CHAPTER 1
INTRODUCTION

The present study looks at the impact of globalization on employment and conditions of workers in the garment factories with special reference to the emergence of the process of 'Social Compliance Audit' (hence forth to be referred as SCA). The process refers to evaluating the performance of a business enterprise in relation to the rights and freedom of workers, as well as the safety and security of work place. It is a private and voluntary initiative for improving the working conditions under which goods are produced in the factories across the globe. The emergence and application of SCA is linked to the processes of globalization and global restructuring of garment industry.

Since 1970s the garment industry, being a part of the textile industry, has assumed great significance in export led growth (Kruijtbosch 1996:21). Historically the garment industry was concentrated in the industrialized countries which gradually spread to developed countries (ILO 1999). The main factor behind this shift was problem increasing cost of land and rising wages of labour due to the economic crises of post Second World War. This forced large companies to shift their production sites to South Asian countries where cost of land and wages of labour were low coupled with easy availability of cheap labour. Over a period of three decades the garment industry is today one of the most globalized industries in the world. The industry stands as an example of how trade practices that has been in favour of advanced capitalist economies. The garment industry has also been one

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1 The garment industry has been classified in the United Nations International Standards Classification as including those establishments, which cut, and /or stitch/make up garments out of woven or knitted fabrics without being involved in the manufacture of fabrics. Thus the term apparel or garments would include ready-made garments as well as knitwear and hosiery (Ramaswamy & Gereffi 2000). The term clothing, garment and apparel are used synonymously.
of the first industries to develop an agenda for corporate social responsibility (CSR)\textsuperscript{2} that includes SCA (Hale and Shaw 2001).

In India garment exports were virtually non-existent prior to 1970s. The industry was discovered when the companies from industrialized countries searched for alternatives sites of production, to lower their cost and wage. Low labour cost and its easy availability made India a favoured destination for garment production. Between 1970 and 2000, garment exports grew from 1.89% to 12.5% as a percentage of total exports. India’s share in world garment exports also rose from 1.8% in 1980 to 2.34% in 1990 and stood close to 2.82% in 1999. In 2003, India was ranked as the fifth largest garment exporter to the European Union, with a 5.6% market share, which has been increasing ever since (Singh et.al 2003). And presently, India is one of the five major exporters of garment, other than are US, EU, China and Europe (Flanagan 2006:23).

The garment industry has attracted a lot of research both from academic and non-academic discipline\textsuperscript{3} because of the growing importance of the industry in recent decades. Some of the salient features of the industry are:

\begin{itemize}
\item \textit{Relevance of garment manufacturing in terms of exports} - Garment export from developing countries to US & EU has doubled in recent years, brand retailers have multiplied their outlets in developed countries, and the price of garments has increased.
\end{itemize}

\textsuperscript{2} CSR refers to environmental, social and human-right based initiatives of companies, it includes a comprehensive set of policies, practices and programs that are integrated into business operations (Ward and Fox 2002). For detail refer to Chapter IV (page 197)

\textsuperscript{3} A whole body of study and report on the garment sector since the 1990s can be documented. For further reading refer to Hale & Wills (2005), Chakravarty (2004), Dines (2003), Absar (2002), Hale & Shaw (2001), Chatterjee & Rao(1999),
• A considerable section of garment industry is confined to the informal or the unorganized sector. The unorganized sector is not covered under state regulation and hence is a site for violation of labour rights.

• The industry is highly labour intensive. It is one of the largest employers. The sector is highly mobile because one does not need much investments, infrastructure or high technology in order to open or move a garment unit.

• The production pattern in the garment industry is highly volatile and keeps changing with fashion. This has made the garment industry more fragmented and flexible. There is frequent change in production order that in turn affects the workers in the industry. This so because with change in production order there is change in number of workers employed and to face the changing order the factory management tend to maintain a pool of temporary and causal workers.

As a result of the above prevailing conditions in the garment factories there were several violation of workers right. From 1990s the worsening conditions in the garment factories across the globe attracted media and international consumers. There were several reports by media on worsening condition at the workplace. A number of well publicized scandals increased concerns about the conditions under which internationally outsourced goods and services were being produced. Many multinational/transnational corporations (M/TNCs) responded by designing

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4 Although unorganized sector workers would tend to be informal, it does not follow that all workers in the organized sector are formal. A large number of workers not only in the organized private sector but also in the public sector - casual, temporary and contract workers (i.e. those hired through the mediation of a labour contractor) - are also informal, in the sense that they are equally unprotected by labour legislation.

5 The term international has been altered to mean bi or multi national forces and institutions that have business outside their own countries in a number of nations simultaneously. In this study TNCs can be defined as a company that operates in more than one country. Such operations entail selling up of productive activities, although production in this context may refer to services and finance as well as factories, mines and plantation (Kiely & Marfleet, 1998). The term TNC has been used to include international buyers, brand-name company and retailers.
voluntary codes of conduct\(^6\) that specified the social and environmental standards. To avoid portrayal of negative image that would affect brand reputation, code of conduct became integral to international business and finance. The garment industry was the first to initiate code of conducts to regulate the factories in the supplier countries (Jenkins 2001).

The emergence of code of conduct can be traced to several changes taking place in the global economy. The garment factories represent the case for studying changes taking place at the global level. These changes can be categorized into two parallel levels. At one level there was restructuring of the economy focusing on export-oriented growth. The promotion of export-oriented growth led TNCs to relocate labour-intensive manufacturing to places where labour was cheap and flexible. The garment factories in the developing countries were the favoured destination. But at the same time there was the pressure created by consumers and media in the West on TNCs to ensure that they produce under humane conditions. There was a growing concern for respecting social and human rights of poor and the work force. Rapid growth of information and technology made access to diverse situation across the globe more possible, leading TNCs to come under tremendous pressure to accept social responsibility of the workers in the global supply chain\(^7\).

It is in the light of these two sets of parallel changes, taking place both at the global economy and local garment factories, that SCA in terms of international norms and standards has become imperative. The process of SCA in a way

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\(^6\) Codes of conduct refer to standards or principles that are adopted by a corporate entity, an association of businesses or a group of multiple stakeholders. Codes could be related to improving working conditions for labour, preserving and protecting the environment or fulfilling some other social responsibilities. [http://www.cuts-citee.org/pdf/BP03-D1-2.pdf](http://www.cuts-citee.org/pdf/BP03-D1-2.pdf)

\(^7\) Global production network refers to the network that link TNCs together in a variety of sourcing and contracting arrangements in the global economy (Gereffi 1999). Refer to page 97
reflected larger concerns of human rights protection at workplace and society at large. Since 1990s more than 1000 TNCs, mainly from US and Europe, have adopted codes of conduct to ensure proper working conditions, even for workers whom they do not directly employ and follow SCA procedures to ensure that their suppliers adhere to these codes (Jenkins 2001). SCA became such an integral part of business that within a short span of time an industry of auditors and certifying bodies sprung up. Their role is to help verify conditions at supplier factories in order to protect their brand reputation and provide information to western consumers that the goods that they buy are free of labour abuses.

Thus it can be seen that the emergence of SCA indicates a shift in regulation of employment conditions. This shift comes mainly due to the weakening of traditional forms of labour regulations. Traditionally, the role of state was the main vehicle for ensuring acceptable labour standards at workplace. However with the adoption of structural adjustment programme (SAP), the role of the state has changed. Now there is an active involvement of TNCs and civil society in regulating the economy and society. One such instance is codes of conduct, being adopted to regulate working conditions in workplaces and factories, go beyond the existing laws and legislation of the state. Thus, SCA has emerged as a private form of regulation for making the spectrum of development endeavours more sustainable.

The focus of this present study is on the process of SCA in the garment factories. The effort is to get answers to the following questions: -

- How and why has the process of SCA emerged in the context of wider socio, economic and political changes? What does it actually mean and how is it carried out? Who actually benefits from the process?
• Are TNCs actually becoming more socially responsible and responsive to societal concerns and interest of workforce?
• Is civil society becoming more effective in pressing for responsible business practices?
• Has the state withdrawn from its responsibility and are they right in putting their hopes on corporate self-regulation?
• To what extent has these private initiatives helped in organization of labour and protecting the interest of the poor workers and employees?

The answers to the following questions have been dealt by exploring the ongoing debates around the globalization of the economy. The aim is to contribute to the ongoing efforts to recognize and improve the position of the workers in the global economy. A important feature of the study is that, though the debates examined are those taking place at the global level, the focus of the study are the workers in the garment factories. Thus attempting to do a macro-micro connect, critical in doing sociology in a globalized world. Methodologically the study attempts to document the situation and experience of the workers from their perspective as well as the perspective of the auditors and factory owners.

The study does a macro-micro mapping of the process of SCA at three levels:
  ❖ Firstly at the level of economic changes taking place on global scale leading to change in capital –labour relationship.
  ❖ Secondly an institutional analysis whereby the role of state, TNCs and civil society have been examined to locate the shift from public regulation to private regulation.

8 Labour standards are norms and rules that govern working conditions and industrial relations (OECD 1996: 25).
Thirdly the emergence of the process of SCA and its implication on labour reorganization.

The first chapter is an introduction to the study and therefore begins with the context, significance, rational and need for the study. The first section maps the context in which the present study assumes significance. The section traverses through central contemporary debates and issues that impact both non-academic and academic research. Some of the major debates examined are the effect of economic globalization, the dominance of neo liberalism and free trade growth, the changing role of state in labour regulation, and the emergence of new actor in labour regulation.

The second section justifies the rationale for the choice of area of study. The rationale for doing the study lies in the sociological approach of investigating the impact of the process on the workers. It is a holistic study in the sense that it includes different theoretical framework. The section explains the reasons for the choice of the field and the location of study. It tries to answer questions like why choose the subject matter of SCA? What is the sociological relevance of the study?

The third section explains the scope and objectives of the study. The main aim of the study is to examine the process of SCA from the perspective of the workers in order to understand the issue of collective bargaining and workers’ right in the changing global era.

The fourth section examines the significance of the study from a sociological perspective. The main theoretical framework used in the study such as institutional approach, gender analysis and labour studies has been described in this section. An effort is also made to compare similar kind of studies conducted
both by international research institutions and organizations involved in
developmental works. This enables an understanding of the distinctiveness of the
study as well as the need for the present study.

The fifth section deals specifically with the field in terms of the methods used, the
experiences gained and the problems and hurdles faced while conducting field
study. The study is basically a qualitative study but at no point does it neglect
quantitative data. At several point of the study wherever required, statistics,
graphs and figures have been used. It follows with personal reflections from the
field in terms of the selection of the research area and also the problems and
hurdles faced in the field while carrying out the study. The final section explains
the rationale and logic of the chapters in the study.

I. The context of the study

In order to understand the emergence of the process of SCA it is important to map
out the economic, political and social changes taking place both at the
international and national level. These changes have led to restructuring of labour
by creating flexible and casual workforce thereby weakening the collective
bargaining strength of workers.

The Restructuring of the global economy

Since the beginning of the twentieth century capitalism has been expanding both
extensively and intensively across the globe (Robinson 1998). With the collapse
of communism, in the erstwhile Soviet Union and other Eastern Europe European
countries by late 20th century, capitalism has had no opposition. International
institutions namely the International Monetary Fund (IMF), World Bank (WB),
and the World Trade Organization (WTO) have supported the spread of
capitalism (Gordon 2004). This was done with the adoption of a "standard"
reform package promoted for crisis-wracked countries (Little 2003). The
structural adjustment measures implemented by these institutions became a mechanism of adjusting local economies to the global economy (Beeson & Bell 2005).

The policies of global economy created international pressure on the third world countries to integrate itself with the capitalist economy. In India this was done with the adoption of the 'New Economic Policy' in 1991. The stress was on opening its markets to trade and investment and promoting export industries. With this there was a change in the path of development - from welfare and mixed economy to market driven economy. Hence the new paradigm has three components-liberalization, privatization and globalization (LPG).

The changes taking place in the political economy have changed the existing capital labour relations. It supported the mobility of capital but does little to protect the interest of labour (Basu 2001). The process of outsourcing production has led to the process of casualization and informalization, implying increase in contract and flexible labour that the capital can make use of to generate more profit. Besides these the most crucial consequence of these trends is the reduction and decline of trade unions (Broad 2000).

The Withdrawal of the state
The structural adjustment programme enforced by international institutions has reduced the role of state (Dicken et.al 2001). It has prevented national governments from regulating wages and enforcing worker rights. The task of regulating the relationship between capital and labour has been taken over by the new agents, especially the transnational corporations (TNCs) and the civil society.

9 The concept of casualization and informalization has been described in chapter I (page 48 to 55)
Thus in the emerging global capitalist economy the TNCs has emerged as major players supplanting state's roles and obligations.

As TNCs emerged as the agent of change they also made effort in managing a global economy through restructured multilateral and national institutions. The program of global economic and political restructuring was set out to convert the world into a single unified field for global capitalism (Robinson 1998).

The expansion of TNCs, as taking ahead global capitalism, was strongly felt in the area of manufacturing and export. Many TNCs rely heavily on international subcontracting arrangements in developing countries. Through outsourcing and subcontracting, TNCs are able to quickly move production to new places and hence put states and workers in growing competition with each other (ICFTU 2004: 18). The strategy was to relocate production where the labour was cheap, flexible and unable to organize. India being one of the favoured destinations for outsourcing of production process saw a remarkable rise in the number of TNCs over the decade (Sklair 1998). The favoured modes of production followed in the developing countries were subcontracting and home based work where the conditions of workers were beyond state interventions.

Emergence of private regulations

In 1990s the worsening conditions of the workers started getting media and consumer attentions. In the west there were evidences that consumers were willing to pay extra provided the goods were produced under proper working conditions (Fung, O’Rourke and Sabel 2001). As a result of media and consumer campaign TNCs started initiatives to ensure good working conditions in all their subcontracted factories in the developing countries. One such initiative was establishing code of conduct that all subcontractors adhere to. The emergence of which can be linked to the process of globalization.

Codes of conduct have come about in a large part as a consequence of the process of globalization. Global sourcing means that a large part of what we consume has been partly or wholly produced in more than one country across the globe. Much labour
intensive export production has been located in developing countries where labour is relatively cheaper than in the North and regulation of employment condition is often weaker (Barrintos & Barrintos 2002:61)

The extent to which and how suppliers implement and comply with the codes of conduct depends on a wide range of factors, including their location, size and employment conditions, but a crucial factor is also their position within the value chain (ibid: 60). Thus to evaluate the implementation of the code of conduct the process of SCA was initiated. The process of SCA emerged as a mode of regulation of the working conditions in the factories across the globe. However TNCs are not subject to any binding regulations or formal sanctions for failure to respect the human and labour rights (Sabel et.al 2001). To control the functioning of TNCs a large number of civil societies is playing important role in regulating the social, economic and political milieu (Haufler 2003). This indicates the involvement of private actors in labour regulation.

II. Rationale for the study

The issues of corporate code of conduct and SCA have become relevant in light of the growing debates on the incorporation of social clause within multilateral/bilateral trading agreement and the increasing importance of international institutions in regulating social justice and human rights violations (Venkat:1998). In 1990s, the concept of SCA gained recognition with the consumer, media and the developmental sector. Not surprisingly a great deal of literatures has been produced by NGOs, international research organization and management institutes.

Studies done in developmental sector and management institutes

The following is a brief discussion of the studies done by these institution and organizations:
i. NGOs and Consultants

The impact of the labour standards and corporate codes of conduct on the lives of factory workers has been studied by several organizations working on issues of social compliance auditing. To name a few of them are the Corporate Social Responsibility World (CSRW), Social Awareness and Voluntary Education (SAVE), Clean Clothes Campaign (CCC), Women World Wide (WWW). The research units of these organizations have carried out several studies. These studies critically examine the code of conduct and labour standards in the garment studies.

People and organizations engaged in the task of CSR and SCA have mainly done these studies. Most of them simply explain the process as it is practiced in the garment factories and supplement them with lot of statistics. These studies focus mainly on factories located in the West and East Asia. There are only few studies on India and that to limited to study of garment factories in South India, especially Tirupur. A study done by CSR looks at the impact of international labour standard on garment factories in North India. The study is a descriptive account of the practices of SCA in the North Indian garment factories. Another study has been carried out by an organization called Centre for Education and Communication (CEC). The study focuses on three main centres of garment

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10 For details of the studies conducted by these organization, log on to their websites:


12 Working conditions in apparel industry in North-India: the impact of social compliance programs, CSR World.net, info@csrworld.net

export production in India: Delhi, Mumbai and Tirupur. The study looks at the issue of labour rights in the garment factories in the post MFA phase\textsuperscript{14}.

\textit{ii. International research centre \& institutions}

Studies have been conducted by international institutions like ILO which has taken up studies on nature of employment in export processing zones (ILO 1993, 1998 \& 2002b), concern at child labour issues (Van Liemt: 1989), impact on women workers (Lim 1985) and employment in textile and clothing industries (ILO: 1999 \& 2000). These studies have looked at different ILO conventions. There are around thirteen to fourteen main conventions related to health \& safety at work place, discrimination and harassment and social security benefits.

\textit{iii. Management Studies}

The growing concern around issues of corporate social responsibility, the accountability of economic enterprises towards social concerns, is an emerging trend in human resource management. Most studies have utilized the framework of international labour standard and corporate codes of conduct in understanding the problem of child labour in India (Palley 2002, Nyland \& Chaudhuri 2002). There have been studies looking at the concept of CSR as the ethical part of business and the emerging concern of transnational corporations (TNCs) towards social issues (Crowther 2004).

A review of literatures suggests that the issue has been a familiar topic and in the market there has been growth of organization working solely on the issue. However the academia, here referring to social sciences, remained aloof from the

\textsuperscript{14} The post MFA phase implies the condition after the withdrawal of Multi Fiber Agreement (MFA). The MFA governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. It expired on 1\textsuperscript{st} January 2005.
burgeoning process of SCA. The next section examines the crises within social sciences and the contribution of the present study in attempting to fill in the missing gaps.

**Crises in the Social Sciences**

The study of labour has been central to the discipline of economics, anthropology, history and sociology. Studies have documented the struggle between employers and workers in an attempt to improve the working conditions (Chakrabarty 1989; Chandavarkar 1994; De Neve 2005). Then they have been studies looking at the changing industrial relations in terms of the role of state and trade unions (Chandavarkar 1998, Ramaswamy 1988). There have been discussions on labour focusing on larger movements emerging around mill industries, such as in Ahmedabad (Breman 2004), Kanpur (Joshi 2003). In the recent years the issue of international labour standards and social clauses in trade agreement has been central to many social scientists. They have looked at the need for international labour standards in developing countries (Basu 2001).

The social sciences have somewhere remained uninformed of the emerging issues of SCA. There is visible absence of analyses of the overall impact of corporate codes of conduct and SCA on the workers of garment factories specifically. On the basis of my observation from the field, as far as review of literature is concerned, there is not a single study done in Indian sociology.

In the light of emerging interest in the concept of CSR, there have been studies conducted by social scientists in recent years. But in this context they really operate as functionary of the corporate sector rather than as academic sociologists.

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15 In doing a thorough review of literature, I have not come across any study done particularly in the Indian context and from the workers' perspective which this study attempts to do.
In the recent years there have been lots of debates on transparency and accountability of the corporate sector. The objective of SCA process is to put across to the western consumers the idea that goods were being produced in proper working conditions. The reason for doing this is explained in chapter 4. However as on date the process is carried out with secrecy and confidentiality of the factory. Sociologists who operate in the sector have to work with this confidentiality.

This study emerges from the emerging crises within the social sciences and specially sociology. The attempt is to contribute to the discipline of sociology by developing interconnectedness among the changes taking place at the global level and its reflection at the local level. By looking at the structures and processes within which capital- labour relations have been changing has enabled to do macro-micro analysis. That is locating the micro process of SCA within the macro framework of globalization and outsourcing of production.

The present study is different from the studies done in the developmental sector and management institutes. The method applied by them has been mechanical and limited to filling forms and questionnaire. This has been so because these studies have been either sponsored or done by the corporate sector to maintain record of their activities. The scope of the present study is beyond documentation and impact assessment. The purpose is to understand the nature of worker’s right within the restructured global economy. This is a holistic study of relationship and interaction between the different actors (auditors, workers, managers and factory owners). The aim of involving different actors is to examine the linkages between global and local. The present study looks at the field intensively and yet kept the wider framework of economic globalization in constant connectivity. Indeed the field at the micro level in the contemporary context is impinged by the global.
III. Objectives of the study

The objective of the study can be outlined as the following:

➢ Analyzing the impact of economic globalization, liberalization, free trade, and growth of human right activism on labour. This is needed to trace the background that has led to the emergence of SCA.

➢ The endeavour is to examine the issue of workers’ involvement in the process of collective bargaining. The macro level analysis would aid in locating workers’ place at the micro level, i.e. in the process of SCA.

➢ Examine the role of state, international institutions, TNCs and civil society in relations to questions of changing capital-labour relations. It is important to analyze how states have exercised their influence by adapting their role to match the contemporary global context. At the same time the state has allowed non-state actors to play a dominant role in regulation of the economy.

➢ Conceptualizing the process of SCA per se, that is, what is SCA? How is it done? Who conducts audit? Why conducted? Who benefits from it? The effort is to conceptualize the changes brought about by SCA in terms of:

- Positive changes in the garment factories due to the process of SCA, actual gainers and losers in the economy and so on. This has been done by examining the indicators of improvement in term of child labour, situation of women workers, health and safety conditions at work place etc.

- Changes at the wider society by looking at whether the changes are limited to the manufacturing units in the EPZ or are also reflected at other places.

➢ Locating the shortcoming and loopholes that has weekend the process in terms of collective bargaining and labour reorganizations.
IV. Significance of the Study

The significance of the study has already been explained in terms of the wider prevalence of subject in management institutions and development sector. Here what is relevant is to re-examines the issue within the discipline of sociology. The gap that has been there in the discipline is being attempted to be narrowed by doing an ethnographic study. The method employed is taking into account the narratives and perceptions of different actors involved in the process. The uniqueness of the study lies in the fact that it is not limited to statistical analysis in terms of number neither of audits done nor in the form of merely filling forms as done in the corporate world. Rather the study takes into account the process of SCA in a holistic framework.

Theoretical framework

This is a sociological study that seeks to map the impact of economic changes on everyday lives of workers in Delhi garment factories. In other words it seeks to connect the micro with the macro. The study draws from the following sociological approaches because they are relevant in understanding the specific area under study.

1. Institutional Approach

In sociology, the term, institution refers to a framework of rules for achieving certain social or economic goals (North 1990). Thereby the concept of institutions includes not only norms but also social patterns, symbol systems, and discourses that are taken for granted (Hall 1986). The behaviour of actors is not so much understood as ‘rational’ but as being influenced by norms, routines as well as the desire to gain social legitimacy and comply with social expectations of ‘appropriateness’ (ibid.).
In the present study institutional approaches allows us to ask how social choices of individual or collective actors (e.g. companies) are shaped, mediated, and channelled. The adoption and implementation of SCA can be understood as one such social choice. Here then SCA can be viewed as institutional arrangement that emerged in the context of larger political and economic forces. From a macro-perspective, corporate practices can be seen as being formed by, and embedded within, particular economic, social cultural and institutional structures and systems of beliefs and at the same time as constituting, ordering and changing the nature of these encompassing structures.

The institutional framework is important for the present study as the focus, within the compliance audit process, is on the workers. The institutional analysis helps to shift attention from looking at workers as isolated entities rather than looking at the network of social relationship between auditors, factory owners, managers and workers. These relationships are constituted through rules, norms and practices by which resources are allocated, tasks and responsibilities are assigned and power is mobilized (Denzin 1997).

Another relevance of institutional analysis lies in traversing through the transformation of the institutional structure of labour regulation and organization. It has been seen that there has been a continuous decline in union membership and a rise in non-unionized firms, and a weakening of the traditional system of labour regulation where the state was the sole player to the emergence of multiple actors.

2. Macro-Micro level analysis

Macro-Micro Level Linkages is an important approach in social sciences. If used in the correct manner,

... with some thought and planning they can be made to support and strengthen each other. Correlation and generalization derived from macro studies may be examined in
depth in micro-studies to find out if they are the outcome of real inter relation or the only the accidental juxtaposition of unrelated events. Similarly, hypothesis and leads suggested by micro studies can be tested systematically over wider regions (Srinivas 1996: 195)

The study reviews the macro level analysis of the process of globalization. However macro level data reveal only the general trends in economy. It is necessary to complement this general trend with far-reaching changes taking place at the micro level. Therefore it is imperative to examine the changes taking place at the macro level and see how it affects the specific industry/place.

Often sociological research has either looked at the field as a ‘bounded entity’ curtailed by broader forces or only looked at macro framework. The study permits with social anthropological perspective of looking at the field intensively, yet connecting developments within the micro sphere to global changes. At the macro level the study looks at the changes taking place in the global economy due to the expansion of capitalism. And then links these changes with micro level analysis of the impact of these changes on labour condition at the local factory level. Thus it enables to evolve a sociological understanding of the broad socio-economic changes affecting workers’ everyday lives. And the micro-level study includes an ethnographic analysis along with participatory fieldwork among the workers in their residence. It enables to understand the impact at different level of the production network where the workers are at the bottom.

3. Labour studies
Labour was one of the central issues in social sciences debate at the end of the 19th century but was relegated to an obscure position at the end of 20th century. It was hardly considered relevant in understanding the global transformation taking place in the wake of globalization and liberalization. Studies in this period focus on understanding the impact of economic changes on the labour. The studies were
limited to the analysis of changing work scenario, worsening work conditions, 
decline of real wages, unemployment and so on (Morris 1965; Ray 2005). These 
seem to have limited labour studies to purely economic aspects and neglected the 
analysis of social and cultural process related to labour. Academic interest in 
labour studies has been declining too, in large measure, due to the rapid rise to 
prominence of post modernism in social sciences (Joyce 1995).

The present study can be located within labour studies. By locating the present 
question of labour rights and welfare within the macro process of globalization 
one hopes to contribute to the conceptualization of the impact of the processes of 
SCA on labour. A re-examination of labour history reveals that with the increase 
of the factory system of industrial production, the rate of exploitation and control 
of labour also increased. It also brought workers together and stimulated the trade 
unions movement. Similarly, as the current trend of globalization of production 
brought about an intensification of the exploitation of labour, it also acted as a 
stimulus to new forms of organization and resistance, in particular global social 
movements. It is important to analyze the extent of the impact of labour 
reorganization on workers, as there is a slight divergence from the early trends. 
The trade union made attempts to organize the workers in order to bargain for 
their rights. However SCA concentrates on regulating working conditions in the 
factories rather and hinders organization of workers.

This is a holistic study looking at all the actors in the global production network 
from a perspective of the workers. The network consists of multiple actors from 
the retailer located in foreign land to the invisible worker doing work at home. 
The different actors are:

1. International buyers/retailers for whom audits conducted
2. Organizations /Auditors who conduct compliance audits
3. Managers/supervisors of factories
4. Contractors and subcontractors
5. Workers in the garment factories

The study takes into account the experience and perspective of the different actors linked in the production network through the process of SCA.

4. Gender analyses

Gender analysis identifies and analyses inequalities that arise due to differential role of women and men and also the unequal power relationships between them. It also understands the consequences of such inequality on their lives and well-being. The debate on the relationship between gender and work took a new turn with the emergence of export processing zones (EPZs) and transnational corporations (Nash & Fernandez-Kelly 1983, Kung 1983, Ward, 1990). Ellen Rosen has suggested the significance of gender analysis of EPZs as follows:

Most discussion of workers in EPZs have assumed that they are without gender or that all workers are men; they have tended to ignore the role that gender plays in the labour market and the liberalized trade regime. The implicit assumption is that marker forces determine wages and working conditions. But we must recognize that the situation of workers can be fully comprehended only within a gendered context. To understand the problem faced by workers in the global garment industry, we must consider the gendered labour market in the context of family (Rosen 2002:240).

With the emergence of EPZs there was growing consensus in western literature on the increase in the number of women employment, a process termed as feminization of labour. The main argument put forward was that TNCs preferred women workers, as they were cheap, flexible and docile. The argument from a gender perspective would be that the TNCs would employ workers irrespective of their being female or male to maximize profit whoever added to it.

In the Indian context figures on the employment of women tells a different story. There has been argument-suggesting de-feminization of workers since 1990s
(Ghose 1996). This is supported with figure from Delhi garment factories that suggest the share of women workers being merely 3.32 per cent (Singh et.al). This however does not allow neglecting gender analysis rather it becomes more imperative in order to understand the power relation both at the workplace and in the residence.

In the present study, gender analysis is indispensable from two perspectives: firstly to examine the impact of the process on women workers and secondly to evaluate the gender aspect of codes of conduct. In the later chapters it will be shown that many of the codes of conduct for workers are gendered in the sense that a lot of space has been given to issues of gender but are not operative on the ground.

**Distinctiveness of the study**

The term *audit*, in commonsensical usage, refers to an evaluation of an organization, system, process, or product. It is performed by a competent and unbiased person or persons, known as auditors. The purpose is to verify that the subject of the audit was completed or operates according to approved and accepted standards, statutes, regulations, or practices. The term is used with preface like financial, account and social, therefore financial audit, account audit and social audit. The most common term is financial audit.

Similarly, the term *compliance* refer to the process of reviewing the extent to which agencies are complying with legislation, and the maintenance of appropriate control over core financial and management processes. In the present study compliance refer to the process of reviewing the extent to which agencies

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16 The definition has been taken from http://www.answers.com/topic/audit
are complying with legislation and the maintenance of appropriate control over core financial and management processes.

The term audit and compliance is restricted to the discipline of economics and accountancy. It is not a familiar concept in the discipline of sociology. For purpose of clarity, it is important at the outset to differentiate between financial audit and social audit. In the present study the concept of compliance audit is purely ‘social’.

Social Audit is a systematic approach for business to account for their social impact and the extent to which they discharge their public responsibilities. It recognizes the rights of all who have a stake or interest in a business to information about its social impact and ethical performance (Rao 2001: 84).

The social dimension of the process of compliance audit here not only refers to welfare issues but also covers a wider range of societal aspects such as gender equality, family relations, and employee-employer relations. Further the usage of the term ‘social’ indicates that the process is not an individual activity but involves a network of people. One implication of this is that such relation can alter the very meaning of the process of compliance audit. It implies transformation of market economy towards social obligation.

Thus, in the analysis of the process of SCA the stress is on the concept of family relations, the nature of interaction between employers and employee, gender relation, concept of migration, social economic status of workers. These are some of the important indicators used throughout the study. From a sociological perspective the following features of SCA\textsuperscript{17} requires in-depth analysis to evolve a holistic understanding of the process of SCA.

\textsuperscript{17} The understanding of these features of SCA emerged as being involved in the process of SCA as auditor with a private firm.
The audit process being mechanical in the sense that it involves record verification, physical observation of working place and interview with the workers in the absence of the management. In the interview the workers simply answer in 'Yes' and 'No'. Many a time this is done without even understanding the question asked. They see the auditor as an outsider, as an inspector who has come to score their performance and hence should reply positively.

The process is legal rather than social because it deals with the laws that have been made by the respective state. Majority of the workers being illiterate do not understand the law. The word 'social' often acts as a misnomer as the focus is on compliance with legal aspects.

The standards laid down are based on the international norms and many of them do not directly apply to the Indian society. For instance the standards on 'discrimination', in the west audits report highlight a high percentage of discrimination, but in India the female worker is not even aware of what 'discrimination' means so how can she know whether she is being discriminated or not.

Further as per the standards laid down no employee should discriminate on the basis of gender at the time of recruitment but in many factories there are only men employed on the pretext that the nature of job is either too technical or tough for female employee. Same in case of maternity benefits, in case a female worker gets pregnant as per her cultural norms she would give up the job even being unaware of her rights.

These were some of the issues that urged me to examine the process from a sociological perspective. The description of the above feature is based on a

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18 Refer to the procedure involved in SCA on page 181-182
commonsensical understanding. The discipline of sociology teaches to go beyond the commonsensical understanding through interrogation and analysis.

V. Field and Field Work

The garment factories in and around Delhi was chosen as the field of study as it enables to explore the multilayer of labour found in the present global economy. The field justifies Jan Breman (1976) argument that it is erroneous to accept the dualism of labour into industrial-agricultural, urban-rural and formal-informal. Going by this dualism will not allow understanding the complex nature of labour.

In the garment factories these dichotomies do not work. There are workers who are well protected by state labour laws and enjoy security of employment, there are others who have neither protection nor security and yet others who are not visible and work unaccountable. Thus the nature of workers in the garment factories is heterogeneous.

Fieldwork had been carried out in both registered and unregistered garment factories to get a comprehensive picture of the process. The organized sector refers to enterprises that are registered, come under the purview of some or several acts and maintain annual accounts and balance sheets (Venkat 2001:20). They are covered by the Factories Act, which applies to units with electrical power employing ten workers or more, or units without electrical power employing twenty workers or more (Hensman 2005).

On the other hand, the unorganized sector comprises of enterprises that are, if at all, only marginally affected and regulated by labour and industrial laws. These enterprises are usually very small, provide low wages and harsh working conditions, the workers are rarely unionized and feel often insecure. In the course
of study it is found that some of the garment factories are a combinations of the two, that is there are covered by laws and at the same time have no union.

The other distinction is between audited factories and non-audited factories. As the audit process is a mandatory condition for producing for international buyers, the audited factories are those that are big in size (spread over a large area and employing more than 500 workers) and are producing for export. The large part of the production in the factory was for international retailers like Wal-Mart, Kmart and Target and departmental stores like Gap Inc, Marks and Spencer, Tommy Hilfiger and many more. On the other hand the non-audited factories are those that are small in size and are producing for the domestic market. Field work has been done in both formal and informal factories and also in audited and non-audited factories to get a comprehensive picture of the process.

The wide spread of the field suggests that the present study breaks the traditional approach where the field was bounded to one specific location. This study is not bounded by the type of garment factories or by the locations. Garment factories from three different states have been taken for study. The field of study consists of garment factories in Delhi, Noida and Gurgaon. The specific reason for choice of the three locations is that the process of SCA is rampant in these areas. A brief description of each, in terms of garment manufacturing and export, is given below:

Delhi is a hub for garment production. The speciality of Delhi is that there is an increase in the size of the informal sectors. According to estimates based on the 55th Round of the NSSO (1999-2000) and the ASI data of the year 1999-2000, there are total of 30, 472 garment enterprises in Delhi. Of these, 675 garment

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19 A registered factory is one that has obtained license under Indian Factories Act 1948 and covered under Indian labour law.
enterprises are registered under the Factories Act 1948 and 29,797 are unregistered garment enterprises. Thus by these estimates nearly 97.78% of the estimated garments units in Delhi are in the unorganized sector which makes the process of SCA mandatory in these factories.

NOIDA (New Okhla Industrial Development Authority) was set up in 1976 as an experiment in developing a modern township under the Uttar Pradesh Industrial Area Development Act. NOIDA is located 12 km from Delhi and is part of export processing zone for the production of textiles and ready-made garments.

Gurgaon is located in the state of Haryana and is 32 kms from Delhi. Udyog Vihar, a part of Gurgaon, is an area earmarked for industrial units. Industrial plots are of reasonable size to carry out large scale production. Another reason for the choice of Gurgaon is the poor conditions in which the garment workers reside. A walk across the industrial area gives a bad picture of the health and hygienic conditions under which workers' live.

Intensive study has been done spread over several studies. Repeated visit were made to the garment factories located in Delhi, Noida and Gurgaon. In the initial stage my understanding itself was limited. In order to get preliminary information, I walked around factories and waited for workers to come out of the factory for lunch or tea. This was necessary to get an opportunity to talk to the workers because during the working hours entry to the factory is very restricted. At this stage I did informal discussion with manager, supervisors and workers on their general perception of SCA issues in these factories.

The purpose behind repeated visit was to get involved in the process for in-depth analysis. Since my interest was extended to all the garment factories (both audited and non-audited) it was important to identify at the outset the two types. However
because of unavailability of resource it was a difficult task. As a result I selected factories randomly and then found by talking with workers and managers whether the factory was audited or not. There is no material or resource available that indicates the number of factories going through the audit process. This is so also because the process is not mandatory and depends on the nature of production order of the factories.

**Reflections from the field**

Social Research is an exhilarating exercise right from the selection of research area to conducting fieldwork and writing down the findings. The topic of the research cropped up in the course of working as a SCA with a private firm. That was the first time I heard of the concept of *social compliance audit*. Since it was a professional work, I had to limit myself to understanding the concept with reference only to the goals and objective of the firm and nothing beyond that. This involved knowing the procedure of carrying out audits, familiarity with codes of conduct of different buyers, learning labour laws of different states and so on.

The knowledge gained at the time of job was helpful as it created the base of gaining information on the subject of the study. It has been discussed earlier that the basic understanding of SCA while working made the questioning and interrogation of the process possible. This is the prerequisite for a good fieldwork. Before setting out of the field the researcher is expected to be familiar with the literature available on the subject selected for study (Srinivas 1996). Here the literature was not in terms of the published works but rather the knowledge gained while learning about the process of SCA.

The decision to take up the issue for research in itself was a difficult task. In the beginning many with whom I shared the topic of research appreciated my effort towards a challenging area but at the same time cautioned me to the difficulties
involved in getting data and information. One consultant narrated me his experience of being beaten up by the police while talking to workers outside the factory. This problem arises because the management is not very ready to allow outsiders into the factory and even seeing an outsider talking to their employees makes them feel threatened. His talk at one point deterred me from entering a field that appeared intimidating. This proved correct when all my efforts at entering the factory on my own failed. However I did not stop and continued my effort. It was only because of the recommendations of friends and relatives linked to garment factories that I managed to enter factories and interact with the owners, managers and workers. The network of social relationship helped in getting entry into the field and my persistent efforts made me sustain my work in the field.

When I entered the factory, for the second time as a researcher, I had to look at the issue in a more comprehensive manner. Earlier too I had entered the factory but as an auditor following the rules of the job and working in a mechanical manner. This time I was more conscious at exploring the minute details that in some way or other had sociological significance.

I entered the field with mixed findings. Over a period of time I learnt to follow the different stories from different people, cross verifying what I heard with theory and documents. Again in the start, due to my lack of information and understanding of the phenomena, I was not able to extract facts and figure from the people. Gradually I could illicit more in-depth information from different categories of people. The experiences and knowledge gained both on job and as a researcher enabled me to look at the process more holistically. Thus the field experience over a period of time changed my outlook and attitudes. The sense of bewilderment with which I entered the field got transformed to concrete understanding making the present study possible.
Problems and hurdles from the field

Any research is not without problems and hurdles. While doing fieldwork I had to face many problems in data collection, doing interviews and maintenance of records. I share a few of the problems faced:

• The inability to enter garment factories without reference and recommendation. The garment factories are strongly guarded and entry to outsiders is strictly restricted. I was able to do my research as I had friend and relatives connected with some garment factories on whose recommendation visits were made possible.

• The difficulty of comprehending different version given by different category of people. When talking to workers they had something to say that were totally contradicting the statements made by some mangers and auditors. It took some time to listen to all of them and understand the reality.

• The problem of recording the interviews of auditors and managers. There was an instance when I managed to carry the tape recorder in my handbag and also managed to record. However when the auditor, whom I interviewing, came to know about the recording, he became cautious and changed his statements. It will be seen in the later section that the auditors function in an environment of secrecy and confidentiality which results in scepticism around the process.

Research methods

A qualitative research was carried out in an attempt to understand the implication of the changing economic and social processes on workers' lives. Qualitative research methods were considered appropriate given the nature of the research. The focus was not on gathering quantifiable data from a large population but on documenting the perceptions and experiences of different actors and institutions involved in the process of labour reorganization. The idea, hence, was not to
provide generalizing statements or trends but to call out the various aspects of participants’ experiences.

In the present study *ethnography method* is used to arrive at a holistic understanding of the process of SCA by doing comparative study of similar audited and non-audited factories, one those undergoing SCA and the other those not having SCA. In order to do this the research has tried to avoid the arbitrary division between public and private domain. This is so because it has been amply demonstrated that the organization at the private sphere is intricately linked to the organization at the public sphere. This is true whether explicated by the notion of unpaid labour of the women or more recent feminist writings that reveal how much of women role in the public is shaped by her role in the patriarchal family.

Fieldwork has been carried out both in the factory representing the public space of work and also at worker’s residence, which represents the private space. The study takes into account the perception of workers at the workplace as well in their residence. Gouldner argues on this point;

> the workers bring to the job situation a whole series of ‘latent roles’ relating to size, sex, ethnic origin, religion class background etc which he can call upon to interpret that situation. Thus, he claims an adequate consideration of the nature of worker’s involvement in a factory will need to venture beyond the enterprise as its unit of study (Gouldner 1959: 408)

In the present study research method was flexible as far as possible. Ideas and information gathered at one level was again examined in greater details in discussion at other levels. This enabled to develop ideas that were suggested at one level (say manager) and incorporated into discussion at other level (say workers) and thereby get a more holistic picture.

Another method was that of *quasi-participation*. In the strict sense of the term I was not a participant observer, as I did not participate with the workers during
working hours. However I did spend time in the factory with auditors and factory managers observing their work and also participated in the compliance audit. I accompanied the compliance auditor to the factory and observed the procedure in which SCA is done. Therefore my observations can be termed as quasi-participant. I did not spent months and days but I did spent long hours with people connected in the process. In the course of which, I watched workers in all the different grade and categories interacting with one another and I listened to what they said to the auditors and to the gossip that they had among themselves.

To support my observation, interviews were done with factory owners and senior managers of garment factories, people working in buying houses, trade union leaders and workers. Since the study is focused on the workers, more interviews were taken with workers than other stakeholders. The interviews with the workers were carried out in the factory as well as outside the factory in the tea stall near the factory, on the road and in the workers’ residence. The workers were questioned about their personal background; entry to the factory, experiences at the workplace, experience with peers, managers, supervisors, and problem sharing with auditors.

It is important to spell out that most of the time it was difficult conducting an interview in the factory as the factory management felt it hindered their work and time. Another problem was that the workers were not very comfortable sharing their problem in front of their supervisors. The workers were more comfortable talking in their residence and outside the factory. As a result I got to hear totally different stories when I interviewed the workers outside the factory. This at no point created confusion but provided new areas for exploration.

20 See Annexure 2 for the questionnaire used at the time of interview. Separate set of questionnaire has been used for different actors but the information gathered is more or less similar.
During the interview I used a general questionnaire but the conversation was not limited by the specific question listed in the questionnaire. Though a standard set of questions were used, these were developed in the course of more general conversation. The conversation revolved around issues of compliance, labour standards, trade union, discrimination, general attitude towards compliance, changes/limitation of the process of compliance and so on. The interview ranged between one and half to two hours and the conversation was rather informal, often talking over a cup of tea/coffee. The structure of the interview, especially with the workers, was flexible and informal that allowed discussion on complex issues. Interviews were conducted both in workers' group and one to one informal interview with workers.

I talked with workers using narrative-based-in-depth conversations and without any set questionnaire. Two types of narratives were used in the study:

- Narratives pertaining to situation outside the factory- that is, in residence of the workers. This helps to get information on personal problems in the family, description of a day in workers’ life- gender differences in term of lifestyle and workload.

- Narratives related to the structure and functioning at the work place- this helped to get information on the process of SCA, the level of awareness on the process and impact assessment. Here the stress is on the relation with management and trade union.

The two types of narratives helped to get information about both workers’ experience of work at home and at the workplace and their perception of their legal rights at work place. Firstly, it allowed me to see the interrelation between the private and public sphere. And also to examine the relation between the private and public in the sense that workers’ life in the factory (public) is affected
by his life in the family (private). Secondly, to see whether the family members are aware of the process of SCA and whether public matter is discussed in the family.

Along with formal interviews, informal group discussions also took place with workers, auditors and management. These occurred in offices, at social gatherings, at seminar or at people’s homes. Often it happened that I would be interviewed regarding interest in the field. It helped me broaden my knowledge of the process.

Another form of informal discussion took place in forms of interaction with small group of people with whom I built close working relationship over the years. These were people associated in some way or other with the SCA. I often used the interaction to cross check out stories gathered from other sources. These people showed keen interest in my research, as they wanted to encourage social science attention to the problem. Many of them participated with me as “co-researchers” as they conversation always tended to be characterized by open exchange. But some of them agreed to share facts only after being convinced that neither their name nor their talk will be cited in the study. I promised them complete confidentiality.

A combination of the different research methods enabled me to elaborate the following:

i) Work condition at the factories before and after the audit process.

ii) Family problems as faced by male and female works to know if problems are gender specific.

iii) Workers access and awareness to questions of labour rights and human right issues.
The integral part of the research method is the maintenance of a field diary. What I heard and saw in the field was written down in a diary immediately after returning from the field. In the field, I noted only certain details about the technicalities of the work that I could not possibly have remembered. Back from the field, I tried to re-write my day's activity and also reworked on the research note. Often it became difficult to take notes in the field as there is a spontaneous change in activities and responses of the respondents. This raises the question of reliability of evidence that is noted down immediately. I have quoted extensively from my field diary. However, I cannot vouch for every word quoted from the diary but I believe them to be substantially correct.

Along with field-work, the study relies heavily on exhaustive use of internet materials, unpublished papers and studies, audit records of factories and online reports of the corporate sector. Though it was difficult to get hold of company records and documents due to lack of transparency, I also had occasional access to statistical reports, internal audit reports, but I do not cite them as reference on grounds of confidentiality. This was necessary for the study because, as already mentioned, the study is a new exploration in sociology and therefore confined in terms of available literatures in the subject.

VI. Chapterization

The first chapter is the introduction to the study. It reflects on contemporary relevance of the study, the objectives and rational of the study, the methodology used for data collection and research experience and problems in the field.

The second chapter deals with the changing relation between capital and labour in the era of globalization. Globalization, though it means many things to many people, is one of the master processes of our time. Globalization as a field in sociology is a legatee of the macro-sociological interests and development. Most
studies on globalization addresses broad processes of technological, economic, political, cultural interrelationships. The sociological concepts of globalization can be of great value in understanding the dynamic social transformations taking place across nations.

The third chapter explores the nature of labour regulation in India and the shift from public regulation to private regulation of labour relations. The process of SCA can be placed in the context of private labour regulations. Therefore the need for explaining the recent rise of private associations that certifies companies compliance with labour standards. The chapter explores the emergence of new institutional order for governing labour relations. And to locate the emergence of new institutions and to see what existed earlier, due to which the earlier institution- that is the state –failed in regulating labour relation. Among the new institution the role of multinational and transnational corporation takes a central place.

The fourth chapter looks at the emergence and practice of the process of social compliance issues. The chapter consists of two parts –first deals with conceptual and contextual understanding and second part does an evaluative study of the process with empirical findings from the field. The stress is laid on the ‘social’ aspect of the process. SCA as a process is linked to the wider social, political and economic changes taking place at the global level. In analyzing the factors that fostered the process, a linkage can be drawn with the earlier chapters where the debates on globalization have been discussed in details. While looking at the process at the global level, attempt is made to examine its purpose and practice at the micro level, that is, in the garment factories.

The fifth chapter is the conclusion of the study. It reflects on the purpose relevance and the main findings of the study. The finding of the study is that
though SCA as an accepted mode of labour regulation has brought several changes in the working conditions, it has failed as a process of organization in terms of guaranteeing collective bargaining rights to the workers. The main factor behind the failure is the lack of transparency and accountability in the process.