



APPAREL MANUFACTURERS CORPORATE SOCIAL RESPONSIBILITY IN COIMBATORE AND TIRUPPUR SECTORS

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ABSTRACT

Businesses in India have historically been kind, but their generosity is rooted in their religious convictions, just like in the West. Corporate social responsibility and industrial welfare have a long history in India. The idea of corporate social responsibility (CSR) has changed from being seen as harmful to a business's bottom line to maybe helping the entire organisation in the long run. In an attempt to assess the CSR situation in Coimbatore and Tiruppur apparel manufacturers, this research focusses on identifying and assessing the problems and difficulties that these companies' CSR initiatives encounter. The aim of this research is to investigate how Indian clothing manufacturers see corporate social responsibility. The concept of CSR is looked at from the viewpoint of suppliers, especially Indian clothing manufacturers.

Key words: CSR, Apparel, Manufacturers, Business, Industrial welfare

I Introduction

In globalization era, many clothing stores no longer possess manufacturing facilities and have outsourced their production instead of selling their own products. The affordability of labour and the low cost of production make developing nations desirable destinations for outsourcing. India is becoming one of the main participants in the global garment supply chain. The textile and apparel sector, which accounts for over 14% of the nation's total industrial production, makes a substantial contribution to export revenue [1]. With over 35 million workers, this industry is India's second-largest job creator after the agricultural sector [2]. "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates" is the definition of corporate social responsibility (CSR), also known as corporate conscience, corporate citizenship, or responsible business [3]. Businesses demonstrate their sense of corporate citizenship in three ways: (a) by reducing waste and pollution; (b) by funding social and educational initiatives; and (c) by generating sufficient profits from the resources they use. A more comprehensive definition incorporates volunteering and charity in addition to a focus on stakeholders [4,5]. CSR is a type of business model integration that involves corporate self-regulation. A company can monitor and guarantee its active compliance with the letter and the spirit of the law, ethical standards, and national or international norms by implementing a corporate social responsibility (CSR) policy [6]. According to some models, a company's CSR activities go beyond legal requirements and compliance to include "actions that appear to further some social good, beyond the interests of the firm." By accepting accountability for company actions, upholding high ethical standards to lower legal and business risk, and good public relations, the goal is to increase long-term profits [7]. CSR tactics push the business to have a beneficial effect on all of its stakeholders, including the environment, customers, workers, investors, and communities.

1.1 Common actions of CSR

Environmental sustainability: recycling, waste management, water management, renewable energy, reusable materials, 'greener' supply chains, reducing paper use and adopting Leadership in Energy and Environmental Design (LEED) building standards.

Community involvement: This can include raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices, etc.

Ethical marketing: Companies that ethically market to consumers are placing a higher value on their customers and respecting them as people who are ends in themselves. They do not try to



manipulate or falsely advertise to potential consumers. This is important for companies that want to be viewed as ethical.

1.2 Development of the Indian Apparel Industry

India has a long history of skilled tailoring; the Indian garment industry was almost non-existent prior to the 1970s. In the 1970s, the Indian garment industry grew significantly and the country started exporting to Africa and the Soviet Union [8]. Clothing multinationals from developed countries that were sourcing from Korea and Hong Kong soon realized the advantages of sourcing from India, but at that time there were restrictions on imports from developing countries in the form of quotas imposed under the Multi-Fiber Agreement (MFA) [9]. The MFA prevented imports of apparel in large quantities. The MFA has since been terminated and now there are no restrictions on imports from India to the U.S. [10]. Obviously this has resulted in a significant amount of growth in India's apparel industry, which has also resulted in the growth of its apparel sector employment.

Indian garment exporters operate their own production facilities and use subcontractors and/or temporary workforces (having migrated from different parts of the country) on a regular basis. This combination of sub-contract use and migrant labour provides Indian exporters with an inexpensive and flexible workforce. There are two workforce sectors in India: formal and informal [11]. Workers in the formal sector are mostly engaged in work for a commercial firm which must adhere to legal regulations. In the informal sector, workers mostly work for exporters out of the home, doing hand work such as embroidery. The informal sector is considered the invisible part of the global apparel supply chain, or the bottom of the iceberg and under the water line [12]. With continued economic development, in most countries it is expected that over time, the informal workforce sector will decrease and emphasis will shift to the formal sector. However, this is not the case in India. In fact, to some extent, the informal workforce in India is increasing [13]. According to the National Commission for Enterprise (NCEUS), the informal sector consists of "all unincorporated private enterprise owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than 10 total workers" [14]. In developing countries such as India, the informal sector consists of 93% of the country's workforce. The informal sector generally does not provide good working conditions or job security, making them appealing to those exporters who prefer the flexibility of hiring and/or firing at any time. Without considerations of moral or ethical obligation to workers, companies relying on the informal workforce are not expected to adhere to socially responsible business practices. Indeed, the apparel industry was among the first to come under public scrutiny for violation of worker rights [15] not just in the U.S., but in factories throughout the world.

1.3 CSR in the Apparel Industry

CSR was conceptualized in the 1950s, but it is a relatively new field of research in the apparel discipline. The apparel industry was one of the first industries to become truly global. Being that it is a labour intensive industry and an important part of the economy within many developing nations, it is surprising that there are relatively few studies examining CSR in the global apparel industry. Based on the responses, they crafted a definition of a socially responsible apparel/textile business as follows: An orientation encompassing the environment, its people, the apparel/textile products made and consumed, and the systematic impact that production, marketing, and consumption of these products and their component parts has on multiple stakeholders and the environment. A philosophy that balances ethics/ morality with profitability, which is achieved through accountability-based business decisions and strategies, a desire for outcomes that positively affect, or do very little harm to, the world and its people.

CSR is relevant throughout the apparel supply chain, from suppliers to retailers to consumers [16]. The motives of Indian apparel suppliers/manufacturers when implementing an international labour standard. They specifically focused on the SA8000 certification and the motivations and challenges behind the implementation of this certification. SA8000 is a voluntary certification which covers human rights issues such as health and safety, child labour, working conditions, working hours and



forced labour. Factories which are SA8000 certified are audited by a third party to ensure that they are complying with required standards. The main motive behind the implementation of SA8000 is pressure from retailers, in as much as one of the major challenges that suppliers are facing is lack of support from buyers. In other words, suppliers have to bear all of the CSR implementation costs. The Certifications require major investment, which are often too costly for SMEs. Suppliers are not sure if their investment will pay off, since certification comes with many extra costs, such as audit charges and the expense of conducting training workshops. The suppliers think implementing international labour standards enhance their corporate image, and can expect increases in orders from buyers as well as decreased labour turnover.

CSR is increasing in the apparel industry, according to a 2005 European Commission report (EC, 2005), CSR activities vary considerably across countries. More over the few studies that have been done on Indian apparel factories focus solely on one labour standard. Since India's apparel sector is quite large, it is important to understand what it means to implement and support more broad-based CSR practices in the country.

II METHODOLOGY

The purpose of this study is to develop an understanding of corporate social responsibility in the apparel industry from the perspective of Coimbatore and Tiruppur Apparel manufacturers. Twenty Indian apparel manufacturers' factories in Coimbatore and in Tiruppur were observed and reviewed for CSR-related content. A qualitative research design was used to achieve the objectives of the study, which are: (a) to examine current CSR practices in Coimbatore and Tiruppur Apparel manufacturing operations; (b) to investigate the opportunities and challenges posed by current CSR practices for Coimbatore and Tiruppur Apparel manufacturing operations; (c) to determine the extent to which CSR is important to Coimbatore and Tiruppur Apparel manufacturers; (d) to investigate the reasons why CSR may or may not be important to Coimbatore and Tiruppur Apparel manufacturing operations. Qualitative research I defined as: "An umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world" [17].

Ethnography is a type of qualitative approach which allows the researcher to understand human experience via meanings created within a particular cultural setting. Ethnography is the study of people in naturally occurring settings or "fields" by means of methods which capture their social meanings and ordinary activities, involving the researcher participating directly in the setting, if not also the activities, in order to collect data in a systematic manner but without meaning being imposed on them externally [18]. The ethnographic research process involves several steps and technically begins when the researcher enters the field. However, prior to entering the field it is the researcher's responsibility to become familiar with the literature to understand the topic of interest. Once in the field, the first crucial step is to gain access to the right people, or those most relevant to the study. Since this research investigated CSR from the Coimbatore and Tiruppur Apparel manufacturer's perspective, the data were collected from Coimbatore and Tiruppur Apparel manufacturers and in a natural setting (i.e. the factories) with the overriding goal being the development of an inter subjective understanding of CSR within the Indian cultural context for six months collecting data in Coimbatore and Tiruppur. The literature presents various ways to collect data within an ethnographic framework and specifically in a manner that allows one to understand the meanings behind participants' attitudes and behaviour. It employed several methods that are commonly used in ethnographic research, including semi-structured interviews, observation and collecting supplemental data through secondary sources for data collection such as Interviews, Observation etc. Data were analyzed for commonalities and differences that surfaced across participants' experiences, which were then used to structure a thematic interpretation.



III Results

Results indicate that Coimbatore and Tiruppur Apparel manufacturers / apparel firms are gradually moving toward implementing CSR, but that full integration is happening very slowly. India has emerged as a major hub of apparel production within the global supply chain. Despite the growing demands for corporate social responsibility, little research has been done to understand its role in developing countries such as India. This study is one amongst to focus specifically on the labour intensive Coimbatore and Tiruppur Apparel manufacturers / apparel industry as a context for CSR and to examine what CSR means in Coimbatore and Tiruppur Apparel manufacturers today. As such, it provides a real-world understanding of the benefits and challenges involved in implementing CSR in a non-western country, while pointing to the need for more research on the importance of CSR throughout the entire supply chain.

3.1 Current CSR Practices

Apparel businesses mostly in India – commonly in Coimbatore and Tiruppur Apparel manufacturers are classified as small or medium sized enterprises. CSR activities currently seen in the Coimbatore and Tiruppur Apparel manufacturers are primarily people-focused, society-focused or environment-focused. Many apparel workers have very limited or no formal education and come primarily from rural areas. As a result, they are not generally aware of basic health and safety concerns.

One of the most popular types of people-focused CSR activities revealed by this study were those pertaining to opportunities for community building. For example, a company might celebrate major festivals on the factory premises or organize cultural or sports events for the employees. Such activities are designed to promote a sense of belonging among the workers, in that managers think that a sense of belongingness helps to make the time spent at work more fulfilling. In addition to people-focused activities, current CSR activities in Coimbatore and Tiruppur Apparel manufacturers also tend to focus on improving society and protecting the environment. Society-related CSR activities largely focus on giving back to others in some way, such as helping the under privileged by providing them food, water, shelter and medical care. “An organization has a responsibility towards the society and towards its people. They should work towards uplifting the people in society by giving them basic amenities.” Environmental-related CSR activities include treating factory waste properly to avoid harming the natural environment. Most of the participants specifically talked about building an effluent treatment plant as a kind of CSR. Indeed, it is evident from the data that western concepts of CSR do not necessarily translate to a developing country like India especially in Coimbatore and Tiruppur, which is currently struggling simply to meet economic, legal and ethical responsibilities. Thus, it is not surprising that in Coimbatore and Tiruppur, CSR equates to the basic needs of taking care of people (i.e. workers), society and the environment, rather than philanthropic responsibilities. Perhaps as India becomes a fully developed nation like those in the west, companies will have the luxury of engaging in the philanthropic responsibilities. Based on the findings of this study, in the context of the Coimbatore and Tiruppur Apparel manufacturers sector, corporate social responsibility can be defined as a firm’s commitment to adopt policies and conduct activities that have a positive impact on employee welfare, society, and the environment. Moreover, CSR must not be engaged in solely for profits.

3.2 Why Implement CSR

The data reveal that Coimbatore and Tiruppur Apparel manufacturers see several benefits of CSR. Yet at the same time, they clearly face steep challenges to its implementation. From the perspective of the participants, the challenges tend to outweigh the benefits. The short-term expenses, misperceptions about the financial benefits of CSR and the additional burden of implementing CSR-related policies and activities tend to overshadow perceptions of the long-term benefits.

3.3 Challenges to CSR

The most common challenges to CSR include: (1) tight production deadlines, (2) management and owners who are reluctant to change, (3) buyers that are not very supportive, (4) the vulnerability of the country’s export market, (5) lack of education among workers, and (6) forged compliance



documents. Because the Indian apparel industry is labour intensive, its workers are regularly required to put in long hours so that companies can deliver orders to buyers on time. Most apparel factories in Coimbatore and Tiruppur are family-owned, and most are small and medium sized enterprises. For these companies, CSR is a new concept, and one that many are not necessarily happy to embrace. Participants explained that CSR is viewed as an additional cost and an added burden for the business, in as much as business owners do not see its benefits. On the other side of the issue are those manufacturers who are willing to implement CSR, but lack support from buyers. Participants described how most retailers are only concerned about getting the product on time and are not necessarily bothered about factory working conditions. In cases where a buyer learns that a supplier is not complying with regulations, instead of encouraging the supplier or providing support for improvement, the buyer usually just stops doing business with that supplier. Participants revealed how buyers are not always keen on finding out if production is being done entirely in the factories they have placed the order with, or if a part of the order is being subcontracted to a lower tier company. As long as buyers are getting their order delivered on time, they are not overly concerned with where or how the order was completed. Finally, as was revealed in the interpretation, because buyers are not being proactive about compliance, manufacturers often pretend to comply. Participants frequently emphasized that in the Coimbatore and Tiruppur Apparel manufacturers, workers and even middle management are often illiterate or have very limited education levels. Such low education levels result in a lack of awareness and understanding of CSR and its benefits, in that workers know what is required for their jobs but do not necessarily see how things could be better. Middle management seek to interact with workers only to get the work done. Both parties accept the nature of the relationship.

IV CONCLUSION

The apparel industry requires a lot of labour. The apparel producers in Coimbatore and Tiruppur are constantly under tremendous pressure to produce and deliver goods rapidly because to retailer demand and competition from other growing countries. As a result, CSR is frequently disregarded. Manufacturers and retailers can overcome this obstacle by collaborating. For example, before placing an order, retailers should be more proactive in finding out the manufacturer's capacity. The retailer and manufacturer should then talk on a feasible manufacturing timeframe based on the manufacturer's capability and the size of the order. Retailers hold a dominating position in the garment supply chain, but producers should speak up more regarding the turnaround time for orders rather than just complying with retailer expectations. In a case where retailers make last minute changes to the order, the manufacturer should be given additional time. When collaboration takes place in this manner, manufacturing processes may become more morally motivated and free from mistreatment of human resources. India has a number of professional bodies, including the Apparel Export Promotion Council (AEPC) and the Clothing Manufacturers Association of India (CMAI). These organisations could be used to highlight the advantages of corporate social responsibility (CSR) and provide rewards for doing so, like industry recognition for CSR initiatives. Retailers and the government may split the expense of implementing CSR with small Indian manufacturers, as they lack the resources available to larger companies. Similarly, India's garment sector is still in its infancy and cannot afford to invest in CSR initiatives that do not yield some sort of financial return. This is a fact of a developing nation. Since the majority of purchasers are western retailers, they are more familiar with the definition and areas of CSR. They may thus take the initiative to create CSR opportunities that are profitable as well as morally right, and they could then share these opportunities with their Indian suppliers.

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