

# **An investigation to unearth a potential, alternative future for textile industry standards**

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## Abstract

The geographical distance to India has always been a trading barrier until recently when globalization leveled the global playing field, enabling more companies than ever before to compete, connect and collaborate. Many companies outsource their labour intensive work to countries where labour is cheap and the textile business is one example of where labour intensive trade exists. India has cheap labour, thus the Indian textile export sector has risen dramatically the last 15 years. India is as well accountable for being Europe's third largest textile exporter with a 6.4% export increase to Europe during the calendar year of 2008 (Indian Ministry of textile, 2009, p.43)

Progressively companies outsourced their textile production to India and at the same pace the medial focal point turned towards the textile industry unraveling rather extreme working conditions. Companies started to act pro-actively mould the term Corporate Social Responsibility, CSR. And as a product of this, codes of how to act were set up and producers started to get certified to ensure that everything was acceptable according to western measurements. But how is this introduction of control systems apprehended by the local market?

We started this study by questioning ourselves how cultural differences affect the local perception of certifications as a part of CSR. Hence the purpose has been to investigate in local actors convivial of western standards in order to understand and hopefully ease communication between the two parties; buyer and supplier. After doing several interviews we soon understood that certifications are a phenomenon existing only from the bare reason of cultural differences; they function as proof of understanding regardless of borders and culture. This is the main reason to why certifications are more of a request in order to conduct business on an international market; an insurance against misunderstanding which reduces risk of negative media.

We became aware of several problems surrounding CSR activities that exist on a local perspective. What we found was how an industrialization of the CSR concept had created more than one intention with these activities. By looking at the problems through a discursive perspective we have been able to identify how CSR is dominated by a business discourse rather than a human rights discourse. This have started to undermine the moral of some of the initiatives and instead produced a market where bribery and cheating is all more common. A development created according to our interviewees in the lack of trust and real engagement.

Key words: CSR, certifications, code of conduct, human rights, social auditing, India.

## Abstrakt

Den geografiska skillnaden till Indien har tills nyligen varit en handelsbarriär för många företag men tack vare dagens globalisering har ett allt större spelfält öppnats upp med tillhörande möjligheter. Fler företag kan lättare knyta kontakter samtidigt som det skapat möjligheter till nya samarbeten. Ett stort antal företag förlägger idag de arbetsintensiva sysslorna, exempelvis den textila produktionssektorn, till länder där arbetskraften är billigare. Indien är ett av många länder som idag kan bistå med konkurrenskraftig arbetskraft vilket gjort att många textilföretag förlägger produktion där. Som ett resultat av detta har Indiens textila export ökat drastiskt de senaste 15 åren. I dagsläget räknas Indien som Europas tredje största textilexportör och hade under år 2008 en exportökning på 6.4% till Europa (Indian Ministry of textile, 2009, p.43).

I samma takt som företag förlade sin textila produktion till Indien har även orättvisor inom branschen fått ökad medial uppmärksamhet. Som ett led i detta startade många företag mer aktivt att arbeta med hur de kunde ta ansvar för vad som skedde i deras namn, så kallad CSR; Corporate Social Responsibility. Grunden i detta består utav riktlinjer, så kallade Codes of Conduct, som involverade företag, ofta producenter, skall följa. Detta har både skapat och med tiden ökat efterfrågan efter certifieringar vilka skall stå som garant för att produkten eller arbetsförhållandena motsvarar på förhand uppsatta kriterier. Men hur mottags egentligen dessa kontrollmekanismer av den lokala marknaden?

Vi startade denna studie med att ställa oss själva frågan hur kulturella skillnader påverkar mottagandet av certifieringar som en del av ett företags CSR. Vårt mål har såvida varit att inventera i Indiska aktörers mottagande av västerländska standarder för att skapa oss en förståelse för och adressera problem samt möjligheter i kommunikationen mellan producent och beställare. Detta för att förhoppningsvis underlätta i kommunikationen mellan de båda parterna. Efter att ha utfört ett antal intervjuer, fick vi successivt en förståelse för att certifieringar är något som idag existerar enbart av den anledningen att det finns kulturella skillnader. Certifieringar fungerar i grunden som ett bevis för att två parter arbetar under samförstånd där de delar värderingar. I denna upptäckt finner vi även anledningen till varför certifieringar idag är mer av ett krav för att kunna delta i arbetet på den globala arenan; rädslan för missförstånd, vilket i sig grundas i rädslan av medial utblottning.

Vi blev även uppmärksammade på en rad problem kring några av de aktiviteter som ingår i CSR där vi fann ett industrialiserat koncept skapat med mer än en avsikt. Genom att titta på problemen från ett diskursivt synsätt har vi kunnat identifiera en tydlig affärsmässig diskurs inom CSR och användandet av detta. Denna slutsats har i vissa avseenden underminerat moralen i det ursprungliga initiativet och har istället producerat en marknad där både mutor och fusk blivit allt mer förekommande. En utveckling som, för några av våra intervjuade, beror på brist av förtroende och riktigt engagemang.

Nyckelord: CSR, certifiering, code of conduct, mänskliga rättigheter, social auditing, Indien.

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## **Key terms and definitions**

### **Certifying organ**

Certifying organ are companies such as BSCI, FWF, SAI, and ETI who are setting up standards / codes and creating rules for auditing procedures. These standards can be either: operational, ethical or environmental standards.

### **Certifying body**

A certifying body is often a third part company which is subcontracted by a certifying body in order to look after certified clients so that they fulfil the agreed demands regarding operational, ethical or environmental issues. A certifying body often performs testing, social auditing and in some cases also consultant services. This can be companies such as SGS, Beureau Veritas, Den Norske Veritas (DNV) or TUV-SÜD.

### **Social Auditing**

Social auditing is a control procedure where a supplier is visited by another part, often a certifying organ, for a physical check whether the supplier is complying with agreed social standards. An audit procedure is strictly dependent on the certification involved.

### **Business Social Corporate Initiative - BSCI**

An organisation consisting of companies not only in the textile areas but also of other branches. The initiative was founded as a reaction of the more extensive trade with Asia and the following decline in working conditions. Important for BSCI is to work thru a “development oriented approach” where the suppliers are helped to reach the social requirements stepwise.<sup>1</sup> Member companies are e.g. JC, Lindex, KappAhl, MQ, ICA and NCC.

### **Social Accountability Initiative - SAI**

A multi-stakeholder initiative which has developed their own international standard, SA 8000. India is a devoted follower of SAI with most workers in the world employed under its management. Important for them has been to educate their own auditors in order to promote reliable auditing and understanding of the SA8000 standard and its implementation. Member companies are mostly factories.

### **Fair Wear Foundation - FWF**

A multi-stakeholder initiative, consisting only of companies from the textile sector. The goal of the initiative is to improve the working conditions in the textile industry. Factory auditing is carried out by local FWF representatives. FWF is working towards having a long term relationship with their affiliated suppliers. The reports annually released by FWF are official and everyone can take part of them.<sup>2</sup> Member companies are e.g. Acne, Filippa K and Fabric Scandinavia.

### **Global Organic Textile Standard - GOTS**

A working group constituted by four different organizations all directed towards promote and certify organic cotton. GOTS was founded to, according to themselves, harmonise and create a world-wide recognised organic textile standard. As by January 2010 GOTS have more than 2800 certified facilities and 12 certification bodies approved to offer GOTS certification.<sup>3</sup>

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<sup>1</sup> <http://www.bsci-eu.org/index.php?id=2009> 2010-03-15

<sup>2</sup> <http://fairwear.org/about> 2010-03-15

<sup>3</sup> <http://www.global-standard.org/about-us/history.html> 2010-05-17

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# **1<sup>st</sup> chapter – Introducing the research**

In this chapter we describe the background of the thesis. We discuss the area of research and formulate the problem in which the thesis will be handled. Furthermore the limitations and the purpose are brought up as well as the disposition of the thesis.

## **1.1 Introduction**

As the world continues to shrink, general awareness continues to grow. Injustices in the world are, from having none, getting time in the world spotlight and at the same pace the consumers are now starting to place demands on the world's suppliers. One business which strongly has felt this increasing pressure of responsibility is the textile and apparel industry. Nowadays it is not possible to function as a multinational company having a company profile which excludes a corporate responsibility chapter (Nadvi, K. & Wältring, F. 2004, p. 71-73; Porter, M.E. & Kramer, M.R. 2006 p.78).

But together with the race of making the whole supply chain environmentally sustainable and reaching western human standards, problems occur that often are both costly and hazardous. Even though the majority of all research done in the Corporate Social Responsibility (CSR) field solely have been denoting it in positive terms, problems related to different CSR activities has started to emerge to the surface. CSR is to be understood as a commitment by companies to follow international law and practice also in countries where the authorities for some reason do not or cannot implement this and overall assure decent standards (af Rantzien, H. 2003, p. 33-34).

Throughout our education we have been fed with the message and importance of CSR and the new knowledge, that there are not only positive things with CSR, was in some way indulging to us. We wanted to obtain a greater understanding of how something which in our eyes was widely positive could create problems, and in that case for whom these problems were created. After reading reports elevating problems around CSR (e.g. A quick fix, Let's Clean up Fashion, Syr kläder för småpengar) and related activities we drew the conclusion that many of these problems were an effect of cultural differences. In order to obtain a greater understanding of why these problems occur, we understood that we needed to know how the local actors perceived western control initiatives in their cultural context.

The Minor Field Study scholarship granted to us by SIDA has enabled us to research these questions in field. This study is solely performed on the Indian arena with participants ranging from small scale production companies to big auditing enterprises.

## **1.2 Background of Indian textile industry and Codes of Conduct**

The textile sector is a labour intensive trade and price related incentives are often used as a competitive advantage (Hearson, M. & Morser, A., 2007, p.2). The Indian workforce is large and relatively cheap resulting in a booming Indian textile industry with an export increase of 64% the last five years and it now employs 35 million people, making it the second largest work sector in India (Indian Ministry of Textiles, 2009, p. 41). The European Union is the single largest market for India's textile products (ibid). However, in the shadow of economic growth severe environmental disasters are common, human rights are violated and labour conditions are pushed far below international as well as national stipulations. Multinational

corporations are often accused of being part of these problems and/or taking advantages of the situation (FWF, 2010, p. 6).

As far as India is concerned the textile industry is a fluent industry in terms of geographical position. Especially southern parts of India, such as Bangalore, are experiencing a fast growth due to relocation of factories from northern cities, for example Mumbai. Reasons cited are the lower wages in southern India as well as an absence of a strong trade union movement. FWF (2004, p.16-17) describes the living and working conditions of garment workers as bad. With low wages and often a piece rate system workers have to work long hours in order to make a living. Complex chains of subcontracting exist within the country and many small units are active within the sector. According to FWF the most common problem in India is unpaid and undocumented overtime. But they also noticed that there is a problem with seasonal and temporary workers since they often have great problems with getting their wages paid on time, they have no social security, no bonus or leave benefits and the occurrence of juvenile workers are also greater in this share (FWF, 2010, p.15).

There has been a recent increase in outsourcing of labour intensive goods, such as textile, primarily to the Asian region, where working conditions often are poor. The laws and policies connected with labour are in these countries often weakly enforced and workers might be unable to exercise their freedom of association. The competition between companies and even countries is fierce. A tool to prevent orders from being placed in other countries is the price related incentives which has led employers to keep labour costs low. Workers often feel pressed to accept substandard labour conditions in order to keep their jobs (FWF, 2010, p. 15).

The contemporary customer is more aware of and cares about working conditions under which goods they buy have been produced. Companies that source production from these countries are risking damaging their reputation if the work is not carried out in a controlled manner and this information reaches the customer.<sup>4</sup> This has created a need for Codes of Conduct, CoC, rules of what to do and how to do it. A CoC implies that all involved parts in the CoC stipulating company's business, such as a supplier, have to agree on these terms in order to be accepted as associate. The codes deal to a big extent with occupational health and safety, minimum wages, environmental protection, freedom of association, collective bargaining and anti-corruption. Although they are all set by individual companies most codes are based on the same standards and conventions and are hence very similar to each other (e.g. Magnusson et al. 2002).

March 2010: 21 textile assembly workers at a Bangladeshi textile plant were killed in a fire due to closed and locked emergency exits. Western based companies with thorough written CoC:s were standing responsible in the eyes of media and thus the general opinion.<sup>5</sup> This is only the latest catastrophe in the line of CoC abuse with certified and controlled companies which in the end obviously does not fulfil the demands that are set up.

That CoC:s are not always followed is a fact which also can be derived from the mere existence of the social auditing phenomenon: the practise of checking compliance with different CoC:s. But what has been less researched is why these CoC:s is not being followed. The answer to why these emergency exits were locked in Bangladesh remains undeclared even though the solution might seem very simple: just unlock them. This is not the only existent problem, in addition there is a list of several other existing problems which are all

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<sup>4</sup> <http://www.bsci-eu.org/index.php?id=2011> 2010-03-15

<sup>5</sup> [www.independent.co.uk](http://www.independent.co.uk), 2010-03-02



associated with contemporary CoC:s, such as empty or locked first aid kits or non-existing fire extinguishers. Fair Wear Foundation (FWF) states the following in their annual report (2010, p.7):

Most violations of good labour practice have complex causes, ranging from political and economical to a lack of understanding.

What is not explained is from whom the lack of understanding originates. Since FWF is a control initiative we draw the conclusion that they are referring to the producer as the source of insufficiency. As a part of most control initiatives, FWF, BSCI and SAI, there is a clausal of education involved which in a sense stipulates that these organs have possession of an ultimate truth.

### **1.3 Formulation of the Problem**

By the fact that there is a need for social auditing, the abuse of certifications and the general lack of understanding in mind we decided to write this thesis. We drew the conclusion that there must be a discrepancy between the interpretation the supplying factories and the demanding companies have in the CSR discussion. This thesis concentrates around unraveling the “the lack of understanding” FWF elevated, but from the point of view that maybe it is us, the western world, who lacks this understanding. This will be done by creating an understanding of how the local actors perceive the CSR movements and their related activities.

The principal question is:

- How does the cultural dimension impact the perception of the local Indian opinion towards western control systems in terms of understanding?

To further understand and be able to deeper analyse the question we have also moulded a set of subsidiary questions:

- What kind of problems related to western control systems exists in the Indian textile sector from a local point of view?
- How can the problems perceived be eased?
- Are the set requirements for a generic CoC reasonable, from a local Indian perspective?

### **1.4 Main objective**

The main objective of our study is to unravel local actors’ thoughts and opinions concerning western control systems in India. We want to investigate, describe and analyze the reception of ethical and environmental control initiatives on the Indian market. The aim is to create an awareness of what kind of problems related to western control initiatives that exists amongst local actors. The product of this research is meant to educate in the cross cultural business communication field and about how certifications are locally perceived with reference to recent research.

### **1.5 Limitations**

To map all problems related to western control systems are by nature impossible especially due to our time limitations. As for concrete limitations in our field work we have only selected interviewees who are conducting business in an international context and actively

working with regulations set by international initiatives. As by western control systems we are only referring to branch initiatives such as BSCI (Business Social Compliance Initiative), FWF (Fair Ware Foundation), SAI (Social accountability Initiative), ETI (Ethical Trading Initiative) and global organic textile suppliers (GOTS). This study is limited to the requirements put up and the opinions considering their outline not how companies are complying with the requirements. The objects of interest for the study are factories within the textile branch with production in house and not out-sourced capacity, not to another factory nor house work. The study is limited by the geographical enormousness of India and can accordingly only claim to represent individual thoughts and not general opinions. Consequently, when writing “the suppliers” we only refer to the suppliers involved in this study and not claiming this to be the general opinion of Indian suppliers.

## **1.6 Disposition**

Initially an introduction and formulation of the problem researched is presented by providing the reader with a background and our aim of this thesis as well as limitations. To be able to attain to our main objective with our thesis we have disposed the research as follows:

Beginning with methodology in order to create an understanding for how and why the research has been conducted in the way it has been. We provide reasons as well as arguments to why the used approach has been applied during our five week long field study. We inform how the data gathered will be presented and handled.

This is followed by the introduction of the ideas discourse and cross cultural business communication; concepts relevant for the analytical process of the product. We have chosen to introduce the discourse concept more thoroughly in this section and just briefly introduced it where methodology is presented. Since neither the discourse nor the cross cultural business communications concepts have a specific relation to CSR and we have thus chosen to keep it in this separate chapter.

The thesis will continue with introducing the thoughts of the production and consumption of CSR. How the today’s CSR industry is taking action with references to recent research will be presented with both achievements and flaws of the industry are brought up in order to give the reader a comprehensive idea of the situation. This is followed by the core of our research: how CSR is consumed and perceived by local actors in an Indian context. Apart from producers, social auditors and traders have been interviewed and their opinions are presented in a thematic way. This will be juxtaposed to existing research and the cross cultural business communication concept

Lastly we have the outcome of our thesis where we will discuss and analyse how the CSR produced is perceived locally with arguments to why this way of thinking exists and how this might be changed. This will be put in perspective to recent research and existing arguments to motivate and enforce our argumentation. Thereafter follows a concluding summary which shortly answers our initial research questions.

## **2<sup>nd</sup> Chapter – Methodology discussion**

This chapter explains and discuss the different approaches used in the research with arguments till why these methods have been used.

### **2.1 Approach**

We are well aware of the nature of our earlier knowledge, without hands on experience our understanding of Indian culture is mainly based of prejudice. Every researcher struggles with their pre-knowledge in order to collect new knowledge as the scientist's paradox implies: the knowledge is a perquisite for the pre knowledge, but the pre knowledge is an obstacle for the knowledge (Andersen, I. 1998, p.65). In our case we travelled to India with an as open mind as possible. An ambition has been to create a greater understanding of our own values in order to minimize our critical views.

Primarily this research is based on inductively drawn conclusions; it starts with one single and empirical event meanwhile theoretical studies are made to later be linked and laced together (Andersen, I. 1998, p. 29-30). As a starting point, we wanted to work from a deductive approach by preparing all the theoretical information to later be tested and analyzed in comparison with empirical data. However did we at an early stage realize that we could not prepare ourselves fully nor obtain full understanding of the issues our topic accomplishes while still in Sweden. Instead our studies started in India with a five week long investigation which gradually revealed a picture of the reception of western standards. All information was gathered thru interviews and observations at the factories visited and the control organs we established contact with. The information gathered by this field work was constantly validated by verification of contemporary research in order to establish a picture whether the source was reliable. The five weeks of field work was followed by three weeks of concluding and working with the material gathered; analyzing and discussing answers and patterns in order to finalize the end product.

While working we have used an abductive reasoning process to analyze our progress, when we constantly gathered new information and conclusions; setting our work shifting between observations and ideas as well as between parts and a growing result. Starrin, B. and Svensson, P.G. (1994, p. 25-26) states that the processes which guides people into discoveries or a genuine understanding of the creating of a phenomena, is linked with abductive processing.

In order to be able to handle the different aspects of CSR we have utilized a discursive approach. We consider CSR to be constituted by two different least common denominators: human rights and business. For the human rights discourse this includes concepts such as human rights, equal value and sustainability while our business discourse includes ideas of profitability, cost and competition. This division CSR into two fields will be used as we analyze our findings. Discourse will be more deeply introduced in the next chapter: previous research.

### **2.2 Qualitative vs. Quantitative**

Qualitative method is by Starrin, B and Svensson, P.G. (1994, p. 164) described as something used to characterize and shape a phenomenon. The qualitative method is used to bring order to what might seem chaotic and unrestrained. We have chosen to work with an abductive field study approach of mainly qualitative character. According to Holme, I.M. and Krohn Solvang,

B. (1996, p. 79), this type of approach is essential in creating a relevant base which enables a discussion with the existing theory.

Working flexibly with space for changes in the setup is important for the progress; questions and the way they are formulated should always be ready to be reformed with regard of the interviewee. Yet again an open mind is necessary, but also an understanding and nearness to the subject studied. In the interviewing process we have handed out a small questionnaire as an end to the interview, incorporating a more quantitative method, even though the approach of this paper is mainly qualitative. That fact that we are using both qualitative and quantitative methods is referred to as the multi-method by Saunders et al (2000, p.98-99). This multi method have two specific advantages since it allows different methods to be used for different purposes as well as it allows its extender to analyze and validate the material through triangulation. By using different types of data collection we can easily detect if we get the similar results and thereby test its validity. This is also supported by Holme, I.M. and Krohn Solvang, B. (1991, p.86) who proclaims that combining different methods gives the information better validity and in case that different result appear it could constitute the base on which a new way of interpreting could be made. But they also bring up the fact that a combination of different methods could have the opposite effect though. We have still chosen to work in this manner since we believe that the quantitative function of this research is limited and will thus not affect the other in a bad way.

### **2.3 Proceedings**

As mentioned earlier, the biggest source of information has been collected via interviews and observations. Due to the cultural aspect of our study the observations made have been constant and have not been announced ahead during the five weeks in India; exceptions made for industrial visits and interviews which demand planning. These kind of observations are referred to as closed, non-participating observations (Andersen, I. 1998, s. 154).

Interviews have been made under semi-structured procedures, characterized by a non-standardized approach but still involving an agenda of what themes to be treated in the interview. The order of the questions has been altered and the choice of questions has varied slightly depending on whom we have been interviewing. We have been quite ambivalent in which recording method we should use. At first we were positive towards the use of a dictaphone during the interviews and later on transcribing this to text script. But Andersen, I. (1998, p.75) suggests that this may not be the best method since this may cause stress for the respondent. Due to a more formal approach the end result of the answers may not be of high reliability. Still this has to be weighed against the advantages of tape recording which Saunders et al (2000, p.243-4; 246) elevates such as that it allows the interviewer to concentrate more on questioning and listening. Furthermore it allows questions to be accurately recorded for later use as well as it gives the interviewer the ability to re-listen on the answers in combination that a permanent record is created for others to use. But Saunders et al also brings up what Andersen, I. brought up on the negative side as well as some other disadvantages such as a possible negative effect on the relationship between the interviewee and the interviewer which may result in reduction of reliability. This technique may also suffer from technical problems and an important point is that the work load required to transcribe the tape might be relatively large compared to the outcome. To be able to circumvent these drawbacks Andersen, I. (1998, p.75) promoted a method were use of a dictaphone is central, but only post-interview. During the interview a traditional pen and paper approach is employed and after the interview, when the interviewee has departed the dictaphone is used to conclude the interview and to further develop the notes taken. The latter

method we adopted throughout our whole minor field study even though Kvale, S. states that this will reduce the reliance of the material. Still he puts forward the fact that many serious researchers have used these methods (Kvale, S. 1996 p.161-163).

We have during the whole investigation made sure to create a trustworthy relationship by being honest and showed interest in the interviewees and their line of business, this in order to get them emotionally engaged. We have found it very rewarding to explain carefully about our studies in field and the purpose of our visit. At every occasion of an interview, we have made sure that everyone are well aware of the resolution of the research and the reason to why we ask these types of questions. We have also been careful to put forward that all involved will be anonymous in order to create a safe environment.

Meanwhile the studies taken place in field we have also made sure to catch up on theoretical processes. To support our empirical studies on theory and recent published articles has been important for the end product.

## **2.4 Selection and data accumulation**

Holme, I.M. and Krohn Solvang, B. (1991, p.104) advocate that an interview gains advantages if the interviewee is aware of and can reflect over their situation. The respondents' ability of expressing themselves fully and cogently is also crucial in order to obtain a valid and reliable material. Our choice of respondents has been affected hence and the interviews conducted are primarily done with persons with higher education. We have valued the probable outcome of an interview as an equation between verbal skills, English wise, and knowledge within sought area. Since our main targets in this research have been people in power positions who often possesses both of the variables the equation has not affected the selection in a greater extent. We have thus decided to funnel down our sources of information to the administrative section of companies and not the hands on personnel.

To choose the number of interview respondents is not easy and this depends consequently on how deep knowledge you need in order to draw conclusions (Kvale, S. 1996, p. 101-103). A small number will not create a valid and reliable ground for statistical generalizations to be made. However, a too large number will impede the process of analyze and interpretation. Accordingly we have tried to find a good balance in this matter taken the factor of time into consideration. With this in mind our aim was to interview at least 10 respondents in India. When we had conducted 10 interviews and got a bigger picture of the local opinions we felt that more was needed to be said about this issue. This resulted in that we ended up with 15 interviewees before we considered further interviews no necessary due to repetitive pattern of the interviews.

The questionnaire was created in order to obtain easy to handle data to facilitate the creation of an overview of what part of CoC that is considered important in India. More concretely this questionnaire was constituted by a generic code of conduct set together by 11 points with influence of the FWF, BSCI and SA 8000 CoC. The respondent should choose what he/she thought was most important, the most common victim of abuse and what he/she considered to be the least important of these 11 points. The survey was given in the end of our interviews as a closing point. As the questionnaire was handed out we thoroughly explained what was meant by the different alternatives and if any questions still occurred we clarified till, what we perceived, the respondent had understood. We distributed the survey to 10 different represents from different companies. All of the interviewed persons did not receive a questionnaire due to various issues; in two cases, when interviewing two persons from a

company, one could only partly attend to the interview because of work related obligations and thus had to leave before the questionnaire was handed out. In two cases the respondent refused to fill in the “One (1) least important point” since they considered all too important. The questionnaire was only distributed in India and represents only personal opinions. The form is constituted of the generic code of conduct found in the fourth chapter. The form handed out contained the explanatory text of what which point meant, but this we had to remove when presenting the results in chapter five due to lack of space.

We created a generic CoC derived from FWF, BSCI and SAI as presented in chapter 4.2 Comparison chart. The 11 points used in the questionnaire are the following:

1. **Child labour:** No workers under the age of 15.
2. **Forced labour:** No forced labour, including prison or debt bondage labour.
3. **Health and Safety:** Provide a safe and healthy work environment.
4. **Freedom of Association and Right to Collective Bargaining.**
5. **Discrimination:** No discrimination based on race, caste, origin, religion, disability, etc.
6. **Discipline:** No corporal punishment, mental or physical coercion or verbal abuse.
7. **Working hours:** Comply with law; but no more than 48h/week, 1 day off per seven day period.
8. **Compensation:** Wages paid are according to legal standards/sufficient to meet the basic needs.
9. **Management Systems for Human Resources:** e.g. Welfare committee.
10. **Anti-bribery and anti-corruption policy.**
11. **The environment is respected.**

Our strive has been to acquire a diverse and multi-faceted picture of how the dilemma focused on in this research is actually perceived by local initiatives. Therefore we have chosen not only to interview the administrative section of a factory, but also to obtain information from the auditing organizations to receive their picture of the phenomenon. By doing so we have also been able to distinguish more nuances in the debate which has helped us to draw further conclusions of the material gathered. The companies selected have partially been based upon connections. One producing company participating in the research is Swedish based with production in India and through personal connections the contact was established. Further, that contact established in place helped us connect with another producer. Still in Sweden we contacted another company which we knew had production in the area we planned to travel to in India and got two interviews with their suppliers. As for the auditors and other suppliers the contact has been taken without any contact of reference. Common for all respondents is that they have been working on an international level with implantation of western standards. The factory representatives has been found through personal contacts and chosen by how they operate in terms of target markets. The auditing personnel have been chosen by operating area i.e. the textile business, and by which certifications they are conducting audits for.

The articles we have gathered information from have initially been located through strategic searches in databases accessed through the University of Borås' records. We have used key search terms such as: CSR, India, living wage, textile, social responsibility and sustainable development. The result in terms of articles of importance for this study was relatively limited which made us back track the sources used in the most relevant articles to find a wider range of usable material. We repeated this process in the originating articles to further increase our span. We have also used reports from different branch organizations such as Clean Clothes Campaign (CCC), Swedwatch and The International Textile, Garment and Leather Workers Federation (ITGLWF).

## 2.5 Process reflection

We are aware of that our way of obtaining data always is an object for problems related to reliability and validity. According to Andersen, I. (1998, p. 85) it is important to achieve validity as well as reliability in a research. Validity concludes aspects such as currency and relevance. Relevance can be achieved by opting for relevant concepts and variables throughout the study whilst currency is attained when there is a congruity between empirical findings and theory. In short reliability stipulates how trustworthy the findings of the research can be considered to be and to which degree chance has influenced the results.

Since our interviews mainly have been conducted with persons in positions higher up in the hierarchy levels we have to bare this in mind which is underlined by Andersen, I (1998, p. 177-178). He brings up a series of thoughts in order to better cope with the interviewing situation. He underlines the importance of being well prepared if the possibility of asking sub-questions does not exist. Since persons in power positions are used of taking command of a conversation and making decisions the interviewer must be well acquainted with the most important questions to secure that these get through. Andersen suggests that the interviewer should take command of the interview by elucidating that there are several questions formulated which are to be answered within the time limitations of the interview. It is important as an interviewer to have a high level of knowledge in the field of the research. This in order to obtain intellectual respect from the interviewee but also to be able to formulate questions which appeal to the respondent, otherwise these can be criticized or rejected. Andersen also brings up the need to be humble if arranging interviews with people in power positions, the process can be more protracted than expected since people with rank often are difficult to reach and make appointments with.

The language might be a barrier and important facts might get twisted or lost in translation. To ensure that we have understood the text thoroughly we have frequently been using paraphrasing as proposed by Andersen, I (1998, p.178). As our field of study is largely affected by cultural aspects such as differences, the mere fact that we are non-Indian nationals clearly affects the outcome of all data we collect. We are aware of this reality and the complexities accompanying it but there is little we can do to influence it other than being conscious about its existence.

Since the nature of this study does not have any interest in not granting anonymousness to all involved parts we have granted our respondents privacy and thoroughly explained the purpose of the research. This has been important to us since we believe being straightforward will enhance the reliability and validity of the research.

All the field data, gathered through articles or printed resources originating from branch initiatives, have been critically observed by using a method called “IMRAD” (Introduction, Method, Results, Analysis, Discussion) which has been a central procedure when searching for information in books or articles. The process contains four questions which are to be directed towards the read material: Why has the author studied this phenomenon (I)?, How was the research processed (M)?, What was the conclusion (R & A)? and what does the result imply (D)?<sup>6</sup> The author or organizations of an article always have an objective with their publication. We are using publications from different branch organizations which want to enlighten a certain perspective without bringing up either the flaws or advantages of another.

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<sup>6</sup> <http://www.stat.umu.se/10-03-17>

This might result in that they present a slightly misleading angle of the problem but with this in mind our strive has been to double check the facts to as large extent as possible.

We have been introduced to some of our interviewees through personal or business contacts who in two cases helped us set up the interviews. In these two cases a representative from the international company was present during the interviews. This might have affected the respondents' attitude but we are taking this into consideration. The factory representatives interviewed has all been very well aware of social standards and workers' rights. All except two interviewed representative's companies have been certified by at least one certification organ. They have also given the impression to be informed about of the general situation in India and thus could provide us with an indication of the local situation.

What is important to keep in mind is that India is an exceptionally diverse country, in areal almost as big as Europe. Because of this we emphasize that the conclusions made from this research only are directly applicable on the cases studied and not to be used as general knowledge. Of course can the findings give hints and tips in other cases as well but the reader should bare this in mind.

As for the questionnaire we are aware that no fundamental conclusions can be made upon this material since it reflects only a handful of opinions. Still we consider the nature of the findings motivates the material to be included in this research to further support our conclusions.

## **2.6 Handling and presentation of data**

As pointed out by Saunders et al, (2000, p. 137) once guaranteeing anonymity and confidentiality these values have to be respected. We will do this to the extent possible, by being sincere with the intentions of the work and be cautious of how we handle gathered information.

Since it is often difficult for the reader to verify the data and presented results, especially in a field study, Holme and Krohn Solvang (1996, p. 93) points out the importance of striving for an account as descriptive and true as possible of what has transpired. With this in mind we have done our outmost to achieve a very detailed and descriptive presentation of our empirical data in order to give the reader the tools to create a good understanding. Holme and Krohn Solvang elevate reproduction of direct quotations in the report as a method of writing, showing the respondent's own way of expressing him/herself. We have implemented this way of presenting facts to an extent. Our opinion is that the use of actual citations provides a comprehensive way of presenting nuances and different opinions of the local actors.

We have chosen to use an individual approach when presenting opinions instead of a company approach to clearly illustrate that it is individual opinions which are strictly dependent on the interviewed person and not on the company. Still we consider their position and role in the company as important and thus we provide this information. All names that appear are fictitious but we will use a name based approach to again stress that it is personal opinions presented. To facilitate the identification of different characters we have written (comp.: x) for producing and miscellaneous companies or (aud.: x) for auditing companies as further reference.



## **2.7 The analytic process**

In order to abstract as much information as possible from the collected data we presented the data thematically where we differentiate subject positions. This since we are of the idea that it is important for the study to understand how different groups and individuals react upon CSR. From a discourse point of view we analysed how different groups reacted and interpreted CSR in relation to a cultural context. We have also put the perception of certifications under the cross cultural business communication idea's light to see how certifications are managed from this approach. The product elevates a perspective often forgotten, the local opinion, and thus adds to the existing idea of how CSR in practise is carried out.

## **3<sup>rd</sup> chapter – Previous research**

In this chapter we will bring up concepts necessary for understanding the frames our research problem subsists within. As mentioned in the introduction chapter, we have come to understand that there are disagreements between the demanding and the supplying side considering their looks upon the interpretation of CSR. We believe that out of cultural contexts misunderstandings often occur and consequently have we chosen to address the problem thru a discourse objective. This approach allows more than one truth to exist and we can hopefully identify from where these problems demeanour. Firstly, we will introduce the concept of discourse, a way of separating the different fundamentals of CSR and then we will introduce important constructions of cross cultural business communication.

### **3.1 Discourse**

A discourse is a way of describing how a certain phenomenon is looked upon. It is constituted by all existing knowledge of a certain matter and what, within this field, is considered to be the truth. From an analytic viewpoint this implies that there exists no objective reality and that reality is fluid and constantly changing due to societal changes. The discursive categorizations of a phenomenon are restricted to a cultural and historical context, meaning that we would understand it differently in another time or place. (Winther Jørgensen et al, 2000, p. 12). This also applies to our identities as individuals and members of different groups (Winther Jørgensen et al 2000: 97). Theories on discourse focus on the process in which categorizations or meanings get fixed but also on the effects of these. The theory stresses that our interpretation of the world is possible, but not necessary (Winther Jørgensen et al, 2000, p. 11-12, 32).

The discourse concept does not reflect a complete picture of reality, but is a theoretical figure to frame and caricaturize a slice of reality, which provides a manageable unit for analysis and deepened understanding. In theoretical works the model is incorporated in metatheoretical explanations and the model aspect is toned down. When, on the other hand, the discourse concept is applied to empirical findings the concept as an analytical model and tool is emphasized. In these cases the researcher has the right to define and construct discourses in a way that makes it manageable (Winther Jørgensen et al, 2000, p. 137).

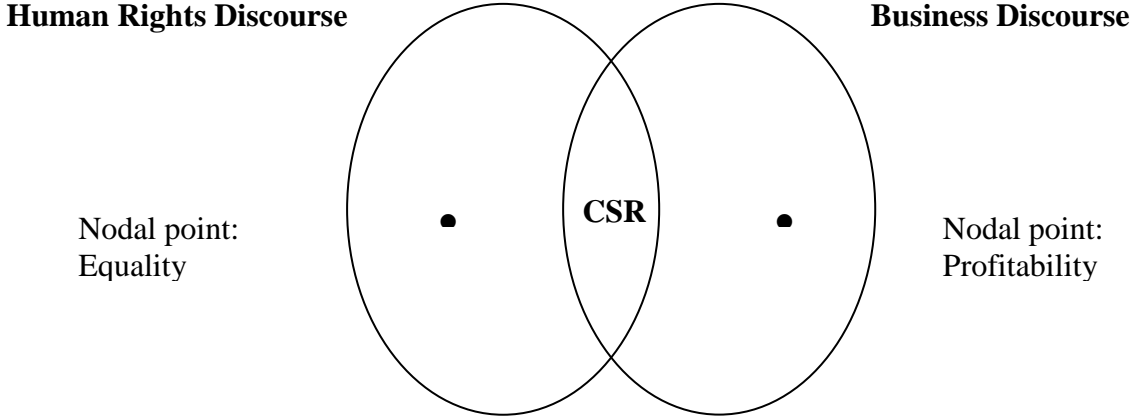
A discourse can be looked upon as a web of symbols, a web where every symbol can be linked to each other, but where some are more closely linked than others. Every symbol has its own significance and the web represents the relationship between different meanings where some meanings as well can be excluded. Some of these symbols, the nodal points, have stronger positions in the web, they are placed closer to the central, where other symbols can organize around them and in term get their meaning in relation to the nodal point. It is these nodal points that in turn can be described as the general defining points of a discourse (W. Jørgensen, et al, 2000, p.33).

#### **3.1.1 Our discursive interpretation of CSR**

For the purpose of the research we handled CSR as a constitution of two different discourses: a human rights discourse and a business discourse. The human rights discourse we are using is imbued with the belief that all persons are equal and that every individual withholds the same basic rights. That “all beings are equivalent in dignity and human rights” demand for better working conditions amongst some suppliers at the same time as it demands for outlaws against managements that constantly violate human rights. This belief is a core convention in

human rights declared by the United Nations and in extension also the concept of democracy. This will be the nodal point and hereafter it will be referred to as the “human rights discourse”.

Our second discourse is based upon market economic theories; since the CSR engagement amongst corporations lies within a business ground. Both producers and suppliers are to some extent been forced to react to a growing demand and as a result been required to protect their commerce, hence liaised with the CSR process. Their motives are therefore naturally more of a financial aspect and one of the stronger symbols or nodal points would therefore be profitability. This discourse will be referred to as the “business discourse”. The CSR concept can be looked upon as where these two discourses meet and cross.



Order of discourse

Figure 1: Our interpretation of CSR consisting of two discourses. Source: Own

**3.2 Cross-Cultural Business Communication**

To more thoroughly understand the cultural differences underlying in a business relationship we have chosen to investigate in an all more common business constellation and its practices; cross-cultural business relationships. Since we are in the opinion of that cultural tolerance is of importance to the answer of our main question, we want to introduce the reader to a broader understanding concerning culturally related issues.

Wheatley, M. (1991, p.85) notices that companies have been shifting away from adversarial business interactions, traditional buyer – seller transactions, in an attempt to gain greater competitive advantage through relationships by longer-term focus based on mutual advantage and mutual survival. Cross cultural business relationships are growing in number and Williams et al (1998, p. 135) notices that from a managerial point of view the chances of success of cross-national business relationships are partially determined by the appreciation and understanding that each country partner has of the other’s social as well as structural bonding requirements and expectations.

Previous research has shown that joint ventures between developed countries have an instability rate of 30% whilst developing countries have 45-50%. An identified obstacle for this is the degree of cultural distance. The cultural distance was brought up by Hofstede (1980) during the 80s as a concept of the extent to which the norms and values of the two firms differ because of their separate national characteristics. Several different researches has come to the same conclusion: it is critical to understand the role of culture in business

marketing and especially in establishing and maintaining cross-cultural relationships, if it's going to be a success (Williams et al, 1998, p. 2).

Many cultural dimensional models developed by various researchers and institutions distinguish comparative cultural values to a group of people determined by a geographical, national or regional boundary (Jelavic, M. & Ogilvie, K. 2009, p.1). Hofstede (1980), however, suggested that culture should be defined by groups of people that are conditioned by similar life experiences and education. He determined empirically four key criteria's by which cultural differences could be distinguished: power distance, uncertainty avoidance, masculinity-femininity and individualism-collectivism. He created a continuum axle on which the two extremes of each category are represented and the country is placed on this axle to indicate its status. By doing so it is possible to separate and juxtapose different cultures and countries by placing them on these axles. The power distance indicates to which extent power is unevenly distributed and centralized. This can be indicated by the use of titles in business life. Uncertainty avoidance deal with to what extent people feel threatened by ambiguous situations such as how strict to work against deadlines. Masculinity-femininity is explained by Munter, M (1993, p. 12) as the extent to which dominant values emphasize assertiveness and materialism. Individualism-collectivism is describing to which extent people define themselves as part of a larger group or individuals (Munter, M. 1993, p. 11-12). India is by Hofstede categorized as a collectivistic country with high power distance, where men are more dominant than women and of low level of uncertainty avoidance.

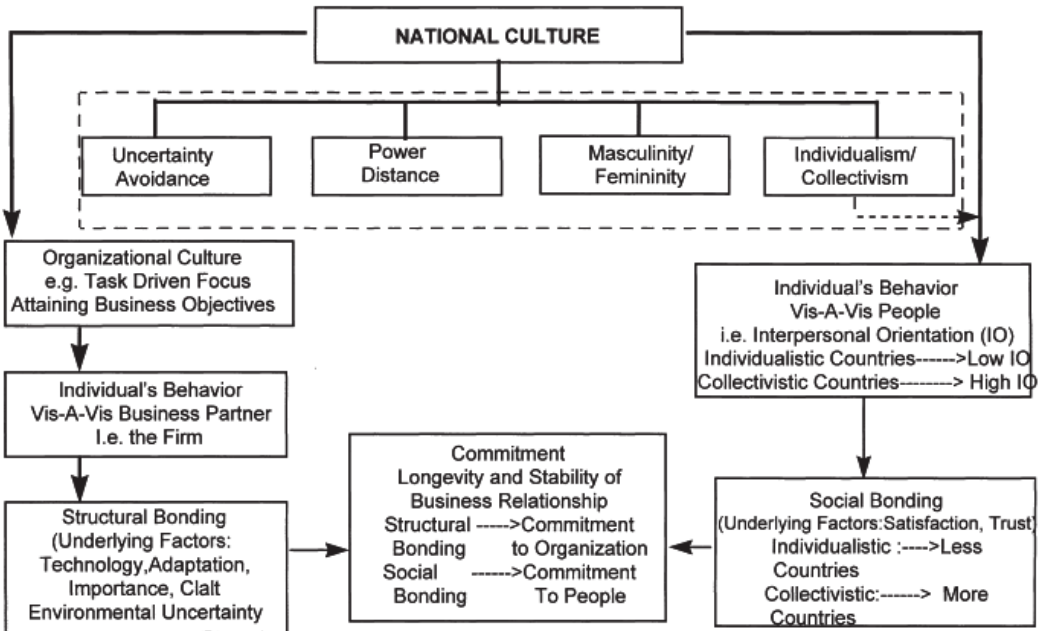


Figure 2: A scheme of how cultural bonds are created. Source: J. D. Williams et al (1998, p. 138)

A way of further distinguishing cultural differences is by comparing the Hofstede's key criteria's with Maslow's hierarchy of needs to locate what motivates people (Jelavic, M. & Ogilvie, K. 2009, p.2). In the western countries Maslow's hierarchy of needs is a frequently used metaphor of describing the priority of fulfilling personal needs. Jelavic, M. and Ogilvie, K. stresses the thought that Maslow's hierarchy might not be a universal truth in all cultures, and only applicable selectively. They further state that certain societal cultures place more

importance on certain needs, which could indeed impact managerial processes and leadership styles in those countries.

A concept called bonding has been identified as a concept for examining performance in business relations between countries. It is a dichotomy between structural and social bonding. The latter is signified by individuals bonded together via organizational members' personal and social relationships with their counterparts in a particular firm. Trust, satisfaction and other personal factors play an important role in the development of social bonding. Williams et al (1998, p.3) defines the concept of structural bonding as a degree to which certain ties link and hold a buyer and seller together in a relationship as the result of some mutually beneficial by economical, strategic, technological and/or organizational purposes.

Wilson and Mummalaneni (Williams et al, 1998, p.140) argues that the greater the commitment of the organization to a specific relationship, the greater the stability of that relationship and the greater the chance that the duration of the relationship will be longer. This is also supported by Williams et al (1998, p. 141) who further states that both structural and social bonding is positively related to commitment for different cultural nations. Still structural bonding has a greater influence than social bonding on commitment in these scenarios. Williams et al (1998, p. 141) also argue that structural bonding is more important in individual cultures while social bonding is more important in collectivistic cultures when creating commitments. This is also what London, M. (2008 p.12) stipulates: "Advocacy is more difficult when goals are impersonal, positive outcomes are years away, and there is little agreement about what to do."

## 4<sup>th</sup> chapter – producing CSR

The purpose of the following chapter is to introduce the reader in how the world of CSR is functioning, including the predicaments and difficulties involved in the business. It further explains how the two nodal points of the CSR discourse interact and function in practise. The history of CSR is explained as well as fundamental activities such as social auditing with related problems brought up.

### 4.1 CSR

In 1932 a professor Dodd put forward the question: “for whom are corporate managers trustees”. He answered his own query by positing that corporate managers not only are responsible to the shareholders, but for the public as a whole. (Cochran, P. L. 2007, p.1) An important paradigm shift occurred in the CSR discussion in 2002 when Porter, M. and Kramer. Published an article arguing for how, in a long term, social and economic goals are not conflicting but are integrally connected. They pointed also out that economic investments might have social returns, but also that many social investments have economic returns. This was an important milestone in the CSR debate (Cochran, P. L. 2007, p.2)

Now CSR has emerged as an inescapable priority for business leaders in every country (Porter, M.E. & Kramer, M.R. 2006 s.78) and can be explained as the work corporations take on to improve and monitor labour conditions, human rights and environmental protection. To formalize CSR, companies write their own individual code of conduct that clearly states conditions and standards that have to be followed by everyone complying in a business relationship with the company. The consumer demand of increased of transparency within company supply chains has led to an implementation of a CoC containing more social values and created a need to control the conformity rate. Social audits are carried out to make sure that rules are clear and that standards are being followed. To establish this is a high cost post for retail companies and if all companies had own standards this would be a very confusing situation for suppliers with many audits from different sources, all with different CoC:s and auditing procedures to conform to.

Because of these arguments many small and medium size enterprises today join common networks, a certification body, where experiences and auditing are being shared members between. A common code is set up and is the ground of conducts to be followed. BSCI, Business Social Compliance Initiative, is one of these networks and includes companies such as KappAhl, Gina Tricot and Lindex. FWF, Fear Wear Foundation and SAI, Social Accountability Initiative are examples of other initiatives. All these initiatives have clauses considering training and capacity building for the factory employees.

### 4.2 Comparison chart

In order to easily compare the three initiative’s base codes with each other we put them up in a comparison chart.<sup>7</sup>

Org.	BSCI	SAI – SA 8000	FWF
<b>Req 1</b>	There is no forced labour and disciplinary measures	No forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters	Employment is freely chosen
<b>Req 2</b>	No discrimination is practised	No discrimination	No discrimination in work

<sup>7</sup> The 10 unique points gathered have in turn been the base of our questionnaire.

<b>Req 3</b>	Child labour is prohibited	No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention	No exploitation of child labour
<b>Req 4</b>	Freedom of association and the right to collective bargaining	Freedom of association and the right to collective bargaining	Freedom of association and right to collectively bargain
<b>Req 5</b>	Legal minimum and/or industry standards wages	Wages must meet the legal and industry standards, sufficient to meet basic needs of workers and families	Payment of a living wage
<b>Req 6</b>	Working hours are compliant with national laws, don't exceed 48h + 12h overtime	Comply with the applicable law but, in any event, no more than 48 hours per week 1 day off/7 days	No excessive working hours
<b>Req 7</b>	The workplace is safe and healthy	Provide a safe and healthy work environment	Safe and healthy working conditions
<b>Req 8</b>	There is a policy for social accountability	Management systems for human resources	Legally-binding employment relationship
<b>Req 9</b>	The environment is respected	No corporal punishment, mental or physical coercion or verbal abuse	
<b>Req 10</b>	Anti-bribery and anti-corruption policy		

### 4.3 Social auditing

Social auditing is a process which is carried out to ensure that a contracted manufacturer fulfills the agreed commitments. To start with a social auditor will visit a supplier to check whether there is conformity with the labour standards laid out in the code of conducts they have been given and agreed upon. The objectives can be either to assess the problems that exist in the factory or to develop a corrective action or remediation plan. The normal procedure of an audit contains three steps, referred to as the circle of evidence and does normally undergo during a few hours up to a few days. A document review is carried out to check on e.g. working hours, human resources management and wages. An onsite inspection, sometimes referred to as a physical inspection or factory walkthrough, is performed in order to reveal whether safety and health issues exist in the work place. Inspectors might look on first aid kits, fire extinguishers, emergency exits, ventilation and lavatories. This kind of walkthrough might also reveal management-worker issues if workers for instance seem uncomfortable when line supervisors appear. Interview held with workers and managements should also be a key element of an audit and in best practices also with local unions and non-government organizations, NGOs. The auditor wants to distinguish whether the employee receives all traits granted by local law such as the legal minimum wage and that the factory is conforming to agreed CoC. These kinds of audits are often carried out by international commercial audit firms such as SGS or SAI which are subcontracted by organizations such as BSCI or FWF (Pruett, D. CCC, 2005, p. 22).

In the best of worlds there would be no need for audits and all suppliers would respect the lines drawn. Since the reality is another these audits exist but they are object to a series of problems of different origin. There are several ways to circumvent the CoC agreed on. A known phenomenon is the “model factory” which serves as a model of a well-functioning plant, with good working conditions and a good documentation. The plant’s purpose is to function as a company facade to which all social auditors are coming, but the real workload is instead outsourced to other entities (Pruett, D. CCC, 2005, p. 20). Whether audits should or should not be announced in advance is not a one sided dime. The general public often prefers unannounced audits since this does not give the supplier time to stage anything. Auditors often prefer announced audits since this gives the factory the possibility to prepare so that the right managers are available for interview and the needed documentation is accessible (A

quick Fix,). Pruett, D. (CCC, 2005, p.13) argues that “retailers and audit firms do not want to jeopardize their relationships with their suppliers who tend to see unannounced visits, part of the so called ‘policing approach’, as impolite an inappropriate interference in their business.”

Pruett, D. (CCC, 2005, p. 14-15) has located a series of different problems with social auditing and states that they often fail to deliver what they promise. Primarily social auditing fails to assess problems of code compliance related to freedom of association, excessive and forced overtime, abusive treatment and discrimination. Pruett address these issues to that social audits are too short and superficial if any serious violations are going to be noticed other than health and safety matters. The mere fact that the majority of social audits often are announcing visits in advance makes it too easy for plants to receive positive evaluations since they can prepare. A related dilemma is the coaching, that workers are told what to tell the auditors e.g. regarding wage and that falsified records can be created. Audits are often followed up with insufficient remediation work leaving the problem with workers badly informed about their rights not improving. This will keep workers afraid for their own jobs to elevate problems during audits. Pruett notices that workers and their organizations often are marginalized in the social audit process just as trade unions or women’s labour NGOs which seldom are involved. Social auditing as a business is also addressed as a problem since the global firms have generally unskilled and inexperienced staff. Their business model, states Pruett, often conflicts with the requirements for credible, independent social auditing creating a closed and secretive milieu. That is preventing serious discussion about its policy and practices and possible improvements to its methods.

#### **4.4 Living wage**

Fair wages has lately arisen as a more central discussion in the CSR debate and is a part of many ethical initiatives wage policy, amongst others FWF and SAI. Just recently the Swedish branch of the Clean Clothes Campaign published an article (2009) about how almost none of the bigger clothing companies place demands towards their suppliers concerning the employees and how they are treated. The article raises the voice of the living wage, defines it and juxtaposes it against actual minimum wage and ditto living wage.

In the code of conduct and the chapter of wage, many companies refer as a lowermost to the national legal minimum wage to be followed. Some companies choose to extend this by adding a comment where they encourage their suppliers to pay higher salaries (Hovland, Steindal, E.2009, p.3). Minimum wage is supposed to cover enough to satisfy basic needs, yet problems occur when the wage normally is a lot lower than to cover those basic needs of a worthy life (Steele, D. 2000, p.2). Living wage is therefore a new initiative to calculate decent wages and is often defined as to support many family members as well as to leave space for some savings. A more affluent definition of living wage could for example be:

A living wage can be described as enabling workers to meet their needs for nutritious food and clean water, shelter, clothes, education, healthcare and transport, as well as allowing for a level of discretionary income. Earnings should be enough to provide for the basic needs of workers and their families, to allow them to participate fully in society and live with dignity.

(Responsibility Report, Arcadia Group, 2009, p. 17)

One of the problems with living wage has been that there still is no single, general definition existing. Something that opens up for interpretations and easily misguides the good of the initiative. With a vague definition without clear factors, workers have a hard time bargaining



against their employer (Atherya, B. & Thys, N. 1999, p.3). Another problem to be faced is the difficulties in ensuring that living wage actually are paid out to the workers rather than just to increase producer's margins (Labour behind the Label, 2007, p.10).

Living wage is for some spokesmen just a new standard of minimum wage, the difference and the most common problem as for minimum wage has been that it rarely changes in relation to stagnations in price. Living wage is based on the intention to be updated on macro-economic changes (Hovland, Steindal, E. 2009, p.8).

The question of "who is to blame?" still stands unanswered and is a problem no one wants to take responsibility for. Is it a part of the producing countries' public sector, in other words their concern or is it the industrial countries price pressure that disables to work fairly? It would not be the first time production is moved to where prices of production and labour are the lowest (Hovland Steindal, E. 2009, p. 9). Another side claims that it is the workers responsibility to mobilize and collectively endeavour for better wages. Without their strive, NGO's and ethical initiatives cannot work fully in order to help them (Steele, D. 2000).

As mentioned the minimum wage in India (Kerala) is 3484 INR, or 522 Swedish kronor. According to the published article by Hovland Steindal, E. (2009, p. 17) a decent living wage would instead be around 837 Swedish kronor, a monthly increase by approximately 60%.

#### **4.5 CSR as lip service**

Lee, K –H. and Shin, D. (2009, p.2) argues that consumers is establishing a positive purchase intention towards the awareness of CSR activities. In other words, customers seek for "good" CSR activities and they intend to buy products from "good" companies. Another side of this CSR debate was risen by Crook, C. (2005, p. 3) when stating that firms are still mainly interested in making money, despite whatever their CEO might claim in the annual report. Crook refers to companies CSR efforts as merely a cosmetic treatment. The question if CSR is mostly for show to most companies and that CSR does not go very deep is according to Crook definitely positive. These results are all also supported by Porter, M. and Kramer, M. (2002, p. 5) when they pointed out that many economic investments have social returns, and many social investments have economic returns.

Hearson, M. and Morser, A. (2007, p.13) brings up the fact that there are certain CSR professionals who has a long experience in the managing of ethical programmes such as CoC and how to conduct trade ethically. A problem surrounding these experts is that their ideas are part of the last decade, which is marked by procrastination, slow progress and not least a vague ambition. Hearson, M. and Morser, A. are stating that the experts are very well aware of what might work from a company's perspective but stresses that this is very different from knowing how to create a good ground for the textile production workers.

According to what is considered to be one of the most authoritative evaluation of ethical trading (Hearson, M. & Morser, A. 2007 p.13., Lindholm, H. 2008, p. 11) are the millions of pounds invested in different CSR programs, that does not in any way deliver the significant improvement in working conditions and wages they could and should have. Still, ETI reports that there have been some gains, but not adequate ones. ETI addresses this current failing approach to the lack of creativity and poverty of ambition in the CSR activities. Still Hearson, M. and Morser, A. argue that the knowledge of the experts should not be neglected but that the real experts, the workers, have to be consulted and involved in the development of these practises. It is the workers who are mostly aware of how the last 10 years of CSR initiatives have largely failed to deliver substantial improvements (Hearson, M. & Morser, A. 2007 p.13).

They have located one of the key issues to this failure is that when problems are found during audits they only tell the managers to fix them, but nothing more and state: “The companies doesn’t do much more than put up demands with their suppliers which they have to comply with”

Social legislation has a strong tradition in India, but this has little impact on reality. Agrawala, R. and Khan, Z.D. (2000, p. 2) noted that the British influenced India with elaborated principles and ideas of the political and economic establishment. This also created a need for a large body of socially oriented legislation but implementation was never part of the scheme. This made the distance increase between fine principles and actual practices in India since the independence 1947, leading to normal people not trusting the principles and the powerful not respecting the practices.

Professor de Neeve, G. (2009) is arguing from another point. He puts forward the idea about how westerners come to educate suppliers about how to conduct work in line with one ultimate truth. de Neeve has examined the politics of ethical compliance in the garment manufacturing cluster, Tirupur. As one of its countries biggest textile exporters, it is a city of very diverse workforce, with many migrant workers that prefer to work a 12-hour shift in order to make a living and send money back home, he argues that it is hard to implement western standards. de Neeve argues that producers are forced to engage with a set of values concerning their workforce and production that are experienced as an external interference that both ignores and devalues producers own way of organizing their production.

According to de Neeve labour standards was not even mentioned 10 years ago when dealing with manufacturers in Tirupur. Today it is the only way to get international orders. De Neeve finds an underlying critique amongst the residents of the city, a critique towards the consumers who he describes as: “wanting both to have their cake and eat it too”. Towards the western buying companies and chain stores that compete in price by pushing down the rates with their suppliers and at the same time expect the latter to produce within tight schedules and in an ethical correct way.

The buyers take on the roles of teachers where there is always a constant issue of trust towards the suppliers. In the buyers’ eyes the supplier should be thankful for this external help and as apprentices, they should be taught, disciplined and tested. De Neeve claims that in the heart of today’s CSR front-line operations lie fear, accusation and intimidation. With powerful regimes of control and governance the politics of CSR creates new hierarchies of value and morality. With this in mind he refers to CSR as Neo-Colonialism (2009, p.64)

## 5<sup>th</sup> chapter - Consuming CSR in an Indian Context

This chapter will cover our findings of how CSR is perceived by local Indian actors thematized to reproduce the essence of their thoughts. The following topics are all built upon interviews conducted in India and Sweden. This chapter will start with local opinions of the incentives surrounding CSR and continue explaining their thought with a problematized approach.

### 5.1 The CSR drive force and gimmick

The existence of CRS is originating, according to our interviewees, from more or less the same source. There is consensus among all our interviewees that the certification industry is not a process initiated by the suppliers but something demanded by buyers. Suppliers have to adapt and the argument how suppliers have to be certified in order to work internationally was established as a fact with reoccurring tendencies throughout our interviews, both among suppliers and auditors. (e.g. aud.:2, 1 & comp.: 2).

This was also supported among the producers and they stressed the fact that the certifications are needed nowadays in order to be believed as a caring company (comp.: 2, 5, 8). This has become a truth among all our interviewees and we several times got the quote "...it's the buyer's market" but also "...it's the consumers market" (e.g. comp.: 3 & aud.: 1). That the suppliers had any impact on this was never a topic of discussion. Among the interviewed suppliers this was an accepted fact and that they had to have a certification was part of their normal business practice. But as for why the certifications exist we received different answers and quickly understood that this is of three different perspectives: consumer, buyer and supplier.

The consumers are putting up more demands considering both environmental and ethical sustainability. The awareness among consumers has risen drastically the past years and are utilizing their buying power to make their garment suppliers increase the transparency. Media has also helped in this development by focusing on these issues. No specific reasons till why awareness has risen are given (aud.: 1 & comp.: 4).

In order to sell attractive goods the buyers have to adapt to the consumers and thus sell more sustainable clothes. This was further explained by Sheila<sup>8</sup> when she described the evolution of CSR in India and risk management as one of the driving forces:

Consumer awareness definitely helps the progress of the matter. It is the fear of media, fear of being out in the open that makes brands extremely conscious. In order to coop with this fear the demand for certifications has risen enormously the last 20 years as a result of these increasing philosophical risks involved in producing (Sheila, aud.:2).

This is both directed towards demanding and supplying companies. Lajita<sup>9</sup>, production manager at a small sized company explained the increase in certification popularity as inversely proportional to trust: the need for certifications increases when trust declines. The bottom line argument was that human being does not trust each other any longer and this has

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<sup>8</sup> Interview with Sheila, lead auditor, aud. 2, 2010-04-21

<sup>9</sup> Interview with Lajita, production manager, comp. 8, 2010-05-05

led to the increase in certification popularity. She explained further explained that certifications are expanding as a market due to globalization and the distrust bringing distances. The function as of certifications is described to resemble a proof of understanding, that both are aware of the same system (comp.: 5). Carlos<sup>10</sup>, production manager for a small scale natural dyeing company, concluded what many of our respondents had told us before:

People seek, companies give. Certifications only exist to provide for the end customer what he is demanding. But companies are not very sincere, in the long run they only want the certification in order to sell clothes, but of course they think sustainability is a plus (Carlos, comp.:6).

Suppliers have to adapt to the buyers' requests and this is the single biggest reason till why ethical and environmental certifications has become a part of their everyday agenda (comp.: 1, 5 & aud.: 1, 2). Depending on your position on the supplier market to have a certification is, if not a necessity, a big marketing advantage (comp.: 8). Still we have been exposed for other theories and lead auditor Vijay<sup>11</sup> explained that another reason as to why certifications have gained so much in popularity lately is because of the growing competition. During his audits he has encountered the mentality that certifications are interesting since they are a quality mark and the producers are often very proud of their plants. He explained:

It [certifications] is a carrot for suppliers to achieve; you [another supplier] have a certification, I [as a supplier] also want one! I can too. You see, this is also related to pride (Vijay, aud.:3).

Despite the recent increase in demand from the market, the popularity of environmental and ethical certifications is relatively low compared to other certifications. Paramesh<sup>12</sup>, company manager of a certifying body explains how interest in ethical certifications is low since owners don't see any direct return on investment for these kinds of certificates. For managements systems as ISO 9000 the interest is higher because plant managers quickly understands that this will generate higher profits due to increased efficiency (aud.:1).

The supplying and producing companies in general do not have any genuine interest in ethical and environmental sustainability (comp.: 2 & aud.: 2). Of course there are some companies deeply concerned with these issues which actively have been working within these fields from personal interest. It is important to diverse the two different types of companies; one who conducted their business in the thoughts and learning's of CSR, the other one who liaised with a certification because it was needed, enforced, as some of our interviewees explains (aud.:1&2). What we have noted is that these genuinely engaged companies do not think highly of certifications and for one of them, company manager Karthik<sup>13</sup>, stated:

Certification is just a gimmick for us (Karthik, comp.:2).

This is a truth for many companies and we have experienced similar statements from other companies. The CSR ideas are solitary conveyed by some suppliers because of the fact that these are sought upon by the buyers according. These are needed in order to conduct trade but without the demand of certificates many companies would stand without certificate today and some without a CSR policy (comp.:2,4).

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<sup>10</sup> Interview with Carlos, production manager, comp. 6, 2010-04-30

<sup>11</sup> Interview with Vijay, lead auditor, aud. 3, 2010-04-22

<sup>12</sup> Interview with Paramesh, company manager, aud. 1, 2010-04-17

<sup>13</sup> Interview with Karthik, company manager, comp. 2, 2010-04-13

## 5.2 Flexibility

Because of a market diversity, where some actors are more driven by the human rights discourse of CSR and some of the business incentives, we have noted that companies address two problems in particular: too few certifications, as later described in the “bending the codes” chapter, and too many certifications. The latter one is related to the difficulties for suppliers to know which certifications to go for due to an immense market of these. When a supplier want to go for a certificate they first of all need to scan the market they want to approach for which certificates that are usable there; Japan has their own certifications and different countries in Europe have their own (comp.: 2). The frustration about Europe not being able to unite and create a few common standards is requested by many suppliers who does not understand the idea of checking more or less the same principles various times for different certificates. Secondly the certificate must also have a big user base and be recognized in order to be useful. An unrecognized certificate does not fill any purpose. Hence, suppliers with intentions of selling to Europe must first know which countries they will target and then browse that market for certificates that are recognized there. BSCI and FWF were for instance not recognized by one of our interviewed suppliers at all and most other suppliers but also auditors had never heard of FWF but of BSCI (comp.: 2, 3, 5 aud.: 3). If a buyer approaches a supplier the supplier of course gets advised of which certificates to research. Certifications may also function as a trade barrier since it is difficult for a supplier to be proactive and approach a new buyer to hastily be eligible for a new order (comp.: 8).

Many voices have been raised around the question if the certifications are too strict or just flexible enough. To start with, we quite early detected that there is differences in between certifications and that there are an enormous amount to choose from. Some certifications have been declared as easier than others; some are based on guidelines while others, like BSCI, are ticked off by a list, either you comply or you do not. Paramesh<sup>14</sup> explains the situation further:

SA 8000 is by far the toughest one with a more complex guideline in their standards. BSCI for example have a quicker way of using audits where a checklist is set up. The data for all of them are roughly the same but some are more difficult to achieve. SA 8000 has check-up's every six months, BSCI only do one audit in three years (Paramesh, aud.:1).

Tougher can as well be understood as less flexible; the stricter a certification is, the harder it is to live up to. Paramesh<sup>15</sup> continues:

The percentage itself will tell you, most of our clients go for the easier certifications. We have 150 clients under BSCI, only 70 SA8000 (Paramesh, aud.:1).

The buyers, according to the suppliers and auditors (e.g. comp.: 2 & aud.: 3), does not have a hint, or seem to care if one certification is easier to pass than the other; as long as a supplier is certified. The buyer often stay content as long as the supplier has a certificate to show when prompted to and this might be one of the reasons to why many choose to go for BSCI. But overall the general opinion seems to be that there is a need of more flexibility in the certifications, regardless of kind. The terms of the standards are good; the only problem is their flexibility (aud.: 1). They are after all ideas created in the west and in order to implement them in an ultimate way; a more flexible mind is desired.

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<sup>14</sup> Interview with Paramesh, company manager, aud. 1, 2010-04-17

<sup>15</sup> Interview with Paramesh, company manager, aud. 1, 2010-04-17

The human factor, that no one is 100 per cent perfect is brought up as a flexibility issue as well. Errors can be made and space must exist for corrective actions to be carried out before a certificate is withdrawn. These conflicts are several times nominated as a product of misunderstanding between cultures. An example of when rules might be in order to be less supple, concerns one of the standards most likely to be abused in India; working hours. It is mainly the workers that will not cooperate with fewer hours since they are in need of the money. This could as well be looked upon as a question if the wages are paid correctly, but for Tirupur, a city with a lot of seasonal workers, there is no demand of short or normal working hours. Monisha<sup>16</sup>, merchandiser in Tirupur, explains how people only come to Tirupur for works since there is nothing else to do and nothing else the employees wants to do while being there. Another example of the certifications inflexibility is met once again in Tirupur, where Lukesh<sup>17</sup>, control manager for a local textile producer explains:

Sometimes they [buyers] sure are intervening in our processes. Just like this one time when I did one thing my way and then a buyer told me I had to do it another way. Not that his way in any sense was better, just that it was the “correct” one. What should I do, I had to adapt. It is just two different ways of looking at the same thing, I am not sure that the standardized way was the better one, but I cannot argue about it (Lukesh, comp.:4).

We were introduced to another set of problems related to flexibility in the process of organic farming. Production manager Haamid (comp.: 1) explained to us that a farmer has to wait approximately for two years before his farm can get certified as organic. In this time he is not allowed to use any kinds of pesticides at all. If his cotton gets infected by pests during this time he is placed to confront a very difficult question. Either he saves his income and crop by using a small amount of pesticides which makes him loose the possibility of an organic license for another two years. The second alternative is that he sticks to his undertakings and sees the crop go bad and with that loses his yearly income.

The flexibility asked upon is closely linked to the problems of implementing western standards into another culture. Vijay<sup>18</sup> explains to us about cultural differences and the difficulties these bring along:

Different cultures, different habits. It’s not easy to understand a country; even parts of countries might be severely different. Take India for instance; 26 states as different as 26 countries (Vijay, aud.:3).

The statement that India is as diverse as different countries and the complicity this implies is reoccurring many times during our interviews. It is important to remember that this is a business arrangement within a human business and that by working with other countries, we keep an open mind to other cultures.

### **5.3 A matter of education**

During our research we have noticed that education and schooling is something often referred to when talking about certifications. There are mainly two different approaches by which the term education is used. One is considering insufficient knowledge and the other one is how

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<sup>16</sup> Interview with Monisha, merchandiser, comp. 9, 2010-04-23

<sup>17</sup> Interview with Lukesh, control manager, comp. 4, 2010-04-23

<sup>18</sup> Interview with Vijay, lead auditor, aud. 3, 2010-04-22

certification is used as a tool of schooling suppliers within a correct business approach. We have noted during our study that certifications are often referred to as ideas from the west that local actors have to “educate” themselves with and adapt to. Certifications are in one aspect a diploma for knowing certain practices which has many similarities with how information is delivered in schools. General processing manager Jafaar<sup>19</sup> explains:

Well, you see – This is just like going to school again. You are in school in order to get certified that you have certain qualities; this is just the same thing. You go to school in order to get a certificate; this is the post school era. You have to have a degree, a certificate in order to get a job. This is how it works in the textile business nowadays (Jafaar, comp.:5).

No one of our interviewees put any value in this but it appeared to be an accepted fact which was part of their normal working environment. The critique against this approach has been within the flexibility topic: how this often is a matter of one way communication (comp.: 2). Still opinions has been risen which elevate positive aspects of education. A normal thought was: “the west gives us the certifications and it’s good because we are in need of them right now”. Normally the discussion was considering suppliers and India being educated but there were also opinions about how buyers need to have greater knowledge about certifications and be genuinely interested in them in if a paradigm shift ever was going to happen (comp.: 9 & aud.: 1). Sheila<sup>20</sup> stresses the fact that this issue is not a single sided dime. The responsibility of getting approved cannot solely be put on the shoulders of the supplier but the buyer also has a share in the educational cake.

...there has to be greater transparencies between the two [buyer and producer]. If the supplier is new, brief him, it is important to educate the supplier before the audit is done, this would really be of great help. After all it is a business relationship and not only all negative should be highlighted (Sheila, aud.:2).

Judging from the information we have gathered regarding feedback we received an inconsistent picture about how feedback is handled. That all suppliers wanted positive feedback is certain, which some said that they received and some said that no positive indications were given at all. This inconsistency constituted the auditors answers: one certification body told us that the certifications did not allow them to give any positive feedback whilst two others said that they were free to give. The certification bodies are not allowed to give the suppliers any suggestions of how to change their setting in order to comply with the sought certification. Such consultancy is strictly forbidden and would according to the certification bodies: “conflict with their interest and put them out of work.” (aud.: 1, 2, 3). Production Manager Jabeen<sup>21</sup> brought up the importance of not only educating the supplier about sustainability but also the end consumer if this strive is going to be realized.

If sustainability is ever going to be a realistic target the whole supply chain has to be aware, and it’s certainly not a responsibility of the supplier to do this education. It should be the certifying initiatives part but this is rarely done and frankly they [the certifying initiatives] are not doing their job in either side (Jabeen, comp.:2).

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<sup>19</sup> Interview with Jafaar, general processing manager, comp. 5, 2010-04-28

<sup>20</sup> Interview with Sheila, lead auditor, aud. 2, 2010-04-21

<sup>21</sup> Interview with Jabeen, production manager, comp.2, 2010-04-13

As mentioned before, India is a big market where conditions differ depending on region; pointed out again to us by Samarendu, manager of testing and certification (aud.:1), as he said that conditions are changing and that he believed that the workforce in Tirupur, known for its tradition in knitwear, was more educated about matters such as workers' rights. This thesis proved to be correct and when interviewing Lukesh<sup>22</sup>, who is working for a Tirupur based company specialized in knitwear, he explained:

Nowadays the workers are so aware, so educated, I cannot underpay them. If I don't give them the right salary, they will go to another company that will. There is a lack of labour right now and it's on their call (Lukesh, comp.:4).

This lack of labour was depending on the fact that many workers are seasonal workers who work during a certain period to earn money till they can move home again and live unemployed. These workers, did we get explained to us, were not very loyal and disappeared as soon as they had gathered enough money. It is explained to us as "a workers market due to education" (comp.: 4).

#### **5.4 CSR as a business: costs and who should really be paying?**

As stated in the first topic, "The CSR drive force and gimmick", there is a clear need for certifications in order to work on an international market, many of the suppliers we have been in contact with, experience a demand to certify their plant. For many of them this is as well a very costly undertaking since there are a number of hidden costs concerned with training and rearranging organizational work. Additionally the suppliers themselves pay for their audits as well as for the resulting certification. Talking to one of our own Indian-sourcing companies in Sweden, they verify this by stating that no financial help is given towards the demands that are placed upon the suppliers, though they offer guidance through the process to improve (comp.: 9). The certifications and certification process creates a lot of administrative paperwork for suppliers.

Haamid<sup>23</sup>, plant owner, further tells us about a farmer he met 5-6 years ago, just when many of the certifications started to appear in India. The farmer was switching to organic cotton and explained how he could find himself taking 25% of his energy out on paper work, leaving only 75% to farming. Haamid considers this development to be a very dangerous and an obstacle which might be a big blockade against certifications. Another fact brought up by some of our interviewees is that they carry a higher standard than the certification itself and the necessity of the certifications is questioned. Haamid continues:

Why should I pay for a certification, and market their brand if I think my standards are higher than theirs (Haamid, comp.:1)?

Another factory representative gives us exactly the same response and calls it yet another way to "extort" money from suppliers (Comp.: 2). Buyers look at the problem from another side and claim that it is they who pay a higher end price so suppliers can cover the certificate related costs. Some might question why such good initiatives should have to cost at all. At large, undertaking a certification is the same as following the law, the issue of trust is clearly on the buyers' side, not on the producing side and it is debatable who should have to pay for the distrust in extra auditing. Another problem which is highly conscious during all of our

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<sup>22</sup> Interview with Lukesh, control manager, comp. 4, 2010-04-23

<sup>23</sup> Interview with Haamid, company manager, comp.1, 2010-04-09



interviews is the hassle with too many different kinds of certifications. To just have one is sometimes not enough; suppliers need a set of certificates to be valid. Lukesh<sup>24</sup> explains:

Buyers from different companies have different priorities, just like different countries care for different things. They all are going to want different certifications. The problem is that just by undertaking one certification; I won't get a green card and can compete on an international market. I'm in need of all of them (Lukesh, comp.:4).

Instead a race has been set up and good intentions seem to have become a market. Some new certification bodies are just in it to make money (aud.:1). Since the demand of certifications is so high a market is set where we can detect a negative competition between parties who should be nonaligned. Vijay<sup>25</sup> tells us:

Today certifications are a business. Anyone can start a certification body! Elias certification body. A lot of new names are coming... And it is easier to get one all of a sudden. Yes sir, no problem! The companies demand it and in one way the suppliers will get it (Vijay, aud.:3).

This problem is put spoken by multiple interviewees and CSR is described as a too big business with conflicting interests. Certification initiatives often start with a good intention but when business grows and becomes global, stakeholder interests often get more diverse than before. With this the initial intention gets faded and a new purpose of the initiative might arise, not always a good one. (comp.: 2, 4)

A market is often driven by price incentives, and India, which is a country described as where one still has to fight for survival (aud.:1), is in no need of additional costs. If there is a shortage of tools to solve problems and in addition there is a lack of interest regarding the problem, it is relatively reasonable to see shortcuts and cheating as a way of redemption. Lajita<sup>26</sup> explains to us the level of attention certifications in developing countries receive and at the same time character the state that the country is still in:

It's only popular in the west because you have the money to care. The developing countries' don't mind about certifications; they only are [thinking] about price. Commonly they aren't concerned (Lajita, comp.:8).

This idea is also put forward by Mary<sup>27</sup> who states that India and China has to expand and find new ways to fuel the market and CSR, certifications being a part of it: "sustainability is simply a way to find new business". But she also posts a new problem into our minds by stating:

I've seen this too many times: persons getting grants, starting up their business, keep going till the money is used and then stop. That is too many times called sustainable I wouldn't give much for that kind of sustainability. They use the sustainability as a way of selling, its bullshit! They have no idea what they are talking about.... What is sustainable anyway? ...They

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<sup>24</sup> Interview with Lukesh, control manager, comp. 4, 2010-04-23

<sup>25</sup> Interview with Vijay, lead auditor, aud. 3, 2010-04-22

<sup>26</sup> Interview with Lajita, production manager, comp. 8, 2010-05-05

<sup>27</sup> Interview with Mary, company manager, comp. 7, 2010-05-01

forget there is business; you have to make a business that sells otherwise it's definitely not sustainable (Mary, comp.:7).

How to define sustainability is a complex issue. Mary is emphasizing that if a business is not economically sustainable it does not matter how ecological and ethical the production is since this will not sustain anyway.

## 5.5 Bending the codes

What at a first glance might look like an iron curtain with very strict acceptance policies is troubled by a series of problems. Since the commercialization of CSR the economic incentives in the certification business is getting larger. Two of the suppliers interviewed were frustrated about the fact that many of the standards are successively downgrading instead of upgrading the chemical allowances limits. Karthik<sup>28</sup> gave us the following story:

It's like the certification board is run by big retail companies, what is needed is a certification that controls the certification companies. One year ago one of Britain's largest retailers wanted to produce a t-shirt with a print containing, at the time, substances not permitted by the certification initiative they were a part of. For some reason this substance was miraculously allowed again shortly afterwards. No one really got to know about this (Karthik, comp.:2).

That the certifications are downgrading is an existing problem according to Karthik, supported by other of our interviewees, which thrives because of mainly two reasons of the same origin. The first reason is that the certifying initiatives want to be as attractive for the big companies as possible. The reason is met since big companies give legitimacy to the certification, in other words, more income for the certifying organ. For the same financial reason it wants as many members as possible both on the retail side as on the producing side. To lower the standards and make it easier to comply with them is one strategy to get more members. This is a sharp edge to balance since if the public starts doubting the intentions of the certifying initiative, not only the certification itself will lose credibility but the members will take a medial hit (comp.: 2, 6). Organic indigo dyer Carlos<sup>29</sup> is fed up with this approach and demands that there should be two different certificates, not more.

There should be two labels: organic and non-organic, natural and non-natural. It has to be clarified how much pollution there is in each single garment. Now even ecological jeans have some polluting effect on our nature. Why can't organic be organic (Carlos, comp.:6)?

This kind of thought is mainly raised by companies that started with environmental and ethical sustainability in mind: there are not enough differentials in the certifications. No certifications known to these suppliers spoken to are straight edge, not allowing any kind of flexibility regarding pesticides. None of the companies spoken to used any certifications initially, tough one is now adjusting their production in order to get one. Even though they previously stated that they did not need any due to market demand (comp.: 8). The other one has gone for GOTS (comp.: 2) and the third had earlier a certificate but dropped it because the chemical allowances got too low (comp.: 6).

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<sup>28</sup> Interview with Karthik, company manager, comp. 2, 2010-04-13

<sup>29</sup> Interview with Carlos, production manager, comp. 6, 2010-04-30

A phenomenon experienced by the certification bodies is originating in the public and, often, buyers' lack of knowledge about how a certification process is carried out in practice. The certification organs are responsible for the auditing and that the auditing is done correctly. But what few consumers know is that this procedure often is carried out by a third party organization, the certification bodies (comp.: 2). The certifications are very strict in how an auditing procedure should be carried out and do not permit any deviation from the practices set up. The interviewed certification bodies explained that companies are free to change body if they want to, Paramesh<sup>30</sup> is anxious over the development:

We certified one company and after one year they were still not following the standards so we had to withdraw the certificate which they had a hard time understanding. What happen was [that] they changed certification body and got certified again. Simply: if I stick to my guns, I lose my clients (Paramesh, aud.:1).

Only in the Mumbai region there are 8-10 different certification bodies “competing” for the same customers. This competition is explained as a problem but can also be positive since bribery is raised as an issue within the Indian society, which a capitalistic market can reduce (comp.: 7 & aud.: 1). We got explained to us that bribery does exist in the business and there are recorded cases of agents performing audits demanding money in order to certify the producer (comp.: 6, 7). Amongst our interviewees (e.g. comp.: 4) complaints of why third party audits has to be made in the first place. They state their opinions that if there is a buying office present in the country from where the buying company organizes audits is there really a need for third party audits? The answer conducts in the fear of media and consumer's' belief, the lack of trust towards our brands creates a need for neutral judges, third party bodies.

Although Vijay (aud.: 3) refer to CSR as “non-technical but very simple” he is, according to the suppliers, talking about the idea of CSR and not the certifications. The picture they paint describes certifications as very technical and the one who fully understand the technicalities can without hassle comply with the demands set up. That a producer who wants to circumvent the certification system can do this seems like a truth among the suppliers (comp.: 1, 2, 6). A question to if the certifications at all are being followed can be allied to a quote taken from Sunil<sup>31</sup>, a surplus trader:

Once we start following the certifications, labour won't be cheap and we can't compete on an international market (Sunil, comp.:3).

As noted in the previous topic of CSR as a business; it is said to be the buyer whom in the end pays the higher price since the supplier needs to meet his expenses. Judging from Sunil's comment, this may not always be true. In order to keep those low prices that are asked upon from retailing companies, one might have to bend a few codes. What can be seen today is that retailing companies demand certifications but cannot pay for them in the end.

## 5.6 But what about the law?

As previous explained certifications are based upon national minimum law. The Indian laws are based upon British regulations and have by many of our interviewees been referred to as “very well written” (e.g. aud.: 2 & comp.: 2). The issue of trust appears to us during our interviews and the certificates are explained to be a proof of good management (comp.: 5). A

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<sup>30</sup> Interview with Paramesh, company manager, aud. 1, 2010-04-17

<sup>31</sup> Interview with Sunil, surplus trader, comp. 3, 2010-04-21

proof of that the minimum state law is understood and taken under the extensions of the management. There is a need for it since some of our interviewees can see a direct need of stricter regulations in order to keep the law under control (e.g. aud.: 3). Not all of course, but some manufacturers still struggle with keeping to what is right according to law (aud.:1). It is explained as an evolution, that the certifications help India on its feet and that it will take time to reach its final goal (aud.: 2). Understanding and flexibility is asked upon. Common for all our interviewees is that they all state that certifications are a good thing it is needed since not all suppliers are aware of the law or does not obey it (Aud.: 2) Several of our interviewees claim that one government is not enough and that the certifications help keep justice in check with announced and unannounced audits (aud.: 1, 3). At the same time, as explained under the previous title, there is a lot of unfair play surrounding the certifications now days. One company represent<sup>32</sup> explains that the focus often is whether the supplier has a certification or not but if it is followed does not matter. There seems to be no problem to dupe auditors or buyers if the supplier is trying to since control is hard to manifest (comp.: 5). Rules and regulations are looked upon differently in India as well as other parts of the world and we have to be aware of the cultural differences this brings along. Vijay<sup>33</sup> explains something as simple as wearing a helmet as:

Most common one of abuse... Health and safety. It is very common to not use the right protection; that the workers don't want to use earplugs or mouth protection. It is uncomfortable for me; I don't want to use a helmet. It is a cultural thing. In your country, you wear a helmet when riding a bike at 10 km/h. People here don't use that when riding at 100 km/h (Vijay, aud.:3).

What also been detected as common is corruption as a rather normal business practise; Sunil<sup>34</sup> explains:

He [Manufacturer] will try to manipulate somewhere. He will bribe him [Auditor], its everywhere, especially in India. We don't have time to stand in line. So we will pay him (Sunil, comp.:3).

It is important to meet and be aware of these differences in cultural aspects, especially in a country as diverse as India. To include the national law in the regulations set up by western countries may to some appear as ignorant, but has as well proven to be necessary in some cases. In the end it seems today too easy to cheat the system and the basics of any relationship should instead be based upon trust. The representative for the Swedish company (comp.:9) we have been in contact with is aware of the problem that a lot of the outcomes are just for show. She emphasizes that if CSR is ever going to work as intended, it has to be in the supplier's sincere interest to improve.

## **5.7 Medial concern of certification abuse**

The recent debate concerning appropriate wages for the workers of undeveloped countries emerged as highly significant. The medial pressure upon companies to take bigger responsibility, to work continuously for better and more human salaries in order for the workers to be able to care for their families, seemed for a while to be an inescapable undertaking. Hence many of the certifications bodies as well as private companies added a

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<sup>32</sup> Interview with Jafaar, general processing manager, comp. 5, 2010-04-28

<sup>33</sup> Interview with Vijay, lead auditor, aud. 3, 2010-04-22

<sup>34</sup> Interview with Sunil, surplus trader, comp. 3, 2010-04-21

clausal where living wages was a minimum. In this medial concern lays also the foundation of CSR and Sheila<sup>35</sup> explains about the time of commence:

Since the riddle of Adidas's poor working conditions were published in media, there has been an international trial debating around multinational companies working ethics. The news hit the company [Adidas] so hard, they couldn't get rid of any stock, and it was a major hit financially. The debate arose around sweatshops, globalization and decent wages and forced western companies to monitor the cost they were making. Annual reports as well as social auditing were set up (Sheila, aud.:2).

The western media feeds its citizens with new reports of child labour and abusing of conducts, though it seems to be a bit of a newsflash for some of our interviewees (e.g. comp.: 1). As to be seen in the questionnaire (Figure 3, p.32), there is no unity in the looks upon the abuse of CSR from the Indian suppliers. We have also got the comment "that's not really that common" a few times and for a while have had a feeling of that we know more about the abuse than they do.

The Indian culture is built upon the good in people and CSR is explained to us by Vijay (aud.:3) to be in the culture; in the Bollywood movies and in the religious tales. Is it possible that the abuse we read about a lot of the times only is horrendous accidents? Just like Lukesh<sup>36</sup> explains:

People have a tendency to be careless. Like the emergency exits, it's not a standard procedure and if orders come in, they might be placed in front of it. It's not that that is done on purpose (Lukesh, comp.:4).

And yet again, as stated in the previous chapter of flexibility, no one is a 100 perfect it is after all a human business. We stumbled upon a quite interesting case while conducting our interviews: a plant owner without certification but with both ethical and environmental working conditions in place was in the establishment process of a new Cut-Make-Trim factory. The factory was situated just outside of a smaller, rural city and is complete with new machinery, clean facilities and good entry of daily sunlight and a well-functioning fan system. The salary he offered his employees was up to two times the size of a set minimum wage in India. Yet no one seemed interested in working there. Haamid<sup>37</sup>, plant owner, explains the situation to find workers:

What haven't I done in order to find employees! At first I had meetings with local companies. Then I advertised that I needed workers in the local paper, twice. I also engaged various personal contacts. I went to Ahmedabad [5.5 million city] and Mumbai to find workers at the local employment offices as well as thru personal contacts in both cities. I had interest from several people, but everyone dropped off (Haamid, comp.:1).

The assessment of Lena<sup>38</sup>, a Swedish board member of the same company, of the situation is simply that people have a different set of values as well as other drive forces depending on culture.

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<sup>35</sup> Interview with Sheila, lead auditor, aud. 2, 2010-04-21

<sup>36</sup> Interview with Lukesh, control manager, comp. 4, 2010-04-23

<sup>37</sup> Interview with Haamid, company manager, comp.1, 2010-04-09

<sup>38</sup> Interview with Lena, board member, comp.1, 2010-04-09

## 5.8 Trust and engagement

Basic for any kind of business arrangement is trust and hopefully engagement. Manufacturers, whom were proactive and initiated ecological farming, today have to certify that their work is pure in order to be trusted. The general rule nowadays is that it is called organic cotton first when it is certified, otherwise it cannot have the label (comp.: 2). Trust between nations is in one sense gone, as well the trust between customers to business and business to business. Third party audits are needed cause of the distrust customers have against their own brands. At the same time it is stated by many to be a devious business that a lot of the time is misleading. Carlos<sup>39</sup>, working solely with organic cotton tells us:

It is an unfair competition and very misleading. We are saving a lot of pesticides by using organic cotton, but we would save a lot more if we used polyester (Carlos, comp.:6).

The question to how well these initiatives really are working is questioned, more or less it is the customers wish that is obeyed: “people seek, companies give” (comp.: 6). A lot of our interviewees stresses the fact that they are working with long term relationships, something they with a sense of pride lets us know. This is just as much of a business to them as it is for us and it is important not to be neglected. Regulations are set to control the suppliers; audits are made to surprise suppliers and so on but what about the buying side? Jabeen<sup>40</sup> takes transparency throughout the chain; not only on the manufacturing side, as an example:

They [buyers] push our prices/margins down but how ethical is it to then raise the price to ridiculous high levels [when retailing]? It should be transparent all the way, not just on our side... I’m expecting my buyers to interact with my employees as well. They should have respect for the whole line (Jabeen, comp.:2).

And this is repentant, real problems are only discovered thru engagement in a business such as talking to the workers and interacting with the local culture (aud.: 2). As well to give positive feedback is mentioned, not only negative and what has to be improved. Once again it is dangerous to believe that only one way is the right one and go blindfolded through a business relationship. The lack of trust is by some means based on distrust to other nations. A fact we got to affirm as we met up with a European manufacturer<sup>41</sup>, living and working in India. She was the first to say that certifications not were needed:

Certifications, no I don’t use them. For my costumers our relationship and trust is enough certification. If I were Indian on the other hand, they probably would have asked for a certification though (Mary, comp.:7).

Still all parts spoken to during this research is completely positive that certifications are a positive thing for the Indian development of more sustainable approaches, both in ethical and environmental issues. All interviewees witness of the importance of the existence of regulations in order to get a long term societal change. Jabeen<sup>42</sup> concludes this thought as we ended our session with her and Khartik:

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<sup>39</sup> Interview with Carlos, production manager, comp. 6, 2010-04-30

<sup>40</sup> Interview with Jabeen, production manager, comp.2, 2010-04-13

<sup>41</sup> Interview with Mary, company manager, comp. 7, 2010-05-01

<sup>42</sup> Interview with Jabeen, production manager, comp.2, 2010-04-13

In the end of the day, we [Indians] still think it is a good thing with certifications. It is a sign of progress (Jabeen, comp.:2).

Even though criticism is raised against the current CSR approach, as described in previous chapters, there is no doubt about that the product of these efforts is good. The producers and auditors spoken to are aware of this and the vast majority appreciates the awareness that certifications bring.

## 5.9 Questionnaire

The results of the diminutive questionnaire are presented along with concluding comments to facilitate the interpretation of the results.

Statement	Two (2) most important points.	One (1) most common victim of abuse.	One (1) least important point.
<b>Points of generic Code of Conduct</b>			
<b>Child labor</b>	2	-	-
<b>Forced labor</b>	1	1	1
<b>Health and Safety</b>	7	2	-
<b>Freedom of Association and Right to Collective Bargaining</b>	1	2	2
<b>Discrimination</b>	2	2	-
<b>Discipline</b>	-	1	-
<b>Working hours</b>	2	1	1
<b>Compensation</b>	4	-	-
<b>Management Systems for Human Resources</b>	-	-	2
<b>Anti-bribery and anti-corruption policy</b>	1	1	2
<b>The (natural) environment is respected</b>	-	-	-

Figure 3: Questionnaire

What can clearly be derived from this survey is that no unison picture of what is most or least important in ethical aspect of CSR exists among our interviewees. But that the natural environment is a second place issue when this is competing to human rights can we establish as a fact. The natural environment code is the only point in the survey which was left blank in all three columns. Among our respondents, the health and safety aspect for workers and the obligation for companies to provide workers with a safe and healthy work environment is clearly what are considered to be the most important point. Second most important is the compensation issue, the producing companies obligation to pay according to legal standards and that this is sufficient to meet the basic needs.

No special tendency can be extracted from what the respondents think as the most commonly abused CoC point in India. This can have many different explanations: it can differ depending on region working in, all are as abused, no are abused or the medial attention has no special focal point. Interesting we have discussed how the medial attention has put focus around the question of child labour and yet no one thinks this is the most common abuse.

As for what is considered to be the least important point no trend in answer can be found here either. Two persons refused to put an answer in this column since they thought that all are equally important. Overall, relative to the other two questions, our respondents took longer time to answer this question. Generally, when answering these questions even though not needed the respondents often gave reasons for why choosing one and leave another blank.

Often they kept arguing with themselves about if I choose this one the others will be implemented by themselves quite soon.



## 6<sup>th</sup> chapter – Outcome

As to be seen in the questionnaire, there is no unity in the looks upon CSR from the Indian suppliers. CSR is just as diverse as us as individuals, thus declare its complexity. Following analysis is made under these presumptions and, as stated in the beginning chapters of this thesis, the discourses and cultural aspects have been taken under consideration.

### 6.1 The CSR discourse

From our interviews we have extracted that the suppliers are experiencing certifications to demand a big effort in both time and money, but is a necessity for conducting business nowadays. Without certificates it is simply not possible to act on an international market, hence there does not seem to be any confusion about what the drive force is in the certification business. The biggest drive force for CSR activities is risk management among buying companies which implies that CSR is something mainly originated from the business discourse. It is an activity of sustainability but the all-embracing motive is not to sustain environment or people but profit. The ethical/environmental sustainability is of course considered to be a positive spin-off. According to our interviewees producing companies generally put little value in CSR and act as they are told on a buyer's market. If they need certificates they arrange it. Judging from the data collected the suppliers have a more multifaceted approach towards CSR as a set of the two discourses. Some suppliers were sincerely concerned and deeply involved in creating a sustainable business approach. They gave the impression of the human rights discourse as the originating reason to their CSR but that this of course also was used as a marketing advantage, the business discourse. This kind of suppliers were small scale suppliers but with visions and dreams of how to scale up. The other kind of supplier was big scale suppliers which incorporated a business idea that just lately started a more sustainable approach due to demand. Even though they expressed how sustainability is important for them, they have initially started to implement a sustainable business approach as a response to market demand. We consider these companies to attain to CSR mainly because of the incentives found in the business discourse, as Crook, C puts it: "it's merely a cosmetic effort".

As understood, the Indian market of suppliers is very with different reasons for every participant to why they have adapted and complied with the thoughts and regulations of CSR. Some Indian companies are in no need of a helping hand towards a more ethical goal while some need more than just a set of guidelines. Declining standards in the certification business is a substantial threat against the whole scene. Through a discursive perspective it is not possible to label as good or bad but it is a question of rumination. Lowering the standards will consequently lower the impact of CSR-unit per capita thus decrease the human rights influence in the CSR discourse. Lowering the standards will simultaneously enabling more companies to get certified and establish CSR-processes in new companies, increasing the number of CSR-units per capita. This study does not focus the equilibrium for maximum impact within the CSR-discourse so this question will remain unanswered. We have noted though that if standards are declining companies that have complied with current standards have felt distrust with the industry. If not the suppliers that are driving the CSR development believe in the industry then convincing consumers of the credibility will be more difficult. What is needed, just as Jabeen is heeding at, is that manufacturers clearly are asking for more trust and justice as well as engagement. What is needed is a change in the discursive views; the once so noble intentions these certifications had are about to be undermined and are in need of more sincerity. It is not necessarily a higher wage that is asked upon, but

understanding. The help is sought after and the Indian suppliers are more than willing to cooperate with the regulations set up, as noted “the ways of looking at human rights are the same all over the world”. Though to help we believe we have to fully understand whom we are helping. What is the greatest paradox is the feeling we get of that both sides, buyers and suppliers, actually are working towards the same goal. The rules and regulations concerning the work of CSR are equally sought upon. Even though neither side seems to be aware of the others efforts: buyers are implying that it has to be “in their [suppliers] interest to make this work” whilst suppliers state that “the buyers are little aware and do not know what they are asking for”. Yet both of them, in our understanding, want the same thing: contented counterparts.

The certifications are not a matter of distress for the suppliers within India. The demand is set to be on “the other side” either with the consumers or the buyers, though it is to be understood that certifications are most definitely needed today in order to work on an international market. That is where we are standing today: there is a request of change from the west mainly originating from a business discursive stand point. As lead auditor Vijay put it: “You people are thinking of moral in a business way”. If CSR is communicated in a business manner the reply will be of same approach created a market of competing certification organs. This will be brought up in chapter 6.4 “too many and too few”.

## **6.2 CSR as a tool of bonding**

As Wheatly, M noticed, companies do switch away from a traditional buyer-seller perspective to gain a competitive advantage by long lasting relationships. Whether there has been a recent change does not our study reveal but many work, or claim to work, more long lasting is a fact we have established. Producing companies claim to have long lasting relationships with their buyers which seem to be of a social bonding character. We got the impression that these relationships were something the supplier was proud to have. In the auditing industry the response is different: even though the auditors claim to have more or less the same costumers year after year they painted another picture. They stated that a relationship towards producers is hard to have since this might interfere with their credibility. Still in the certification business the auditors state that this relationship is of little value, since they do not meet the suppliers for audits more than some time a year. Regardless of the fact that most certificates undertaken by suppliers are a reaction of buyers´ demand include a clause of education e.g. for worker’s rights. No or very few of these educational activities really seem to take place.

This structural bond between auditor and supplier might be difficult to change. The demand for flexibility which has been raised might be derived from this fact of structural bonding; if the auditor is not aware of the supplier’s situation other than facts conveyed by the auditor’s questionnaire he/she might miss out on some vital circumstantial parts. Since the supplier is so dependent on certifications much depends on the approval of these. If inflexibility causes the supplier to lose the certificate it is devastating for the supplier. The flexibility asked upon is clearly of a sensitive and quite urgent character when talking to our interviewees. They state that it is indeed needed to have more understanding, i.e. for flexibility while working both with ecological and ethical production but as well with different cultures.

Williams et al argues that countries of collectivistic character often prefer to have social bonds instead of structural, and put more trust to these relationships. As many certifications are put up today open up solely for a strictly structural bond which might be hard for the supplier to accept because of cultural distance. The constant claim for more flexible standards

we have experienced might have its origin in this issue, and if more flexibility was to be introduced in the certificates, a more social bond might occur. This might strengthen the relationship and thus establish a better standard with more incentives for producers to comply. Of course there is a need for rules and regulations within this business but as lead auditor Vijay put it: “certification is not technical but very simple”. It is important not to forget this.

We have many times during this study experienced how textile buyers are described as lacking sincere interest in certifications and more or less the whole CSR-discourse. CSR is mainly maintained because of the business incentives involved in the discourse. If the industry is going to be of more sustainable character it is not only possible to use a top-down approach where regulations are set up. As described by Agrawala, R. and Khan, Z.D. there has been problems in India with implementing such principles but not with creating them. This happened in 1947, and it should not have to be repeated now. To avoid this, the companies instituting the laws must also help implement them, where engagement is crucial factor for success. The demanding companies must help in this matter, in a way that the suppliers are able to embrace it. We do not dare to speculate in all possible effects of this more than that a closer social bond will be established which both will benefit from.

### **6.3 Who is the teacher?**

The Neo-colonialism spoken of by de Neeve is something which we consider to originate in company risk management. By educating suppliers with the western ways of conducting business the cultural distance might seem to be reduced and as Williams et al proposed “it’s important to understand the role of culture, especially in a cross cultural relationship, if it’s going to be a success.” Buying companies have understood the role of culture but instead of understanding the culture itself certifications can act as a cultural replacement. Certifications are trimming down cultural differences but not by understanding another culture but to replace it with a familiar approach. If the culture is masculine or feminine, individualistic or collectivistic just does not matter to a big extent anymore since the suppliers have to be certified and adopt the western way of doing business in order to attractive on the market.

CSR is not for free which creates a moment 22 for certified companies. The costs that are implied by getting certifications has to be paid for, a cost that in the end will be put on the buyer’s bill since the supplier needs to meet his expenditures. The clothing production market on the other hand is clearly labour intensive and price is often a crucial factor to get orders. Occasionally retailing companies demand certifications but cannot pay for it in the end. Just as a representative from a major Swedish retailing company explains how they now cannot afford the really good and ethically 100 percent correct factories in India since price is too high. They cannot afford anymore to put too much production in India due to relatively high prices compared to countries such as Bangladesh. What the Indian market needs to conserve is the reason to why that company still is using India as a country of manufacturing: the knowledge. Even if these certifications create a higher price range they also provide knowledge, obviously a highly competitive recourse in this business. What needs to be done is not only to “educate” suppliers of how to conduct their business but also to provide them with incentives, other than plainly demand oriented, to why and what benefits they can obtain by getting a certificate. Still this opinion is not shared with our interviewees who expressed how suppliers are victimized, getting “extorted for money” and how educated workers create a problem for companies since they then demand more. Our apprehension is that certifications are looked upon as somewhat of a curse that has not brought too many positive aspects along from the supplier’s point of view. Suppliers have to raise their prices due to higher costs and thus loose competitive force with countries such as Bangladesh. Of course more educated

workers are positive for India as a whole and something CSR aims to achieve, but for a single manufacturer acting now knowledge might be a negative aspect. This is of course time dependent and an educated workforce with higher demands will in the end be the only setting available in the future and this will not be an issue of discussion once the paradigm shift arrives. Still the time is now and the faster CSR gets implemented the faster the workforce will be educated and the faster sustainability will be the norm.

## **6.4 Too many and too few**

It came to our knowledge that some interviewees experienced the certification market to be flooded with too many certifications whilst some asserted the situation to be the opposite, too few certifications. Many suppliers and auditors spoke about how flexibility was an issue and that certifications were to one-sided not taking externalities into consideration. The suppliers conducting their business with sustainability as a part of their core business idea were certainly not content with certifications as they function today. Even though they supported the idea of certifications, which they did not like the certification concept of today. Suppliers which utilize a best in class approach still are questioned and must be able to show a institutionalized certificate that supports their statements. However these certificates put allowances far lower than the companies did themselves, both ethically and environmentally. Today some initiatives gradually lower their allowances of their certification in order to keep companies using their certificate and to attract new ones. We are very ambivalent to this approach, of course lowering standards is problematic if sustainability is the aim, but if this can attract more companies to ally and embrace CSR-activities making awareness grow, the accumulated result can be positive.

The problem with too many certificates has created initiatives such as FWF and BSCI in order to reduce the problem. Obviously the creation of these does not completely fulfill the objective. This consolidation into fewer organizations still is not efficient enough and too many actors have made the market frustrated. The selection process to choose which certification(s) to go for is troublesome and costly for the already exposed supplier. The geographical dependence of certifications obstructs the accessibility of these and the description of CSR as a trade barrier is heavy critique against the core idea: sustainability. As producer Mary remarked to us:” ...you have to make a business that sells otherwise it’s definitely not sustainable.” What is needed in CSR is to ease the accessibility of certifications and create a more common standard that covers larger regions. Since the Codes of Conduct is, in the case of i.e. BSCI and FWF, very similar and to create one standard out of these would facilitate a lot for the ones consuming these, the suppliers. CSR needs to find the roots of the movement again and embrace these core values, facilitate for producers and help them instead of considering this as a market driven activity. What the buying companies should keep in mind though is that many social investments have economic return as stated by Porter, M. and Kramer, M. (2002) unifying the two discourses into the unity of CSR. Another problem related to a flooded market was expressed by the auditors who were anxious about the possibility to apply to another certifying body in order to get a certificate if failing for the first one. The possibility for any opportunist to found a certification body was another problem expressed since this can make it hard for righteous ones to be believed. What should be noted is that the certification bodies have to be approved by the certification organs in order to distribute certificates.

This dichotomy of too few and too many in combination with lack of unison engagement in ethical concerns makes the market difficult to meet. To both create more and fewer control systems is difficult. But paraphrase it and more correctly address the issue to what is wanted:

fewer but more differentiated certificates. This will facilitate for all CSR consumers, the whole line from consumer and retailer to producer. A market regulation to consolidate existing control systems and reduce the number of different actors is a complicated matter due to the numbers of actors involved. Still, this is something sought for by the local Indian actors.

## **6.5 Cultural aspects**

India is a country which is deeply affected by the British imperialism which can be noticed in the laws and regulations existing. Our interviewees pointed this out for us many times that since British crafted the foundation of the existing laws they are relatively similar to European ones. The local actors seemed proud to say that the local labour laws incorporate almost everything of a generic CoC list, but still there is a need for certification since the law enforcing entities in India are too few. Since the laws and thus the society resemble Europe in many ways, the ideas of the human rights discourse are interpreted as in Europe which our interviewees stressed. CSR is consisting of the same ideas in India as in Europe. This conclusion is further confirmed by the questionnaire which indicates that CSR is consumed in a unified frame where similar CoC points are addressed as important.

We have been introduced to a whole new set of problems regarding CSR and certifications, where many different thoughts and ideas have been raised. Despite this all our interviewees are agreeing on one point: the certifications and this industry have made a change happen in the Indian textile business' awareness towards sustainability issues. This, sometimes forced, change has sure been for the better even though there might be different drive forces behind the initiatives. Even if the motives to get engaged in CSR are shifting from company to company the outcome will always result in increasing awareness for involved parts, which our interviewees carefully pointed out.

## 7<sup>th</sup> Chapter – Concluding summary

We quickly understood that certifications are needed today because of the bare existence of culture and different approaches related to this. Certifications have been created, to a great extent, out of fear and in order to reduce misunderstanding with ones suppliers, acting as a proof of understanding. To state how cultural dimension impact the local perception of certifications is thus a very complex issue since it is a perquisite of its subsisting. Still the vast majority of the parts involved in this research understand CSR to be an important activity, control systems attached. But the CSR and certification issue is not of unilateral character, it is a constant struggle with shifting intentions. Depending on who spoken to a new set of problems is often revealed. However, we have found three least common denominators which are repeatedly stressed by the suppliers and auditors interviewed. They are shortly described in the following punctuation and will be elaborated further in the text underneath:

- Industrialization of CSR – This is a complex issue and is in some ways conflicting with the core idea of CSR.
- Engagement – The engagement from certain actors is rather low making it hard to motivate a sincere change in approach towards sustainability issues.
- Flexibility – Local actors experience certifications to be too strict not taking externalities into consideration

That CSR, certifications being a part of it, has become a new area of business is frequently put forward as one major problem for the ones consuming CSR in an Indian context. Most of the problems we have encountered during our research are directly subordinated to the industrialization of CSR. From a top-down approach, the auditors are anxious about the ease to change certification body and that anyone can start their own certification body. This market driven approach is healthy in most businesses but it might create conflicting interests in an auditing milieu. Suppliers are experiencing problems related to the existence of too many different certification initiatives on the market making it hard to know which one to go for, creating a trading barrier. The lowering of allowance levels in some certifications is also a product of this business driven approach creating a need for more specific and strict certifications for best in class producers. What is needed is more regulated and consolidated CSR production but this would be hefty difficult to realize and implement. The market has to put up demands themselves, the same way as certifications have been created: consumer demand. The end consumer has to put higher demands and require even more transparency in order to facilitate for themselves. What should be demanded are multilateral certifications with more specific differentiations to ease the implementation process for producing actors. Increasing availability and function will decrease the current function as a trading barrier. If the attractiveness of certifications will rise, the results of CSR will act correspondently. We believe that few consumers today are aware of the crucial role that auditing bodies are playing which makes this matter more difficult. To initiate a change in this technical side of CSR production, consumers first have to be aware of the bare existence of this problem which can only be done by education and sincere interest. Only then can a change be on the agenda. The costs certification brings along can be a paradox for suppliers. If they do not have any certifications they are not attractive and if they get certified their costs are increasing forcing them to demand a higher price, making them unattractive. Creating multilateral and more diverse certifications would also ease this problem since it would count for lower costs.

Suppliers and auditors express their opinions towards the certification demanding companies and their lack of engagement in this matter. Trust does no longer seem to exist and many of our interviewees feel the need of more understanding, trust and engagement from the buying side. The educational process in undertaking a certification is often solely done by the producer without the help of the certificate demanding companies. That intentions for the undertaking of CSR-activities are shifting depending on actor is not a surprising conclusion. But, this non existing unity in the looks upon CSR paves the way for many misunderstandings to flourish, entailed by extra work. If the demanding companies would show and invest more in the CSR field this would definitely enhance their societal responsibility level. Arguments persist that this also can have other returns of better bonds to suppliers as well as economic payoff. Notable is that the law and CoCs often incorporate similar commitments but due to the shortage of local law enforcement the need of external control emerged.

Flexibility is an issue constantly raised by the actors interviewed. It is difficult for local actors to embrace all parts of CSR mainly because of cultural distance and with certifications not taking local diversions into consideration they might be hard to fully adopt. The certifications might imply that there is one ultimate truth and this is the only acceptable way of doing business. Not accepting differences might alienate actors from initializing CSR processes. Still, there has to be regulations of what is accepted and not to sustain credibility. But it is important that the producer can speak their opinion. Basic for any kind of business arrangement is trust and hopefully engagement. Certifications function as artificial trust through CoCs and controlling compliance. This structural bonding might cause the idea of inflexibility but if it was perceived more as a social activity the problem might be reduced. To increase the collaboration in the CSR field would greatly ease this matter, replacing structural with social bonds.

However, all interviewed parts are positive that the issues incorporated in the different certifications are reasonable. They understand the importance in CSR and the necessity of accompanying control systems. This can be linked to the status as a former British colony and all our interviewees are positive towards the work of CSR. It is said to be needed, that one government is not enough and that the requirements by all means are reasonable. After all, the ways of looking at human rights are the same all over the world and the core of CSR is not technical but very simple. Regardless of that intentions might be shifting towards implementation of CSR it is accepted and looked upon as positive. Just as Thomas L. Friedman, the author of the award winning book "the world is flat" quotes a blogger in the proceeding volume, *Hot, Flat and Crowded* (2007, p.216): "it's better to be hypocritical than apathetic when it comes to the environment".

## 8<sup>th</sup> Chapter - References

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