell huge amounts to make just a little extra money, you will most likely not make commission during cold months. Pay is not base plus commission, its base OR commission” (Glassdoor 2015).

Among 215 valid reviews on *Indeed*, 26.0% (56 reviews) of them reported on the company's compensation and benefits. In total, 71.4% of those employees considered the payment and benefits they received as an advantage of the company, while 3.6% thought that their payments were decent but could be better. On the other hand, 25.0% of those reviews claimed that they have earned low wages and/or no benefit. Moreover, one employee mentioned that wage was not the same for part-time workers.

### Management





On *Glassdoor*, 42.0% (100 out of 237) reviews involved descriptions of management style at New Balance, Inc. About 26.0% of all employees who described the management team as approachable and the corporate structure as a flat hierarchy. The low power distance, as they claimed, makes it easy to raise issues up the chain. However, 74.0% of the reviews viewed the administrative group as ineffective. Approximately, 3.0% of people discussed micro-management: employees “were treated by the management like children” (Glassdoor 2013). Employees were told that “[the management officials] wants their input but what [those officials] want is only what they want to hear” (Glassdoor 2013). If you disagree with a supervisor or team leader they will find a reason to get rid of you. Workers “will be alright if you don’t mind being treated like a robot” (Glassdoor 2014). There were 7.0% of reviews reporting that the management team utilized favoritism. One employee talked about this issue in detail by stating that,

“this place has become completely ridden with politics and favoritism...Their strategy for this is to completely ignore and discard the majority of long term employees and bring in all new people they know from their previous company in management roles or as contractors” (Glassdoor 2014).

Furthermore, another person emphasized on nepotism—

“be prepared for the owner's son who is rising rapidly in the ranks and grooming himself for the big shoes. Anyone in that position should make sure he/she always comes from an incredibly humble place and work for a similar company and/or get a serious MBA before assuming they can take over and make key business decisions” (Glassdoor 2016).

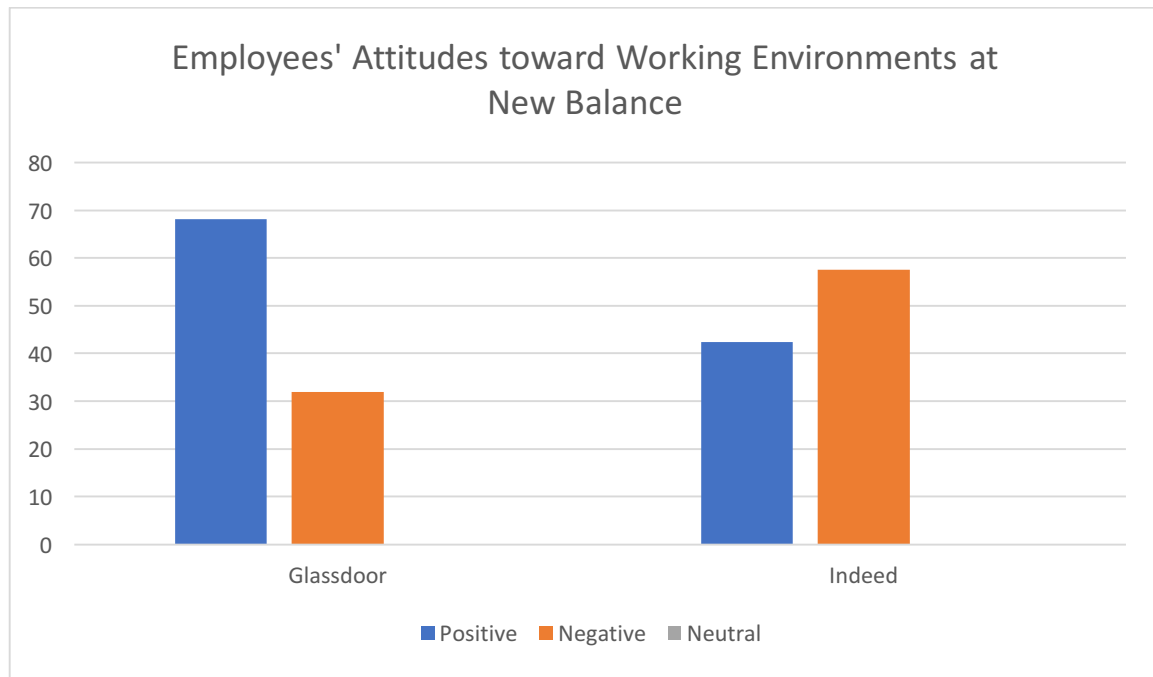
Among 215 reviews on *Indeed*, 32.0% (69 reviews) of them reported company's situation regarding management. Different from the results found from *Glassdoor*, employees held relatively positive attitudes toward the company's management: 55.1%

of them thought the management team was “encouraging,” “supportive,” and “effective,” while 42.0% of the reviews regarded the management team as, “lack of good communication,” “performing favoritism,” and “inconsistent” (Indeed 2012, 2014, 2015 & 2016). Those who held positive attitudes toward the management team mainly reported that they were treated as friends and “the upper management do things to make things easier not only for customers but for the crew members” (Indeed 2013). On the other hand, employees also complained that the management team was “stubborn” and “unorganized” (Indeed 2016 & 2017). Moreover, one employee also described the management as “unprofessional and inconsistent,” since they “would change the company culture monthly and not follow their own directives” (Indeed 2016). Another individual attributed the failure of their department project to the management:

“The project is failing because management will not support the team. They put inept people in charge of things who were contractors and could care less if it succeeded and it was more than obvious they had no idea what they were doing. They just smooth[ly] talked and constantly said things like ‘don’t worry, it will just work out’” (Indeed 2014)”

In addition, 2.9% of people showed neutral attitudes by claiming the management was okay and another employee revealed a similar opinion— “the management is well rounded but they are all fairly new to the company so things don’t run as smoothly as they should” (Indeed 2013).

### Working Environments



In total, 56.0% of all reviews (135 out of 237) on *Glassdoor* mentioned on employees' working environment, working hours, and work-life balance at New Balance. The majority of employees, around 68.1%, claimed that they experienced flexible hours, relaxing and clean working environment, and a good work-life balance. Among these workers, 35.9% reported that their working schedule is flexible. One employee specifically mentioned that he or she experienced lots of flexibility and no, or at least very few, standard regulations to work around. This person further explained that.

“some jobs, including mine, gave a lot of exposure to full product life cycle, and made you feel like you actually owned what you were doing, not just a cog in a wheel, like many other big companies” (Glassdoor 2015).

Furthermore, 34.8% of all reviews mentioned the “laidback atmosphere” and another 19.6% said that they got a great work-life balance when working with New Balance (Glassdoor 2012, 2014, 2015 & 2016). In addition, 5.0% of those positive

reviews described that the working environment was clean and facilities were helpful. About 5% of people mentioned the fast pace at the company, but employees tended to hold different opinions with such feature. Among those who described the pace of the company as fast, 57.0% of them thought that this should be considered as an advantage of the company, while other 43.0% regarded that as a source of stress. In general, 31.9% of those reviews held negative attitudes toward company's working hour and conditions. About 32.0% of those writing negative reviews thought it was stressful to work at New Balance. One employee discussed that,

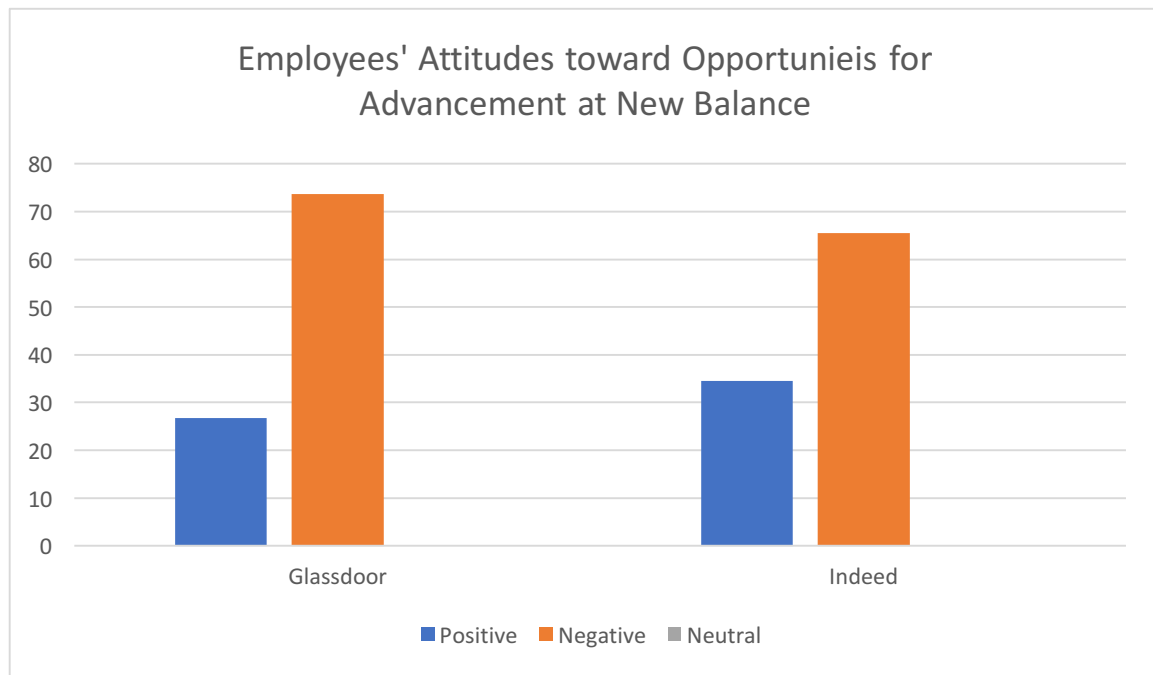
"It feels as though I am a slave!!! We are not treated with respect AT ALL! we are told we are not able to talk, smile, etc... They just want their shoes out and want them to look perfect. It is a VERY stressful place to work! there are people standing behind you with stop watches timing you all day long and if you are even 2 seconds over your time you are spoken to. I don't know if this is how it is in all factories but it is not right to treat employees that way." (Glassdoor 2010)

Regarding work pace, 18.0% of people working at New Balance thought that sometimes it was too relaxed, especially during the off-season, and therefore work could be boring. Moreover, while 24.0% of people considered the working hours at New Balance as flexible, 9.0% of employees who mainly worked for the retail stores complained that they needed to work overtime, particularly during weekends and holidays. Also, sometimes there was no overtime payment. In addition, 2.9% of people reported a poor work-life balance and several other employees criticized outdated technology and unsanitary working conditions in factories and retail stores.

On *Indeed*, 46.0% of all reviews (99 of out 215) mentioned the same issues about working environments. There were 42.4% of employees who mentioned working environments at New Balance, including working hours and conditions, as an element

they liked about the company. About 2.0% say that they enjoy a good work-life balance, 18.0% thought that the work environment was laid-back and relaxing, and 15.0% loved the flexible working hours. Moreover, 4.0% of employees described the dynamic and fast-changing work environment as a positive feature of the company and 3% described their workplace as safe. Generally, 57.6% of people held negative opinions toward their working environment. One employee mentioned harassment of women by the store manager; another person claimed that “the cleaning crew was replaced with a cheaper company and the air conditioning was shut off in the warehouse to save money (but remained on for the office staff)” (Indeed 2013). Among all reviews, 33.0% of employees stated that the working hours were long and breaks were short. Also, 9.0% of people who have worked at retail stores specifically mentioned the frustration of working during weekends and holidays. In addition, 15.0% of people described their work as stressful, either because of pressure from supervisors or from the fast pace of the company. Moreover, one employee mentioned the out-of-date technology at the factory as a drawback of the company. About 7.0% of people considered their lives working at New Balance as boring and repetitive.

### Opportunities for Advancement



About 38.0% of all reviews (90 out of 237) on *Glassdoor* mentioned how New Balance promotes its employees and provides opportunities for personal growth. Among all reviews about promotion, 26.7% think the company offers lots of internal growth potential and encourages personal growth by providing training for employees. Employees reported that there were “ample opportunity to grow within” and “a plethora of training opportunities” (Glassdoor 2014 & 2015). Moreover, they stated that they “learned a lot about a great company” (Glassdoor 2016). However, the majority of reviews, about 73.3%, claimed that the company offered limited opportunities for advancement. Some of them attributed this limitation to the company’s “flat hierarchy,”

“There are hardly any secretaries or clerks. Even in professional positions, you are responsible for all aspects of your job...copying, printing, phones, etc... This also means that most “promotions” leave you in the same position with a pay

raise, etc. but your role doesn't have that much room to change significantly” (Glassdoor 2010).

One employee also mentioned favoritism—

“During that time, I saw multiple people receive promotions due to favoritism as opposed to hard work. I also saw some very hard working people get demoted because they weren't part of the boys’ club. It's a shame” (Glassdoor 2014).

Another person also described the company’s hiring process as, “[the management team] tend[s] to hire mostly externally talent for any of the major roles that open up the ladder” (Glassdoor 2012). Furthermore, about training, 9.0% of all reviews stated that the company offered no work training for employees or that training was limited. One individual even claimed that, “there [was] no training except for a few chosen people” (Glassdoor 2010).

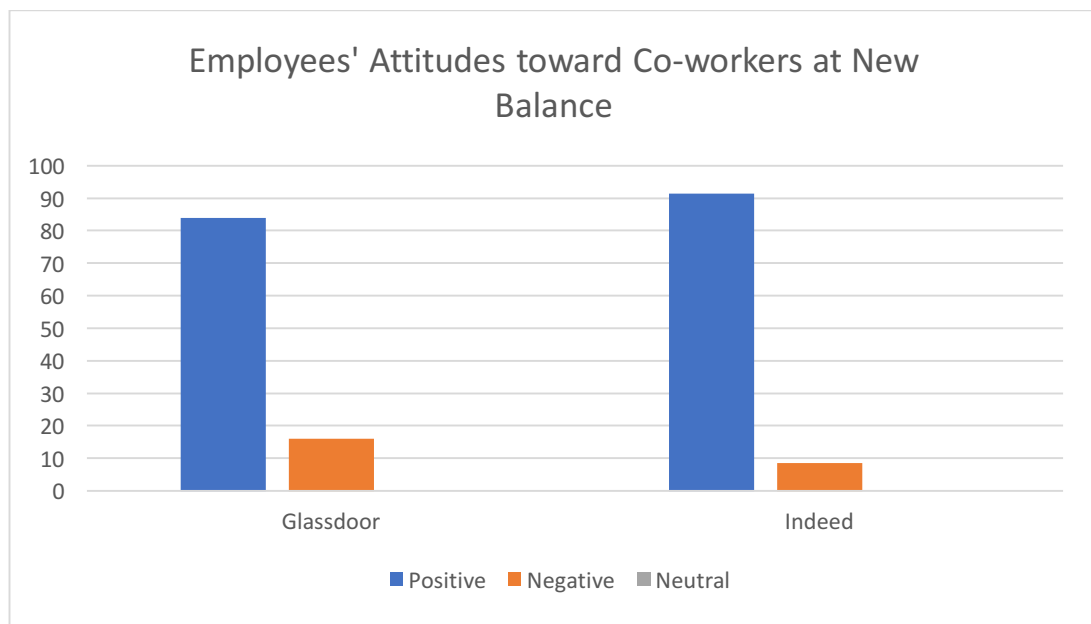
On *Indeed*, about 27.0% (58 reviews) of the total 215 reviews included information about career advancement. Among all reviews, 34.5% believed that New Balance offered a lot of room for growth and advancement. Those employees claimed that the company “encourage[ed] people to continue to grow within the company” and had “great advancement opportunities within the company as long as you work hard” (Indeed 2015). One employee supported this opinion with his or her personal example:

“I started as an assembly line worker and in less than a year and a half I moved up to a team leader at only 22 years old. Three and a half years later I became a production line Supervisor, responsible for 42 people” (Indeed 2015).

Moreover, New Balance also “encourage[ed] its employees to take advantage of [its] tremendous training and development programs, as well as [its] tuition reimbursement plan” (Indeed 2014). Within those who considered that New Balance provided a lot of room for growth and advancement, 20.0% of all employees who wrote reviews reported

that they learned a lot regarding “retail” and “customer service” while working for New Balance (Indeed 2013, 2014 & 2015). Nevertheless, 65.5% claimed that there was no room for advancement within the company and “doing a very good job was not recognized” (Indeed 2013). Some employees who held such opinion mentioned that it was because of the small size and the slow moving pace of the company that led to the limited room for promotion. One employee further clarified this point by saying that, “However, the company is pretty small so it is hard to move up...there are just no positions unless you are willing to relocate” (Indeed 2013). On the other hand, others claimed that it was hard for employees to be promoted because the process for advancement was “poorly defined” (Indeed 2017). Moreover, one review reported that “HR based [their] decisions on a personal level and not a professional level,” which further supported the favoritism view (Indeed 2012).

#### Relationships with Co-workers





About 47.7% of all review (113 out of 237) on *Glassdoor* mentioned employees' relationships with their co-workers. Among those reviews, 84.1% of employees (95 out of 237) who wrote reviews held positive attitudes toward their co-workers. Many of them described their colleagues as "friendly," "passionate," "great team support," and "fantastic to work with" (Glassdoor 2013, 2014 & 2016). Some reviews mentioned the company's efforts on building camaraderie among employees since the company tries to "build a sense of family and/or community" and "takes [them] to holiday dinners" (Glassdoor 2014 & 2016). One review further reported that "every month or so, New Balance allows each store to go on a team cohesion under [the] company's expense. From team dinner to play sessions, it was a good time" (Glassdoor 2017). Also, other reviews reported that not only people in the same department, "all the colleagues, even in other departments, are very encouraging and eager to help and share their skills and knowledge" (Glassdoor 2014). However, 15.9% of the reviews revealed relatively negative opinion toward co-workers. Some reported that there were "a lot of drama" among employees and some discriminating ideas, such as "full-timers think they are better than part-timers and try to boss them around" (Glassdoor 2010). Furthermore, some departments or teams did not work together. One reason for this may be that there were too many offices which "makes it difficult to get the great corporate feel in all locations" (Glassdoor 2012). Also, it could be just due to the laziness of employees—"some workers easily shirk responsibilities, leaving more work for the rest of the team" (Glassdoor 2016). This further makes it more difficult for workers to trust others.

About 44.0% of all review (95 out of 215) on *Indeed* mentioned employees' relationships with their co-workers. The majority of those reviews, 91.6%, considered their colleagues as "helpful and supportive," "great people with positive attitudes," and "team players" (Indeed 2013 & 2015). One employee stated that "I had a very good relationship with fellow workers. We had a very good team because we communicated our thoughts, concerns, and ideas with each other" (Indeed 2014). Another employee even described that "the most enjoyable part of my day was my co-workers" (Indeed 2015). Another small portion of the reviews, 8.4%, held relatively negative attitudes toward co-workers. One employee described his or her colleagues as "disrespectful, rude, and unprofessional," while another individual claimed that "the co-workers were almost without exception: mealy-mouthed, two-faced, and generally backstabbing during my time there" (Indeed 2014 & 2016). Moreover, similar to what was reported on *Glassdoor*, there was one person complaining that while there were six to eight men in the area, two or three guys "would have to work harder because some would get lazy or careless" (Indeed 2015).

## **II. American Apparel, Inc.**

### **Company Overview**

American Apparel was founded in 1989 by Dov Charney, the company's CEO from 1989 to 2014 (Mathew 2017). The firm was first founded as a wholesale company, which it recognizes as "the backbone of [the] brand" (American Apparel). The company mainly focuses on designing, manufacturing, and selling logo-free T-shirts, tank tops, yoga pants, and more for gender-specific clothes, as well as unisex outfits. One thing

that American Apparel is famous for is that the company makes all its products from its California factories, instead of exporting labor overseas (Glassdoor 2017). This makes the company known for its sweatshop-free factory and the fair treatment of its workers.

### Size and Employment

American Apparel uses a vertically integrated business model in order to minimize the use of sub-contractors and oversea labor, as well as to save time and materials due to strict quality standards. All the processes, including “knitting, dyeing, sewing, photography, marketing distribution and design,” all take place in factories in downtown Los Angeles (Apparel Search). The factory's headquarter building and adjacent distribution center is a “veritable 24-hour nerve center for worldwide operations” (Alossi 2008). The company opened its first retail store in Los Angeles in 2003, and two more stores in Montreal and New York followed that same year (Zerbo 2016). As of 2011, the company owned more than 285 retail stores in 20 countries and continued to extend the number of its retail stores in the U.S., Israel, Italy, Australia, Japan, etc. (American Apparel). According to a report from September 2015, the company employed 8,000 workers in total. Over 1.4 million garments were produced per week and American Apparel was regarded as the largest clothing manufacturer in the U.S. in 2008, at a time when most apparel production had moved offshore (Alossi 2008). As described by Chris Gonzalez—an employee at American Apparel, a designer at American Apparel can “brainstorm an idea for a new line on Monday morning [,] have 40 production sample ready in two hours [, and get] the finished garments in stores by Tuesday” (Alossi 2008).

However, due to the recently filed bankruptcies, the retail stores were gradually closed. As a result, employees were laid off as well. According to *The Los Angeles Times* (Li 2016), the company has already laid off 2,400 employees in its California factories and headquarters. For the 110 retail stores currently remaining in the U.S., American Apparel did not announce any action to shut them down (Peterson 2016). However, without any buyer, those stores will eventually be closed one day. If American Apparel closes all its stores, approximately 2,000 workers will be laid off.

### Revenues

Because American Apparel is mainly based in California and refuses to use foreign labor, it is able to communicate with manufacturing factories more efficiently and “respond to fashion trends faster than its rivals,” giving it a competitive advantage (Mathew 2017). American Apparel has always been one of the few companies that exports goods made in the USA; in 2007, it sold “125 million dollars of domestically manufactured clothing outside of America” (The Fashion Law 2017). As a major international brand at that time, American Apparel is one rare example of “first world manufacturing beating out competition from cheaper countries” (Mathew 2017).

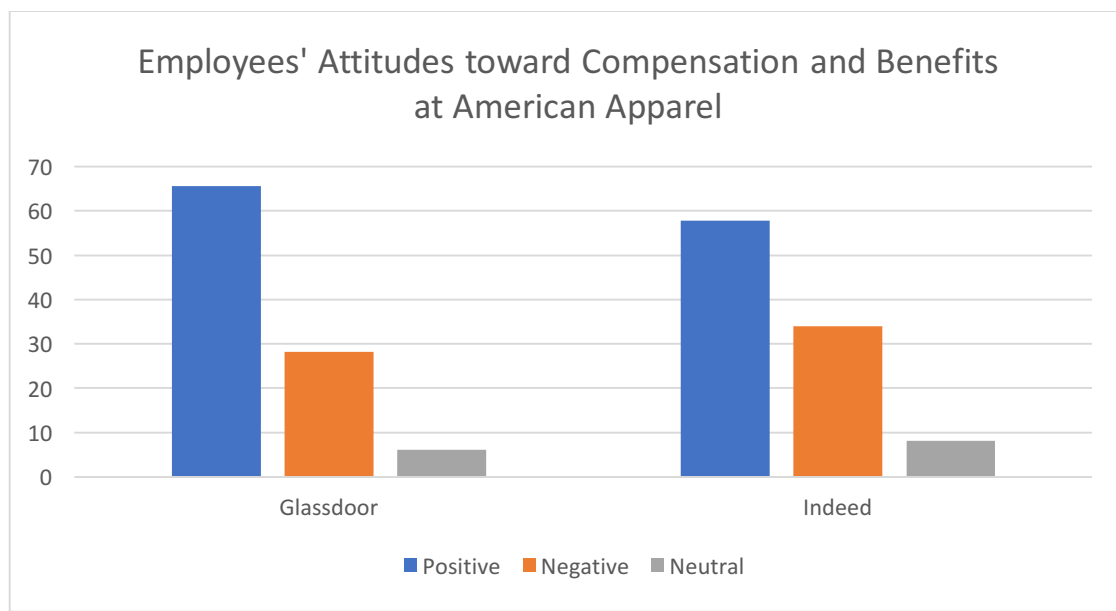
However, despite American Apparel's numerous high points, its empire has been crumbling down (The Fashion Law 2017). Prior to 2009, American Apparel was said to start experiencing some financial problems. It was the decline in retail business that made the problems publicized. Due to the increasing competition in the apparel industry with other fast-fashion brands such as H&M and Forever 21, American Apparel gradually lost its market and competitive advantages and therefore ran into serious

financial issues. During the year of 2010, though American Apparel changed to a new president, it continuously lost revenue of about \$86 million. In 2011, the company welcomed \$45 million from a group of investors to avoid bankruptcy. In 2015, its revenue still dropped 18 percent from the year before to \$497 million (Church and Kary 2016).

### **An Analysis of Employees' Attitudes on Labor Practices**

In total, there were 815 reviews for American Apparel on *Glassdoor* from 2008 to the present. Among those reviews, 397 reviews were written by employees working in the U.S. and therefore only these reviews were analyzed. The overall rating for this company was 3.1 out of 5.0. On *Indeed*, there were 387 reviews from employees working in the U.S. for American Apparel from 2012 to the present. Three responses which were not written in English were excluded and only 384 valid responses were analyzed. The overall rating for New Balance was 3.5 out of 5.0.

### **Compensation and Benefits**

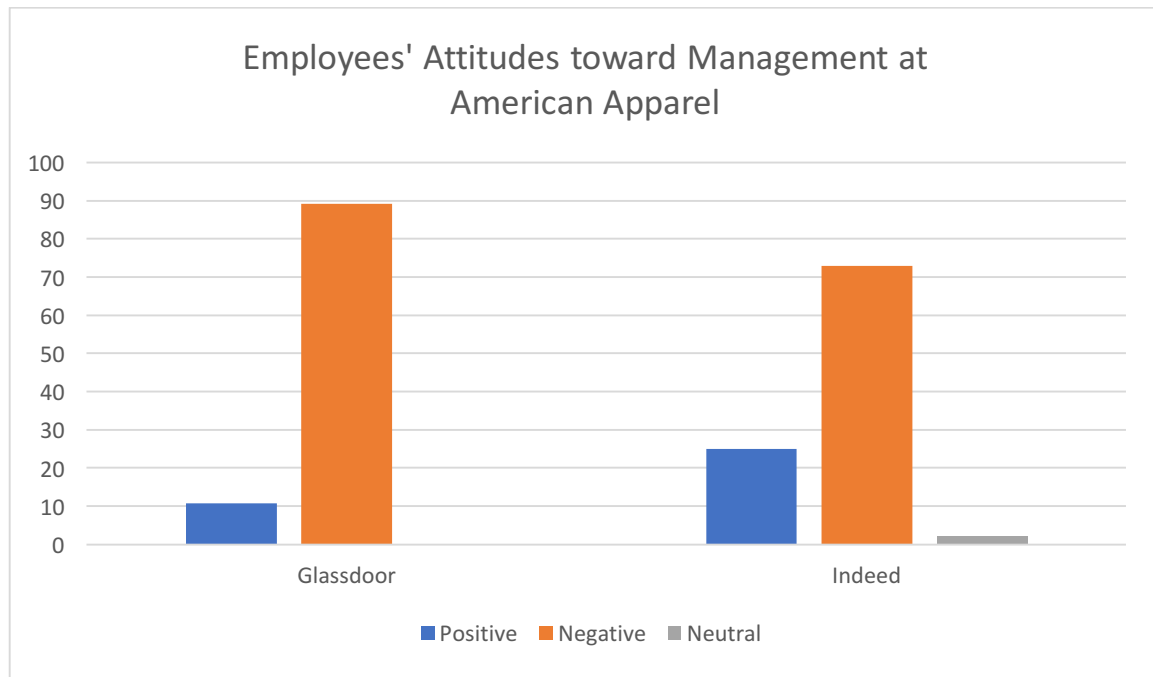


On *Glassdoor*, 76.9% (305 out of 397) of all reviews mentioned compensation and benefits that employees received from American Apparel. Among those reviews, 65.6% considered the benefits that American Apparel offered at in general or in specific domains as great. There were 4.6% of reviews reporting that employees received generally good benefits and 7.2% stating that the company offered employees awesome payments, especially for those new starters. About 61.4% of those reviews reported that the company offered employee discounts and 22.6% mentioned that there were a lot of giveaways or free clothes and American Apparel provided clothes allowance on a regular basis for those who completed the sale goal in each month. Other than benefits on clothing, 3.0% of employees emphasized that they received good healthcare plans or insurance policies. About 6.2% of reviews claimed that the salaries employees received were just “above minimum wage” or “decent” (Glassdoor 2010, 2015 & 2017). On the other hand, 28.2% of employees believed that they received low income and limited benefits. Among those employees, 37.0% reported that their salaries were “low” or “horrible” (Glassdoor 2012, 2013, 2015 & 2016). Moreover, a lot of employees reporting low wages claimed that they were “not compensated for the amount of work and responsibilities required” and “the pay is nowhere near commensurate with the amount of work you are expected to do and that is true for every position” (Glassdoor 2015). Besides low wages, 2.3% of people reported that they received limited to no “real benefits” (Glassdoor 2014).

On *Indeed*, 53.6% (206 out of 384) of all reviews mentioned compensation and benefits offered by American Apparel. Among those reviews, 57.8% considered the

benefits that American Apparel offered in general or in specific domains as great. About 9.2% of people stated that overall, the benefits were great, but they did not provide any detail about the benefits they received. Other employees specifically talked about the benefits they considered as the most favorable—12.6% mentioned the “free clothes” offered by the company, 44.5% reported the “50% employee discount”, and 10% claimed that they received free lunch during weekdays (Indeed 2012, 2014, 2016 & 2017). About 7.6% of employees also reported that they received clothes allowance and another 7.6% mentioned about their decent healthcare insurance. However, there were about 8.2% of employees who considered the payment they received as decent but could be better, which was regarded as the neutral attitude. Many of them believed that, “if you work hard, you make money, because of production pay” and some mentioned overtime payment as one source of extra income (Indeed 2014). However, 33.9% of employees held negative attitudes toward compensation and benefits they were offered. Among those employees, 34.0% argued that their payments were “low” or “horrible” (Indeed 2012, 2013, 2014, 2015, 2016 & 2017). The payments they received, even compared with similar companies or similar positions, were “below the poverty line” (Indeed 2015). Another 3.4% of all reviews mentioned that the company offered no or limited healthcare plans. Moreover, 6.8% of people stated that they received no benefits from the company.

## Management



On *Glassdoor*, 58.2% (231 out of 397) of all reviews commented on American Apparel's management team and/or CEOs. Only 10.8% of all reviews described the management team with positive words. Several employees claimed that the management team was "supportive" or "easy to get in touch with" (Glassdoor 2013). Additionally, about 3.0% of all reviews mentioned that employees received "praise and recognition for good performance" (Glassdoor 2012). Nonetheless, 89.2% of those reviews considered that American Apparel was under poor management. Among those reviews, 5.2% reported that their work was "not always recognized and sometimes undervalued" (Glassdoor 2013). In addition, 11.7% of employees commented on the management team as "poor" or "horrible" (Glassdoor 2014, 2016 & 2017). About 22.1% described the management as "unorganized" and having "lack of structure" (Glassdoor 2011, 2013 & 2016). One employee further elaborated this point by saying that



“American Apparel was once a great place to work, but after Dov left and budget cuts initiated, everything went downhill. This company has no organization whatsoever from the corporate level down...Even when you ask district management for help, they essentially just email you saying they're going to come in to help, but when they get to the store, they just sit on their computers”(Glassdoor 2016).

Moreover, 11.3% reported that favoritism and nepotism were rampant in the company and therefore “unqualified individuals get promoted or hired” (Glassdoor 2011). Another 7.8% of reviews described the management team as “young,” “immature,” and “inexperienced,” which further led to unprofessional behavior of those managers (Glassdoor 2012, 2013, 2015 & 2017). Furthermore, 12.1% reported the emphasis on the appearance of the management team. They developed “biases based on looks,” “hire [employees] based [on] appearance” and made promotion decisions depended on how people look like (Glassdoor 2013, 2015 & 2017). One employee described the hiring process in detail by stating that people were “hired via headshot and full body photo which were submitted to ‘corporate’ for ‘approval’” (Glassdoor 2013).

Among 384 valid reviews on *Indeed*, 40.6% (156 reviews) of them mentioned the management of American Apparel. A small percentage of those reviews, about 25%, held positive attitudes toward the management team of the company. Some employees claimed that the management “was very helpful” and “they were always willing to help me when needed and they were never short of projects for me to manage from start to finish” (Indeed 2012). Moreover, one individual described his or her interaction with the managers in detail by saying that,

“My managers worked with me to figure out who can cover my shift anytime I needed it, train me on anything I needed more help with, and whenever I was

manager on duty and I was having an issue, they were a quick phone call away” (Indeed 2017).

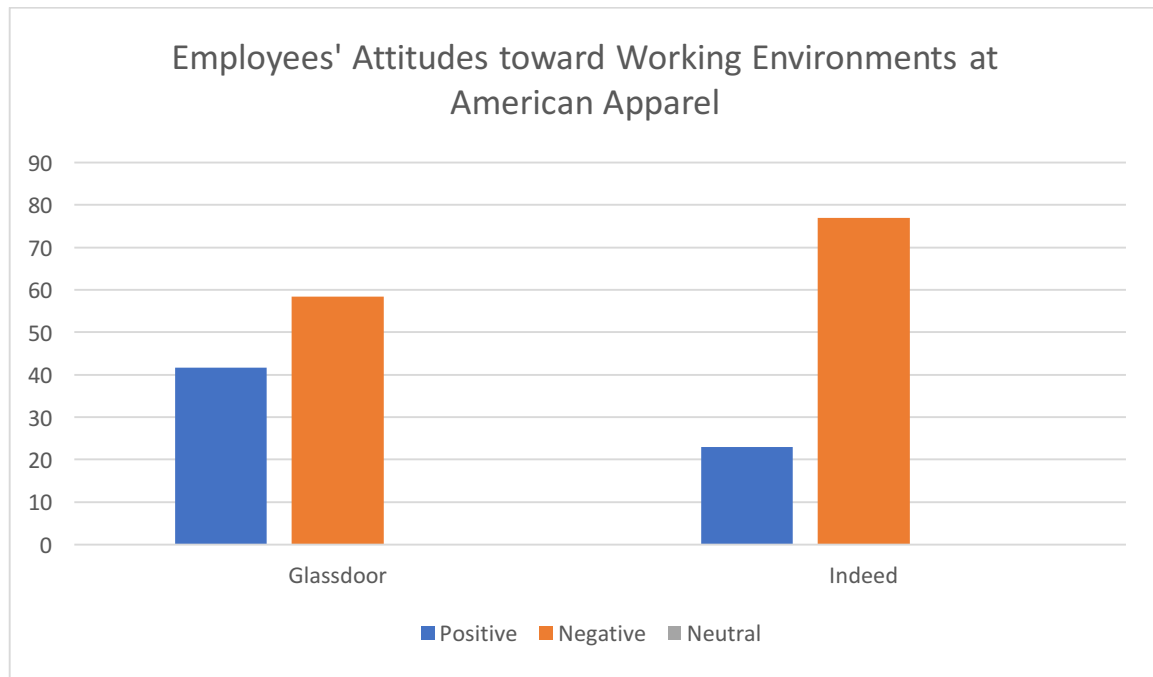
Nevertheless, the other 72.9% of all reviews considered that the management team did a poor job of leading and organizing the company. The management was described as “unstable,” “unprofessional,” and “unorganized” (Indeed 2012, 2014, 2016 & 2017).

Employees supported such ideas by using their own examples. One review mentioned that, “I worked at many different stores while with the company and while they maintained the same basic structure different managers had totally different priorities” (Indeed 2017). Another person stated that,

“Upper management had unrealistic standards and deadlines for work tasks. I learned that people who were given higher positions rarely knew how to efficiently get any work done. Yet, they still managed to get tasks done through backward solutions and having employees work nonstop” (Indeed 2016).

Furthermore, 3% of employees reported favoritism and nepotism while another 4% mentioned that their works were “not appreciated” by managers or supervisors (Indeed 2016 & 2017). The last 2.1% of people held neutral attitudes toward the management group; they stated that the store managers they worked for were helpful and supportive, while the district manager was “not the best [to] communicate with and can seem either overbearing or distant” (Indeed 2016).

### Working Environments



Among 397 reviews on *Glassdoor*, 47.9% (190 reviews) reported employees' working hours and environments. About 41.6% of employees held positive attitudes toward their working conditions and hours. Some people, 6.3% of all employees who wrote reviews, described that they worked in a laidback or "relaxed" environment, while 8.9% reported their tasks and work as easy and "unchallenging" (Glassdoor 2010, 2012 & 2013). The majority of employees who held positive attitudes toward this aspect claimed that their working schedules were "flexible" (Glassdoor 2010, 2012, 2013, 2014 & 2016). One employee stated that "the hours were very flexible as long as you kept the store neat and clean," while several people claimed that the company could "accommodate to school schedules" (Glassdoor 2013 & 2015). However, 58.4% of employees revealed negative attitudes toward their working environments. Although the hours could be flexible, many employees, about 25.3%, still found that they worked

overtime for prolonged hours. Many employees reported that they sometimes needed to stay “up to midnight or later” or “until 12 a.m.,” because the store stayed opened till late hours (Glassdoor 2013). In addition, some employees also reported that they “may receive pressure to work overtime (instead of offering overtime), like ‘work 12 plus hours/beat your sales goals before you leave today or don't work here’” (Glassdoor 2014). Another aspect of the working conditions that received many complaints from employees was the tedious and boring nature of work. One employee reported that,

“We had over 40,000 pieces of inventory and a constant flow of both new products from the factory and outgoing transfer requests to keep the Boston stores stocked. Not difficult a task, but insanely tedious” (Glassdoor 2014).

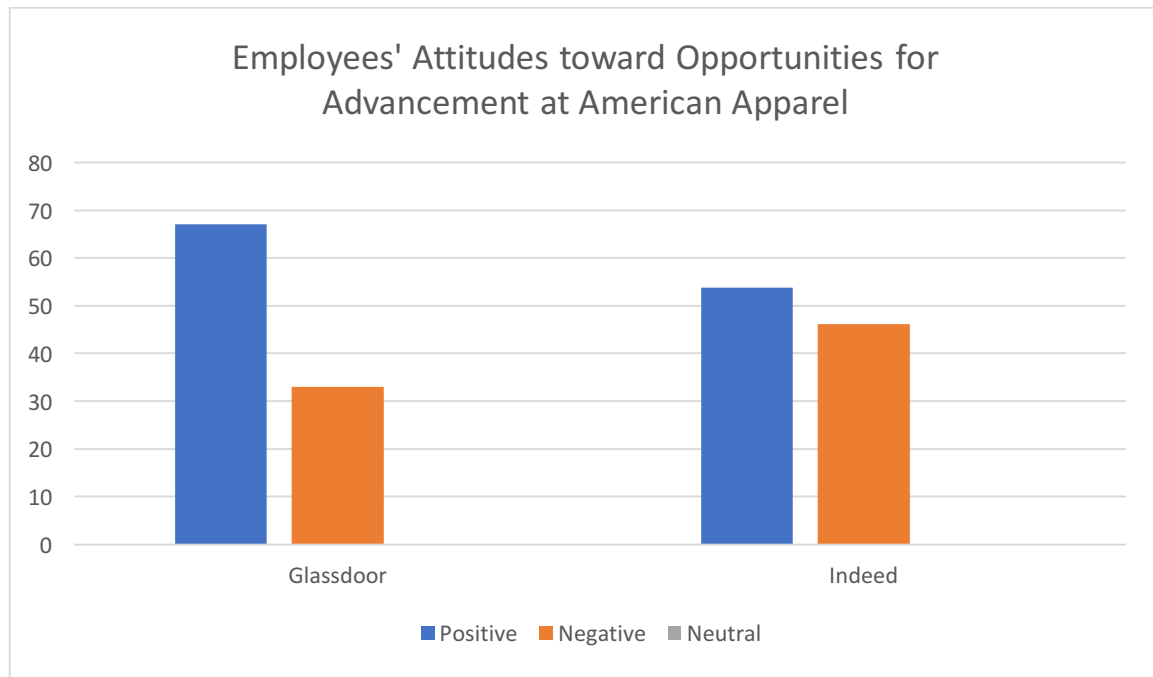
Those boring tasks further harmed employees’ “creative thinking or expressing individuality” (Glassdoor 2013). Moreover, 9.5% of all reviews claimed that the workplace at American Apparel was unsafe, because of “shoplifting and theft” from both inside and outside along with harassments (Glassdoor 2014 & 2015). One employee specifically mentioned sexual harassment and described it as “really a problem and get[ting] absolutely crazy” (Glassdoor 2014). This person further alerted women who wanted to join this company by saying that,

“If you're female, depending on where you work, you might be pressured to wear revealing clothing, and for whatever reason, often older men assume working there is akin to playboy or something (and will harass you)” (Glassdoor 2014).

On *Indeed*, 47.4% of all reviews (182 out of 384) reported employee’s working environment at American Apparel. About 23.0% of them described their work environment as “laidback” or “relaxed” (Indeed 2013 & 2017). In addition, some of those employees further reported that they worked relatively “good” and “flexible” hours and

generally did easy tasks (Indeed 2014, 2015, 2016 & 2017). Moreover, a small portion of them said that they got long breaks for lunch and a relatively long break during weekdays. Nevertheless, the majority of the reviews—about 77.0%—revealed that people working for American Apparel worked for prolonged hours and were allowed to break only shortly during lunchtime. Among those reviews, 32% reported that employees worked for “long hours” and “night shifts” (Indeed 2012, 2013, 2014, 2016 & 2017). Several employees even stated that they were required to “work for over 12 hours every day for six days (or even seven)” (Indeed 2013). However, there were also 4% of employees who stated that they did not work for enough hours. Many of those who held this view were part-time workers. Furthermore, 19.3% reported that their breaks were short and some also mentioned that they had no holiday or sick days. Also, while 19.3% of all reviews reported that the company was developing at a fast-pace, 9% of them considered that there were also days that moved at a relatively slow pace, which made those days boring and tedious for employees. During those slow days, one employee reported that “The hardest part of the job would be the slow days in a perfectly clean store finding things to do to boost morale and stay busy” (Indeed 2016). Other than working hours and workload, some other reviews also were concerned with safety issues within the workplace. One employee reported that the company “never wanted to be responsible for any injuries” (Indeed 2015). Other 2% of the employees also reported sexual harassments happened in the company, which was always ignored by the management group.

### Opportunities for Advancement



Only 22.2% (88 out of 397) of all reviews on *Glassdoor* described advancement opportunities for employees at American Apparel. The majority of reviews, 67.0%, claimed that there was plenty of room for people to be promoted within the company. One employee stated that at American Apparel, “You can really be yourself there and find your own niche based on your interests and skill set” (Glassdoor 2015). In addition, another individual believed that “the company values young people and give them opportunities for leadership and advancement” (Glassdoor 2014). However, among those who claimed that it was easy to move up, many of them also mentioned that “the promotion doesn’t provide as good of a raise [of salary] as you would like” (Glassdoor 2014). On the other hand, 33.0% of employees reported that it was difficult to get promoted within the company and/or there was no room for advancement. Some employees attributed this limited room for promotion to the large-scale store closing that

happened in recent years. Furthermore, others also claimed that favoritism occurred with regards to the promotion process—“you can be promoted fast if you are favored” (Glassdoor 2014). Another employee also reported that,

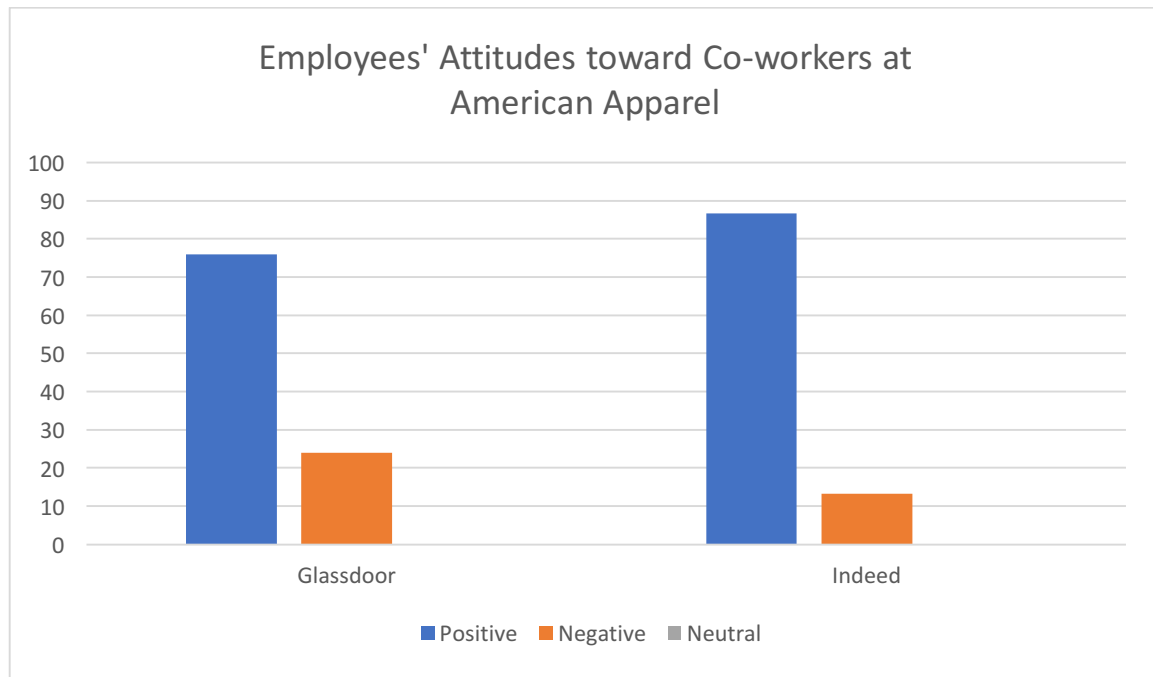
“It is usually based on personal relationships rather than a legitimate reflection of an employee’s work ethic and ability. A person who is considered attractive and personable will be promoted regardless of whether or not they are a good fit for the position” (Glassdoor 2015).

On *Indeed*, only 13.5% (52 out of 384) of all reviews mentioned advancement and promotion opportunities in American Apparel. About 53.8% considered it was easy to move up in the company or the company offered a lot of opportunities for advancement. Employees stated that, “If you work hard and are sharp, then you will be successful within the company” (Indeed 2015). Furthermore, some of them supported their ideas with personal examples: “I started from the very bottom and worked my way to the top position in a relatively short amount of time” and “I was promoted very quickly within the company and saw huge growth in my position and experience” (Indeed 2013 & 2014). However, one employee also mentioned the training after a promotion as a problem by saying that it was

“easy to move up but you're left without any guidance. You don't get to learn much unless you teach yourself. It wasn't a very nice company to work for. A lot of the people who work there are in constant complaint” (Indeed 2016).

On the other hand, 46.2% of the reviews stated that there was no room for advancement. Some employees attributed this to the recent bankruptcy of the company. Moreover, one employee mentioned favoritism—

“I worked there eight years and I never got a raise while people who barely showed up where moving up the ranks because of they're the family of someone or friends or if you do sensual favors to the bosses” (Indeed 2017).

Relationships with Co-worker

On *Glassdoor*, 43.8% (174 out of 397) of all reviews commented on co-workers and described employees' relationships with colleagues. Most people, about 75.9%, held positive attitudes toward their co-workers and got along with their co-workers. Several words that were most commonly used to describe co-workers are "friendly," "cool," "interesting," and "fun/interesting" (Glassdoor 2010-2017). Many employees reported that they "ended up making some of my best friends at that job" (Glassdoor 2014). However, 24.1% of people reported that there were tensions among employees and some employees were "rude" and "immature" (Glassdoor 2012 & 2013). One employee mentioned that there was "little interaction between the entry-level and retail employees" (Glassdoor 2012). Furthermore, another person described the competitive environment within the company by saying that,

"There [was] some sheepish camaraderie within teams trying to survive the circus together. But there was little cooperation between different departments.



Different departments were pitted against each other in an ineffective effort to keep each other in check. Resources that could and should have been shared for the better of the entire company were held proprietary per department and it took a lot of unnecessary politics to extract simple information. On the same token, attempts to share resources were often resisted because people are ... c) just complacent grumps because the company fosters this type of attitude” (Glassdoor 2014)

Other people described the reason of adverse relationship between co-workers as laziness of certain people and their irresponsible behaviors. One employee mentioned that “no one takes blame for their own mistakes and a lot of their corporate employees don't work when they are on the hour” (Glassdoor 2011). Another person confirmed this point as well by stating that “some people don't really care about the company so their job performance suffers” (Glassdoor 2012).

Among 384 valid reviews on *Indeed*, 45.1% (173 reviews) of employees mentioned their co-workers and their relationships with colleagues. A large proportion of those employees, 86.7%, described their co-workers using positive adjectives. One of them claimed that “the best part of the job is working with my colleagues” and another said that “usually the co-workers make the tough work days bearable” (Indeed 2013 & 2015). Many of those employees described their colleagues with words like “helpful,” “open-minded,” “friendly and amicable,” “chill,” and “easy to work and get along with” (Indeed 2013, 2014 & 2015). Several reviews also revealed that the corporate culture of American Apparel was “judgement-free” and “everybody is treated as equal and you aren't judged because of how you look” (Indeed 2015 & 2017). However, one employee reported that while employees in his or her department got along well with each other, their relationships with other departments were not as good—

“Everyone in the office [was] great co-workers, we celebrated each others birthdays and we all worked together to get projects done. The hardest part of my job was trying to get information from departments that was crucial to my project and they were very reluctant to give it to me or they made it hard to attain” (Indeed 2013).

While the majority of people stated that they were able to maintain good relationships with co-workers, 13.3% of the reviews revealed that tensions existed among employees. Several employees reported that there was “no end of drama” and “a drama filled workplace” (Indeed 2014 & 2016). Moreover, one individual claimed that “the hardest part of my job is that some people would not do their part of the job and we all as a group will get blamed for it” (Indeed 2013).

### **III. Comparisons**

In order to examine whether the data from *Glassdoor* and *Indeed* were similar or different within workers’ conditions, chi-square tests were conducted for compensation and benefits, management, working environments, opportunity for advancement, and relationship with co-workers in each company. Next, chi-square tests were completed to show whether opinions of employees from these two companies were significantly different.

#### A Comparison between *Glassdoor* and *Indeed* Data Sets

For New Balance, the results of chi-square tests revealed that the differences between the data sets from *Glassdoor* and *Indeed* were not statistically significant at 0.05 level for compensation and benefits ( $\chi^2 = 1.071$ ,  $p = 0.059$ ), opportunity for advancement ( $\chi^2 = 1.031$ ,  $p = 0.310$ ), and relationships with co-workers ( $\chi^2 = 2.660$ ,  $p = 0.103$ ). In other words, the findings from *Glassdoor* were consistent with those from

Indeed regarding these three aspects. However, for employees' review on management and working environments, the results of chi square test were statistically significant at 0.05 level. The chi-square value for management was 18.858 and the p-value was 0.000. The chi-square value for working environments was 15.444 and the p-value for that was 0.000 as well. From these findings, employees' reviews on *Glassdoor* and *Indeed* tended to differ from each other.

For American Apparel, reviews from *Glassdoor* and *Indeed* were consistent regarding compensation and benefits and opportunities for advancement, based on the results of the chi-square tests. The chi-square value for compensation and benefits was 3.262 and the p-value was 0.196, whereas the chi square value for opportunities for advancement was 2.421 and the p-value was 0.120. Both of them received results that were not statistically significant at 0.05 level, which suggested that there were only small differences between the results from two websites. However, for management ( $\chi^2 = 18.679$ ,  $p = 0.000$ ), working environments ( $\chi^2 = 14.499$ ,  $p = 0.000$ ), and relationships with co-workers ( $\chi^2 = 6.700$ ,  $p = 0.010$ ), employees' reviews from *Glassdoor* and *Indeed* differed.

Although there were similarities, almost half of the data differed between *Glassdoor* and *Indeed* for both companies. This suggests that those websites may have moderate reliability and future research needs to further examine this.

#### A Comparison between New Balance and American Apparel

##### A. Compensation and Benefits

On *Glassdoor*, there was about a 12.9 percentage point difference between employees' positive reviews of New Balance and American Apparel. A 9.2 percentage point difference is shown between employees who wrote negative reviews on New Balance's compensation and benefits policies and those who reported similar opinions on American Apparel's policies. Moreover, there was a 3.7 percentage point difference between those from the two companies who reported neutral attitudes toward compensation and benefits. Employees at New Balance reported more positive attitudes but fewer negative and neutral attitudes toward compensation and benefits, whereas American Apparel employees reported fewer positive but more negative and neutral opinions. These differences were shown to be statistically significant at 0.05 level ( $\chi^2 = 7.312$ ,  $p = 0.026$ ), which means that such relationships would be observed simply by chance less than five times out of 100. On *Indeed*, the differences persisted. There was also a 13.6 percentage point difference between employees' positive reviews regarding compensation and benefits for New Balance and American Apparel. In addition, an 8 percentage point difference was found between employees who wrote negative comments regarding compensation and benefits while the percentage point difference for those who reported neutral attitudes was 4.6. However, this difference was not statistically significant at 0.05 level ( $\chi^2 = 3.792$ ,  $p = 0.150$ ).

#### B. Management

There was a significantly higher percentage of employees from New Balance reporting their management team as positive on *Glassdoor*. The percentage point difference between those who described the management of New Balance and

American Apparel using positive words was 15.2 and the same percentage point difference was found between employees who wrote negative reviews about the companies' management. Hence, employees from New Balance tended to hold more positive attitudes toward their management teams, compared to their counterparts from American Apparel. These differences were statistically significant at 0.05 level ( $\chi^2 = 12.334$ ,  $p = 0.000$ ). On *Indeed*, the difference between those who reported the management of New Balance and American Apparel as positive was 30.1 percentage points. A higher proportion of employees described the management team at New Balance as positive. On the other hand, a 30.9 percentage point difference was found between employees who held negative attitudes toward their management groups and a 0.8 percentage point difference was discovered for those who reported neutral opinions. More employees from New Balance reported positive or neutral attitudes toward their management team, whereas more people from American Apparel held negative opinions toward their management. Similar to those differences found on *Glassdoor*, these differences on *Indeed* were statistically significant as well ( $\chi^2 = 20.103$ ,  $p = 0.000$ ).

### C. Working Environments

More employees from New Balance reported positive attitudes about his topic on *Glassdoor*. There was a 26.5 percentage point difference between the numbers of positive reviews from employees from the two companies and the same percentage point difference applied to the difference in negative reviews as well. These differences were statistically significant at 0.05 level ( $\chi^2 = 22.347$ ,  $p = 0.000$ ). The results collected

on *Indeed* revealed the same pattern; more workers from New Balance described their working environments as positive. The percentage point difference between employees who reported positive attitudes for New Balance and American Apparel was 19.4 and the difference for negative reviews stayed the same. These differences were also statistically significant at 0.05 level ( $\chi^2 = 11.453$ ,  $p = 0.001$ ).

#### D. Opportunities for Advancement

On *Glassdoor*, fewer people from New Balance reported positively with regards to this aspect. There was a 40.3 percentage point difference between employees who reported positive opinions toward promotion opportunities within their companies. Because no person from either company reported neutral attitudes toward this aspect, the percentage point difference between those who held negative attitudes stayed the same. These differences were shown to be statistically significant at 0.05 level ( $\chi^2 = 29.151$ ,  $p = 0.000$ ). Consistent with the findings from *Glassdoor*, the results from *Indeed* also showed that people from New Balance were less likely to report positive responses regarding their chances to be promoted. The percentage point difference for those who wrote positive comments regarding their companies' promotion opportunities was 19.3 and the difference was the same for those who reported negative opinions. These differences were revealed as statistically significant at 0.05 level ( $\chi^2 = 4.180$ ,  $p = 0.041$ ).

#### E. Relationships with Co-workers

More employees from New Balance on *Glassdoor* held positive attitudes toward their co-workers and maintained good relationships with them. An 8.2 percentage point difference was found between employees from New Balance and American Apparel

who reported positive attitudes toward their colleagues and the difference persisted for those who reported negative opinions on their co-workers. However, these differences were not statistically significant at 0.05 level ( $\chi^2 = 2.792$ ,  $p = 0.095$ ). As a result, employees from New Balance and American Apparel tended to have consistent opinions regarding their co-workers and their relationships with them. Similar results were found for reviews on *Indeed* as well. More employees from New Balance reported positively about their co-workers and there was a 4.8 percentage point difference between employees who wrote positive reviews for co-workers from each company. Nevertheless, the difference was still insignificant at 0.05 level ( $\chi^2 = 1.424$ ,  $p = 0.233$ ).

#### **IV. Discussion**

The data suggests that contemporary companies are making at least some effort to treat employees in a fair and moral way. However, some of the employees' reviews revealed that many problems are unresolved and that the classic sociological concerns still persist. Since some of the data could not be "combined," this discussion is descriptive until future research is conducted.

Earlier sociologists, such as Karl Marx (1844) and Émile Durkheim (1893), claimed that capitalism generated the division of labor, which further alienated workers from each other and decreased the level of collective conscience among workers. From the results, it appears that the majority of employees from New Balance and American Apparel viewed their co-workers in positive ways and tried to establish close relationships with them. Employees' characteristics may be one reason that contributes to the phenomenon, but another more important factor is that companies also get

involved in building relationships among employees. There were some employees, especially from New Balance, who mentioned that their company held activities that tended to build camaraderie among them as a part of their reviews for the companies. Those events, to some extent, showed that corporate divisions nowadays care not only about profits, but also the social lives and well-being of their employees. This idea further makes these companies willing to spend money on holding events like holiday dinners to gather employees together, which may be helpful in getting them to know each other and thus building a harmonious environment.

Moreover, another aspect where both companies got a large amount of praise was the compensation and benefits they offered to workers. Early sociologists believed that monetary compensation was an essential element to maintain the contractual system of organizations, as well as the bureaucratic system (Stinchcombe 1983 & Weber 1922). On the other hand, employees' salaries could sometimes influence their behaviors—they may leave or become unproductive if the payment is too low (Abbott 2005). This point remains true; companies now still utilize higher salaries or other benefits as incentives for people to stay longer and work harder. However, from examining the reviews of employees from both companies, I found that while companies claimed to offer many different benefits to employees, those may not be as beneficial for them as they say or may only be useful in limited ways. For example, many people from American Apparel mentioned that the company offers employee discounts for its products and regular clothes allowance. Employees can enjoy those benefits, but, at the same time, they contribute to the sale and profit of the company. Some individuals,



particularly young people, claimed that they spent all money they made on those clothes because they were tempted by those discounts. Also, while employees from American Apparel reported that the company offers lots of benefits, most people who talked about the payment considered it as low and listed it as a drawback of the company. This low rate of salary, combined with many other factors, may be the reason for the high turnover rate at American Apparel in recent years.

Regarding management teams, employees from both companies generally held negative opinions. People in those positions, as Taylor claimed, should supervise workers on lower levels and ensure their work is done following scientific methods. Because of the amount of duties they need to be responsible for and the higher skill requirements for those positions, people with administrative roles usually receive higher incomes. However, according to employees' reviews from both companies, many people serving in the management teams were actually incompetent at their jobs; others were described as unprofessional and unorganized. But because in a bureaucratic system, leaders are legitimate because of their positions instead of convention or personal charisma (Weber 1922), those incompetent managers continued to earn the amount of money they didn't deserve to make and they received respect from people in the lower level of the hierarchy. The bureaucratic system further justifies the power it endows people in the upper level. Those people "feel the never ceasing need to look upon [their] position as in some way 'legitimate';" they tended to regard their "advantage as 'deserved,' and the other's disadvantage as being brought about by the latter's 'fault'" (Weber 1922:953).

In addition to the lack of organization, many employees from both companies also described their management teams as having a “lack of communication”. One possible reason behind that can be the obsession with higher positions, which is emphasized by Weber (1922). Being in higher positions can offer many resources that lower-level workers do not have access to, such as networking and financial benefits. In order to maintain authority and power, people in the management team remain distant and detached from ordinary employees. Moreover, this upholding of power further makes the bureaucratic system more stable.

Furthermore, as Weber (1922) states, no matter what officials are appointed by certain superior authorities or elected by the majority who have the right to participate, the selection, employment, and promotion process always stay unfair to some groups of people. Under the appointment system, power is in the hand of the minority. Many departments of New Balance and American Apparel still seem to utilize this system for not only employment decisions, but also promotion and advancement. Under such circumstances, if only one or a few people are in charge, then personal preferences and relationships become important factors. Many employees’ reviews from the two companies mentioned favoritism and nepotism. Some of these comments were used to describe the management team, while also were used to report opportunities for advancement within the companies. If managers of those who are in charge of these issues practice favoritism and nepotism, then people get selected not based on their professional skills, but on characteristics that might be irrelevant to their jobs. As a result, those incompetent employees may reduce efficiency and productivity of the

company, since they do not have the skills to fulfill their jobs and since their works are secure even if they do not work hard.

Some people are not working as hard as others because of their laziness, while others work in that way since their jobs do not allow them to get involved actively. Marx (1844) understands this phenomenon as the alienation from the nature of human being, particularly intellectual life. Workers merely do their labors for wages and to support their families; they may not fully understand what they are asked to do and are not allowed to express their own opinions. Moreover, as Durkheim (1893) claimed, people enter an anomic stage due to the division of labor; they lose their directions and become simply followers of higher authorities. These actions, although they fulfill Taylor's scientific management principle, are in fact harmful for employees. Employees from both companies often reported their work as boring. Furthermore, some employees from American Apparel claimed that their "creative thinking" and "individuality" were harmed (Glassdoor 2013). Furthermore, employees may become alienated as a result of the division of labor and the boring nature of their tasks. Many of those tedious and repetitive tasks were for people who are in the lower or working class, because they do not have enough skills. Moreover, sometimes workers receive their payments based on how many pieces they make. Therefore, in order to make more pieces and earn higher wages, those workers are forced to focus only on their tasks and ignore others around them. This may block communication among employees, influence their relationships negatively, and further hurt the integrity of the whole company.

## SUMMARY

In this thesis, both historic and contemporary workers' conditions were examined. During the Industrial Revolution, workers were exploited by factory owners in order for them to achieve maximum profits. Laborers were forced to work in unsanitary conditions and were offered low wages; therefore, they could only afford to live in contaminated communities and often suffered from infectious diseases. Under such circumstances, Karl Marx first developed his theories regarding the conflict between wealthy capitalists and poor workers. Later, Frederick Winslow Taylor was among the first to claim that workers should be treated better so that they could work more efficiently and with more productivity. However, the principles that Taylor claimed would benefit workers and increase efficiency were still considered as harming workers' rights by sociologists, such as Émile Durkheim and Max Weber. Hence, sociological theories were applied to further analyze Taylor's principles.

While the historic workers' conditions were investigated mainly through early books and theories, contemporary conditions were examined through a secondary analysis of New Balance and American Apparel, two contemporary companies within the apparel industry. The data was collected from *Glassdoor* and *Indeed*, websites where employees from certain companies can leave their reviews regarding any aspect of a company. Employees' reviews for the two companies in question were analyzed and categorized into positive, negative, or neutral concerning five aspects of the companies—compensation and benefits, management, working environments, opportunities for advancement, and relationships with co-workers. The results of

employees' reviews regarding their working conditions and company labor practices were reported through descriptive data, which was complemented by detailed quotes from employees' reviews. Furthermore, chi-square tests were conducted to determine whether the results from *Glassdoor* and *Indeed* were similar or different and whether employees from the two companies reported significantly different opinions toward their company labor practices.

The results and discussion suggest that although progress in workers' conditions has been made, some problems and sociological concerns persist and future improvements are still needed. Employees' reviews revealed that companies were making efforts to build camaraderie among workers and as a result, the majority of workers held positive ideas toward their colleagues and established close relationships with them. In addition, positive attitudes toward workers' benefits were reported. On the other hand, employees' reviews also disclosed that the management teams of both companies were inefficient and unprofessional. Favoritism and nepotism were popular regarding the hiring and promotion processes. Moreover, the division of labor and the alienation from products forced workers to conduct tedious tasks without putting creative thoughts and individuality into their work. This further restricts workers' freedom and limits their ability to think.

Because of the restriction on time and resources that I have access to, this study involves many limitations. Most limitations are due to the secondary data I utilized in this study. Although I found some similarities between the results from *Glassdoor* and *Indeed*, the chi-square tests showed that about half of the data differed between the two

websites. This suggests that the two websites may have moderate reliability, which meant the results from two websites failed to be combined. As a result of difference, I reported only descriptive data for workers' attitudes toward their working conditions and company labor practices. Additionally, although I found no review from the two websites that read exactly the same, there was no evidence showing that people who have written reviews on the two websites were different people. In other words, there could be someone writing reviews on both websites for their companies and their reviews were counted twice within the analysis. Moreover, employees that the data was collected from may not be a fair representation of the entire company. There are some variations regarding the location of their jobs and the positions they held. However, those employees who wrote reviews on the two websites may not represent the whole company, which may lead to some bias within the results. The situation would be different if I could do surveys or interviews with workers from the companies in person, instead of using secondary data from those websites. Questions can be designed to target the problems I would like to investigate more directly, rather than letting employees report only what they want to report. The data collected in these ways should be more reliable, representative, and informative.

While my study focuses on reporting employees' general attitudes toward their working conditions along with company labor practices, future research is needed to investigate this issue more in-depth. Further studies can be conducted to examine whether employees holding different positions will report conflicting opinions toward the same issue. Is it more likely for employees holding lower positions to report that they

receive low salaries or limited benefits? Are people with lower positions having more room and opportunities for advancement? Those investigations may lead to a better understanding with regard to the differences of attitudes or opinions among workers. Moreover, it would also be interesting if someone could examine whether forward progressions for workers' conditions and labor practices were being made within each company. This may be reflected by workers' attitudes regarding certain aspects of the companies changing over time. For instance, employees may report that there are more opportunities for advancement nowadays as compared to five years ago. If any relevant changes happen, further investigations can be conducted to examine what caused those changes and what were the outcomes.

Furthermore, besides the companies that I chose to analyze, there are many other corporations that would be worth examining with regard to their labor practices. Similar research can be done for more companies regarding contemporary workers' conditions and company labor practices, so that patterns could be assessed. If many companies tend to show that they need improvements in certain aspects of their labor practices, then that may generate social issues that the public should pay attention to.

In addition, while I intended to select companies that are based in the United States and mainly manufacture their products in the United States, future studies may need to devote their attention to companies and factories overseas. Oversea companies, especially those in the developing countries, are always criticized for their mistreatment of workers along with human trafficking behaviors. Therefore, workers'

conditions within companies or factories like that should be given more notices and are worthwhile to study in the future.



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