President’s Advisory Committee
On Labor Standards and Human Rights

MINUTES
December 4, 2017, 8:30 – 10:00 AM
R5020 Ross School of Business

Attendees: Ravi Anupindi (chair), Richard Neitzel, Kristen Ablauf, Michael Counts, Lauren Smith, Monika Johnson, Khaled Eid, Nicholas Rine, Stephen Yaros (staff to committee)
Absent: Omolade Abundi and Fatima Nasir
Guests: Berenice Castillo and Erik Nesler

Committee Business

Chair Anupindi called the meeting to order at 8:35 am. Minutes from the November 1, 2017 meeting were discussed. One amendment was suggested, and then RNeitzel moved to adopt them. KAblauf seconded the motion and the minutes were approved unanimously.

Operational Leadership

KAblauf shared that quarterly vendor reviews are done, and she will email them out to the committee accordingly. There were more conditional renewals than usual, which required licensees to participate in an FLA e-learning series.

Monitoring and Compliance

Chair Anupindi mentioned that, as per communication from the FLA, category B licensing parameters were recently changed and asked KAblauf for clarifications. She said this change helps to push UM licensees towards FLA remediation, which is a step in the right direction to help decrease overall issues and focus on future solutions. However, KAblauf suggested that a representative from FLA should speak to the committee to further explain the changes and the impact.

Chair Anupindi inquired about the FLA eLearning modules and asked what type of licensees were they best for. KAblauf said that the eLearning series have mostly surface level material, so they are best for smaller licensees (below category B). Chair Anupindi said he will try and coordinate Liz Kennedy, IMG College Licensing, to speak to the committee in January 2018.

Chair Anupindi reported two WRC front updates. The Hansae Vietnam factory signed a MOU for further improvements, and the WRC posted their quarterly report. Committee member KEid is going to review the report and present at a 2018 committee meeting.
Chair Anupindi mentioned that Nike has been holding quarterly calls with university affiliates, and that he and KAbluaF have been participating. He appreciated that Nike provides regular updates. In addition to the updates on the Hansae Vietnam situation, which was also captured in the WRC communiqué, Nike reported that it is in talks with other brands about how they can collaborate better about labor standards.

**New Business**

Staff to the committee, SYaros, will work to schedule committee meetings for the winter 2018 semester. He will reach out to committee members accordingly.

Chair Anupindi then opened up the floor for discussion about new focuses of the committee. LSmith said work regarding supplier engagement can have a bigger impact in less time. Chair Anupindi asked what this kind of work would entail, and discussion ensued.

MJohnson said she wants to get to know the university's relation with smaller suppliers better. She thinks this better understanding of who they are will help us to see what we can do to help them with labor standards. KAblauf explained that information about smaller licensees comes from questionnaires, but is not always uniform or exact.

Chair Anupindi asked what specifically we ask these companies. Could the questionnaire be more extensive like it is for larger companies, and what does the FLA provide? Are the e-learning modules actually appropriate? How do we understand what the concerns are of the smaller licensees?

MJohnson asked where is our biggest opportunity to make an impact. KAblauf mentioned that D category licensees are very diverse and have a varied level of understanding of the regulations and expectations; some have a good grasp but others do not. Thus the category D licensees could be further divided into sub-categories as needed to better understand their needs and develop an engagement model.

Chair Anupindi asked if specific information could be pulled on these types of licensees. KAblauf said she would need to work with Liz Kennedy to find this information.

Chair Anupindi felt this work could warrant a semester long project. This would entail a few students to be hired as research assistants. He asked others what they thought about putting out a student proposal for this.

MJohnson and others agreed it was a good idea. RNeitzel also asked about looking into environmental issues and sustainability, and if this could be a student project as well. As a result, Chair Anupindi asked MJohnson and RNeitzel to each write a
proposal for a semester-long student project (one for supplier engagement and one for environmental issues). The projects will take place in the winter 2018 semester, and students will be chosen in early January 2018.

**Student Presentations**

The committee had sponsored three summer internships in 2017. Two of the students, **Berenice Castillo** and **Erik Nesler**, presented their work to the committee during the December 4, 2018 meeting. The other student, **Lauren Smith**, presented her work during the November 1, 2017 meeting.

**Ms. Castillo**, a student in the joint Social Work and Psychology doctoral program, reported to the committee on her project, which aimed to better understand low-wage labor and workers. Ms. Castillo worked with Dr. Shannon M. Gleeson, a professor at Cornell University in the department of International Labor Relations, Law, and History, to identify prominent factors that influence low-wage workers pursuing workplace violation claims. They also sought to identify underlying processes that pose challenges for low-wage workers to pursue these workplace violation claims to completion.

Ms. Castillo explained the importance of this work by pointing out that low-wage workers are typically the most likely to experience workplace violations, and that due to numerous factors, they are also the least likely to come forward to make corresponding claims.

With a sample size of 442 adults, Ms. Castillo utilized both quantitative and qualitative data to pursue her research questions across varying age groups. Based on her various research methods, several results were found. First, across all age groups, Ms. Castillo found that fear of unemployment and financial burden influenced individuals from pursuing a claim. However, she found that younger adults were, on the whole, less satisfied with claim settlements, as opposed to middle aged or older adults. In addition, she found that older adults utilized the most resources when pursuing claims, as opposed to younger adults who utilized the least.

Another factor found across all age groups related to legal status. The fear of undocumented status becoming public was a major reason for those not pursuing workplace violation claims.

Ultimately, the research implies the need to increase protective factors and decrease risk factors to encourage and support low-wage workers and the claims-making process. Ms. Castillo thanked the committee for their support in her endeavor, and commented that the experience greatly influenced and affected her both personally and professionally.
**Mr. Nesler**, an undergraduate student in the Ross School of Business, reported to the committee on his project, “Assessing the Risk in the University of Michigan’s Licensing Operations”. There exist several third-party organizations, including the Fair Labor Association (FLA), the Worker Rights Consortium (WRC), and the IMG College Licensing, who attempt to alleviate the risk subjected to colleges and universities by their licensees, and Mr. Nesler’s research looked at their effectiveness.

Mr. Nesler worked with Sumerra LLC on his project, which started by surveying 246 collegiate licensees regarding their labor standards practices. Based on the responses, Sumerra rated each licensee on a scale of 0 to 100 (100 meaning the licensee poses no risk to the college). The result was an average of 42.35. To put this in context, Mr. Nesler and Sumerra determined any score at 30 or below would be categorized as extremely risky. 31 of the respondents had a score in this range.

There are three primary risk factors of collegiate licensees: corporate social responsibility (CSR) initiatives of the licensee, supply chain risk management program establishment; and supply chain risk management program execution.

In regards to CSR initiatives, only 41 of the 246 respondents had a regularly circulated code of conduct, and only 16 had “appropriate” levels of human resources devoted to CSR. For the risk management program establishment, Mr. Nesler found that 70 licensees admitted to not having a monitoring program at all. And lastly, for supply chain risk management program execution, his research found that 150 licensees were unable to provide proof that they conducted pre-source audits, and 99 licensees were unable to provide proof of past audits at their suppliers.

Ultimately, Mr. Nesler’s research found that the compliance mechanisms designed by the third party organizations are not adequately enforced. His conclusion is that, to maintain its reputation as a thoughtful corporate citizen, the University of Michigan should take meaningful action to mitigate the risk associated with its licensing operations.

Mr. Nesler ended by thanking the committee for their support with his research.

Chair Anupindi commented that he met with the President of Sumerra in November 2017, and he expressed that a goal is to have one standardized way of evaluating and improving licensees, including a single questionnaire across all universities.

The meeting adjourned at 9:56 am.