CHAPTER I

INTRODUCTION

1.1: Introduction:

The present study is about compliance as social audit in garment industry in Bengaluru with special reference to employee requirement. The industry is often faced with problem of implementation and the need to change in the present era of globalization, the main focus of the study focus on the implementation of Compliance as Social Audit by the Organisation.

Readymade garment Industry plays a major role in the basic need of every citizen. It is second largest revenue earner from export of Readymade garments from India. It offers employment opportunities to both skilled and unskilled labour force. Despite many studies being done on this subject, there is a dearth for research studies on compliance and social audit among the industries situated in and around Bengaluru area.

India has many challenges on the industrial front to mention a few which are disheartening. Public policies on health and protection, gender bias, basic work environment, rampant child labour. Work regulations have to be implemented readymade garment industries situated in different geographic surrounding. Circumstances within those place of work differ massively – even within a sole business – and company often face dilemma to make those situation much clear.

The present study is to find out the conditions of the employees at their work place and their difficulty in retaining and implementing the changing policies of the government from time to time from the employer’s perspective.

1.2 Rationale for the study

In India, the maximum density of garment industries located in and around Bengaluru City, the silicon valley of India. At present as opined by the customers from abroad, it is Bengaluru which is an imperative place for supply of clothing after Mumbai and Delhi. There is high zeal for the products produced in this area. The commencement
of Clothing industry began from Britisher’s regime. The first unit was M/s. Bangalore dressmaking Co.in Bengaluru for production of clothing in Bengaluru during 1940s, initiated by Mr. Vittal Rao. As there was a need for the clothing industry during the British rule, gradually led to the growth of Ready Made Garments (RMG) industries in Bengaluru. Other than RMG industries, there were silk weaving industries in Bengaluru, which led to the association of silk exporters also. After India’s independence in 1947, the business gradually began to supply to the needs of the public and local market and this began to flourish (Rao, 2006). Majority of clothing industries are situated in Bommanahalli and Peenya industrial area. After Mafathlal, Aravind Mills stepped into this sector, small scale industries got tremendously affected by them. Approximately around 3000 RMG existed in Bengaluru premises. Stakeholders world wide have started their own branch offices in Bengaluru. To mention, Apparel Park, at Doddaballapur has commenced their unit in wider perspective. Delhi, Mumbai, Kolkata, Bengaluru, Chennai, Jaipur, Tirupur and Ludhiana are the places in India where RMG are concentrated. The finished goods produced at Bengaluru is unique compared to other cities. Many Small Scale Industries (SSI) units provide supports to the SME like GE, Aravind fashion, Sonal Holding, Texport Syndicate units in the cluster. The technology and manufacturing process are similar to those used in other regions (Rao, 2006).

1.3: Need for the study

The researcher with her previous experience came across that in the garment industry, that various aspects of compliance of the industry had a greater percentage of women workers who worked for low wages and long hours. The researcher was keen in analysing the effectiveness of statutory body Compliance applied in a garment Industry and how well it is met the requirement of social audit.

The majority of worker section belongs to lesser educational level, find difficulty in understanding the concept of compliance and its practise; this is taken as an advantage by the policy makers and its executors. This may lead to discrepancy between the company policy and its day today practice with this background, in the present study researcher attempts to probe the differences between the policy makers and the workers responses on various factors, if so what are the underlying causes for this difference in ground reality.
The social audit technique made use by vendors and previous researchers depends on an extremely damaged model extensively disgraced not only by labour right activist but also by those within the organisation who have had a long time participation in this field but on an comprehensive level. The effect of these activities on working conditions is at its best. This method followed seems to be modest and tend to spend as minimum time and capital as possible, and more disturbingly, it promotes a "lowering of the bar", in order to make it much simpler to convey the customers that the goals are met for taking care of the employees much sensibly.

Usually it was observed that suppliers that there are manipulations of maintaining duplication of records with respect to wage and working hours- as a copy of it reveals the original information and the other would be to the auditors. The Industry would be equipped well before, as the health and safety part is met.

May keep two sets of records of wages and hour worked - one which shows the real information, and one to show the auditors. The factory is tidied up and prepared in advance so that it meets health and safety criteria. Due to juvenile, some individuals should not work. Home workers are often totally approved in the audit: out of sight, out of mind.

Enhanced audits will place a strong importance on employee interviews, which will be conducted by the one who has the employees trust. Preferably, they are conducted off-site. All this will help, but in itself it is often not enough to get past the coaching and threats of employees to make sure that they say the accurate thing.

In spite of frequent industry audits and employee interviews, there is no development in the important areas like hours of working and wages among the workers. Employees have no trust and have a prejudice that the standard of auditing in the industry are inappropriate to their daily work life.

In the above context, and since there are inadequate documentations regarding compliance as social audit, the present study is taken up, specifically focusing garment sector in and around Bengaluru city.
1.4 Significance of the study:

The study would contribute significantly in understanding the emerging challenges in the measurement, assessment and enforcement of social audits in Garment Industries located in Bengaluru and its compliance. The research would also try to focus on the new dimensions and emerging models of social audits and compliance, implementation of social goals and environmental goals in Indian Industries by the social enactment enforcement officers (The Statutory Compliance of social audit rules and Acts in India (Factories Act, Minimum Wages Act, Bonus Act, PF Act, ESI Act), in India to bring better working conditions for Indian poor and backward class workers.

The study would help the Indian industries in particular for their introspective and retrospective self assessment of the levels of social goals, environmental goals they have achieved and the long roads yet they need to track in the path of social, environmental and moral (industrial) goals and responsibility towards working class in their factories and industries.

This study is focused is to empower Indian companies to become more socially and spiritually responsible in terms of social (industry relevant) and environmental (industry relevant) aims, objectives and responsibility to sustain and grow and contribute to the development of the country by way voluntarily achieving better levels of social justice and equity for the work force in India.

1.5 Operational Definitions

1.5. a Compliance

Compliance means to follow or surrender to the needs of others. Compliance assures that all labour privileges and amenities as per the buyer’s code of conduct. The aim of Compliance is to adhere the labour law.

1.5. b. Social Auditing is the method of analyzing and coverage of an industry’s presentation on pleasing the financial, legal, moral, humanitarian, and community tasks anticipated of it by its stakeholders. Social audits are tools that industries can adopt to recognize and gauge their development and confront to their partners
including workers, clients, investor, trader, the public me, activists, the media, and controller who are increasingly demanding that companies be clear and answerable for their pledge and performance.

1.5.c. Textile industry or apparel industry  Textile industry or clothing industry is primarily concerned with the manufacturing of yarn, and cloth and the consequent design or producing the clothing(pant & shirt) and their allocation. The raw material may be natural or synthetic using goods of the textile business.

1.5.d. Worker:

Any unskilled and semi-skilled labour working on daily or monthly wage basis in a textile/garment industry

1.5.e. Management staff:

Any skilled person working with minimal qualification as per the company norms working at higher levels like managers, executives and directors of a textile/garment industry

1.6 Aim:

The aim of the research is to understand the extent of knowledge regarding compliance and related issues through Social audit, among the employees working in garment industry based in and around Bengaluru city.

1.7: Objectives of Study:

The objectives of the study are as follows:

- To assess the extent of knowledge regarding ‘compliance’ and related issues among workers.
- To analyse the extent of implementation of “Compliance” in a Garment Industry.
- To assess the performance of the Industry in terms of Social Environmental and Community goals of the Organization.
- To examine the functioning of the works committee in Garment industry.
➢ To analyse the problems towards implementation of compliance and suggestions offered.
➢ To compare views of worker and managers towards compliance issues.

1.8: Hypotheses

The researcher has formulated the hypotheses mentioned below with regard to the objectives of the research and the same were tested under using suitable statistical tests. Following hypotheses were formulated for the present study.

H1 Knowledge and awareness of ‘compliance’ and related issues among workers is low.

H2 The implementation of “Compliance” of Indian labour welfare acts in Indian Garment Industry is not up to the mark

H3 The performance of the Industry in terms of Social Environmental and Community goals of the Organization in Indian Garment Industry is unsatisfactory.

H4 The functioning of the works committee in Garment industry is unsatisfactory.

H5 Workers and managers differ in their perception on ‘compliance’ and effective compliance.

1.9: UNIVERSE OF THE STUDY

The universe need not be persons. The universe may be either finite or infinite. A finite universe is one in which the number of items are determinable. A definite universe is that in which the number of items cannot be determined. The universe of the study is covered with the skilled, unskilled and technical staff of Garment Industry; where in the universe are approximately 3000 members where women workers constitute 75% of labour force.

As the present study is Compliance as Social Audit bringing in qualitative data.

The data collection process is classified into two streams namely,

- Primary Data
  - Structured schedules for workers and management
- Secondary Data
Examination of Organisation’s documents regarding policies, its implementation

- Access to compliance reports submitted to vendors and their observation

1.10: Sample:

Sampling is miniature picture of the whole group from which the sample is chosen. The entire group from which a sample is taken is known as the population or universe. The proposed sampling method to be used in this study is stratified random sampling. The study proposes to review various programmes which are in place for purposes of Compliance / statutory requirements; end beneficiaries feedback becomes essential for a healthy social work practice. The researcher has taken both workers and managers for the purpose of data collection regarding the issue. A total of 480 workers and 43 managers were included in the present study. Tables 1.1 and 1.2 provide details of the workers and managers with respect to gender and age.

Table 1.1

Distribution of worker samples by Gender and age groups

<table>
<thead>
<tr>
<th>Age groups (in years)</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>&lt; 20</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Frequency</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-30</td>
<td>8</td>
<td>234</td>
</tr>
<tr>
<td>Frequency</td>
<td>27.6%</td>
<td>51.9%</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31-40</td>
<td>15</td>
<td>132</td>
</tr>
<tr>
<td>Frequency</td>
<td>51.7%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 41</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>Frequency</td>
<td>20.7%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>451</td>
</tr>
<tr>
<td>Frequency</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percent</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Test statistics: Contingency Coefficient = .171; p = .0002

For the present study a total of 480 workers working in garment industries in and around Bengaluru city were selected, of which most of them belonged to the age group of 21-30 years (50.4%), followed by 31-40 years (30.6%), 9.6% of them belonged to above 40 years and remaining 9.4% of them were below the age 20 years. Further, it was found that majority of the sample working were females and very few of them were male respondents. Further, contingency table analysis showed a significant association between gender and age groups (CC = .171; p = .0002), where we
find more males in the age group of 31-40 years, where as we find more female samples in the age group of 21-30 years.

**Figure 1.1**

Distribution of worker samples by Gender and age groups

**Figure 1.2**

Distribution of worker samples by Gender
Table 1.2

Distribution of management samples by Gender and age groups and results of contingency co-efficient test.

<table>
<thead>
<tr>
<th>Age groups (in years)</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>18-30 yrs</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Percent</td>
<td>31.8%</td>
<td>33.3%</td>
</tr>
<tr>
<td>31-40 yrs</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Percent</td>
<td>36.4%</td>
<td>38.1%</td>
</tr>
<tr>
<td>41-50</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>&gt; 61 yrs</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Percent</td>
<td>22.7%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Percent</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Test statistics: Contingency Coefficient=.214; p=.558

For the present study a total of 43 from Management staff working in garment industries in and around Bengaluru city, were selected. 37.2% of the sample was in the age group of 31-40 years (37.2%), followed by 18-30 years (32.6%), 25.6% of them belonged to above 41-50 years and remaining 4.7% of them were below the age 60 and above years. Further, contingency table analysis showed a non-significant association between gender and age groups (CC=.214; p=.558), indicating that the pattern of distribution of male and female managers in different age groups is statistically same.

Figure 1.3

Distribution of management samples by Gender and age groups
1.10.1: Sample selection:

Among 644 industries, 94 industries were shortlisted based on inclusion criteria. The detailed steps as follows

**Sampling Process:**

**Stage I:**

Out of 94 industries 6 industries are selected based on simple random sampling with 6% of total population.

**Stage II:**

Out of 6 industries 5% workers and 5% of Management staff were drawn from each industry which constituted around 514 total samples.

The study mainly goes into research through a primary sample selection of the present level of the social audit systems, compliance in the survey garment industries in Bengaluru city. This research is done by random samples of the respondents through a questionnaire of workers and management personnel from Bengaluru garment units.

This primary selection would be coupled with the discussions and interviews with the selected workers, management personnel, working committee members from the Bengaluru based selected garment industries - to cater subtle information regarding the subject matter of research.

The selected survey units are as follows:

1. Texport
2. Adithya Birla Nuvo
3. K.Mohan
4. Shahi Export House
5. Birdy
6. JBC II
Table 1.3

Stratification of data of respondents selected for the research is as follows:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Company Name</th>
<th>Total Mgt. Staff</th>
<th>Total Workers</th>
<th>Total</th>
<th>selected Mgmt Staff</th>
<th>selected workers sample</th>
<th>Total Sample selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Texport</td>
<td>100</td>
<td>1800</td>
<td>1900</td>
<td>5</td>
<td>90</td>
<td>95</td>
</tr>
<tr>
<td>2</td>
<td>Aditya Birla Nuvo</td>
<td>120</td>
<td>1800</td>
<td>1920</td>
<td>7</td>
<td>92</td>
<td>99</td>
</tr>
<tr>
<td>3</td>
<td>K.Mohan</td>
<td>250</td>
<td>2200</td>
<td>2450</td>
<td>15</td>
<td>110</td>
<td>125</td>
</tr>
<tr>
<td>4</td>
<td>Shahi Export house</td>
<td>120</td>
<td>1950</td>
<td>2070</td>
<td>7</td>
<td>98</td>
<td>105</td>
</tr>
<tr>
<td>5</td>
<td>Prateek apparels</td>
<td>80</td>
<td>1200</td>
<td>1280</td>
<td>5</td>
<td>60</td>
<td>65</td>
</tr>
<tr>
<td>6</td>
<td>JBCII</td>
<td>60</td>
<td>600</td>
<td>660</td>
<td>4</td>
<td>30</td>
<td>34</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>730</td>
<td>9550</td>
<td>9620</td>
<td>43</td>
<td>480</td>
<td>523</td>
</tr>
</tbody>
</table>

The sample size and sample organizations were classified as follows for the sake of this research study. The survey was conducted with a sample study on randomly selected numbers of respondents from all the above cadres which are stratified under the different unit levels above mentioned (so that the generic results as well as stratified results in each units and cadre could be arrived at by the research).

The Social Audit, Compliance and its awareness levels, measurement, implementation levels and related information would be drawn by a separate questionnaire survey from random selection of respondents drawn from with the selected workers, management personnel; working committee members from the Bengaluru based selected garment industries.

1.11: Tools for data collection:

1. Socio-demographic data sheet (prepared by the researcher)
2. Questionnaire for management (prepared by the researcher)
3. Semi-structured Schedule for workers (prepared by the researcher)

Structured interview inventory prepared by the investigator separately for workers and management have been employed in the present study. It consist items such as nature, role and knowledge about their job.
1.12: Data collection procedure:

Sought permission to collect data for academic research through formal letter with guide’s consent. Suitable time was chosen to administer the questionnaires to the management / staff. For the workers, the schedule was used to get relevant information, from the selected garment industries.

In the present study, the questionnaire was divided into two parts, one was for the workers and the other for the management, the first questionnaire drafted for the workers consisted of 150 questions. After conducting the pilot study and discussions with the experts and supervisors that the numbers of questions were more and hence they were reduced to 88 questions finally to complete the data collection.

The second part of the questionnaire formulated for the management having almost similar issues and with an intention was to compare the perception of workers and managerial staff.

The Primary data analysis is conducted in two fold pattern. First level discussion is made with the respondents from top-level management personnel, middle level managers, committee members, enforcement office personnel and the second level is the distribution of separate set of questionnaire designed for workers, The primary data so collected will be analyzed using suitable statistical tools like averaging, summarizing, chi-square tests and the objectives are addressed and hypothesis are tested and the results are analyzed and suggestions are arrived at before the final conclusion are drawn.

The secondary data such as text-books, management journals – national and international, research organization records and research magazines, conference proceedings are used to understand the basic aspects of social audits compliance of social audit, the Indian acts regarding the same, the awareness and the importance given to these compliance by the industries and their management, etc.. and also review of recent research papers published addressing the same issue and subject matter of the research.
1.13 Steps taken to facilitate collection of data

In order to obtain formal permission from the Correspondents (workers and management staff of Garment Industries) which were selected for the collection of data, a letter to each Industry was handed over personally signed by the chairman of the department of social work. Necessary information was provided in that letter regarding the objective of the study. Co-operation was solicited for collection of data from both management and workers. Necessary permission was obtained from the Garment Industry before the collection of data began.

1.13a Data from the Workers

For collection of data from the Workers of garment industry, Questionnaire for the workers prepared by investigator was administered. Workers were selected randomly by the welfare officers of the garment industry for this purpose. However, care was taken to ensure that workers had at least, more than a year of service in that organisation. Before administering the questionnaire to each respondent, an effort was made to establish rapport with workers. It was promised that the opinions they expressed would be kept confidential. As six companies with 478 workers strength was chosen, each company had around 80 workers to be interviewed, among the worker category majority of them did not have the knowledge of filling up the questionnaire themselves, so the researcher herself had to interview the respondents face to face which benefitted to get the information accurately. They were requested to express their opinion without any hesitation; the researcher got the honest information from the workers.

1.13b Data from the Management:

The data from the Management was also collected, Management staff included the Hr executives, welfare officers, Floor managers, Industrial engineers etc, questionnaire was administered on all the Thirty seven respondents. As the management staff were qualified enough to fill the questionnaire, they did not need any assistance in filling up the questionnaire.
1.14: Locale of the study:

The researcher chosen Bengaluru city as a locale for research in the present study. The study was conducted on all the six industries with 478 workers and 37 management staff with 5% of sample size.

1.15: Statistical methods applied

Both descriptive and inferential statistics were applied for the data collected in the present study.

1.15. a Descriptive statistics

The Descriptive statistics procedure displays Univariante summary statistics for several variables in a single table and calculates standardized values. Variables can be ordered by the size of their means in ascending or descending order, alphabetically, or by the order in which you select the variables.

1.15.b Contingency table analysis (Cross tabs)

The Crosstabs procedure forms two-way and multiway tables and provides a variety of tests and measures of association for two-way tables. The structure of the table and whether categories are ordered determine what test or measure to use.

1.16: Overview of the thesis

The thesis comprises of eight chapters as follows:

Chapter One: presents an overall view of the thesis, its background, the research question, aim and objectives and the contribution of the research to knowledge.

Chapter two: On social audit and compliance

Chapter Three: This chapter will provide a Historical background of the topic. It also presents comprehensive overview of the settings and dynamics of the Bengaluru RMG manufacturing industry. This chapter will provide a background on India in economy and focuses on the RMG industry, its importance and the factors affecting its competitiveness. The role of regulatory authorities in implementing relevant rule from time to time is also delineated.
Chapter four: reviews the literature of different aspects like Compliance, Social audit and garment industries and various findings of the other relevant studies conducted in other places.

Chapter Five: presents the research methodology that is implemented to achieve the aim and objectives of this study and data collection.

Chapter six: presents the analysis and interpretation of the questionnaire.

Chapter Seven: presents the conclusions of this research, its limitations and the directions for future research.