

Assignment



Employee Wellbeing

Human Resource Management – BMMB7007

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Executive Summary:

This report focuses on employee wellbeing in the organization SHEIN. It explores the priority area that needs improvement, which is work-life balance. The report discusses the current shortfalls in work-life balance, the impact on organizational performance, and the benefits of improvement for the organization, employees, and other stakeholders. Based on the findings, recommendations are provided to the HR function on how to enhance work-life balance, considering the organization's needs, challenges, and available resources.

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1. Introduction:

In this report, we analyse the areas of improvement within the HR function of Shein, a prominent Chinese online fast fashion retailer. We discuss the labour conditions and workers' rights, responsible sourcing and supply chain transparency, environmental impact and sustainability, ethical manufacturing practices, worker feedback and complaint mechanism, balancing affordability with responsible practices, ESG reporting and accountability, social impact initiatives and community engagement, supplier diversity and inclusivity, and collaborating with watchdog organizations and NGOs.

The deficiencies in these areas have significant impacts on Shein's performance and effectiveness. These impacts include negative effects on brand reputation, customer trust, potential decline in customer loyalty and repeat business, loss of investors and stakeholders due to ethical concerns, increased scrutiny from regulatory authorities, difficulties in attracting and retaining skilled employees, and potential boycotts or negative campaigns from activist groups or NGOs.

Improving employee wellbeing at Shein can bring numerous benefits to the organization, employees, and other stakeholders.

To address the areas of improvement, we recommend feasible strategies like Focus on Work-Life Balance, Stress Management Programs etc.

By adopting these recommendations, Shein can work towards improving employee wellbeing, creating a more engaged and productive workforce, and positively impacting its organizational performance and reputation

2. Organisational Overview:

SHEIN - Revolutionizing Global Fashion E-Commerce

SHEIN, a prominent Chinese online fast fashion retailer, is headquartered in Singapore and was founded in Nanjing, China, in October 2008 as ZZKKO by entrepreneur Chris Xu. It has grown to become the world's largest fashion retailer as of 2022, generating an impressive revenue of US\$24 billion. SHEIN's success is attributed to its popularity among Generation Z consumers, offering relatively inexpensive apparel. Initially compared to a drop shipping business, the company transitioned into a fully integrated retailer by 2012, establishing its own supply chain system with over 3,000 suppliers in Guangzhou. Despite its rapid growth, SHEIN has faced controversies, including trademark disputes, tax evasion, human rights violations, and health and safety concerns. (Wikipedia, 2023)

In SHEIN, the HRM function is structured to support the organization's workforce. There is a dedicated HR team responsible for managing human resources-related activities. The HR team operates at various levels, from recruitment and talent acquisition to performance management and employee development. The HR function is well-integrated within the organization, and its presence extends to director level representation. This ensures that HR decisions and strategies align with the overall organizational goals and objectives, contributing to the company's success as the world's largest fashion retailer. (RocketReach, n.d.)

3. Main Discussion

3.1 Areas of Improvement:

1. Labor Conditions and Workers' Rights

Shein faces significant challenges concerning labour conditions and workers' rights at its manufacturing sites. An investigation revealed that garment workers at six sites were found to be toiling 75-hour weeks, far exceeding the legal working hour limits. Workers reported working three shifts per day with minimal days off. The piece-rate pay system creates immense pressure on employees to produce garments quickly. This intense work pace and inadequate pay lead to exploitative conditions. Shein needs to urgently address these issues and implement responsible labour practices to safeguard the rights and welfare of its workers. (www.hazards.org, n.d.)

2. Responsible Sourcing and Supply Chain Transparency

Shein is facing increasing criticism for its lack of supply chain transparency, raising concerns about the ethical sourcing of its ultra-cheap fashion products. The company falsely claimed certifications from the International Organisation for Standardisation (ISO) and labour standards organisation SA8000, leading to swift removal of these mentions from its social responsibility web page. With its reliance on influencers for marketing, Shein's supply chain remains opaque, making it difficult to ascertain how and where its clothes are produced and under what conditions. (Adegeest, 2021)

3. Environmental Impact and Sustainability

Shein's rapid expansion and popularity as the world's most popular fashion brand come at a significant environmental cost. The company's unsustainable model, characterized by mass production and the use of virgin polyester, contributes to approximately 6.3 million tons of carbon dioxide emissions annually. Despite its pledge to reduce supply chain emissions by 25% by 2030 through partnerships with organizations like the Apparel Impact Institute, there are doubts about the effectiveness of these initiatives. (Rajvanshi, 2023)

4. Ethical Manufacturing Practices

Shein's rapid expansion raises ethical concerns regarding its manufacturing practices. The company's heavy reliance on fast-fashion production results in significant environmental impact, with much of its apparel made from non-biodegradable synthetic materials. Although Shein has taken some steps towards sustainability, critics argue that more needs to be done. Concerns also surround the working conditions in the factories that produce Shein's clothing, particularly in developing nations where labour regulations may be lax. Ensuring ethical and

responsible practices throughout the supply chain remains a crucial challenge for Shein. (Teachers, 2023)

5. Worker Feedback and Complaint Mechanism

Shein faces the need for an improved worker feedback and complaint mechanism following a viral TikTok video alleging concerning messages hidden in clothing packages by factory workers. Although the company denies these accusations, it highlights the importance of establishing a robust system for workers to voice their concerns and provide feedback without fear of retaliation. A well-structured feedback mechanism would enable Shein to address any labour-related issues promptly, demonstrate commitment to workers' rights, and ensure a safe and transparent working environment. (Clark, 2022)

6. Balancing Affordability with Responsible Practices

Shein faces the challenge of achieving a balance between affordability and responsible practices. While the company offers low-priced clothing that appeals to consumers, it has been plagued by numerous ethical concerns, including allegations of unethical business practices, worker exploitation, and environmental issues. To improve in this area, Shein needs to invest in sustainable and ethical fashion practices, ensure transparent supply chains with certified labour standards, and prioritize the well-being and fair treatment of its factory workers. (Gilchrist, 2022)

7. ESG Reporting and Accountability

Shein's recent hiring of a global ESG head shows the company's recognition of the importance of Environmental, Social, and Governance (ESG) matters. However, there are mixed reactions to this move. Critics point to the company's past controversies and its low score in sustainability and worker rights commitments, as highlighted by industry watchdog Remake. Some argue that the hire may be more of a marketing strategy to counteract bad press rather than a genuine commitment to sustainability. (Roshitsh, 2021)

8. Social Impact Initiatives and Community Engagement

Shein's establishment of the SHEIN Cares Fund, with a \$10 million commitment to support global non-profit organizations, marks a positive step towards social impact and community engagement. The fund aims to empower entrepreneurs, support underserved communities, ensure animal health and welfare, and promote recycling and the circular economy. The first recipient of the fund, Vital Voices, will benefit from a two-year partnership to support women change-makers globally. However, to further enhance its social impact, Shein should continue to expand its partnerships and initiatives to make a lasting difference. (SHEIN, n.d.)

9. Supplier Diversity and Inclusivity

While Shein's Diversity, Equity, and Inclusion Statement reflects a commitment to fostering an inclusive workplace and serving a diverse customer base, there is room for improvement in ensuring supplier diversity and inclusivity. Shein should actively promote and prioritize working with diverse suppliers from various backgrounds, including minority-owned businesses and underrepresented communities. By implementing supplier diversity programs, Shein can contribute to economic empowerment and provide opportunities for small and diverse businesses to thrive. (sheingroup.com, n.d.)

10. Collaborating with Watchdog Organizations and NGOs.

To address concerns about its environmental and social impact, Shein should consider collaborating with watchdog organizations and NGOs. Partnering with reputable organizations can provide valuable insights and guidance on sustainable practices, ethical sourcing, and labour standards. These collaborations would help Shein establish transparency and accountability throughout its supply chain, ensuring compliance with responsible business practices. By working together with independent entities, Shein can build trust among consumers and investors, demonstrating a genuine commitment to improving its business model and addressing the challenges posed by fast fashion's disposable nature. (Fast-Fashion Behemoth Shein Says It's Cleaning Up Its Act. Will Anyone Buy It?, 2022)

3.2 Impact of deficiency on the performance/effectiveness of organisation:

- **Negative impact on brand reputation and customer trust:** Shein's misstep of sending influencers on factory tours to restore its brand reputation has created a negative impact on its brand reputation and customer trust. The move backfired, leading to backlash from consumers and parody brand trip videos on social media. Consumers are becoming savvier and more critical of inauthentic influencer partnerships, which can damage the trust they have in both the brand and the influencers involved. This incident has agency executives questioning the benefits of using influencers to restore brand image and may lead to changes in the influencer marketing industry. Trust, authenticity, and transparency are now critical factors in influencer marketing. (McCoy, 2023)
- **Potential decline in customer loyalty and repeat business :** The potential decline in Shein's sales and slowing growth could lead to a decline in customer loyalty and repeat business. As the company's sales have surged during the pandemic, shoppers have been attracted to its inexpensive and vast selection of styles. However, with the slowdown in sales, customers may start to question the sustainability and ethical implications of fast fashion. As criticism of fast fashion, including Shein, grows, some customers may choose to switch to more sustainable and ethical fashion options, impacting Shein's customer retention and brand loyalty in the long run. Additionally, the rise of competitors offering similar styles may further affect customer loyalty. (Mohammad, 2023)
- **Potential loss of investors or stakeholders due to ethical concerns :** The implications of unethical business practices in Shein may lead to a potential loss of investors or stakeholders due to ethical concerns. The company's involvement in questionable import practices, such as dodging import tariffs by importing clothes in small packages, raises ethical red flags and may erode investor trust. As investors and stakeholders become more conscious of ethical issues, they may distance themselves from the company, potentially impacting its financial stability and leading to a decline in customer loyalty and repeat business. (Manavhela, 2023)
- **Increased scrutiny from regulatory authorities and potential legal implications:** The increasing popularity of Shein in the United States has led to heightened scrutiny from regulatory authorities and potential legal implications. Policymakers and lawmakers have raised concerns over the companies' ties to China, especially amidst US-China tensions, leading to calls for restrictions on technology linked to foreign entities. A US congressional report suggested that the companies could be linked to forced labour, trade loopholes exploitation, product safety hazards, or intellectual property theft. Additionally, there are sustainability and worker rights concerns, with both companies facing questions about their environmental impact and the conditions of workers in their supply chains. Such issues may lead to increased regulatory scrutiny and potential legal actions against the companies. (Meyersohn, 2023)

- **Difficulties in attracting and retaining skilled employees due to reputation issues:** Shein faces difficulties in attracting and retaining skilled employees due to reputation issues stemming from its labour practices. Investigations have revealed troubling practices used by the company to produce clothes quickly and cheaply, leaving thousands of Chinese workers vulnerable to exploitation. The intense work environment at Shein's logistics centres and its use of labour dispatch agencies add to the company's reputation challenges, making it challenging to recruit and retain skilled workers. (Peiyue, 2021)
- **Potential boycotts or negative campaigns from activist groups or NGOs:** Potential boycotts or negative campaigns against Shein may arise from activist groups or NGOs and social campaign. ThredUp, an online clothing reseller, is urging customers to boycott Shein's pop-up shop and divert sales to their own platform. The campaign aims to raise awareness of clothing waste and promote a responsible alternative to fast fashion. While consumers are increasingly interested in sustainability, the allure of quick and cheap fashion persists. (Daniels, 2022)

3.3 Benefits of Improving Employee Wellbeing:

- A) For Organisation:** Improving employee wellbeing at Shein can benefit the organization in multiple ways. Firstly, a focus on employee wellbeing can lead to increased productivity, as engaged and motivated employees are more likely to perform at their best. Secondly, it can result in reduced turnover and recruitment costs, as employees are more likely to stay with the company if their wellbeing is prioritized. Thirdly, a positive work environment that promotes wellbeing can enhance the company culture, attracting top talent and improving the organization's reputation. Lastly, prioritizing employee wellbeing can lead to lower healthcare costs due to reduced absenteeism and improved overall health among employees. Ultimately, investing in employee wellbeing can create a happier and more productive workforce, benefiting Shein as a whole. (Guest, 2017)
- B) For Employees:** Improving employee wellbeing has several benefits for employees. It directly impacts their job satisfaction, emotions, and moods, leading to increased performance and commitment to the organization. Satisfied and happy employees are more likely to trust their supervisors, cooperate with colleagues, and work as a cohesive team, resulting in a positive work culture and increased social support. Feeling valued and respected enhances employees' overall well-being, contributing more to their happiness than socio-economic status. (Smu.edu.sg, 2019)
- C) For other Stakeholders:** Employee wellbeing benefits other organizational stakeholders in several ways. Firstly, improved employee wellness leads to increased productivity, reduced absenteeism, and higher job satisfaction, which positively impact overall organizational performance and financial outcomes. Secondly, wellness programs contribute to better employer-employee relationships, fostering trust and

cooperation within the workplace. Thirdly, as employees experience higher levels of wellbeing, they are more likely to provide valuable suggestions to improve the organization and deliver better customer service, positively impacting customer satisfaction. (Ruvalcaba, Akdevelioglu and Schroeder, 2022)

4. Conclusion:

Based on the prior discussion, the key points of the report are as follows:

1. Human Resource Management (HRM) encompasses various activities related to the management of people in organizations. It includes multiple HR practices aimed at building employee ability, motivation, and opportunity to perform.
2. Employee wellbeing is a crucial aspect of HRM and can be categorized into three dimensions: happiness (satisfaction and commitment), health (stress and strain), and relationship-related (social interactions and quality of relationships).
3. Organizational performance is a multifaceted concept, and in this review, it is divided into operational outcomes (productivity and quality) and financial outcomes (returns on invested capital and shareholder return).
4. HR practices are not viewed in isolation but are often combined to form HRM systems, which have a greater impact on employee wellbeing and organizational performance than individual practices.
5. The level of analysis is essential when examining the relationship between HRM, employee wellbeing, and organizational performance. It can be studied at the individual, business unit, or company/workplace level.
6. Longitudinal designs with repeated measures of HRM and outcomes are recommended to understand causality between HR practices, employee wellbeing, and organizational performance.

Regarding Schein, improvements in employee wellbeing can be made by implementing a well-rounded HRM system that addresses all three dimensions of wellbeing (happiness, health, and relationship-related). This can be achieved by ensuring that employees have access to various HR practices that build their abilities, motivation, and opportunities to perform. (Van De Voorde, Paauwe and Van Veldhoven, 2012)

5. Recommendation:

Recommendations for improving employee wellbeing at Shein:

1. **Focus on Work-Life Balance:** Recognize the importance of work-life balance in promoting employee wellbeing. Offer flexible work arrangements and encourage managers to be supportive of employees' personal needs and responsibilities. (Guest, 2002)
2. **Stress Management Programs:** Develop stress management programs to help employees cope with work-related stress and prevent burnout. These programs could include stress-reduction workshops, mindfulness training, and access to mental health resources. (Health, work and wellbeing | Institute for Employment Studies (IES), n.d.)
3. **Employee Support Services:** Offer employee support services, such as counseling and employee assistance programs, to provide employees with a safe space to discuss personal and work-related challenges. (Ramasubbu, Mithas and Krishnan, 2008)
5. **Regular Employee Feedback:** Establish a system for regular employee feedback to identify areas of improvement in the organization's HR practices and employee wellbeing initiatives. (S, 2012)

Overall, improving employee wellbeing at Shein requires a strategic approach that aligns HR practices with the organization's needs and challenges. By investing in employee wellbeing, Shein can create a more engaged and productive workforce, leading to improved organizational performance and a positive work environment.

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