

## APPAREL AND ACCESSORIES

# Regulatory voids threaten fashion production pay gap progress abroad: report

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*Loro Piana's innovative CashDenim fabric is inspected upon arrival in Italy. Image credit: LVMH/Loro Piana*

By AMIRAH KEATON

Consulting firm PwC and nonprofit organization Global Fashion Agenda (GFA) are calling for a “collective cultural effort” to improve gender equity in one of the world’s leading global producers of luxury wear.

Developed with support from [Camera Nazionale della Moda Italiana](#), a new publication explores the complex realities of wage disparity within Italy’s fashion industry. [Unpacking Pay Equity in Fashion: Italy](#) offers insights on the state of the nation’s apparel manufacturing sector, examining how perceptions of pay equity vary across the sector and providing brands and other business stakeholders actionable solutions to address these issues and close the gap.

“Only half of large companies and less than half of micro and SME manufacturers monitor and report pay inequalities,” said Erika Andreetta, partner and EMEA luxury community leader at PwC Italia, in a statement.

“There is an urgent need for greater transparency and standardized tools across the value chain, along with the development and integration of responsible purchasing practices throughout the due diligence process.”

For the report, researchers captured insights were captured through 25 brand interviews, analysis of GFA and UNEP’s global Fashion Industry Target Consultation 2024, two round table discussions amongst executives in the fashion industry one at PwC in Milan on the occasion of International Women’s Day and another at Global Fashion Summit in Copenhagen and a survey amongst 105 Italian manufacturers.

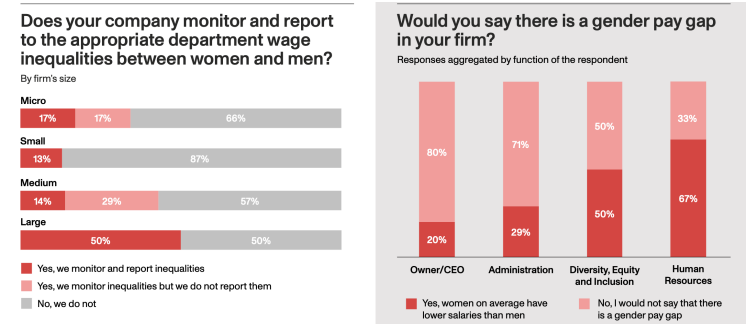
## Shaking up supply chains

[Unpacking Pay Equity in Fashion: Italy](#) takes a comprehensive look at the challenges faced by Italian manufacturers, making recommendations for fostering greater wage equality across the sector.

Authors define the gender pay gap as “the difference between the gross wages of women and men, calculated on the average compensation of employees in companies with 10 or more employees,” pointing to the fact that, in general, though more women are acquiring higher education credentials from universities and colleges in 25 of the EU’s 27 countries, they are earning less than men on average.

The trend continues within the Italian fashion manufacturing industry, which PwC and GFA share recorded an annual revenue of over 100 billion euros in 2023, representing a 4 percent year-over-year growth rate. Counted as part of the sector are those

creating apparel, including fur, responsible for the highest share 45.2 percent of all annual revenue in 2022, and producers of textiles, footwear, leather and accessories, including jewelry and eyewear, are also factored in.



Larger firms are more likely to track wage differences between men and women, while SMEs lag behind. Image credit: PwC

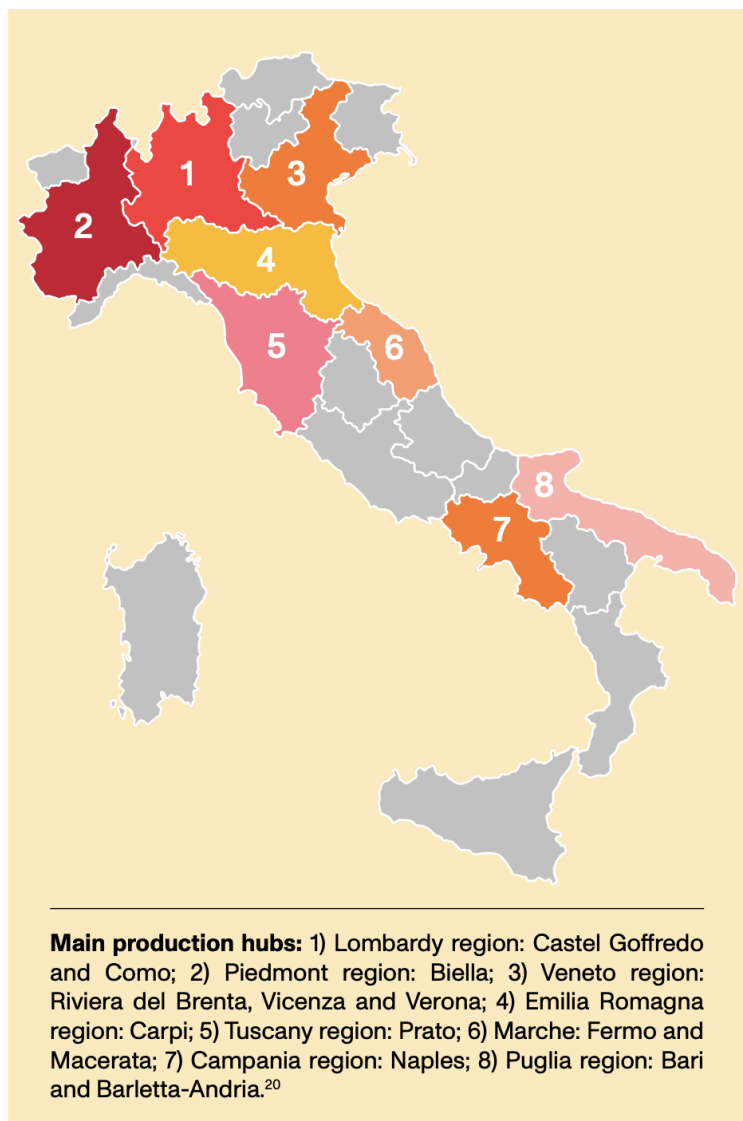
Small businesses dominate the country’s fashion manufacturing industry. Of Italy’s 60,000 apparel and textile production companies, 80 percent employ less than 10 people, and the majority are family-owned (see story).

A survey conducted for the report found that while larger firms are more likely to track wage differences between men and women, smaller and medium-sized enterprises (SMEs) lag behind. According to responses, only half of large companies, and even fewer micro and SME manufacturers, actively monitor and report gender pay disparities.

These small-scale manufacturers are also often exempt from certain European and Italian regulations, such as the EU’s Gender Pay Transparency Directive, which mandates companies with more than 100 employees to disclose pay information. As a result, many Italian fashion workers, particularly women in lower-wage, non-managerial roles, remain vulnerable to wage inequality.

Another threat to equity involves the frequency of subcontracting practices, which GFA and PwC’s experts outline are common practice among smaller manufacturers in regions such as Tuscany, Lomberady and Veneto, contributing to the pressing need to foster ethical, fair labor practices throughout the supply chain.

SMEs frequently rely on subcontractors to manage fluctuations in production demand, allowing them to maintain flexibility while keeping costs down. However, this system often operates informally, making it difficult to track labor practices, including wage standards and pay equity.



*Italy's top fashion manufacturing hubs. Image credit: PwC*

A standard lack of transparency in subcontracting arrangements is one key obstacle to progress here. Since much of the subcontracting occurs outside formal agreements or under the radar of regulatory oversight, there is no centralized or standardized system for tracking wages or enforcing compliance with pay equity guidelines.

Subcontractors are often excluded from the value chain's formal mechanisms for reporting wage data, making it difficult for larger brands to assess whether fair labor practices are being followed at every stage of production. This opacity is particularly problematic for luxury brands committed to gender pay equity across their supply chains, as they cannot always verify that subcontractors are paying their workers fairly, especially in terms of gender parity.

The practice's informal nature can exacerbate wage inequalities, particularly for women. Subcontracted workers are more likely to be paid less than their counterparts in larger, directly employed manufacturing roles and women, who are already overrepresented in lower-paid, part-time or production line positions, are disproportionately affected by these subcontracting arrangements.

The report calls for an urgent need to increase transparency and traceability across the Italian fashion manufacturing industry, including within the subcontracting networks that play a pivotal role in production. It emphasizes that brands must extend their gender pay equity efforts beyond their immediate suppliers to encompass subcontractors, ensuring that wage fairness and ethical labor practices are upheld throughout the value chain.

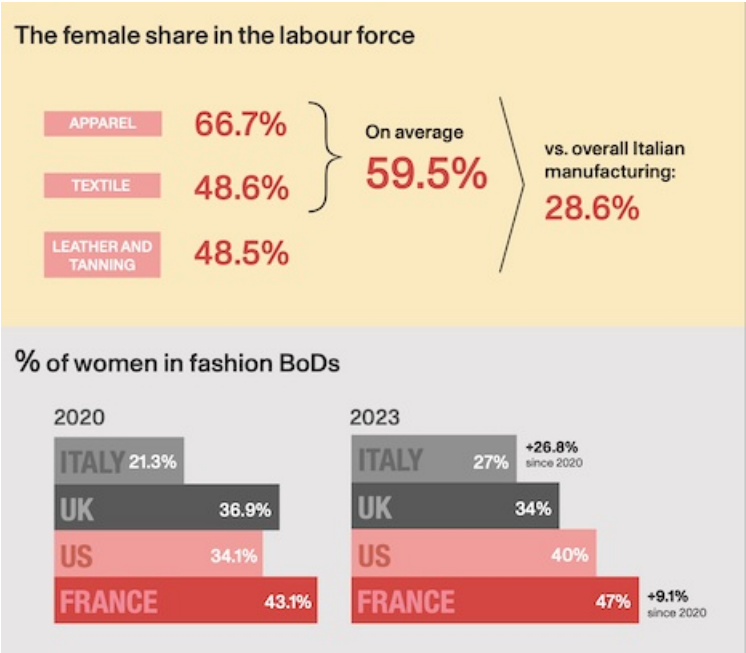
### **Boosting representation**

Women are persistently underrepresented in leadership roles throughout the Italian fashion sector, which historically has often outperformed other markets' manufacturing industries ([see story](#)).

Women make up around 60 percent of the workforce in textile and apparel manufacturing, twice as much as the female share of the 600,000 people employed in the fashion manufacturing industry in Italy overall. Their representation in executive and

managerial positions is far lower, especially in high-responsibility roles.

According to the research, currently, only 25 percent of executives and managers in surveyed companies are women, and a significant portion of these are concentrated in administrative roles, limiting their influence on strategic decisions such as pay equity. Some longer-term shifts have been seen, however.



According to the report, the share of women on the boards of fashion companies across the country rose to 26.8 percent in 2023 from 21.3 percent in 2020. Image credit: PwC

According to the report, the amount of women on the boards of fashion companies across the country rose to 26.8 percent in 2023 from 21.3 percent in 2020. [Unpacking Pay Equity in Fashion: Italy](#) attributes the change to “a growing attention to gender inequalities resulting in more policies and laws supporting female quotas in corporate leadership, leading to a positive impact on gender equality.”

The publication lists several key recommendations to help close the gender pay gap and promote equality in the Italian fashion industry. Developing standardized tools for wage reporting and transparency, especially for smaller manufacturers and encouraging responsible purchasing practices that extend across the entire supply chain, are among them, matching suggestions from similar research efforts in recent years ([see story](#)).

Others include the promotion of cultural shifts that value parenthood and caregiving responsibilities, which disproportionately affect women’s career progression, and extending support to SMEs in adopting practices that align with EU regulations and brand policies on gender equity.

“Addressing the gender pay gap in Italy, and the wider fashion industry, requires a unified commitment from all stakeholders,” said Federica Marchionni, CEO of Global Fashion Agenda, in a statement.

“The industry must prioritize transparency, equal opportunities and fair compensation across the entire value chain,” Ms. Marchionni said. “By adopting standardised tools and approaches and influencing cultural values, I believe the Italian fashion industry can become a catalyst for change.”