CHAPTER 1

1.1 Background:

The wearing of clothing is exclusively a human characteristic and is a feature of most human societies. Clothing and textiles have been important in human history and reflects the materials available to a civilization as well as the technologies that it has mastered. Textiles and the methods of textile production have continually evolved and the choices of textiles available have influenced how people carried their possessions, clothed themselves and decorated their surroundings.

The development of textile and clothing manufacturers in pre-history has been the subject of a number of scholarly studies since the late 20th century. These sources have helped to provide a coherent history of these prehistoric developments. Evidence suggests that human beings may have begun wearing clothing as far back as 1,00,000 to 5,00,000 years ago. During the industrial revolution, fabric production was mechanized with machines powered by water wheels and steam engines. Production shifted from small cottage based production to mass production based on assembly line organization. Sewing machines emerged in the 19th century, streamlining clothing production.

The textile industry is primarily concerned with the production of yarn, and cloth and the subsequent design or manufacture of clothing and their distribution. The raw material may be natural or synthetic.
Prior to the 17th century, the manufacture of goods was performed on a limited scale by individual workers, usually on their own premises such as weavers’ cottages.

The textile industry grew out of the industrial revolution in the 18th century as mass production of yarn and cloth became a mainstream industry. In 1734, in Bury, Lancashire, John Kay invented the flying shuttle – one of the first of a series of inventions associated with the cotton industry. The flying shuttle increased the width of cotton cloth and speed of production of a single weaver at a loom. In 1764, James Hargreaves is credited as inventor of the spinning Jenny which multiplied the spun thread production capacity of a single worker – initially eight fold and subsequently much further.

According to statistics, the global textile market\(^1\) is worth of more than $400 billions at present. In a more liberalized environment, the industry is facing competition as well as opportunities. It is predicted that Global textile production will grow up to 25 % by the year 2010 and 50 % by 2014. The world textile and apparel industry has gone into a phase of transformation since the elimination of quota in the year 2005. Many new competitors as well as consumers have entered the global market with their immense capabilities and the desire to grow.
It was expected that China will represent around 45% of global trade by 2010. Despite its significant growth trend, China's rising costs and perceived risks are creating more opportunities for other low cost countries.

It was also expected that India will represent around 20% of global trade by 2010. India is rapidly expanding its role with new capacity build-up in management control of textile trades through vertical integration. Vertically integrated companies are organized in a hierarchy and share a common owner. Usually each member of the hierarchy produces a different product or service. The products are combined to achieve a common goal. The advantage of Vertical integration is that it avoids the hold-up problem.

Source: AEPC
Pakistan, Vietnam, Cambodia and Bangladesh are relying on their low manufacturing costs due to cheap labour available there. Thus they are building up more capacity in textile manufacturing.

Turkey, closely connected to Italy, is fast emerging as a critical regional player. It is creating a number of new regional brand players by providing them 'Turquality' accreditation. The purpose of this accreditation is to strengthen the quality image and enhance the recognition and awareness of Turkish brands.

Egypt is presently working with new emphasis in textile sector.

Eastern European countries, have suffered a slight set back due to their growing costs. As a result they are rapidly refocusing and repositioning on higher market segments.

South and Central America maintain a relevant focus on textile.

Italy still leads in the luxury segments.

In the western countries, imports have almost reached 85-90% of total consumption.

The clothing sector is both a labour-intensive, low-wage industry and a dynamic, innovative sector depending on which market segments one focuses upon. In the high quality fashion market, the industry is characterized by modern technology, relatively well-paid workers and designers and a high degree of flexibility. The competitive advantage of firms in the market segment is related to the ability to produce designs that capture tastes and preferences, and even better – influence such tastes and preferences – in addition to cost effectiveness. The core functions of firms servicing this market segment are largely located in developed
countries and often in limited geographical areas or clusters within these countries. The Emilia-Romagna district in the so-called Third Italy, is one of the most prominent and prosperous textile and clothing clusters in the world, while Italy is the second largest exporter of both textiles and clothing when intra-EU trade is included.

The other major market segment is mass production of lower quality and standard products such as T-shirts, Uniforms, etc. Manufacturers for this market segment are largely found in developing countries, often in export processing zones and under so-called outward processing zones with major importers. They employ mainly female workers—semi-skilled and unskilled—and outsourcing to household production is quite common in the low end of the market. In the low to middle-priced market, the role of the retailer has become increasingly prominent in the organization of supply chain. The retail market has become more concentrated, leaving more market power to multinational retailers.

These have market power not only in the consumer market, but perhaps more importantly they have considerable buying power. In addition, high-volume discount chains have developed their own brands and source their clothing directly from the suppliers, whether The US has the 807/9802 production sharing program, while the EU has so-called outward processing
agreements with several countries, both as part of regional free trade agreements and as stand-alone agreements with a number of Asian countries (WTO, 2001). Foreign or local. According to Gereffi (2001), retailers accounted for half of total garment imports in the European Union in the mid-1990s, a trend that probably has continued during the second half of the 1990s.

Consumers spend a smaller share of their income on clothing than in the past, although consumers shop more frequently and buy a larger number of clothing items than before. The response from producers to the challenge of slow growth in total demand is to build on consumers' love of variety and provide new fashions and a broad variety of sizes, colours, designs etc. at a frequent rate. The details of these developments and their impact on international trade in textiles and clothing are discussed in the rest of this section.

Graph 2:
The history of textiles in India dates back to the use of mordant dyes and printing blocks around 3000 BC. The diversity of fibres found in India, intricate weaving on its state-of-art manual looms and its organic dyes attracted buyers from all over the world for centuries. India saw the building up of textile capabilities, diversification of its product base, and its emergence, once again, as an important global player.

1.2 Garment Sector in India

In 2007 the world apparel market was worth 345 billion US $ and during the last decade the market grew at an average of 8 per cent per annum. Moreover according to NSS Report on Household Consumption of Various Goods and Services in India- 2007, between 1993-94 and 2004-05, the proportion of households purchasing readymade garments has increased in both rural and urban areas by about 75 per cent, while the proportion purchasing hosiery articles shows a three-fold increase. Apparel Export Promotion Council (AEPC) estimated that in value terms, the size of the Indian textile market was Rs. 16,92,952 million in 2007 recording a growth of 8.81 per cent.  

India's share of global exports of textiles and apparel increased from 1.8 percent in 1980 to 3.3 percent in 1998. However, India's export growth was lower than that of most Asian countries during that period. The study identifies a number of competitive strengths of the Indian textile and apparel industry: India has a large fiber base, and ranks as the world's third-leading
producer of cotton, accounting for 15 percent of the world's cotton crop. India produces a wide variety of cotton, providing operational flexibility for domestic textile producers. In the manmade fiber sector, India is the world's fifth-largest producer of polyester fibers and filament yarns and the third-largest producer of cellulosic fibers and filament yarns.

India is the world's second-largest textile producer (after China), and is diversified and capable of producing a wide variety of textiles. The spinning segment is fairly modernized and competitive, accounting for about 20 percent of world cotton yarn exports. India's textile and apparel industry benefits from a large pool of skilled workers and competent technical and managerial personnel. India's labor is inexpensive; hourly labor costs in the textile and apparel industry average less than 5 percent of those in the U.S. textile and apparel industry. The study also identifies the competitive weaknesses that have impeded the growth of India's textile and apparel industry:

Policies of the Government of India (GOI) favoring small firms have resulted in the establishment of a large number of small independent units in the spinning, weaving, and processing sectors. Sources in India claim that GOI policies have provided competitive advantages for the small independent units over the generally larger composite mills, discouraged investments in new manufacturing technologies, and limited large-scale manufacturing and the attendant benefits of economies of scale. Sources in
India also claim that because of the GOI policies, small units have significantly lower production costs than the composite mills, use low levels of technology, and produce mostly low value-added goods of low quality that are less competitive globally.

India's textile industry depends heavily on domestically produced cotton. Almost two-thirds of domestic cotton production is rain fed, which results in wide weather-related fluctuations in cotton production. Moreover, the contamination level of Indian cotton is among the highest in the world. According to sources in India, the cotton ginning quality is poor, contributing to defective textile products. The GOI policy reserving apparel production for the SSI sector had restricted the entry of large-scale units and discouraged investment in new apparel manufacturing technologies. As a result, most Indian apparel producers do not benefit from economies of scale.

The competitiveness of India's apparel sector is adversely impacted by an inadequate domestic supply of quality fabrics. Fabric imports are subject to high duty rates and other domestic taxes that increase the cost of imported fabrics. Another major weakness of the Indian apparel sector is a lack of product specialization which, along with a limited fabric base, has limited India's apparel production and exports to low value-added goods. India has high energy and capital costs, multiple taxation, and low productivity, all of which add to production costs. As a result, textile and apparel products from India are less competitive than those of China and other developing countries in the international market.
Some theoretical and empirical inquiries have gone into the critical role of HRD in ensuring competitive advantage and business success of firms through the competencies and core competencies of their employees. Among other things, they have provided evidence in support of the assertion that there exists a direct relationship between HRD and organisational performance and business success. It is found that HRD practices such as human resource planning, recruitment, selection, training and development, performance appraisal, compensation, incentives and benefits and the like, have profound influence on the KSA’s of employees.

The empirical studies reveal that over the years, there have not been any significant HR practices that are employed by the garment companies. Instead, this sector has been facing a number of problems, some of them being as follows:-

- The Ready-made garment sector employs mainly women i.e. nearly to the extent of 85%
- These women workers are generally uneducated / undereducated.
- The women workers are unaware of the benefits that they are entitled for.
- They are ignorant/ not aware of the laws which prevent them from being exploited or sexually harassed.

The need to upgrade skills through HRD intervention in this sector is of paramount importance, in order to improve their socio-economic conditions vis-à-vis productivity.
The concept of HRD is of comparatively recent origin. It is a process which consists of a series of activities conducted to design behavioural changes in a specific period. Lippitt (1978) points out this HRD as a system depends on:-

1. Work itself which generates a higher degree of responsibility for the employees;
2. The individuals' personal and professional growth
3. The improved quality of output as a result of increased responsibility;
4. Organisation as an open system.

Focus on all these aspects is what HRD is all about. T.V. Rao defines HRD as a process in which the employees of an organisation are continuously helped in a planned way to:

(i) acquire or sharpen capabilities required to perform various tasks and functions associated with their present and future expected rates;

(ii) develop their general enabling capabilities as individuals so that they are able to discover and exploit their own inner potential for their own and/or organisational development purpose; and

(iii) develop an organisational culture where superior subordinate relationships, team work and collaboration among different sub-units are strong and contribute to the organisational health, dynamism and pride towards the Organisation.

1.3 Pilot Study

As suggested by the Guide, a Pilot Study was carried out in 4 Garment Companies (2 Large, 1 Medium and 1 Small), which were selected on random
basis and also 40 women employees i.e. 10 from each working in these Companies were also selected on random basis from among unskilled and skilled categories. A questionnaire eliciting the information from both Management Representatives as well as these selected employees revealed as under.

1.4 Parameters of the Pilot Study:

The pilot study conducted in four garment Units in Bængalore revealed the following facts. The parameters considered, for assessing the relationship between role of HR and improvement in the socio-economic condition of the women employees and in turn the benefits reaped by the Organisation are as follows. The period of study is taken as 2005-09.

<table>
<thead>
<tr>
<th>Employees' Perspective</th>
<th>Employers' perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic - Salary and other monetary incentives.</td>
<td>Annual Sales turnover – percentage increase, decline in employee turnover, increase in productivity, reduced rate of rejection &amp; rework, reduction in IR issues such as late coming, absenteeism, missing from the work spot, problems relating to interpersonal issues.</td>
</tr>
<tr>
<td>Social - Basic amenities for the household – like the various appliances – TV, Gas, Mobile, etc. Children's education.</td>
<td>ROI (with reference to the cost of training).</td>
</tr>
</tbody>
</table>
Table 1:
Summary of Findings of the Study (Employers’ perspective):

<table>
<thead>
<tr>
<th>Garment Company</th>
<th>Annual Turnover (in crores)</th>
<th>Cost of Training (in lakhs)</th>
<th>Cost per employee</th>
<th>Labour Turnover</th>
<th>SMV based productivity*</th>
<th>Rejects &amp; Reworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 (Large)</td>
<td>780</td>
<td>1200</td>
<td>53.3%</td>
<td>38.61</td>
<td>46.8</td>
<td>495/-</td>
</tr>
<tr>
<td>02 (Large)</td>
<td>320</td>
<td>432</td>
<td>35%</td>
<td>9.88</td>
<td>12.35</td>
<td>260/-</td>
</tr>
<tr>
<td>03 (Small)</td>
<td>22</td>
<td>26</td>
<td>18%</td>
<td>1.69</td>
<td>2.04</td>
<td>178/-</td>
</tr>
<tr>
<td>04 (Medium)</td>
<td>68</td>
<td>104</td>
<td>52.9%</td>
<td>6.47</td>
<td>7.8</td>
<td>498/-</td>
</tr>
</tbody>
</table>

* SMV based productivity: - Standard minimum value calculated by Industrial Engineers i.e., number of minutes taken to stitch one garment and number of garments in 8 hours (480 minutes).

Summary of findings of the Pilot Study (Employees’ perspective)

<table>
<thead>
<tr>
<th>Garment Company</th>
<th>Family Social Status (in % terms)</th>
<th>Sample Size</th>
<th>Average Salary</th>
<th>TV</th>
<th>Gas Stove</th>
<th>Fan</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 (Large)</td>
<td></td>
<td>10</td>
<td>2303.7</td>
<td>40%</td>
<td>100%</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>02 (Large)</td>
<td></td>
<td>10</td>
<td>2206.0</td>
<td>30%</td>
<td>90%</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td>03 (Small)</td>
<td></td>
<td>10</td>
<td>2169.6</td>
<td>20%</td>
<td>70%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>04 (Medium)</td>
<td></td>
<td>10</td>
<td>2302.0</td>
<td>40%</td>
<td>100%</td>
<td>60%</td>
<td>100%</td>
</tr>
</tbody>
</table>
1.5 Findings of the Pilot Study:

- The Garment Companies & Sample Group were chosen at random.
- Age group ranges between 20 years and 39 years.
- People chosen for the study belonged to both unskilled & skilled categories.
- In 30% of the cases, their houses were also visited to assess the economic status.
- Out of 4 Garment Companies which were studied, 2 Companies (Company 1 & Company 4) have shown an increase in S.M.V. based productivity by 37% and 31% respectively and rejects & reworks have reduced by 1.2% and 1.3% respectively.
- Percentage of labour turnover in Company 1 & Company 4 was found to be 0.1% as compared to the usual industrial norm of 6%.
- The issues pertaining to Industrial Relations such as late coming, leaving the work spot, interpersonal and Sexual Harassment etc, in Company 1 & Company 4 were almost nil, since generally the garment Companies are having such problems. This information was collected from the respective HR heads on condition of anonymity which may reflect on the reputation of the Company especially in cases like sexual harassments.
- Employees from Company 1 & Company 4 were found to be quite satisfied with the education of their children even though they formed a small percentage, i.e. 35% (It may be noted that educating the children in Bangalore is quite an expensive affair).
HRD intervention in Companies 1 & 4 being a focused one and also tailor-made to suit the Organisational needs vis-à-vis employees' needs, which is as follows:

(i) Systematic selection which included antecedent verification of the new incumbents.

(ii) Proper induction of 3-days duration to familiarize the newly selected employees about the Organisation, products, quality requirements, employees' role and responsibilities, rules & regulations, model standing orders, working hours / shift timings, welfare measures, safety norms, personal protective equipments (PPEs), etc.

(iii) Regular training programmes by internal and external faculties to emphasize on aspects like:

- Role perception
- Human behaviour at work
- Present scenario of the Garment Industries
- Discipline maintenance
- Role and responsibilities
- Motivation of self
- Importance of positive attitude
- Communication skills
- Work Life Balancing
- Family Budgeting
- Team work & Group Dynamics
(iv) The number of training days were designed to be 8 days per employee per year, and the corresponding cost per employee was earmarked as Rs.600/- and Rs.605/- in Companies 1 and 4 which included the faculty fees.

(v) The percentage increase in the sales turnover in Companies 1 & 4 was found to be 52% to 55% which is mainly attributed to the HRD intervention apart from other factors like increase in market demand and brand image.

(vi) Company 2 showed moderate improvement in the performance from both employee & employers’ perspectives since there was comparatively less effort from the HRD intervention point of view, cost of training per employee was moderate at Rs.325/-. Percentage improvement in the sales turnover was 35% and marginal improvement in S.M.V. based productivity by 8%.

(vii) In Company 3, the cost of training per employee was very low at Rs.215/-. The percentage increase in sales turnover was hardly 18% and negligible increase in S.M.V. based productivity by 6%. It was also observed in the Company, role clarity among the employees was very low, issues pertaining to Industrial Relations & Sexual harassment were very high (even using of abusive language by supervisors) was high as expressed by the employees.

1.6 Statement of the Problem:

The garment industry is labour-oriented, unlike other industries in the Textile Sector e.g., spinning, weaving or wet processing where number of
activities are automated. The Indian Garment industry work-force predominantly comprises of first generation women workers.

India's supply base is medium quality, relatively high fashion, but small volume business. After 2005, big garment units are growing fast. The workers employed in the garment industry usually comprise of unskilled or semi-skilled workers.

A point that is of interest and needs specific mention is the fact that the majority of workers in the garment factories, especially in Bangalore, comprise of women. These women usually hail from the rural areas around Bangalore and in most cases are not conversant with their role and responsibilities.

Women constitute approximately 48% of the Indian population and their socio-economic status lags behind that of men. There are several indicators to reflect this – such as education, work-force participation, skill levels, violence against women etc.

HRD as a function consists of various activities related to training and development and performance appraisal. All aspects of appraisal and training, play a significant role in achieving the individuals growth and development. In this respect, HRD is more a proactive supportive function because the organisation has to take a lead in helping the people to grow and realise their potential. HRD deals with up-gradation of skills for labour and executives, planning and allocation of work, monitoring and assessment of performance. One of the most important tasks is upgrading the skills and knowledge of the human resource from time to time in tandem with the development of
technology and trade. HRD activities thus, result in increased productivity, reduced cost and wastage, right-sizing of labour and staffs at the organisation, organisational stability and flexibility to adapt to future changes.

Textile is industry oriented field where lots of processes are there to be carried out from raw material / fibres stage to finished garment. In this we require technical, skilful and motivated people. The basic concept of HRD is to attract and retain the right person at the right place in right time with right remuneration.

Against the background of the growing number of garment companies and also the ever increasing number of women willing to work in the garment companies, we come across a number of problems which are unique in nature and require tailor-made solutions. In this context, it is necessary to analyse the working conditions of the women workers and the contributions from the organisations (garment companies) towards improvement in the socio-economic conditions of these women workers by way of adopting certain HR practices.

1.7 Scope of the Study:

The study is made initially taking the view of the:-

(i) Garment companies in Karnataka as universe. (Annexure-1&2)

(ii) Garment companies in Bangalore Urban District as strata. (Annexure-3)

(iii) Selected Garment companies to be considered as sample group as Unit.
1.8 Research Methodology:

The present inquiry is partly theoretical and partly empirical. However, the latter is given higher prominence since the focus of the study is on the extent of awareness and HR practices adopted in the selected garment companies. The empirical findings of the study are discussed with reference to the related aspects of HRM theory. With a view to achieving the objectives set for the study, the researcher has used three research approaches, namely, theoretical, empirical and applied / action research.

The work is based on both primary and secondary sources of information and data. Before starting the exercise of information and data gathering, the researcher attempted a relatively comprehensive survey of the theoretical and empirical works under the guidance of the research supervisor / guide. It was found that most of the works pertaining to the garment industry were on the export pattern and the changes thereon after the quota phase out, but none of the studies were related to the changes in the socio-economic conditions of the women workers as a result of the HR practices adopted by the garment companies in Bangalore. With this background, the researcher approached the Department of Industries and Commerce and also the Ministry of Labour, Government of Karnataka to gather information about the total number of registered garment companies in Bangalore and also the total number of women working in these garment companies. Based on the available statistics, the garment companies have been classified into large, medium and small, and stratified judgment sampling has been adopted for drawing the samples. Accordingly 20 garment companies have been randomly selected and 20 women employees from each company are
considered. Interview schedules and questionnaires have been used for collecting the data. Separate structured schedules have been prepared for the women employees and the employers.

With a view to maintaining confidentiality of the selected garment companies, they have been given code numbers – GC-01 to GC 20, which have been classified as Large, Medium and Small Scale garment Companies as per the MSMED Act 2006.

The data has also been gathered from the print media – periodicals, journals and dailies. Above all, the company specific secondary data have been gathered personally from the annual reports and other office records of the garment companies.

The primary sources of the study are gathered from the management and the employees of each of the 20 garment companies separately. The researcher has made use of the interview method based on the questionnaire, and observation method.

In all, four schedules were prepared seeking information and the data required based on the objectives set for the inquiry:

- The first one entitled “Organisational Profile” (Table-3) sought the information and the data about such things as the year of establishment, nature of the business organisation, location, investment, employment, etc.

- The second one entitled “HRM Awareness” was structured to seek information and data about the various concepts that generally go into HR functions.
• The third one entitled “HR practices in Vogue” was designed to get the information and data about the various HR practices presently in use in the selected garment companies.

• The fourth one entitled “Employees’ perceptions about the HR practices in Vogue” was designed to capture the perceptions of the employees, with focus on their satisfaction or otherwise.

The first three schedules were meant to be administered to the owners / MDs / employers of the selected garment companies. And the last one was meant to be administered to the selected employees from the garment companies.

The questionnaire-based interviews were programmed (Annexure-2, 3&4) to suit the convenience of the interviewees. Initially, the researcher distributed the first three schedules to the employers of the selected garment companies and explained to them the intent and contents of all the three schedules – question-wise and during the course of such interaction, the researcher has taken care to clarify the doubts raised by the interviewees. Similarly, with respect to the employees selected from each of the garment companies, the researcher first explained about the contents of the schedule and the intent of the exercise, in the local language which most of the employees could follow. This was done so as to avoid obscurity and misunderstanding in communication. It was a kind of interview, but not a formal and orderly one.

The researcher used the direct observation technique to gather additional information, not covered in the questionnaire, during the site visits.
interviews and general discussion with the personnel of the companies. The additional information gathered has subsequently been used together with the data gathered through the questionnaire. Inductive measures were used for analysing the quantitative data statistically.

Measures of central tendency and dispersion were used for analysing the data and making the comparisons between the groups. Correlation analysis was used to detect the relationship between socio-economic variables and determine their degree and direction of association. A non-parametric test of significance chi-square ($\chi^2$ test) was employed for drawing inferences from the sample data. The period of study is for 2005 to 2009 i.e. 5 years.

1.9 Objectives:

The primary objective of the study is to assess the need for HRD intervention in the garment industry in Bangalore and its contribution to women in their social and economic life.

The specific objectives are :-

(i) To highlight the role of HRD interventions in the Garment Industry vis-à-vis working conditions;

(ii) To examine the relationship between HRD intervention and higher productivity.

(iii) To assess the need for HRD intervention in the garment industry;

(iv) To evaluate the benefits of HRD intervention in improving the socio-economic conditions of women workers.
1.10 Hypotheses:

(i) HR activities are totally absent in most of the Garment Companies on account of which there are many human-related problems.

(ii) Wherever there are HRD interventions made, it has resulted in higher productivity and a sense of belongingness among the employees.

(iii) The problems of textile and garment industry are unique and it demands tailor-made HRD interventions.

1.11 Limitations:

- The garment companies are mainly managed by family businessmen. Hence, difficulty in getting the correct information from the HR executives for the fear of losing their jobs.

- Still the perception prevails in many companies facing the threat of increased labour turnover if too much of awareness is provided through HRD intervention.

- Many employees, especially women, keep changing their jobs for monetary attraction. Hence, it is difficult to identify the employees serving for 5 years and more in the same company.