

Labor Issues in the Global Supply Chain: An Indian Perspective

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Recent debates in the International Labor Organization (ILO) on improvement of labor standards in the global supply chain indicate the questionable implementation of existing mechanisms. India is one of those nations which gathered buyers for its existing producers and established new supplier firms. One fifth of the global workforce has been employed in the supply chain network, which requires local and global authorities to address their issues. This paper examines the matter to trace current difficulties in terms of labor standards, governance structure and the role of labor legislations in the Indian context.

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Introduction

Globalization led industrial supply chain in the developing nations has provoked a heated debate on improvement in the labor standards. As per one International Labor Organization (ILO) report, one in every five workers has been employed in global supply chain/networks (GSC) which have grown in the last two years (ILO, 2015). Hirway (2010) revealed that transnational corporations which control global supply chains, account for two-thirds of global trade. One could gauge the tremendous employment generation capacity of GSCs as well as the possible degree of their control on labor standards in the operating nations. “Global supply chain/network”, “global production networks”, “global value chains”, & “international production network” are synonymous and regarded as facilitating globalization and international trade. According to ILO (2015:132) GSCs are defined as “demand–supply relationships that arise from the fragmentation of production across borders, where different tasks of a production process are performed in two or more countries.”

Studies highlighted the plight of workers, human cost of cheap labor, public cost of globalization linked to the firms integrated in this process (Lee, 1997; Locke & Romis, 2007). Global brands like Nike (Locke & Romis, 2007; Milberg & Winkler, 2011), Nestle, Nokia (Dutta, 2009) have been criticized for their overseas sourcing practices. Civil society organizations and NGOs have campaigned against the poor labor conditions, growing social inequalities in the outsourced countries (Barnes, Lal Das & Pratap, 2015; Barrientos, 2008) resulting in some mandatory labor standards and codes of conduct to be followed by the supplier firms. Social audit mechanism turned to be instrumental in the implementation and verification of labor standards (De Neve, 2009). Global pressure of fair labor relations has reinforced the corporate social responsibility of the global brands which have enjoyed a bigger portion of profit after international trade restricting and splitting of production activities among geographically dispersed firms (Mezzadri, 2014a, 2014b). From supplier point view, there is eagerness among the suppliers to comply with the order to show their higher competitiveness than competitors in India as well as China.

Code of conduct in the factories and global pressure on brands to set corporate social responsibilities regarding labor standards have even generated more numbers of sub-contractors; home workers turned in to an untraceable supply network (Hirway, 2010). Code of conduct initiatives like Ethical Trade Initia-

tive (ETI) are comparatively less impacting in the case of contract or casual workers sourced through sub-contractors than permanent and regular workers (Barrientos, 2008). Sub-contractors are an integral feature of supply chain focusing on low value adding products (Hirway, 2010). Knitting industry in Tirupur (Tamil Nadu), having minimum of 20-30 sub-contractors are involved in the process before being dispatched to overseas locations (De Neve, 2009; Neetha, 2002). Another criticism of developed countries setting working and production standards could be the treatment of developing countries as inferior to them (Nathan & Sarkar, 2014).

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Researchers have recognized challenges in establishing labor standards along with facilitation of flexible labor practices in the informal sector (Hill, 2009). Shyam Sundar (2015:156) noted that free market theory argues for flexibility in the labor market to respond to the fluctuating demands in domestic as well as international markets. Employment of more contract workers and reduction in the number of direct employees are turning to be a trend not just in networked organizations; rather these are practiced by the others as well. In addition, all members of supply chain networks turning untraceable with the growing number of sub-contractors and home-based workers could be extended to Indian context. Many authors have

highlighted the exploitative role played by labor contractors in India, when contractors and employers create a nexus for not providing benefits to laborers (Barnes, Lal Das & Pratap, 2015). India's 92% informal work force increases the potential participation in the GSC and might have higher average than the stated 20% of workforce in GSC given by ILO. This article explores various difficulties faced by workers in the supply chain networks and the labor standards followed by firms along with the role played by national authorities (government). It covers three major components, working conditions, governance system, and role of labor legislation pertaining to global supply chain in developing countries with dominant focus on India.

Literature Snapshot

In the 1960s and 1970s, many developing countries, mostly East Asian, turned to be the hub for manufacturing of products sold in the developed nations. In the 1970s with the introduction of neoliberal economic policies that aimed at low state interventions has shifted overall economic and social policies globally. This was the era, when ILO witnessed neoliberal thinking that majorly targets compromising values in the labor standards in general. Other nations accepting this trade liberalization pact are different from the Indian story. Towards the end of 1980s and beginning of 1990s macro-economic crisis forced India to take bailout package from International Monetary Fund (IMF) subject to liberalization guidelines (Hill, 2009). It was the birth of liberalization, privatization and globalization pact and

beginning of a new economic and labor era in India with enhanced inflow of large-scale investments resulting in opening of new avenues for employment generation along with multiple production units.

Globalization brought a paradigm shift in the production process of goods and services.

Globalization brought a paradigm shift in the production process of goods and services. It is no more a single firm doing designing, manufacturing and marketing of products or services, rather the whole process has been segregated into well-defined activities which could be performed by several firms dispersed all over the globe connected through subcontracting, and licensing. As discussed by Abonyi (2007) these networks are of two kinds depending on the control exercised by the lead firm; inter-firm international production networks and intra-firm production networks. It could further be designated as producer driven and buyer-driven. Producer driven supply chains are mostly technology oriented and capital-intensive products like semiconductors, telecommunications and automobiles where R & D plays the central role. Because of its very nature, producers keep the rights with them and ask firms produce for them and finally inspections done to check the matching of set standards. Buyer-driven networks are labor intensive and do not keep any close quality watch, like manufacturing of shoes, leather items like wallets, belts, apparels, footballs, electronic chips, as-

sembling of computers, mobile phones, and auto component industry produce depending on the buyers' need. It contained both unskilled labor, required for packaging of apparels and skilled labor for making computer chips (Gereffi & Guler, 2010:104). Buyer driven firms are comparatively a new concept than producer driven firms. New concepts of global supply-chain network are "backshoring", the opposite of "offshoring" (Mezzadri, 2014b). Backshoring referred to as sourcing locally, e.g., Westside garment retail brand of TATA sources all its products from local factories and cottage industries.

In 2013, Rana plaza in Dhaka (Bangladesh) collapsed, referred to as the deadliest garment factory accident in history, which took thousands of lives mainly because of irresponsibility on the part of the owner. Big brands like GAP, Tommy Hilfiger, Walmart and many more global cloth brands have outsourced their manufacturing activities to these units, but denied taking accountability (Manik & Yardley, 2013). These incidents have brought in global attention to the labor in the developing nations working day in and day out to contribute to day to day fashion and life accessories. In view of higher consumer responsiveness, developed countries with concentrated consumer base and brand head offices have faced embarrassment and serious bottom line hits.

In India, labor unrests in Honda Motors and Maruti Suzuki are incidental in exerting pressure on the global authorities and policy makers to investigate glo-

balization led supply chain issues from the perspective other than economic development. A recent press release traced 8000 child labor only in garment industry in Delhi out of which 70% have been girls.¹ Labor plight in the closed down Nokia plant in Chennai gives a view of social impact of industrial uncertainty generated by these outsourcing activities (Dutta, 2009). Working conditions in these factories have been question marked since the last two decades (Bonacich et al., 1994; Bonacich & Appelbaum, 2000, Locke & Romis, 2007; Soundararajan & Brown, 2016). Factories in Gurgaon who are suppliers to Marks and Spencers, GAP and Next Store have been caught for lower than legal wage rates, forced overtimes and these brands declared their ignorance (Chamberlain, 2010).

Labor Standards

Globalization has fostered steep competition between developing nations exposed to global value chain. To gain export competitiveness and attractive venues for overseas investment, nations reduced their labor standards (De Neve, 2009; Hirway, 2010). Boom in the international apparel market suddenly in-

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¹ <http://www.dnaindia.com/india/report-over-8000-children-working-in-delhi-garment-factories-says-report-by-save-the-children-2097038>

creased the export potential of the Asian countries. China has its inbuilt advantage of existing low labor standards; longer working hours like 12-14 hours day could make immediate impact on export growth. To beat China in export competitiveness, countries like Philippines, Pakistan etc. were forced to reduce labor standards which were reflected in overall Indian labor market as well. A study on garment manufacturing clusters found similar longer working hours of 12 a day (De Neve, 2009).

In the 1990s and 2000s the work conditions in supply chain caught maximum media attention. NGOs have worked promptly towards realization of corporate accountability in the developing countries. Nike has been criticized for its child labor, low wages and bad working conditions faced by outsourced workers internationally, however as per the defensive stances taken by the managers in Nike, overseas workers are not their employees, Nike has no responsibility towards them. They are rather the responsibility of the vendor. With tremendous pressure from media, Nike formed a code of conduct for its suppliers and forced all its suppliers to sign (Locke, & Romis, 2007). Similar stories of corporate denial of taking responsibility of workers integrated in the GSC network gave birth to NGOs, those have not only grabbed global media attention, also formed and monitored in addition to it.

Neoliberal policies had no direct target on labor issue, rather focused more on improving productivity and trickledown effect on lower end of labor

(Hirway & Shah, 2011). The two-dimensional pressure, one from public awareness and the other from growing unemployment in industrialized economies forced trade practitioners to introduce social dimensions in trade agreements in 1990s (Lee, 1997). However, the mechanism implemented to boost both economic growth and social development simultaneously turned to be worthless.

Working Conditions & Wage

Criticism of working conditions in factories in developing countries is no more a surprising phenomenon (Bonacich et al., 1994; Bonacich & Appelbaum, 2000). Bales (2005) highlighted the unaddressed issues like working conditions, child labor, human trafficking and forced labor engendered by global supply chain. Several studies identified precarious working conditions with low wage in suppliers' network of auto components industries (Awasthi et al, 2010), and apparel manufacturing (Bonacich & Appelbaum, 2000; Mezzadri, 2014b). Due to its flexible nature of garment production, it carries two prominent features like feminization and informalization of workforce (Hirway, 2010; Neetha, 2002). Garment industry has more features of sub-contracting than auto parts because of its permissible flexibility in the quality standards (Mezzadri, 2014a). Studies on women workers in apparel manufacturing factories have discovered voluntary acceptance of lower wage, bad working conditions like lower light or no ventilation, absence of sanitary facilities, without any social security and seven days' work week (Neetha, 2002).

This wage exploitation has a gender angle in it. Preponderance of labor market, unemployment crisis and mostly women entry in to the workforce to bring an extra earning to the family has continued to keep the wage cap very low (Nathan & Sarkar, 2011). Women are crowded into this low skilled category of jobs. Not only India, other outsourcing countries have discovered that a major chunk of these workers, engaged in global supply chain, are women (Barrientos, 2008). Organizations are found reluctant to employ women in permanent roles because of costs like crèche facilities, rest rooms, and maternity leave, resulting in a large pool of informal and unorganized workers deprived of any social security (Hirway, 2010). Dutta (2009) noted women workers are more susceptible to be trapped by the supply chain politics referring the case of Nokia plant.

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Outsourced firms are mostly located in the developing countries with already prevailing cheap labor cost (Nathan & Sarkar, 2011; Manik & Yardley, 2013), which created a wide gap between the cost of production and selling price and phenomenal growth in profit. Developing nations compete for getting these outsourced production contracts, further reducing their labor cost (Hirway, 2010). Very onset of globalization increased competition and had put direct pressure on cost reduction that is generally asso-

ciated to labor (Lee, 1997), than other factors because quality cannot be compromised.

A study on supply chain of auto components in India (ACI) has spotted multiple contractors involved in the supply process before it reaches the final producer (Barnes et al, 2015). Auto industry in India has been regarded as the sixth largest producer of two wheelers, passenger cars, commercial vehicles after China. It has been part of the global value chain (GVC), however the standards have been under scrutiny by Original Equipment Manufacturers (OEM) because of the nature of the product to be produced. Manufacturing of parts has been outsourced to locations depending upon cost effectiveness. OEM have generally outsourced the work to the nearby assembly plants resulting in multiple numbers of sub-contractors in this value chain (Sturgeon et al., 2008). Those contractors further float tender for sub-contracting and so on to increase earning with less responsibility. The last contractor will have as low as 50 workers (Bose & Pratap, 2012; Narayanan & Vashisht, 2008). Bidding for achieving those contracts has implication on the wage rate (Barnes et al, 2015). Ultimately risk gets concentrated at the bottom of supply chain resulting in higher exploitation (Barrientos & Kritzing, 2004).

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Global Governance System

As per Paine et al (2005), global supply chain needs one well designed and executable governance system to ensure the accountability, responsibility, sustainability as well as transparency in all the firms integrated in the supply chain (as cited in Gilbert et al., 2011). Ethical Trade Initiative (ETI) (Mezzadri, 2014), Worldwide Responsible Apparel Production (WRAP), Certification and Social Accountability Standards are some prominent interventions reinforced by the buyer organization on the supplier firms (De Neve, 2009). WRAP has twelve principles: 1) compliance with local laws, 2) prohibition of forced labor, 3) prohibition of child labor, 4) prohibition of harassment or abuse, 5) compensation and benefits, 6) hours of work, 7) prohibition of discrimination, 8) health & safety, 9) freedom of association, 10) environment, 11) customs compliances and, 12) Security.² Different firms have formed their own codes of conduct and some are even location specific. Among the mechanisms in place to control unfair practices in the supply chain, OECD guidelines are more prominent. This covers issues such as employment and industrial relations, environment, human rights, mandatory disclosure of information, consumer interests, combating bribery, competition and taxation, science and technology (OECD, 2010; as cited in Gilbert et al., 2011).

Monitoring is always a crucial work in testing the actual compliance by suppliers. Numerous difficulties are associ-

² <http://www.wrapcompliance.org/>

ated with monitoring the implementation and adherence to these standards. In 2004, out of a total of 60,000 workers in Nike, only 24,291 were permanent employees and majority of them were based in United States. It shows that the chunk of employees belonged to supply chain network are based in different geographies (Locke & Romis, 2007). With change in geographies and national cultures, labor standards required variance and the person to monitor these activities needs to be a local expert to understand the regional nuances (Lund-Thomsen et al, 2012). Locke, Amengual and Mangla (2009) noted the negligible impact of factory auditing in improving the working conditions in the global supply chain. Pre-announcement of work place audits has its own limitations, which gives suppliers a chance and time for window dressing (Giuliani, 2014). Workers will be asked to wear safety gloves or repairing of safety guards to show everything is perfect in place (Blowfield & Dolan, 2008).

Pre-announcement of work place audits has its own limitations,

As mentioned by Abonyi (2007) in the context of China, for example a fabric dyeing plant might be supplier to many retailers like Levi Strauss & Co., Wall Mart Stores and Nike etc. Similarly, computer chip manufacturer or auto parts manufacturer might be supplying to multiples brands. Hence these suppliers do not belong to any one buyer rather multiple ones that turns the scenario compli-

cated. Another view of these networks is wage equity. Wages change with nations, depending on factors like living standards. Social security components would also be part of employees' income, and hence parity with the buyer's organization would not make sense. Difference in industrial relations climate, labor legislations also create variations in the code of conduct making it nation or region specific. Rather a global governance mechanism as suggested by Gilbert, Rasche and Waddock (2011) would be helpful in the maintenance of this complex network. International accountability standards (IAS) are supposed to cover the unaddressed issues like forced labor, child labor, bad working conditions which are difficult to be covered by legal regulations of the nation.

Some even criticized over emphasis on codes of conduct to address labor issues. Code of conduct cannot be a panacea for all labor issues in the supply chain. It was surprising how lead firms simultaneously try to get high quality at lower cost of labor and publicizing code of conduct and labor standards with intensified vulnerability of workers. Contradicting expectations of lead firms and improvement of labor standards are two parts of the coin (Barrientos, 2008). Some case studies have discovered the skepticism associated with these codes of conduct, generally not able to live up to the expectation. It has been recommended to involve civil society actors in the formation and implementation of code of conduct in case 100% result is expected. Without the involvement of lo-

cal civil society organizations, NGOs addressing all the worker issues would be difficult. Further, lead firms sitting in the developed nations framing codes and implementing in the developing nations are disadvantageous as it sends a message of inequality in the buyer and supplier (Nathan & Sarkar, 2014). Ground level reality of the producers has never been considered when it comes to compliances (Soundararajan & Brown, 2016). India with lenient labor policies gets more pressure from the buyers in terms of compliances compared to other nations (De Neve, 2009).

Selfish interests of buyers are visible even in the formations and compliances of codes of conduct.

Global buyers also selectively put restrictions on labor rights violation depending on the impact of that violation on brand reputation. Larger is the adverse impact on brand, higher would be pressure to fix the problem. As globally child labor has been criticized as a serious violation of human rights, brands show higher concern for this; however other human rights violations are very well in practice (De Neve, 2009; Jamali, Lund-Thomsen & Khara, 2015). Selective decoupling is the concept, which gives buyers to pick the issues which are prominent in terms of brand degradation. Selfish interests of buyers are visible even in the formations and compliances of codes of conduct (Giuliani, 2014).

Both voluntary and regulatory codes of conduct needed to be implemented to have impact on the larger workforce. Without incorporation of legal implications in these governance systems in addition to involvement of local legislation, it would be difficult to implement and monitor. Social audit systems to monitor these activities have its own limitations and failed in some instances to check. De Neve (2009) found that social audit standards have been seriously compromised in order to respond to any instant demand in Indian garment factories in Tirupur. As sending the products by air is costlier, suppliers tend to send by ship, which further reduces the production time. Certainly, reduction in lead time results in increased working hours and buyers who create noise for compliances in the lean period give a freehand to violate. Local complexities have not been considered when it is their dead line to reach the product (Soundararajan & Brown, 2016).

As per Accountability-UNIDO (2006), major drawback in setting and complying with global code for labor standards is the cost associated with it. On the one hand buyer makes “pious noise” for social issues and standards, on the other hand they want their suppliers to reduce cost, however no buyers volunteer to share the cost of it (as cited in Giuliani, 2014). Power dynamics in the supply chain has tied the hands of suppliers to take any voluntary steps. International operations design quantity, quality and price range as per the consumer demand and place orders to vast supply chain networks

in developing countries causing fierce competition among the producers. Local suppliers, in response to the demand, search for contractors, sub-contractors and home-based workers to get the job done in a short span of time with a lower cost.

CSR in Supply Chain

Studies on corporate social responsibilities in the supply chain and industrial clusters are very limited (Lund-Thomsen, Lindgreen & Vanhamme, 2016). Multi-stakeholder theory of corporate social responsibility finds corporate to be responsible towards all the members affected by its activities. It includes employees, consumers, shareholders, community, government, suppliers and environment. In this regard CSR activities must be extended to the suppliers not just in the same country also to the offshore countries (Amaeshi, et al, 2008). Responsible consumption consciousness among buyers in the developed countries has exerted tremendous pressure on the manufacturers to recognize the labor plights, initiate and adhere to corporate social responsibilities (Mezzadri, 2014a). Design and implementation of CSR initiatives and monitoring of its continual practice have faced difficulties as per literature. CSR practices mostly relate to labor standards, wages, child labor, transparency etc. As the owner organization is not on the spot and there are inspections happening at a time interval makes it tough to keep an eye on the activities taking place at plant level (Mezzadri, 2014b).

Major difficulty is in the tracking of all the laborers and their issues in the supply chain carrying multiple suppliers. A study on supply chain of auto components in India (ACI) has spotted multiple contractors involved in the supply process before it reaches the final producer (Barnes, Lal Das & Pratap, 2015). De Neve (2009) noted the skepticism connected with the CSR implications. He found buying firms are not concerned with what happens to the workers in the supplying firms. Objective is to show some CSR activity being done in some or other countries. Opting for a country to implement their CSR initiatives and insisting for compliance of codes and standards are dependent on the political scenario prevailing there. For example, as China does not allow for social audits, buyers do not care to keep a check on the compliance of the standards.

Buying firms are not concerned with what happens to the workers in the supplying firms.

Civil society organizations have played a major role in creating awareness about labor plights in the global supply chain and expected to face higher challenges in future due to two reasons: economic downturn in developed nations and shifting buyers to China and India. Shifting of buyers to developing countries like India and China with lower concern for sustainability will be a major challenge in future in maintaining labor standards in the supply chain (Barrientos, 2008). CSR activities and codes of compliance are indiscriminately imposed upon sup-

plier firms without considering all human rights aspects getting violated in the process (Giuliani, 2014).

Role of Labor Legislation

India has been identified as a pro-labor nation with some of the most labor protecting laws in the world. Examples are Factories Act, 1948, Industrial Dispute Act, 1947, Contract Labor Abolition and Regulation Act (CLARA), 1970, Maternity Benefit Act and Minimum Wages Act, 1948. In addition to these national labor laws, each state has its own dozens of labor laws in place to protect and facilitate labor interest (Hill, 2009; Hirway & Shah, 2011; Shyam Sundar, 2005). Recognizing the growing size of the unorganized workers, around 94% in 2008, Government of India has formed “The Unorganized Sector Social Security Act, 2008” for the protection of their rights (Goswami, 2009). India is one of those few countries that has a “Bidi and Cigar Workers (Conditions of Employment) Act, 1966” in place, which recognizes home-based workers in these professions. Though packed with several inherent limitations when it comes to implementation of the Act, it reflects pro-labor legislative systems in India.

Post liberalization labor standards in India have got deteriorated over time.

However, post liberalization labor standards in India have got deteriorated over time, (Banerjee 2005; Barnes et al, 2011; Dutta, 2009; Hirway & Shah,

2011). Segregation of workers into formal and informal category deprived a large chunk of workers getting benefited from the legislations (Hirway & Shah, 2011). Role of labor contractors along with growing hunger for profit maximization has made CLARA, 1970 merely a silent legislation (Barnes et al, 2011). Government's minimalism role has encouraged manufacturers in setting lower labor standards and which have replicated its effect on the rest of the nation and growing informal economy (Banerjee, 2005).

Several examples of mockery of Indian legislation could be traced in the literature. Nokia plant in Sriperumbudur in Tamil Nadu, successfully took advantage of female workforce to fulfil its consumer demand in the subcontinent. In 2014, with the demand fall, it closed the set up and took away livelihood of 30,000 employees, 50 per cent of them women. Contract workers, referred to as "external temporary workers" have been left without any compensation. Many have complained about the uneven policies and random changes made in their agreements over time leading to higher ambiguity than security (Dutta, 2009). Wages remained low even with a higher educational degree. Creation of trainee groups who have performed almost similar kind of jobs as managers have never been caught under CLARA, 1970 as they are trainees joined under Apprenticeship Act. SEZs have been declared as foreign territories, where law of the land is not applicable, the firms coming inside the territories have been declared as public utility services to avoid any stories of labor

strikes, however. When Motorola factory in Chennai has been in difficulty and Lenovo was planning to take it over the conviction is cost effectiveness; in simple terms cheap labor, cheap land and tax leniency.³

Challenges in forming and implementing labor policies in accordance with liberalization, privatization and globalization floundered both firms and government. It was intensified more towards the beginning of 2000s in India. The very first labor unrest in reaction to government's dubious stand was felt in June 2005 in Honda Motorcycles and Scooters India (HSMI), where agitators required confronting police and peaceful protesters facing hostility. It was an incident where the government fought against common workers to send a message that it not only favors foreign investment, but also provides a safety and huddle free industrial climate to operate in. Employees of Maruti Suzuki, Manesar plant, Gurgaon who have been booked under labor violence at the premise and death of HR head, are yet to be released under bail.

Several amendments have been made in the labor legislations in India to encourage and facilitate investments at the cost of labor rights. Indian constitution provides fundamentals right of association which give each citizen to form unions. India has been counted among highly unionized nations. Indian freedom struggle has been rooted to worker unions. But with the in-

³ http://www.business-standard.com/article/companies/lenovo-evaluating-revival-of-motorola-facility-near-chennai-115031300196_1.html

flow of foreign investments, this fundamental right has been curbed over a period. As per Industrial Dispute Act, 1947, special utility services required prior permission to initiate work stoppage or strike. Hirway and Shah (2011) highlighted that modification in Chapter V-D of Industrial Dispute Act, 1947 seized the right to complain of a retrenched employee who is working in a Special Economic Zone (SEZ).

In contrast to the demand for labor legislations to protect interest of workers and its accessibility, some workers deliberately do not join those organizations that have ESI and PF provisions in place. Workers, who are dependent on overtime earnings to support their families, avoid working in the organizations that follow proper 8 hours of work policy (De Neve, 2009).

Labor Contractors

Contract labor systems are another crucial dynamic of global supply chain. Orthodox economics viewed labor contractors as means for enhancing efficiency which helps workers and firms operate in imperfect markets (Autor, 2009). However, the negative side of labor contractor is undermining labor rights (Barnes et al, 2015). CLARA, 1978 has made clear rules and regulations to protect interests of contract workers. Section 10 of this Act carries one option for permanency of contract workers. However, applicability of this section has not been achieved by the workers. Labor contractors carry the task of attendance, wage payment, other welfare activities

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of these contract workers. Even though, some sections in the Contract Labor Regulation and Abolition Act, makes employers responsible for labor, the nexus between principal employer and labor contractors channelizes the interests in their favor, depriving contract workers from legal advantages.

Conclusion

Glorious outcomes of globalization are the phenomenal GDP growth, infrastructural facilities like four lane highways, shopping malls, hospitals embedded with modern technology, higher education facilities, which developing countries have never experienced before. In contrast, developing nations have also witnessed formation of sweatshops, degrading labor standards, violation of human and labor rights, escalating statistics of informal sectors, formation of slums, migrations and consequently cumulating anger in the labor force, the backbone of any economy.

In a situation where sustainability of growth and development has been emphasized to preserve resources for future generation, evidence of child labor, deteriorating labor standards, and violations of labor rights will make this objective difficult to achieve. Growing number of informal labor force, creation of more private

jobs than in government, widening gap in the salaries for jobs in public and private sectors even after evidence of lower performance of public sector undertakings could lead to more anger in the labor force. Free market hypothesis recommends for government minimalism to facilitate labor market flexibility and employer prerogative, but undermines the positive outcome of sound labor standards and impacts on sustainable development (Shyam Sundar, 2015:157)

The growing need for money has dragged other members of the family into the labor force. This can be a welcome stage for the suppliers as these members for extra earnings could be settled at a lower wage. Generally, these masses remain out of the purview of labor law because of discontinuous nature of work and contributes to exploitation. The percentage of contract workers grows compared to permanent workers in the industrial set up and transfer labor accountability to the labor contractors who hardly show any concern about the life and livelihood of the laborers.

With growing consumer awareness of sustainable consumption behavior, product information regarding the manufacturers, suppliers will have to honor the mandatory disclosure of the corporate. In addition, CCTV cameras could be supportive in keeping visuals of the production center or factory premise. However, difficulty arises because of the regionally dispersed firms and more numbers of sub-contractors in the supply chain. Localized labor strategies have been a new challenge in the path of successful

implementation of CSR initiatives in the production network. Many have blamed the global buyers as the reason behind dcreation and continuation of sweatshops and global brands must take the responsibility of the workers associated with it.

Another neglected aspect of globalization is the social life degradation that has never been studied in the Indian context. Hazardous working standards with extended working hours, lower wage, and no specific holidays became regular practices because of the dubious stand taken by government while supporting investors. Wide recognition of socially responsible investors and consumers pushed organizations towards recognizing the neglected side of globalization, free trade and contract laborers. Global pressures on the firms of global retail brands have cascaded down to the outsourced firms and the credibility of Corporate Social Responsibility initiatives taken by supplier units have been scrutinized. Home-based workers are mostly remaining out of the purview of global buyers. It is also true that India has a bigger chunk of home-based workers whom SEWA has organized (Carr, Chen & Tate, 2000). In addition, Home Work Convention (C177) of 1996 of International Labor Organization (ILO) which aims at promoting and protecting the labor rights of those who work at home to make products specified by an employer. However very few countries till date have ratified this convention.

This review brought out two alarming concerns for policy makers; economic and social impact. In a consumption-ori-

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ented economy, reduction in aggregate demand could be devastating. Reduction in aggregate demand could be caused by social inequalities (Stiglitz, 2009) and growing social inequality could be caused by the disparities in labor standards (De Neve, 2009; Nathan & Sarkar, 2014). Social inequalities could further increase social tensions among firms inside the country or inter country. Neoliberal economic policies are certainly failing to improve the social aspect of growth as labors are the major population of any society and neoliberal policies do not address them (Hirway & Shah, 2011). In the absence of social upliftment inequality would continue to prevail till separate mechanisms in this regard have been implemented. More sustainable system of production is needed to bring equity in the society through its workforce, further reduce contract worker abuse and address adverse situations of poor workers (Barrientos, 2008).

Among supply chains studied in the Indian context, garment knitting industry has received maximum attention, however labor unrest in this industry is not very prominent like in auto industry. In a situation when profit perceived to be directly proportional to labor exploitation and the principle of every business is profit maximization, gathering power in the hands of capital/management has the greater potential to harm labor welfare in future. Soundararajan and Brown

(2016) felt the need for a higher commitment approach from the buyer along with voluntary governance mechanism to impart real values in the whole supply chain network than making noise for enhancing brand attraction.

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