UNDERSTANDING THE CONSTRUCTION OF WORKING CONDITIONS IN SMALL AND MEDIUM SIZED ENTERPRISES IN DEVELOPING COUNTRIES: THE CASE OF INDIAN GARMENT EXPORTING FIRMS

By

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Declaration of Authorship

I, Vivek Soundararajan, hereby declare that this thesis and the work presented in it is entirely my own. Where I have consulted the work of others, this is always clearly stated.

Signed:

Date:

To Mom

Acknowledgements

When I started work on my Ph.D., I was like a wild horse lost in a forest; running around with no or little sense of direction. If the people around me had not supported and guided me in the right direction, I would still be pointlessly wandering around.

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Abstract

Despite the expansion of international trade and advancements in global monitoring systems, poor working conditions remain a serious problem in small and medium sized supplier firms in developing countries. To seek to improve working conditions in these supplier firms, we need, at first, a deeper understanding of what factors construct such conditions. Extensive research has been conducted to understand the reasons behind limited improvements in working conditions in developing country supplier facilities. Nevertheless, most of it adopted a global supply chains perspective and failed to take into account the Small and Medium sized Enterprise (SME) perspective. Therefore, rather than adopting one of these perspectives to the exclusion of the other, this thesis seeks to both theoretically and empirically understand the processes associated with the construction of working conditions in SMEs in developing countries that are part of global supply chains. To execute the research intention, knitwear garment exporting SMEs in Tirupur, India, were selected as the research context. Qualitative data were collected mainly via semi-structured interviews with owner-managers, workers, trade union leaders, buying agents, a Non-Governmental Organisation (NGO) leader and a Corporate Social Responsibility (CSR) officer. In addition, supporting data were also collected via non-participant observations, informal conversations and documents for data triangulation. The collected data was then manually analysed using the thematic analysis method. An integrated theoretical framework composed using constructs of institutional theory and organisational sensemaking guided the data analysis. This integrated framework allowed traversing across multiple levels of analysis. Specifically, it aided in understanding the micro processes associated with the construction of working conditions. The empirical findings reveal that the institutional environment in which SMEs are embedded is composed of interconnected, competing, ambiguous and practically impossible to delineate institutional demands providing owner-managers— the primary decision makers—with a platform from which to take part in the construction of working conditions. The findings further reveal that owner-managers in developing countries are resource dependant but not always passive. They interpret and then respond to the institutional demands concerning working conditions in different ways at different points in time; where passive conformance is just one possible response. Through the empirical findings, the thesis contributes to a coherent body of knowledge related to working conditions in SMEs in developing countries that are part of global supply chains. By combining institutional theory with organisational sensemaking in a novel way, the thesis also contributes to the recently growing studies which try to understand how individuals navigate between and respond to competing institutional demands.

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AITUC	All India Trade Union Congress
APEC	Apparel Export Promotion Council
ATC	Agreement on Textiles and Clothing
ATU	Anna Trade Union
BSCI	Business Social Compliance Initiative
CA	Chartered Accountant
CCC	Clean Clothes Campaign
CII	Confederation of Indian Industry
CITU	Centre of Indian Trade Unions
DTI	Department for Trade and Industry
EOI	Export-Oriented Industrialization
EPZ	Export-Processing Zones
ESI	Employees' State Insurance
ETI	Ethical Trading Initiative
EU	European Union
FDI	Foreign Direct Investment
FLA	Fair Labour Association
FWF	Fair Wear Foundation
GBP	Great Britain Pound
GDP	Gross Domestic Product
HMS	Hindu Madsoor Sang
IAS	International Accountability Standards
IBEF	Indian Brand Equity Foundation
IIP	Investors in People
ILO	International Labour Organization
ILOSTAT	International Labour Organization database of labour statistics
INR	Indian Rupee
INTUC	Indian National Trade union Congress
ISI	Import-Substituting Industrialisation
Kms	Kilometers
LPF	Labour Protection Force

MFA	Multi-Fibre Agreement
MNC	Multi-National Corporation
OECD	Organisation for Economic Co-operations and Development
PF	Provident Fund
PPP	Purchasing Power Parity
RBI	Reserve Bank of India
SAI	Social Accountability International
Sedex	Supplier Ethical Data Exchange
SIMA	Southern India Mills Association
SME	Small and Medium Enterprise
TEA	Tirupur Exporters' Association
TEAMA	Tirupur Exporters and Manufacturers Association
U.A.E.	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIDO	United Nations Industrial Development Organization
USA	United States of America
WRAP	Waste and Resources Action Programme
WRC	Workers Rights Consortium
WTO	World Trade Organization

Chapter 1
Introduction

Chapter One: Introduction

Over the past decades, as a result of globalisation of production and trade, there has been a significant transformation in the global economy, mainly in the areas of international trade and industrial organisation and vertical integration of transnational corporations (Gereffi, Humphrey, & Sturgeon, 2005). Consequently, the management of supply chains has become an area of increasing strategic importance (Andersen & Skjoett-Larsen, 2009). While corporations are showing a growing interest in establishing efficient supply chains to gain competitive advantage, a wide range of stakeholders—including NGOs, trade unions, consumers, shareholders and international development organisations—are increasingly interested in creating a responsible production network in which working conditions and labour rights are secured (Henkle, 2005; Lim & Phillips, 2008).

In today's global economy, corporations are held responsible not only for their operations within their own territory, but also for the activities of their global partners—such as suppliers or sub-contractors, third party service providers and intermediaries—even if they are not linked on the basis of shared ownership (Andersen & Skjoett-Larsen, 2009; Maloni & Brown, 2006). For that reason and because there is no solid framework of global justice (Cohen & Sabel, 2006), an increasing number of global corporations, NGOs and international development organisations have implemented a wide range of strategic frameworks or models in the form of codes and standards to remedy poor working conditions in the global supply chains.

Also, concepts such as supply chain responsibility (Spence & Bourlakis, 2009), corporate social responsibility in global supply chains (Amaeshi, Osuji, &

Nnodim, 2008; Andersen & Skjoett-Larsen, 2009; Lund-Thomsen & Nadvi, 2010) and sustainable supply chain management (Brockhaus, Kersten, & Knemeyer, 2013; Carter & Easton, 2011; Gold, Seuring, & Beske, 2010; Seuring & Müller, 2008) are receiving increasing attention in the media, academia and corporate worlds.

Despite this rising level of attention, a gap still continues to exist between the desirability and the realisation of improved working conditions in offshore supplier facilities (Andersen & Skjoett-Larsen, 2009; Lu, 2013). This argument is well supported by the way the global garment industry operates.

Despite the longstanding universal acknowledgement that the global garment industry is the epitome of scandalous working conditions[1], a persistent and recurring pattern of preventable fire and building collapse incidents, child labour and health and safety hazards involving the global garment industry continues to unravel (Lu, 2013).

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[1] On April 24th 2013, an eight-storey building named 'Rana Plaza', located in Savar, near Dhaka, Bangladesh, and accommodating eight garment factories catering for celebrated garment brands, collapsed, leading to the death of nearly 1120 workers and the hospitalisation of around 1500 more. According to reports, this is considered to be the worst industrial accident in South Asia since the 1984 disaster at the Union Carbide India Limited pesticide plant in Bhopal, India, and the worst ever in the garment industry. Less than a year before, on November 24th 2012, nearly 112 people were killed in a similar incident at a garment factory located on the outskirts of Dhaka. In connection to these incidents, in 2013, a documentary aired by Al Jazeera—entitled "Made in Bangladesh"—exposed the substandard working conditions and employment of child labour in the Bangladeshi supplier facilities of famous high-end US garment brands. In September 2012, more than 300 people were killed in two separate fire incidents at a garment factory in Karachi and a shoe manufacturing works in Lahore, Pakistan. In July 2013, nearly six people died and around 40 suffered serious injuries, following the collapse of a two-storey garment factory located on the outskirts of Mumbai, India. Similar incidents were also recorded in the same area during April and June of the same year. In 2008, Channel 4 produced a documentary (which was later blocked from being aired)—titled "The Devil Wears XYZ" (the brand's name is changed into XYZ to maintain anonymity)—exposing the employment of child labour, the existence of unsafe working conditions and low wages in the small supplier factories of the UK's low-cost clothing retailer, situated in Tirupur, India. (Sources: various newspapers, documentaries and YouTube videos).

To date, there are routine reports regarding the contravention of labour laws and mishandling of workers in the developing country supplier facilities of global garment brands. Because of all these incidents, even genuine attempts by some corporations and developing country suppliers to implement improved working conditions are seen as mere window dressing, smoke screens or cynical symbols of protectionism (Amazeen, 2011; Fox, 2004; Palley, 2005).

In this thesis, instead of starting from such cynical assumptions about buyers or suppliers, I argue that the existing frameworks aimed at remedying poor working conditions are based on a rather inadequate, if not inaccurate, understanding of the real nature, experiences and circumstances of the actors at the very end of the supply chain—the small and medium suppliers or subcontractors in developing countries— who are in fact responsible for the implementation of such frameworks. This explains why even dedicated efforts—in the form of commitment, resources and transparency (Locke, Amengual, & Mangla, 2009)—of many global brands have failed to produce the expected improvements in working conditions in most offshore facilities of global supply chains. Here, I do not argue that the existing frameworks for improving working conditions have never generated positive effects. Indeed they have. But the real concern is about the scope and preservation of these improvements.

Therefore, in the thesis, I broadly seek to understand what is really happening at the very end of the global supply chains in relation to maintaining working conditions by focussing exclusively on the functioning of small and medium developing country suppliers who cater to global brands. Having provided a broader scope for the thesis, the remainder of the chapter will introduce its research motivation, question, objectives and outline. Before discussing these aspects, at first, the definition and the usage of the term 'working conditions' is clarified.

In the literature related to SMEs, the term 'working conditions' is differently labelled—for example, employment relations (Ram & Edwards, 2003); industrial relations (Barrett & Rainnie, 2002); people or human resource management (Cardon & Stevens, 2004); CSR (Perrini, Russo, & Tencati, 2007); responsible entrepreneurship (Azmat & Samaratunge, 2009); and ethics (Spence, 1999; Spence & Painter-Morland, 2010). Even though the aforementioned studies emphasise different aspects of working conditions, they are somewhat interconnected; thus, the collective label 'working conditions' is used to facilitate clarity in the arguments presented throughout the thesis.

While there are different emphases within these studies, the term 'working conditions' generally indicates "the opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men" (ILO, 2013). To operationalise this definition for the thesis, I take 'working conditions' to be the incorporation of: working hours; wages; equality of opportunity and treatment; occupational health and safety; freedom of association; collective bargaining and industrial relations and social security (see Chapter 6 for a discussion on why these particular aspects of working conditions are selected).

Coming back to the discussion, the strategic importance of Small and Medium-sized Enterprises (SMEs) in regional and national economic development is widely acknowledged in both developed (North & Smallbone, 2000; OECD, 1997; Storey, 2004) and developing (Kongolo, 2010; Singh, Garg, & Deshmukh, 2009; Smallbone & Welter, 2001) economies. In recent years, when the economies of both

these areas of the world have shown many signs of inactivity and structural degeneration, a wide range of studies (Hodorogel, 2009; Taketa & Udell, 2007) have been undertaken and have revealed that SMEs may be regarded as the generators of new growth, primary sources of innovation and, through job creation, act as one of the main factors in sustaining socio-economic stability.

Especially in developing economies, SMEs have increasingly become the focus of the attention of public policy-makers (Humphrey, 2003). Studies (Berry, 2002; Biggs & Shah, 2006; Tybout, 2000) show that: first, by providing simple and flexible prospects for processing activities, they tend to be active players in the transformation of agriculture-led economies into industrial ones, leading to the creation of sustainable livelihoods; second, they employ more workers than large enterprises and, through such employment, they contribute significantly to income generation, which leads to poverty reduction; third, they contribute to the reduction of economic disparity and to the reinforcement of social stability; fourth, they serve as a training platform for the development of entrepreneurial qualities and the skills of industrial workers; fifth, by linking with large and giant domestic firms, they contribute to the formation of irrepressible economic frameworks; and sixth, through these domestic links, they tend to demonstrate their reliability in attracting more foreign investors who seek unfailing domestic suppliers for their supply chains (see Chapter 2 for more discussion).

Out of these, the most popular argument in favour of SMEs is that they provide more employment opportunities than large enterprises. According to the International Labour Organization (ILO) and to the International Institute for Labour Studies' World of Work Report (2012), SMEs are responsible for most existing and new jobs worldwide. Nevertheless, the role of SMEs on the world economic stage

stands in complete contrast to our limited understanding of working conditions within them (Cardon & Stevens, 2004; Harney & Dundon, 2006; Saini & Budhwar, 2008). The literature demonstrates a severe shortage of systematic research on working conditions in SMEs (Acs & Armington, 2004; Chandler & McEvoy, 2000; Dabic, Ortiz-De-Urbina-Criado, & Romero-Martinez, 2011; McElwee & Warren, 2000). The situation in the Indian context is among the worst, in that research in this area is almost inexistent (Saini & Budhwar, 2008).

It is not just the research into working conditions in SMEs that has been given a low emphasis; the very workers of SMEs have been described as "the invisible workforce" (Curran, 1986). Needless to say, most SME employment is casual (Cassell, Nadin, Gray, & Clegg, 2002). It does not normally involve any form of registration, procedures, rules, strategies and policies. It is unlikely that one can find a dedicated department and individual to manage workers. Perhaps, this is a reason why managing and taking care of workers are not considered to be vital contributors for SME development and survival (Saini & Budhwar, 2008; Susman, 2007).

Numerous efforts (Harney & Dundon, 2006; Harvie & Lee, 2002; Wilkinson, 1999) have been undertaken to explain this scarcity in terms of research and practice; all these efforts normally point at the complexities associated with definitions, the difficulties associated with gaining access or the constraints associated with resources that are typical of SMEs. According to Cassell et al. (2002), much of this negligence, however, can be linked to the belief that findings relating to worker-related practices in large organisations are universally applicable to different types of enterprises. This universalistic belief is best summed up in Huselid's (1995) statement: "the use of high-performance work practices should lead to positive outcomes for all types of firms" (p. 644). This notion, in general, stems from the assumption that SMEs are

nothing but little big companies (Tilley, 2000; Welsh & White, 1981) and that there is no need to view them as distinct entities (see Chapter 2 for a discussion on how different SMEs are to large enterprises). Consequently, the research aimed at understanding and theorising working conditions in SMEs usually considers SMEs separate from their peculiar context (Barrett & Rainnie, 2002).

Prior works that could offer insights about working conditions in SMEs have been inclined to characterise the nature of SMEs and their work practices from polarised perspectives—'small is beautiful' or 'bleak house' (Sisson, 1993; Wilkinson, 1999). At one end of the spectrum—the 'small is beautiful' perspective—some scholars (Ingham, 1970; Schumacher, 1973) argue that SMEs provide a more harmonious and closely knitted family style environment for working relationships than large organisations, resulting in a better environment, healthier communication, greater flexibility, and lower levels of conflict. At the other end—the 'bleak house' perspective—some scholars (Rainnie, 1985; Sisson, 1993) tend to characterise working conditions in SMEs as those of sweatshops. According to them, flexibility in SMEs is more akin to instability; the family style is, in fact, authoritarianism on the part of the owner-manager and the conflict levels are lower as they are articulated through more individual means, such as absenteeism and labour turnover (Wilkinson, 1999).

Scholars such as Edwards, Gilman, Ram and Arrowsmith (2002), Harney and Dundon (2006), Ram (1991) and Storey (2004) challenge these polarised perspectives. According to them, the nature of working conditions in SMEs is not so simple that it can be characterised into stereotypes. Rather, it is complex, informal, contradictory (Ram, 1991) and intersected by a web of relationships based upon social and economic factors (Edwards et al., 2002). Informality, for example, cannot be

taken for granted and presumed for harmonious work relations (Ram, Edwards, Gilman, & Arrowsmith, 2001); similarly, formal practices cannot be considered to be indicators of practices based upon strategies, procedures or rules (Gunnigle & Brady, 1984). Control, for example, can possibly be characterised as either authoritarian or paternalistic (Dundon, Grugulis, & Wilkinson, 2001). Recruitment and training, for example, are not formal, but that does not necessarily imply that they are informal; research shows that SMEs tend to use tried and tested methods, such as word of mouth and personal contacts (Brand & Bax, 2002; Carroll, Marchington, Earnshaw, & Taylor, 1999). As Harney and Dundon (2006) state: "evidently, even among notionally 'good employers', the reality of employment practices can be very different to what prescriptive models would imply" (p.49).

Overall, it is rather difficult to package the nature of working conditions in SMEs into stereotypes; it is necessary to acknowledge their heterogeneity with respect to factors such as sector, context, ownership structure and owner-manager background (Curran & Blackburn, 2001). In general, the word 'complex' best describes the nature of working conditions in SMEs and, broadly, this study's aim is to understand this complexity, particularly with respect to Indian SMEs. Having expressed these considerations, the following sections briefly highlight two sides of this research: one that seeks to develop a business case advocating the promotion of improved working conditions as a trademark, and another that actually seeks ways to improve working conditions in SMEs in developing countries, before introducing the motivation for the research and clear research objectives.

1.1 Research into Developing a Business Case for Working Conditions in SMEs in Developing Country Contexts

Some studies (Kongtip, Yoosook, & Chantanakul, 2008; Maxwell, Rankine, Bell, & MacVicar, 2007; Meite, Baeyens, & Dewil, 2009) attempt to evaluate how improvements in working conditions could impact business outcomes in terms of profitability, improved productivity, efficiency, staff satisfaction, reduced labour turnover and innovation in developing country SMEs. The majority of these studies point at a positive relationship between working conditions and firm-level outcomes. The argument is very topical but its scope is very limited and it has also been heavily challenged for being based on surface level or superficial observations (Croucher et al., 2013)[2]. Nevertheless, on the other hand, Wright and Gardner (2000) note that research in this area has progressed to the extent at which it seems acceptable to argue that, in fact, there is a strong link between some aspects of working conditions and business performance. They further suggest that they should be recommended to practitioners, but in a manner in which the associated mechanisms are properly understood.

While this scholarly debate continues, the idea of an economic case for improved working conditions in developing country SMEs has also been proposed to a multi-stakeholder forum for policy development. In May 2013, international experts, researchers and field practitioners met at the ILO headquarters in Geneva to

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[2] This argument is based on a report on a large-scale literature review project developed for the ILO titled "The relationship between improved working conditions and firm-level outcomes in SMEs" by Croucher et al. (2013).

discuss how investing in working conditions could generate increased performance and competitiveness and result in a win-win scenario for Small and Medium Enterprises (SMEs) in developing economies. The meeting concluded with a recommendation for more in-depth research in the area.

> As a complement to a right-based approach to achieving better working conditions, the ILO has implemented a number of programmes that point to the economic case for better working conditions, pointing to resulting increases in enterprise performance. However, for many, this win-win scenario is not convincing, with concerns over the cost of improved working conditions being the main barrier to buy-in. If the ILO wishes to shift perspectives, from seeing improved working conditions as a business cost to seeing them as a business investment with productivity and competitiveness returns, it is clear that empirical evidence supporting the win-win scenario is needed. (ILO, 2013)

Overall, as noted in the above statement, there is a definite need for more convincing research to sell the business case for the implementation of better working conditions in SMEs. Nevertheless, as scholars such as Croucher et al. (2013) note, any such attempts would not be appreciated in the policy development and/or academic world.

1.2 Research on Finding Ways to Improve Working Conditions in SMEs in Developing Country Contexts

While a group of researchers endeavour to develop an economic case for improved working conditions, another is seeking ways to improve working conditions in SMEs in developing countries. According to the ILO and International Institute for Labour Studies' World of Work Report (2012), SMEs employ at least half of the industrial workers of the developing world, especially in the labour-intensive garments, leather, toys, food and jewellery production and exporting industries, which are normally the scene of substandard working conditions. In a recent press release, the ILO reinforced this further by stating:

> Unfortunately, improvements in enterprise performance can be difficult to achieve and do not always translate into improved working conditions or sustainable livelihoods. This is especially evident in SMEs, where weaknesses in competitiveness, poor working conditions and low skill development prevail. (ILO, 2013)

Numerous scholarly works (Ciliberti, Pontrandolfo, & Scozzi, 2008; Fenwick, Howe, Marshall, & Landau, 2008; Luken & Stares, 2005), and recurring instances of accidents in Indian and Bangladeshi SMEs validate this argument. Although these incidents and reports regularly capture the world's attention by highlighting the existence of substandard working conditions in supplier facilities of global supply chains, thousands of separate, undocumented incidents continue to occur every year, with hundreds of thousands of workers in developing countries being continuously

exposed to unsafe working conditions, low wages and long working hours (Balakrishnan, 2002; Carr & Chen, 2002; Islam & Deegan, 2008).

In a range of developing countries, SMEs are excluded—based on numerical thresholds—from different aspects of labour laws under the assumption that such exclusion will facilitate the growth of SMEs and promote entrepreneurship by reducing both the direct and indirect costs resulting from compliance with labour laws (Ayyagari, Beck, & Demirguc-Kunt, 2007; Fenwick et al., 2008). In Chile, Denmark, Kenya, Vietnam, India and South Africa, for example, legal obligations for occupational health and safety and collective bargaining and freedom of association vary according to the size of the enterprise; smaller businesses are generally not covered[3]. Until now, it has remained unclear, nevertheless, whether this approach has any positive impacts on SMEs or workers (Fenwick et al., 2008). As Fenwick et al. (2008) argue, excluding them may only serve to aggravate the issue of poor working conditions instead of positively impacting their growth. Studies (Jesim, 2008; Stigzelius & Mark-Herbert, 2009) also point out that the current State influence in regulating working conditions in SMEs is limited in many developing countries under the assumption that either including or excluding SMEs may not serve to make any difference, in some cases, due to issues such as the heterogeneity of SMEs and under-resourced and corrupt authorities. In short, these studies highlight that, in many developing countries, the State seems to have limited scope in terms of regulating working conditions in SMEs and that there is a need to reform the regulations and policies for SMEs.

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[3] See Fenwick et al (2008) for more examples and discussion.

On the other hand, as an alternative to mandated standards, there has been a recent sizeable increase in voluntary codes and standards, including those that impose minimum compliance as a part of contract requirements in global supply chains. Despite this increase, the actual realisation of its purpose, however, is still relatively hypothetical (Fichter & Sydow, 2002). While some studies (Kongtip et al., 2008; Mueller, Dos Santos, & Seuring, 2009) point out the positive effect of such initiatives, many studies (Barrientos & Smith, 2007; Locke, Qin, & Brause, 2007; MacDonald, 2007; Utting, 2007) question their coverage by emphasising their limitations. Some studies (Fulponi, 2006; Welford & Frost, 2006) in particular question the extent to which such initiatives can provide an effective alternative to obligatory standards by exposing the gap between ratifications and actual practices in numerous developing countries. In brief, these studies point out that voluntary initiatives experience severe problems in terms of coverage and intensity in terms of their effectiveness in regulating working conditions in SMEs.

The above discussion opens up two questions. Why do regulations, laws, policies, voluntary initiatives or alternative standards tend not to fulfil their purpose of realising improved working conditions in SMEs in developing countries? And why does the situation of poor working conditions continue to prevail in SMEs in developing countries? Having provided a brief background, the next section will delineate the motivation for the research.

1.3 Motivation for the Research

One answer to these questions lies in realising that, in order to develop policies and frameworks to improve the standards of working conditions in SMEs in the developing world, we first should take a step back and try to understand the factors

that construct those working conditions. Having an understanding of the composition of such factors could aid in the development of successful policy frameworks. As mentioned, studies portray the nature of working conditions in SMEs as a complex phenomenon; but to what extent do we have an understanding of this complexity with relevance to SMEs in developing countries?

As mentioned, the related research in developing country contexts is almost nonexistent (Saini & Budhwar, 2008). Most existing studies that explore working conditions in SMEs are conducted in contexts that are typical of advanced institutional and infrastructural support structures (Fox, 2004; Luken & Stares, 2005). The research exploring the aspects of working conditions in SMEs in developing countries offers, nevertheless, more ambiguous and superficial results (Fenwick et al., 2008). In addition, most research often fails to recognise that the majority of SMEs in developing countries are a part of global supply chains or international subcontracting networks that cannot be ignored. Also, it fails to take into account the role of the numerous mediating factors that may influence working conditions. As Fenwick et al. (2008) state:

> Research needs to take into account the differential resources and capabilities and owner-manager motivations, as well as the varied nature of markets and associated regulatory/institutional contexts. However, these influences are widely under-addressed in the reviewed body of research. (p. 58)

Researchers such as Barret and Rainnie (2002), Ram and Edwards (2003), and Harney and Dundon (2006) also concur with the above statement by raising concerns regarding the underestimation of the combined influences of the factors mentioned in

it. All these considerations, by and large, led to the development of the research question and objectives of the study, as presented in the next section.

1.4 The Research Question and Objectives

As mentioned above, prior to designing any frameworks for the realisation of improved working conditions in SMEs in developing countries, an understanding of the construction of their existing working conditions would be advantageous. In reviewing prior literature, it was found that very few scholarly works (for example, Ciliberti, de Groot, de Haan, & Pontrandolfo, 2009; Ciliberti et al., 2008) had attempted to integrate 'working conditions', 'SMEs', 'developing countries' and 'global supply chains' in a single research and those that did remained at an abstract level. Rather than adopt one of these perspectives to the exclusion of the other, this study seeks to both theoretically and empirically understand the construction of working conditions in developing country SMEs that are part of global supply chains. Accordingly, the study seeks to answer the question of **how working conditions are constructed in developing country SMEs that are part of global supply chains**.

In order to address this question, small and medium knitwear garment-manufacturing firms (that cater to many familiar global brands) located in India were selected as the research context. In the context of seeking to understand the construction of working conditions in these SMEs, this study will attempt:

- To provide an overview of the working conditions in a selected sample of Indian SMEs.
- To identify the numerous influences which contribute to the construction of these working conditions.

- In particular, to investigate the role that owner-managers play in contributing to the construction of these working conditions.

- To draw empirical, theoretical and methodological inferences and make recommendations in terms of possible future research directions and practices to improve working conditions in SMEs in developing countries.

In order to address the research question, first, the relevant literature was reviewed to achieve awareness of the body of knowledge and to seek to identify the gap(s) where contribution(s) can be made. Then, using qualitative methods, an empirical study was conducted in Tirupur, India, home to the country's largest knitwear garment exporting cluster. The qualitative data were collected in two phases, primarily in the form of in-depth semi-structured interviews. During phase one, a pilot study was conducted among Tirupur's SMEs by using in-depth semi-structured interviews with two owner-managers, one buying agent and three workers. Based on the pilot study, the interview schedule and research design were amended and the main data collection phase followed. During the main data collection phase, 36 in-depth semi-structured interviews were conducted with eight owner-managers, 23 workers, one buying agent, two trade unions leaders, one NGO leader and one CSR officer of a UK high street clothing brand supplied by this region. To facilitate data triangulation and in addition to the semi-structured interviews, supplementary data were also collected, during frequent factory visits, in the form of documents, informal conversations, and non-participant observations. The collected data were manually analysed using Braun and Clarke's (2006) step by step (but flexible) recipe for thematic analysis and inferences were drawn. A theoretical framework composed using constructs of institutional theory and organisational sensemaking acted as a

'skeletal' (Laughlin, 1995) framework, guiding the whole research process. Having provided a synopsis of what the study is about, the rest of the chapter will provide brief summaries of the contents of each chapter.

1.5 Layout of the Thesis

The thesis is organised in ten chapters (including the current one):

Chapter 2 delineates the developments and gaps in the related literature. In particular, it is aimed at offering a discussion on factors influencing working conditions in supplier facilities in developing countries from global supply chain and SME perspectives. Finally, the chapter concludes by presenting the conceptual model to indicate the existence of structure-agency interactions in the construction of working conditions in SMEs in developing countries that are part of global supply chains, and to outline the research gaps that the study seeks to address. At large, the chapter attempts to show that a study of working conditions in SMEs in developing countries is rather complex and needs more in-depth understanding.

Chapter 3 introduces the theoretical constructs adopted to address the research objectives. The chapter offers a detailed review of institutional theory and organisational sensemaking. In particular, it offers a detailed discussion on the constructs—of institutional theory and organisational sensemaking—adopted for the study. Finally, the chapter concludes with a discussion on how constructs of institutional theory and organisational sensemaking can be bridged together to form a robust theoretical framework that can provide a platform to understand structure-agency interactions, specifically the micro-processes associated with such interactions.

Chapter 4 introduces the research (or empirical) context. It offers a discussion on the reasons behind the selection of the garment sector, and particularly the Indian garment sector and the knitwear garment manufacturing and exporting SMEs in Tirupur, India for the study.

Chapter 5 discusses the overall research process of the study. In the first half of the chapter, the four components of a research design—research paradigm, research purpose(s), research strategy of inquiry and, research methods or techniques—are discussed in general. The second half of the chapter offers a detailed discussion on how and through what techniques the necessary data were gathered and analysed. The chapter then concludes with a discussion on how ethically the research was executed and what sort of ethical dilemmas were encountered throughout the course of the research process.

Chapter 6 offers a discussion on the aspects of working conditions that the study focuses upon. It also attempts to offer a concise overview of the existing working conditions in the selected sample of SMEs as unearthed by the collected data. In addition, it also outlines the dynamics of an owner-manager's role in the research context. The chapter finally concludes by introducing the platform for Chapters 7 and 8.

Chapter 7 concentrates on presenting a discussion on what and how numerous structural influences contribute to the construction of working conditions in the research context. It also attempts to delineate the institutional mechanisms that the identified structural influences use to influence working conditions. In so doing, it shows that the institutional environment in which Tirupur SMEs are embedded is composed of interconnected, overlapping, contradictory or competing institutional demands which provide a scope for the awareness of primary decision-makers, i.e.

owner-managers, regarding alternative possibilities, and generating a situation in which they can exercise their own interests.

Chapter 8 attempts to expand the conclusion of Chapter 7 by providing a detailed discussion on the ways in which owner-managers exercise their own interests. In this regard, the chapter presents a discussion on how owner-managers interpret as well as respond to institutional influences, ultimately contributing to the construction of the working conditions in their firms. At large, the chapter reports the outcomes of the micro-level processes associated with the owner-managers' sensemaking of institutional influences with regard to working conditions.

Chapter 9 presents the coherent inferences derived from the empirical findings. In this regard, it draws together empirical findings, reflects back to the literature and presents the theoretical model derived from the findings. The chapter also attempts to present the contributions that the study makes to a coherent body of theoretical and methodological knowledge.

Chapter 10 is aimed at closing the thesis by summarising what the study set out to do, what was already known and what aspects were left to be studied in the topic, how the study was executed, what was found and what the contributions of the study are. It then brings the thesis to an end by offering some concluding remarks, an assessment of the limitations, future research directions, practical recommendations and my personal reflections on the overall research process.

In sum, this chapter laid a significant foundation for the thesis by providing background information for the study; by explaining the motivations underpinning the study; by introducing the research question and objectives of the study; and by briefly discussing the way in which the study was executed. The next chapter will attempt to build on this foundation by offering a detailed review of relevant literature.

Chapter 2
Literature Review

Chapter Two: Literature Review

2.0 Introduction

As mentioned in the previous chapter, the primary aim of this study is to understand the construction of working conditions in small and medium sized firms in developing countries that are part of global supply chains. As a first step, I attempted to review the relevant literature to try to understand what is already known about the research area in general and the research issue in particular, what concepts and theories are employed and discussed and what aspects are still open to be studied. The current chapter is aimed at presenting the outcomes of that attempt.

A comprehensive review of the relevant literature resulted in the identification of two different perspectives with respect to the research topic: (a) a global supply chain perspective, which is mainly concerned with how structural factors influence working conditions in supplier factories in developing countries; and (b) a SME perspective, which is mainly concerned with how structural as well as individual owner-manager-specific factors influence working conditions in SMEs in developing nations. These two perspectives are finally combined together to develop the conceptual model, which represents the starting point for the research.

2.1 Foreign Direct Investment (FDI): The Development Versus Exploitation Debate

"Foreign direct investment contributes toward financing sustained economic growth over the long term. It is especially important for its potential to transfer knowledge and technology, create jobs, boost overall productivity, enhance

competitiveness and entrepreneurship, and ultimately eradicate poverty through economic growth and development." (United Nations, 2003, p. 9)

Although the United Nations (UN) have acknowledged the importance of FDI for growth and development, in the literature there exists a dichotomy of viewpoints regarding FDI. From one point of view, FDI is portrayed as a policy towards development, whereas from another, it is portrayed as a means for exploiting resources in developing countries. This section will discuss these contrasting viewpoints and will present the position adopted by the study. This adopted position will then act as a lead to initiate further discussions on factors affecting working conditions in supplier facilities in developing nations.

Globalisation has led to an enormous increase in FDI into developing nations (Jenkins, 1987; Lall & Narula, 2004) which has made it one of the major sources of private capital inflow for developing nations (Ramamurti, 2004) since the 1990s (UNCTAD, 2011). Since then, public policy makers of developing countries have considered FDI to be one of the most important drivers of economic development (Reiter & Steensma, 2010).

Taking the theory of the positive relationship between FDI and economic development into consideration, many developing countries began to liberalise and change their trade policies in favour of foreign investors (Reiter & Steensma, 2010). Taking this to its extreme, in many developing countries, including India (Das, 2012), many restrictions on foreign investment were in fact replaced with incentives to both foreign and local actors participating in international business activities (Alfaro, Chanda, Kalemli-Ozcan, & Sayek, 2010; Russell, Mohan, & Banerjee, 2012).

Some developing countries, such as India, China, Bangladesh and Sri Lanka,

have attempted to change their overall development strategies to accommodate FDI (Gereffi, 2001) by increasingly trying to shift from Import-Substituting Industrialisation (ISI) to Export-Oriented Industrialization (EOI) (Chopra, 2003; Gereffi & Wyman, 1990; Gore, 2000). This shift has also resulted in a major transformation in the organisation of international production processes (Gereffi, 2001; Pietrobelli & Rabellotti, 2011) resulting in the generation of boundaryless organisations with globally located production facilities, distribution centres and company-owned or external suppliers (Bhatnagar & Viswanathan, 2000; Swinnen, 2007) particularly in the apparel, computer hardware and software and automobile industries (Dornier, Ernst, Fender, & Kouvelis, 2008; Meixell & Gargeya, 2005).

Many developing countries, including India, initially supported this shift by establishing Export-Processing Zones (EPZ) (Grunwald & Flamm, 1985). In India, the first EPZ was set up in 1965; however, the realization of EPZs as a powerful tool to promote FDI and EOI began only after liberalisation in 1991. At that point, India experienced a considerable inflow of FDI, stimulating the government to implement a wide array of measures to restructure trade policies and EPZs as an act of promoting the latter (Kundra, 2000). This, however, is not just the case of India. Studies show that many developing countries in Asia (Tatsuyuki, 2003), Latin America (De Armas & Jallab, 2002) and Africa (Kinunda-Rutashobya, 2003; Roy & Subramanian, 2001) are also in favour of the strategy of FDI coupled with EOI and EPZs to become integrated into the global economy and achieve development.

While advocates of the abovementioned viewpoint and neo-classical economists argue that free market is an efficient tool for resource allocation and guaranteed resource flow to the poor, scholars such as Arnold and Hartman (2005), Fichter and Sydow (2002), Fuentes-Garcia, Nunez-Tabales and Veroz-Herradon

(2008) and Jenkins (1987) argue that it also made it possible for transnational corporations to relocate their labour-intensive production activities to those areas where raw materials and labour costs were lower and the authorities more liberal. According to Fichter and Sydow (2002), the neo-liberal policies of developing countries are not only a causative factor for change in the organisation of international production processes, they are also a restrictor of national labour market regulation. Waddington (1999) adopts a similar stand by stating, "…as economic activity became more internationalized, the embeddedness of labour in national regulatory regimes was threatened by deregulation arising from the adoption of neo-liberal policies" (p. 2).

Scholars of this viewpoint tend to characterise labour-intensive production facilities located in developing nations as 'sweatshops', and argue that workers employed in them are intensively exploited to reach production targets (Bigelow, 1997; Brown, Deardorff, & Stern, 2004). Based on their arguments, it can be seen that they euphemistically characterise the neo-liberal global economy as a sweatshop global economy, which allows for transnational corporations to exploit cheap labour and to lower working condition standards, thus generating a conflicting balance between economic growth and social injustice. Monshipori Jr and Kennedy's (2003) statement clearly summarise this viewpoint as follows:

A related criticism of MNCs is that their overall strategy to relocate from the North has kept wages and living conditions down and resulted in the expansion of sweatshops in the South. This has led to the view that globalization is a euphemism for 'sweatshop global economy'. (p. 966)

As Arnold and Hartman (2005) assert, this viewpoint is nevertheless extremely prejudiced by the notion that transnational corporations are the sole promoters of the existing working conditions in these production facilities. Several studies (Banerjee, 1991; Boje & Khan, 2009; Brown et al., 2004; Lall & Narula, 2004) in the literature also appear to share this biased conception of viewing transnational corporations as being the sole villains. This study, however, seeks to adopt an unbiased stance and endeavour to argue that it might be myopic to claim that existing working conditions in supplier facilities in developing countries are merely the result of transnational corporations' economic activities; indeed, literature in the global supply chain perspective offers indications of how other factors come into play in the creation of the working conditions in these supplier facilities.

2.2 The Global Supply Chain Perspective: Factors Influencing Working Conditions

This section will begin with a broad argument regarding the impacts of institutional variations in global supply chains on working conditions (Section 2.2.1). This broad argument will then be followed by a discussion on the impacts of aspects specific to developing country contexts (Section 2.2.2), followed by a discussion on the impacts of aspects associated with industry (Section 2.2.3), followed by a discussion on the studies that are more concerned with the regulatory (both voluntary and obligatory) institutional impacts on working conditions (Section 2.2.4). While these aspects will be presented and discussed as distinct, they are in fact interrelated. Finally, the section will end with a discussion on the necessity to consider small and medium suppliers separately from large ones. This discussion will then act as the point of divergence for further discussions of the chapter.

2.2.1 Emphasis on heterogeneity in institutional contexts. In recent times, as mentioned, global production systems are operating in a wider institutional environment. A significant amount of trade in the global economy is being carried out in the form of transactions between subsidiaries of transnational companies located in developing country contexts (Humphrey & Schmitz, 2001). Still, attaining cross-border cooperation among heterogeneous regional organisations embedded in their own institutional environments, as Fichter and Sydow (2002) affirm, continues to be a hypothetical goal.

Every transnational corporation has its specific home-based 'administrative heritage' (Bartlett & Ghoshal, 1987) and predisposition, which inevitably interact with and, at times, conflict with multiple host country institutions (Arthaud-Day, 2005; Bartlett & Ghoshal, 1987, 1999). The "relevance and validity of constructs" associated with one country "are open to question once they are transferred to international settings" (Samiee & Athanassiou, 1998, p. 79). Because of such institutional heterogeneity, partners in global supply chains are prone to bounded rationality, tend to be driven by self-interest and partially conflicting goals and are asymmetrically informed (Ciliberti, de Haan, de Groot, & Pontrandolfo, 2011).

Partners in global supply chains, therefore, are not just operating in heterogeneous economic domains, as claimed by MacCarthy and Atthirawong (2003), but they are also operating in heterogeneous institutional contexts. Meixwell and Gargeya (2005), for example, show how variation in cultures, languages and practices amongst global facilities influence the efficiency of trading practices between international partners. Similarly, Dornier, Ernst, Fender and Kouvelis (2008) demonstrate how fluctuating or unstable political, economical and regulatory environments increase the complexity of the co-operation between partners in global

supply chains. Overall, disequilibrium between partners in global supply chains exists not only in the economic domain, but also in the framework of shared values and understandings, which impacts the ways in which working conditions are managed across the whole supply chain (Luetkenhorst, 2004).

2.2.2 Emphasis on aspects of developing nations. As mentioned above, globalisation and the adoption of liberalised economic trade policies by many countries resulted in the relocation of production processes to developing and under developed economies (Fuentes-Garcia et al., 2008). A set of studies specifically concentrates on discussing how aspects peculiar to developing countries influence the ways in which working conditions are constructed in the production facilities located within them.

One of the most highlighted aspects of developing nations in such discussions is the nature of the enforcement of labour regulations. Scholars such as Akorsu and Cooke (2011), Amaeshi, Osuji and Nnodium (2008), Welford and Frost (2006) argue that, even though developing countries have clearly defined and detailed regulations in the form of laws or standards to execute different provisions related to working conditions, they lack in the effective enforcement of such regulations. For example, Welford and Frost (2006), based on their study of Asian supply chains covering a wide variety of manufacturing industries, argue that "…there are very clear laws on employment, working hours, minimum wages, overtime payments and health and safety, but there is a lack of implementation of them" (p. 171).

With respect to the Indian context, scholars such as Bhattacharjea (2009), Jesim (2008), Papola, Mehta, and Abraham (2008), and Mezzadri (2008), based on their studies on enforcement of Indian labour regulations, concur with the above

argument. For example, Jesim (2008), based on his study on the effectiveness of Indian labour laws on Indian industries, asserts that there are numerous holes in these laws, which encourage the industries to get involved in contravening actions. Based on a similar, but large-scale study, Papola et al. (2008) highlight that only a small and specific segment of workers—those working in relatively larger establishments—are benefitted by India's labour regulatory measures.

Studies (Azmat & Samaratunge, 2009; Estache, Goicoechea, & Trujillo, 2009; Olken & Pande, 2011; Reiter & Steensma, 2010) point at the nature of corruption prevailing in many developing nations as one of the main reasons for such deficiencies in enforcement. These studies tend to argue that corruption is more widespread in the developing world than it is in its developed counterpart and that it adversely interferes in the organisation of company, individual and government regulatory systems in many developing countries. For example, with respect to the Indian context, scholars such as Papola et al. (2008) and Jesim (2008), highlight how corruption can influence working conditions in Indian factories by constraining the scope and effectiveness of regulatory institutions.

Another commonly highlighted aspect in relation to developing countries is the nature of resource availability and infrastructural developments. For example, Welford and Frost (2006), based on their study of Asian supply chains, demonstrate how working conditions in supplier factories in developing nations are shaped by the quality of resources, skills and infrastructure; the level of awareness of stakeholder demands and the level of technological advancements and efficient production techniques available in the context. Several other scholars (Azmat & Samaratunge, 2009; Blowfield & Frynas, 2005; Mamic, 2005) also highlight the impact of these

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aspects on how working conditions are managed in developing country supplier facilities.

Studies specific to many other developing and underdeveloped countries, including Burma (Arnold & Hartman, 2005), Bangladesh (Ansett, 2007), Pakistan (Nadvi, 2011), Cambodia (Shea, Nakayama, & Heymann, 2010) and Indonesia (Harrison & Scorse, 2006), also emphasise the impacts of the aforementioned aspects. This is not a comprehensive list; nonetheless, it may possibly imply the relevance of the above-mentioned arguments to a wider developing country context.

2.2.3 Emphasis on industry-specific aspects. Studies in the literature demonstrate how several industry-specific aspects influence working conditions in the supplier facilities of global supply chains. These studies cover a wide spectrum, including the food industry (Henson & Loader, 2001; Swinnen, 2007), the garment industry (de Neve, 2008, 2009; Hale & Shaw, 2001; Kolben, 2004), the footwear industry (Schmitz, 2006) and the flower industry (Hughes, 2002). These studies generally show the impacts of a wide range of industry-specific aspects—including industry-specific trade policies, industry-specific labour regulations, characteristics of the industry, advancements in the production processes, the product market, the industry-specific labour market, etc.—on working conditions.

For example, Hale (2000), based upon a study of the mass-market garment industry, demonstrates how the complexity of garment supply chains influences working conditions in supplier facilities by obstructing the effective monitoring of every production unit constituting the supply chain. Similarly, Hale and Shaw (2001) in their study of the apparel fashion industry, show how changes in market demands coupled with downward market pressure influence working conditions in supplier

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facilities by altering the patterns of production. In general, these studies attempt to show that a wide range of industry-specific aspects influence the way working conditions are constructed in supplier facilities of global supply chains.

2.2.4 Emphasis on obligatory and voluntary monitoring initiatives. Many international development organisations, such as the ILO, the United Nations Industrial Development Organization (UNIDO) and the Organisation for Economic Co-operations and Development (OECD), are investing different kinds of resources to promote and monitor improved working conditions in global supply chains and to advance the human rights of workers around the world (Fuentes-Garcia et al., 2008). Specifically, the ILO is a tripartite organisation completely dedicated to globally organising and overseeing labour issues by devising and monitoring the standards for appropriate workplace practices and human rights that bind most countries worldwide.

A range of studies (Berik & Rodgers, 2010; Kolben, 2004; Nadvi, 2008) specifically focus on analysing the effectiveness and impacts of such standards and/or initiatives on working conditions in supplier facilities of global supply chains. For example, Nadvi (2008), in his study on global standards and global supply chains, explains how global standards are being shaped and implemented. In so doing, he also attempts to assess the impacts that such standards tend to have on those who are involved in global supply chains, including workers and local firms, and the social context—that of developing countries—in which these standards are being imposed from outside. Similarly, Kolben (2004) in his study, analyses the usefulness of the programme initiated by the United States-Cambodia Bilateral Textile Trade Agreement to implement ILO standards in Cambodian garment factories. He attempts

to provide guidelines on how to effectively develop and implement programmes that combine trade and ILO monitoring to improve working conditions and enforce core labour rights along the global supply chains while continuing to pursue trade in a successful manner.

Apart from these studies, the literature also encompasses studies (Bhattacharjea, 2009; Jesim, 2008; Mezzadri, 2008) that focus specifically on the enforcement and influence of Indian labour regulations on working conditions in the production facilities located in the Indian context. In general, even though all of these studies assess the effectiveness of a wide array of initiatives from different perspectives, they all tend to converge towards one notion; i.e. that obligatory labour regulative systems in developing countries lack the necessary coverage and efficiency.

Another category of studies (Barrientos & Smith, 2007; Beschorner & Müller, 2007; Pearson & Seyfang, 2001) focuses specifically on voluntary monitoring initiatives, such as codes of conduct and social standards, and their influence on working conditions in global supply chains. These initiatives are, in general, "voluntary self-regulatory tools that are applicable to specific firms, or groups of firms, and thus certain groups of workers at certain times" (Pearson & Seyfang, 2001, pp. 49-50). They are not legally binding like norms such as ILO conventions (Beschorner & Müller, 2007) or regulations such as precise legal obligations (Gilbert, Rasche, & Waddock, 2010) that coerce countries or regions.

Some studies in this category tend to focus specifically on the influence on working conditions of specific initiatives. Examples of such studies include: Ciliberti at al.'s (2008; 2009) studies of suppliers' experiences of SA 8000; Stigzelius and Mark-Herbert's (2009) study of SA 8000 in Indian garment suppliers of global brands

and Locke et al.'s (2007) study of the influence of Nike's codes of conduct on its supplier factories. Conversely, other studies in this category tend to focus broadly on the overall nature of the voluntary initiatives and their consequent social impacts. For example, Gilbert et al. (2010), in their systematic review paper, assess the dissemination of International Accountability Standards (IAS). In their work, they also seek to discuss a wide range of problems associated with the implementation of such standards across global supply chains. Overall and in a way, all the studies in this category attempt to argue that voluntary governance initiatives in the form of corporate codes of conduct (White & Montgomery, 1980) and social standards (Beschorner & Müller, 2007) must be considered as replacements for the relatively ineffective nature of government regulations which prevails in developing country contexts. However, as indicated in Chapter 1, the effectiveness of these initiatives is also challenged by many studies (Barrientos & Smith, 2007; Locke, Qin, et al., 2007; MacDonald, 2007; Utting, 2007).

By and large and from the above discussions, it can be inferred that working conditions in supplier facilities are not merely constructed by the global economy or by the economic actions of transnational corporations. Rather, they are influenced by aspects associated with the heterogeneity of institutional contexts (Section 2.2.1), developing country contexts (Section 2.2.2), industry (Section 2.2.3) and obligatory and voluntary monitoring systems (Section 2.2.4). That said, the literature related to the global supply chain perspective fails to acknowledge the distinction between large and small/medium suppliers (with exceptions such as Ciliberti et al., 2009; Ciliberti et al., 2008; Luken & Stares, 2005). It would appear that studies from the global supply chain perspective tend to use collective terms such as 'suppliers' or 'sub-contractors' to refer to all types of suppliers in general.

The appreciation of this distinction is extremely significant for two reasons. First, the majority of the suppliers of global supply chains located in developing countries are SMEs (Humphrey, 2003; Raynard & Forstater, 2002); and, second, small and medium suppliers are typically very different from large ones (Rosenbusch, Brinckmann, & Bausch, 2011; Russo & Perrini, 2010; Terziovski, 2010) (see, Section 2.3 for a detailed discussion). SMEs are not small scale big companies as Tilley (2000) asserts. Thus, playing down the differences between small/medium suppliers and large ones and disregarding the SME perspective (especially while researching global supply chains) may therefore result in overlooking the influences of many other peculiar, significant and mediating factors. Moreover, the differences are relatively large to the extent that, if not acknowledged, they may also obstruct developmental activities across global supply chains. The next section will attempt to develop these arguments and will then offer a detailed discussion on the SME perspective on working conditions.

2.3 In What Ways are SMEs Different from Large Enterprises?

The above section concluded by indicating that SMEs are different from large enterprises and that it is necessary to acknowledge this distinction in order to develop appropriate research and policies to improve the effectiveness of activities associated with international production networks. However, the section did not clearly answer the following question: in what ways are SMEs different from large enterprises? This section, therefore, is dedicated to offering a detailed account of the ways in which SMEs are different from large enterprises.

First of all, the definitions of SMEs in many countries (see Appendix one) are based on various quantitative indicators, such as employment, investment, turnover

and so forth. One of the main issues with these quantitative definitions is that the differentiation is merely based on a single quality of an SME; i.e. its degree of 'smallness' (Curran & Blackburn, 2001). Scholars (Brytting, 1991; Rosenbusch et al., 2011; Russo & Perrini, 2010; Terziovski, 2010; Van Hoorn, 1979), on the other hand, argue that size is just one of the numerous qualities that differentiate SMEs from large enterprises.

According to Brytting (1991), SMEs can be differentiated from large enterprises based on two of their peculiar features: small-scale decentralisation and flat organisational hierarchy. Van Hoorn (1979), on the other hand, differentiates SMEs from large enterprises with respect to five different peculiar features: a relatively limited number of products, technologies and know-how; relatively limited resources and capabilities; an underdeveloped management system, administrative procedures, and techniques; a disorganised and informal management style; senior managers and/or their relatives and friends being owners or founders of the firm.

In several ways, contemporary scholarly descriptions of SMEs (Dawn, Peter, & Jasbir, 2002; Perrini et al., 2007; Rosenbusch et al., 2011; Spence, 1999; Terziovski, 2010; Vyakarnam, Bailey, Myers, & Burnett, 1997) are similar to Van Hoorn's (1979). But, when compared to Van Hoorn's (1979), contemporary descriptions adopt a reasonably positive stand regarding SMEs. These descriptions tend to highlight the unique features of SMEs rather than describing how they are inferior to large enterprises. For example, Perrini et al. (2007) describe SMEs as: being generally independent, multi-tasking, cash-limited, based on personal relationships and informality, actively managed by owners, highly personalized, largely local in their area of operation and largely dependent on internal sources to

finance growth. This description, in a way, tends to emphasise the uniqueness of the very features of SMEs, which were earlier described as being relatively inferior.

Apart from these descriptions, Wynarczyk (1993), in an relatively different way, attempts to distinguish SMEs from large enterprises along three different dimensions—uncertainty, innovation and evolution—peculiar to SMEs. In so doing, he also presents an evaluation of how these features could make SMEs superior to large firms. Following is a discussion on these three dimensions:

❖ SMEs experience more *uncertainty* than large enterprises (Wynarczyk, 1993) because: they have a limited market share and, thus, they cannot influence the price; the majority of them are subcontractors of large firms and, therefore, they tend to have a limited customer and product base; they are owned and controlled by their respective owners and, hence, their objectives and the efficiency or effectiveness of their business practices depend, to an extent, upon their owners' characteristics (Storey, 1994; Wynarczyk, 1993). These aspects of uncertainty, however, do not place SMEs in an inferior position. In fact, these aspects are the reasons why SMEs are innovative and tend to frequently evolve and change (Wynarczyk, 1993).

❖ SMEs are *innovative* in comparison to large enterprises (Storey, 1994) because: they are less hierarchical and more entrepreneurial and, thus, they are able to be more experimental and innovative in terms of their modes of operation as well as their range of products (Caskey, Hunt, & Browne, 2001; Jutla, Bodorik, & Dhaliwal, 2002); they are flexible, and their operations incur lower overheads than larger enterprises and, therefore, they are able to easily adapt to and/or create niche markets (Blili & Raymond, 1993; Carter & Jones-Evans, 2006).

❖ SMEs possess a greater likelihood to *evolve and change* when compared to large enterprises (Jones, Macpherson, Thorpe, & Ghecham, 2007) because they tend to have a flexible management style and informal organisational structure (Carter & Jones-Evans, 2006) and, thus, they are able to evolve without internal obstruction. In other words, the internal barriers against the realisation of organisational change are less developed in SMEs, compared to those of large firms (Carter & Jones-Evans, 2006).

In general, even SMEs in developing nations share some of these abovementioned aspects with the exception that, in developing nations, SMEs also include micro-businesses that, to a great extent, depend on local community networks and a loyal customer base (Spence & Painter-Morland, 2010) and are involved in relatively less intensive business processes. These micro-businesses, however, share only some of the abovementioned aspects. As this study concentrates only on SMEs in developing countries, studies regarding micro-businesses are intentionally disregarded.

It is however necessary to acknowledge that some aspects of SMEs may vary between different countries as well as between different industrial sectors in the developing world (as they may in the developed world). However, as this study focuses only on a single country, i.e. India, and one sector, i.e. knitwear garment manufacturing, analysing the aspects of convergence and divergence among different countries and industrial sectors is beyond its scope[4].

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[4] Spence and Painter-Morland's (2010) book *Ethics in Small and Medium Sized Enterprises: A Global Commentary* could be helpful in analysing the aspects of convergence and divergence as it encompasses literature about SMEs from various developing and developed countries across the world.

Overall, the aforesaid features might offer a mixed impression of SMEs because the very features that suggest the sense of inferiority of SMEs in comparison to large enterprises are those that prove to be advantageous for SMEs (Jutla et al., 2002) and make them more important for the progress of both developed and developing countries. Having said that, the next section will attempt to offer a discussion on how important SMEs are to the global economy.

2.4 The Importance of SMEs

This section will begin with a general review of the importance of SMEs, discussed from a Western point of view. This will then be followed by a discussion on how important SMEs are to developing countries, followed by one on how important SMEs are to India.

A prevailing common notion is that large firms are superior to small and medium ones in terms of economic significance. Earlier, the majority of studies in the field of economics failed to see the importance of the contribution of SMEs to the economy (Curran & Blackburn, 2001; Storey, 1994). Because of their size, their contribution to the economy was considered to be trivial. Later, economists began to realise that, although SMEs might be smaller in size, there are so many of them in each country (Table 2.1) that their collective contribution is highly significant to the economy (Curran & Blackburn, 2001).

In recent times, countries have begun to acknowledge the significance of the contribution SMEs make to their multi-lateral development (Acs & Armington, 2004; Acs & Preston, 1997; Humphrey, 2003). In the literature, SMEs are recognised and appreciated for creating export opportunities (Harvie & Lee, 2002), for their most promising innovations and for their effective and efficient solutions to some of the

most important global problems (Carter & Jones-Evans, 2006), such as environmental degradation (Williamson, Lynch-Wood, & Ramsay, 2006), unemployment (Luken & Stares, 2005) and many other social issues (see Spence & Painter-Morland, 2010). Consequently, policy development related to SMEs has occupied a relatively prominent position in the global agenda for economic growth and regeneration (Acs & Armington, 2004; Gibb, 2000).

Apart from being considered for promoting economic growth and regeneration, as many experts state, SMEs are also being considered for promoting employment growth in many countries (Jones & Tilley, 2003; Luken & Stares, 2005; Storey & Johnson, 1987). This can possibly be substantiated by the data provided in Table 2.1, which indicates that SMEs account for at least 50% of the total employment in any country. In addition to this, the evidence also indicates that the majority of the people currently employed in private sector companies around the world are in fact working in SMEs (Department for Trade and Industry (DTI), 2003).

With regards to the context of the European Union (EU), more than 90% of all the firms in the EU are SMEs, which collectively employ a greater number of people than larger EU firms (Demick & O'Reilly, 2000). According to Luken and Stares (2005), beyond merely providing employment during normal economic situations, SMEs even acted as a major sustenance in terms of employment during many of the European Union's crisis situations.

Carter & Jones-Evans (2006) note that, while large EU firms experienced heavy employment losses in nearly every member state during such crises, employment by SMEs grew considerably. Outside the EU, SMEs from all over the world have also survived through many difficult times and still continue to act as national economic engines (Barkham, Gudgin, Hart, & Hanvey, 1996).

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Country	Number of SMEs among total numberof firms %	Employment in SMEs %	Gross Domestic product (GDP) contribution by SMEs %
Australia	96.0	45.0	23.0
Belgium	99.7	72.0	-
Canada	99.8	66.0	57.2
Denmark	98.8	77.8	56.7
Finland	99.5	52.6	-
France	99.9	69.0	61.8
Germany	99.7	65.7	34.9
Greece	99.5	73.8	27.1
Ireland	99.2	85.6	40.0
Italy	99.7	49.0	40.5
Japan	99.5	73.8	57.0
Holland	99.8	57.0	50.0
Portugal	99.0	79.0	66.0
Spain	99.5	63.7	64.3
Sweden	99.0	56.0	-
Switzerland	99.0	79.3	-
United Kingdom	99.9	67.2	30.3
United States of America	99.7	53.7	48.0

Table 2.1. SME contribution to global economies, Sources: Harvie and Lee (2002)

The positive relationship between SME business activities and national-level economic performance is evident across many countries, including developed ones such as the United States (Leung & Rispoli, 2011), Canada (Leung & Rispoli, 2011) and Japan (Nakagawa, 2012), and developing nations such as India (Coad & Tamvada, 2012), China (Tan, Huang, & Lu, 2013), Eastern Asian countries other than China (Cheng & Gereffi, 2009), Africa (Teal, 2011) and Latin America (Capelleras & Rabetino, 2008). In fact and as stated by scholars such as Luetkenhorst (2004) and Tybout (2000), this relationship is more relevant to the developing world, characterised as it is by lower income levels and mediocre access to technology and resources than the developed world.

While SMEs have long been recognised in the developed world as being vital economic engines, their contributions have begun to gain positive reception in developing countries in the milieu of the intimidating challenges faced in terms of economic development and global economic integration (Tulus Tahi Hamonangan, 2011). Evidence suggests that SMEs in many developing economies in the regions of Asia, Latin America and Africa contribute significantly to the countries' development in terms of economic restructuring and employment growth (Carter & Jones-Evans, 2006).

In Latin America, SMEs employ more than half of the total working population (Berry, 2002). In Africa, they generate virtually twice the level of employment than the large private sector and the public sector (Biggs & Shah, 2006). The level of contributions of SMEs may vary considerably across countries; nevertheless, as Nichter & Goldmark (2009) state, their contributions are generally substantial and must not be disregarded.

India is among the fastest growing economies in the world. SMEs in India play a significant role in such economic growth by generating around 45% of the industrial output and 40% of exports, by employing around 60 million people, by creating nearly 1.3 million jobs every year and by producing more than 8,000 quality products for the Indian and international markets (Small and Medium Business Development Chamber of India, 2013). The SMEs' overall contribution towards India's GDP in 2011 was 17% and is expected to increase to more than 22% in the following years. In terms of employment, there are approximately 30 million Micro, Small and Medium production and processing units in India and 12 million persons are expected to join the workforce over the next 3 years (Small and Medium Business Development Chamber of India, 2013).

SMEs in India are currently facing better prospects than ever in terms of growth and differentiation across many industrial sectors (Todd & Javalgi, 2007). Specifically, India's SMEs' contribution to the manufacturing sector is phenomenal, as stated by Kalirajan & Bhide (2005), who further assert that the Indian market is growing rapidly and that Indian entrepreneurs are making significant progress in numerous industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, Information Technology (IT), and Agro and Services.

Currently, there are about 21 major industry groups in the Indian SME sector including food products, chemical and chemical products, basic metal industries, metal products, electrical machinery and parts, rubber and plastic products, machinery and parts except electrical goods, hosiery and garments, wood products, non-metallic mineral products, paper products and printing, transport equipment and parts, leather and leather products, miscellaneous manufacturing industries, other services and products, beverages, tobacco and tobacco products, repair services, cotton textiles, wool, silk, synthetic fibre textiles, jute, hemp and mesta textiles, other services. Altogether, SMEs in these industry groups produce over 7,500 products in total (Ministry of Micro Small and Medium Enterprises, 2012).

Besides being acknowledged for their contributions to the economic growth and employment generation, global SMEs are also being acknowledged for their contributions towards rebuilding systemic productive capacities, nurturing entrepreneurship and innovation, attracting foreign investment and for championing social responsibility (Jenkins, 2006; Luken & Stares, 2005). As a result of such realisation, there recently has been an enormous increase in the studies related to SMEs (Raynard & Forstater, 2002). Researchers (Curran & Blackburn, 2001;

Rosenbusch et al., 2011; Spence & Schmidpeter, 2003; Storey, 1994; Terziovski, 2010) are consensually urging for more research on SMEs so as to contribute to the development of suitable policies for the continuous growth and development of the global economy.

Having presented a discussion on how SMEs differ from large enterprises and how important they are to the global economy—and especially to developing economies—the next section will provide a discussion on the ways in which SMEs are defined across countries.

2.5 Definitions of SMEs: An Overview

There is no single legally binding universal definition for SMEs (Harvie & Lee, 2002) and Appendix one validates this argument. Every country has its own definition of SMEs. These definitions are however not frozen. They tend to evolve over time and, according to Harvie and Lee (2002), prevailing social and economic conditions play a vital role in the ways in which SMEs are defined in a specific context. For example, in 1996, the European Commission promoted its first common definition for SMEs in the EU. In 2003, this definition was then replaced with a new one with the intention of confronting the hurdles facing SMEs with regards to economic development [5] (see Appendix one for the new definition). Similarly, in India, in 2006, the Reserve Bank of India (RBI) revised the age-old definition of SMEs with the intention of including appropriate economies of scale so as to generate apt development policies for the

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[5] This is mentioned in the European Commission's official website. The following link leads to the official document "On the implementation of Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprise": http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_report_2009_en.pdf

growing population[6]. These definitions may also evolve and change again in the coming years. Section 2.5.1 focuses specifically on the definition(s) of Indian SMEs.

As mentioned, there is no universal definition of SMEs. Globally, SMEs are defined in several ways by using diverse ranges of indicators, such as number of employees, investment capital, total amount of assets, sales volume, and production capability (Harvie & Lee, 2002), which makes it difficult to compare between countries. Adding to such complexity, the definition of SMEs within certain countries is multifaceted. For example, the Indian government differentiates between manufacturing and service SMEs, the Chinese government differentiates between Township and Village Enterprises and SMEs and the Singapore government differentiates between local and overseas SMEs (Harvie & Lee, 2002). Even though the definitions of SMEs differ across countries, consensually and in general, all these definitions, in some ways, tend to indicate the quality of smallness, be it in terms of employment, turnover or investment.

2.5.1 Definition of Indian SMEs. In India, SMEs are categorised into two types according to their industrial orientation: (a) manufacturing enterprises, and (b) service enterprises. These two categories of SMEs are defined differently using different indicators appropriate to the nature of their respective industries. These definitions are as follows:

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[6] RBI is India's central banking institution, which controls the monetary policy of the Indian currency. It plays a vital role in the development strategies of the Government of India. As described in its preamble, the main function of RBI is to "…to regulate the issue of Bank Notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage".
See, http://www.rbi.org.in/scripts/AboutusDisplay.aspx#EP.

(a) Manufacturing enterprises are enterprises that are engaged in the manufacture or
     production of goods pertaining to any industries specified in the First Schedule to
     the Industries (Development and Regulation) Act, 1951. Manufacturing
     Enterprises are defined in terms of investment in Plant & Machinery (Table 2.2).

Enterprises	Investment in plant & machinery[7]	
Micro	Does not exceed INR 2500000	25000 GBP
Small	More than INR 2500000 but does not exceed INR 50000000	25000 GBP to 500000 GBP
Medium	More than 50000000 but does not exceed INR 100000000	500000 GBP to 1000000 GBP

Table 2.2. The Indian definition of manufacturing sector SMEs

(b) Service enterprises are enterprises that are engaged in the provision or rendering
     of services. Service enterprises are defined in terms of investment in equipment
     (Table 2.3).

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[7] 1 GBP = 100 INR (approx.) on 20/11/2013

Enterprises	Investment in equipment	
Micro	Does not exceed INR 1000000	10000 GBP
Small	More than INR 1000000 but does not exceed INR 20000000	10000 GBP to 200000 GBP
Medium	More than INR 20000000 but does not exceed INR 50000000	200000 GBP to 500000 GBP

Table 2.3. The Indian definition of service sector SMEs

Source: The Reserve Bank of India: http://www.rbi.org.in/home.aspx; Development

Commissioner, Government of India:

http://www.dcmsme.gov.in/ssiindia/defination_msme.htm.

Because this study specifically focuses on knitwear garment-manufacturing SMEs in India, the Indian definition for manufacturing SMEs is adopted. As Harvie and Lee (2002) state, "while different definitions [of SMEs] are adopted, they do not fundamentally affect the key issues pertinent to SMEs" (p. 3). However, in an attempt towards facilitating universality in interpreting the findings of this study, it is ensured that there are no more than 250 employees working in each selected firm. This still enables, therefore, usage of the literature from different countries despite the variations in definitions. Having given an overview of SMEs, the remainder of the chapter is dedicated to developing a discussion related to working conditions in SMEs.

2.6 SME Perspective: Factors Influencing Working Conditions

As scholars such as Chandler and McEvoy (2000), Dabic et al. (2011) and Heneman, Tansky and Camp (2000) state, although the importance of SMEs has been widely acknowledged in the literature (see, Section 2.4), so far, somewhat less attention has been given to the research on working conditions in SMEs. Given that SMEs face relatively more problems with managing workers, the published research is inadequate to address these issues (Acs & Armington, 2004; Chandler & McEvoy, 2000; Dabic et al., 2011; McElwee & Warren, 2000). This section is dedicated to offering a discussion on the arguments presented in the literature on working conditions in SMEs to realise what aspect(s) is/are still open to be studied in relation to the topic.

The majority of the studies pertaining to working conditions in SMEs focus only on the influences of several owner-manager-specific and SME-specific aspects. However, some researchers argue that working conditions in SMEs are more than just a reflection of aspects related to owner-managers and SMEs. The following is a detailed discussion on these arguments.

2.6.1 Emphasis on owner-manager related aspects. A stream of existing research focuses specifically on what and how owner-manager-centric factors influence working conditions in SMEs. Scholars (Eakin, 1992; Hasle, 2000; Hasle & Limborg, 2006; Hasle, Limborg, Kallehave, Klitgaard, & Andersen, 2012; Mallett & Wapshott, 2012; Martin, 2012; Matlay, 2002) who belong to this stream argue that working conditions in SMEs are a reflection of the characteristics, personality, beliefs or values of their owner-managers. In these studies, the owner-managers are portrayed as being the dominant actors and the only decision makers associated with any

changes occurring in their firms. These studies tend to posit that an owner-manager is 'like an octopus' (Hasle & Limborg, 2006) who controls as well as manages different firm-related issues, including working conditions. While arguing that the owner-managers' management style tend to be patriarchal, which may be ego-centric and action-oriented, the studies in this line of thought also acknowledge that owner-managers assume a degree of responsibility for their workers (Hasle et al., 2012). At large, the main intention of these studies is to document how the owner-managers' personal values and priorities influence the organisational culture, social relations and attitudes of the firm. Following is a discussion on some of the studies inclined to this line of thinking.

Martin (2012), in her study on SMEs in the restaurant industry, emphasises the notion proffered by many scholars such as Curran (1986), Scase and Goffee (1980) and Storey (1994), that the personal objectives of owner-managers are strongly related to employment practices. She further expands this notion by arguing that the owner-manager's orientation towards work is crucial in relation to how employment practices are managed in a firm. While arguing thus, she also reflects on Watson's (1994) argument to state that owner-managers' work orientations develop through "the interplay of their personal priorities or meanings and the structural contexts in which they find themselves" (Watson, 1994, p. 72). Similarly, Hasle et al. (2012) in their study on SMEs in the construction and metal industries, discuss the relationship between owner-managers' responses towards work environment and the actual work environment itself. Their study adopts the notion of 'identity work' in small firms, as proffered by scholars such as Down (2006) and Watson (2009), and assesses "how owner-managers understand the working environment as an issue in the daily operation of their business and thereby provide a better understanding of the internal

processes and resistance which can be used to design more efficient working environment interventions from the outside" (Hasle et al., 2012, p. 623). As an outcome of the study, they argue that different SMEs feature different work environments, and this heterogeneity is the result of numerous owner-managers' heterogeneous understandings of the work environment. Similarly, many other studies, for example, Peters's (2005) study on SMEs in the tourism business and Ottewill, Jennings and Magirr's study (2000) on SMEs in the community pharmacy business tend to share a similar perspective by adopting the owner-manager-centric viewpoint.

As an extension of this viewpoint, some scholars also attempt to stress the link between the owner-managers' management styles and working conditions. For example, Entrialgo (2002), using the systematic approach proffered by Venkatraman (1990), attempts to integrate the owner-managers' styles with the strategy and performance of SMEs. Similarly, Mayson and Barrett (2006) highlight the link between variations in people management practices and owner-managers' management styles. Many other studies (Mazzarol, 2003; Scase, 1995) also attempt to show that working conditions in SMEs depend on the owner-managers' management styles and personality; if they are unable to alter their styles, they themselves may become barriers to their firms' development (Mayson & Barrett, 2006).

Another extension of the owner-manager-centric viewpoint is the link between the different forms of the owner-managers' familial influences and working conditions. For example, Ram (1994), in his book *Managing to Survive: Working Lives in Small Firms,* seeks to show how complex the link is between different forms of familial influences and working conditions in SMEs. Later, in 2011, Ram (2001) in his study on a small consultancy firm, emphasises the importance of familial

influences on social relations in SMEs. In this study, he seeks to demonstrate the dominance of the owner-managers' familial relations over individual preferences. In addition, he also attempts to highlight the link between the paternalistic approaches of the owner-managers and the employees' feelings of inclusiveness. Similarly, Ram and Edwards (2003) stress the significance of understanding these familial links of SMEs by stating that "…the dynamics of power relations, tensions, and exploitation operating at the interface of the family and the small enterprise need to be understood" (p. 723) so as to complete the research on SMEs. Many other scholars of SMEs (Baines & Wheelock, 1998; Mayson & Barrett, 2006; Reid & Adams, 2001) also concur with the idea of Ram and Edwards's (2003) statement concerned with highlighting the familial influences on working conditions.

Further, several studies specific to SMEs in developing country contexts—for example, Saini and Budhwar's (2008) study on SMEs in the Indian garment industry, Singh and Vohra's (2009) study on SMEs in several industries in India, Fang Lee's (2005) study on small and medium commercial businesses in China, Miah, Wakabayashi, and Takeuchi's (2003) study on small firms in Bangladesh and Nguyen and Bryant's (2004) study on private SMEs in Vietnam—also share a similar line of thought by adopting an owner-manager-centric viewpoint towards research on working conditions in SMEs.

Contrastingly, many other scholars (as discussed in the next section) deviate from such an owner-manager-centric viewpoint and tend to focus on how the characteristics or internal dynamics of SMEs and external factors influence working conditions in SMEs.

2.6.2 Emphasis on SMEs' characteristics and external factors. The characteristics of SMEs and the ways in which they differ from large firms were discussed in Section 2.3. There is a stream of research studies that tends to focus mainly on the link between the characteristics of SMEs and working conditions. One of the earliest, most mentioned and often contested of these is the argument that links the aspect of smallness with working conditions (Ingham, 1970; Rainnie, 1985; Schumacher, 1973). This direct link between smallness and working conditions is nevertheless challenged by many other scholars as being relatively shallow (Ram et al., 2001; Wilkinson, 1999). These scholars tend to argue that working conditions in SMEs are influenced by many other—internal and external—factors besides mere 'size'. In fact, the above discussion on owner-manager-centric factors *per se* substantiates this argument. The remainder of this section will offer a discussion on how characteristics specific to SMEs and external factors are linked to working conditions in SMEs.

2.6.2.1 SMEs' characteristics and working conditions. With respect to the characteristics of SMEs, one of the most highlighted is the link between their informal and flexible nature and the ways in which working conditions are organised. In terms of this link, the literature offers two relatively diverse arguments (as discussed in Chapter 1). On the one hand, some scholars such as Ingham (1970) and Schumacher (1973) argue that SMEs' informality and flexibility would result in a more harmonious and closely knitted family style environment for working relationships, leading to a better environment, healthier communication, greater flexibility and lower levels of conflict. On the other hand, other scholars, such as Rainnie (1985) and Sisson (1993), argue that informality and flexibility in SMEs is more akin to

instability. By and large, all these arguments tend to consider the informal and flexible nature of SMEs as a given. In contrast to this consideration, Ram et al. (2001) argue that informality in SMEs is more of a dynamic aspect and should not be presumed. According to them, the informal and flexible nature associated with SMEs is not merely shaped by the individuals' entrepreneurialism and social relationships, but evolves based on the external demands and constraints imposed by the product market, the workers, technology and the modes of work organisation.

Another often highlighted link with respect to the characteristics of SMEs is the link between the resource dependant nature of SMEs and working conditions. As mentioned in Section 2.3, the majority of the SMEs are resource deprived (Graham, Murray, & Amuso, 2002) irrespective of their age (Cardon & Stevens, 2004), which may eventually leave them to be dependents of large firms and other similar institutions (Aldrich & Fiol, 1994). As Welsh and White (1981) supportively state:

> …a special condition—which can be referred to as *resource poverty*—that distinguishes them [SMEs] from their larger counterparts and requires some very different management approaches. Resource poverty results because of the precarious conditions unique to smaller companies . (p. 18)

Scholars such as Cardon and Stevens (2004), and Graham, Murray, Amuso (2002) argue that the resource dependent nature of SMEs can impose serious constraints on how working conditions are organised because, SMEs "…are primarily concerned with resource constraints rather than with legitimacy and experience deficiencies" (Cardon & Stevens, 2004, p. 297) while organising working conditions.

Another prominently discussed link with respect to the characteristics of SMEs is that between employer-employee relationships pertaining to SMEs and working conditions. For example, Marlow and Patton (2002), based on their empirical study on manufacturing SMEs in the UK, argue that the power hierarchy between owner-managers and workers is negligible in SMEs in such a way that it creates a situation of shared social relationships and group working. They further argue that this blurred boundary may hinder owner-managers from disciplining their workers. Similarly, Ram (2001), from the workers' perspective, argues that workers value the aspect of close relationship with owner-managers. In arguing thus, he refers to the employee-employer relationships in SMEs as the 'familiness' of the enterprise, and attributes the quality of paternity to the owner-managers. Rainnie (1989) refers to the same as 'family atmospheric approach'.

Even though employee-employer relationships in SMEs are equated to familial relationships, according to Ram and Edward (2003), the workers nevertheless are not always the passive acceptors of the owner-managers' decisions. They further argue that external conditions sometimes weaken the management and provide a scope for workers to negotiate their needs with their employers. Gunnigle and Brady (1984) add to this argument by asserting that the aspect of 'good communications' is not always an integral feature of SMEs. They also offer evidence for the presence of trade unionism in SMEs. Numerous other scholars (Dundon et al., 2001) also share a similar notion with respect to workers in SMEs. The next section will attempt to extend this discussion on the link between external factors and working conditions in SMEs.

2.6.2.2 External factors and working conditions. The focus on the link between external factors and working conditions in SMEs began to emerge two decades ago when experts, such as Curran and Stanworth (1979), Dundon et al. (2001), Kinnie et al. (1999), Ram (1991, 1994; 2001) and Wilkinson (1999), began to challenge those scholarly works which were heavily influenced by the size deterministic viewpoint. Presently, several studies demonstrate a more sensible attempt to include numerous external influences while researching working conditions in SMEs.

One of the most highlighted links in relation to external influences is the link between industry subculture and working conditions. For example, Ram (2000), in his study on the implementation of Investors in People (IIP) agenda in small specialist professional service firms, stresses the necessity to include sectoral characteristics while researching small firms' work relations. In his study, he further demonstrates how certain characteristics of professional service firms make IIP irrelevant to such firms. Ram continues to stress this link in his numerous other works (see Ram & Edwards, 2003; Ram et al., 2001). Similarly, MacMahon (1996), based upon a study on manufacturing SMEs, demonstrates how the manufacturing industry's specific characteristics influence the ways in which working conditions are managed. Likewise, Curran and Stanworth's (1979), Chapman's (1999) and Martin's (2012) works tend to share this viewpoint.

Another frequently highlighted link with respect to external influences is that between product or market structure and inter-firm relations and working conditions. For example, Marchington and Parker (1990) argue that product markets have both direct and indirect impacts on work organisation in both large and small firms by promoting variations in both employer and employee attitudes and to the approaches

to the organisation of working conditions. This was later validated by Turner and Morley (1995) and many other researchers. As an expansion of this argument, Ram (1991) and Kinnie et al. (1999) highlight how large firms either directly or indirectly dominate small firms and limit their autonomy. Similarly, Ram's (1999) study on professional service firms also tend to highlight how the uncertainties arising out of market relationships influence the ways in which working conditions are organised in SMEs. Scholars such as MacMahon (1996) and Rainnie (1989) also concur with such arguments.

The link between the labour market and working conditions is also one of the most highlighted ones with respect to external influences. For example, Harney and Dundon (2006), in their study on SMEs in various industries, demonstrate how reliance on the local labour market can influence the organisation of working conditions in SMEs. They argue that, while such reliance provides a scope for the owner-managers' autonomy, it may have negative impacts on employer-employee relationships and employee commitment in certain specialist industries like Airline, Information Technology, Clinic and Law because of the presence of specialised and ambitious individuals. Similarly, Goss (1991), in his book *Small Business and Society,* also attempts to demonstrate the power of labour market conditions and their impact on working conditions in SMEs.

Besides all these factors, the impacts of some other factors, such as technology (Gunnigle & Moore, 1994; Harney & Dundon, 2006; Wilkinson, 1999), legislation (Harney & Dundon, 2006; MacMahon, 1996), socio-cultural influences (Jones & Ram, 2007, 2010) and clusters (Das, 2005; Tambunan, 2008), are also highlighted in the literature. With respect to the developing country contexts, studies such as Anderson (1982), Fang Lee (2005), Maloney (2004), and Nichter and Goldmark

(2009) attempt to highlight the link between SMEs' characteristics and external factors and working conditions.

While some studies separately focus on the influences of aspects related to individual owner-managers, internal dynamics or the external environment, many others—including some of those mentioned above—tend to stress the totality of these structural and individual influences on working conditions. Curran and Blackburn (2001), for example, argue that the research on working conditions in SMEs is valid only when the heterogeneity among small firms with respect to sector, context, ownership structure and owner-manager background is taken into consideration. Also, Wilkinson (1999) tends to share a similar notion by arguing that research on working conditions in SMEs should consider how factors such as the labour market, the product market, technology, ownership, industry sub culture, suppliers and customers come together to explain the patterns of working conditions. Although these studies try to indicate all the different influences, they do not extend their argument by dissecting the complexities associated with understanding such totality.

As Barret and Rainnie (2002) note, these studies, however, are theoretically less rigorous. Combining factors related to structure and agency is not as easy as merely adding them up. While some studies prioritise structure related factors, others prioritise agency related ones. The debate on whether structure or agency has more power in explaining a social phenomenon is never ending, especially in social science disciplines (Astley & Ven, 1983; Klag & Langley, 2012) (see Chapter 3 for more discussion).

With regard to the research on working conditions in SMEs, the works of scholars such as Barret and Rainnie (2002), Ram and Edwards (2003), Arrowsmith, Gilman, Edwards, and Ram (2003), Edwards, Ram, Gupta and Tsai (2006), and

Harney and Dundon (2006) are seminal in offering insights into how complexly the aspects related to structure and owner-manager agency are interrelated in constructing working conditions in SMEs. The next section will attempt to offer a discussion on these works and conclude with a note on the primary focus of this study.

2.7 Towards Understanding the Complexity

The discussions in the previous sections may suggest the notion that SMEs are "complex social organizations" that are "dynamically connected" (Gilman, Edwards, Ram, & Arrowsmith, 2002, p. 66). Therefore, disentangling the complex interrelationships between external influences, internal dynamics and internal actors is a key to understand working conditions within SMEs (Arrowsmith et al., 2003). Nevertheless, this complex interrelationship per se is quite difficult to explore (Arrowsmith et al., 2003; Martin, 2012; Ram & Edwards, 2003). While research (see Barrett & Rainnie, 2002; Edwards et al., 2006; Harney & Dundon, 2006; Ram & Edwards, 2003) has begun to show how factors from different levels combine to shape working conditions in small and medium firms, there is hitherto limited agreement on what factors are more powerful.

Barret and Rainnie (2002) argue that, while analysing working conditions in SMEs, one should consider: one, the heterogeneity in small firms; two, several influences other than size; and three, the reciprocal interaction between structure and agency. They further argue that "…both structure and human agency should be taken into account, and this requires a consideration of the influence of the owners and the managers of the firm as well as the structural determinants" (p. 427).

In their work, they make use of the Marxist labour process theory to demonstrate the interrelationship between structure and agency and the ways in which

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it shapes working conditions in SMEs. Barret and Rainnie's (2002) argument about structure-agency relationship is reasonably one of the first and most noteworthy ones in the literature related to working conditions in SMEs. That said, their framework, nevertheless, tends to focus more on small firms' relationships with their large capital. In their work, the term 'totality' is rather used to refer only to the interdependency between SMEs and large firms. This can be well evidenced in their statement: "totality refers to the insistence that various seemingly separate parts of the world are in fact related to one another: in our case small and large firms" (p.423).

Ram and Edwards (2003)criticise Barret and Rainnie (2002) for being deterministic. They argue that their framework does not consider the dynamics of structure and agency even after acknowledging that both structure and agency should be taken into account (see, Ram & Edwards, 2003 for more detailed criticisms).

In an attempt to replace the existing deterministic viewpoint, Edwards et al. (2006) attempt to highlight the link between structural factors and internal choices by stating that "…dynamics [of small firms] have been shown to be shaped by the context of the market and by the embeddedness of firms in family and ethnic-based networks… The present task is to develop this framework, in particular relation to the interaction between structural factors and choices within the firm" (p.707). They offer a framework composed of constructs of institutional theory—specifically the construct of embeddedness—to explain how the external context and internal resources combine to produce different types of small firm behaviours. Through these constructs, they argue that the organisation of working conditions in SMEs is shaped by the institutional context in which these firms are embedded.

Still, Edwards et al.'s (2006) framework is based on an older version of neoinstitutionalism (Powell & DiMaggio, 1991), which, per se, has been criticised for

being overly deterministic by numerous institutional theorists (see the next chapter for a detailed discussion on such criticisms). Nevertheless, although based on such arguments, their framework can be criticised for being relatively deterministic, their statements about the interaction between structural factors and choices within the firm are too vital to be disregarded.

Harney and Dundon (2006) use the 'open systems perspective' (Perrow, 1973; Wright & Snell, 1991) in an attempt to provide a more holistic approach capable of capturing the complex interplay of the different influences that shape working conditions in SMEs. Through their case study findings, they demonstrate the interplay between external influences and internal dynamics—such as resource constraints, managerial influences and the proximity of the firm to environmental forces—in shaping working conditions in SMEs. Again, akin to the abovementioned ones, their study also tends to exaggerate structural factors over owner-manager agency.

Although these seminal works tend to acknowledge and appreciate the significance of considering the interaction between structure and agency and the need to balance them in order to understand the complex construction of working conditions in SMEs; most of these works understate the role and scope of the owner-manager's agency. Research into working conditions in SMEs "cannot simply be read off from the device itself, as agency is also vital" (Barrett & Rainnie, 2002, p. 426). Moreover, these works are rather more dominated by macro structural focus and macro social theories, thus resulting in the under-exploration of the micro-level processes associated with structure-agency interactions. Supportively, Ram and Edwards (2003) also stress the need to explore the associated micro-level processes by stating that:

Clearly, product and labour markets are important; hence, due attention has to be paid to the ways in which small firms articulate with the broader economy and locality. But equally significant are the ways in which managers… *interpret* such markets. For example, managerial *responses* to the product market will rarely follow some prescribed 'rational' route… (p. 726) [italics added]

In addition, as mentioned in Chapter 1, it is also found that, in generating their arguments, these studies neglected to take in to account SMEs from developing nations that are part of global supply chains. In the literature, there are studies on small and medium sized suppliers (see Ram's (1991) and Woldesenbet, Ram, and Jones's (2012) studies on small supplier firms in the UK), but, again, these suppliers are based in the developed world. Whilst many argue that external factors, internal dynamics and owner-manager-specific factors influence the construction of working conditions in SMEs, the context and the position in the network where SMEs are located also matters, as argued by Edwards et al. (2006). As mentioned, the majority of SMEs in developing nations, including India, are part of global supply chains; thus, the influences of aspects related to global supply chains should not be disregarded. The next section will present the conceptual model (Figure 2.1) emerged out of the literature review.

2.8 Bringing Together the 'Global Supply Chain' and the 'SME' Perspectives: The Conceptual Model

In conclusion, it can be inferred from the above discussions that both the global supply chain and the SME perspectives tend to explain the same phenomena, i.e.

working conditions, albeit perhaps in two relatively different ways. In the literature related to the global supply chain perspective, the terms 'suppliers' or 'subcontractors' are commonly used to refer to all types of suppliers. The studies in this perspective neglect the difference between large suppliers and small and medium ones. As discussed earlier in Section 2.3, the difference between large firms and SMEs is immense and, if not considered, may lead to inadequate conclusions. Moreover, not differentiating between large/small and medium suppliers could be a reason why structural factors are over-emphasized in the studies related to the global supply chain perspective. Given that the majority of the global brands' suppliers in developing countries are SMEs, therefore, both the global supply chain and the SME perspectives should be viewed as being interconnected. Having said that, this study attempts to argue that, while researching SMEs in developing nations that are part of global supply chains, those aspects peculiar to SMEs are important, and equally important are those aspects related to global supply chains.
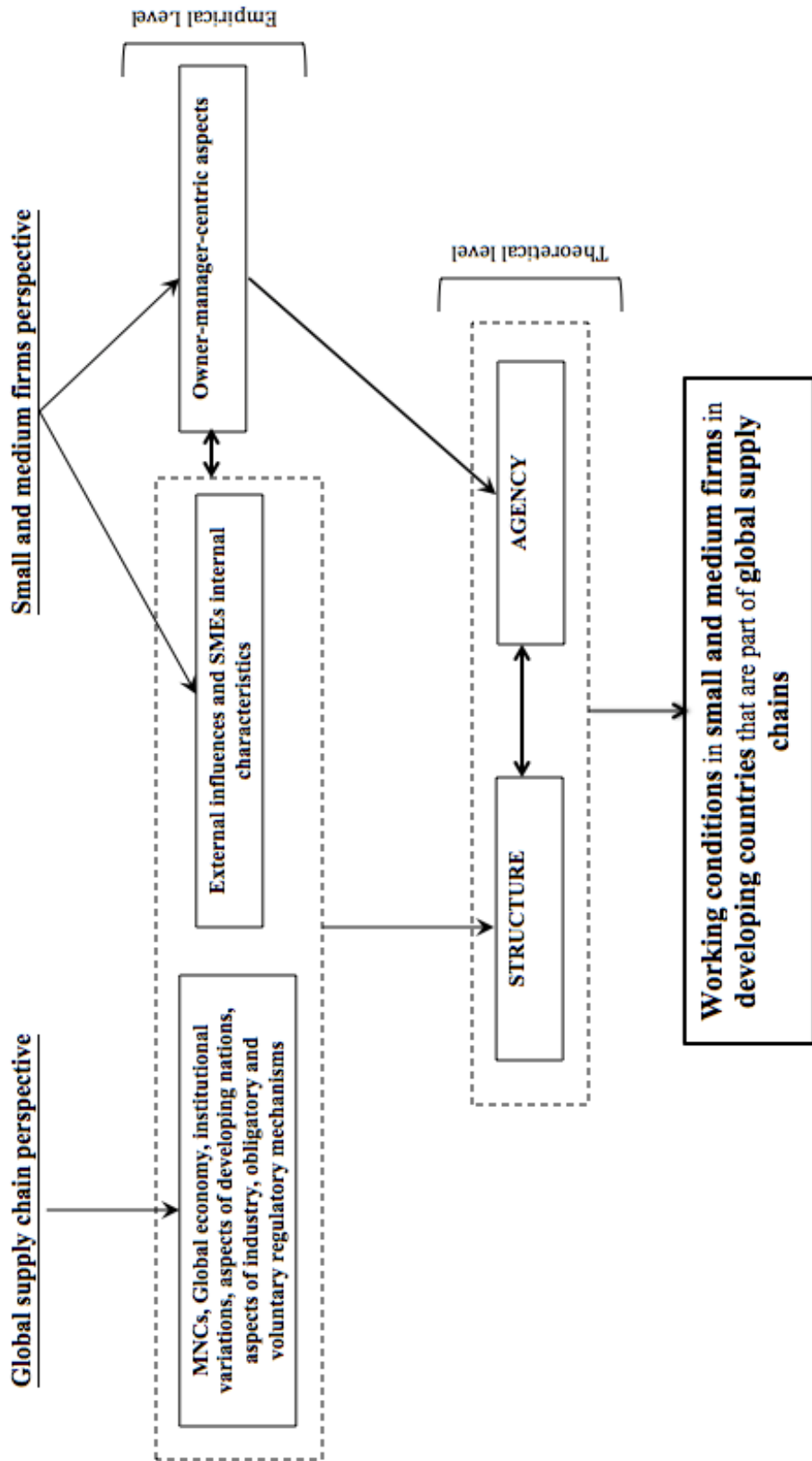
Figure 2.1. The conceptual model derived from the literature review

In sum, with respect to structure-agency interactions, this study inclines towards the arguments posed by seminal works such as Barret and Rainnie (2002), Ram and Edwards (2003), Arrowsmith et al. (2003), Edwards et al. (2006) and Harney and Dundon (2006). While these studies have already begun to address the complexity associated with the interaction between structure and owner-manager agency when researching working conditions in SMEs, the micro-level processes associated with such interaction are yet to be explored. This study, therefore, will attempt to understand the processes associated with the construction of working conditions in SMEs in developing nations that are part of global supply chains.

To reiterate, combining together aspects related to structure and agency is not as simple as merely adding them up. Structure-agency interaction is a process and it is thus more about blending them together. To understand this complex process, therefore, a theoretical tool composed using several advancements in the institutional theory and organisational sensemaking is used. The next chapter (Chapter 3) will offer a discussion on the development of this theoretical tool.

Chapter 3
The Theoretical Framework: Bridging Institutional Theory and Organisational Sensemaking

Chapter Three: The Theoretical Framework - Bridging Institutional Theory and Organisational Sensemaking

3.0 Introduction

A review of the relevant literature offered a conceptual framework illustrating the influence of both structure and owner-manager agency related aspects on working conditions in SMEs. It also showed that these two aspects are complexly interrelated. However, what it did not offer was a clear understanding of how these two aspects are interrelated. Specifically, it did not offer a clear understanding of the micro-level processes associated with such interrelationship. To better understand this interrelationship, a tailored theoretical tool composed using constructs of neo-institutionalism and organisational sensemaking is used. I believe that, beyond offering a better understanding of how structure and owner-manager agency aspects are interrelated, this integrated tool could also aid in uncovering the micro-level processes associated with such interactions.

This theoretical framework neither completely evolved from the data analysis nor was completely assumed before the data analysis. Initially, a vague but pragmatic idea of combining constructs of institutional theory with organisational sensemaking guided the data analysis, resulting in the evolution of a comprehensive framework, as presented in this chapter. This chapter is rather retrospection on how the framework evolved along with the data analysis. Besides offering theoretical support, this framework *per se* is a contribution of the study as it attempts to complement knowledge to the recently growing body of literature in social theories that attempts to bridge institutions and agency.

3.1 'Institution' Defined

Even though the concept of 'institution' is being used in several disciplines—including economics, philosophy, sociology, politics and geography—there is hitherto no universally agreed single unanimous definition for the term 'institution' (Hodgson, 2006). Concurrently, the famous institutional theorist W. Richard Scott, in his book *Institutions and Organizations,* states that "there is no single and universally agreed definition of an 'institution' in the institutional school of thought..." (Scott, 1996, p. 33; 2001, p. 48). There are numerous definitions available for the term 'institution' (Table 3.1). It is beyond the scope of the study, however, to discuss the convergence and divergence aspects of these definitions in detail.

As the majority of the constructs of institutional theory used in the study are derived from Scott's conceptualisations, the contemporary sociological usage of Scott's (2001) adoption of Powell and DiMaggio's (1991) definition of institution(s) will be used (highlighted in Table 3.1). This definition is adopted only during the initial stages because Scott's and Powell and DiMaggio's initial conceptualisations are criticised and developed in the later sections of the chapter.

Scholars	Definitions of 'institution'
Krasner (1983, p. 2)	"…a set of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations."
Giddens (1984, p. 24)	"Institutions, by definition, are more enduring features of social life."
Hall (1986, p. 19)	"…the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units in the polity and economy."
North (1986, p. 231)	"…regularities in repetitive interactions… customs and rules that provide a set of incentives and disincentives for individuals."
Young (1986, p. 107)	"…recognized practices consisting of easily identifiable roles, coupled with collections of rules and conventions governing relations among the occupants of these roles."
North (1990, p. 4)	"…any form of constraint that human beings devise to shape actions."
Powell and DiMaggio (1991, p. 8)	"…comprises a rejection of rational-actor models, an interest in institutions as independent variables, a turn toward cognitive and cultural explanations, and an interest in properties of supra-individual units of analysis that cannot be reduced to aggregations or direct consequences of individuals' attributes or motives…"
Harre (1993, p. 97)	"…as an interlocking double-structure of persons-as-role-holders or office-bearers and the like, and of social practices involving both expressive and practical aims and outcomes."
Turner (1997, p. 6)	"…a complex of positions, roles, norms and values lodged in particular types of social structures and organising relatively stable patterns of human activity with respect to fundamental problems in producing life-sustaining resources, in reproducing individuals, and in sustaining viable societal structures within a given environment."
Scott (2001, p. 48)	**"Institutions are social structures that have attained a high degree of resilience. [They] are composed of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life."**

Table 3.1. Definitions of the term 'institution'

It is also noted that, besides offering a multiplicity of definitions for the term 'institution', the literature also offers a multiplicity of versions of institutional theory informed by different schools of thoughts and disciplines. These different versions of institutional theory are discussed in the next section.

3.2 Different Schools of Thought of Institutional Theory

Broadly, the concept of institutional theory takes on different dimensions based on its association with a particular discipline. A detailed analysis further shows that the concept varies even between different schools of thought within a particular discipline. The ways in which institutional theory has been treated by several institutionalists "have been strikingly diverse, resting on varied assumptions and privileging differing casual processes… These schools exhibit as many similarities as differences" (Scott, 2008, p. 47). It is necessary to acknowledge these variations in order to delineate the version adopted for the study.

This section is intended to provide an overview of these different forms of institutional theory as adopted by different schools of thought within the stream of economics, political science and sociology. Finally, it concludes with a note on the adopted form of institutional theory.

3.2.1 Economics: old institutional economics and new institutional economics.

Scapens (2006), broadly catalogues variations in institutional theory in economics into 'old institutional economics' and 'new institutional economics'. These two variations are associated with two extremely different schools of thought within economics. Old institutional economics are derived from an elimination of the neo-classical economic notion, which is concerned with the structural elements used to

govern economic transactions and seeks to explain the behaviour of economic agents in terms of rules, norms and routines within an organisation. Old institutional economics have their roots in the early twentieth century works of American institutionalists, Veblen and Commons, who commented on the impact that large corporations in the United States of America (USA) were having on social democracy during that time period (Scapens, 2006). They posited economics as a process of social provision: human beings are cultural products, and so economics must be understood and explained through multiple and cumulative anthropological and evolutionary dimensions, rather than through a series of static dimensions that depicts virtual or superficial stability (Langlois, 1989). On the other hand, new institutional economics are derived from the traditional economic approach or neo-classical economics and apply the assumptions of economic rationality and markets to the governance of organisations. New institutional economics attempt to explain the diversity in institutional arrangements using economic reasons and assumptions such as bounded rationality and opportunism—especially the notion of self interest with guile as posited by Williamson (1998)—and focus on some of the economic factors that shape organisational practices, structures and control systems (Scapens, 2006). In general, the old institutional economics perspective is based upon the assumption that institutions exist within an organisation and impose internal pressures and constraints on it from the inside; whereas the new institutional economics perspective is based upon the assumption that institutions exist externally to an organisation and impose pressure on it from the outside. The next section will offer a discussion on different versions of institutional theory in political science.

3.2.2 Political science: seven versions of institutionalism. Peters (2005), in his book *Institutional theory in political science*, categorises new institutionalism in political science into seven different versions based upon different schools of thought, namely: normative, rational choice, historical, empirical, sociological, international and interest groups. All these schools of thought will be discussed in this section except sociological institutionalism, as this is discussed separately in the next section (Section 3.2.3). Sociological institutionalism is discussed separately in detail because it is concerned with another, albeit related, discipline: sociology.

March and Olsen (2010; 1984, 1989), the pioneers in the development of a tailored version of *normative institutionalism,* argue that the most appropriate way to understand individual or collective political behaviour is through a 'logic of appropriateness'—i.e., behaviours are based on normative standards—and not through the 'logic of consequentiality'—i.e., behaviours are based on desire to augment individual utilities—as publicised by the rational choice school. Contrastingly, *rational choice institutionalism* argues that individuals are occupants of components of an institutional structure composed of rules and incentives. These individuals interact with institutions with their own set of preferences that remain unmodified by these institutional structures[8]. *Historical institutionalism* is based upon the notion of 'path dependency' that asserts, eventually, "history matters" (David, 2007, p. 92). Scholars of historical institutionalism argue that the policy or structures created at the establishment of an institution continue to influence its behaviour for the rest of its existence. *Empirical institutionalism* is based on a rather common sense

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[8] Peters (2005) further claims that there are three distinct versions of rational choice institutionalism: principal-agent models, game theoretical approaches and rules-based models.

definition of institutions, which highlights the formal structures of government, particularly focusing on the debate between presidential and parliamentary governments (see, Steinmo, Thelen, & Longstreth, 1992). Peters (2005) argues that empirical institutionalism is, in some ways, similar to rational choice institutionalism, as both assume that the values that condition the behaviour of individuals are unaltered by their interaction with the institutions.

When compared to the other versions, the two final versions *international* and *interest groups* are, in numerous ways, applications of institutional logics to particular settings (Peters, 2005). *International institutionalism* is based on 'regime theory' related to the international relations literature, which focuses on the regimes—"implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations" (Krasner, 1982, p. 185)—that affect the behaviour of states or other international actors (Peters, 2005). The sixth version of institutionalism, *institution of interest groups* is based on the notion that organisations function within a larger network of different organisations and is concerned with the extra-constitutional structures that connects state and society (Jordan, 1990). Particularly, this version of institutionalism focuses on the institutionalised relationships which exist within individual policy sectors as a means to explain policy choices (Peters, 2005). Having given an overview of six versions of institutionalism within political science, the next section will focus specifically on the sociological institutionalism as it is reasonably more relevant to the study's intentions.

3.2.3 Sociology (specific to organisational analysis): old institutionalism and new institutionalism. There are two versions of institutionalism in sociology— old and new—which are particularly relevant to organisational analysis. Both old and new institutionalism in organisational analysis (henceforth, 'new institutionalism' will be referred to as 'neoinstitutionalism') share some background, yet diverge substantially in their approaches to organisations and institutions (Peters, 2005).

With regards to similarities, first, both conceptualisations reject the rational-actor model of an organisation, which is concerned with the notion that an organisation makes decisions on its actions by comparing the costs and benefits of different choices and that the patterns of behaviour of an organisation results from those choices; and tend to argue that institutionalisation is a state-dependent process and emphasise the limited choices available to an organisation to be instrumentally rational (Powell & DiMaggio, 1991; Scott, 2008; Selznick, 1996). Second, the relationship between the environment and organisations is highlighted in both old and new conceptualisations (Powell & DiMaggio, 1991). Third, both conceptualisations tend to explain that organisational reality goes beyond formal structures and emphasizes the role of culture in shaping the organisational reality (Powell & DiMaggio, 1991).

With regards to differences, as initially stated by Powell and DiMaggio (1991) and then later confirmed by Scott (2001, 2008), the attention to cognitive over normative frameworks, and cultural frames or belief systems operating in the organisational environments over intra-organisational processes marked the uniqueness of neoinstitutionalism over old institutionalism. The following table (Table 3.2) is developed based on Powell and DiMaggio (1991) and Scott (2008) observations to offer a note on the variations between old and neoinstitutionalism by

drawing upon the numerous diverging arguments that separate them.

Old institutionalism	Neoinstitutionalism
Focus on conflicts within and between organisations.	Less focus on conflicts within and between organisations and more focus on organisational responses to such conflicts.
Organisational reality is constrained by the conferring of interests within organisations resulting from alliances and trade-offs.	Organisational reality is constrained by the legitimacy obligations and taken for granted understandings.
Informal structures constrain rational organisational interests.	The formal structures per se are a result of the influences of cultural accounts.
Focus on local environments: personnel and inter-organisational allegiances developed though face-to-face interactions embed organisations in local communities.	Focus on non-local environments: organisations are embedded in field, sector or societies that constitute the structure, actions and thought in the organisation.
Organisations are the units and locus of the institutionalisation process.	Field, sector or society are the locus of the institutionalisation process in which organisational forms, structures and rules are institutionalised.
Institutionalisation tends to increase inter-organisational diversity in local environments.	Institutionalisation tends to reduce inter-organisational diversity in local environments.
Organisations change in order to adapt to their local environments.	Institutionalisation results in stability of institutionalised components.
Intentionality leading to rationality is invalid because Organisations are wayward and any attempt to control them leads to unanticipated consequences.	Intentionality leading to rationality is invalid because, most human behaviour is routine, taken-for-granted and unreflective and institutions themselves constitute actors and interests.
Principal cognitive forms are values, norms and attitudes.	Principal cognitive forms are taken-for-granted scripts, rules, and classifications.
Individuals' motivations are shaped by norms and values, which internalise into commitment.	Individuals deduce motivations post hoc from existing accounts of legitimate actions.

Table 3.2. Old vs. neoinstitutionalism, from Powell and DiMaggio (1991) and Scott (2008)

Overall, neoinstitutionalism is loosely constructed based upon numerous ideologies of cognitive psychology, cultural studies, phenomenology and ethnomethodology (Scott, 2001, 2008). Although the study, by and large, inclines towards the neoinstitutional school of thought, it does not completely reject all of the propositions of the old institutional school of thought. At the same time, it does not completely follow all of the propositions of the neoinstitutional school of thought.

Having said that, only certain constructs of the neoinstitutional school of thought initially put forth by DiMaggio and Powell (1983), later summarised, clarified and extended by Powell and DiMaggio (1991) and later still gradually expanded by Scott (1996, 2001, 2008) are adopted. As mentioned, these constructs, nevertheless, are (partly) informed by the empirical data.

In general, this study attempts to echo the ideas of contemporary institutional theorists such as Greenwood and Hinings (1996), Thornton and Ocasio (2008), Hardy and Maguire (2008) and many others who are endeavouring to construct a bridge between 'new' and 'old' institutionalism by appreciating the considerations of institutions along with agency, power and interests into the organisational analysis. Further sections in the chapter will provide a discussion of these adopted constructs of neoinstitutionalism and will then proceed to discuss the link between institutions and agency.

3.3 Constructs of Neoinstitutionalism as Adopted in the Study

This section will begin with an overview of the history of neoinstitutionalism in organisational analysis. It will then expand into a comprehensive discussion about the constructs of neoinstitutionalism specifically used in the study. These constructs are

(partly) informed by the empirical observations and are not (completely) deductively preselected (as mentioned earlier at the beginning of the chapter).

3.3.1 The development of neoinstitutionalism in organisational analysis.

The study of institutions in sociology began in the 1800s. Nevertheless, little attention was given to institutions in organisational analysis (Powell & DiMaggio, 1991). The intellectual initiation towards contemporary institutional theory in organisational analysis began during the 1960's with the introduction into organisational analysis of the open systems theory, which postulates the influence of the external environment on organisational behaviour (Scott, 2008). It has undergone many transformations since then and is currently being used to investigate a variety of topics in business studies (Table 3.3).

Topics	Example studies
CSR and ethics	Campbell (2006); Campbell (2007); Matten and Moon (2008)
Marketing	Brito (2001); Grewal and Dharwadkar (2002); Pandya and Dholakia (1992);
Entrepreneurship	Beckert (1999); Bruton, Ahlstrom, and Li (2010)
Leadership	Biggart and Hamilton (1987); Ogawa (1992); Bullough, Kroeck, Newburry, Kundu, and Lowe (2012)
Education	Oplatka and Hemsley-Brown (2010); Powell and Solga (2010)
Small business	Hessels and Terjesen (2010); Mesquita and Lazzarini (2008)
Human Resource Management	Björkman, Fey, and Park (2007); Gooderham, Nordhaug, and Ringdal (1999)

Table 3.3. Applications of institutional theory in business studies

The real beginning of the neoinstitutionalist statements, however, can be traced back to Meyer and Rowan's (1977) influential article "Institutionalized Organizations: Formal Structure as Myth and Ceremony" and Zucker's (1977) seminal article "The Role of Institutionalization in Cultural Persistence". Both these works emphasise the role of culture and cognition in institutional analysis generating a new perspective for the exploration of institutions.

Meyer and Rowan (1977) were much concerned about the diffusion and rationalization of formal bureaucracies in modern society. Their main argument is that rationalized institutional rules function as myths, "which organisations incorporate, gaining legitimacy, resources, stability and enhanced survival prospects" (Meyer & Rowan, 1977, p. 340), eventually leading to isomorphism in the formal organisational structures. They further argue that, if organisations need to be able to conform to the externally imposed legitimacy demands, the organisational structures ought to be decoupled or loosely coupled from their technical exigencies or efficiency considerations.

While Meyer and Rowan (1977) developed the macro side of the neoinstitutional account, Zucker (1977), from a micro perspective, adopted an ethnomethodological approach to institutionalisation. Like Meyer and Rowan (1977), Zucker (1977) also highlighted the taken-for-granted nature of institutions, but particularly emphasised the direct relationship between the degree of institutionalisation and cultural persistence by reflecting upon three of his experiments.

Drawing on Meyer and Rowan's (1977) and Zucker's (1977) earlier conceptualisations, DiMaggio and Powell (1983) developed the widely quoted and highly influential statement of neoinstitutionalism, which completely rejects Weber's

view of competitive market environments being a vital driving force for organisational change. The core idea of their argument proffers the rejection of rationality as an explanation for organisational structure, and emphasises the notion of conformity to the demands of the institutional environment—i.e. legitimacy—as the dominant explanation for the success and survival of organisations (Tolbert & Zucker, 1983). According to them, the dominancy of legitimacy considerations leads to organisations becoming prisoners of institutional isomorphism (Kraatz & Zajac, 1996).

3.3.2 Beyond institutional isomorphism. The earlier version of neoinstitutionalism was exceedingly dominated by the notion of isomorphism. DiMaggio and Powell (1983) define institutional isomorphism as a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions. The principal argument put forth by them to demonstrate institutional isomorphism is that "organisations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness" (DiMaggio & Powell, 1983, p. 150).

Accordingly, many organisational practices are formed as a reflection of rules and structures collectively developed by the institutions in that environment—as a result of their legitimacy seeking tendency—resulting in the homogenisation of patterned organisational practices in a particular organisational field (Powell & DiMaggio, 1991). This means that organisations respond to numerous pressures from their institutional environments and adopt organisational structures and management practices that are considered to be legitimate by different members in their field, and

by the broader society, regardless of their actual efficacy (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Powell & DiMaggio, 1991).

DiMaggio and Powell (1983) describe the *coercive*, *normative* and *cognitive* processes of isomorphism as follows: (a) *Coercive Isomorphism*: organisations behave more alike when they experience pressure from other organisations they depend on for resources and from the expectations of the legal and cultural systems in society—for example, banks, government, legal systems, financial institutions, local communities, and powerful customers; (b) *Mimetic Isomorphism*: if the environment creates uncertainty and risk, organisations tend to incline towards standard business practices that are collectively perceived to be legitimate in that context or sector—for example, standard business models, benchmark competitive practices and employed technologies; organisations championing in best practices; (c) *Normative Isomorphism*: professionalization eventually leads to normative isomorphism. Normative isomorphism is the outcome of formal education, professional networks, professional associations and such like.

I try to limit the discussion on the notion of isomorphism and its underpinning processes because the analysis of the processes of institutional isomorphism is outside of the study's scope. Although the study's intention is not to analyse whether working conditions are isomorphic across every small and medium firm in the research context, in a way, the data demonstrates that not every small and medium knitwear export firm in Tirupur features similar working conditions (see Chapter 6), and that not every owner-manager behaves in a similar fashion when faced with more or less the same set of institutional influences related to working conditions (see Chapter 8 for a detailed discussion on the numerous responses of owner-managers to institutional influences), thus rejecting the postulations of institutional isomorphism.

Although this observation is an offshoot, it is crucial as it validates the need to move beyond the concept of isomorphism. By providing such a validation, it also acts as an inspiration for further development of the framework.

This study nevertheless is not pioneering in disagreeing with the postulations of institutional isomorphism; there are many other scholars who have already taken this position. For example, Kraatz and Zajac (1996) in their research on private liberal arts colleges in the USA, provide evidence which denies the predictions of the rationale related to institutional isomorphism. Many other scholars, such as Ang and Cummings (1997), Oliver (1991) and Thornton and Ocasio (2008), also deny the notion of institutional isomorphism.

Very recently, Powell (2007) (who initially developed the concept of isomorphism along with DiMaggio) himself asserted that the research must move beyond just thinking that organisations in a particular field are subjected to a common set of pressures imposed in a reasonably homogenous manner, and should acknowledge and consider the complexity and variety of organisational responses and the extent to which these responses are influenced by those internal actors who possess the power or agency to steer these responses. I position this study within the quadrant of this set of arguments that deny the highly stated, very interesting but less pragmatic notion of institutional isomorphism. Here, it is also necessary to stress that the concept of isomorphism may not be relevant to contemporary society, filled as it is with a profound desire for entrepreneurialism.

3.3.3 The interconnectedness of the three elements of institutional order.

The above sections briefly discussed the background and initial treatment of neoinstitutionalism in organisational analysis, and the necessity to move beyond old

constructs of neoinstitutionalism. Having provided this overview, this section will present a discussion on the constructs and the treatment of neoinstitutionalism adopted for this particular study.

Drawing on earlier discussions about the initial treatments of institutions and institutional mechanisms, Scott (2001, 2008) develops the "three pillars" of the institutional order; namely *regulative, normative and cultural/cognitive* and postulates that these often work in combination. Hoffman (1997) sees these pillars as a continuum moving "from the conscious to unconscious and from the legally enforced to the taken-for-granted" (p. 36) collective meaning systems and social practices. The three pillars are summarised in the table 3.4 below, adapted from Scott (2008, p. 51)

	Regulative	**Normative**	**Cognitive**
Basis of compliance	Expedience	Social obligation	Taken-for-granted
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Logic	Instrumentality	Appropriateness	Orthodoxy
Mechanisms	Coercive	Normative	Mimetic
Indicators	Rules, laws, sanctions	Certification, accreditation	Common beliefs, shared logics of action and isomorphism
Basis of legitimacy	Legally sanctioned	Morally governed	Culturally supported, conceptually correct

Table 3.4. The three pillars of institutional order, from Scott (2008, p. 51)

Regulative: The regulative element emphasises the explicit regulatory processes—rule-setting, monitoring and sanctioning—that constrain, regularise or sometimes empower social behaviour (Scott, 2008). It comprises the legally enforced and conscious aspect of institutions. The emphasis is placed upon explicit and objectivised (Berger and Luckmann, 1966) regulatory formal rules and laws or

informal mores that are enforced either by interacting parties or by third parties expected to behave in a neutral fashion, such as the state. The regulatory processes may function through force and sanctions or through coercion, as DiMaggio and Powell (1983) refer to it. Often, they also involve operating though incentives or rewards for compliance.

Normative: The normative element emphasises the significance of *values*— "conceptions of the preferred role or the desirable, together with the construction of standards to which existing structures or behaviours can be compared and assessed"— and *norms*—"how things should be done... legitimate means to pursue valued ends" (Scott, 2008, pp. 54-55)—in constraining, enabling and empowering social behaviour. The applicability of values and norms is selective, which means that they are applicable only to a particular kind of actors or roles; and also collective, which means that they are applicable to every individual (Scott, 2008). Social obligations or normative expectations attached to the roles or actors are at the heart of how actors experience external pressures (Selznick, 1996). Failing to meet expectations may evoke strong feelings, such as a sense of shame or disgrace. Conversely, complying with expectations may evoke a feeling of pride and honour (March & Olsen, 1984).

Cultural-Cognitive: The emphasis on the cultural-cognitive element of institutions is what differentiates neoinstitutionalism from other versions (Scott, 2008). It "stresses the central role played by the socially mediated construction of a common framework of meaning" (Scott, 2001, p. 58). The cultural-cognitive element emphasises the notion of symbolic representations, which is concerned with a notion that asserts "…what a creature does is, in large part, a function of its internal representation of its environment" (D' Andrade, 1984, p. 88) where meanings are socially created via interaction. This element also emphasises the idea that shared

experiences and shared understandings about the world or about the relevant aspect of the world in which a particular social action is taking place result in taken-for-granted ways of functioning (Powell & DiMaggio, 1991; Scott, 2001, 2008). According to Scott (2008), individuals who align themselves with shared beliefs feel rather capable and included and those who do not feel rather oblivious and senseless.

The empirical data (see, Chapter 7) clearly demonstrates the presence of regulative, normative and cognitive-cultural institutional influences attempting to influence working conditions. Because this empirical observation is in line with Scott's (2001, 2008) rationale of the 'three pillars' of institutional order, these constructs are adopted in the study.

Furthermore, it is identified that it is rather difficult to draw clear boundaries that differentiate or delineate these three forms of institutional influences. This was already experienced while presenting the data in Chapter 7. The empirical data demonstrates many overlaps between these three forms of institutional influences (see Chapter 7 for more discussion). In fact, even Scott (2008) acknowledges the existence of such difficulty in empirically delineating different elements of institutions by stating that:

> …in most empirically observed institutional forms, we observe not one, single element at work, but varying combinations of elements. In stable systems, we observe practices that persist and are reinforced because they are taken for granted, normatively endorsed, and backed by authorized powers. (p. 62)

He argues that the three pillars of institutional order should be viewed as inclusive and equally contributing "in interdependent and mutually reinforcing ways" to form "a powerful social framework…" (Scott, 2008, p. 50).

He further states that, although these pillars operate collectively, in some situations, one of them will assume supremacy over the others, generating misalignment in the social order. This misalignment may generate conditions or provisions which encourage and stimulate conflicting choices and behaviours in individuals. As Strang and Sine (2002), supportively state, "…where cognitive, normative, and regulative supports are not well aligned, they provide resources that different actors can employ for different ends" (p. 499).

This argument highlighting individual actors being in possession of control (to a certain extent) to shape their own behaviour is relatively different from the early treatments of neoinstitutionalim in organisational analysis, including that of Scott's early arguments, which were indeed, to a large extent, dominated by a top-down view. Supportively, the empirical data also shows that the consideration of institutional influences is important, and equally important is how owner-managers manipulate their agency in constructing working conditions in SMEs. The next section will attempt to expand this argument.

3.4 Scope and Significance of 'Agency'

In social sciences, there is a never ending tension between those theorists who stress the structural and cultural constraints on individual behaviour, and those who stress the individual's ability to control their own behaviour and the flow of events (Scott, 2008). This tension is associated with assumptions about human nature, and is emphasised in the social science literature under different labels: person versus

situation, strategic choice versus environmental determinism, voluntarism versus determinism (Astley & Ven, 1983; Klag & Langley, 2012) and freedom versus control (Scott, 2008).

Early institutional theorists, such as Meyer and Rowan (1977), DiMaggio and Powell (1983) and Powell and DiMaggio (1991), contributed to such debates by asserting that institutions possess the capacity to control and limit human behaviour. Their arguments tend to emphasise that institutions shape the behaviour of individuals by imposing legal, moral and cultural restrictions and by distinguishing legitimate and illegitimate practices in the individuals' institutional environment. Under these theoretical assumptions, institutionalization is often (mis)understood as diffusion—a model that is guided by the assumption that practices are adopted intact by the actors according to predefined rules (Maitlis, 2005; Maitlis & Lawrence, 2007; Zilber, 2002, 2006). However, there is a recent array of scholarships, including those of early institutional theorists (see Powell, 2007), that stress the idea that it is important to recognise the capabilities of individuals (or organisations), the way they innovate (Lounsbury & Crumley, 2007), the way they play a vital role in institutional change (Hardy & Maguire, 2008) and the way they respond strategically (Oliver, 1991, 1997): commonly referred to as 'agency'.

Agency refers to "an actor's ability to have some effect on the social world – altering the rules, relational ties or distribution of resources" (Scott, 2008, p. 77). The basic idea underlying the notion of agency is the acknowledgement of interpreting individuals between context, organisation and response. These individual responses vary and do not always necessarily conform to conventional patterns (Crouch, 2005, 2007). In other words, "actors, under both stable and unstable institutional conditions, are not just captured by shared meaning in their fields… Instead, they operate with a

certain amount of social skill to reproduce or contest systems of power and privilege" (Fligstein, 2001, p. 111).

Therefore, analysing structures without incorporating actors is as imperfect as analysing actor behaviour without incorporating structures (Scharpf, 1997, 2000). This means that, although institutional pressures are in play, individual actors have their own agent capability—be it personality or any other entity, such as role—to act in the social world on their own. Nonetheless, these actions and behaviours are, in turn, influenced by the characteristics of the institutional settings within which they occur (Scott, 2008). To put it in other words, actor behaviour is influenced, but not determined, by institutional influences.

Again, the scope and significance of agency is shown by the empirical data (see Chapter 6, 7 and 8), which highlights the dynamics of the owner-managers' role, multiplicity of perceptions and responses, and contributions toward the construction of working conditions. Based on the empirical data, this study does not deny the presence of institutional pressures, but it argues against the arguments that depict individual actors as mere puppets of institutional constraints. Many contemporary theoretical arguments also acknowledge this viewpoint, as discussed in the next section.

3.5 Theoretical Arguments that Acknowledge 'Institutions–Agency' Interactions

Giddens and Bourdieu were pioneers in expressing such an out of the box thought (see Giddens's (1984) 'structuration' and Bourdieu's (1977) 'habitus' concepts) during a period filled with structuralist dominancy. In recent times, however, there has been an explosion of theoretical arguments and empirical research that acknowledge and support structure-agency interactions. This section will provide an

overview of some of the contemporary theoretical arguments, such as the institutional entrepreneurship approach, the institutional logics approach and actor-centred institutionalism, that consider both institutions and agency and acknowledge the interaction between them in organisational analysis.

3.5.1 The institutional entrepreneurship approach. The notion of institutional entrepreneurship emerged when DiMaggio (1988), in his seminal work, stated that "new institutions arise when organized actors with sufficient resources see in them an opportunity to realize interests that they value highly" (p. 14). Later, this concept was developed further, and now institutional entrepreneurship has become a distinct research area. The term institutional entrepreneurship refers to the "activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones" (Maguire, Hardy, & Lawrence, 2004, p. 657). The institutional entrepreneurship approach conceptualises agency as being embedded within the structure that individuals created themselves; these embedding structures do not just constrain the individuals' agency but, in its place, provide a platform to explore their entrepreneurial activities (Garud & Karnoe, 2003; Mutch, 2007). According to this approach, agency is, as Emirbayer and Mische (1998) argue:

…the temporally constructed engagement by actors of different structural environments – the temporal-relational contexts of action – which, through the interplay of habit, imagination, and judgment, both reproduces and transforms those structures in interactive response to the problems posed by changing historical situations . (p. 970)

With this conceptualisation of agency, institutional entrepreneurship is viewed as a highly political process (Garud, Hardy, & Maguire, 2007). Individuals must have the capability not just to develop strategies to generate and institutionalise alternative rules and practices, but also to interrupt and do away with the existing system of rules and practices associated with the dominant institutional logics in order to qualify as institutional entrepreneurs (Garud & Karnoe, 2001). They must be capable of actualising changes in ways that seek the cooperation of other social groups by skilfully drawing on existing cultural and linguistic materials (Child, Lu, & Tsai, 2007). One common core argument among scholars of institutional entrepreneurship is that these individuals—i.e. institutional entrepreneurs—strategically use 'framing' techniques to articulate new rules and practices as valid and appropriate and bring together diverse interest groups to generate collective support for and acceptance of institutional change (Hardy & Maguire, 2008).

3.5.2 The institutional logics approach. Scholars such as Friedland and Alford (1991), Haveman and Rao (1997), Scott, Ruef, Mendel, and Caronna (2000) and, Thornton and Ocasio (1999) are the early developers of the institutional logics approach. Among many existing definitions, Thornton and Ocasio (1999) provide a relatively inclusive definition of institutional logics. According to them, institutional logics are "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (p. 804). This definition of Thornton and Ocasio (1999), amalgamates the structural-coercive, normative and symbolic-cognitive elements as interdependent reinforcing dimensions; this is very similar to Scott's (2008) recent argument of

viewing the three pillars of institutional order as mutually complementary (see section 3.3.3 for Scott's (2008) view on the overlap between the three pillars of institutional order).

Thornton (2004) further emphasises the reciprocal interaction between institutional logics and individuals by arguing that institutional logics tend to shape the rational, sensible behaviour of individuals, and that individuals also have some capacities and capabilities to shape and change institutional logics. The institutional logics approach, by and large, connects agency, cognition and socially constructed structures and practices.

This notion, to an extent, shares the idea formulated by early institutional theorists, such as Meyer and Rowan (1977), Zucker (1977), DiMaggio and Powell (1983) and Powell and DiMaggio (1991), of how cultural-cognitive structures shape behaviour. By connecting individuals and actions, the institutional logics approach also provides a link between the macro structural perspectives and the micro process approaches developed by these early institutional theorists. Still, this approach differs from those early ones in that it steers its focus away from institutional isomorphism (Thornton & Ocasio, 2008). Rather, the institutional logics approach focuses upon the effects of differentiated and often contemplating institutional logics on individuals and organisations in a wide variety of contexts (Thornton & Ocasio, 2008).

3.5.3 Actor-centred institutionalism. Actor-centred institutionalism, developed by Mayntz & Scharpf (1995), combines methodological individualism and institutionalism. It offers "…a tailor-made approach for research on the problem of governance and self-organization on the level of entire social fields" (Mayntz & Scharpf, 1995, p. 39). This means that it offers a framework for empirical research, as

opposed to a full-fledged theory. In this approach, actors are assumed to have capabilities and an action orientation to make mindful choices, albeit not perfectly rational choices (Scharpf, 1997, 2000). In this approach, Scharpf (1997) particularly emphasises the role of composite actors, such as political parties, labour unions and firms. Basically, this is based on the idea of realising the capacity for intentional action at a level above that of individuals (Scharpf, 1997). Scharpf's (1997) perspective proffers that, although individuals are skilful and mindful to have and act on their own intentions when they are part of a composite actor, they obtain the capacity to act at a level higher than that; this capacity to act is produced by the internal interactions between individuals, such as members or employees (Scharpf, 1997).

As a result, there could be at least two levels of conceptualisation of actors above the level of individuals (Scharpf, 1997). At level one, a composite actor, such as a labour union, employs certain resources of its own in performing intentional strategic actions in the field, which results in their interaction with other actors/composite actors such as employers' associations (Scharpf, 1997); at the other level, the same composite actor can be conceptualised as an institutional structure created by the interactions between the individuals within that institutional structure; these interactions generate the actions attributed to the composite actor (Scharpf, 1997).

All the above concepts appreciate the inclusion of both institutions and agency in creating a social order and move beyond the older version of the neoinstitutional school of thought. These concepts, in a way, also attempt to bring old institutionalism back into neoinstitutionalism by stressing individuals' interests, interactions and aspects related to individuals. The above discussion also shows that there are

numerous versions of demonstrations of institution-agency interactions. This means that these concepts may share a similar notion, but differ in their scope and focus.

Very recently and in order to understand the micro-level processes of institution-agency interactions, the advocates of institution-agency interactions have been attempting to combine institutional theory with Weick's organisational sensemaking (see Clark & Geppert, 2011; Jensen, Kjargaard, & Svejvig, 2009; Schultz & Wehmeier, 2010; Weber & Glynn, 2006). This study, in a way, is one more attempt in such an endeavour.

At least, combining institutional theory with organisational sensemaking is useful for the study because: one, as mentioned in Chapter 2, there is a need to place more emphasis on the individual-level processes associated with structure-agency interactions; and, two, the empirical data show that owner-managers, as primary decision makers, possess a higher level of control over their firms' operations (see Chapter 8); thus, failing to encompass their agency considerations could hinder the study's core endeavour of understanding the construction of working conditions in SMEs. This is one way to include these considerations.

3.6 Sensemaking

This section will begin with a discussion on the different versions of sensemaking, followed by one on organisational sensemaking, then by one on *why institutional theory and organisational sensemaking must be synthesised.* It will conclude with a discussion on *how institutional theory and organisational sensemaking can be synthesised* to form a robust framework. As mentioned earlier, these constructs are informed by the empirical data analysis and are not hypothetically assumed and forcibly inserted.

3.6.1 Different schools of thought on sensemaking. Just as there are different schools of thought on institutional theory, as discussed in the section 3.2, there are also different schools of thought on sensemaking. To this point, cognitive psychologists, social psychologists and communication or information theorists have developed their own versions of sensemaking, pertinent to their own disciplines. All these conceptualisations of sensemaking tend to share the same methodological roots of constructivism, and attempt to understand how individuals make sense of their world or environment. Nevertheless, they all differ in their own conceptualisation and in the field in which they are employed (Dervin, 1999). Although only the constructs of Weick's sensemaking are used in this study, in order to limit the prospect of misperception between the different schools of thought on sensemaking, this section will begin with a discussion on the differences between them. The following Table 3.5 (adapted from Kolko (2010)) briefly summarises all these versions of sensemaking.

Developers	Positions sensemaking as…	Style of engagement …	Effective for…	Length of engagement…	Highly dependent on...
Gary Klein, Robert R. Hoffman, and Brian M. Moon	A process of problem solving	Both personal and shared	Long-term socialization of complex problems	A long period of time	Participant's perspective and interpretation
Brenda Dervin	A process of education	Personal and contingent on experience	Learning	Continually and forever	Participant's perspective and interpretation
David J. Snowden and Cynthia F. Kurtz	A quality of an artifact	Highly collaborative	Early stages of problem solving	Formal and finite period of time	Participant's perspective and interpretation
Karl E. Weick	A conversational process	Highly collaborative	Organisational growth and planning	Both short and long term	Participant's perspective and interpretation

Table 3.5. Different versions of sensemaking, from Kolko (2010)

a) Gary Klein, Robert R. Hoffman, and Brian M. Moon developed a *cognitive psychologists' version* of sensemaking that focuses on the connections between problem solving and intuition (see, Klein, Moon, & Hoffman (Klein, Moon, & Hoffman, 2006, 2006)). Their conceptualisation of sensemaking is that it is a way to predict future trajectories by understanding the connections between people, places and present or past events. According to them, sensemaking is a reflective and internal activity. This means that, when individuals are trying to solve a highly exclusive problem, they are a part of an external and communal group of individuals who are trying to solve multiple problems with an aim to solve larger organisational goals (Klein et al., 2006). According to them, an organisation is comprised of multiple individuals, holding multiple data and multiple levels of awareness of events, who tend to share their ideas with others in order to actively disseminate information and build consensus. According to Klein et al. (Klein et al., 2006, 2006), sensemaking is both a personal and a shared process.

b) Brenda Dervin's sense-making (with a hyphen) is an influential concept among communication or information researchers who aim to understand the relationship between individuals and information (Olsson, 2010). According to Dervin (1999), sense-making is a more complex and less linear process, "…embodied in materiality and soaring across time-space… a body mind heart spirit living in time-space, moving from a past, in a present, to a future, anchored in material conditions; yet, at the same time, with an assumed capacity to sense-make abstractions, dreams, memories, plans, ambitions, fantasies, stories pretences that can both transcend time space and last beyond specific moments of time space" (p. 730). This means that, when individuals move through time and space, they may encounter gaps; in order to move—either physically or cognitively—across these gaps, they must make sense of

the situation (Dervin, 1999). Furthermore, according to her, individuals make sense of complicated ideas by acting on them, rather than abstractly analysing them. Based upon this reasoning, the sense-making process should be understood as a learning process dependent upon individual collective knowledge, emotions and past experience (Dervin, 1999). She also emphasises the influence of the social context in which the sense-making process takes place (Olsson, 2010). According to Dervin (1999), sense-making is both personal and contingent on subjective views and learning.

c) David Snowden is a *management scientist* and his version of sensemaking aims at understanding the complexity of large organisations. He has developed a framework, which he refers to as 'Cynefin', in which he uses the word sensemaking as an adjective to modify a noun (Kurtz & Snowden, 2003). Snowden and Kurtz explain 'Cynefin' as follows:

> We consider Cynefin a sense-making framework, which means that its value is not so much in logical arguments or empirical verifications as in its effect on the sense-making and decision-making capabilities of those who use it. We have found that it gives decision makers powerful new constructs that they can use to make sense of a wide range of unspecified problems. It also helps people to break out of old ways of thinking and to consider intractable problems in new ways. The framework is particularly useful in collective sense-making, in that it is designed to allow shared understandings to emerge through the multiple discourses of the decision-making group. (Kurtz & Snowden, 2003, p. 468).

Snowden and his colleagues argue that individuals who work backwards from a fictitious end-state to reach a realistic present-state are able to identify the "sensemaking items" (Kurtz & Snowden, 2003, p. 472), which, according to them, are the turning points all-encompassing actors, communities and factors in play (Kurtz & Snowden, 2003). In Snowden's view, sensemaking is a quality that can be applied to a framework or an idea. According to him, sensemaking has its most significance during the early stages of problem solving in a in a highly collaborative environment.

d) Karl E. Weick's version of sensemaking is influential among *organisational behavioural theorists* who particularly aim to understand organisational knowledge generation. Weick's version of sensemaking is "…importantly, an issue of language, talk, and communication. Situations, organizations, and environments are talked into existence" (Weick, Sutcliffe, & Obstfeld, 2005, p. 409). It is mainly concerned with the relationship between interpretations and actions, and not much with the influence of assessment on choice. Weick more often conceptualises sensemaking as a polyadic, shared and communal activity in which multiple individuals work together to make sense. According to Weick, sensemaking is a collaborative process, which embraces diverse individuals' varied accounts of situations, organisations and environments that are talked in to existence.

Overall, although these different versions of sensemaking could present a certain level of consistency at an abstract level, they come up with different conclusions. Some focus upon individuals and others upon abstract organisations. Some describe sensemaking as an approach that has a beginning and an end, while others describe it as a continuous process. Discussing these variations in much detail, however, is beyond the scope of this study. The study is based on the constructs of

Weick's organisational sensemaking and its recent developments; thus, only these are discussed further in the coming sections.

3.6.2 Organisational sensemaking: an overview.

The concept of organisational sensemaking has its roots in the field of social psychology. Later, it was adapted and developed within many other fields related to management and organisations. Karl Weick is the pioneer who developed and proffered sensemaking as a socio-cognitive process within research related to organisation studies. Initially, Weick explained the constructs of sensemaking mainly by using extreme situations such as disasters and accidents. Later, many organisational theorists and Weick himself began to translate and employ these constructs of sensemaking in real organisational settings. According to Weick:

> The concept of sensemaking… literally… means the making of sense. Active agents construct sensible, sensable events. They 'structure the unknown'. How they construct what they construct, why, and with what effects, are the central questions for people interested in sensemaking. (Weick, 1995, p. 4)

Organisational sensemaking involves the process of constructing shared meanings. It is a social activity, in which organisational members collectively construct accounts of events or issues by interpreting them by themselves and through interaction with others (Isabella, 1990; Maitlis, 2005; Maitlis & Lawrence, 2007). The construction of accounts of events or issues happens through discursive constructions as a large part of the organisational environment "consists of nothing more than talk, symbols, promises, lies, interest, attention, threats, agreements, expectations,

memories, rumours, indicators, supporters, detractors, faith, suspicion, trust, appearances, loyalties and commitments... Words induce stable connections, establish stable entities to which people can orient..., bind people's time to projects..., and signify important information." (Weick, 1985, p. 128).

Sensemaking is a process or an activity. It is a process to persuade the mind-set of an individual to focus on specific cues that are interpreted, this also includes the revision of those interpretations based on individual's actions and their consequences (Weick, 1995). It is an activity in which actors make sense of things by reading "...into things the meanings they wish to see; they vest objects, utterances, actions and so forth with subjective meaning which helps make their world intelligible to themselves" (Frost & Morgan, 1983, p. 207). This forms the core assumption of sensemaking, which proffers that actors discover the very nature of a situation in which they are acting by retrospectively looking back at the outcome of that action. In other words, the actors' own actions determine the sense of the situation in which they find themselves (Garfinkel, 1967). They understand the situation by continuously reading into it for patterns of significant meaning.

Sensemaking conceptualises reality as an ever changing entity as opposed to a static or fixed one. As Gioia (2006) puts it, sensemaking is all about the "...'process of becoming', rather than the 'states of being'…" (p. 1711). This means that the sensemaking concept sees reality as a constant achievement in which individuals retrospectively make sense of the situations in which they find themselves and their own creations (Weick, 1995).

Weick clearly make a distinction between sensemaking and interpretation. According to Weick (1995), interpretation is only one component of sensemaking. Interpretation focuses on some kind of text, whereby sensemaking focuses on how

that text is constructed and is read. It is about the ways people generate what they interpret (Weick, 1995). Based upon this reasoning, interpretation is nothing but the product of sensemaking. Gioia (2006), in his paper "On Weick: An Appreciation", expresses the significance of this distinction by stating that this distinction itself is one such idea that demonstrates the power of sensemaking approach. Having provided an overview of the core conceptions of the Weickian sensemaking approach, the next section will discuss how the organisational sensemaking approach is empirically applied in diverse empirical settings.

3.6.3 Applications of the organisational sensemaking approach. The concept of Weickian organisational sensemaking is seen through different lenses. It is seen as: a means to structure the unknown (Waterman, 1990); interpretations linked with responses or actions (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996; Rouleau, 2005; Thomas, Clark, & Gioia, 1993); a conscious process that is stimulated by shock or surprise (Louis, 1980) or by environmental uncertainty, information overload, ambiguity, turbulence or complexity (Weick, 1995, 2001, 2009; Weick et al., 2005).

Gioia and Mehra (1993) on the other hand, argue that Weick's idea of sensemaking is too narrowly construed. They state that organisational life is normally routinised and, as such, it does not demand the attention of individuals. Individuals, however, attempt to make sense of those routinised situations through the incorporation of subtle cues over time (Gioia & Mehra, 1993). Given these contradictions, nevertheless, these diversified notions about sensemaking may have led to its diversified utilisations in empirical research.

Scholars have been using sensemaking to explore and explain diverse topics in organisational studies. These topics include socialisation; strategic change management; selling issues to top management; managers' interpretation of organisational change; diffusion of technology; organisational learning; impression management; disaster or crisis management; CSR communications; institutionalisation of CSR; corporate governance; owner-managers' sensemaking of strategic management and CSR and ethics. Table 3.6 provides a list of studies related to these topics. This, nevertheless, is not a comprehensive list; this study can also be added to the list as a new entry because it is rather unique in that it utilises constructs of organisational sensemaking along with constructs of institutional theory as tools to explain owner-manager interactions with the institutional influences regarding working conditions.

Topics	Example studies
Socialisation	Louis (1980); Matuszewski and Blenkinsopp (2011); Suspitsyna (2012)
Strategic change management	Ericson (2001); Fiss and Zajac (2006); Gioia and Chittipeddi (1991); Gioia and Thomas (1996); Thomas, Clark and Dennis (1993).
Selling issues to top management	Dutton and Ashford (1993); Dutton, Ashford, Lawrence, and Miner-Rubino (2002); Dutton, Ashford, O'Neill, Hayes, and Wierba (1997)
Managerial interpretation of organisational change	Isabella (1990); Rouleau (2005)
Diffusion of technology	Angst, Agarwal, Sambamurthy, and Kelley (2010); Faraj, Kwon, and Watts (2004); Griffith; Swanson and Ramiller (2004)
Organisational learning	Shrivastava (2007); Thomas, Sussman, and Henderson (2001)
Impression management;	Brown and Jones (2000); Gioia, Giacalone, and Rosenfeld (1989)
Disaster or crisis management	Muhren and Van de Walle (2009); Rao, Eisenberg, and Schmitt (2007); Weick (2010)
CSR communications	Morsing and Schultz (2006); Ziek (2009)
Corporate governance	Fligstein (2006)
Owner-manager sensemaking of strategic management	Schlierer, Werner, Signori, Garriga, von Weltzien Hoivik, Van Rossem, and Fassin, (2012)
CSR and ethics	Fassin, Van Rossen and Buelens (2011)

Table 3.6. Applications of the Weickian organisational sensemaking approach

3.7 Bringing 'Context' in to the Sensemaking Process

Early research grounded in the sensemaking approach often underestimated the exogenous, situational or contextual influences on the sensemaking processes (Magala, 1997; Taylor & van Every, 2000; Weber & Glynn, 2006). This is why the sensemaking approach has been widely criticised for overlooking the role of larger social, historical or institutional contexts in explaining cognition. According to Weber and Glynn (2006), sensemaking as "a theory of seemingly micro practices…, appears to neglect or at least lack an explicit account of the embeddedness of sensemaking in social space and time" (p. 1639). In support of this, Taylor and Van Every (2000) claim that: "what is missing [in Weick's 1995 *Sensemaking in Organizations* version of enactment] …is an understanding of the organization as a communicational construction or an awareness of the institutionalizing of human society that accompanies organization with its many internal contradictions and tensions" (p. 275). Acknowledging the wider context is an important turning point in the contemporary sensemaking approach, which had hitherto been heavily dominated by the micro-level focus. According to these scholars, depicting the sensemaking process as being context-free is an exaggeration, as individuals' sensemaking does not happen in a void.

Weick himself seemingly admitted his concern over the underestimation of larger social, historical or institutional contexts in his works by stating, "I have shamelessly generalized these [sensemaking] processes across organization of all sizes, shapes, and industries" (Weick, 1995, p. 176). He further challenges his own propositions regarding sensemaking processes and emphasises the influence of situational factors on sensemaking processes by questioning, "…what about people

who find it tough to act, either for dispositional or situational reasons?" (Weick, 1995, p. 174).

Echoing these concerns about the sensemaking approach, therefore, the sensemaking process is seen as being a fundamentally dynamic process. Based upon this reasoning, the study sees human beings as striving, coping, planning, interpreting creatures shaping life from the inside but also operating within the possibilities and constraints of the social arrangements that shape life from the outside (Jahoda, 1982). These social contextual influences comprise the capacity to construct meaning by guiding individual actions through socially acceptable beliefs, needs and expectations. It also directs individual attention to certain cues, making the latter more salient, and provides expectations concerning behaviour and the logical consequences of such behaviour (Salancik & Pfeffer, 1978). Cognition, thus, should be viewed as a product of a complex interplay which encompasses both contextual or situational cues and the individuals' prior repertoire of mental frameworks. Many cognitive theorists (see Markoczy, 2000) acknowledge this complex interplay in their works.

Recently, scholars—both contributors and users—of the sensemaking approach have also begun to acknowledge and appreciate the consideration of exogenous influences—such as focal issues, the position of the individual, the type of organisation and such like—on individual sensemaking processes. For example, Dutton, et al. (1997), in their study on middle managers, show how contextual cues influence the sensemaking process of middle-managers when they get involved in issue-specific sensegiving activities. In another in-depth study on female managers' sensegiving activities related to gender equality issues, Dutton, et al. (2002) identify a range of favourable and unfavourable contextual cues that female managers consider before raising an issue related to inequality and refer to this as the 'contextual sense

making approach'. Maitlis & Lawrence (2005; 2007), in their study on the social process of organisational sensemaking, observe the influence of numerous issue specific contextual cues on leaders and stakeholders. They argue that the sensemaking of leaders regarding a specific issue differs from the sensemaking of other stakeholders regarding the same issue. These studies, however, do not make a comprehensive list of studies based upon this approach. These studies are discussed here to give an idea of the existence of numerous studies based on the novel developments of sensemaking approach, which consciously appreciate the influence of context on the sensemaking process.

3.8 Towards Bridging Institutional Theory and the Sensemaking Approach

The above discussions clearly indicated the direction in which both institutional theory and organisational sensemaking are travelling (Figure 3.1) in the field of organisational analysis. Thus, these indications form the basis for combining these two approaches into a robust framework.
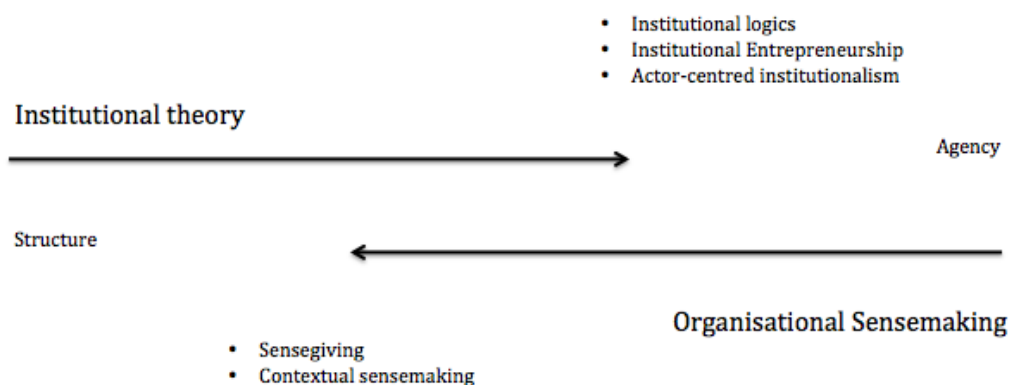
Figure 3.1. The contemporary conceptualisations of institutional theory and organisational sensemaking

As mentioned earlier, the study is grounded in the notion that appreciates the interplay between individual cognition and context. Also, the above discussions already indicated the position adopted by the study in the structure vs. agency debate and also implied how combining institutional theory with the sensemaking approach could contribute to the structure vs. agency arguments. In addition, these discussions also indicated the direction towards which both institutional theory and the sensemaking approaches are moving (Figure 3.1). Without further elaboration, this section will begin with a discussion on the synergies of combining these two approaches before explaining how they could be combined (as informed by the data analysis).

3.8.1 Synergies of combining institutional theory and the sensemaking approach. As Weick et al. (2005) state, the "juxtaposition of sensemaking and institutionalization has been rare" (p. 17). This may be because these two approaches traditionally differ in their research focus (Weber & Glynn, 2006). Institutional theories are traditionally applied to macro domains, whilst the sensemaking approach is applied in the micro-level analysis. Nevertheless, scholars have recently begun to raise their voices in favour of the amalgamation between the two to traverse multiple levels of analysis.

First of all, both institutional theory and organisational sensemaking are logically compatible because of their common origin in the philosophical tradition, i.e. the social constructionist view of reality (Jensen et al., 2009). Also, both are social theories that address related social phenomena (Weber & Glynn, 2006). However, as mentioned in the earlier sections, the traditional institutional perspective is more useful in explaining how structural elements, in the form of political pressures,

institutional constraints, and professional traditions, construct the context, and less useful in explaining how individuals respond to these institutional pressures (Jensen et al., 2009). While acknowledging that institutional pressures are generally exerted by means of a top-down process from the society and organisational field on organisations and individuals, it is necessary to acknowledge that bottom-up processes also impact structures in the organisational field and society (Jensen et al., 2009; Weber & Glynn, 2006).

This notion echoes Scott's (2008) observation, in which he states that reciprocal interaction between multiple levels must be taken into account as macro-structures are bridged, by means of organisational fields, to micro-structures in organisations or even 'down' to the individual actor level and vice versa. This reciprocal interaction between multiple levels is a vital aspect which allows for the connection between macro-level structures and the local subjective sensemaking process (Jensen et al., 2009). Institutions "provide meanings and stability to social life" (Scott, 2001, p. 48), and sensemaking is partly the "feedstock for institutionalization" (Weick, 1995, p. 36). As Scott (2008) asserts, "…action is social when and insofar as the acting individual attaches a subjective meaning to his behaviour. Individuals do not mechanically respond to stimuli; they first interpret them and then determine their response" (p. 13).

Several scholars (Clark & Geppert, 2011; Geppert & Clark, 2003; Jensen et al., 2009; Schultz & Wehmeier, 2010; Weber & Glynn, 2006) have presented their diverse arguments on how both institutional theory and sensemaking theory can be effectively combined to explain social phenomena. In a way, this PhD study complements this existing unique theme of research that is trying to combine institutional theory with the sensemaking approach. Based upon all these

considerations, I believe that connecting these two approaches would offer a greater scope to generate a wider and better understanding of the intricate complexities of social phenomena; here, the working conditions in SMEs in developing nations that are part of global supply chains.

3.8.2 Where institutional theory meets organisational sensemaking. The sections above offered a detailed discussion on the significance of acknowledging agency and cognition in institutional theory and institutions in the organisational sensemaking approach. Also discussed were the synergies of integrating institutional theory with the sensemaking approach. This section will explain how these two approaches can be integrated as a synergetic analysis tool that encompasses and provides a platform to traverse across both the macro and micro-levels of analysis.

In so doing, the study mainly adopts three constructs of organisational sensemaking namely: *equivoque, bracketing and (contemporary idea of) enactment,* and combine them with the adopted constructs of institutional theory. These constructs of sensemaking are presented as if they were linear—when sensemaking is in fact ongoing—only in order to generate more clarity in presenting the empirical arguments. As often mentioned throughout the chapter, the constructs presented here are not presumed before analysis; rather, they are (partly) the outcomes of the data analysis.

As discussed earlier in Section 3.3, although the data demonstrates the presence of regulative, normative and cognitive-cultural elements influencing working condition, these elements appear to be intervened as Scott (2008) asserted. Empirically, these three institutional elements can often be observed only in combination (Scott, 2008). The inclusive nature of these three institutional elements

also provides scope for misalignment because of the unbalance between them (Scott, 2008; Strang & Sine, 2002). According to Scott (2008), and Strang and Sine (2002), this misalignment, therefore, offers individuals the scope and resources that they can eventually deploy in various ways.

These multiple, differentiated and partially conflicting institutional spheres (Friedland & Alford, 1991) provide individuals with access to indefinite possible interpretations (Ridley, 2003; Weick et al., 2005). This means that the messages (or cues) delivered by these institutional elements are 'equivoque' (Weick, 2001) in nature. With their scope, individuals at first interpret the institutional influences and then decide their responses. They do not just mechanically respond to the stimuli from these intuitional elements (Scott, 2008). The owner-manager multiple interpretations of institutional influences presented in Chapter 8 informs this equivoque nature of institutional influences.

Equivoque can be defined as "…something that admits of several possible or plausible interpretations and therefore can be esoteric, subject to misunderstandings, uncertain, complex and recondite… They make limited sense because so little is visible and so much is transient, and they make many different kinds of sense because the dense interactions that occur within them can be modelled in so many different ways" (Weick, 2001, p. 148). Weick (2001) describes organisations as a complex "puzzling terrain" (Weick, 2001, p. 9). This puzzling terrain offers itself to multiple, conflicting and plausible interpretations (Daft & Macintosh, 1981). Individuals caught up in an equivocal situation are often unsure and confused regarding what to ask and what to expect in reply even if they had asked the right questions (Weick, 2001). As Weick (2001) states, there are no such things as ordered unequivocal observables. Whatever individuals observe is determined by their prior social and personal history

and context.

Since context is infinitely expandable into the future and the past, it is quite impossible to delineate and define which contextual indicators are extracted by the sensemakers (Gergen, 1994; Weick, 1993). This means that it is (qualitatively) impossible to correlate what institutional cues lead to what interpretations and what interpretations lead to what responses (this will be further discussed in Chapter 8) because, as Czarniawska (2003) states, "intentional action never leads to intended results, simply because there is a lot of intentional action directed at different aims in each time and place" (p. 134).

These several possible and plausible interpretations of institutional influences result from the individual *'bracketing'* (Weick, 1995) process. Noticing and bracketing are the early stages of sensemaking. They are associated with "inventing a new meaning (interpretation) for something that has already occurred during the organizing process, but does not yet have a name and has never been recognized as a separate autonomous process, object, event" (Magala, 1997, p. 324).

According to Maitlis & Sonenshein (2010), the individual bracketing process is central to the development of plausible meanings. The bracketing process involves the noticing and bracketing of cues from the environment. Individuals single out cues, items or events in order to link them and make sense of them (Jensen et al., 2009). They recognise and bracket cues that indicate desired preferences and ends (Jensen et al., 2009). Then these bracketed or singled-out cues are interpreted based upon salient frames (Maitlis & Sonenshein, 2010) or individual preconceptions, which then lead to further actions and interpretations. Chia (2000) sums up the bracketing process by stating that cues associated with phenomena or events "have to be forcibly carved out of the undifferentiated flux of raw experience and conceptually fixed and labelled so

that they can become the common currency for communicational exchanges" (p. 517).

The world is simplified to individuals through the bracketing process (Weick et al., 2005). It is more than likely that different individuals will bracket or single out different cues where the same set of institutional influences does not necessarily lend itself to similar interpretations by a group of actors in the same context. Again, as mentioned earlier, institutional influences are equivoque in nature; different individuals interpret them differently. Here, the emphasis is placed upon the power of both institutional influences and individuals.

Subsequently, once the cues have been bracketed or singled out, they are put in relation to the repertoire of frames that individuals hold, which eventually results in the creation of meaning (Jensen et al., 2009). Thus, people make sense of equivocal inputs (from the institutional environment) and enact this sense back (into the environment) in order to make it more organised (Weick et al., 2005). Nicholson (1995) defines *enactment* as "…a concept developed to connote an organism's adjustment to its environment by directly acting upon the environment to change it" (p.155). Individuals have their own capacity to hold their values, beliefs, preconceptions, mental maps and emotions while making sense of the environment, and these are sufficient to create a difference in the patterns existing in the environment (Jennings & Greenwood, 2003).

To highlight a major point here, this study, however, does not follow the early conceptualisations of Weick's concept of enactment, in which he postulates that an environment does not exist 'out there'; rather, it is constructed by the individual's actions and is stored in the brain. In his early works (see, Weick, 1979; Weick, 1990, 1993, 1993, 1995, 1999), Weick consciously disregarded the notion of environment. This could have been because of the profound influence of extreme cognitive

psychologist perspectives linked to his knowledge background. To this end, enactment often overstates the individual's own cognition rather than his/her reactions to the environment. Supportively, Nicholson (1995) argues that the concept of enactment was not very clearly explained in Weick's early writings. He states that:

As an operational concept, enactment lacks precision and therefore cannot be expected to be much further elaborated in organizational analysis. However, it embodies an important recognition of how agency and constructive cognitive processes are essential elements in our understanding of the behavior of individuals and organizations. (p. 155)

Recently, Weick himself has begun to imply that behaviour or action is not just of the individuals' own-making but that the environment also plays a significant role. His recent works demonstrate his conscious endeavours to bring back the intentionally disregarded concept of the context or environment into the individuals' sensemaking processes. In this regard, in one of his works, he says:

…the concept of enacted environments suggests that constraints are *partly* of one's own making and not simply objects to which one reacts…. (Weick et al., 2005, p. 419) [Italics added]

The above statement is an acknowledgement of Weick's new line of thought. Through it, he asserts that how an individual enacts is partly influenced by both the environment and the individual's own repertoire of mental frames of references. Weick's new position in the sensemaking approach also attempts to warn people who

exaggerate agency and are reluctant to agree to the explicit power of institutional influences on individual behaviour or action. He describes his new position as:

> Discussions of sensemaking often include words like "construct", "enact", "generate", "create", "invent", "imagine", "originate" and "devise." Less often do we find words like "react", "discover", "detect", "become aware of" or "comply with." This asymmetry suggests that people who talk about sensemaking may exaggerate agency and may be reluctant to assume that people internalize and adopt whatever is handed to them…. (Weick et al., 2005, p. 417)

This conceptualization of enactment is similar to the ideas put forth by concepts such as institutional entrepreneurship, institutional logics and actor-centred institutionalism (see Section 3.5 for further discussion). Also, it is similar to the notion of Child's (1972) 'strategic choice', which characterises organisations as not entirely exogenously directed; that there are endogenous effects that could modify the contingencies acting upon the firm. This notion of enactment also reinforces the idea of modelling organisations as "purposeful systems" (Ackoff & Emery, 1972), which challenges the concept that environmental conditioning determines actions, as postulated by the behaviourist paradigm of open systems (Nicholson, 1995).

Overall, the sensemaking approach attempts to focus and expose the micro-level processes in much detail, while institutional theory focuses more on the macro-level. Combining institutional theory with sensemaking can expand the scope to witness the micro-mechanisms that connect macro-structures across time through the exposure of the cognitive structures related to a range of organisational phenomena

under analysis, such as "mimetic processes, agency, the mobilization of resistance, alternatives to conformity, such as independence, anticonformity, and uniformity and ways in which ongoing interaction generates the taken-for-granted" (Weick et al., 2005, p. 417). Summarising, the study attempts to state that the extreme asymmetrical stands of institutional theory and of the sensemaking approaches can be reconciled if, as Weick (2005) argues, more focus is placed upon the mechanisms that connect the macro and micro levels of analysis.

3.8.3 A summary of the adopted theoretical constructs. The following table (Table 3.7) provides a summary of the theoretical constructs adopted for this study. The extreme left column contains the constructs adopted from institutional theory, the extreme right column the constructs adopted from organisational sensemaking and the middle column the constructs that bridge those from institutional theory and organisational sensemaking to create a robust theoretical framework for multi-level analysis.

Constructs adopted from Institutional Theory	Bridging constructs	Constructs adopted from Organisational Sensemaking
• *Regulative, Normative, Cognitive-cultural* institutional elements influence individual behaviour. • These three elements should be viewed as *inclusive* and *equally contributing* in *interdependent* and *mutually reinforcing* ways	• When three pillars of institutional order operate collectively, in some situations, one or another element will assume supremacy over others generating misalignment. • This misalignment may generate conditions or provisions to encourage and stimulate conflicting choices and behaviours – *Scope for agency* • These multiple, differentiated and partially conflicting institutional spheres provide individuals access to infinite possible interpretations. That is, the cues or messages conveyed by these institutional elements are equivoque in nature. • Individuals' responses vary and they do not always conform to the conventional patterns	• *Equivoque:* Organisations as a complex puzzling terrain offers themselves to multiple, conflicting and plausible interpretations. • *Bracketing:* Individuals bracket out cues, items or events so as to link to make sense of it. • Then these bracketed or singled-out cues are interpreted based on salient frames or preconceptions of individuals, which then the individual *enact* this sense back in to the environment in the form of responses leading to further actions and interpretations.

Table 3.7. Summary of adopted theoretical constructs

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In sum, this chapter echoes the ideas of institutional theorists (Greenwood & Hinings, 1996; Hardy & Maguire, 2008; Hirsch & Lounsbury, 1997; Thornton & Ocasio, 2008) who endeavoured to construct a bridge between 'new' and 'old' institutuionalism by appreciating the considerations of institutions along with agency, power and interests into the organisational analysis. But most important, by stressing the role of individuals in institutional phenomena and the mechanisms with which individuals and institutional environment are connected together, this chapter offers a framework to understand the structure-agency interactions in the SME context.

Now that the research question and objectives (Chapter 1), the relevant literature (Chapter 2) and the theoretical framework (Chapter 3) have been extensively discussed, the next two chapters (Chapters 4 and 5) will attempt to explain where, how and under what assumptions the study was conducted.

Chapter 4
The Research Context

Chapter Four: The Research Context

4.0 Introduction

The main purpose of this chapter is to introduce the research context. In order to do so, it will attempt to answer three questions: why focus on the garment sector, why focus on the Indian garment sector and why were small and medium knitwear garment manufacturing firms in Tirupur selected as the research context?

4.1 Why the Garment Sector?

Industrialised economies dominated garment production up to forty years ago; now, however, half of the world's garment and textile exports come from developing economies (UNCTAD, 2011). Textile and garment outsourcing began during the 1950s and 1960s, when manufacturers located in Western countries approached Japan for good quality and low cost fabrics and textiles (Amsden, 2001). Later, cost considerations, coupled with changes in product market demands, persuaded Western countries to outsource textile and garment production to many other developing countries (Gereffi & Memedovic, 2003). During this period, products were manufactured in large batches, with less differentiation.

A decade later, during the late 1970s and early 1980s, the demand pattern for products shifted from being standardised to being more customised, resulting in the production of different varieties of products in smaller batches (Gereffi, 1999) giving rise to more disintegrated or fragmented markets (Broadman, 2006; Richardson, 2000). Because of this demand for customised products, the product market became increasingly fluctuating, unpredictable or volatile (Gereffi & Memedovic, 2003). In order to balance such increased unpredictability, Western manufacturers sought the

low-skilled and low-cost segment of the labour market, resulting in a dramatic increase in the volume of textile and garment production being outsourced to developing countries during this period (Tewari, 2006). Since the 1990s, "the relative ease of setting up clothing companies, coupled with the prevalence of developed-country protectionism in this sector, has led to an unparalleled diversity of garment exporters in the third world" (Gereffi & Memedovic, 2003, p. 5).

In the literature, there exists a dichotomy of perspectives about the significance of the garment sector to the developing world. On the one hand, scholars such as Gereffi (1999) and Teng and Jaramillo (2005) argue that trade activities associated with the garment sector are strongly linked to the positive economic performance of developing nations. According to them, it is one of the sectors that have the ability to provide a doorway allowing both developing and underdeveloped nations to enter the global markets, as well as providing employment opportunities to significant numbers of people in those parts of the world. On the other hand, scholars such as Locke, Amengual, and Mangla (2009) argue that, although the garment sector contributes significantly to the employment and economic growth of the developing world, it is one of the sectors that continues to be criticized for housing ethically questionable labour practices. Due to these reasons, the garment sector in developing nations remains the research context for numerous studies (Moran, 2002; Nadvi et al., 2004) that seek to analyse, understand and suggest developmental policies for improving working conditions in global garment production networks.

With respect to this study, the garment sector is ideal for three reasons. First, it is one of the sectors suitable for the exploration of buyer-driven global supply chains (Gereffi, 1999; Gereffi & Memedovic, 2003). Second, it comprises a large concentration of small and medium suppliers located in developing nations

(Humphrey, 2009). Third, it is economically prominent and yet complex (Figure 4.1), labour-intensive and still criticised for its labour practices. Taking all these reasons into consideration, I believe that these aspects of the garment sector can provide a rich and appropriate context to explore working conditions in SMEs in developing nations that are part of global supply chains.
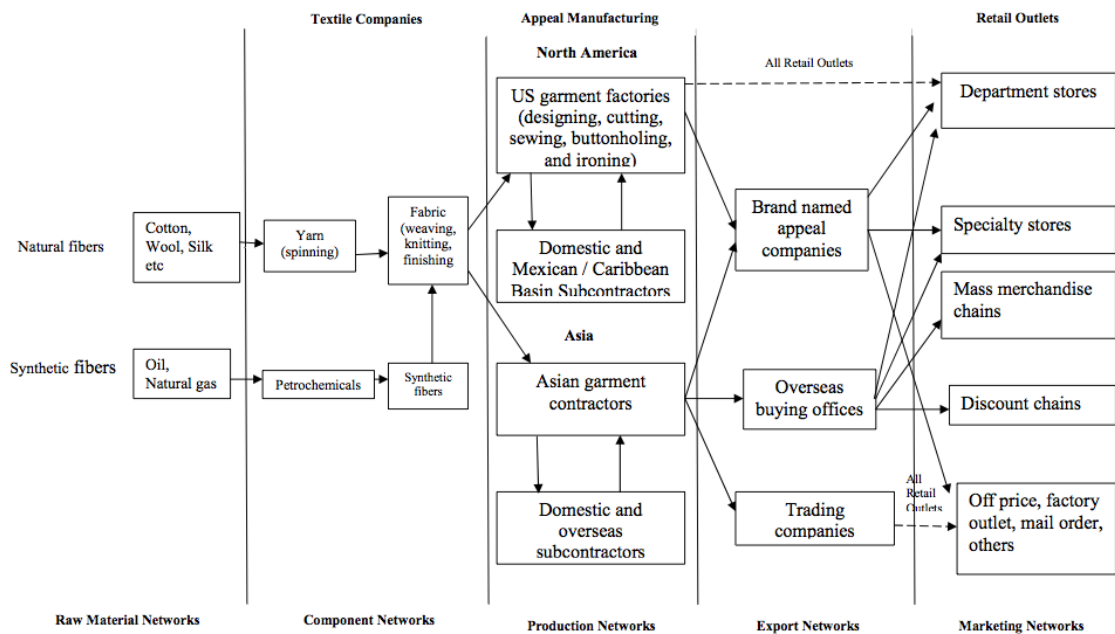
Figure 4.1. The complex global textile and garment supply chain, from Appelbaum and Gereffi (1994, p. 46)

4.2 The Garment Sector in India

According to the Indian Brand Equity Foundation (IBEF)[9], India's textile and garment industry serves a large number of world-wide consumers with its high value-added products, such as fabrics and garments or apparels made of a wide variety of raw materials like cotton, jute, silk and wool. Among the global textile and apparel industries, liberalised Indian industries are regularly cited as being among the chief beneficiaries of a quota free regime (Tewari, 2006). According to the World Trade Organization (WTO) 2011 statistics[10], India is the fifth largest exporter of clothing and the third largest exporter of textile and garment combined (Figure 4.2), with an annual percentage growth of around 20% to 25% between 2010 and 2011. In terms of economic value, the sector accounts for 14% of the overall industrial production, 4% of the GDP, and 11% of the nation's gross exports. In addition, it is a relatively huge source of employment in India, which is made evident by the fact, reported by the Indian Ministry of Textiles (2012), that it currently employs around 45 million people. This growth of India's textile and garment industry is not, however, a sudden hike.

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[9] The IBEF is a Trust established by the Ministry of Commerce in association with the Confederation of Indian Industry (CII) to promote and create international awareness of the *Made in India* label in overseas markets and to facilitate the dissemination of knowledge of Indian products and services.

[10] The WTO international trade statistics, 2011 is available at:

http://www.wto.org/english/res_e/statis_e/its2012_e/its12_toc_e.htm. It is not yet updated for 2012.
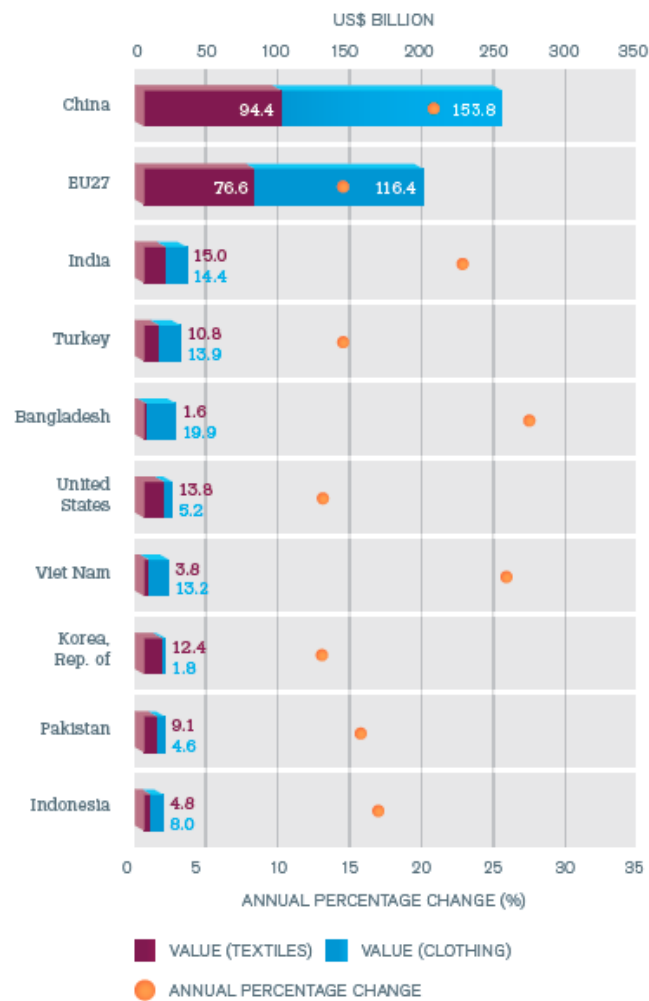
Figure 4.2: Total value of textile and garment exports from selected countries

Source: WTO (2011)

4.2.1 The growth of the Indian textile and garment sector[11]**.** The growth of the sector began during the late 1980s, when it began its integration into the global market (Deshpande, 2009; Tewari, 2006). From then onwards, exports grew gradually

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[11] The data presented in the rest of this section are derived from the Indian Ministry of Textiles Annual report dated 28/08/2012[11].

at an average rate of 22% per year. During this period, growth was however relatively slow and less intensive due to the Multi-Fibre Agreement (MFA).

The MFA was a quota system established through the WTO's 1974 Agreement on Textiles and Clothing (ATC). This was an agreement aimed at enforcing quantitative restrictions on the amount of textile and clothing imports from developing nations (Spinanger, 1987). The MFA was established in order to protect the developed nations' own internal growth (Spinanger, 1987). Ernst, Ferrer and Zult (2005) refer to it as a move towards protectionism. However, this quota system was not in force for very long as it underwent many structural changes after the integration of the textile and garment sector into the WTO mainstream in 1994. On January 1st 2005, after all these structural changes, it was finally revoked (Audet, 2007).

The period following the final phasing-out of the MFA is referred to as the 'quota free regime' (de Neve, 2008; Tewari, 2006); this is when the more intensive growth of the Indian textile and garment sector is said to have begun. This period kicked off with a robust 25% growth in 2005-06, which accounted for about £12 billion in exports, and, until now, it has compounded every year. In 2010, the total value of exports grew to approx. £15 billion; in 2010-11, to around £18 billion and, in 2011-12, to around £23 billion, recording a gross increase of around 20% over one year.

During 2010-11, garment and cotton textile products together contributed around 70% of India's total textile exports; out of this, garment products alone contributed 39%. However, because of the fluctuations in the global economy during that period, the textile and garment sectors' share in total commodity exports had declined to 10.93 % in 2011-12. Still, the industry in India continues to grow and continues to produce such fascinating trade figures despite being faced with numerous

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constraints, such as infrastructure, transaction costs, lack of cutting edge technology and instable labour market conditions (Tewari, 2006).

Presently, India's textile and garment sector serves more than a hundred global destinations, with approximately two-thirds of its customers being from the EU and the USA. In terms of garments, the EU is the largest importer from India. India's total value of garment exports to the EU accounted for around £4 billion during 2011, recording a growth of approx. 29% compared to 2010. The USA is the second largest importer of garments from India, with a total value of garment exports to the USA accounting for around £2 billion, recording, in 2011, a growth of approximately 13% compared to 2010. The third largest importers are the United Arab Emirates (U.A.E.), with other major export destinations of the industry including China, Sri Lanka, Bangladesh, Turkey, Pakistan and Canada.

The highest contributing garment-exporting firms are located across four regions in India, namely: New Delhi, Bangalore, Mumbai and Tirupur. This study concentrates on Tirupur, which is the major sourcing place for many global knitwear garment brands. So, where is Tirupur located? What are the demographics of Tirupur? How important is Tirupur to the Indian economy? These questions will be answered in the next section.

4.3 Tirupur

The primary aim of this section is to provide a brief overview of Tirupur. In order to do this, the section will begin with a description of Tirupur's geographical and demographical features, followed by a discussion on the contribution that Tirupur makes to the economy of India.

4.3.1 A geographical and demographical overview of Tirupur[12]**.** Tirupur emerged as a small industrial town in the former Coimbatore district (also referred to as the Manchester of South India) in the state of Tamil Nadu, producing knitwear garments. The city is 55 Kilometres (kms) east of Coimbatore and is located in the middle of the Tamil Nadu cotton belt (Figure 4.3). It is also located on the banks of the Noyyal River, and is adjacent to a town called Pollachi, where wind driven electricity generation is prevalent. The city's principal language is Tamil and the majority of its population is Hindu (about 90%), predominantly belonging to the Gounder community[13].

The Gounders are basically southern farmers who are known for their radical approach to farming, their empathy towards advanced technology, their entrepreneurialism in changing crop patterns according to market demand and for taking pride in toiling in the fields along with their workers (Chari, 2000). Although, at a later date, individuals from other castes also entered into the knitwear business, the Gounders continue to dominate the field (Chari, 2004). Nevertheless, contemporary Tirupur is inhabited by people from all over India who bring a varied cultural, religious and linguistic dimension to Tirupur.

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[12] The data presented in this paragraph are collected from the Tirupur districts' official government website. http://tiruppur.tn.nic.in/default.html.

[13] The Gounder community is caste-based, like many other communities in India.

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Figure 4.3. Tirupur on the map of India

4.3.2 The importance of Tirupur to the economy of India. As Varukolu and Park-Poaps (2009) note, the region, traditionally, had high concentration of ginning, weaving and spinning mills and had long been a prosperous centre for the trade and processing of raw cotton. However, the establishment of the first knitwear units in Tirupur can only be traced back to the concluding periods of British colonisation. These units were initially set up to serve the needs of the domestic markets. After Independence, the number of units gradually increased, reaching 230 during the early 1970s. Up to the late 1970s, these units were established in the form of composite-

mills, with no subcontracting system of production, and were primarily limited to the domestic market, producing simple white undergarments.

Export commenced in 1978, when Verona, a garment importer from Italy, came to Tirupur through dealers operating in Bombay to source white T-shirts. After this period, however, the evolution of Tirupur into the knitwear capital of India (aka Dollar City or Knit City) was not a gradual process; rather, there was a steep rise in its growth after it had been linked to the global market (Cawthorne, 1995; Chari, 2004). This growth was also greatly influenced by government interventions—in the form of low interest credit to small manufacturers from public sector banks—to promote exports and capitalise on the MFA phasing-out (Banerjee & Munshi, 2004). As a result of all these efforts and activities, Tirupur has become one of South Asia's largest knitwear manufacturing clusters (de Neve, 2008).

There is no publicly accessible legal record to show the total number of units involved in knitwear garment manufacturing related activities; however, associations such as the Tirupur's Exporters' Association (TEA) offer a rough estimate. According to the TEA, at present, the Tirupur knitwear cluster comprises over 6,250 production and supporting units. Of these, there are about 1,500 knitting units, 700 dying and bleaching units, 500 fabric printing units, 2,500 garment making units, 250 embroidery units and 500 other ancillary units.

With the help of these primary, secondary and tertiary units, the cluster is involved in manufacturing gents and ladies T-shirts, sweatshirts, tracksuits, sportswear, children's wear, undergarments and embroidery items; it is currently serving numerous global brands and retail chains such as Nike, Cutter & Buck, Adidas, GAP, Tommy Hilfiger, Katzenberg, Vanhussain, Fila, Arrow, Louis Philippe, Louis Vuitton, Lacoste, Burton, C&A, Wal-Mart, Target, Sears, C&A, Mothercare,

H&M and so on.

According to the Indian Ministry of Textiles report (2012), at present, the Tirupur cluster accounts for about 50% of total knitwear garment exports from India. Of this, 55% is exported to the EU, 35% to the USA and the remaining 10% to the Middle East, Australia and South America. The quantity and the value of Tirupur knitwear exports have grown enormously over about three decades (Table 4.1). Recently, because of its significant contribution to the Indian economy, India's export import policy has paid tribute to Tirupur by referring to it as the 'Town of Export Excellence' (Varukolu & Park-Poaps, 2009).

YEAR	QUANTITY In Million Pieces	Value (INR in Crores)	Value (GBP in Millions)
1984	10.42	9.69	1.353
1985	17.21	18.69	2.609
1986	28.87	37.48	5.230
1987	33.356	74.49	10.400
1988	45.906	104.24	14.554
1989	61.400	167.39	23.370
1990	88.873	289.85	40.466
1991	90.511	429.48	60.000
1992	139.900	774.93	108.174
1993	189.300	1162.43	162.266
1994	196.400	1318.00	183.976
1995	217.100	1591.83	222.143
1996	257.400	1897.00	264.616
1997	298.300	2255.00	314.555
1998	346.100	2619.00	365.054
1999	376.400	3067.00	427.395
2000	424.300	3581.00	499.022
2001	383.100	3528.00	491.636
2002	358.000	3250.00	452.914
2003	381.200	3896.00	542.940
2004	411.4.	4468.75	622.830
2004-2005		6500.00	905.825
2005-2006		8500.00	1, 184.465
2006-2007		11000.00	1, 532.884
2007-2008		9950.00	1, 386.563
2008-2009 (April - Sept)		5050.00	703.730

Table 4.1. The Tirupur cluster production quantity and export value

Source: Tirupur district administration

The abovementioned high-flying nature of the Tirupur knitwear garment cluster is not the only reason for which it was selected as the most appropriate research setting to conduct this study. The main reason was that it constitutes a large concentration of small and medium firms actively involved in knitwear garment manufacturing related activities to serve several global brands, which makes it the most appropriate research context for exploring the research question and associated objectives. That said, however, only garment making small and medium units in which the knitwear garments are manufactured and exported are focussed upon in the study.

Overall, the section above briefly introduced the research context, i.e. the context in which the study was conducted. The next chapter will discuss the whole research design of the study, i.e. the way the study was conducted.

Chapter 5

The Research Design

Chapter Five: The Research Design

5.0 Introduction

The previous chapters presented a discussion on the research intentions, theoretical framework and research context through a detailed review of the relevant literature. This chapter intends to provide a detailed discussion on how the research intentions were executed. In other words, this chapter will detail the study's philosophical position; purpose(s), strategy of inquiry, data gathering process, data analysis process and ethical considerations.

5.1 The Research Design

A research design is defined as "plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis" (Creswell, 2009, p. 3). The primary aim of a research design is to design and organise the research in such a way that the validity of the research is strengthened to a maximum (Mouton & Marais, 1988). A research design, therefore, acts as a strategic framework connecting the research questions and the execution of the research.

Designing a study involves many decisions regarding what should be considered to be relevant data and how that data should be collected and analysed to answer the research questions (Blanche, Blanche, Durrheim, & Painter, 2006). For some researchers, such as Bickman and Rog (2009) and Mouton and Marais (1988), research is a sequential process. By using such a description, these researchers define a research design as a fixed and planned sequence of events pre-defined by technical considerations. According to them, research designs must be completely developed in line with scientific principles in order to ensure that the research outcomes will be

immune from criticisms even before the execution of the research (Blanche et al., 2006). Contrastingly, for other researchers, and especially for qualitative researchers, the research is an iterative process (Creswell, 2009). For qualitative researchers, a research design is open, flexible and is not merely defined by technical considerations (Blanche et al., 2006).

However, this does not mean that qualitative researchers do not begin their research with a relatively clear set of research questions and a research design; however, they are always open to change the research design, and even modify the research questions, based on occurrences of events during the execution of the research itself (Bryman & Bell, 2007). Overall, these researchers tend to put more emphasis on pragmatic considerations over technical considerations.

Still, as Blanche et al. (2006) state, adopting a pragmatic design is not a justification for not providing a detailed strategic framework for a research, even if it is a demanding process. Their statement is as follows:

Far from being an easy way out, fluid and pragmatic designs make for very demanding research, as the researcher must continually reflect on the research process and, by making difficult decisions, refine and develop the research design throughout the research process to ensure valid conclusions. (p. 36-37)

This research is qualitative in nature. The research process was, needless to say, affected by pragmatic situations. All along the way, there was a continuous reciprocation between practical situations and the research design. The research design was not taken for granted. Continuous attempts were made to keep the

research within the scope of a qualitative research process. What is presented in this chapter is rather a retrospective conceptualisation of the overall research process.

Commonly, designing a research involves a range of decisions along four main components (Blanche et al., 2006; Creswell, 2009) (Figure 5.1): 1) the research paradigm, 2) the research purpose, 3) the research strategy of inquiry and 4) the research methods or techniques.
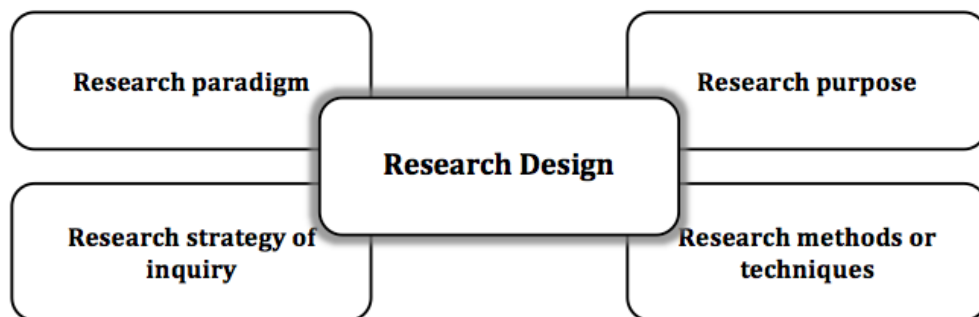
Figure 5.1: The components of the research design

In a pragmatic research design, all these four components are interrelated (Blanche et al., 2006). Therefore, the considerations relevant to these components must be merged together in order to develop a coherent research design which will maximize the validity of the research findings (Blanche et al., 2006; Creswell, 2009). Further sections of the chapter will discuss how this was done with respect to the study.

5.2 The Research Paradigm

The philosophical debate on the nature of the connection between theory and data is never ending. Nevertheless, positioning a research in a philosophical stance is central

to the conception of a research design (Carson, 2001; Easterby-Smith, Thorpe, & Jackson, 2012). According to Easterby-Smith et al. (2012, pp. 16-35), understanding the philosophical considerations is significant for a research because of three reasons: one, it can assist the researchers in realising and defining what kind of evidence is required, and how the required evidence is to be collected and interpreted to provide valid conclusions to the research questions; two, it can assist the researchers in recognising and adopting a suitable research design by indicating the limitations of specific approaches; three, it can assist researchers in identifying and even, at times, in constructing a research design in accordance with the limitations imposed by the knowledge structures.

In general, the collection of philosophical questions about how we understand social reality, and what the most appropriate ways are for its study is referred to as a research paradigm (Blaxter, Hughes, & Tights, 2001). The term 'paradigm' is derived from the Greek word 'paradigma', which is synonymous with pattern (Miller & Brewer, 2003). A paradigm is "a cluster of beliefs and dictates which, for scientists in a particular discipline, influences what should be studied, how the research should be done, how the results should be interpreted" (RoyChowdhury, 2005, p. 4). Thus, paradigms are central to the research design as they influence the nature of what is to be studied as well as the way in which it is to be studied. It is a framework made up of three interrelated considerations or assumptions: a) ontology, b) epistemology and c) methodology (Blanche et al., 2006; Easterby-Smith et al., 2012).

5.2.1 Ontological considerations. Ontology is the basis for the majority of on-going debates among philosophers (Easterby-Smith et al., 2012; Easterby-Smith, Thrope, & Lowe, 2002). Ontology is concerned with the nature of social entities

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(Bryman & Bell, 2007). In other words, it is concerned with the philosophical question about the nature of 'being'. Examining the ontological distinction is important for social research because it facilitates an understanding of how perceptions of human nature influence the conscious adoption of approaches that would assist in uncovering social phenomena (David & Sutton, 2004). The core issue with respect to the idea of ontology is concerned with the question of whether social entities exist independent to social actors or whether they are co-created by social actor perceptions and actions.

On the one hand, certain social science researchers adopt and therefore argue that there is a tangible reality 'out there', free from social actors (Cruickshank, 2012). The advocates of this view tend to state that "social phenomena and their meanings have an existence that is independent of social actors" (Bryman & Bell, 2007, p. 22). This means that the categories that individuals use to understand the social world have given built-in substance independent from the individuals themselves. Based upon this reasoning, an organisation is considered to be both an object separate from the actors who live in it and a social order coercing the actors to conform to its requirements (Gallagher, 2008).

On the other hand, other social science researchers challenge the notion of considering reality (and/or an organisation) as given and social actors having no part in shaping it. According to them, reality is 'in here', in the perceptions of individuals, and not 'out there', separate from them (Cruickshank, 2012). The advocates of this viewpoint tend to state that "social phenomena and their meanings are continually being accomplished by social actors" (Bryman & Bell, 2007, p. 23). This means that the categories that individuals use to understand the social world are in fact the products of their social interactions. According to this line of thought, the social order

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is subjective and in a constant state of transformation (Babbie, 2012). Hence, it is not organisation, rather it is organising (Weick, 1995).

5.2.2 Epistemological considerations. In general, the adoption of an ontological view automatically tends to shape the epistemological view. In other words, epistemological considerations follow ontological ones. Epistemology is concerned with the nature of knowledge and justification. Specifically, it is concerned with the philosophical question of what is deemed to be acceptable knowledge in a particular field of inquiry (Bryman & Bell, 2007). It is about how we know what we know (Miller & Brewer, 2003). The core issue with respect to the idea of epistemology is concerned with the question of whether the social world should be observed using principles, techniques and ethos similar to those of the natural sciences or whether it should be observed using a logic that underlines the unique nature of human beings.

On the one hand, certain social science researchers adopt scientific research methods to investigate social phenomena. This epistemological tradition is grounded in the ontological tradition of viewing human behaviour as an outcome of the social order generated by an external reality. Originally, the epistemological orientation of social sciences was derived from the scientific research methods of physical sciences (Miller & Brewer, 2003). Such an inclination towards scientific methods is based on a belief in the "factual certainties of the physical sciences and the deductive certainties of logic and pure mathematics" (Kelley, 1932, p. 1). Based upon this reasoning, the advocates of this viewpoint argue that conditions external to human actors can be controlled systematically and that, once controlled, the nature of human behaviour can be easily studied via scientific experiments.

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On the other hand, other social science researchers challenge this historical epistemological tradition. According to these researchers, investigating the social world using scientific methods has limitations in the sense that it does not take into account the distinctions between the knowledge of things and the knowledge of humans (Hyslop-Margison & Naseem, 2007). The advocates of this tradition argue that, when investigating the contextualised meaning of social phenomena, it is critical to focus upon the actors who are actually responsible for creating these phenomena through their actions and interactions (Cohen, Manion, & Morrison, 2011).

As mentioned earlier, adopting a philosophical position is central to the research design. Every social science researcher inclines towards particular ontological and epistemological views in designing and executing his or her research. In some research, these positions are explicitly acknowledged and discussed whereas, in most research, these positions are implicit. However, if not explicitly acknowledged and discussed, these assumptions implicitly shape the approach to the theory, methods and data of a research (Teddlie & Tashakkori, 2009). It is therefore necessary to acknowledge the philosophical positions of any research in order to construct the whole research design of a particular inquiry. Section 5.3 is dedicated to such a discussion.

5.2.3 Methodological considerations. The philosophical considerations shape the methodological considerations. Methodology is a combination of procedures that is used to investigate a particular situation (Easterby-Smith et al., 2002, p. 27-57). It defines a set of rules and procedures that can guide a researcher to structure the research inquiry, and the ways in which inferences can be drawn out of the collected evidence (Miller & Brewer, 2003). In other words, methodology offers the tools that

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generate an understanding of a social phenomenon. Here, it is necessary to highlight that methodology is broadly the approach used for inquiry into the social world, and not merely the methods used for collecting and analysing data. According to Miller and Brewer (2003), methodological considerations are mainly concerned with "how we conceptualise, theorise and make abstractions as they are with the techniques or methods which we utilise to assemble and analyse information" (p.192). They further assert that, in addition to providing a logical structure for an inquiry and ways for drawing inferences, a methodology would also provide a language and format to communicate the research findings of that inquiry.

So far, the sections above presented a general overview of the arguments related to ontological, epistemological and methodological considerations. The next section (Section 5.3) will attempt to discuss the position of the study with regard to all these.

5.3 Positioning the Study

This study is positioned in Laughlin's (1995) middle-range thinking tradition. I will try to introduce some common philosophical traditions before discussing this study's position i.e. Laughlin's (1995) middle-range thinking tradition. The progress of philosophy is embraced with arguments, debates and criticisms. However, it is unfortunate that, within social sciences, such debates often denigrate other traditions or even fail to acknowledge their existence (Easterby-Smith et al., 2012). As social science researchers, it is necessary to recognise that no philosophical tradition should be considered to be inferior to others, and that every point of view should be treated with equal dignity. Moreover, it is also important to clearly understand the differences between numerous existing traditions so as to defend the one opted for. At times, this

may also aid in drawing arguments from different traditions to develop a combined framework.

As Hughes and Sharrock (1997) claim, positivism and interpretivism are the two dominant philosophies in the history of social sciences. These two dominant philosophies are also claimed to be at the extreme opposite ends of the spectrum of philosophical traditions in social sciences. The debate between devotees of these two opposing traditions is unending. In the social science literature, this debate adopts different forms of research traditions, namely: objective versus subjective (Burrell & Morgan, 1979), nomothetic versus idiographic (Luthans & Davis, 1982), outsider versus insider (Evered & Louis, 1981), etic versus emic (Morey & Luthans, 1984) and quantitative versus qualitative (Van Maanen, 1979).

On the one hand, positivists argue that the social world exists independent to individuals, and that its aspects and properties should be observed and measured using scientific objective methods (Creswell, 2009). The core idea of this tradition is based on the ontological assumption of considering reality as objective and external to human actors (Bryman & Bell, 2007), which means that the social world is disclosed to human actors and not constructed by them (Miller & Brewer, 2003), and on the epistemological assumption of considering knowledge to be important only if it is generated based on the systematic observation of this external objective reality (Miller & Brewer, 2003), which means that knowledge can be possibly tapped out of a fixed and accessible reality through the use of scientific research methods. In fact, some of the studies (Ingram & Simons, 1995; MacMahon, 1996; Matlay, 2002) discussed in the literature review (Chapter 2) are based on the positivist tradition.

On the other hand, interpretivists argue that social science is extremely different from natural science, and it thus requires a different viewpoint on how

knowledge is created. The core idea of the interpretivist tradition is that there is no single objective reality (Miller & Brewer, 2003). Reality is what social actors interpret and understand by attaching subjective meaning to it. Conversely to the positivist tradition, the observer in the interpretivist tradition, whose central purpose is to increase the understanding of the observed situation, is also part of what is being observed (Bryman & Bell, 2007). The principal argument put forth by interpretivists is that only theoretical abstraction can be achieved and, thus, the role of social science researchers is not to measure the statistical probability of social phenomena, but to explore and understand the different meanings that social actors attach to their actions and experience (Thorpe & Holt, 2007). Similar to those of the positivist tradition, some of the studies discussed in the literature review (Chapter 2) (Hasle et al., 2012; Martin, 2012; Ram, 2001; Ram et al., 2001) are based on interpretivist traditions.

As mentioned in these chapters, the core intention of the study *per se* is to move beyond stereotypical understandings of the construction of working conditions in small and medium firms in developing nations that are part of global supply chains. In so doing, the study is sympathetic towards the critical realist stand in the structure versus agency debate and attempts to integrate aspects related to both structure and agency in explaining a social phenomenon. This leads to positioning the study in Laughlin's (1995) middle-range thinking tradition which clearly draws upon critical realist ontology. In the following section, I will briefly introduce the critical realist perspective before discussing the middle-range thinking tradition.

5.3.1. Critical realism. Roy Bhaskar is considered the seminal author of the critical realist tradition. His writings still remain the core reference for scholars who sympathise with critical realism. Although critical realism displays links to Kantian

perspective, unlike the latter, it accepts the existence of the thing in itself and posits that it is knowable to an extent, but that there are *structures* and *mechanisms* which exist beyond empirical reality that are not knowable (Archer & Bhaskar, 1998). This perspective is similar to what Bakken & Hernes (2006) refer to as a 'weak process', in which "individuals are seen as existing ontologically prior to the processes they engage in; they give shape to processes, while remaining intact throughout their participation in the processes" (p. 1600). Although, in organisations, order is accomplished through everyday interactions, it would be myopic to argue that formal properties—such as rules, organisational charts, regulations and roles—have no control over individual actions. However, this does not mean that formal properties should be deemed to constitute an external reality that acts upon and constrains human behaviour and actions. Rather, formal properties should be considered to be an emergent reality in a continuous process of construction and reconstruction (Strauss & Corbin, 1998). In this regard, critical realism shares some common ground with interpretivism in recognising the importance of meaning construction and interactions among actors; nevertheless, it also highlights that human actions take place in the context of pre-existing social relations and structures, which both restrain and facilitate such actions (Smith & Elger, 2014). By arguing that the institutional environment in which SMEs are embedded is composed of interconnected, competing, ambiguous and practically impossible to delineate institutional demands (Chapter 7) that provide owner-managers—the primary decision makers—with a platform from which to take part in the construction of working conditions (Chapter 8), this study gives greater effect to structure than agency—which is a critical realist notion. Besides, throughout the thesis, the notion of critical realism can be seen in the adoption of the middle-range thinking tradition—which sympathises with theory

driven data collection, the application of theoretical thematic analysis—which sympathises with theory driven data analysis—and the way the whole thesis is constructed to emphasise how structure provides a platform for individual owner-managers to explore their entrepreneurial capabilities although they are the principal decision makers in their firms, which is presumed to give them a greater level of agency.

5.3.2 The middle-range thinking tradition. As mentioned, the study draws on Laughlin's (1995) seminal work on the middle-range thinking tradition (Table 5.1). Prior to discussing this tradition with respect to the study, some of the most important terms used in Laughlin's (1995) work will be explained. Laughlin (1995) conceptualises three terms to develop his standpoint: 'theory', 'methodology' and 'change'. 'Theory' refers to the choice of ontological and epistemological assumptions. It is primarily concerned with the level of legitimate usage of the prior theorising and prior theories in any empirical investigation. 'Methodology' refers to the choice of taking a stand on a combination of two aspects: one, the level of usage of theoretical conventions in stating the nature of investigative methods; and two, the role and nature of the observer. It is primarily concerned with the question of whether the actual way of conducting the investigation is defined by some theoretical frameworks on how the observer should observe or whether it is dependent on the perceptual independence of the observer. Finally, 'change' refers to the choice of taking a stand on whether or not the intention of the investigation is to realise a change in the phenomena being investigated.

	Positivist tradition	Middle-range thinking tradition	Interpretivist tradition
Theory Characteristics			
Ontological belief	Generalisable world waiting to be discovered	'Skeletal' generalisations possible	Generalisations may not be there to be discovered
Role of theory	Definable theory with hypotheses to test	'Skeletal' theory with some broad understanding of relationships	Very less reliance on existing theory and prior hypotheses
Methodology characteristics			
Role of observer and human nature belief	Observer independent and irrelevant	Observer important and always part of the process of discovery	Observer important and always part of the process of discovery
Nature of method	Structured, quantitative method	Definable approach but subject to refinement in actual situation, invariably qualitative	Open, grounded theory, qualitative approach
Conclusions derived	Tight conclusions about findings	Reasonably conclusive tied to 'skeletal' theory and empirical richness	Analytically generalisable conclusions that are empirically rich in detail
Validity criteria	Statistical inference	Meanings: researcher plus researched	Meanings: researcher plus researched
Change characteristics	Low emphasis on changing status quo	Medium emphasis open to radical change and maintenance of status quo	Low emphasis on changing status quo

Table 5.1. Characteristics of Laughlin's (1995) middle-range thinking tradition, adopted from Laughlin (1995) and modified.

Using these three conceptualisations, Laughlin (1995) describes the positivist tradition as a combination of a high-level of 'theory', a high-level of 'methodology' and a low-level of 'change', thus denoting the existence of material reality from which generalities and patterns can be revealed using theoretically well-defined methods of investigation, leading to the exclusion of critique and change. He describes the interpretivist tradition as a combination of a low-level of 'theory', a low-level of 'methodology' and a low-level of 'change'; thus denoting that reality is subjective and dependent on human perceptions and projections and implying that there are no generalities and patterns awaiting discovery. As personal values and perceptions play a significant role, there is always a mixture of numerous interpretations of reality which leave no scope for a critique or change of interpretations. Laughlin's (1995) middle-range thinking tradition is positioned in-between these two extreme views; he describes it as an amalgam of a medium-level of 'theory', a medium-level of 'methodology' and a medium level of 'change'. The rest of the section is entirely dedicated to discussing the middle-range thinking position with respect to this particular study.

In terms of 'theory' and according to the middle-range thinking tradition, there is a material reality which is distinct from human subjective interpretations; however, the preordained perspective bias in frameworks of understanding should not be altogether dismissed. Based upon this reasoning, generalisations are possible only at a 'skeletal' (Laughlin, 1995) level, requiring diverse empirical details to add flesh to that skeleton in order to make it a meaningful whole-being (with the skeletal theory being derived from empirical investigation).

Just as the skeleton remains unchanging yet incomplete to encapsulate the nature of human beings, so a "skeletal" theory may also be similarly unchanging (being the extreme of legitimate generality) and always require the diverse empirical "flesh" to arrive at meaningful "whole beings" (Laughlin, 1995, pp. 81-82).

The middle-range thinking tradition, however, does not tend to argue that the expansion of a skeleton theory is always confirmed; rather, it argues that the empirical details are always significant in terms of completing the skeleton theory with respect to the specific context under investigation. The empirical details, therefore, complement and complete the 'skeletal' theory, as opposed to the positivist approach, in which diversity in the empirical detail is unrelated regardless. In this way, the middle-range thinking tradition attempts to avoid the positivist tradition's weakness deriving from prior theorising and the interpretivist tradition's limitation of arriving at indefinite interpretations while at the same time, preserving the strengths of both traditions (Laughlin, 1995).

Consequently, having adopted this middle-range thinking tradition, the study did not begin with complete openness. Initially, a conceptual framework was derived from a detailed literature review (Chapter 2) indicating the influence of both structural factors and owner-manager agency related aspects in constructing working conditions in SMEs in developing countries that are part of global supply chains. However, there is no prior understanding of working conditions in the particular research (or empirical) context (i.e. knitwear garment manufacturing SMEs in Tirupur, India). The derived conceptual framework, therefore, acted only as a skeleton theory and not as an exact one. Further, as can be seen in the empirical chapters, empirical flesh is

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added to this skeletal theory (to complete and complement it) through the exploration of the interactions between structural aspects and owner-manager agency by means of constructs of institutional theory and organisational sensemaking, as laid out in Chapter 3. Using this theoretical tool as a tool for analysis also adds more flesh to further augment the skeleton's analytical generalisability.

In accordance with the middle-range thinking tradition, in terms of 'methodology', it is not necessary to dismiss the theoretically well-defined methods of observation; instead, the methods should be designed in such a way as to provide scope for the encompassing of a variety of subjective interpretations (Laughlin, 1995). Therefore, similar to the skeletal logic with respect to 'theory', the methodology should set skeletal rules for investigation, allowing for the incorporation of diversity in the subjective interpretations. In this way, the middle-range thinking tradition attempts to avoid the positivist tradition's weakness of having a theoretically well-defined way of observing the phenomena and the interpretivist tradition's limitations of permitting unguided perceptual processes resulting in uncertainty and unavoidable variety while, at the same time, preserving the strengths of both traditions (Laughlin, 1995). Critical realists such as Andrew Collier, Andrew Sayer, Nick Tilley, Ray Pawson also advocate the Theory-driven methodology. For example, Pawson and Tilley (1997) argue that interviews should be driven by theories, with "the interviewer remaining the expert on the issues being investigated and the interviewee being there to confirm or falsify and, above all, refine the theory (Pawson, 1996, p. 299) Using this logic, the methodology was designed by means of a variety of qualitative methods of observation guided by the theory (Section 5.6 will discuss these methods in detail) and it was left semi-open, allowing for modifications based on pragmatic situation-specific judgements.

In terms of 'change', according to this tradition, critique and ultimate change are important in certain situations but not in all (Laughlin, 1995). Therefore, a cautious evaluation is vital to decide whether critique and change are applicable; the state of accepted equilibrium should continue while in search for the necessity to change. Based upon this reasoning, according to this tradition, nothing is right or wrong and the implementation of a change requires a judgement based upon a sophisticated evaluation.

5.4 The Purpose(s) of the Study

The purpose of a research is synonymous with its goals. It is concerned with the kinds of conclusion(s) that a researcher aims at drawing from his or her research (Blanche et al., 2006). According to Babbie (2012), research in social science can serve several purposes; most commonly, it is useful in the *exploration*, *description* and *explanation* of a topic or of a phenomenon (Babbie, 2012).

The main purpose of an exploratory study is to develop a better understanding of a topic, to assess the practical feasibility of further extensive research on it and to assess and develop the appropriate research methods to be employed in such extensive research (Blanche et al., 2006). The main purpose of a descriptive study, on the other hand, is to merely describe the observations. Qualitative studies seldom limit themselves to describing the occurrences (Babbie, 2012). Even when they begin with a description of occurrences, they continue by investigating the reasons for and the implications of these, thus becoming explanatory studies. The main purpose of an explanatory study is to answer the *why*, whereas that of a descriptive study is to answer the *what*, *where*, *when* and *how* (Babbie, 2012). This study tends to serve all three purposes during the development of its research process.

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In a way, it is exploratory, as it begins with an exploration of working conditions in SMEs in a novel research context. As previously mentioned, although a skeletal conceptual model was developed from a review of the relevant literature, this does not link directly to the research context. The research context is new, to be explored to gain a deeper understanding of the current situation of the phenomena under observation and to assess the practical applicability of different research methods. In fact, a pilot study was conducted for such reasons (see Section 5.6.1 for further discussion on the pilot study).

The study is also quite descriptive, as the answer to the first research objective is no more than a broad description of the existing situation of working conditions in the research context (Chapter 6). Furthermore, the study is also explanatory, as it attempts to go beyond the mere description of working conditions, and eventually tries to explain the reasons behind such existing conditions by means of a theoretical framework composed of constructs of institutional theory and organisational sensemaking.

5.5 An Overview of Qualitative Research Strategy

Generally, there are two types of research strategies: qualitative and quantitative. The position of the study with respect to paradigm, methodology and purpose was discussed in the previous sections. From the above discussions, it is clear that the overall nature of the study inevitably calls for a qualitative approach rather than a quantitative one. In general, the quantitative approach to research follows deductive logic, as opposed to inductive logic, which is followed in the qualitative approach (Bryman & Bell, 2007).

5.5.1 Deductive, inductive and middle-range logics [14] **.** In general, quantitative studies follow deductive logic (Morris, 2010). When following deductive logic, the researcher initially selects a topic of research. Once the topic is selected, based on a detailed review of the literature relevant to the particular topic and of the theoretical considerations linked to that domain, the researcher deduces the hypothesis (or hypotheses). The deduced hypothesis is operationalised into measureable entities and then subjected to an empirical scrutiny by means of quantitative data collection techniques. The collected data are then processed and analysed to enable the drawing of the final research conclusion(s); new theoretical considerations relevant to the particular topic are then developed and/or added to the existing ones (see Bausell, 1994; Cook & Campbell, 1979; Field & Hole, 2003 for extended disscussions on deductive logic). Deductive logic is more commonly used to test theories rather than to develop them, which is in complete opposition to the objectives of this particular study.

Inductive logic, which is adopted by most qualitative researchers, on the other hand, is the exact opposite of deductive logic. Through inductive logic, the outcome of research is a theory (Babbie, 2012). This involves the generation of generalisable analytical implications out of research observations. When following inductive logic, a researcher begins with general research questions in the topic selected for research. This phase is then followed by the selection of the research context, from which the relevant data are then collected. These data are then interpreted, resulting in a final theoretical or conceptual framework, which leads to further collection and

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[14] Because the study is based on Laughlin's (1995) middle-range thinking tradition, I call the logic followed by the study 'middle-range logic'.

interpretation of data in an iterative process. Inductive logic is often associated with the grounded theory approach of Glaser and Strauss (2009). According to Bryman and Bell (2007), although the grounded theory approach is regarded to be the finest approach in terms of theory generation by many inductive researchers, this approach sometimes fails to generate strong theoretical implications.
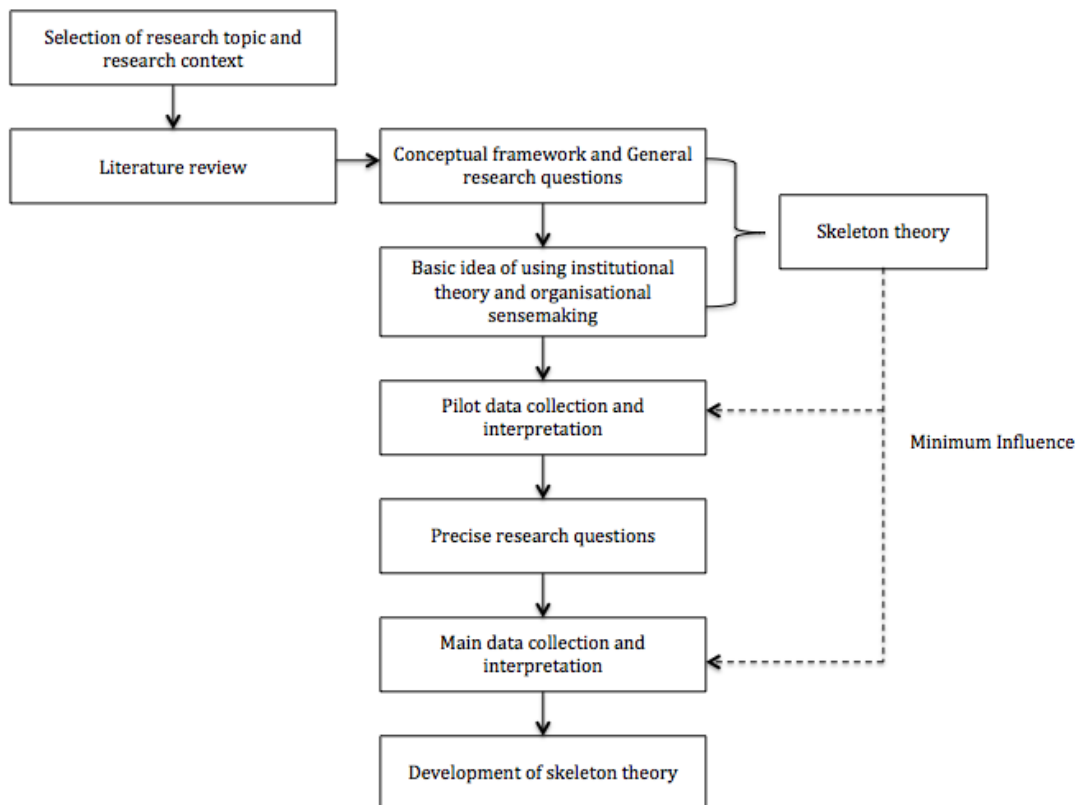
Figure 5.2: The research process of the study

This study, needless to say, intends to generate a theory. However, it does not inevitably follow an extreme inductive approach. As mentioned earlier, in Section 5.5.1, having adopted the middle-range thinking tradition, this study encompasses elements from both deductive and inductive logics. The research process outlined in Figure 5.2 validates this argument. At first, the research topic was selected. Then,

based upon empirical appropriateness and practical feasibility, the research context was also selected. After that, based on a detailed review of the literature related to the selected topic, a conceptual framework and broad research objectives were generated. As mentioned earlier, in both Chapters 2 and 3, combining together structure and agency is not a straightforward endeavour. With regards to this, a fundamental understanding of the use of institutional theory and organisational sensemaking for such an endeavour was acquired from a separate review of the literature on these topics. With these initial understandings, a pilot study was conducted in the selected empirical context (see Section 5.6.1 for a detailed discussion of the pilot study). Precise research objectives were crafted out of the pilot study. This phase was then followed by the main large-scale data collection and interpretation processes (see Sections 5.6 and 5.7 for a detailed discussion of these). The data interpretation process was however loosely influenced by the skeletal theoretical ideas, leading to the completion as well as the development of the skeletal theoretical ideas.

5.5.2 Characteristics of a qualitative research strategy. As mentioned earlier, a qualitative research strategy was employed in conducting this study. A qualitative research strategy typically "encompasses a family of approaches, methods, and techniques for understanding and thoroughly documenting… the meanings and motivations behind behaviour as well as a thorough account of behavioural facts and implications via a researcher's encounter with people's own actions, words and ideas" (Mariampolski, 2001, p. 7). It is used when a researcher has little control over the events, and when the focus is upon a contemporary phenomenon within some real-life context (Yin, 2009). A qualitative research strategy—as opposed to quantitative research one—seeks to understand as many aspects as possible of a phenomena or

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phenomenon through a rigorous in-depth study (Creswell, 2009; Easterby-Smith et al., 2012). According to this understanding, qualitative research pursues meaning—rather than generalisation as does quantitative research—and attempts to develop a theory by observing all possible ranges of aspects—both similarities and dissimilarities—of the phenomenon under study (Miller & Brewer, 2003).

By using all these observations, qualitative research attempts to identify the inter-relationships between the numerous aspects and determine in which way they come together as a whole in generating a phenomenon. Scholars of qualitative research firmly believe that it is impossible to detach the phenomenon under study from its context (Thorpe & Holt, 2007). While some researchers, such as Blaxter et al. (2001), question the extent to which qualitative methods can provide scientific generalisations, other researchers, like Yin (2009), argue that the goal of qualitative research is not scientific generalisation or frequency enumeration, rather it is to expand and generalise theories. This means that the goal of qualitative research is to establish analytic generalisations. The following table (Table 5.2) summarises the prominent characteristics of a qualitative study.

Characteristics of a qualitative research strategy
The emphasis is on the meanings and perceptions of the participants
Attention is given to a diverse range of aspects of a particular phenomenon
The context is inseparable from the phenomenon under study
The data is collected from a natural setting
The researcher is a part of the observation or data collection
The data is collected in the form of words, pictures, videos and other such qualitative media
The focus is on analytic rather than statistical generalisations
The outcome of the research is a process, rather than a product

Table 5.2:The prominent characteristics of a qualitative research strategy

Source: Creswell (2009), Easterby-Smith et al. (2012), Mariampolski (2001), Miller and Brewer (2003), Silverman (2009), Thorpe and Holt (2007), and Yin (2009)

Having provided an overview of a qualitative research strategy, the next section will discuss how the necessary was data collected and what was collected as data. In a way, the next section will attempt to explain the fieldwork process.

5.6 The Process of Gathering Data

This section will offer a discussion of how the pilot study was undertaken; how access was gained; what kinds of techniques were used to collect the data; how the collected data were stored and, finally, how it was transcribed.

5.6.1 The pilot fieldwork. As mentioned earlier, the data collection process began with a pilot fieldwork, which was then followed by the main fieldwork. The term 'pilot study' refers to "a small-scale version of the planned study, a trial run of

planned methods, or a miniature version of the anticipated research" conducted in order to "answer a methodological question(s) and to guide the development of the research plan" (Prescott & Soeken, 1989, p. 60). It is intentionally planned at the beginning of a research project, before the main study, so as to provide the researchers with a prospect to make amendments and improvements in the main data collection process (Locke, Spirduso, & Silverman, 2007). A pilot study *per se* does not inform the outcome of the research; yet, it should not be considered to be just a trivial test of the research instruments (Kim, 2010) because it serves many purposes which are extremely beneficial to the development and execution of the main study (Kim, 2010; Sampson, 2004; Seidman, 1998).

With this understanding, a small-scale pilot study was conducted in the research context between December 2011 and January 2012. During this period, semi-structured interviews were conducted with six respondents, including two owner-managers, three workers and one buying agent. The interviews were audio recorded and then transcribed. Besides the interviews, data were also collected in the form of multiple informal conversations with the respondents and other relevant actors in the field (see Section 5.6.3 for a detailed discussion of research techniques). The collected pilot data were then analysed (see Section 5.7 for a detailed discussion of data analysis).

In practice, the pilot study assisted and facilitated the main study in numerous ways. First, it provided a scope to understand the research context so as to recognise culturally appropriate ways of engaging in research in it. Second, it verified the practical applicability of certain research techniques in the research context. Third, it assisted in narrowing down the focus and objectives of the study. Fourth, it assisted in modifying the whole research design, including philosophical, methodological and

technical considerations. It also assisted in amending the interview guide (see, Section 5.6.3.1 for further discussion on the interview guide). Fifth, it provided me—a novice researcher—with a scope for self-evaluation and for improving the skills required with respect to the research techniques employed for the main study. Sixth, it suggested relevant potential participants to be included. Finally, it highlighted practical problems and barriers in the recruitment of potential interviewees; i.e., it assisted in assessing the issues related to gaining access to the potential participants. The next section will discuss how access was gained for the collection of the required data from the research context.

5.6.2. Gaining access. Gaining access to the research settings is the first stage in the data collection process in any qualitative research involving individuals, groups or organisations (Bryman & Bell, 2007; Easterby-Smith et al., 2012). As many experts claim, gaining access for research purposes is not an easy and straightforward process. In general, as Gobo (2008) indicates, there are two types of research settings: closed or private and open or public. Depending on the nature of the research topic and practical contingencies, a researcher accesses the research setting in either a covert or an overt way (Silverman, 2009). The covert method is particularly employed to gain access to closed settings, but it presents many intense ethical issues. This thesis is in line with ethical obligations; overt access to the research settings was therefore gained by informing and getting affirmation from participants and controllers—also referred to as the "gatekeepers" (Silverman, 2009, p. 203)—of the participants (if any).

This thesis is quite sensitive because of its focus on working conditions in the labour-intensive garment industry in developing nations, which are often negatively

criticised by media and researchers for harbouring inappropriate working conditions. Thus, gaining access was somewhat harder than expected. Many participants denied access immediately after hearing that the researcher was from the United Kingdom (UK). Some owner-managers explicitly quoted a covert research operation conducted in Tirupur by the "4OD channel", which had led to the closure of many factories—for using child labour and for operating substandard working conditions—as the reason for their rejections. In fact, even some of my personal contacts were hesitant to grant access. They considered me as any other researcher and feared exposure. My close proximity to the research context, therefore, did not assist me in gaining access to any great degree. However, not everyone in the research context who was approached for access reacted in the same way. Some participants were interested and encouraged by the research intentions. Although first access was harder to gain, continued efforts resulted in subsequent accesses snowballing.

Both personal contacts, such as friends and family, and private contacts, such as an NGO, were used to gain first access (Figure 5.3). Frequent telephone calls and face-to-face meetings were used during such endeavours. Access through personal contacts, however, was relatively easier than through the NGO, as more effort was needed to enrol the NGO's assistance in gaining access.

In support of the use of personal contacts, Silverman (2009) states that "…if you are contemplating fieldwork, it simplifies access if you draw upon your existing circle of contacts. Trying to enter new fields is likely to involve time-consuming negotiations and may end in failure, particularly if you want to research an ethically sensitive area" (p. 204), as is the case of this particular study. Perhaps, the use of personal contacts contained trust issues to a considerable extent, allowing an unhindered fieldwork for the sensitive research topic. However, as mentioned earlier,

not every personal contact proved to be an effortless path towards gaining trust and access.

Trust is the most essential factor for effective social interaction (Bachmann & Inkpen, 2011). Unless the participants trust the researcher, they will never open up; consequently, the research of sensitive topics, the scope of this study, will never realise its real intentions (Easterby-Smith et al., 2012, p. 90-94). Therefore, although personal contacts limited the issues of trust, continuous efforts had to be made throughout to keep up the level of trust by means of appropriate impression management techniques, such as informed consent, knowledge of the context, knowledge of local dialects, absence of prejudice, and offers of feedback and personal guidance.

The main aim of the use of impression management techniques was to create the notion that no form of future repercussions would be associated with participation in the study (see Section 5.8 for further discussion of ethical considerations). As Hammersley and Atkinson (2007) state, "whether or not people have knowledge of social research, they are often more concerned with what kind of *person* the researcher is than with the research itself. They will try to gauge how far he or she can be trusted, what he or she might be able to offer as an acquaintance or a friend, and perhaps also how easily he or she could be manipulated or exploited" (p. 78).

The level of trust that I developed with some of the participants also helped in gaining access to many others. The figures below (Figure 5.3) demonstrate how access was gained for conducting the study. The notations or labels used to represent the participants are mentioned in Section 5.7.2. In total, three personal contacts and one NGO acted as first access points. Through these, further access points were created.

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Access 1:

Roles	Labels
Workers	W1, W2, W3...W26
Owner-managers	OA, OB, OC...OK
Buying-agents	BA1 and BA2
Trade union leaders	TU1 and TU2
CSR officer	CSR
NGO leader	NGO

Access 2:

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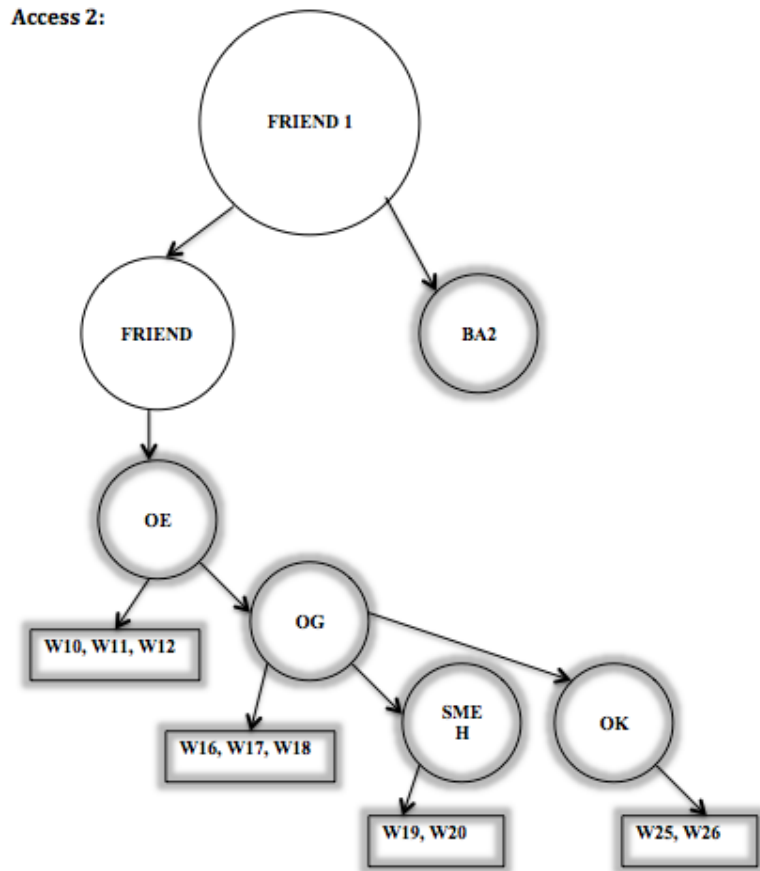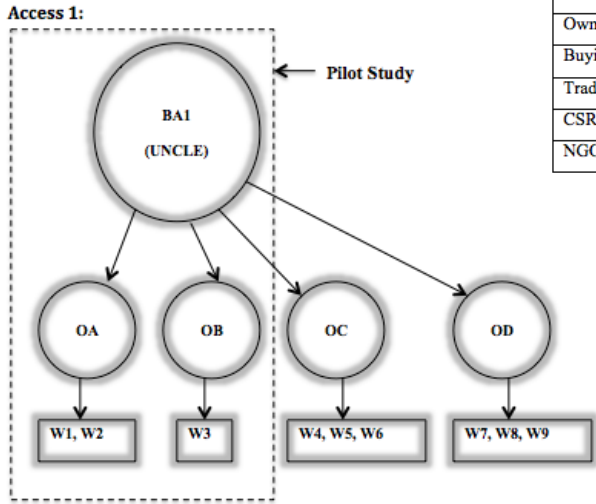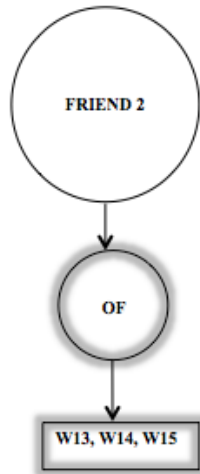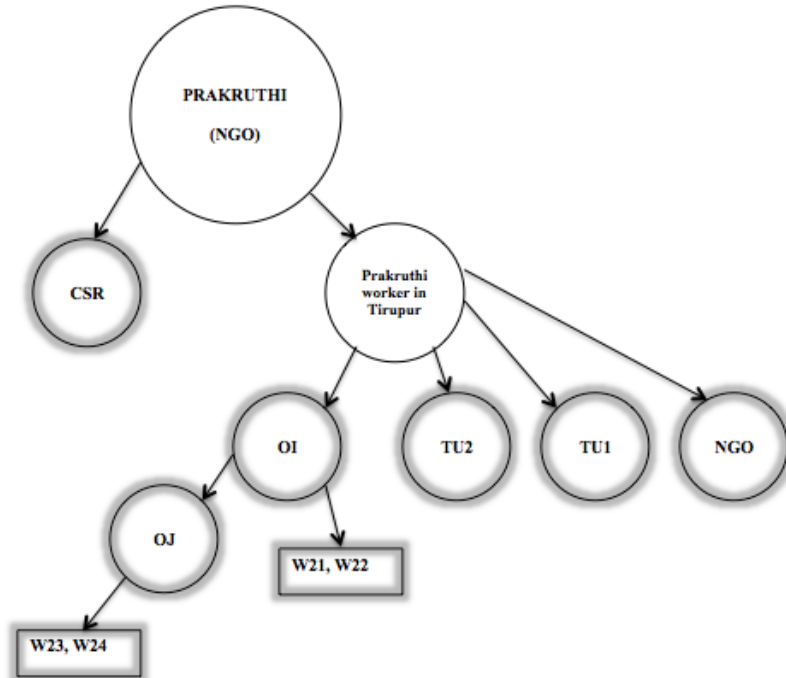
Access 3:

Access 4:

Figure 5.3. How access was gained for conducting the study

During this process, access to workers was difficult to obtain in comparison to access to other participants because owner-managers, being the gatekeepers of the workers, feared that allowing the latter to speak out would create future problems. Eventually and after many discussions, nonetheless, the owner-managers were convinced and, ultimately, workers were included in the data collection process. Although the owner-managers acted as gatekeepers, all workers were anyhow informed and access to them was requested individually before their inclusion into the research process. The highlighted circles in Figure 5.3 denote the respondents or participants in the study. Once access was obtained into the research setting, the required data were collected using following data collection techniques.

5.6.3 Techniques used to collect the required data. The principal technique used to gather the data for this study was the semi-structured interview. This was however substantiated with data collected in the form of non-participant observations, informal conversations and documents. The privilege of being a qualitative researcher, as Yin (2009) claims, is that the researcher can substantiate the findings by using multiple sources of evidence to provide a rich argument that draws upon them (Figure 5.4). Yin refers to this approach as 'data triangulation' (Yin, 2009, p. 116). This section is dedicated to explaining the techniques or methods used to gather data for the study.
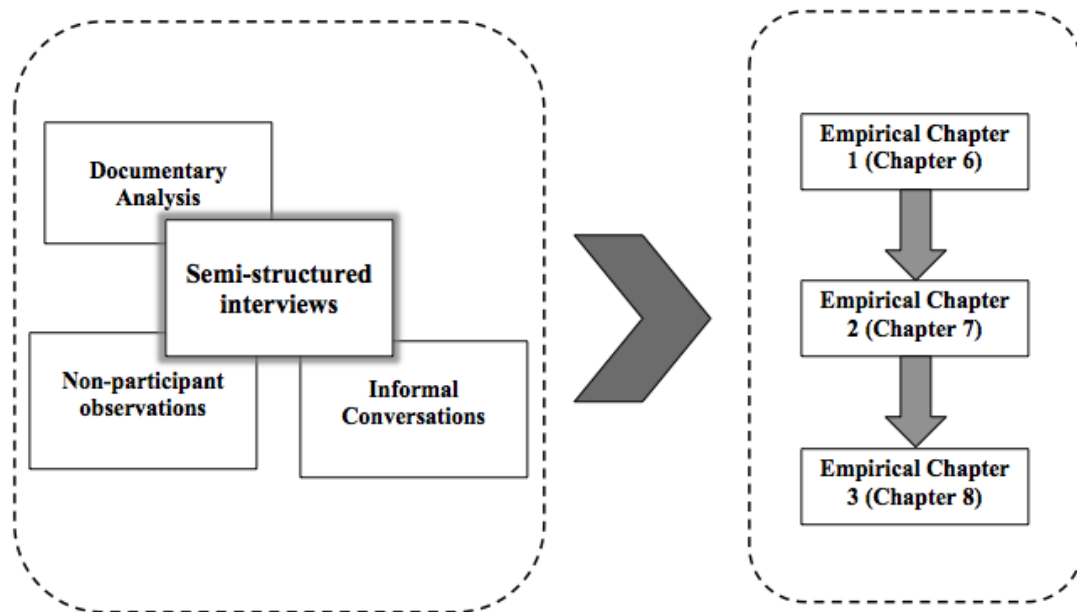
Figure 5.4. The techniques used to collect the data

5.6.3.1 Semi-structured interviews. As mentioned earlier, the study aims to generate theory, for which a rich and detailed data set is obligatory; qualitative interviews serve this purpose (Bernard, 2011; Bryman & Bell, 2007; Locke, Spirduso, et al., 2007; Silverman, 2009). Qualitative interviewing is a technique "…whose purpose is to gather descriptions of the life-world of the interviewee with respect to the interpretation of the meaning of the described phenomena" (Kvale, 1983, p. 174). This is the exact opposite of the purpose of quantitative interviewing, which is to generate answers to a set of questions crafted from the researcher's point of view. Qualitative interviewing techniques provide the scope to depart considerably from any interview guide in response to the direction in which the participants take the interview (Silverman, 2009). They also allow researchers to take a direction based on what they see as being relevant and important (Williams, 1993). Based upon this reasoning, qualitative interviewing normally features a "low degree of structure

imposed by the interviewer; a preponderance of open questions; and a focus on specific situations and action sequences in the world of the interviewee, rather than abstractions and general opinions" (King, 2004, p. 11). In this way, qualitative interviewing techniques therefore yield rich, emergent and spontaneous data (Bryman & Bell, 2007).

There are broadly two types of qualitative interviewing: unstructured and semi-structured. An unstructured interview is similar to a conversation (Burgess, 2002), in which a researcher uses only a brief set of prompts and completely drives the interviews through the participants' responses (Creswell, 2009). In a semi-structured interview, on the other hand, the researcher uses a fair list of questions or topics to be covered; yet, participants are anyhow provided with great scope to respond in their own way. Although, semi-structured interviewing is not as flexible as unstructured interviewing, it is still quite flexible as there is not a fixed set of questions administered to all interviewees and no specific sequencing of issues is raised (Bryman & Bell, 2007).

Because the study is directed towards seeking subjective interpretations to answer specific carefully crafted research objectives, face-to-face semi-structured interviews, as opposed to unstructured ones, were carried out. Accordingly, the interviews conducted had a certain amount of structure to drive the interviewees towards the research needs as opposed to just holding open conversations on the topic, as in unstructured interviewing. In general, the usage of semi-structured interviewing also substantiates the underlying philosophical and methodological assumptions of the thesis by providing a scope to bring out the subjective interpretations of the phenomenon under study while, at the same time, allowing to abide to the skeletal interview guide.

a) Preparing the interview guide. To conduct semi-structured interviews, the interviewers should craft an outline that will possibly answer two questions: one, "Just what is it about this thing that is puzzling me?" and two, "What do I need to know in order to answer each of the research questions I am interested in?" (Lofland & Lofland, 1995, p. 78). This outline is commonly referred to as an interview guide. An interview guide "refers to a... somewhat more structured list of issues to be addressed or questions to be asked in semi-structured interviewing" (Bryman & Bell, 2007, p. 483).

Based upon this understanding, an interview guide was prepared highlighting the areas that needed to be covered in order to fulfil the research intentions. (See Appendix three for the interview guide). Although qualitative interviewing techniques were employed to gather the respondents' subjective interpretations, concerns remain regarding the influence of the interviewer's own perceptions on the respondents (Easterby-Smith et al., 2012). Thus, while preparing the interview guide, careful consideration was given to avoid any bias and ensure that the interview questions would not affect the responses. In so doing, instead of complete questions, a range of spontaneous probing questions—beginning with 'why', 'how' and 'what' in an attempt to expand upon the respondents' answers—were used as an intervention technique. In addition, it was also ensured that the probes employed were not of a leading nature in order to avoid any further bias.

As mentioned earlier, the knowledge gained from the pilot study also aided in many ways in the development of the interview guide. One, it highlighted the ethical sensitivity of asking direct questions about religion and caste; accordingly, these questions were removed from the guide. Two, it showed the necessity for a change of tone with regards to different kinds of participants i.e. owner-managers, workers,

buying agents, etc.; the interview guide was modified accordingly. Three, it also provided an idea of the questions that the respondents would hesitate to answer; accordingly, such questions were modified in order to elicit unhesitating responses. Although the interview guide was often revised and updated based upon the spontaneous outcomes which emerged during the fieldwork, a basic skeleton was maintained throughout the interview process in order not to deviate from the research intentions.

b) Selecting the participants (or sample). Initially, the pilot study assisted in scanning the research context by identifying which types of participants could be deemed most helpful in answering the research questions. Based on such knowledge, the participants were purposefully selected on the basis of their prospective capability and capacity to contribute towards the understanding of the phenomenon under study, and not on a random basis of convenience. The premium in the selection of the participants was placed on theorisation rather than on statistical sufficiency. Therefore, although access to certain participants was obtained using personal contacts and snowballing methods, careful consideration was given to the applicability and credibility of their inclusion in the study.

Six types of participants were selected namely: workers, owner-managers, trade union leaders, buying agents, CSR officers and NGOs. Besides the six pilot interviews, a total of 36 in-depth semi-structured interviews were conducted with eight owner-managers, 23 workers, one buying agent, two trade unions leaders, one NGO activist, and one CSR officer of a UK high street clothing brand supplied by this region (see the participants' profiles in Table 5.3).

These respondents were selected based upon four criteria: one, their level of involvement and relevance to the research context (i.e. knitwear garment manufacturing SMEs in Tirupur, India); two, their level of awareness related to different aspects of working conditions in the research context; three, practical accessibility; and four, their unreserved willingness to take part in the research process (see Section 5.8). As mentioned, the number of interviews was not anticipated or pre-defined. The interview process ended once I felt that 'theoretical saturation' (Glaser & Strauss, 2009) had been reached and answers had become repetitive.

Profiles of the Participants

Owner-manager	Personal Profile			
	Sex	Education	Exporters' association membership	Birth Place
OA	M	B.A. English	-	Kerala
OB	M	Diploma in Textile Technology	-	Tamil Nadu
OC	M	Diploma in Textiles	TEAMA, SIMA	Tamil Nadu
OD	M	Schooling (8th discontinued)	-	Tamil Nadu
OE	M	Schooling (10th)	TEAMA	Tamil Nadu
OF	M	Schooling (10th)	-	Tamil Nadu
OG	M	Schooling (12th)	-	Tamil Nadu
OH	M	Schooling (12th)	-	Tamil Nadu
OI	M	BBM	-	Tamil Nadu
OJ	M	MBA Marketing and HR	APEC	Tamil Nadu
OK	M	Schooling (12th)	-	Tamil Nadu

| Owner-manager | Social Standards | Firm profile | | | | | % of Employees by sex | |
		Registered Number of Employees (approx.)	Category - Based on UK definition of SMEs	Contract Labours / Nos.	Disabled Labours/ Nos.	Migrant Workers / Native Place	Male	Female
OA	Sedex, BSCI	50-60	Medium	Varies on need	1	from Kerala	50%	50%
OB	BSCI	72	Medium	-	-	1-2 from Kerala	?	?
OC	BSCI	40	Small	-	-	1 from Kerala	50%	50%
OD	BSCI	50-75	Medium	Varies on need	-	1-2 from Kerala	60%	40%
OE	-	70-75	Medium	Only singer tailors	-	-	50%	50%
OF	-	32	Small	All except checking and admin	-	from Kerala	70%	30%
OG	-	26	Small	All except checking (6) and admin	-	-	Rest	7 Nos.
OH	-	50-60	Medium	All except checking	-	-	Rest	4-8 Nos.
OI	-	50-60	Medium	Only single needle process	-	-	Rest	7-10 Nos.
OJ	WRAP, Sedex	90-100	Medium	All except checking and admin	-	-	40%	60%
OK	-	50-60	Medium	All except admin	-	Y/Uttar Pradesh, Bihar	70%	30%

Worker	Position	Age/Sex	Education	Experience (In years)		Type of Employment		Earning Method		Salary (approx.) In INR
				Total	Existing company	Direct	Contract	Monthly Salary	Weekly Wages	
W1	Tailor	37/M	ITI	17	5	✓	-	✓	-	-
W2	Checking	34/F	-	10	2	✓	-	✓	-	-
W3	Tailor	26/M	Schooling (10th)	6	6 months	✓	-	-	✓	2000/Week and varies on No. of hours (230/shift)
W4	Tailor	54/M	Schooling (8th)	15	15	✓	-	✓	-	3000/Month
W5	Accounts	39/F	Schooling (12th)	-	4	✓	-	✓	-	8000/Month
W6	Production In-charge	27/F	Schooling (12th)	9	2	✓	-	✓	-	12000/Month
W7	Tailor	40/M	Schooling (10th)	20	3	✓	-	-	✓	2500/Week and varies on No. of hours (270/shift)
W8	Cutting In-charge	30/M	Schooling (10th)	13	13	✓	-	✓	-	14000/Month
W9	Programming and Casting	34/M	Schooling (12th)	16	16	✓	-	-	✓	400/Shift and varies on No. of hours
W10	Tailor	23/M	Schooling (8th)	6	6	✓	-	-	✓	220/Shift
W11	Production In-charge	30/M	Schooling (8th)	20	20	✓	-	✓	-	13000/Month
W12	Checking In-charge	25/M	Schooling (12th)	12	12	✓	-	-	✓	225/Shift
W13	Cutting	41/M	B.COM	12	7	-	✓	-	-	Piece rate and varies on No. of pieces
W14	Production In-charge	32/M	BSc. Chemistry	8	6	✓	-	✓	-	11000/Month
W15	Checking In-charge	28/M	B.A History 2nd year	16	3	✓	-	✓	-	8000/Month
W16	Cutting	30/M	Schooling (10th)	7	8 months	-	✓	-	✓	Piece rate and varies on No. of pieces
W17	Cutting	29/M	Schooling (12th)	8	1	-	✓	-	✓	Piece rate and varies on No. of pieces
W18	Cutting	30/M	Schooling (10th)	-	2 months	-	✓	-	✓	Piece rate and varies on No. of pieces
W19	Total Unit in-Charge	38/M	BSc. Zoology	17	7-8	✓	-	✓	-	10000/Month
W20	Production In-charge	46/M	Schooling (10th)	30	10	✓	-	✓	-	12500/Month
W21	Tailor	20/M	Schooling (10th)	9	3-4	✓	-	-	✓	220/Shift
W22	Production In-charge	31/M	Schooling (10th)	9	5	✓	-	✓	-	14000/Month
W23	Banking & Accounting	31/M	Schooling (10th)	-	7	✓	-	✓	-	8500/Month
W24	Checking	37/F	Schooling (8th)	10	6	✓	-	-	✓	140/Shift
W25	Cutting	43/M	Schooling (6th)	21	1.5-2	-	✓	-	-	Piece rate and varies on No. of pieces
W26	Total Unit in-Charge	28/M	BBA	11	3	✓	-	✓	-	12000/Month

Worker	Social Security Benefits		Native Place	Martial Status	Union Member
	ESI	PF			
W1	✓	✓	Kerala	Married	-
W2	✓	✓	Thirunelveli -Tamil Nadu	Married	-
W3	-	-	Theni –Tamil Nadu	Married	-
W4	✓	✓	Udumalpet – Tamil Nadu	Married	-
W5	-	-	Tirupur – Tamil Nadu	Married	-
W6	✓	✓	Palani – Tamil Nadu	Married	-
W7	-	-	Kerala	Married	-
W8	✓	✓	Tirupur – Tamil Nadu	Married	-
W9	✓	✓	Sathi – Tamil Nadu	Married	-
W10	✓	✓	Perundurai – Tamil Nadu	Single	-
W 11	✓	✓	Tirupur – Tamil Nadu	Single	-
W 12	✓	✓	Thirunelveli- Tamil Nadu	Single	-
W13	-	-	Kerala	Married	-
W14	-	-	Tanjore – Tamil Nadu	Single	-
W15	-	-	Madurai – Tamil Nadu	Single	-
W16	-	-	Kerala	Single	-
W17	-	-	Tirupur – Tamil Nadu	Single	-
W18	-	-	Thiruvaroor – Tamil Nadu	Single	-
W 19	-	-	Kangeyam – Tamil Nadu	Married	-
W20	-	-	Tharapuram – Tamil Nadu	Married	-
W21	-	-	Tirupur – Tamil Nadu	Single	-
W22	-	-	Kangeyam – Tamil Nadu	Single	-
W23	✓	✓	Tharapuram – Tamil Nadu	Married	-
W24	✓	✓	Coimbatore –Tamil Nadu	Married	-
W25	-	-	Coimbatore –Tamil Nadu	Married	-
W26	-	-	Tirupur – Tamil Nadu	Single	-

CSR officer (CSR)	The CSR officer (CSR) works in the Tirupur sourcing office of a leading UK knitwear brand. His work consists in approving and monitoring production facilities in the supply chain. Basically, he approves and monitors production facilities for their technical, environmental and social compliance. He is also a SA 8000 candidate and completed a course on SA 8000 in May 2010. Therefore, he sometimes is also involved in third party ethical compliance audits for other brands upon request.
Trade union leader (TU1)	The Trade union leader (TU1) is the current leader of one of the trade unions active in Tirupur.

Trade union leader (TU2)	The Trade union leader (TU2) is the current leader of another trade union active in Tirupur. This union is associated with one of the major political parties in the state of Tamil Nadu. This union has around 7,500 registered members.
NGO leader (NGO)	The NGO leader (NGO) is the leader of a Non-Government Organisation (NGO) in Tirupur. He founded this organisation in 1993 as a response to increasing child labour practices in Tirupur, and was eventually involved in the empowerment of women and the comprehensive development of the textile and garment industry workers. Since then, his NGO has been operating as a relentless campaigner for the protection and promotion of workers' rights in these sectors.
Buying agent 1 (BA1)	Buying agent (BA1) has operated in the knitwear industry for the past 28 years, since December 1984. Since 2008, he has been running his own buying office. Previously, he worked as a quality controller for a well known international Dutch chain of fashion retail clothing stores. He has visited factories in Italy and Germany and he is dealing with three to five international brands in Europe. He is one of the buying agents for owner-managers OA, OB, OC and OD.
Buying agent 2 (BA2)	Buying agent (BA2) deals with approximately five or six international brands from Germany, Spain, Italy and the US. He sources from more than ten factories based on need, 20% of which are certified with some form of ethical compliance or social standards. He is also an active member of the Tirupur Rotary Club.

Table 5.3. Profiles of the participants

c) Recording and transcribing. The interviews were recorded using a digital audio recorder. All participants were initially briefed on the research intentions and processes, and their permission was obtained before the actual recording. In addition, notes were also taken during the interviews in order to keep details of the ways in which they offered their responses. According to Brymann and Bell (2007), making an account of the exchanges in an interview aids in gaining a deeper understanding of the meanings behind the words.

As experienced qualitative researchers (Bryman & Bell, 2007; Silverman, 2009) claim, most participants speak freely and provide significant information only after the audio recording process has stopped. Therefore, respondents were clearly notified about the beginning and the end of the audio recording in order to allow them to be outspoken before and after the recording. Notes were taken with their consent. Further, during the recording process, little attention was given to the recorder in order to avoid making the participants feel self-conscious about their answers being stored.

In general, the duration of each audio recording range from 35 to 100 minutes. The lower range is associated with workers who were hesitant to speak or did not possess information relevant to some of the questions being asked. The recordings of other participants, however, are at least 50 minutes long. As mentioned, some data were also collected in the form of handwritten notes taken during unrecorded informal conversations with participants before and after the audio recording. Finally, after leaving the interview location, I took some time to self-reflect on the events in order to add further notes or highlight critical details. As soon as the interview process ended, the digital files were uploaded to multiple personal digital storage devices for safety and security considerations.

The recording process was then followed by the transcribing process. The transcribing process of some interviews was carried out in parallel to the data collection. Anyhow, the transcription of all the interviews was completed in a dedicated time period of approximately 45 days from the conclusion of the fieldwork. The 'F5' software was used to assist in transcribing. The usage of a software notwithstanding, the intricacy of the transcription process was never underestimated. In fact, great attention was given to it because transcribing the audio data was crucial to the research outcomes (Bryman & Bell, 2007) in that any minor error in transcription may have lead to the exclusion of important emergent theoretical constructs (Silverman, 2009).

With respect to the overall interview process, one aspect that requires added emphasis is that the respondents are from a context in which English is not the primary language. The primary language of the respondents is Tamil, a regional language of the state of Tamil Nadu. Although some participants could speak a degree of English, their fluency was not sufficient to allow them to seamlessly convey their thoughts. Therefore, to allow the participants to communicate their subjective meanings, the interviews were conducted in Tamil. The recorded interviews were then transcribed in Tamil, but using the English alphabet. This means that the Tamil recordings were transliterated, not translated, into English.

The interview data in Tamil was not translated into English for three reasons. First, the process of translation and back-translation of the enormous amount of interview transcripts would not have been possible within the time constraints. Second, the translation of transcripts from Tamil to English could have distorted the data, as some important meanings and expressions might have been lost in translation. Third, it would have been rather difficult to translate the entire data set into English

word-for-word, as there are some Tamil words and expressions that do not have a direct English correspondence. Therefore, all the interview data were analysed in transliterated Tamil, with only the direct quotations used in the empirical chapters being translated in to English. However, these quotations or narratives were also not translated word-for-word into English (which may prove impossible). Rather, they were translated ensuring their subjective meanings would not be distorted. Experts in international qualitative research such as Zimmerman (2000) also concur with the above claims about the impracticality of translating word-for-word without altering the subjective meanings.

Like any other qualitative techniques used to gather data, qualitative interviewing has its limitations (Hoque & Noon, 2004). Some of these are associated with aspects of interviewing skills, interview bias and gaining access and trust (Bryman & Bell, 2007). To this end, the previous sections offered a broad discussion of how the effects of these limitations were addressed and controlled. Still, there is one limitation associated with qualitative interviewing which is relatively outside of the researcher's control, i.e. situations in which the respondents consciously attempt to deceive the researcher.

Researchers should be able to recognise that they are being misinformed (Taylor & Bogdan, 1984). As Taylor and Bogdan (1984) state:

…as a form of conversation, interviews are subject to the same fabrications, deceptions, exaggerations and distortions that characterise talk between any persons. Although people's verbal accounts may lend insight into how they think about the world and how they act, there can be discrepancy between what they say and what they actually do. (p. 81)

Therefore, in order to detect any such deception during the interview process, two techniques were used: one, during the process itself, the interviewees' physical and emotional shifts were carefully observed in order to grasp whether they were applying any spin to the information; two, data from other valid sources were used to check the correctness of the information provided by the respondents. Such support data were collected using many other qualitative techniques as discussed in the following sections.

5.6.4 Techniques used to gather supportive data. As mentioned, multiple sources of evidence are used to develop a coherent discussion. To increase the validity of the findings, the main data collected through semi-structured interviews is supported and validated by data collected in the form of multiple non-participant observations, documents and informal conversations.

5.6.4.1 Non-participant observation. In a way, the qualitative interviewing process itself involves the observation of the participants' actions and emotions; but only to a certain degree (Bryman & Bell, 2007; Creswell, 2009). Some aspects relating to working conditions, such as owner-manager decision-making activities, interactions between workers and owner-managers etc. required direct observation; such observed data were taken into consideration to develop a substantial argument. These observations eventually allowed me to develop a comprehensive account of "social interaction between the researcher and informants in the milieu of the latter, the idea being to allow the observer to study first-hand the day-to-day experience and behaviour of subjects in particular situations…"(Waddington, 2004, p. 154).

During the interview process with owner-managers and workers, their respective processing plants were visited repeatedly. During such visits, having obtained permission from all respective owner-managers and workers, the activities taking place were observed for periods of at least half a day. These observations were also accompanied by informal conversations with workers and owner-managers. During such endeavours, I was involved only as a passive observer and did not get involved in any relevant event or situation as a participant observer. Experts, such as Bryman and Bell (2007), Silverman (2009) and Thorpe and Holt (2007), refer to this form of observation as non-participant observation.

The data collected through observation was recorded in English in the form of handwritten notes. In order not to allow the observations to be filtered and edited through my interpretive frames, as recommended by Dewalt and Dewalt (2010), I made an effort to keep away from theoretical perspectives and individual attributes while recording every possible observation. In general and postulated by Taylor and Bogdan (1984), these observational notes included "…descriptions of people, events and conversations as well as the observer's actions, feelings and hunches or working hypotheses. The sequence and duration of events and conversations are noted as precisely as possible. The fabric of the setting is described in detail" (p. 53).

5.6.4.2. Documents as a source of data. According to Bryman and Bell (2007), documents can be of extreme significance for conducting qualitative studies that employ methods such as participant observation or qualitative interviews. Hence, in addition to the data collected through the semi-structured interviews, non-participant observations and informal conversations (held during interviews and observations), documents were also used as a source of evidence for the study. In

term of types of documents, only publicly available ones were used. The following is a list of the documents used for the study:

- International Labour Organization's (ILO) databases such as International Labour Organization database of labour statistics (ILOSTAT), NORMLEX and NATLEX .

- Indian labour regulation.

- Indian Ministry of Textiles annual report.

- Tirupur district administration report.

- Tirupur Export Association's (TEA) report.

- Regional and local press releases.

These documents were used for three purposes: one, to validate the information provided by the respondents; two, to substantiate the data collected through the interviews; three, to develop the arguments in Chapter 6.

As Bryman and Bell (2007) observe, documents, in general, cannot be regarded as objective accounts of states of affairs as they may not be completely free from error and distortion. Therefore, before using these documents, they were carefully assessed for quality based on the four criteria specified by Scott (1990):

"Authenticity – Is the evidence genuine and of unquestionable origin?

Credibility – is the evidence free from error and distortion?

Representativeness – is the evidence typical of its kind, and, if not, is the extent of its untypicality known?

Meaning – is the evidence clear and comprehensible?" (p. 6)

Overall, a cumbersome database was generated through the several techniques mentioned in Section 5.6. The collected data were certainly very rich and attractive, but this richness as such, as Miles (1979) states, was an 'attractive nuisance', as it made the process of data analysis an arduous endeavour.

5.7 The Process of Data Analysis

There is no single best way to perform qualitative data analysis (Babbie, 2012; Bryman & Bell, 2007). Also, differently from quantitative data analysis, there is no established, unambiguous set of guidelines to guide all through the process (Wolcott, 2005). The thematic data analysis method was used to analyse the collected data in such a way as to produce an effective discussion to answer the research question(s). To counter claims that describe qualitative data analysis as an unguided process, Braun and Clarke (2006) attempted to provide a step by step (but flexible) recipe to perform thematic analysis. This recipe was used in the study to reduce the intrinsic ambiguity of the qualitative data analysis process.

5.7.1 Thematic analysis. Thematic analysis "is a method for identifying, analysing, and reporting patterns (themes) within data" (Braun & Clarke, 2006, p. 79). Although it is widely used among qualitative scholars, it is not defined as a 'method' of qualitative analysis (Attride-Stirling, 2001; Braun & Clarke, 2006). According to Braun and Clarke (2006), thematic analysis is more often described as a tool, rather than a method, for qualitative analysis and often not even explicitly declared in scholarly works. Braun and Clarke (2006) challenge such undermining of thematic analysis, define it as a method and provide a flexible recipe on how to perform it. In this particular study, the data were analysed in accordance to Braun and Clarke's

(2006) flexible recipe. Following is the glossary of terms (Table 5.4) adopted from Braun and Clarke (2006) that can assist in following further discussions on their recipe.

Terms	Definitions
Theme	"A theme captures something important about the data in relation to the research question, and represents some level of patterned response or meaning within the data set". (Braun & Clarke, 2006, p. 82)
Data corpus	"…all data collected for a particular research project." (Braun & Clarke, 2006, p. 79)
Data set	"…all the data from the corpus that are being used for a particular analysis." (Braun & Clarke, 2006, p. 79)
Data item	"…each individual piece of data collected, which together make up the data set or corpus." (Braun & Clarke, 2006, p. 79)
Data extract	"…an individual coded chunk of data, which has been identified within, and extracted from, a data item." (Braun & Clarke, 2006, p. 79)

Table 5.4. Glossary of terms in Braun and Clarke's (2006) thematic analysis

As mentioned, this study intends to address specific research objectives derived from the review of the relevant literature and later tailored through a pilot study. A skeletal theory guides the data analysis. In fact, the data are used to add empirical flesh and to expand the skeletal theory. Braun and Clarke (2006) refer to this as theoretical thematic analysis. According to them, "…'theoretical' thematic analysis would tend to be driven by the researcher's theoretical or analytic interest in the area, and is thus more explicitly analyst-driven" (p. 84). In this case, the data analysis goes beyond the surface-level content of the data and ultimately attempt to

"identify or examine *underlying* ideas, assumptions and conceptualisations—and ideologies—that are theorised as shaping or informing the semantic content of the data" (Braun & Clarke, 2006, p. 84). Having provided an initial overview of the type of thematic analysis, the remainder of the section will discuss the data analysis process.

As mentioned, the data collected through the interviews are used as the main source of evidence in the study. However, they are supported by the data collected through non-participant observations, documents and informal conversations. Together, all these collected data form the data corpus. Nevertheless, only interview data are used to develop themes, whereas data collected through other techniques are used merely to substantiate and reinforce the developed themes.

Further, as mentioned, I transcribed the verbal data myself. Thus, the interpretation of the data began during the transcribing process itself. In fact, at least mentally if not actually physically, it began during the pilot study. Once all the 42 interviews had been completely transcribed, the transcripts were actively read three times in order to gain familiarity with the breadth and depth of their content. During this repetitive reading process, important notes were also made all through the transcripts. Consequently, such an active repetitive reading process also offered an idea of possible emerging patterns.

Having familiarised with the entire data corpus, initial codes were generated. The process of coding involved organising the data into meaningful clusters (Bryman & Bell, 2007; Tuckett, 2005), which are often broader than actual themes (Boyatzis, 1998). The codes were initially generated for the broader question of identifying the factors that influence working conditions. A separate focus was placed upon every aspect of working conditions, i.e. working hours, wages, social security, equality of

opportunity, occupational health and safety, freedom of association and collective bargaining. The transcripts were coded manually and systematically, assigning equal importance to every interview. Different coloured pens were used to indicate the codes relevant to different aspects of working conditions. The data extracts associated with each code were then collated separately, resulting in the generation of six different files containing data extracts which demonstrated the different influences related to the six different aspects of working conditions.

The coded extracts were then interpreted and reorganised in such a way as to generate potential main themes, i.e. different factors influencing working conditions. Each main theme was then labelled using a prospective title (for each factor influencing working conditions) such as 'characteristics of the firms', 'nature of local trade unions' and so on. The data extracts related to each potential main theme were then collated together. Within each main theme, numerous sub-themes were also identified, i.e. the ways in which identified individual factors influence working conditions. Similarly to the main themes, each subtheme was then labelled using a prospective title (for the way in which each individual factor influences the working conditions) such as rules, standards, norms, attitudes and so on.

These potential themes and sub-themes were then assessed against Patton's (2002) two criteria for judging categories—internal homogeneity and external heterogeneity—to check whether they were made up of coherent data (i.e. internal homogeneity), and whether there was a clear distinction between every potential theme and sub-theme (i.e. external heterogeneity). Internal homogeneity was obtained by re-reading the potential themes and sub-themes multiple times to verify whether these themes as such appeared to be coherent. Unique data extracts were then removed completely or collated with a suitable theme. External heterogeneity was

then obtained by re-reading all the themes to see whether they were all distinct from each other.

The entire transcripts were then re-read again in order to check whether any additional data could be collated with the existing theme(s) or whether there were any new emerging themes. At this stage, the data collected through other techniques were inserted into the identified themes or sub-themes to substantiate or contradict the information in the data extracts and develop a critical discussion. The collated data extracts under each theme and sub-theme were then re-read and re-organised in such a way as to generate a coherent story in relation to the research question. Finally, the generated story was written-up in such a manner as to provide a "concise, coherent, logical, non-repetitive and interesting account of the story… within and across themes" (Braun & Clarke, 2006, p. 93) as can be seen in the empirical chapters 6, 7 and 8. These chapters were carefully written in a fashion that goes beyond just describing the themes.

While the process of data analysis was presented (in the above discussion) as being a linear process, in practice, it involved frequent and continuous reviews of the transcripts, data extracts, codes and themes. Having provided a detailed discussion of the process of data analysis, the next section will discuss how the resultant extracts were presented in the empirical discussions.

5.7.2 Presenting the data in the empirical discussions. The data analysis produced a large amount of data extracts for each theme and sub-theme. However, only those vivid extracts that demonstrate the prevalence of an identified theme were selected to be displayed in the empirical discussions. More consideration was given to the embeddedness of the data extracts within the narrative rather than to providing a

description of the extracts and/or filling the empirical discussions with unnecessary extracts. In this way, the data extracts tend to act as illustrations for the presented constructs. Additionally, diagrams were also used to visually illustrate the constructs of the study.

Moreover, while presenting the data extracts in the empirical discussions, in an ethical act aimed at maintaining anonymity (see Section 5.8 for further discussion), every participant was distinctively labelled by means of a combination of numbers and/or letters. The following table (Table 5.5) illustrates the way participants were labelled in the study.

Roles	Labels
Workers	W1, W2, W3... W26
Owner-managers	OA, OB, OC... OK
Buying-agents	BA1 and BA2
Trade union leaders	TU1 and TU2
CSR officer	CSR
NGO leader	NGO

Table 5.5. The participants' labels

5.8 Ethical Considerations

Undertaking fieldwork inevitably becomes much more than just collecting data because the researcher enters the world of the research subjects. This can make fieldwork an exhilarating experience in comparison to research with secondary, archival or statistical materials. Yet it can also be distinctly unsettling, because the researcher is obliged to come to terms with the realities

of the relationship between scholarship and human experience. (Wilson, 1993, p. 179)

Any research, especially social science research involving the collection of data from or about human beings, must carefully consider the ethical issues associated with the overall process (Easterby-Smith et al., 2012; Israel & Hay, 2006; Punch, 2005), which must be tailored accordingly. Writing about ethical considerations is mandatory to demonstrate that the researcher concurs with necessary ethical values throughout the research process (Silverman, 2009). This section, hence, is dedicated to demonstrate such concurrence with ethical obligations.

In social science research, at large, the arguments pertaining to ethical judgements are drawn from two contrasting theories of ethics: Immanuel Kant's 'deontological theory', which proposes that ethical actions must adhere to obligations; and John Stuart Mill's 'consequential theory' which proposes that ethical actions must produce the greatest possible value over disvalue (Burton, 2000). Burton (2000), on the other hand, argues that researchers should go beyond debating between these two theories and suggests four ethical principles and four rules to be considered while doing any social science research. In terms of the principles, Burton (2000) suggests autonomy, beneficence, non-maleficence and justice; in terms of the rules, he suggests veracity, privacy, confidentiality and fidelity.

I made all possible attempts to adhere to Burton's (2000) ethical principles and rules throughout the research process. These took the form of informed consent, the assurance of anonymity and comfortable interaction. Although some of these aspects were briefly discussed earlier, the following discussion reconciles and expands upon them. Adhering to these principles and rules while doing research on a

sensitive topic also led to several encounters with ethical dilemmas; I conclude the section with a discussion of these.

5.8.1 Informed consent. The issue of informed consent is the most widely debated component of research ethics in social science research (Bryman & Bell, 2007). The logic of informed consent means that the researcher must take a position whereby the individuals who agree to take part in a research know what they are agreeing to and authorise the researcher to collect information from them without any form of coercion or manipulation (Kent, 2000). Silverman (1989), on the other hand, argues that informed consent is a position that cannot be completely achieved in social science research. According to him, informed consent is a convenient myth. Experts such as Kent (2000), Homan (1991), Lee-Treweek and Linkogle (2002) also concur with this argument. Nevertheless, such a dispassionate argument about informed consent was not considered to provide leeway to avoid adhering to the principle of informed consent while doing the fieldwork.

During the fieldwork, every possible step was taken to adhere to the status of complete informed consent. During the process of obtaining access from potential participants, the purpose and nature of the study was clearly explained in order to provide them with a scope to freely decide on their participation. Only in the case of the workers, access permission was preliminarily obtained from their respective owner-managers before they were individually approached for consent in the same way as any other participant in the study.

Further, prior to beginning the interview process, the participants were briefly informed about its various aspects. First of all, they were provided with my business card (supplied by the university) complete with all appropriate contact details to

assure about the genuineness of the research and my identity. The participants were also shown the ethics approval I had obtained from the university. Further, they were once again informed about the research intentions before the audio recording began. At that point, the participants were also informed about three more ethical provisions: one, their right to refuse to participate and/or to terminate their participation at any point during the interview process; two, their right to refuse to answer any questions; and three, the principle of anonymity (see Section 5.8.2 for further discussion on anonymity). The interviews were then recorded only after obtaining permission from the participants, who were also clearly made aware of the beginning and end of the recording process.

5.8.2 Maintaining anonymity. As mentioned earlier, all participants were informed about the principle of anonymity adopted throughout the study. They were assured that their names and the organisations for which they work would be kept confidential. Accordingly, while presenting the data in the empirical discussions, participants and organisations were only identified by means of generic labels (see Section 5.7.2. for further discussion on data presentation). They were also informed that, should they unintentionally utter any brand names during the interviews, these would be removed from the presentation of the data extracts. By communicating all these provisions of anonymity, it was ensured that all participants were provided with a scope to retain the ownership of their statements and thus be honest with their answers.

5.8.3 Comfortable interaction. Throughout the interview process, abundant consideration was given to establish a comfortable interaction with the participants.

As mentioned earlier, the interviews were only recorded after obtaining participant permission and no participant raised any objection against the recording of his or her interview. They were clearly informed about their right to demand the termination of the recording at any time during the interview process. Indeed, in the case of some participants, I was asked to interrupt the recording at certain points in time, as they considered some of their answers to be of a confidential nature. To make the interaction more comfortable, the interview questions and probes were put in such a way that the participants would not feel as if they were in any way being coerced.

Added to that, most of the interviews were conducted in the participants' private workspaces, with the exception of the workers, who generally do not have one. However, the owner-managers generously provided me with a private meeting room to conduct the interviews with the workers. By taking all these steps, all of the participants were provided with a quiet and comfortable environment in which they could be honest about their thoughts. Additionally, the notes taken during the interview process and the observation sessions were also shown to the respective participants to ensure that they would be comfortable with my use of them.

5.8.4 Ethical dilemmas. The ethical issues related to the conduct of this particular study research were not solved by mere compliance with the abovementioned ethical considerations. The latter, in fact, caused me to come face to face with numerous ethical conflicts between what had been assured to the participants and what society at large considers to be right in terms of justice.

During the fieldwork, many participants unhesitatingly informed me about ethically questionable practices related to maintaining appropriate working conditions. In fact, I myself witnessed these unethical practices and concealed

substandard working conditions in certain factories. This left me in a catch-22 situation, because I personally felt it to be my duty to bring these practices to the attention of the appropriate authorities, but professionally, because of the assurances given to the participants, I could not. Ultimately, as a professional social science researcher, I had to resolve to comply under all circumstances with the assurances given to the participants, thus showing fidelity.

Summarising, the chapter attempted to discuss the study's research paradigm, purpose(s), research strategy, data gathering process, data analysis process and ethical considerations. Although the study was conducted with constant efforts to reinforce every aspect of the research process, some limitations still remain (see Chapter 10 for more discussion on the limitations). Subsequent chapters will discuss the empirical findings of the study.

Chapter 6

Findings: The Working Conditions in the Research Context

Chapter Six: Findings - The Working Conditions in the Research Context

6.0 Introduction

The main purpose of this chapter is to set the stage to explore the research question in further detail. In order to do so, it seeks to answer three questions: First, why focus on some particular aspects of working conditions, namely; social security, working hours, wages, equality of opportunity, health and safety, freedom of association and collective bargaining? Second, what is the situation of all these aspects of working conditions in the research context? Third, what is the role of the owner-manager in the research context? Overall, by providing an overview of working conditions and of the dynamics of the owner-manager's role in the research context, the chapter will attempt to address the first research objective of providing an overview of the nature of existing working conditions in a selected sample of Indian SMEs.

6.1 The Aspects of Working Conditions in Focus

As mentioned in Chapter 1, this study seeks to understand working conditions in a research context incorporating six of their aspects, namely; working hours, wages, equality of opportunity and treatment, occupational safety and health, freedom of association, collective bargaining and industrial relations and social security. These aspects to be studied were not selected a priori. Rather, they were focused upon for three reasons. First, in general, these aspects are being discussed under different labels, namely: working conditions, employment relations, work organisation, industrial relations, people management, work environment and ethics. Second, during the pilot study, these were the only aspects emphasised by the participants. Third, both ILO conventions and Indian labour regulations tend to convey that

improving working conditions is about incorporating these aspects. By and large, these reasons convinced me to concentrate on these aspects of working conditions.

Having provided a discussion on the aspects of working conditions that are to be focused upon, the next section will attempt to offer an overview of the existing situation of these chosen aspects of working conditions in the selected research context.

6.2 An Overview of Working Conditions in the Research Context

This section will present an overview of working conditions in small and medium knitwear garment manufacturing firms located in Tirupur. The research context is not a new one. A plethora of research (Banerjee & Munshi, 2004; de Neve, 2008, 2009; Varukolu & Park-Poaps, 2009) has already been conducted on the Tirupur knitwear cluster. However, SMEs had been given relatively low importance in this prior research. Thus, there is no clear indication of the working conditions in the research context. Besides, as mentioned in Chapter 5, the study is exploratory in nature; thus, I felt that the research should begin with a clear understanding of the working conditions before endeavouring to provide an explanation for it. In general, the following overview can also be considered as background for the upcoming empirical chapters.

In the following overview, six aspects of working conditions—social security, working hours, wages, equality of opportunity, health and safety, freedom of association and collective bargaining—will be separately covered. This overview is derived from an inclusive analysis of:

- Relevant literature

- Documents: Indian Ministry of Textiles annual report, Tirupur district administration report, TEA report, the ILO's databases, such as ILOSTAT, NORMLEX and NATLEX, and the Indian labour regulations.

- Data: interviews, observations and informal conversations covering a wide range of relevant actors in the research context.

6.2.1 Social security. Social security measures are basically aimed at addressing the contingencies in the life of a worker (Otting, 1993). They are, in general, established with the core idea of providing "…a series of public measures against the economic and social distress that would otherwise be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity and death; the provision of medical care; and the provision of subsidies for families with children" (ILO, 1984, pp. 2-3). In 2003, the ILO launched a 'Global Campaign on Social Security and Coverage for All' in more than 30 countries, including India, with the aim of promoting an increase in social security coverage at national level by raising awareness among employers and workers' organisations and to strengthen community-based social security organisations in these countries (Ginneken, 2003).

Despite these measures, the condition of social security schemes in labour-intensive industries in developing countries remains questionable (Ginneken, 2003). According to the ILO (2013), only 20% of the world's population has adequate social security coverage and over half lacks any form of coverage at all. Table 6.1, showing the continuous increase in payment arrears towards social security schemes in India, could imply that the condition of coverage in India is not very different. Section 6.2.1.1 will develop this discussion with respect to the research context.

Year	Total arrears in Crore Rupees
1990-91	228
1991-92	229
1992-93	267
1993-94	361
1994-95	347
1995-96	421
1996-97	467
1997-98	164
1998-99	573
2000-01	1058
2001-02	923
2002-03	1184
2003-04	1512
2004-05	1863
2005-06	2145

Table 6.1. Increase in the amount of arrears in social security contributions

Source: Papola et al. (2008)

6.2.1.1 An overview of the existing situation. With respect to the research context, workers are eligible for a wide range of social security schemes prescribed by the Indian government. Those that are compulsory are the Employees' State Insurance (ESI) and the Provident Fund (PF). The ESI is an integrated compulsory social insurance scheme which covers six types of benefits, namely; sickness benefit, maternity benefit, funeral benefit, unemployment benefit, disability benefit, dependents benefit and medical benefit for workers in factories employing 20 or more

workers. The PF is another compulsory savings scheme which covers benefits such as a provident fund, a family pension fund and a deposit-lined insurance fund for workers in factories employing 20 or more workers. Contribution to these schemes is shared between the government, the employers and the workers; the workers' contributions are normally deducted from their wages.

In accordance with the 1948 Employees' State Insurance Act and the 1952 Employees' Provident Fund & Miscellaneous Provisions Act, any establishment employing more than 20 workers should cover the ESI and PF for all its eligible workers. This means that these schemes are applicable to every owner-manager and worker interviewed in the research context because they are all employed in firms with more than 20 permanent workers (see participants' profile (Table 5.3) in Chapter 5).

Although these social security schemes are compulsory, two different coverage situations were observed in the research context. First, some firms, as those run by owner-managers such as OF, OG, OH and OK, do not cover social security for any of their workers[15]. Even when these owner-managers were hesitant to accept the existing situation, their workers clearly described it. The following excerpts from the interviews with workers W19 and W22 are examples of this:

Researcher: Do you have any idea about the ESI and PF?

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[15] During the interviews, the owner-managers of these firms—for their own safety—tried to hide the fact that they do not cover the ESI and PF for their workers. In fact, they are not even completely aware of the ESI and PF schemes. However, as the study focuses upon a sensitive area, this had already been anticipated. Based on the pilot study, the research was accordingly designed to cover a wide range of actors in the interviews.

Worker: W19: No they are not yet covered by our company.

He [the owner-manager] said he would provide us with the ESI and PF. But, so far, we are not covered. (Worker: W22)

Second, some firms—such as those owned and managed by OA, OB, OC, OD, OE, OI, and OJ—cover social security only for a portion of their eligible workers. Supportively, their respective workers confirmed the reality of this situation. This is further substantiated by the data from the workers' profiles (Table 5.3 in Chapter 5), which confirms the existence of a mixture of social security situations within a single firm. Concurringly, even one of the buying agents (BA1) who works with some of those owner-managers, indicated the existence of such situation. He said, "some of the firms that I source from cover social security only for those workers they have employed for a long time. It takes time for new workers to get such benefits even if they are eligible" (Buying agent: BA1).

6.2.2 Working hours. Measures to reform working hours have been central to the work of the ILO since its establishment (Djankov & Ramalho, 2009). These measures are basically aimed at protecting the health and welfare of workers by offering them an opportunity to share in the distribution of the wealth generated by contemporary industry and to receive such share in the form of spare time (Lee, McCann, & Messenger, 2007). Besides protecting the health and welfare of workers, these measures are also aimed at increasing economic efficiency, enhancing compatibility with political democracy and limiting the potential for unfair competition (Lee et al., 2007).

There is a recent but nevertheless extensively quoted notion of developing nations having more rigid legislative measures on working hours than developed nations. For example, the World Bank, in a recent report, stated that "many developing countries have adopted far-reaching regulations on these subjects [working hours] – in some cases going beyond what is on the books in most developed countries" (World Bank, 2004, p. 145).

Despite these measures, one of the primary concerns in this area is the reduction of the excessive working hours which are generally prevalent in developing countries (Lee & McCann, 2006). This concern was also raised by scholars such as Djankov and Ramalho (2009) who doubt the impact that these measures, embodied in the form of regulations, have on the working hours in developing countries. The next section will expand this discussion with respect to the research context.

6.2.2.1 An overview of the existing situation. According to Indian labour regulations, factory workers are not required or allowed to work for more than 9 hours a day and 48 hours a week. If a factory worker exceeds these time limits, he should, in respect of overtime, be entitled to wages at double his 'ordinary rate of wages' (see Section (6.2.3) for a discussion on wages). Although a worker can work overtime, the total number of weekly working hours, including overtime, should not exceed 60 and the total number of overtime hours should not exceed 50 in any one quarter. Furthermore, female factory workers should only work between 6 AM and 7 PM and are not allowed to work for more than 9 hours a day. There may be occasional exceptions, nonetheless they should never be allowed to work between 10 PM and 5 AM.

The working hour situation in the research context, however, stands in contrast

to the standard pattern. Generally, the hours worked exceed those legally prescribed, and there is no uniformity between firms in terms of number of daily or weekly hours worked. These normally range between 9 and 15 hours per day. In addition, there is a tendency to run frequent ad hoc night shifts. The workers are also not bound to any formal timing system. They are even allowed to take several intermediate informal breaks. Unlike large firms, in which different teams work different shifts, in SMEs, the same group of works every shift, including the night one. Overtime calculations also vary between firms, and do not comply with prescribed regulations. For example, in the firm owned and managed by OA, anything over 8 working hours is considered to be overtime, in the firm owned and managed by OF, overtime starts beyond the 12 hour threshold and in the firm owned and managed by OH, only night shifts are counted as overtime. The following excerpts substantiate the existence of such irregular working hours patterns:

> We don't have to sign in or out like they do in large factories. Here it is very casual. Of course, we have to ask our owner's permission if we want to take a holiday or leave work early for personal reasons… We can even take care of our personal business as long as it doesn't hinder the factory work. (Worker: W14)

> It depends on the workload. Sometimes, we will have a lot of work that we end up doing in overtime and night shifts. Sometimes, there won't be any work at all, so we even leave work earlier than normal. (Worker: W19)

Further, with respect to holidays and according to the Weekly Holiday Act, 1942, and

the National and Festival Holidays Act, factory workers are not required or allowed to work on the first day of the week, i.e. Sunday. However, this day can be substituted by another by completing proper procedures with the inspectorate of factories. If workers are allowed to work on their day off, they should take a whole day off on one of the three days immediately preceding or following their official day off. In addition to that, factory workers should not be allowed to work on any of the national holidays (the four national holidays specific to the research context) and on any of the festival holidays (the five festival holidays specific to the research context).

Again, in breach of these formal prescriptions, there is no regular holiday pattern in the research context. National holidays or weekly days off are not given much importance. Even Diwali and Pongal, which are considered to be the most traditional and important festivals, are considered of little importance by some owner-managers.

6.2.3 Wages. Wages are the most important and contested work and employment conditions at the enterprise level (Brown et al., 2004). They are an expense to employers but, at the same time, they are the main source of revenue to workers, thus making them a potential source of conflict and the primary focus of collective bargaining (Arbache, Dickerson, & Green, 2004). If decent wages are not ensured to the workers, they can also become a primary source of discrimination and deprivation (Brown et al., 2004).

In the context of developing countries, wages take the form of a policy tool for poverty reduction and social justice, as they are considered to be a rather inexpensive and simple way for the government to address the issue of the poorest workers, those who are at the bottom of the income generation ladder (Cunningham, 2007). That

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said, the effectiveness of the measures designed to reinforce the wages of bottom end workers in developing countries is, at best, uncertain (Cunningham, 2007; Wood, 1997). The next section will attempt to expand this discussion with respect to the research context.

6.2.3.1 An overview of the existing situation. The Indian wage system is made up of three components, namely; wages, minimum wages and bonuses. Wages include "all remuneration (whether by way of salary, allowances or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment" (the Payment of Wages Act, 1938 and the Payment of Wages (amendment) Act, 2005). The State of Tamil Nadu's knitwear industry minimum daily wage is fixed at Rupees 124.69 (approx. £1.53). According to regulations, a day is defined as an eight hour shift; anything over that should be counted as overtime and should be paid at double the normal rate. Thus, in overtime, a shift is made up of four hours. Contract workers are paid on a piece-rate basis; thus they are not subject to the conditions of overtime wages.

In the research context, workers at the supervisorial level are paid on a monthly basis. For other workers, wages are paid either on a shift or piece-rate basis depending on their type of employment. Usually, shift based payment is associated with permanent workers and piece-rate based payment is associated with contract or casual workers. Both these types of workers are generally paid more than the equivalent of the prescribed minimum wages. However, the wages of workers belonging to the same category vary among different firms. For example, worker W7,

who is employed as a tailor in the firm owned/managed by OD, earns Rupees 270 per shift; whereas worker W3, who is also employed as a tailor but in the firm owned/managed by OB, only earns Rupees 230 per shift. Worker W7 earns more despite the fact that he is somewhat less experienced than worker W3.

The situation of overtime rates is also similar to that of wages. Only permanent workers are paid overtime and that also not in accordance with regulations. As mentioned, overtime should be paid at double the normal shift rate but, in the research context, the overtime rate is much less than prescribed and also varies between firms. In fact, some firms do not pay any overtime wages. Also, as mentioned in Section 6.2.2.1, the calculation of overtime hours *per se* is not performed in accordance with prescriptions.

With regards to bonuses, The Payment of Bonus Act, 1965, states that every employer who employs more than 20 workers is required to pay a bonus ranging from a minimum of 8.33% to a maximum of 20% of the wage earned by each worker during the accounting year. Every worker who works in an establishment for at least 30 days in a year is entitled to receive the bonus for that year. In the research context, historically, bonuses are paid every year during Diwali (a Hindu festival) as a way of thanking the workers for their hard work and as a gift for Diwali. On Diwali, every permanent worker receives a bonus, but the proportion of bonus paid appears to vary between firms. For example, owner-manager OE pays 16%, OC pays 18% to 20% and OI pays 8.55% to 11%. For contract workers, bonuses are paid upon employer discretion. This situation is common all over Tirupur, said trade union leader TU1. He stated, "I can assure you that every permanent worker receives a bonus, but what I cannot assure you is how much he or she receives. It depends on employers… Contract workers cannot ask for bonuses. It is completely left to their owner's

discretion" (Trade union leader: TU1).

6.2.4 Equality of opportunity. Discrimination is defined as "the unfair behavioural bias demonstrated against" (Dipboye & Colella, 2005, p. 2) certain individuals. According to Dipboye and Colella (2005), in its most common form, discrimination in the workplace can occur in the differentiation of individuals with regards to employment decisions on the basis of legitimate motives, such as years of experience and qualifications, but becomes unfair when individual characteristics or attributes, such as gender and group alliance, are considered in making such decisions. Measures to eradicate discrimination in the workplace are central to social justice all over the world, and are aimed at providing conditions of equal treatment irrespective of race, sex, creed or any other social attributes (Cohn, 2000).

In developing countries, measures towards eradicating discrimination in the workplace are considered to be an indispensable strategy for poverty reduction and sustainable economic development (Sullivan, 2003). The literature (Burnell, Randall, & Rakner, 2010), however, shows that these measures have a modest impact on promoting equality of opportunity, with relatively little impact on poverty and the economy due to the complexities associated with the observation and quantification of some embedded forms of discrimination in developing countries. The situation of the equality of opportunity in the research context will be discussed in the next section.

6.2.4.1 An overview of the existing situation. With respect to the research context, there is, on the surface, no visible evidence of discrimination in the workplace. However, careful observation exposed the existence of traces of embedded forms of discrimination. Concurrently, the NGO leader said, "If you ask

me about discrimination in Tirupur, I would say that there is none (laughing). But that depends on how you define discrimination... If you look in to every aspect related to the handling of workers, discrimination exists at a minute level" (NGO leader: NGO).

With respect to gender, regulations state that there should not be any gender based discrimination while recruiting for the same job or jobs of a similar nature except for those jobs for which the employment of women is legally restricted or prohibited. Further, remuneration for the same job or jobs of a similar nature in any establishment should not be discriminated by the employer on basis of gender; to comply with this, the employer should not reduce the worker's rate of remuneration. Ostensibly, it may appear that workers in the research context are paid in accordance to the nature of their job and their experience. However, this cannot be considered to be fair treatment because, in general, the proportion of male workers is higher than that of female workers in any establishment; further, female workers are predominantly employed in the checking department, which is considered to be the lowest paid and lightest work category in the research context.

Further, regulations also state that there should not be any discrimination on the basis of race, colour, sex, religion, political opinion, disablement, national extraction or social origin. However, discrimination with respect to the inherent requirements of a particular job is not considered to be discrimination, i.e., should any special arrangements be recognised and made for any person based on age, sex, disability, family responsibilities or social or cultural status in order to assist him or her, it would also not be considered to be discrimination. However, in the research context, there are minute traces of discrimination against migrant workers, especially against workers from North India; workers of different castes or religions and disabled workers. Fittingly, the CSR officer stated that, "when you look at it from the

outside, there is no discrimination in Tirupur. But, when you go inside and look, you can find differences in the payment systems, interactions, support systems, bonuses and so on between local and North-Indian workers, between people of different castes and so on…" (CSR officer: CSR).

This, however, is not a widespread phenomenon in the research context. Not every firm is against employing migrant workers although the proportion of migrant workers employed tends to vary between firms. Some firms—for example, those of owner-managers OA and OF—tend to have employ migrant workers, while others—for example, those of owner-managers OB, OC, OD, and OH—tend to employ no more than one or two migrant workers (see Participants' Profiles (5.3)).

6.2.5 Occupational health and safety. Occupational health and safety "is identified as the discipline dealing with the prevention of work-related injuries and diseases as well as the protection and promotion of the health of workers. It aims at the improvement of working conditions and environment" (ILO, 1998, p. 24). The conditions of health and safety in the workplace are extremely diverse across countries, economic sectors and social groups; the majority of the workers in the world are unprotected (Nuwayhid, 2004). Specifically, workers in developing countries, where a large part of the population is involved in hazardous activities, such as agriculture, fishing and mining, are the least protected (Nuwayhid, 2004). According to Nuwayhid (2004), aspects related to health and safety are often neglected, especially in developing countries where the political mechanisms are relatively ineffective in translating quantitative measures into policies capable of having an impact. The situation of health and safety in the research context is discussed in the next section.

6.2.5.1 An overview of the existing situation. The situation of health and safety in the research context is varied. For example, some firms, as those owned/managed by OG and OK, do not even possess basic health and safety facilities such as first-aid kits and fire extinguishers. Many participants in the research context, including the CSR officer who oversees social compliance in the facilities that produce knitwear garments for his company, confirmed the existence of such conditions. When questioned about health and safety policies in the research context, the CSR officer said, "first of all, do they actually have any policies? (laughing)... I would be surprised if I heard that they even know anything about it" (CSR officer: CSR). Trade union leader TU2 went even further and stated that, in general, SMEs in Tirupur tend not to be concerned about the health and safety of workers. He said, "For workers? No… no facilities are provided for the workers in these [SME] kinds of firms…" (Trade union leader: TU2).

On the other hand, other firms in the research context, such as the firms owned/managed by OA, OB and OC, tend to put in place comparatively better health and safety conditions than those mentioned above. These firms had proper sets of first aid kits and fire extinguishers installed. They had relatively better ventilation systems, toilet facilities and lighting arrangements. This surface level observation may offer a rosy picture of these firms; however, their owner-managers themselves accepted that they do not implement many procedures, such as providing masks, gloves, maintaining broken needle records etc. For example, one owner-manager said, "you know, there is only so much that we can do. If we continued to concentrate on these things, who would take care of the business? We don't earn enough to provide the workers with masks and gloves and, even if we did, they wouldn't use them" (Owner-manager: OB).

6.2.6 Freedom of association and collective bargaining. In 1951, the ILO set up a committee to report violations of the bargaining and organising rights of workers and employers. Through this committee and other related mechanisms, the ILO regularly attempts to defend the rights of trade unions and employers' associations (Swepston, 1998). The main ideology behind these measures is to make everyone realise that the rights of workers and employers to form and join associations of their own inclinations is a fundamental part of a free society (Swepston, 1998). Despite continuous measures, the level of unionism in the developing world, and especially in the labour-intensive industries in this part of the world, is, however, declining, asserts Zhu (2004). The next section will offer a discussion on the situation of unionism in the research context.

6.2.6.1 An overview of the existing situation. Inspired by the concept of a welfare state regime, the Indian government developed labour regulations to safeguard workers, and sustain harmony between workers and employers (Venkataratnam, 2004). However, according to some scholars, such as de Neve (2008) and Papola, Mehta and Abraham (2008), in the recent post-Multi-Fibre Agreement (MFA) epoch of economic liberalisation of the textile and garment sector, freedom of association and collective bargaining in India have come under heavy strain. In the early 1940s ''about 90% of workers were unionised in those sectors in which the union was active'' (Chari, 2004, p. 174). But, after 1970s, as a result of the spread of sub-contracting based firms, unionism began to drop drastically (Chari, 2004).

In Tirupur, there are six active trade unions, namely; the All India Trade Union Congress (AITUC), the Centre of Indian Trade Unions (CITU), the Indian

National Trade union Congress (INTUC), the Labour Protection Force (LPF), the Hindu Madsoor Sang (HMS) and the Anna Trade Union (ATU). Each of these six trade unions is affiliated to a specific national or state level political party. Even with six active unions, however, only 8% to 10% of the total number of workers holds union membership. In fact, not one of the 26 workers interviewed is a member of these unions or of any other form of collective bargaining system. The existence of such a situation in union membership was even confirmed by the trade union leaders. For instance, trade union leader TU1 said:

> The condition of our union is not good. I think this is applicable to every other union in Tirupur… Last year, there were 1,800 members in our union and this year there are 2,000… There are, in total, approximately 500,000 workers in Tirupur. We have 2,000 members, LPF has around 5,000, CITU has around 5,000, AITUC has around 20,000, ITUC has around 10,000… I'm not sure about ATU. In a place where there are 500,000 workers, let's say there are only around 40,000 to 50,000 union members, which is something like only approximately 10,000 members for every 100,000 workers. (Trade union leader: TU1)

The figures mentioned in the above quote quantify the number of registered members. Nonetheless, not every registered member actively participates in union related activities. Union membership in Tirupur is rather "seasonal", stated the CSR officer. According to him, workers approach the unions and try to become members only when they face problems at their work place. Trade union leader TU2 also shared a similar notion, and said:

…workers do not approach the unions. We have to approach and educate them. Even if we approach them and inform them of their rights, they don't care. They will approach the union only when they get beaten up by their employer or when he/she refuses to pay their salary or bonus. (Trade union leader: TU2)

Further, according to the Industrial Disputes Act, 1947, in any establishment which employs 100 or more workers, the employer should constitute a works committee composed of equal numbers of representatives from the employers and the workers to oversee matters related to promoting measures to secure good relations between the two parties. In the case of an establishment with 50 or more workers, these should be provided with a grievance settlement authority for the resolution of industrial disputes. Nevertheless, the research context does not encompass any such form of industrial relations mechanism.

Overall, the above viewpoints relating to the different aspects of working conditions in the research context presented here do not, however, imply that all owner-managers (or firms) in Tirupur disregard their obligations. There may well be owner-managers (or firms) who comply with every formal institutional requirement. The above overview, however, is based on the data collected from a wide range of participants (as indicated in Chapter 5), and showed no likely indication of the presence of such owner-managers (or SMEs) within the selected sample.

6.3 Dynamics of the Owner-Manager's Role in the Research Context

In an effort to set up the stage for the exploration of further research objectives, the previous sections offered a discussion on working conditions in the research context. This section will try to complete this task by offering a discussion on the level of decision-making authority possessed by the owner-managers and on the roles played by the owner-managers in the research context.

      6.3.1 The owner-managers are primary decision makers. With respect to the research context (i.e. SMEs in Tirupur), it can be observed that owner-managers and their associated aspects are integral to the internal dynamics of SMEs. They appear to possess a great deal of authority over everyday decision-making. They appear to control all production and management activities in their firms. For instance, owner-manager OJ's firm is the largest of all the SMEs covered in this research. It belongs to the medium scale category, employing around 100 workers. Still, owner-manager OJ controls and manages all business related activities. This was observed during multiple visits to his firm. Most of the time, he was moving around the shop floor, talking to his workers, checking samples, talking to his suppliers and managing banking operations. One worker acknowledged the dominance of the owner-managers' role by stating that "whatever the issue may be, we will go directly to the owner… the owner is the main person. We have supervisors. However, no one follows procedure or the chain of commands. We have to go to the owners for anything and everything" (Worker: W7). Having said that, the owner-managers play a vital role in the firms' everyday business activities, the rest of this section will offer a discussion on the roles adopted by owner-managers in the research context.

6.3.2 Owner-managers adopt multiple roles. In the research context, owner-managers play several roles ranging from overseeing production activities to managing workers (Figure 6.1). In general, they adopt the roles of: production manager; human resource manager; personal counsellor; departmental supervisor; accounting and finance manager and also production worker whenever needed. The following section will attempt to illustrate these numerous roles.
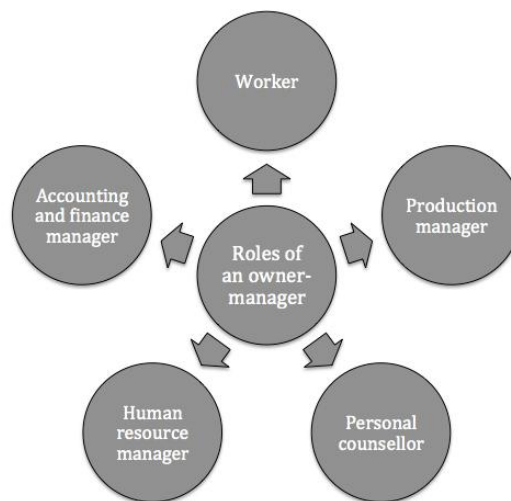
Figure 6.1. The roles adopted by the owner-managers in the research context

6.3.2.1 Production management. Owner-managers tend to perform activities associated with the garment production management. These activities include: internal and external communication, sampling, acquiring accessories and trims, preparing internal order sheets, preparing purchase orders, advising and assisting production, advising the quality department about the quality level, mediating between the production and quality departments, giving shipping instructions and following shipping, helping the documentation department, taking responsibility for inspections. Unlike the large garment firms in Tirupur, these focal firms do not have individual departments to perform every activity associated with production

management. Owner-managers adopt the role of production manager and related ones, such as merchandiser and quality controller, and perform all related activities. In addition, owner-managers occasionally avail themselves of the assistance of their workers to perform these activities.

6.3.2.2 Human resource management. Besides overseeing production, owner-managers also take on the role of human resource manager, performing recruitment and training activities. The firms in the research context tend not to follow formal human resource management practices. Job vacancies are not advertised; they are filled through the personal networks of owner-managers or workers. The recruitment process is also very informal. Any individual may turn up at a firm and have a conversation with the respective owner-manager regarding vacancies. Even if an applicant should follow the channels of the owner-managers' or workers' personal networks, the final decision on recruitment lies with the owner-manager. In the case of staff recruitment, owner-managers will conduct informal interviews, whereas, in the case of worker recruitment, they will require the applicant to demonstrate their work skills before deciding whether to recruit them. The following excerpts substantiate the above arguments.

…they [the worker applicants] come directly to me and ask whether there are any vacancies. This is how people join the firm… I recruit staff based upon informal interviews… I myself conduct these interviews… (Owner-manager: OA)

…someone has to sponsor… I mean someone has to introduce the person… for example, if I have a friend who is a tailor, I will introduce him to the owner. The owner will then interview him. Unlike formal interviews, these will be short, just to get to know his experience. Then he will be asked to stitch a sample. If his stitching is okay, he will be given the job… (Worker: W9)

Just as recruitment, training is also extremely informal. Again, the owner-managers oversee most of the training activities. During the interviews, the owner-managers also implied that they will only recruit workers who already have some experience and will not use their time and resources to train individuals, as in large firms. Once recruited, the workers are trained on the job under the supervision of more experienced workers and/or the owner-managers; this is not even referred to as 'training' in the research context.

6.3.2.3 Personal counselling. In certain instances, owner-managers go beyond their role of human resource manager and assume the role of personal counsellor, providing private counselling to their workers. In these firms, the owner-managers know each of their workers by name, and also tend to possess an adequate knowledge of their personal lives. Some workers and owner-managers have a really close relationship, to the extent that they even invite each other to their personal family occasions. As counsellors, the owner-managers offer to advise their workers on their personal issues even if the latter do not ask. According to one owner-manager:

They [the workers] come directly to me to consult me if they have any personal issues, and I tend to solve to those issues… for example, once, a teenage couple ran away from their homes in Madurai to get married and settle in Tirupur. They came to me, through one of my friends, looking for a job; I gave them a job and helped them during their initial stages of starting a family together, advising them on what and what not to do… Now they are no longer working here, but they are living happily. (Owner-manager: OD)

Many workers also confirmed that they tend to ask their owner-managers for advice or suggestions for their personal and family issues, and that the latter never hesitate to help them in case of serious problems. For example, one of the workers said "we can even talk to him [the owner] about our family issues. He knows everything about my family. If we have any problem, he patiently listens to us and provides us with some suggestions" (Worker: W5).

6.3.2.4 Accounting and finance management. These firms do not have a separate accounting or financing department. The owner-managers handle the associated accounting and financing activities, including day-to-day banking operations, such as going to the banks on a daily basis to draw and/or deposit checks and cash, managing business transaction accounts and investments. This was directly observed during the fieldwork while I was waiting to meet owner-manager OB. In that instance, I was informed that he was out to take care of his day-to-day banking activities. That said, owner-managers outsource some of the major accounting and financing activities to their personal Chartered Accountants (CA). The latter,

however, do not play a pivotal role in the owner-managers' accounting and financing decisions.

6.3.2.5 Worker. Owner-managers in the research context do not hesitate to adapt to the role of workers. During the fieldwork, some of the owner-managers were seen working along with their workers. The following is a brief account of an event observed during the fieldwork. On entering owner-manager's OE's firm for his interview, some workers were observed as they executed sewing, cutting, ironing and packing processes. I then approached an individual who was working in the packing section and looked very tired and hot. When I asked him if he could take me to meet the owner-manager, he politely replied, "Shall we speak here or in my office?" I then found out that he was owner-manager OE, who was working alongside his workers. All owner-managers interviewed tended to share a similar notion about taking on the role of workers whenever necessary. Some of them even expressed the conviction that it was their responsibility and duty to do so. For example, an owner-manager stated, "It is my responsibility to take care of the business. I cannot behave like those wealthy owners who visit their factories only to sign the documents" (Owner-manager: OE). This could be due to the fact that most owner-managers in Tirupur had previously been workers.

To this point, this chapter has endeavoured to provide an overview of the research context, the situation of different aspects of working conditions and the dynamics of the owner-managers' role in the research context. The concluding section will attempt to reconcile the coherent inferences from the above arguments in order to provide a platform for the development of the discussions of the next two chapters, i.e. Chapters 7 and 8.

6.4 What can be Inferred from the Above Overview?

From the above overview, it can be inferred that, in the research context, the work setting is rather informal. No one, including owner-managers or workers, tends to have/follow a set of well-defined guidelines. Everyday activities are planned on an ad hoc basis. In addition, it can also be inferred that the owner-managers are the primary decision makers and that their role is multifaceted. These inferences show that the characteristics of the research context are quite similar to those already described in Chapter 3 under the label 'Characteristics of SMEs'.

What can be further inferred is that obligatory legal prescriptions do not completely determine the working conditions in the research context. A similar observation about the detachment of organisational practices from formal bureaucratic prescriptions was also the foundation for the development of institutional theory and of many other social theories that tend to warn social science researchers of the problems linked with placing overemphasis on such prescriptions. The advocates of this viewpoint, in many ways, continue to emphasise the necessity to consider many other factors and the mechanisms with which these factors construct a social phenomenon, which is basically the inspiration for the next two chapters.

However, before moving further into the empirical discussion, I would like to emphasise one more aspect of the research context that can be inferred from the above overview. That is, working conditions in the research context are too complex to be patterned or stereotyped, as some of their aspects are too intricate to be quantified. What is offered is, rather, based on surface-level observations. Neither commonalities nor differences in practices can be disregarded. One could argue that there is some evidence of commonalities between firms in the research context which could be ascribed to isomorphism; a counter argument could be that, if that were indeed the

case, every provision of every aspect of working conditions should show commonalities, given that all firms in the research context share reasonably similar environmental conditions. By arguing that the intricate differences, rather than the surface-level commonalities, should be considered, I concur with the argument of scholars such as Ang and Cummings (1997), Oliver (1991), Powell (2007), Thornton and Ocasio (2008) who assert that isomorphism is a concept that was developed and made robust by intentionally undermining variations in organisational practices. As presented in the overview, organisational practices are too complex to be categorised as being similar.

By and large, working conditions in the research context are rather varied, informal and detached from legal obligations. In addition, owner-managers are the primary decision makers, managing most everyday business operations. Still, the firms belong to a wider institutional context. These inferences may not be new, but they are what inspired me to begin this inquiry into understanding the construction of working conditions in the research context. The next two chapters are dedicated to presenting the outcomes of such inquiry.

Chapter 7
Findings: Interconnected and Competing Institutional Influences

Chapter Seven: Findings - Interconnected and Competing Institutional Influences

7.0 Introduction

From the previous chapter (Chapter 6), two inferences can be drawn about the research context. First, working conditions in the research context are relatively informal, varied and not exactly in accordance to the legal prescriptions. Second, owner-managers have a tight control over their firms' everyday activities; still, the research context is not isolated from a wide range of externalities[16]. All these inferences make the phenomena under study, i.e. working conditions in the research context, more complex to understand.

Chapters 7 (Interconnected and competing institutional influences) and 8 (The owner-managers' interpretations, responses, approaches and ways) will attempt to explain this complexity through the lens of the theoretical tool presented in Chapter 3. By and large, these chapters seek to explain the process of the construction of working conditions in the research context by demonstrating how the institutional context in which the sample SMEs are located is made up of multiple competing institutional influences of which owner-managers are a part (Chapter 7) and how owner-managers in particular, as primary decision makers, respond to the multiple complex institutional demands related to working conditions (Chapter 8). These

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[16] Here, the term 'externalities' defines something existing outside the perceived subject and should not be confused with its meaning in the field of economics.

chapters are crafted in order to (to a certain extent) follow the structure of Chapter 3 and link back to the theory.

As mentioned in Chapter 5, although these two empirical chapters are aimed at adding flesh to the skeletal theoretical framework, the final theoretical framework presented in Chapter 3 had not been completely defined before performing the data analysis. It rather evolved concurrently with the data analysis. These two empirical chapters, therefore, are not mere substantiation for the theoretical framework; rather, they try to go beyond that by demonstrating the various inferences that emerged as a result of using the theoretical framework as a tool for analysis.

The current chapter is aimed at offering a discussion of the nature of the varied range of influences identified that contribute to the construction of working conditions in the research context. In the final section, an attempt is made to round up the inferences from this discussion and link back to the theory by showing how owner-managers are faced with multiple, competing institutional demands regarding working conditions. The final section also attempts to highlight how this condition provides a scope for the owner-managers' agency to take part in that construction. By doing this, the chapter will address the second research objective of identifying the numerous influences which contribute to the construction of working conditions in the sample SMEs.

7.1 The Totality of Influences[17]

This section will attempt to offer a discussion on what and how various influences contribute to the construction of working conditions in the research context. In so doing, these influences will be presented and discussed as if they were separate and their influences could be clearly delineated. Nevertheless, such delineation is recognised as being practically impossible, because these influences are quite interrelated, and must therefore be considered in combination. It is the totality of these influences that this section aims to highlight. This notion of totality is what offers the potential leads to develop the next chapter.

Based on a systematic and detailed analysis of the data, the following influences are identified, namely; the characteristics of SMEs; the nature of the local trade unions; the conditions of the local labour-market; the nature of the knitwear manufacturing process; the characteristics of the sector; the nature of the exporters' associations; the demographical features of the context; the local attitudes; the forms of trade arrangement; the nature of the workers and the nature of the monitoring mechanisms (both obligatory and voluntary). As mentioned and only for illustrative purposes, these influences are presented as being distinct and easily separable, which is no more than an approximation, as they are in fact interrelated. The following table (Table 7.1) offers a summary of these identified influences and the way(s) in which they exercise their influence(s).

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[17] Since the next chapter is exclusively dedicated to the voices of the owner-managers, this chapter will mainly focus upon the voices of other actors in the research context. It also appears to be relevant when discussing structural and institutional influences.

What influences?	How do they influence?
The characteristics of SMEs	Informality and familyness; resource dependency
The nature of the local trade unions	Absence of worker representation: no/little trade unionism, no internal bargaining system
The local labour-market conditions	Closure of dying units, shortage of electricity; labour scarcity; shortage of skilled labour; competition for labour
The nature of the manufacturing process	Complex and sequential processes
The characteristics of the sector	Seasonal; fluctuating orders; competition for orders
The nature of the exporters' associations	Members are required to oblige
The demographic features of the context	Dominance of local language; religion; caste
The local attitudes	Word of mouth; stereotyping
The forms of trade arrangement	Intrusion of middlemen; firm size and resource availability; difference in profits; proximity from buyers
The nature of the workers	Employment status; place of origin
The monitoring mechanisms	Scarcely coercive government officials; inefficient voluntary standards
The owner-managers?	Next chapter (Chapter 8)

Table 7.1. The structural influences and the ways in which they influence working

conditions

7.1.1 The characteristics of SMEs. In general, the small and medium knitwear garment manufacturing firms in Tirupur tend to feature many characteristics peculiar to SMEs in general (as mentioned in Chapter 2); these characteristics appear to exercise a demonstrable influence on working conditions in these firms. As discussed in Chapter 2, there is an on-going scholarly debate about whether these characteristics must be considered as given or generated by external conditions. So, before moving further into the discussion, it is necessary to highlight that it is not

within the scope of this study to get involved and take a stand in such a debate. At least for the sake of the current discussion, these characteristics are considered to be a given.

As mentioned in Chapter 4, Tirupur knitwear garment manufacturing firms are usually only involved in cutting, stitching and finishing operations, which are, in general, only a part of the overall garment production process. Most of the associated production processes, such as knitting, compacting, dying, printing and embroidery, are outsourced to specialist firms within and/or outside Tirupur. So, when compared to large firms, these SMEs require or employ comparably lower numbers of workers for in-house operations, and these numbers generally range between 25 and 75, or sometimes 100, based on the need (see Chapter 5 – Participants' profiles). The number of workers in these firms is therefore not definite, but not large. This is not to imply that the SMEs in my sample are homogenous. They may be of similar size, but they differ in their forms of trade arrangement, which defines their proximity to global buyers. The various forms of trade arrangement also define the level of profit they earn and their investment and commitment toward the improvement of working conditions (see Section 7.1.9 for further discussion). The firms in my sample also differ in the composition of their workforce, which can be categorised based on the employment status and place of origin of the workers. The composition of the workforce in a firm influences, to a great extent, the way in which workers and employers perceive each other (see Section 7.1.10 for further discussion).

Further, these firms encompass numerous departments under different labels —cutting, sewing, checking and packing—which perform linked operations; however, a department is made up of no more than ten workers and a supervisor. These supervisors are also production workers and do not have any authority over

departmental operations. There is no formal structure of administration or chain of command in these firms. Here, as elsewhere, job roles are nominal and characterised by a high degree of flexibility (Spence, 2007). In turn, this informal organisational structure narrows the gap between employers and workers, thus providing a scope for workers to directly interact with their owner-managers.

With the absence of barriers, the workers can, at any time, access their owner-managers offices and discuss any issues directly with them, be they personal or professional. For instance, during the interview with the owner-manager OC, a worker came to his office and began to talk about his sister's health. The owner-manager then asked me to stop recording and began a concerned conversation with the worker. The interview process was then only resumed when the worker left the office. This feature of informal worker/owner-manager interaction was indicated by the majority of the interviewed workers. The following are some example excerpts to present some of the workers' viewpoints about their owner-managers.

> We can approach the owner at any time. We can discuss any issue with him. He listens to us… (Worker: W1)

> Our owner is friendly and fun. We can meet him at any time and for anything. (Worker: W21)

This situation of tight relationship between workers and owner-managers is similar to what Ram (2001) refers to as 'familyness'. Moreover, as these firms' facilities are not large, the workers are always under the eye of their owner-managers, who know them all by name. Except during the interviews, the owner-managers were

always outside their offices, interacting with their workers and engaging in the production process. The NGO leader descibed the essence of such a condition as follows:

> In the Tirupur SMEs, the relationship between workers and employers is akin to a familial one such as that which exists between brothers, nephews and cousins. These firms only employ a limited number of workers. The employers know all the workers and their families. The relationship between them is very polite and respectful and, at the same time, very demanding and direct. (NGO leader: NGO)

Because of the existence of such an informal setting, the majority of the issues arising within these firms is discussed and solved on an ad-hoc and daily basis, providing little or no scope for any form of intrusion from third parties such as trade unions or any other collective bargaining groups or associations in such matters.

The limited access to resources or the nature of the resource dependency is also identified as exercising an influence upon working conditions in the research context. In general, these firms have limited access to financial resources. They depend primarily on short- and long-term loans from banks and private financial institutions in order to process production orders, pay worker salaries and operate their factories uninterrupted. Moreover, as will be mentioned in Section 7.1.9, most of these firms are subcontractors to large firms and/or buying agents. This means that they largely depend on these intermediaries for production orders and, consequently, they tend to make relatively less profits. This resource dependency situation is a

major hurdle standing between them and maintaining working conditions. For example, one buying agent said:

…small factories definitely cannot afford to do these things [maintaining working conditions]. Factories with at least around 500 employees can organise in such ways, but not small factories. These people are doing business in order to make at least a 10% margin. If they didn't even make that margin, what could they really do? They have to take care of their factories and of their families too. (Buying agent: BA1)

The nature of this resource dependency was also highlighted as being one of the reasons why these firms tend to employ the same set of workers for different shifts. It was noted that these firms usually operate round the clock—day and night—when nearing their delivery deadlines. Normally, during such periods, they tend to employ the same set of workers for both day and night shifts. One reason they do this is because they do not have access to sufficient financial resources to allow them to employ more or different teams of workers for different shifts. As the CSR officer asserted "I don't think they could afford to pay if they employed more workers [for different shifts]" (CSR officer: CSR). By and large, it can be stated that the characteristics associated with SMEs, such as informality, familyness and resource dependency, tend to influence working conditions in the research context.

7.1.2 The nature of the local trade unions. Generally, the core aim of trade unions is to protect the workers' welfare by acting as their collective representatives, and to negotiate for their well-being (Venkataratnam, 2004). However, in Tirupur, the

trade unions are deemed (by the respondents) to be self-centred and politicised. As mentioned in Section 6.2.6, there are six active trade unions in Tirupur, which are all affiliated to and controlled by a different national or state level political party. In this way, all trade unions in Tirupur are rather more subsidiaries of political parties, with their own philosophies and agendas, than representative organisations for workers, thus creating a situation in which individuals who follow a particular political party will only become members of its associated trade union. Because of the existence of such differing affiliations, philosophies and agendas, workers stated that joining a union is akin to taking part in politics. This viewpoint was also shared by several other respondents in Tirupur. For example, according to the NGO leader:

…the unions are controlled by political bodies. They are all focussed on vote banking and fundraising and they always compromise on labour issues. They don't want to go against the business community. They don't want to lose their reputation with the bigwigs because they are the ones who pay them during the elections. Am I right?!...Workers need apolitical trade unions. (NGO leader: NGO)

Alongside this shared opinion about Tirupur trade unions, another common notion about union leaders was also identified among many respondents, including workers. Unanimously, many respondents described them as egocentrics, often taking advantage of worker vulnerability. For example, one worker said "I think unions are unnecessary in Tirupur... If a worker approaches a union for help, they charge that worker with solving the issue. They are more interested in what benefits they can gain from us than in what they can offer us.When we approach them for any help, the first

question they ask us is how much [money] we are willing to pay." (Worker: W8).

The above quote may be a strong statement about union leaders; nevertheless, trade union leader TU1 himself confirmed the presence of such trade unions and union leaders in Tirupur[18]. In addition, the anthropologist De Neve (2008), in his work "Global garment chains, local labour activism: New challenges to trade union and NGO activism in the Tiruppur garment cluster, South India" also reinforces the existence of such a situation of unionism in Tirupur.

Moreover, unlike large firms, the SMEs do not provide for any form of internal collective bargaining arrangements. Workers in these firms are fragmented and are left with no representation or collective voice. They have to act on their own to solve any issues. This situation could also be one of the reasons why workers in the these firms tend to discuss and solve any issues immediately and directly with their owner-managers. By and large, it can be asserted that the workers in the research context do not have proper representation in the form of trade unions or internal bargaining arrangements, so they rely more on informal problem solving mechanisms.

7.1.3 The conditions of the local labour-market. As mentioned earlier, these firms depend more on subcontracted orders than they do on direct ones. Given that there are numerous such firms in Tirupur, there is always heavy competition between them to be awarded these orders. In order not to lose out to the competition, the firms need to demonstrate that they employ enough skilled workers to produce quality

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[18] He politely asked me to switch off the recorder and also particularly demanded anonymity in this regard. Thus, his off the record comment is not included here.

garments. Currently, however, they are being challenged by local labour-market conditions.

At present, business in Tirupur is suffering because of the unreliable electric power supply and the government's closure of numerous local dying units to reduce pollution of the Noyal river. In order not to be affected by these volatile economic conditions, some local workers have already begun to relocate to other cities in search of secure jobs and better pay. As one worker said "because of these dying units and electricity problems, people have begun to move out of Tirupur. It would be really helpful if these problems were resolved soon" (Worker: W4).

Because of these labour-market conditions, firms are motivated to provide better workplaces for their workers in order to retain them. In this regard, some firms are prepared to pay higher wages and bonuses in an effort to retain their current skilled workers and also to attract more from other firms. As the CSR officer said, "demand for workers. Demand for workers… and competition. Lots of factories are emerging... You have to provide better pay if you want better workers" (CSR officer: CSR).

However, because of their resource dependent nature, not many firms are able to provide such better workplaces. For instance, as mentioned in Section 7.1.1, small and medium firms, unlike large ones, cannot afford to employ different teams of workers to cover different shifts. Besides this lack of resources, the shortage of skilled workers was also mentioned as one of the reasons for such a situation. Given that these firms do not have a dedicated human resource management department and that they tend to operate on tight deadlines, they cannot afford to invest time and money in looking for new workers to cover different shifts when there is already a scarcity of skilled workers in Tirupur. As the NGO leader stated, "…They cannot manage the

workers with an HR department, and also meet the demands of the clients …" (NGO leader: NGO).

Recruitment is informal in these firms. The social networks of friends, families and employees are used to recruit new workers (see Chapter 6, Section 6.3 for further discussion). In fact, the majority of the interviewed workers had been recruited through someone known to their owner-managers. Overall, there is a competition for skilled workers, but local labour-market conditions and the nature of the firms are not very conducive in that matter.

7.1.4 The nature of the knitwear garment manufacturing process. The manufacturing process of knitwear garments is sequential and extremely complex. Once the production order and design are received, these go to the programming section where the quantity and type of yarn needed are assessed. The knitting section then converts the yarn into fabric. The fabric then goes to the dying section where it is coloured according to the design and then is compacted for shrinkage control. Based on the styling needs, the fabric then goes to the printing and embroidery section. After that, it is taken in to the cutting section where it is cut according to the measurements. The different pieces are then stitched together in the sewing section to make it into a complete garment. The garment is then checked for quality and flaws, and finally processed and packed for delivery. Because the whole process *per se* is sequential, even a minor lag in any of the processes or a lack of coordination between processes will eventually affect the rest of the processes as in a chain reaction.

Moreover, as mentioned, only the cutting, sewing, checking and packing processes are performed in these firms; all the other production processes are subcontracted to private specialist firms. Therefore, these firms are in a relatively

more critical situation as they need to constantly maintain a high level of coordination between the different processes in order to successfully comply with the product delivery deadlines and avoid any penalties being imposed on them. As one worker said, "it is very risky. Every process is based on the others: be it fabric, sewing or tailoring. If they [the associated firms] are hit by sickness or have any other problem, the whole production will halt. We have to wait until they restart their operations. All our days are plagued by tension, you know…" (Worker: W22).

Any minor delay in any of the processes will eventually lead to a delay in delivery. In such an event and in order to compensate, the firms need to dispatch the products swiftly by plane instead of ship. Needless to say, sending goods by air is an unaffordable option for these financially deprived firms. It would also result in a substantial reduction in their profits because the invoice quote is based on surface shipping and not air freight. In order not to be hit by such mishaps, therefore, the firms tend to concentrate more on meeting delivery deadlines and quality requirements rather than on maintaining working conditions. As one of the buying agents said "…buyers sometimes do not understand the local complexities. All they care for is timely delivery and best quality… Sending by ship is the most affordable option. They cannot afford to send by air. So, these [small and medium] factories will do anything to meet these requirements…" (Buying agent: BA2).

In addition, the nature of the job(s) associated with the knitwear manufacturing process also appears to influence working conditions in the research context. For example, it was observed that the research context is adverse to the employment of disabled workers. Although the knitwear sector is not characterised by the heavy machinery and hard processes typical of heavy industry, there are many processes, such as tailoring, cutting and pressing, that require accuracy, speed and

physical coordination in the operation of the tools or machines. Such requirements do not favour workers with any form of disability. As one of the buying agents stated "…this is a field in which you need people with strong legs and hands. For stitching you need both hands and legs. Disabled people can normally be employed to perform auxiliary jobs, but not in this field…we work on deadlines… So, not many disabled people are employed" (Buying agent: BA1). Overall, from this section, it can be asserted that the complexity of the knitwear manufacturing process, coupled with resource dependency and the nature of its associated jobs have an influence upon working conditions in the research context.

7.1.5 The characteristics of the sector. All through this chapter, the characteristics peculiar to the knitwear sector and its influence upon working conditions in the research context can be seen to be intertwined with many other factors. Among these, one that deserves a special mention is the seasonal or fluctuating nature of production orders and its influence on working conditions.

Villa and Panizzolo (1996) categorise apparel fashion brands into two groups: 'programmed' and 'responsive'. Programmed brands plan their production activities stage by stage from the awarding of orders to delivery for each season. In this scenario, the delivery of the products to the shops takes several months; thus, suppliers or subcontractors are provided with sufficiently ample lead times. Consequently, in such an arrangement, the nature of the relationship between suppliers and brands is also reasonably long. On the other hand, responsive brands tend to respond instantly to changing seasonal market trends; because of this, suppliers are given relatively very short lead times. As the latter brands are extremely market-oriented, they tend to provide a large number of suppliers with short-term

contracts, and are ready to increase or decrease the number of suppliers at any time based on need.

In general, the SMEs in Tirupur supply what Villa and Panizzolo (1996) refer to as 'responsive' brands. Being part of the supply chain of such brands and being dependent upon intermediaries, such as large exporters or buying agents, these firms are constantly faced with unpredictability in terms of production orders. Sometimes they are flooded with large amounts of orders and sometimes they receive none or very few. This fluctuation and unpredictability reflects on the irregular patterns of working hours normally followed in these firms. As one of the buying agents mentioned, "…actually, the firms I source from are trying to make it [regular working hours] possible. They would really like to. But, you know, you can't really tell until you take your seat and start your day" (Buying agents: BA2).

Such fluctuation and unpredictability can also be linked to the workers' keenness to work overtime. Fluctuation in the amount of orders results in fluctuation in the amount of work, and fluctuation in the amount of work means fluctuation in worker earnings. Thus, the earnings of the employees of these firms are not definite. Therefore, in order to counter the fluctuation in their earnings, workers tend to work more during the amount of order peaks and less during low order periods.

Moreover, such fluctuation in earnings was also quoted as one of the reasons why some workers tend to frequently transfer between firms. It was noted that some workers show a tendency not to work long-term for the same firm; they gave their reason for doing this as ensuring some level of continuity in their earnings. For example, one worker said that "…if we don't like the work, we inform the owner directly. There are plenty of companies in Tirupur where workers are needed... We

work for them and they pay for the work; that's it… We need to earn in order to live. We are not slaves to anyone" (Worker: W3).

7.1.6 The exporters' associations. The Tirupur knitwear sector is associated with numerous knitwear exporters' associations, namely; the Tirupur Exporters' Association (TEA), the Tirupur Exporters and Manufacturers Association (TEAMA), the Southern India Mills Association (SIMA) and the Apparel Export Promotion Council (APEC). These associations act as representatives for exporters and are involved in negotiations or discussions with the government, the workers, the workers' representatives, the trade unions or any other stakeholders in order to formulate and legitimise localised expectations in terms of working conditions and commerce.

Nevertheless, membership of these associations is on a voluntary basis. Owner-managers are not obliged in any way to become members; however, those who are, must implement the decisions made by such associations in order to retain their membership. For example, when asked about the process of developing the wage system, trade union leader TU1 stated "we spoke to them [the exporters' associations] in 2010 regarding the improvement of the wage system… finally these associations agreed to our requests and implemented them by talking to their members… Now, the owners have to comply" (Trade union leader: TU1). This shows that export associations do play a role in constructing working conditions in the research context; still, their role is restricted to their associated firms or owner-managers. Non-members are not obliged to comply with any of their decisions.

7.1.7 The demographic features. Chapter 4 offered an overview of the demographical features of Tirupur. Out of many demographical features, the influence of 'language' on working conditions, however, is the most apparent in the research context. India, as a federal country, is made up of 28 states and seven union territories. India does not have a national language. Hindi is the official language in the majority of the states—but by no means in all—and English is the second official language throughout India. According to the Constitution of India, eighth schedule, articles 344 (1) and 351, at present, there are 22 official regional languages in India. According to the Constitution, the individual states, whose borders are mostly drawn following socio-linguistic lines, are free to decide which language to adopt for internal administration and education. Accordingly, the state of Tamil Nadu has constitutionalised Tamil as its main communication language and English as its official one. Tirupur, being located in the state of Tamil Nadu, also shares the same main and official languages.

Because Tamil is the primary communication language among the inhabitants of Tirupur, most firms are against employing workers from North India. The latter speak Hindi and are not familiar with Tamil, just like workers and owner-managers from Tamil Nadu are not familiar with Hindi. This makes it hard for owner-managers and workers from Tamil Nadu to converse and collaborate their North India counterparts. As one local worker stated, "…they [the workers from North India] do not speak Tamil. We communicate with them by using hand and facial gestures. It is hard to communicate… but they are learning, and soon they will be okay" (Worker: W20). Also, one of the trade union leaders stated, "it is really difficult to communicate if a worker does not speak Tamil" (Trade union leader: TU1).

However, this may not be inferred to be a generalised act of discrimination against inter-state migrant workers (although this could be considered to be indirect discrimination based upon language), because this is not the case with workers from Kerala[19], whose main language is Malayalam. The firms in Tirupur do not hesitate to employ workers from the state of Kerala as they are fluent in Tamil. For many decades ago, workers from Kerala have been migrating to Tirupur and Coimbatore in search of jobs. The economical dynamism of Tirupur and Coimbatore coupled with geographical proximity provided a scope for such migration.

As they have been living in Tirupur for decades, they tend to share a similar culture and are able to communicate fluently in Tamil. In fact, some of the interviewed workers and owner-managers are from Kerala (see Table 5.3). Thus, any bias is mostly based on language rather than any other demographical features. Such bias with regard to language thus complements Marlow and Patton's (2002) argument that highlights how extremely important effective communication is for SMEs' everyday business activities.

The influence of other demographical features, such as religion and caste, can also be seen in the research context, but at very low levels. As mentioned in Chapter 4, 'Hindus' represent nearly 90% of the population in Tirupur, and the majority of them belong to a community called 'Gounder'. Hence, naturally, the majority of the workers in the firms are 'Hindus' belonging to the 'Gounder' community. These demographic features of Tirupur could therefore offer an interpretation for the virtual non-existence of discrimination based upon religion and caste in the research context. Nevertheless, discrimination based upon such attributes cannot be disregarded.

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[19] Kerala is one of the neighbour states that share its border with the state of Tamil Nadu.

7.1.8 The local attitudes. The data shows that numerous local attitudes regarding aspects of working conditions and gender appear to exist in the research context. This section will attempt to present a discussion on how these prevailing local attitudes influence working conditions in the research context.

One of the prevailing attitudes among workers and many other respondents is about the functionality of the social security schemes. Various respondents in the research context believe that social security schemes are dysfunctional and that workers do not receive the social security benefits to which they are entitled. However, during the fieldwork, it emerged that the majority of the respondents who criticise these schemes do not have any real experience with either their functionality or benefits. It appears that this negative impression is brought about through word of mouth rather than by experience. The following excerpt from an interview with a worker will illustrate this viewpoint:

Interviewer: What do you think about the ESI facilities?

Respondent: I don't think ESI hospitals have enough facilities. Maintenance is not good.

Interviewer: Have you ever visited an ESI hospital?

Respondent: No. I have not been to an ESI hospital at all.

Interviewer: Then how do you know that they don't have enough facilities?

Respondent: Through people I know.

(Worker: W 26)

Contrastingly, the recipients of these schemes appear to have positive notions about them. They do not completely deny the existence of complexities and

inefficiencies associated with them, but they tend to view them as helpful and place an emphasis on their positive aspects. Supportively, many other respondents also tend to share a viewpoint of such schemes being necessary and beneficial to empower workers, especially those working in seasonal industrial sectors. As trade union leader TU2 stated:

> The ESI is ready to do its assigned job. It has tie-ups with big hospitals in and around Tirupur. It is even planning to open a multi-speciality hospital in Tirupur. But the workers are not aware of its benefits. They are not even ready to become aware. The workers in Tirupur need such schemes for their own security. (Trade union leader: TU2)

Another prevailing local attitude concerns the relative effectiveness or efficiency of male and female workers. There is a mixture of attitudes about male and female workers in the research context. One attitude is that female workers are only capable of and/or prefer to do lighter jobs. For example, one worker said, "…men do the hard work. Even if you give them very hard work, they will do it easily. But, women just do light work. They cannot do harder jobs" (Worker: W26).

Contrastingly, many others argue that female workers are capable of doing any kind of work, be it hard or light. For example, based on his experience with female workers, worker W1 asserted that female workers are equally skilful and are capable of doing any job their male counterparts can. He said, "In fact, we had a female tailor who worked just as hard as or even harder than her male colleagues. Women need to have self-confidence and faith in themselves…" (Worker: W1).

Further, as mentioned in Chapter 6, only female workers are employed in the checking departments in the research context. Checking is one of the jobs that requires less training, and belongs to one of the lowest paid job categories. While some actors claim 'lighter work' to be the reason behind such a pattern of employment, many others do not have any definite notion. For them, it is a trend which has been taken for granted for a long time in Tirupur. For example, when asked about it, some workers said:

When it comes to checking, it is only ladies. It has been like this since the beginning… (Worker: W12)

…both [male and female workers] are doing [checking] in large units. But when you take small units, only female workers are employed in the checking department. It has been like this since the beginning of knitwear production in Tirupur… (Worker: W19)

Another prevailing attitude maintains that male workers are more productive than female ones. According to some respondents, female workers tend to be slow in their activities and therefore their productivity is low compared to that of their male counterparts. Conversely, according to other respondents, female workers are more efficient than male workers in complying with time constraints. For example, according to one of the buying agents "Male workers always waste their working time doing unnecessary things like smoking and so on; whereas female workers do not leave their work place until they have finished their assigned work" (Buying agent:

BA2). By and large, it appears that some prevailing dominant attitudes or shared understandings influence the working conditions in the research context.

7.1.9 Forms of trade arrangement. Based on the interview data, it is apparent that the small and medium knitwear garment manufacturing firms in Tirupur can be categorised into three types based upon the way in which they carry out their trade activities: a) through merchandising or job-order (as it is called in the research context), b) through buying agents, and 3) (rarely) through direct contact with buyers. These forms are described before moving on to discuss how they influence working conditions.

Merchandising or job-order[20] is one of the forms taken by the subcontracted garment manufacturing process; the production orders are at first procured in bulk by large exporters. These bulk orders are then broken up in several small batches. These are then processed through many small and medium subcontractors. Finally, the processed products are exported or delivered by the subcontracting firms that processed these orders or by the large exporters who are responsible for the procurement.

In general, the small and medium merchandising firms are involved in the processing of small quantities of production orders and are located at the bottom of

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[20] It is also necessary to highlight that there is a subtle difference between merchandising and job order firms. In merchandising, subcontractors are provided with the necessary knitted and processed fabrics based upon the order requirements, whereas, in job order, subcontractors are only awarded the orders, which they themselves need to process from raw materials to packing.

the supply chain. Predominantly, the large exporters are the tangible customers of these firms, who are not even aware of the final buyers and of their expectations. Also, the large exporting firms tend not to explicitly declare most of these merchandising or job order firms to their customers—i.e. the global buyers—in order to protect themselves from penalisations. As the CSR officer stated "…these firms are de facto hidden in the supply chain, and it is impossible to monitor what is happening at these levels" (CSR officer: CSR).

The primary difference between merchandising firms and those that are involved in trade through buying agents is that the latter act as subcontractors to middlemen known as 'buying agents' (locally referred to as 'buying offices' or 'buyer offices') instead of large exporters. Buying agents adopt the role of brokers and mediate between the international buyers and the local manufacturing firms in Tirupur. As mediators, the buying agents provide many services to both the international buyers and the local suppliers. One of the buying agents described his role as follows:

> …buyers place their orders to us and, through us, they are awarded to the suppliers. We source fabrics and accessories for our existing suppliers. We mediate everything, including the payments. We also provide services such as quality control, sourcing new fabrics, sourcing new prints, accessories and so on. When the order is placed, we take care of all of the approval procedures, inline inspections, testing and final inspections until the customers accept the goods. We are the eyes of our customers. (Buying agent: BA1)

Moreover, these firms are comparably larger than those that are involved in trade through job-orders/merchandising. Although these firms trade through buying agents, i.e. intermediaries, they appear to be aware of their buyers and of their expectations.

Before moving further into the discussion, it is necessary to highlight that small and medium firms in Tirupur rarely trade directly with international buyers. Therefore, there is no need to discuss the third form of trade arrangement in detail within the scope of this study. The rest of the section will attempt to provide a discussion on how the different forms of trade arrangements influence working conditions.

In general, working conditions are better in the firms that trade through buying agents than they are in those that trade through mechanising or job-orders. There are three reasons for this. The first is that the latter category of firms sees lower profits compared to those belonging to the former category. Such a disparity eventually results in a difference in the level of investment in maintaining working conditions. For example, those firms that do not have social security coverage for any of their workers belong to the merchandising/job order form of trade. These firms are smaller and financially insecure as they can count on very limited profits and, thus, cannot really cover social security payments, as stated by trade union leader TU1. He said, "…when companies practise job order or merchandising, they do not make high profits because the overall profit is shared between many… Thus, ESI, PF and everything else are not available in job order/merchandising small companies" (Trade union leader: TU1). The CSR officer (CSR) also testified to the existence of this situation in job order/merchandising firms and expressed his frustration by stating that:

…I have visited nearly 18 such [job order/merchandising] factories within the scope of our normal business along the supply chain. Nowadays, I have to admit that I'm losing faith. I started full of hope that I could bring about a change at the ground level. But when I see these factories… the owners do not even have medical insurance for themselves; how can they pay for their workers? (CSR officer: CSR)

Because they earn lower profits, these firms tend to bite off more than they can chew in order to realise higher profits, which results in their failure in meeting expectations in terms of working conditions. As the CSR officer stated:

If you have 50 machines and book orders for 100 machines, you obviously have to work day and night. They should not be this greedy… There was one supplier I remember. During 2010 he took orders for his projected factories (laughing). There were no machines, no buildings and no personnel. He set up the machines and buildings in a week, but he could not find the workers. Eventually, he had to cancel the orders… (CSR officer: CSR)

The second reason is that although both categories of firms trade through intermediaries, the firms that operate through buying agents appear to be closer to the international buyers. As pointed out earlier, job-order or merchandising firms are located at the bottom of the supply chain and are not even aware of their international buyers and vice versa. These firms do not have any form of contact with the international buyers. In fact, they are not even exposed to international buyers, which, in turn, give them leeway to avoid any form of scrutiny.

The third reason is that merchandising or job-order firms experience more pressure when compared to those of the other categories. Their comparative financial vulnerability and small size appear to put more pressure on them. It appears that their main concern is to meet deadlines and quality requirements. For instance, when asked about the lack of in-house first-aid facilities, one of the workers of a job-order or merchandising firm said "…that is how our work is. We have a heavy workload and cannot set them up. We do not have the time to set them up" (Worker: W26).

From the very first impression, these firms look like dungeons, with little ventilation, low lighting and only one exit. In some cases, the conditions are bad to the extent that workers are not even provided with proper toilets. Confirming this, the CSR officer said, "…some of them [job-order or merchandising firms] do not even have toilets… 50 people will be sharing one toilet and it will be locked for the owner's sole use (laughing). These things usually happen." (CSR officer: CSR). On the whole, the different forms of trade arrangements tend to influence working conditions in the research context by creating a difference in profits, by defining the proximity to international buyers and by defining the levels of pressure being imposed.

7.1.10 The nature of the workers. The interview data shows that SMEs in Tirupur employ a wide range of worker types and that these can be broadly categorised based on a) employment status and b) place of origin. These two categories can be further split into many sub-categories (Figure 7.1). The remainder of the section will provide a discussion on the link between worker categories and working conditions in the research context.
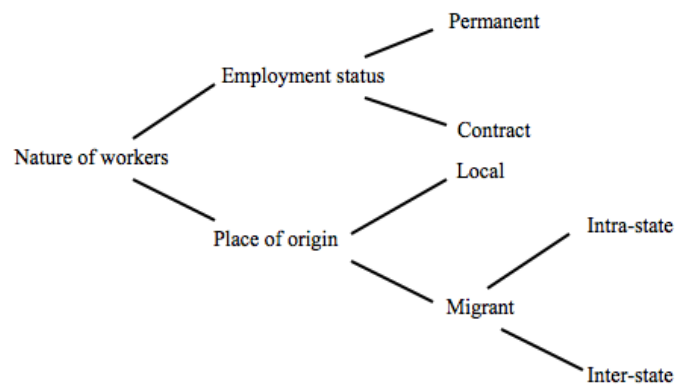
Figure 7.1. The different types of workers in the research context

7.1.10.1 Employment status. The employment status of the workers in the research context can be categorised into two types: permanent and contract (Figure 7.1). Contract workers are not bound to a specific firm. They work in more than one firm at the same time. Their workload is also not constant. They are contracted to be paid based on the number of garments or fabric pieces they process during the contracted period. In fact, these contract workers are not even formally employed by contractors. A group of family members, long-term friends or co-workers get together to form a group and perform contract-based work in small and medium firms. For example, a contract worker said, "…there are 5 members in our group. We work together and share the earnings… we all knew each other when we were working in the same company. I suggested this to them, they agreed and said they would like to be part of the group. Since then, we have been working like this" (Worker: W25).

As contract workers are not bound to any firm, they hold an apathetic attitude towards the working conditions and/or the firms. They tend not to have any expectations. They also appear to be disassociated from their firms and owner-managers. As one contract worker stated:

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…if you are working permanently in a firm, then you can ask whatever you want. But we work here for a month, and the next month we will be working in some other factory; so we cannot associate ourselves with any firm. This is our situation. The fact is, even if we did ask, the owners would not care about us. Hence, asking is a waste of time. (Worker: W25)

These workers are more concerned about their own earnings. In fact, these workers quoted 'higher earnings' as the foremost reason for becoming contract workers. Moreover, they are ready to work at any time because their earnings are based on the amount of work they do (to be specific, the number of pieces). Therefore, they do not hesitate to work even on holidays. In fact, they do not even have the time limitations the permanent workers do. For them, the working day ends only when the work is done. For example, one contract worker said, "there are no holidays at all. We do not have Diwali, Pongal or any other government holidays. We take our holidays when we don't have work. If we took a day off, we would lose our salary…" (Worker: W20).

Conversely, permanent workers are bound to a particular firm. They work continuously for a firm for a certain period of time. These workers are paid on a shift basis, that is, for a number of weekly work shifts. Although, these workers are permanent and are associated to a firm for long periods of time, not all of them shares share the same opinions about their firms and/or working conditions. Some expressed their close association by stating that they would be ready to do anything for their firms and/or owner-managers. For example, when asked about working overtime, one of the workers said "Of course, we are here to work for them. There is nothing wrong in helping them during a crisis. In fact, it is good for both of us…" (Worker: W10).

On the other hand, other permanent workers showed a detached attitude with regards to their firms and owner-managers. These workers do not like to be associated with their firms and/or owner-managers. Also, they do not want to work for the same firm for long, and are ready to move to a different firm at any time. For example, one of the permanent workers said that:

If we don't like the work, we will state directly that we are not willing to work for such and such company. There are plenty of companies in Tirupur that need workers. So, even if I leave one company, I can easily get a job in another…we are not slaves to them. We work for them and they pay for it, that's all… (Worker: W3)

7.1.10.2 Place of origin. Based on their place of origin, the workers in the research context can be categorised into local or migrant. Migrant workers can be further categorised into inter-state and intra-state (Figure 7.1). As mentioned, contemporary Tirupur is a culturally diverse city. Its prosperity continues to attract huge numbers of both inter-state and intra-state migrant workers from different parts of the country. Although Tirupur welcomes migrant workers, these show a relatively more detached attitude towards working conditions compared to that of local workers.

Migrant workers appear to associate themselves more with their native place than Tirupur, because the only motive behind their migration is to get a job and earn a better living, which their native place could not provide. Upon this basis, they are quite prepared to work for anyone and under any conditions. For example, worker W4, an intra-state migrant worker, is from Udumalpet, Tamil Nadu, which is about 50 miles from Tirupur. He has been working in Tirupur since 1990 but his family still

lives in Udumalpet. When asked about the reason behind his migration, he said, "we get a good salary in Tirupur, and we get continous work, so I came here… The situation here is better than it is at home…If I made too many demands, I would have to go back" (Worker: W4).

Moreover, when compared to other migrant workers, those from North India (inter-state migrants) are comparatively more passive. They appear to be ready to do any kind of hard work under any conditions for two reasons. The first reason is their 'language'. They lack fluency in the local language (as mentioned in Section 7.1.7) and, because of this, firms in Tirupur are rather hesitant to employ them. As a result, they feel vulnerable and end up accepting any kind of work setting. The second reason is their 'economic condition'. People from North India began to migrate to Tirupur because of starvation in their native regions. As they are escaping from such a situation, they are not reluctant to accept any available option to survive. As one of the buying agents stated "…the reason they [workers from North India] come here is starvation. Those who cannot even afford to buy food come here. As they come here from that kind of situation, they are more hardworking and more involved than local workers" (Buying agent: BA2).

Furthermore, similar to other migrant workers, workers from North India also do not associate themselves with Tirupur, their firms or owner-managers. As one of the trade union leaders stated:

…nearing the delivery time, when the boxes have to be shipped, our local workers will stay as long as they can and work to help avoid the need for air shipping. But the workers from other states, such as Karnataka, Bihar and Orissa and so on, do not care at all. They do not even think of helping us.

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They work like buffalos [an expression that means to work hard] and then leave. (Trade union leader: TU2)

By and large and to a certain extent, employment statuses and places of origin appear to influence how workers view their firms and owner-managers, and their expectations regarding working conditions.

7.1.11 The monitoring mechanisms. [21]The monitoring mechanisms relevant to the research context can be categorised into: one, the obligatory Indian labour regulatory mechanisms—i.e., Indian and state of Tamil Nadu labour laws—and, two, buyer imposed voluntary governance mechanisms – i.e. social standards or codes of conduct (Figure 7.2).

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[21] This section is deliberately presented at the end to signify that these standards, regulations or conventions should not be seen as central to the construction of working conditions in the research context; and to show that it would be myopic to emphasise these monitoring mechanisms in the research on working conditions in small and medium firms that are part of global supply chains.
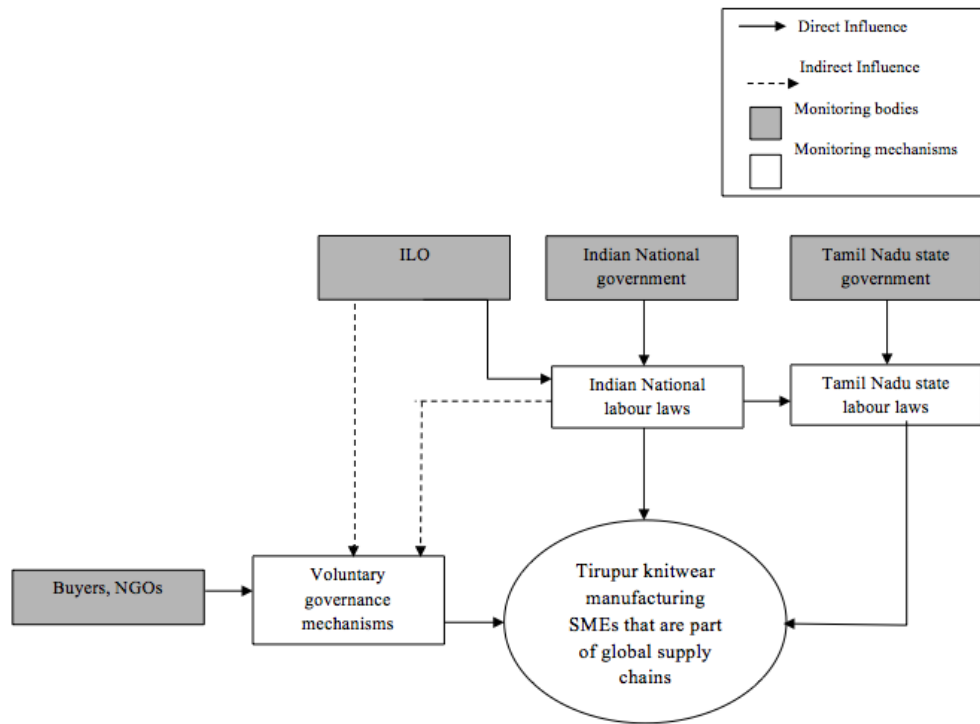
Figure 7.2. Monitoring bodies and mechanisms

7.1.11.1 Obligatory labour regulatory mechanisms. India is a founding member of the ILO and has been a permanent member of the ILO governing body since 1922. Up to now, India has ratified 41 ILO conventions[22]. However, these ratifications cover only four out of eight fundamental ILO conventions. The ILO does not prescribe standards in detail. Standards are formally directed through national regulatory systems. The ILO monitors only the conditions of ratified standards. The

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[22] The details of the ratified conventions are available under the Indian section of the ILO's NATLEX country profiles.

http://www.ilo.org/dyn/natlex/country_profiles.basic?p_lang=en&p_country=IND

following table (Table 7.2) provides a list of ratified conventions with respect to the garment sector.

Issues related to working conditions	Ratified ILO conventions
Working hours	C014: Weekly Rest (Industry) Convention, 1921 (11.05.1923) P089: Protocol to the Night Work (Women) Convention (Revised), 1948 (21.11.2003)
Wages	None
Equality of opportunity and treatment	C100: Equal Remuneration Convention, 1951 (25.09.1958) C111: Discrimination (Employment and Occupation) Convention, 1958 (03.06.1960)
Health and safety	C174: Prevention of Major Industrial Accidents Convention, 1993 (06.06.2008)
Freedom of association and collective bargaining	None
Social security	None

Table 7.2. ILO conventions ratified by India

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                    ┌─────────────────────────┐
                    │ Chief inspector of factories │
                    └─────────────────────────┘
                                │
                ┌───────────────────────────────────┐
                │ State-level deputy chief inspector of factories │
                │      (The state of Tamil Nadu)      │
                └───────────────────────────────────┘
                                │
                ┌───────────────────────────────────┐
                │ Regional-level deputy chief inspector of factories │
                │            (Coimbatore)             │
                └───────────────────────────────────┘
                                │
                ┌───────────────────────────────────┐
                │  Area-level deputy chief inspector of factories  │
                │             (Tirupur)              │
                └───────────────────────────────────┘
```
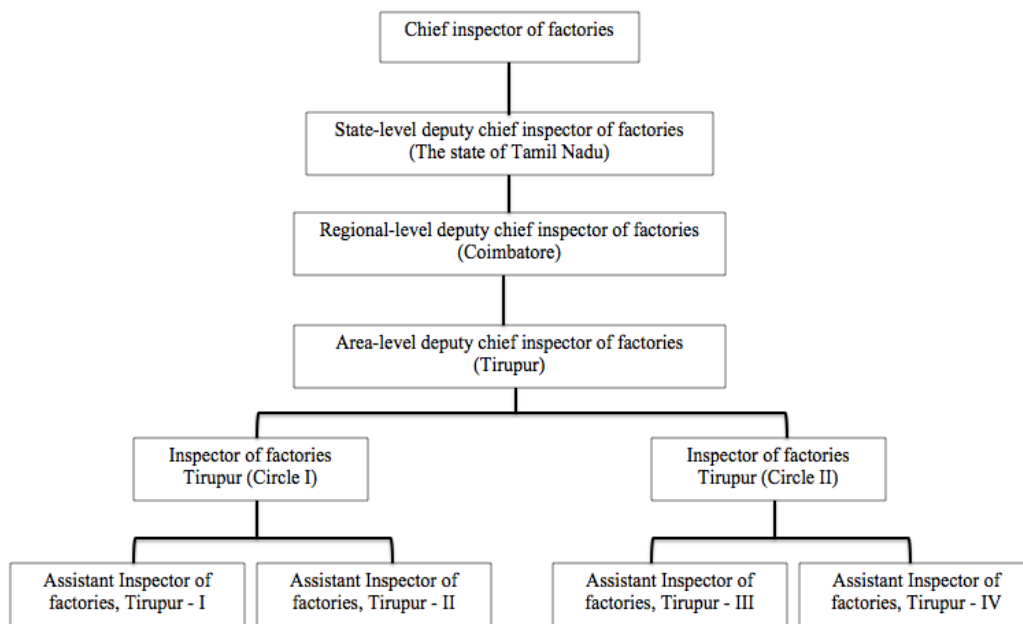

Figure 7.3. Different levels of labour inspectors with respect to Tirupur

India has a massive and coercive legal or regulatory framework to address the diverse aspects pertaining to the welfare of workers (Prasad, 2008) (see, Appendix four for the list of regulations). As a federal democratic country, India enacts and enforces this framework through federal and state laws governed by the federal or state governments or both. The sum of these laws totals more than one hundred. It is through the various provisions of these laws that the 41 ratified ILO conventions are implemented. Amidst this huge amount of legal instruments, those relevant to the research context are 26 Indian federal laws and 4 Tamil Nadu state laws.

Labour regulations, in general, are expected to benefit workers through regulated working hours and holidays, humane conditions of work places, assured and timely wages, prevention from discrimination, forms of social security, job security, medical care, compensations for accidents, social security for the worker's family, right to freedom of association and collective bargaining. Employers should confirm

the appropriate regulations and ensure that their workers enjoy the appropriate benefits. Violation of any applicable regulation or provision of the regulations entails coercive penalties in the form of imprisonment or monetary fines or both [23]. To monitor the labour regulatory framework, the Indian government has appointed officials at different levels. These can be seen in Figure 7.3. With respect to Tirupur, a deputy chief inspector, two inspectors, and four assistant inspectors are entrusted with monitoring working conditions.

Despite the clearly defined labour regulations or laws, sanctions and punishments, and that many government officials or inspectors appointed to monitor these regulations, some respondents in the field still felt the regulatory system to be impractical and complex. For example, the CSR officer stated that "…they [the government] should see whether things are possible or not in practice … they have not set parameters that are practicable. I would say that the parameters are not practical at all" (CSR officer: CSR).

Further, unanimously, none of the interviewed actors—including workers, the CSR officer, buying agents, owner-managers, trade union leaders and the NGO leader—mentioned any pressure by government/officials with regard to working conditions. For example, when asked about the need to obtain permission from the inspectors for a factory to operate on Sundays, one of the workers said "there is no need for that and all (laughing). Actually, you should, but no one here does" (Worker: W24).

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[23] The values of monetary fines and the lengths of the periods of imprisonment vary depending upon the type of regulations and degree of violation. Details of these are available in the Government of India's official descriptions of regulations.

Virtually no respondent expressed a positive opinion of local government authorities. Some respondents even explicitly stated that government officials in Tirupur are corrupt and do not take working conditions in SMEs seriously. For example, the NGO leader said:

…they [the government officials] keep well away from enforcing standards of labour welfare and they particularly care very little about small and medium firms. They do not even investigate to prove anything. All they do is squeeze the owner just to get money and, once they get what they want, they leave… (NGO leader: NGO)

Respondents gave two reasons for government officials tending not to pressurise these firms. First, those government officials know that these firms make little profit and are not in any shape to provide working conditions up to standards (see Section 7.1.1 for more discussion on resource dependency). Second, that the workers in these firms themselves are not interested in having working conditions up to standards. On the whole, as scholars such as Jesim (2008), Hensman and Korgaokar (2009) and Papola, Mehta, & Abraham (2008) argue, there are many gaps in the Indian labour laws. These gaps provide scope for these firms to avoid sanctions. It appears that only the small segment of workers employed by relatively larger establishments benefit from the regulatory measures.

7.1.11.2 Buyer imposed voluntary governance mechanisms. As mentioned in Chapter 2, these mechanisms are in general "voluntary self-regulatory tools that are applicable to specific firms, or groups of firms, and thus certain groups of workers at

certain times" (Pearson & Seyfang, 2001, pp. 49-50). These features set them apart from norms such as the ILO conventions or specific legal obligations that are binding for countries or regions (Gilbert et al., 2010).

There are two types of voluntary governance mechanisms: codes of conduct and social standards. Codes of conduct are "written documents which attempt to state the major philosophical principles and articulate the values embraced by the organisations" (Stevens, 2008). They identify ethical parameters (Stevens, 2008), they define the responsibilities of the organisations and the expected conduct of the employees (Kaptein & Schwartz, 2008) and they act as instruments to enhance the social responsibility of organisations (Adam & Rachman-Moore, 2004). These codes are defined by the organisations themselves. Brands like Nike, Gap, and Adidas have their own corporate codes of conduct. Conversely, social standards are defined by non-business actors or third parties, and include multi-stakeholders in the whole process of their formulation, implementation and maintenance (Rasche, 2010). They are "voluntary predefined rules, procedures and methods to systematically assess, measure, audit and/or communicate the social and environmental behaviour and/or performance of firms" (Gilbert et al., 2010, p. 24).

Examples of social standards setting organisations are: Social Accountability International (SAI); the Fair Labour Association (FLA); the Workers' Rights Consortium (WRC); the Clean Clothes Campaign (CCC); the Ethical Trading Initiative (ETI), the Waste and Resources Action Programme (WRAP); the Business Social Compliance Initiative (BSCI), the Supplier Ethical Data Exchange (Sedex) and the Fair Wear Foundation (FWF). Most of the standards set by these agencies are based on the ILO conventions and converge towards a common intent of labour

welfare. Nevertheless, they diverge in terms of procedures for auditing, certification and reporting (O'Rourke, 2003; Rasche, 2010; Stigzelius & Mark-Herbert, 2009).

Some SMEs in Tirupur are certified by organisations such as WRAP, BSCI and Sedex (see, Table 5.3). Two reasons for obtaining such certifications were quoted: 'pressure from buyers' and 'more business opportunities'. No one quoted 'better working conditions' as a reason. Although these firms are certified with such standards, they appear not to be placed under any pressure by buyers with respect to maintaining standards of social security, working hours, wages, equality of opportunity, and freedom of association and collective bargaining.

Nevertheless, conditions of occupational health and safety practices appear to be better in firms that are certified. In fact, many respondents quoted social standards and their associated training sessions as reasons for having an adequate knowledge of standardised health and safety practices. For example, one of the workers said, "yes, as I said, we have obtained the BSCI certification. We have been given training on health and safety practices for BSCI auditing purposes. Most of us know what we are supposed to do during emergency situations" (Worker: W9).

In general, however, most respondents stated that social standards are inefficient. For example, trade union leader TU2 criticised the credibility of such standards because of their dependence on documents rather than everyday observations. He also affirmed that these documents can be easily doctored in Tirupur. According to him, "the records are fabricated and, as social compliance auditing is based on such fabricated records, it becomes ineffective" (Trade Union leader: TU2). The NGO leader also shared a similar opinion about social standards; according to him, "the documents can be easily bought. These standards cannot be

effective until they [the social auditors] start monitoring them [the firms] on a daily basis, which is, however, impossible." (NGO leader: NGO).

The following is one instance that substantiates these social standards being ineffective in the research context. Owner-manager OD's firm is BSCI certified. However, this firm was operating even on the national holiday called 'Ugadi' (also known as Telugu New Year day). In fact, the interview with owner-manager OD was conducted on that particular day.

7.2 What can be Inferred from the Discussion so far?

To this point, the discussion has attempted to explain and illustrate which structural aspects influence working conditions in the research context and how. The following section will attempt to extract coherent inferences from the discussion to indicate the nature of the institutional environment in which SMEs in Tirupur operate, and to indicate the scope for the owner-managers' agency in the construction of working conditions, thus setting up a platform for further investigation of the construction of working conditions.

7.2.1 Institutional mechanisms, the interconnectedness of competing institutional influences and the scope for owner-manager agency. From the discussion, it can be inferred that working conditions in the research context are affected by identified influences through regulative, normative and cultural-cognitive mechanisms of institutional order. To illustrate these mechanisms, a table (Table 7.3) was generated using Scott's (2008) conceptualisation of institutional elements (presented in Table 3.4). While generating the table (Table 7.3), an attempt was made to bring together and indicate how different regulative mechanisms such as rules, laws

and sanctions, normative mechanisms such as certification, membership, obligations and accreditation, and cognitive mechanisms such as common beliefs, shared logic of action and shared understanding tend to influence the construction of working conditions in the research context.

What influences?	How do they influence?	Institutional mechanisms
The characteristics of SMEs	Informality and familyness; resource dependency	Shared logic of informality between owner-managers and workers; agreement with dependants
The nature of local trade unions	Absence of worker representation: no/less trade unionism, no internal bargaining system	Common belief about unions and union leaders; no coercion through collective representation
The local labour-market conditions	Closure of dying units, shortage of electricity; Labour scarcity; shortage of skilled labour; competition for labour	Requirements for trade sanctions by buyers and intermediaries; shared understanding about economic situation in Tirupur
The nature of the manufacturing process	Complex and sequential process	Penalty for delay in delivery; Shared understanding about disabled workers
The characteristics of the sector	Seasonal; fluctuating orders; competition for orders	Coerced by the uncontrollable seasonal fluctuation
The nature of exporters' associations	Members are required to oblige	Membership obligations
The demographical features of the context	Dominance of local language; religion; caste	Coerced by local language; taken-for-grantedness of religion and caste
The local Attitudes	Word of mouth; stereotyping	Common beliefs about gender and available facilities; taken-for-grantedness
The forms of trade arrangements	Intrusion of middlemen; firm size and resource availability; difference in profits; proximity from buyers	Obligations towards trade sanctions; distance from the powerhouse
The nature of workers	Employment status; place of origin	Obligation towards firm or employer; Shared understanding about native place and working place.
The monitoring mechanisms	Less coercive government officials; inefficient voluntary standards	No penalties for disobeying laws; coerced to include standards still, no demonstrable difference because of normative obligations towards standards.
The owner-managers?	Next chapter (Chapter 8)	Next chapter (Chapter 8)

Table 7.3. Institutional mechanisms influencing working conditions

From the above table, it can inferred that working conditions are not just affected by the presence of specific influences; rather, they are also affected by the absence or limitation of others—for example, the absence of coercive collective worker representation, the weakness in the implementation of Indian labour laws, buyers focusing on trade related obligations over the implementation of standards. This also shows that the institutional elements are not always constraining. They do not only use coercion as the means to influence working conditions. It is, rather, a complex mixture; to be specific, an amalgamation of the different mechanisms that the institutional elements use in order to influence working conditions. This is why the term 'institutional influence' is used throughout the study instead of the more commonly used 'institutional pressure'. These considerations thus reinforce Scott's (2008) observation mentioned in Chapter 3:

…in most empirically observed institutional forms, we observe not one, single element at work, but varying combinations of elements. In stable systems, we observe practices that persist and are reinforced because they are taken for granted, normatively endorsed, and backed by authorized powers. (p. 62)

Further, while presenting the discussion in Section 7.1, it was also seen that there are numerous overlaps between identified factors, and that it is rather difficult to define the influence of one factor when excluding the influence of others. As mentioned earlier, these factors are presented as if they were separate for mere illustrative purposes. This observation may also raise a question about the possibility of defining the institutional mechanisms through which these factors influence working conditions.

Perhaps the table (Table 7.3) in itself provides an answer to this question. From the table, it can be inferred that the institutional environment is composed of numerous overlapping, contradictory or competing institutional demands. Rather than operating in a constraining and exogenous manner, the institutional environment appears to be relatively indistinct and controversial, providing ambiguous and competing prescriptions towards maintaining working conditions. When they are embedded in such an ambiguous environment, organisations cannot easily conform to what is expected of them (DiMaggio & Powell, 1983; Palmer & Biggart, 2002; Tolbert & Zucker, 1983). Two reasons can be given for the existence of such a condition. First, an ambiguous institutional environment leaves organisations in a situation in which they may not be clear about what is expected of them. Second, complying with one set of demands may put organisations in a position in which they would have to confront another contending set of demands (Pfeffer & Salancik, 1978).

By providing owner-managers with the awareness of alternative possibilities, these contending institutional demands may generate a situation in which they can look after their own interests. This observation is in line with Greenwood, Diaz, Li, and Lorente (2010), Strang and Sine (2002) and Tracey, Phillips, and Jarvis (2011) who argue that competing institutional demands create a misalignment in the social order, and that this misalignment, in turn, generates scope for dominant decision makers to exercise an influence.

Therefore, given that owner-managers are the primary decision makers and play numerous vital roles in their firms (Chapter 6 Section 6.3), it would be myopic to ignore their role in the construction of working conditions. Overall, by arguing that both the institutional context and owner-manager agency influence working

conditions in the research context, as mentioned in Chapter 2, this study aligns itself with the arguments put forth by experts such as Barret and Rainnie (2002), Ram and Edwards (2003), Arrowsmith et al. (2003), Edwards et al. (2006) and Harney and Dundon (2006).

Nevertheless, the role of owner-manager agency, and specifically that of developing countries owner-manager agency in constructing working conditions is underexplored in previous studies. As Ram and Edwards (2003) state, it is necessary to realise that the consideration of institutional influences on working conditions is important, and equally important is how owner-managers, as dominant decision-makers, interpret and respond to these influences. The next chapter is completely dedicated to the exploration of these underexplored dynamics of owner-manager agency and their role in the construction of working conditions.

Chapter 8

Findings: Owner-Managers' Interpretations and Responses

Chapter Eight: Findings - The Owner-Managers' Interpretations and Responses

8.0 Introduction

In the previous chapter, it was emphasised that different institutional elements combine to influence working conditions in the research context. It was also emphasised that, when influencing in combination, these institutional elements tend to be misaligned, providing a platform for owner-managers to develop subjective interpretations of the cues conveyed by them (see Section 3.8 for related theoretical arguments). To put it another way, the messages delivered by the institutional influences regarding working conditions are 'equivoque' (Weick, 1995) in nature. That is, multiple, contradictory and unbalanced institutional influences can be subject to multiple, contradictory and plausible interpretations by owner-managers.

These interpretations are, rather, the outcomes of owner-managers' sensemaking processes. Owner-managers bracket-out or distinguish between different institutional influences; a specific institutional influence does not necessarily lend itself to similar interpretations by different owner-managers (see Section 3.8 for related theoretical arguments). The following sections will attempt to empirically show in how many ways different owner-managers interpret and respond to institutional influences regarding working conditions. Through this, the chapter will address the third research objective: investigating the role that owner-managers play in contributing to the construction of working conditions in these SMEs.

8.1 The Owner-managers' Interpretations of Institutional Influences

Owner-managers interpret institutional influences regarding working conditions in five different ways: *authority, political support, impunity, responsibility and pressure*

(Table 8.1). Before moving further into discussing these interpretations and in order to avoid misconceptions, there is the need to highlight three inferences. First, the list of five different interpretations is not definite. Second, it is quite impossible to label an owner-manager with a specific interpretation, because an owner-manager's interpretation of institutional influences is not always constant and may change at different points in time. Third, as experts such as Gergen (1994) and Weick (1993) state, it is impossible to equate specific institutional influences with specific owner-manager interpretations. Thus, it can be argued that any such attempt is always an approximation and not definite. The following section will attempt to illustrate the owner-managers' interpretations of institutional influences.

Interpretations	Descriptions
Impunity	The owner-managers believe that there will be no repercussions for their actions.
Support	The owner-managers believe that they are not exclusive in their intentions and/or actions. They believe that their actions are not detached from social expectations inasmuch as their actions are not different from those of their peers.
Authority	The owner-managers believe that they are the dominant actors in the context and view the demands and expectations of many other relevant actors in the context as being inappropriate and irrelevant.
Responsibility	The owner-managers believe that it is their responsibility to take care of their workers and to fulfil their needs, and tend to view their workers as the most significant aspect of their business.
Pressure	The owner-managers believe that they are at times being pressured by different actors to act in certain ways, even when they do not have any intention of getting involved in such actions.

Table 8.1. The owner-managers' interpretations

8.1.1 Impunity. Sometimes, the owner-mangers tend to interpret institutional influences as conveying the certainty of 'impunity', i.e. exemption from legal

punishment or loss and avoidance of fines. Through such an interpretation, they believe that there will be no repercussions for their actions. In fact, some owner-managers explicitly and with no hesitation reported enacting ethically questionable practices associated with the maintenance of working conditions in their firms (Section 8.2 will illustrate some of these practices). Some even stated not being frightened in doing so. Generally, these owner-managers expressed a 'don't care' attitude about those actions related to maintaining working conditions. For example, one owner-manager (OB) said, "…we produce false documents. Even the government knows it is happening. But, it is easy to get away with it…" (Owner-manager: OB). At some point during the interview, he also added "I do not care even if you [pointing to me] tell anyone about this because I know it would take a lot of time for them [authorities] to get back to me. By then, I would have finished with this business and would have gone back to my native region to do farming" (Owner-manager: OB).

It can be argued that an amalgamation of many institutional influences—including (but not limited to): little pressure from the government and the trade unions; reduction in pressure down the supply chain from certain buyers; the passive nature of certain workers and passive watchdogs and/or NGOs—allows these owner-managers to comfortably take such a stand by providing them with the certainty of no possible negative consequences for not being concerned with their workers and working conditions.

8.1.2 Support. At times, the owner-managers tend to interpret institutional influences as conveying the feeling of 'support'. As mentioned in Chapter 4, Tirupur is a large cluster of knitwear garment manufacturing and associated firms, primarily composed of small and medium firms that serve many global brands. This means that

Tirupur is home to a large number of relatively similar sized firms performing relatively similar processes, and that some owner-managers tend to share similar approaches in dealing with some aspects of working conditions. Thus, some owner-managers get the idea of not being alone in their intentions and/or actions. The presence of certain institutional influences allow them to develop and express the conviction of their actions not being detached from social expectations inasmuch as they are no different from those of their peers. In this regard, the inclusive pronoun 'we' was used extensively by these owner-managers in some of their responses.

As indicated earlier, for example and in general, the majority of workers in the research context are not affiliated to trade unions. One reason for such a situation is that some owner-managers are not in favour of workers being members of trade unions, which they explicitly admitted during the interviews. For example, one owner-manager said that "trade unionism is not encouraged in Tirupur factories. To be frank, if they [workers] are members of a trade union, *we* [italics added] definitely will be hesitant to give them a job… I do not think my workers are part of any union. It is the situation in Tirupur" (Owner-manager: OF).

As indicated earlier, another example is overtime being relatively common within small factories. When queried about that, one owner-manager said, "it [overtime] is common in Tirupur. I'm not alone in making workers work overtime. *We* [italics added] have to in order to survive" (Owner-manager: OC).

It can be argued that an amalgamation of many institutional influences—including (but not limited to): peer support from other similar owner-managers in the context; worker aversion towards union leaders; the trade unions' political nature; and little pressure from the government and the buyers—allows these owner-managers to feel that they are not the exception, and that their actions related to maintaining

working conditions are not exclusive.

8.1.3 Authority. At times, the owner-managers tend to interpret institutional influences as conveying 'authority'. Through this, they believe that they are the dominant actors in the context. They thus consider the demands and expectations of the several relevant actors in the context, such as the government, buyers and workers as somewhat inappropriate and irrelevant and believe that they are the only ones who completely understand their workers' needs. As one of the owner-managers affirmed, "What do they [the buyers] know? We watch them [the workers] every day. We know everything about them [the workers]. They [the buyers] should understand the situation before demanding anything" (Owner-manager: OD).

These owner-managers appear to take an authoritarian approach towards their workers. They tend to view their workers as a resource that can be replaced at any time. Some even stated that their workers completely depend on them and are completely subject to their authority. For example, the following excerpts may demonstrate some owner-managers' viewpoints about workers:

…if they go there [to the unions] for a 1,000 rupees problem… the union will take their [the workers'] money and do nothing for them. The workers have nowhere else to go. They run back to the company and plead with us. (Owner-manager: OK)

The advantage in my company is that they are always under my control. They have to obey my orders. (Owner-manager: OB)

It can be argued that an amalgamation of many institutional influences—including (but not limited to): the absence of any form of worker representation; the absence of trade union support; the submissive nature of certain workers; the workers' dependency on the owner-managers and little buyer and government pressure—allow these owner-managers to perceive themselves as being the dominant actors in the context.

8.1.4 Responsibility. At times, the owner-managers tend to interpret institutional influences as assigning them 'responsibility'. They believe that it is their responsibility to take care and fulfil the needs of their workers and view their workers as the most significant aspect of their business. They also tend to stress the nature of mutual dependency between workers and employers. As some owner-managers stated:

> You know, nowadays, they control the management. We have to depend on them as well… We cannot go and search for new workers. (Owner-manager: OA)

> Some of my workers have been working here day and night for years. I have to do these things [i.e. take out private insurance policies] to protect them as well as to retain them. (Owner-manager: OE)

In a way, they adopt the roles of father figures and consider their workers as their children. This condition is similar to that highlighted by many scholars, such as Ram (2001). By adopting such a stand, they are extremely resistant towards any form

of external intrusion in their relationships with their workers. As some owner-managers stated:

I don't want anyone to come between my workers and me. Only I can understand their needs. Trade unions irritate me. As the owner, I want to hear my workers' problems. (Owner-manager: OB)

…we are closely linked to each other. And they [workers] are always in my sight. I take care of them [workers]. (Owner-manager: OG)

It can be argued that an amalgamation of many institutional influences—including (but not limited to): an informal organisational structure; the submissive nature of certain workers; the mutual dependency between owner-managers and workers; the scarcity of workers and little buyer and government support—allow these owner-managers to perceive themselves as having the utmost responsibility towards their workers and having to provide them with proper working condtions.

8.1.5 Pressure. Sometimes, the owner-managers tend to interpret institutional influences as applying 'pressure'. These owner-managers feel that they are being pressured by different actors to act in certain ways, even when they do not have the intention to get involved in such actions. The notion of pressure is expressed in two contradictory ways. On the one hand, owner-managers feel that they are being pressurised through the social contract to provide workers with proper working conditions. Such notion is similar to that proposed by the 'legitimacy theory' (Hybels, 1995; Suchman, 1995), which argues that businesses are bound by the social contract,

whereby firms agree to perform numerous socially desirable actions in return for the approval of their objectives and other rewards, and this ultimately guarantees their continued existence. For example, when asked about social standards, the owner-manager (OE) said:

> We have been doing business with these buyers for very long time. We have a good relationship. Now, if they ask for these certifications, you cannot just say no and break up the relationship. In those cases, we will try to obtain those certifications so as not to lose our buyers. (Owner-manager: OE)

On the other hand, owner-managers feel that they are being pressurised in a way they that they could provide their workers with proper working conditions even if they really intended to. For example, according to one owner-manager:

> I was a worker before becoming an owner. I know the needs of a worker. I try to provide them with whatever I can. But, in the end, we also have to survive, right? We are not paid good rates, but high quality and timely deliveries are expected from us… we don't have any support from the government or the buyers. Tell me what you would do in my situation. (Owner-manager: OD)

In both these versions of 'pressure', owner-managers state that they are not in control of their own actions. It can be argued that an amalgamation of several institutional influences—including (but not limited to): labour-market conditions; resource dependency; memberships with exporter's associations and little buyer and government pressure—allow these owner-managers to perceive that they are being

pressurised to provide proper working conditions by some actors and, at the same time, being pressurised to the contrary by others.

8.1.6 Mixture of interpretations. What can be inferred from the above discussion is that different owner-managers interpret institutional influences in different ways as the result of a bracketing process. This could lead to the question of whether an individual owner-manager can give multiple interpretations. As mentioned, the above section was clearly intended to offer a framework of the owner-manager interpretations. It however was not aimed at labelling any individual owner-manager with a specific interpretation. That is to say that owner-managers cannot be categorised based upon a type of interpretation, which is practically impossible. A single owner-manager can possibly give a mixture of interpretations of institutional influences. Here, owner-manager OC is considered for illustrative purposes.

Impunity: He unhesitatingly expressed his involvement in ethically questionable practices by stating, "I cannot do business if I do everything by the book. Some things are, of course, off the record." (Owner-manager: OC).

Pressure: He felt that he was being pressurised to bribe government officials even if he did not intend to. According to him, "You cannot get any government approvals without spending money even if you are 100% perfect… there is a rate for everything… We must spend money." (Owner-manager: OC).

Responsibility: He expressed the responsibility he felt towards his workers by stating, "I have to protect the individuals working for me. They should not be

harassed in any way. Although they depend on us, they are also human beings. So we have to at least fulfil their basic needs." (Owner-manager: OC).

Appendix two will further substantiate the above stated argument by presenting illustrative quotes from every interviewed owner-manager. Therefore, based on all these examples, it can be argued that individual owner-managers may not necessarily be associated with any one specific interpretation, and that they will possibly have multiple interpretations of the institutional influences regarding working conditions. Now that we know that owner-managers interpret the institutional influences regarding working conditions in numerous ways, the next section will offer a discussion on how owner-managers respond to the institutional influences regarding working conditions.

8.2 The Owner-managers' Responses to Institutional Influences

Once the owner-managers selectively take cues from equivocal institutional inputs and develop their own interpretations, they attempt to react or respond to them in numerous ways. See Chapter 3, Section 3.8.2 for related theoretical arguments. Six kinds of responses are identified (Figure 8.1)—*influence, eliminate, conceal, defend, negotiate and conform*—which range from active resistance to passive conformance. These responses can be placed along a continuum in which the most active form of resistance (i.e. influence) and the most passive form of conformance (i.e. conform) are at the two extremities. Further, the various approaches and ways through which the owner-managers respond are also identified (Table 8.2).

Responses		Active resistance				Passive conformance
Responses	**Influence**	**Eliminate**	**Conceal**	**Defend**	**Negotiate**	**Conform**
Approaches	• Monetary • Non-monetary	• Dismissal • Prevention	• Window-dressing • Decoupling	• Denial • Blame	• Collaboration • Compromise	• Habit • Mimic • Obey

Figure 8.1. The owner-managers' response continuum

Responses	Approaches	Ways
Influence	Monetary	• Bribe • Modern slavery
	Non-monetary	• Verbal persuasion • Emotional impact
Eliminate	Dismissal	• Sack trade union members • Sack resistive workers • Eliminate pressuring buyers/buying agents
	Prevention	• Enhance autonomy and political strength • Intermediaries as escape routes • Prevent demanding buyers or buying agents
Conceal	Window-dressing	• Groom and train • Fake records • Pretend to be SMEs
	Decoupling	• Multiple units under different names
Defend	Denial	• No harm • No choice
	Blame	• Blame workers • Blame government/officials • Blame buyers
Negotiate	Collaboration	• To obtain social standards • To deliver on time
	Compromise	• For serious and complex issues with workers
Conform	Habit	• Appointing departmental supervisors • Saturday wage payment system
	Mimic	• Mimic working hours pattern • Mimic festival holiday period
	Obey	• Occasional adherence to labour laws • Obey export associations

Table. 8.2. The owner-managers' responses to institutional influences

The following section will attempt to illustrate these responses, their associated approaches and the ways (Table 8.2) through which owner-managers

respond. But before moving further into the discussion, there is the need to stress three inferences similar to those that were highlighted in the section on interpretations. First, the list of five different responses is indefinite. Second, it is quite impossible to associate an owner-manager with a specific response or an associated approach. Third, it is quite impossible to link specific responses with specific interpretations.

Further, it is also necessary to acknowledge that the idea of developing a continuum of responses was inspired by Oliver's (1991) work on strategic responses to institutional influences. Nevertheless, the argument that this study is trying to make is perhaps different to that of Oliver's (1991), where mere resource dependency (and not micro-processes) is emphasised as the basis of how firms or individuals respond to institutional influences. Now, the types of owner-manager responses will be discussed.

8.2.1 Influence. As a response to institutional influences, owner-managers sometimes attempt to influence pressure-exerting institutional constituents[24]. To put it in other words, they attempt to influence the influence. At least with respect to the study, this is the extreme act of owner-manager non-conformity towards the institutional influences related to working conditions. Within this context, owner-managers attempt to stimulate and shape institutional constituents according to their own desires. Through such response, they endeavour to avoid the pressure being exerted on them by the institutional constituents. Two approaches taken by owner-

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[24] Institutional constituents are the ones exerting institutional influences.

managers to influence institutional constituents were identified, namely: a) monetary influence and b) non-monetary influence.

8.2.1.1 Monetary influence. As a response to institutional influences, owner-managers sometimes attempt to manipulate and control institutional constituents by offering them monetary incentives. Here, monetary incentives are used as a tool to influence institutional constituents. The following are some of the ways in which owner-managers take this approach.

a) Bribe. One way in which owner-managers take this approach is by influencing the government authorities who are responsible for monitoring labour regulations. Owner-managers attempt to bribe them to avoid any further pressure being exerted on them. Corruption is a common situation in Tirupur. It is also one of the main reasons for the failure to implement appropriate labour standards. Owner-managers appear to make use of this approach as a leeway to escape any regulative penalties being exerted on them. As one of the owner-managers commented, "The factory inspectors ask for this and that... They come and say this is wrong, the factory is not good, the toilet is not clean and so on. They stop bothering you once you give them money and whatever else they need…" (Owner-manager: OK).

[25]This kind of corrupt situation is not peculiar to the research context. It is common all over India, where a 2005 study conducted by Transparency International found that over 62% of Indians had had first-hand experience of paying bribes or using contacts to get public offices to do their job. In its 2008 study, Transparency

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[25] The data presented in this paragraph are taken from Transparency International's official website: http://www.transparency.org/cpi2012/results.

International reported that about 40% of Indians have had the same first-hand experience. In 2012, India was ranked 94[th] out of 176 countries in Transparency International's Corruption Perceptions Index. India shares this place with Benin, Colombia, Djibouti, Greece, Moldova, Mongolia and Senegal. Scholars, such as Belal (2008) Olken and Pande (2011), also argue that corruption is a hindrance to the implementation of a wide range of developmental initiatives in developing countries.

b) Modern slavery. Another way in which owner-managers take this approach is by influencing their workers. They do this by lending them money. In this instance, owner-managers use money as a tool to control their workers. The employees of these small and medium firms completely depend on the wages they earn. They do not appear to have any other source of income. In addition, it is also not easy for them to obtain bank loans when they experience an unexpected need for money. They are also unable to afford to borrow from private financial institutions as their interest rates are too high for them to pay back. As a result, workers are left with no other option than to ask their owner-managers for some monetary aid. Having borrowed money from their owner-managers, the workers are in a way informally bound to their owner-managers until they pay back the loan. Because of this situation, they are unable to act against their owner-managers, and continue to work for them until they pay back the loan in full. This may even be characterised as a modern day bonded labour system in which workers are made to become vulnerable with no tangible bonds. Supportively, one owner-manager said, "Helping them financially is a form of retention strategy because they have to stay on until they pay back the loan" (Owner-manager: OC).

Through such schemes, therefore, owner-managers attempt to create a situation in which workers feel that they are dependent on them. Many interviewed

workers expressed such a notion. Some workers even emphasised this ease of borrowing money from owner-managers as one of the reasons for continuing to work in the same firm and endeavouring to gain their owner-managers' trust. For example, one worker said:

> The owner helps me financially without hesitation whenever I'm in need. He then deducts the loan from my salary in instalments. He trusts me. You need to stay with the same firm for a long-time in order to develop that trust. Only then you can ask for monetary help during emergencies. If you ask an owner who has known you only for a short period of time, he may hesitate. That is the benefit of staying with a firm for a long time. (Worker: W1)

8.2.1.2 Non-monetary influence. As a response to institutional influences, owner-managers sometimes attempt to manipulate and control institutional constituents by employing non-monetary measures. The following are some ways in which owner-managers employ non-monetary measures to influence institutional constituents.

a) Verbal persuasion. Owner-managers take this approach mainly to influence their workers. One of the ways in which they do this is by verbally persuading their workers. They tend to converse with their workers in a persuasive manner to shape them according to their own desires. While employing this approach, owner-managers attempt to create a melodramatic situation in which the workers will not react against their words. As one worker said, "Sometimes, I feel that there is no point in talking to him [the owner-manager] (laughing). Whenever we approach him about reducing the

workload, he talks to us in such a way that, when we leave his room, we end up accepting the existing workload (laughing)…" (Worker: W7).

b) Emotional impact. Another way in which owner-managers shape their workers' wills according to their own desires is by using emotions. They attempt to influence their workers by assuming an ostentatiously caring attitude towards them. By assuming such an attitude, owner-managers emotionally manipulate their workers by virtually creating a condition in which they believe that they are genuinely valued, and that their welfare is central to their owner-managers' decision-making process. For example, during an interview, owner-manager OD often mentioned the numerous welfare benefits offered to his workers. When queried about his motives behind the offering of such welfare provisions, he said, "It is for our own good. It's the only way they will stay in our company. Companies provide workers with more than a comfortable environment for 100% business reasons, not humanitarian. I would not agree if someone said that they were doing it for humanitarian reasons… it is 100% business." (Owner-manager: OD).

8.2.2 Eliminate. As a response to institutional influences, owner-managers sometimes attempt to eliminate pressure-exerting institutional constituents. By eliminating them, owner-managers no longer have the necessity to conform to their requirements regarding working conditions. Although eliminating institutional constituents is a type of non-conformity towards institutional influences, it is not as extreme as attempting to influence them. It was shown that owner-managers take two approaches to eliminate institutional constituents, namely: a) dismissal and b) prevention.

8.2.2.1 Dismissal. At times, owner-managers attempt to dismiss or terminate pressure-exerting institutional constituents in response to their influence. By dismissing them, owner-managers need no longer concern themselves about any further pressure being exerted on them. The following are some of the ways in which owner-managers attempt to dismiss institutional constituents.

a) Sack trade union members. One of the ways in which owner-managers take the dismissal approach is by terminating those workers who are trade union members. According to Sodhi and Plowman (2002), this is in fact a common scenario, at least in the case of Indian small firms, where workers are threatened by their employers for taking part in union related activities. The data demonstrates a very similar condition in the research context, where most owner-managers do not have a positive opinion of unionism and some workers are even explicitly discouraged to join the unions. They may not be explicitly threatened but, at the very least, the threat is implied in the owner-managers' actions. As the CSR officer stated, "Trade union members are not encouraged in the factories. To be frank, the workers know that… if they were members of a trade union, owners would definitely hesitate to employ them." (CSR officer: CSR).

Even some owner-managers explicitly stated not being great admirers of the trade unions. They tended to share the notion of trade union members being inflexible and problematic and unsuitable to work in their firms. For example, during his interview, owner-manager OD stated that trade union members are difficult to control and, because of that, they do not work in his firm. He said:

…one or two workers who were members of some union were working here. Instead of doing their assigned work, they were involved in creating problems… They were very rude and always problematic. They were like 'I will do this and that, I will bring the union, I will shut the company down'; they do not work here any longer. (Owner-manager: OD)

b) Sack resistive workers. Another way in which some owner-managers take the dismissal approach is by removing troublesome workers during social audits. Interviewing workers about working conditions is a mandatory procedure in the social auditing process. During such auditing process, assigned social auditors interview workers with regard to the way they are treated and the general nature of working conditions in the firm. Although some workers are submissive and tend not to speak out against their owner-managers during such interviews, not all of them are. Thus, as a precautionary measure, owner-managers tend to terminate such resistive workers whom they perceive to be a threat to a successful social auditing process. The following is an excerpt from the interview with worker W16, who recounted the reason for which he had been dismissed from his previous job:

They know that they cannot stop me from opening-up during such audits. That is why I was in fact removed from my previous company. They asked me to go back after the audit, but I refused. Now I'm doing contract work… This situation is normal in Tirupur. (Worker: W16)

c) Eliminate pressuring buyers/buying agents. In addition to terminating troublesome workers, some owner-managers take the dismissal approach also to get

rid of pressurising buyers or buying agents. Some of the buyers or buying agents who source from the research context tend to stress the need for social standards certifications and/or compliance to codes of conduct. For these buyers and buying agents, compliance to such standards can even be a requirement for placing the production orders. However, it was seen that not every buyer or buying agent requires such certifications. Such a situation provides owner-managers with the scope to detach themselves from those buyers or buying agents whom they feel to be pressurising. As a result, they tend to terminate their trade relationships with those buyers or buying agents who tend to insist more on maintaining appropriate working conditions and move on to less pressuring buyers or buying agents.

8.2.2.2 Prevention. At times, owner-managers attempt to prevent or avoid pressure-exerting institutional constituents in response to their influence. They tend to do this by preventing pressure-exerting institutional constituents from having any form of association with their firms. This approach differs from the dismissal one in that dismissal involves the elimination of institutional constituents that are already associated with the firm, whereas prevention involves the exclusion of institutional constituents before they establish any association with the firm. By excluding pressure-exerting institutional constituents prior to developing any association, owner-managers need not concern themselves with any form of pressure being exerted on them. The following are some of the ways in which owner-managers in the research context take the prevention approach.

a) Enhance autonomy and political strength. One of the ways in which owner-managers take the prevention approach is by enhancing their autonomy and political

strength. In this regard, they attempt to form or associate themselves with certain groups based upon attributes associated with their background or with social stratification criteria, such as religion and caste. By associating themselves with such groups, owner-managers try to avoid any form of pressure from within them. For example, it was indicated in the previous chapter that there is a growing population of workers from North India in Tirupur. Although language was mentioned as a hindrance to the employment of these workers, some firms in the research context are currently increasingly in favour of employing them. They tend to use this tactic in order to take advantage of their passive, detached and vulnerable nature (see Section 7.1.10 for a detailed discussion on the nature of these workers), to accentuate their control over them and to prevent being subjected to any form of pressure from local workers. As the NGO leader stated "… They [the workers from North India] are more vulnerable. The way they are treated in Tirupur is outrageous… They are made to work more for lower wages, which is not possible with local workers. The owners take advantage of them" (NGO leader: NGO).

In addition, some owner-managers also attempt to use their religious or caste affiliation as a tool to enhance their autonomy. As mentioned earlier in Chapter 4, around 90% of the people in Tirupur are Hindus belonging to a wide array of castes. The Indian caste system is the traditional stratification of Hindu society into a hierarchy of hereditary groups called 'castes' or 'jatis' (Dirks, 2011). Caste is determined by birth and, historically, each caste is linked to an occupation. In practice, Hindu society includes large amounts of castes, generally of a local or regional nature. Each has its own philosophical agenda, history, values and customs (Dirks, 2011). In India, forming groups based upon caste or religion is normal. There are even political parties based upon the principles of a particular religion or caste.

With respect to the research context, it was seen that some owner-managers prefer to employ workers who belong to their same religion and/or caste in order to create a group that is sympathetic to their decisions and actions regarding working conditions. These owner-managers tend to perceive religion or caste as a symbol of trustworthiness. For example, owner-manager OJ indicated that he employs only Hindus in his close circle of workers and, when asked about it, he said, "When it comes to my close circle of workers, I employ only Hindus. I do not employ Christians or Muslims because their way of working is different from ours. Moreover, I want to keep my workers under my control" (Owner-manager: OJ).

Furthermore, it was seen that some owner-managers are not just biased towards religion but also towards caste. They stated that, when it comes to their close circle of workers, they would prefer to employ workers from their same caste. For example, according to one of the owner-managers, "Personally, I feel that my close circle of workers should be from my own caste. It is better because I very often meet their families. When I give them some financial freedom, I should be able to feel that I can trust them. If they are from my caste, I know that they will not fail to live up to my trust" (Owner-manager: OB). Through these observations, it can be argued that owner-managers attempt to use religion or caste as tools to form groups and to stop their workers from speaking out against their decisions.

b) Intermediaries as escape routes. Another way in which some owner-managers attempt to take the prevention approach is by using intermediaries. Section 7.1.9 of Chapter 7 highlighted a wide range of reasons such as 'more business opportunities', 'low-level of risk', 'requires less investment', 'communication is taken care of', and 'owner-managers' involvement in multiple businesses' as reasons for

using intermediaries. In addition to these reasons, avoiding the responsibility of maintaining proper working conditions was also quoted as one of the reasons for owner-managers getting involved in trading through intermediaries. Although intermediaries work for both parties, they belong to the context of the owner-managers. This provides scope for owner-managers to gain the sympathy of buying agents and get some leeway concerning the maintenance of working conditions.

c) Prevent demanding buyers or buying agents. Furthermore, owner-managers also take a prevention approach to avoid any form of pressure from buyers or buying agents. As mentioned earlier, this is different from the dismissal approach towards buyers or buying agents. Here, owner-managers avoid associating themselves with some buyers or buying agents right from the initial stages. Tirupur, as a major knitwear garment-exporting hub, provides owner-managers with the opportunity to choose their prospective buyers based upon their own capabilities and buyer expectations. Consequently, owner-managers have leeway to avoid certain buyers if they realise that these would be demanding investment in maintaining appropriate working conditions and/or certifications. As one of the owner-managers stated, "At this stage, I do not think we are ready to deal with those who require standards or certifications… We need more time to develop in order to deal with those kinds of buyers" (Owner-manager: OG).

8.2.3 Conceal. At times, owner-managers attempt to conceal their nonconformities in response to institutional influences regarding working conditions. They do this in order to cover the fact that they do not intend to remedy those nonconformities. Similar to the 'influence' and 'eliminate' forms of response,

'conceal' also falls under the label of non-conformance, but is not as extreme as either. While responding in such a way, owner-managers attempt to deceive institutional constituents by tricking them into thinking that they are playing by the rules of the game. That is, they create a fictional setting of adherence towards institutional influences in order to escape the influence of the institutional constituents. It was seen that owner-managers take two approaches to conceal their non compliance from pressure-exerting institutional constituents, namely: a) window-dressing and b) decoupling.

8.2.3.1 Window-dressing. At times, owner-managers attempt to conceal their non compliance from pressure exerting institutional constituents by employing adroit but superficial or misleading presentations of conformity, designed to create a favourable impression and to avoid any further pressures being exerted on them. This approach of concealment is generally referred to as 'window-dressing'. Window-dressing is not a new phenomenon. In the literature, the existence of window-dressing practices in relation to working conditions in global supply chains was already highlighted by experts such as Adams (2002), Amazeen (2011), and Lin (2010). These studies tend to state that firms generally attempt to conceal via window-dressing practices to escape monetary and/or trade penalisations from government and/or buyers. This viewpoint is rather similar to that identified in the research context. The following are some of the ways in which owner-managers in the research context attempt to conceal their non compliance by taking the window-dressing approach.

a) Groom and train. One of the ways in which owner-managers attempt to take the window-dressing approach is by avoiding penalties during inspections by

government inspectors or social auditors. Inspections—by either government inspectors or social auditors—should be unannounced and unexpected so as to monitor the real maintenance of working conditions. However, it was found that owner-managers are informed one or two days before the real inspections. With this information in hand, owner-managers attempt to groom their firms and train and prepare their workers to appear satisfactory to the inspectors. For example, when asked about the inspections, one of the owner-managers said, "No sudden visits. Mostly, they inform one or two days before the visit. So that we keep the factory clean when they arrive" (Owner-manager: OA).

Furthermore, as mentioned, interviews with workers are a mandatory and crucial component in the process of either government inspections or social auditing. During these inspections, a strong emphasis is placed on the workers' experiences of working conditions. Therefore, in order not to be penalised, owner-managers coach their workers about what and what not to say during such inspections. As one of the workers said "We are instructed on what to say and what not to say to the inspectors… We would no longer be working for the company if we failed to cooperate" (Worker: W16). Moreover, as mentioned in Section 8.2.2, at times, problematic workers are normally removed from the firm during such (announced) inspections.

b) Fake records. Besides preparing their factories and workers, some owner-managers also attempt to keep 'double records' (as owner-managers refer to them)—that is, a falsified record for inspections and the original record for their own purposes—in order to escape being penalised during inspections., Generally, at least in the research context, inspections on conditions of working hours, wages and social

security are based upon the information presented in the records, which are normally maintained by the owner-managers. Such a situation provides owner-managers with the scope to take the window-dressing approach to such records. For example, the following is an excerpt from the interview with owner-manager OB. While discussing social security schemes, he said, "…only 30% of my workers are covered with social security schemes such as ESI and PF… So, in order to deceive inspections, I prepare double records…" (Owner-manager: OB).

c) Pretend to be SMEs. Further, owner-managers also attempt to take the window-dressing approach by pretending to be in charge of a small or medium firm— which is in fact large—by using falsified valuation documents that legally define the actual size of the firm. Since the actual definition of SMEs in India is only based upon the evaluation of investments in plant and machinery, owner-managers tend to exploit the variations in real-estate value and resort to corrupt authorities to develop such falsified documents. By appearing to be in charge of SMEs on paper, they can disregard legal obligations only applicable to large firms, and can enjoy the benefits associated with running small or medium firms in India. As the CSR officer (CSR) said, "Owners will do anything to deceive the inspections. I see this every day… Factory evaluation documents can be easily tailored" (CSR officer: CSR).

8.2.3.2 Decoupling. At times, some owner-managers attempt to conceal themselves from pressure-exerting institutional constituents by attempting to create and sustain a gap between expected formal policies and actual organisational practices, which Meyer and Rowan (1977) refer to as 'decoupling'. Decoupling serves the interests of powerful organisational leaders or decision-makers (Westphal &

Zajac, 2001) by allowing them to avoid implementing policies that conflict with their ideological beliefs (Tilcsik, 2010). The following is one of the ways in which owner-managers attempt to conceal themselves by taking the decoupling approach.

a) Multiple units under different names. Owner-managers decouple themselves from institutional influences by having multiple units (or firms) registered under different ownerships. Here, the owner-managers are the original investors, but they register some of their units in the names of their most trusted friends and family members. Therefore, although they do not legally own some units, they can virtually exercise their control over all of them. In this way, some of the units are decoupled from the owner-managers' legal obligations, perhaps allowing them to showcase just one unit which features proper working conditions to attract buyers. For example, during the fieldwork, it was found that owner-manager OA legally owns a unit certified by Sedex and BSCI but controls another non-certified unit registered in the name of one of his cousins. Although production activities are often swapped between these two units, only the certified one is known to their buyers. Buying agent BA2 confirmed the widespread existence of such decoupling activities by stating, "There will be multiple factories with different names. Out of these, the owner will only have obtained certifications for one small factory with 50 seats or so. He will show only that factory to the outside world. This is how it is done here…" (Buying agent: BA2).

8.2.4 Defend. At times, owner-managers attempt to defend themselves in many ways as a response to institutional influences regarding working conditions. They tend to defend their planned or accomplished actions in order to convince the institutional constituents that those actions are justified. Similar to the 'influence',

'eliminate' and 'conceal' responses, 'defend' also falls under the label of nonconformance. Nevertheless, it is not as resistive as attempting to influence or eliminate or conceal as acts of non-conformity towards institutional influences. It was found that owner-managers take two approaches to defend their decisions and/or actions towards pressure-exerting institutional constituents, namely: a) denial and b) blame.

8.2.4.1 Denial. At times, owner-managers attempt to deny their association with their decisions or actions in order to defend themselves from pressure exerting-institutional constituents and escape further pressure. The following are some of the ways in which owner-managers take the denial approach as an act of defence.

a) No harm. Owner-managers tend to deny their responsibility in some activities regarding maintaining working conditions by arguing that no one is harmed by their actions. According to them, every action of theirs is acceptable and moral as far as no one is harmed. This was explicitly demonstrated by certain owner-managers' actions regarding health and safety conditions in their firms.

As mentioned earlier in Chapter 6, health and safety conditions in some firms are relatively substandard. These factories look like dungeons, with inadequate lighting and ventilation. Workers in these factories work without shirts because of the heat and to avoid excessive sweating. Although the owner-managers of these firms are aware of such conditions, they are not ready to accept them as being improper or immoral. These owner-managers tend to defend their actions by arguing that their actions are not immoral because no one was harmed so far by the existing health and safety conditions in their firms. In general, owner-managers attempt to defend their

actions by denying their potential harmful nature. As one of the owner-managers said, "We don't have first-aid facilities. We have a fire extinguisher but, like large units, we do not provide training for handling it… We are not prone to big accidents. No accident has happened yet… Workers have not asked for anything so far." (Owner-manager: OF).

b) No choice. Another way in which some owner-managers attempt to deny their responsibility in some activities regarding working conditions is by arguing that they have no other choice than to get involved in such activities. This was explicitly demonstrated by some owner-managers' actions regarding overtime wages. As mentioned in Chapter 6, workers in the research context are not paid appropriate overtime wages. When queried about this, their respective owner-managers tended to deny being in the wrong by arguing that they have no other choice. For example, one owner-manager said, "We cannot pay overtime wages with what we get. We just provide them an allowance for dinner… We also feel bad about it, but we have no other choice. We have to save our business as well." (Owner-manager: OG).

8.2.4.2 Blame. At times, owner-managers attempt to blame the institutional constituents for their own decisions and/or actions. By blaming the institutional constituents, owner-managers tend to detach and shield themselves from being associated with their own actions. Generally, owner-managers are found to blame three institutional constituents, namely: workers, buyers and government/officials. The following are some of the ways in which owner-managers blame these institutional constituents as an act of defence.

a) Blame workers. Owner-managers attempt to defend their actions/decisions by blaming their workers. They tend to do this by blaming the nature of workers (see, Chapter 7 for a detailed discussion on the nature of the workers) for a wide range of their own decisions or actions. For example, some owner-managers asserted that their workers' unwillingness to work for only the legally established hours was what led to their failure to maintain the standard maximum 8 daily working hours. As one owner-manager asserted, "If you ask them [the workers] to work only for 8 hours, they won't be ready to work… even when we ask them to stop, they won't. It is their wish. We cannot say anything" (Owner-manager: OC). Similarly, some owner-managers stated that their workers' uncommitted nature towards their employers and firms resulted in their own failure to cover social security for them; and the list continues.

b) Blame government/officials. Owner-managers also attempt to defend their action/decisions by blaming government/officials. All interviewed owner-managers in the research context unanimously stated that while the government tries to behave responsibly towards workers, it behaves irresponsibly towards employers. The owner-managers, in many ways, tend to link their nonconformity to institutional influences regarding working conditions to the nature of the government. In general, they do this in two ways. One is by stating that the government is inattentive and unappreciative towards contemporary changes in the field of garment manufacturing, resulting in an increase in production costs compared to competing nations. They justify their nonconformity with this by stating that they have to take into account higher production costs and thus they cannot spend more on maintaining proper working conditions. The other way owner-managers blame the government is by claiming that the politicians are uninformed about the real needs of workers. They stated that there

is no association between the workers' needs and current government policies. Therefore, according to them, any investment in working conditions is not mandatory or useful. As one of the owner-managers said:

…There is not one politician in India who is concerned with worker welfare… We would be willing to do business according to standards, provided the government supported us with the necessary infrastructure. When even they don't care about this, they just can't expect us to. (Owner-manager: OF)

c) Blame buyers. The third institutional constituent that owner-managers attempt to blame are the buyers. Owner-managers tend to blame buyers by expressing the notion that buyers are normally two-faced: showing one face to the public and the other one to their suppliers in developing nations. They argued that while attempting to appear publicly as being socially responsible—by marketing their responsible sourcing activities, as symbolized by social standard certifications such as BSCI and SA 8000—buyers put pressure on their suppliers to get a combination of prompt delivery, high quality and low cost. They further stated that they are not given enough time or paid fair prices for the necessary production activities. Therefore, according to the owners, it is quite impossible for them to align their business practices with institutional expectations. As one of the owner-managers commented:

They [the buyers] don't understand our situation. They don't care about anything we say. All they are interested in is that their stuff is delivered on time and with the required quality… They don't compromise on anything. They want us to have all these certifications but, to get them would cost us

money, right? So, this would automatically result in an increase in production costs, which they are not willing to pay. They don't compromise on the price either. So, eventually, I have to rework costing to meet their prices by altering every process… This, of course, reflects on what I can provide for my workers. (Owner-manager: OB)

8.2.5 Negotiate. Sometimes, owner-managers attempt to negotiate with institutional constituents in response to their influence regarding working conditions. They do so in order to reach an understanding, resolve points of difference or gain benefits from the outcome of a dialogue process. Negotiation, as a response, can be labelled as passive conformance because, while involving themselves in negotiations, the owner-managers aim at reaching an agreement with the institutional constituents and do not put up any form of resistance against them. It is also necessary to highlight that 'negotiation' is different from the 'non-monetary' influence approach, because unlike in the latter, in which owner-managers shape and control institutional constituents according to their needs, in negotiation, owner-managers aim at reaching an agreement with the involved parties (i.e. the institutional constituents). It was found that owner-managers take two approaches to negotiate with institutional constituents, namely: a) collaboration and b) compromise.

8.2.5.1 Collaboration. Sometimes, owner-managers attempt to collaborate with pressure-exerting institutional constituents in order to achieve shared goals with regard to working conditions. By taking the collaborative approach, owner-managers tend to understand and include the other parties' concerns and interests in order to reach a deep and collective determination to reach a common objective. They also do

this in order to reduce the level of disagreement with the institutional constituents and to establish working conditions that are pragmatic rather than rhetoric. The following are some of the reasons why owner-managers attempt to collaborate with institutional constituents.

a) To obtain social standard certifications. Owner-managers take the collaboration approach to obtain social standard certifications. As mentioned earlier, social standard certification has become a mandatory trade requirement. Buyers have begun to demand possession of such certifications as a pre-condition to the placement of production orders. The process for obtaining social standard certifications requires abundant capabilities in the form of time and resources which most of the small and medium knitwear garment manufacturing firms in Tirupur lack. Therefore, in order to fill this capability-gap in the process of obtaining social standard certifications, these owner-managers collaborate with their buyers and/or buying agents for technical, managerial and (at times) financial assistance. For example, according to owner-manager (OB), "Some buyers indeed help us in the BSCI certification process. They also guide us, through their agencies, on how to fulfil the requirements for the BSCI certification. Sometimes, they pay for the inspections. However, I cannot say that every buyer is like this" (Owner-manager: OB). Nevertheless, some other owner-managers also complained about the unconcerned or detached nature of their buyers. Therefore, this research does not conclude that every buyer collaborates with their suppliers to assist them in their development.

b) To deliver on time. Owner-managers also take the collaboration approach when they are nearing the product delivery deadline. During these periods, they

attempt to convince (i.e., exercise non-monetary influence) and collaborate with their workers, who, consequently, end up working overtime in order to process and deliver the goods on time. There exists a level of synergy between the intentions of some owner-managers and workers in this regard. Some workers view working overtime during emergencies as being their responsibility. They view this as a means to achieve the firm's collective objective and not as a self-interested objective of the owner-managers. As one worker said, "…if there is an urgency, if the boxes need to be shipped by the deadline and have to get to the ship before it leaves, we have to work longer than prescribed, and we will; otherwise it would not be good for the owner" (Worker: W10).

8.2.5.2 Compromise. Sometimes, owner-managers attempt to compromise with pressure-exerting institutional constituents through the mutual agreement of terms that are often distinct from their original goal or desire**.** This approach, more than the collaboration one, is one of passive conformance. Owner-managers tend to take this approach when they are eager to close a deal by doing what is fair and equal for all parties involved in the negotiation and when there is limited time to complete the deal. The following is one reason why owner-managers in the research context take the compromise approach.

a) For serious and complex issues with workers. Owner-managers attempt to compromise with their workers on those issues that are serious, complex and would take long to be resolved, and also when workers have high-levels of political support from trade unions and NGOs. The following example illustrates one such case in which owner-manager OF had an issue with one of his contract workers.

One of owner-manager OF's contract workers approached the trade union and registered a complaint against him for delaying payment of his outstanding salary. Although the owner-manager asked the worker to give him more time, the worker refused this request and brought in his support for negotiation. The owner-manager then got involved in a negotiation process with the worker, the worker's support and the trade union leader. Finally, as a result of this negotiation, the owner-manager ended up taking the compromise approach by paying the outstanding amount in order to avoid extending the negotiation process and to avoid agitation from his other workers. Owner-manager OF described the situation as follows:

> …There were some 20 people sitting in front of me… Had I not considered it as a major issue, I would have let it become more complex, but it would have drained all the energy out of me. It was easier for me to pay the outstanding amount and solve the problem than it would have been to keep on dragging it out and making it more complex. They would even have shut down the factory… (Owner-manager: OF)

8.2.6 Conform. Owner-managers sometimes passively conform to institutional influences. This is an extreme act of conformity when compared to the other responses and is more passive than negotiation. Here, owner-managers do not attempt to take the resistive approach associated with responses such as 'influence', 'eliminate', 'conceal' and 'defend'. They also do not attempt to negotiate. They just passively conform to institutional prescriptions. By completely conforming to institutional influences, owner-managers may avoid any form of current or future pressure from the institutional constituents. It was found that owner-managers

conform to institutional requirements is three ways, namely: a) habit, b) mimic and c) obey.

8.2.6.1 Habit. Habit is generally defined as "a more or less fixed way of thinking, willing, or feeling which is acquired through repetition of a previous mental experience" (Andrews, 1903, p. 121). With respect to this study, habit refers to the unconscious, unintentional, uncontrollable routinised behaviour of owner-managers, which stops them from engaging in self-analysis while undertaking routine tasks. Under these conditions, the owner-managers' actions or decisions and their intentions are not realised as distinct. The following are some owner-managers' habits related to working conditions.

a) Appointing departmental supervisors. One of the habits of owner-managers is the employment of departmental supervisors. As mentioned in Chapter 6, small and medium production facilities in Tirupur feature individual departments and departmental supervisors. However, the owner-managers control every departmental operation in which supervisors are also production workers. When asked about departmental supervisors, these owner-managers showed that they were not aware of the reasons for appointing them and also lacked any clarity in defining supervisor responsibilities. Appointing departmental supervisors is one of the universal long-term routinised traditions being followed in Tirupur; owner-managers continue to do so without even analysing the needs and responsibilities of the supervisory role. Supportively, buying agent BA2 said, "Practically, the owners deal with everything. I myself am not clear about the roles of supervisors in these facilities [small and medium production units] (laughing)" (Buying agent: BA2).

b) The Saturday wage payment system. Another habit of owner-managers is the Saturday wage payment system. As mentioned in Chapter 6, most workers in these firms are paid on Saturdays. This was found to be a common practice with every interviewed owner-manager. In fact, it is a common practice among most of the firms in Tirupur. However, this payment system is not defined and controlled by statutory legislations. The owner-managers are also unaware of the technicalities behind this practice and habitually or mindlessly follow it without change, just because of its long standing. For example, owner-manager OK, when asked about it, said, "I have not given it [paying on Saturdays] any thought. It has been a common practice here in Tirupur for a long time, so I'm keeping to it." (Owner-manager: OK).

8.2.6.2 Mimic. The mimic approach is very similar to the notion of mimetic isomorphism defined by DiMaggio and Powell (1983) (see Section 3.3.2 for a discussion on mimetic isomorphism). By taking the mimicry approach, the owner-managers in the research context tend to consciously adhere to the practices of their peers in the same context. This approach is different from habit inasmuch that, while mimicking, these owner-managers, in a variety of ways, act consciously, in their attempts to imitate similar actors in their context, and not unconsciously, as in the habit scenario. The following are some of the ways in which owner-managers take the mimicry approach:

a) Mimicking working hours patterns. The owner-managers in the research context sometimes attempt to mimic the patterns of working hours adopted by their peers. As mentioned in Chapter 6, some SMEs in Tirupur follow a distinct pattern of

working hours, which include ad hoc night shifts and breaks (one in the morning, one in the evening, and a lunch break in the afternoon). However, this pattern is not prescribed by any regulations or standards. It was found that these owner-managers tend to follow this pattern only to conform to other firms in the context. These owner-managers adopt or imitate similar firms—in terms of patterns of working hours—only in an attempt to avoid being considered incongruous in the context. For example, when asked about the reason for the adoption of such a pattern of working hours, owner-manager OK said:

> It is a commonly followed pattern in the majority of the factories in Tirupur. This pattern allows workers to relax, as they work continuously in a static position. It also allows them to take care of their personal or household issues. The workers in Tirupur are used to this kind of working hour pattern and like it this way. Now, you could not change the system even if you wanted to. (Owner-manager: OK)

b) Mimicking festival holiday periods. Further, some owner-managers in the research context also take the mimicry approach with regard to the pattern of festival holidays. As mentioned in Chapter 6, Diwali and Pongal are considered to be the most important holidays in Tirupur. However, there is no standard schedule for festival holidays for workers in these firms. The normal government defined holiday period for these festivals is of about three to four days. However, the workers in these firms tend not to return to work for at least a week or ten days. It was found that some owner-managers accept such longer absence of their workers only to imitate similar firms in the context. By imitating similar firms, they attempt to avoid the risk of

losing their workers to other firms in a situation of chronic labour scarcity where workers are employable whenever and wherever. Accordingly, one owner-manager said:

> Some workers don't come back for at least a week after the festival is over. Most of the workers in Tirupur are like this. They won't come even if you personally request them to… I wait for them to come back (laughing) because if I forced them, they would shift to some other company where they would not be. (Owner-manager: OG)

8.2.6.3 Obey. Besides, conforming by habit and mimicry, owner-managers also show a conscious tendency to yield readily to institutional influences in an especially weak and subservient manner. They attempt to act in accordance to the wishes, requests, demands, requirements and conditions stated by the institutional constituents. This is different from either the 'habit' or 'mimicry' approaches because, in this instance, owner-managers tend to consciously obey the values, norms, regulations and/or any other institutional requirements—specific to the working conditions in the research context—in order to gain social acceptance. The following are some of the ways in which owner-managers in the research context take the obey approach.

a) Occasional adherence to labour laws. Occasionally, owner-managers tend to obediently follow Indian labour regulations, especially in terms of social security provisions. Owner-managers who provide social security cover for some of their workers state that they do so only because they are expected to follow the government

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regulations at least to some extent. They see their decisions on these regulations as an act of adherence to government pressure in order not to be subjected to any form of penal actions. As owner-manager OD said, "I do not have a good opinion of the benefits of social security in India… I only pay them because of the pressure from the government" (Owner-manager: OD).

b) Obeying export associations. Further, it was found that some owner-managers tend to submissively obey the decisions of garment export associations (of which they are members) regarding wages. As highlighted earlier, workers in Tirupur are paid more than what is prescribed by the government. Although these workers are paid more than the prescribed wages, government pressure/regulations do not play a major part in this. Rather, it was found that owner-managers tend to base their decision to do so upon the resolutions of their export associations. For example, when asked about decisions on wages, owner-manager OG said, "…we pay however much is established by the [export] associations" (Owner-manager: OG).

8.2.7 A mixture of responses. Akin to what was argued regarding interpretations, the above section was merely aimed at offering a framework of the owner-managers' various responses and associated approaches. It nevertheless did not intend to label any individual owner-manager with a specific response or approach. Individual owner-managers may respond in multiple ways; thus, it is practically impossible to define and categorise owner-managers based on their responses and approaches. The above discussions of Section 8.2 *per se* substantiate this viewpoint by presenting the direct quotes of individual owner-managers regarding different responses and approaches. For example, owner-manager OC can be seen to respond

taking approaches associated with *influence* and *defend*. Similarly, owner-manager OB can be seen to respond using approaches associated with *eliminate*, *conceal*, *defend* and *negotiate*. Therefore, it can be inferred that individual owner-managers can respond in numerous ways based on their own interpretations of institutional influences.

On the whole, this chapter presents two major ideas. First, different owner-managers bracket out different institutional influences at different points in time, and as a result, they tend to interpret institutional influences in five different ways, namely: impunity, support, authority, responsibility and pressure. Second, having bracketed out and interpreted institutional influences, they attempt to respond to them in different ways at different points in time. Six different types of responses were identified, namely: influence, eliminate, conceal, defend, negotiate and conform. Different approaches and ways associated with every response were also identified. Inspired by Oliver's (1991) work, these responses were placed in a continuum with the most passive (i.e. conform) and the most active (i.e. influence) at its extremities.

By and large and based upon the above discussion, it can be argued that owner-managers do not unproblematically conform to intuitional influences. They respond to them in several ways, conformance being just one of their responses. This is in agreement with Scott's (2008) observation, which asserts that individuals do not merely conform to institutional influences, but restrict the supremacy of institutions by using cracks and loopholes in the social structures to construct meaningful selves and gain some autonomy while facing institutional influences.

Further, it can also be inferred that owner-managers, being the primary decision makers within their firms, play a major role in articulating the way working conditions are constructed. Still, they do not and cannot act in a vacuum. They are

part of a wider institutional context which also plays a role in how they frame their interpretations and responses. Thus, based upon these considerations, it can be argued that working conditions are constructed by a complex interplay between institutional influences and owner-manager agency dynamics; therefore, privileging either to the exclusion of the other may lead to a relatively incomplete understanding of the real situation.

Chapter 9

Discussion

Chapter Nine: Discussion

9.0 Introduction

This study seeks to answer the question of how working conditions are constructed in developing country SMEs that are part of global supply chains. To answer the research question, at first, the relevant literature was reviewed and a conceptual model was derived out of it (Figure 2.1). Then qualitative data were collected—through semi-structured interviews, documents and non-participant observations—from a wide range of relevant actors in Tirupur. The collected data were then manually analysed using Braun and Clarke's (2006) recipe for thematic analysis with the guidance of an integrated theoretical framework assembled using constructs of institutional theory and organisational sensemaking. The resultant empirical findings were presented across three chapters (Chapters 6, 7 and 8), respectively addressing the first three research objectives of the study. The findings were presented across these chapters in such a way that the inferences of each chapter would provide a platform for the subsequent one.

By offering an overview of working conditions in a selected sample of Indian SMEs, the first empirical chapter (Chapter 6) addresses the first research objective. By offering a discussion on how and through what institutional mechanisms the structural influences contribute to the construction of working conditions in these sample SMEs, the second empirical chapter (Chapter 7) addresses the second research objective. By offering a discussion on how owner-managers, being the primary decision-makers, contribute to that construction through their sensemaking activities, the third empirical chapter (Chapter 8) addresses the third research objective.

I have already discussed the inferences of each empirical chapter in the

concluding section of each. Thus, in this chapter, I will try not to repeat myself. Rather, I will try to draw together the overall inferences from the empirical findings, reflect back to the literature, present the derived theoretical model and highlight the theoretical and methodological contributions of this study.

9.1 What can be Inferred from the Empirical Findings?

Chapters 6, 7 and 8 attempted to explain and illustrate: the working conditions in the research context; how a range of influences contribute to the construction of working conditions in the sample SMEs; and what role owner-managers play in contributing to the construction of working conditions in these SMEs. The following discussion will now attempt to extract inferences from these findings and relate them to a coherent body of knowledge.

From the research findings, it can be broadly inferred that the working conditions in the sample SMEs are the outcomes of influences of three aspects, namely: the context external to SMEs, the internal dynamics of SMEs and owner-manager-centric aspects. These aspects are, however, not distinct. Rather, they are interrelated and impact on working conditions in SMEs collectively. This argument is parallel to that of scholars such as Arrowsmith et al. (2003), Barret and Rainnie (2002), Edwards et al. (2006), Harney and Dundon (2006), and Ram and Edwards (2003), who assert that working conditions in SMEs are shaped by the totality of structure and agency related influences.

In terms of internal dynamics, the majority of the literature on working conditions in SMEs inclines towards size determinism by placing a heightened emphasis on the size of the firms (Carter & Jones-Evans, 2006; Curran & Blackburn, 2001; Harney & Dundon, 2006; Jutla et al., 2002). The findings of this study

challenge this size deterministic thought. Although size constraints and resource limitations play a role in setting the parameters in terms of decisions regarding working conditions, they are not the only contributors. Size is just one influence among the many others that affect internal dynamics of SMEs. As highlighted in the literature, influences related to the SMEs' resource dependent nature, limited access to financial resources, informal organisational structure and close knit employer-employee relationships are also causal to internal dynamics (Cardon & Stevens, 2004; Graham et al., 2002; Welsh & White, 1981). Although size is a proxy for some of these features, considering it as being the determinant of all these features could limit our understanding of the complex nature of SMEs. Thus, in presenting a perspective different from one dominated by the arguments based on firm size, this study has attempted to facilitate looking beyond the rudimentary stereotypes of small is 'beautiful' versus 'bleak house'.

Beyond these influences, the types of workers' attitudes peculiar to the empirical context were also found to have an effect upon internal dynamics. Certainly, the workers in Tirupur's SMEs lack collective representation in the form of unions and internal collective bargaining arrangements. They are financially deprived, illiterate and rather submissive. To them, working conditions mean nothing but 'wages'. They do not seem to be concerned with any other aspects of working conditions. However, this does not mean that they do not play a part in the construction of working conditions. Although their participation in not active and explicit, their attitudes, employment status and place of origin *per se* implicitly influence the construction of working conditions.

In terms of external influences, the findings confirm the effect of numerous influences highlighted in the literature, namely: the complexity of the production

process (Hale, 2000), the industrial subculture (Ram, 2000), the labour market (Gilman et al., 2002; Goss, 1991), the product market (Ram, 1999; Turner & Morley, 1995), and the socio-cultural influences (Jones & Ram, 2007, 2010). Further, it confirms the influence of aspects associated with the developing country context, such as poorly enforced labour regulations (Akorsu & Cooke, 2011; Amaeshi et al., 2008) corruption (Azmat & Samaratunge, 2009; Reiter & Steensma, 2010) and resource availability and infrastructural development (Mamic, 2005; Welford & Frost, 2006).

In addition to confirming the presence of these influences, the findings also provide evidence of the influence of aspects specific to the research context, such as the political affiliation of trade unions, the absence of trade unionism, the pressure from local exporters' associations, aspects linked to different forms of trade arrangements and local attitudes towards aspects of working conditions. Further, for a research on Indian workplaces, the influence of caste or religion in the form of discrimination in the workplace would be expected; however, the findings do not show any explicit evidence for the existence of such form of discrimination. Still, in a context dominated by Hindus, it is quite impossible to discern whether there is any discrimination based on such social stratifications.

Nonetheless, the findings clearly illustrate the influence of language and gender on working conditions. Language and gender play a considerable role in employment decisions in the research context. Employment decisions are in favour of individuals who can speak Tamil and preponderantly male workers are employed in most of the highly technical and value added processes in the production of garments, whereas female workers are mostly employed in low paid, simple processes such as checking. In other words, there exists a discrimination based upon language and

gender. Because these are sensitive and complex topics, the respondents' responses and the data collected through surface level observations should not be taken at face value. Thus, further research with a different approach is needed to make headway into these rather sensitive topics.

In terms of owner-manager-centric aspects and akin to the arguments put forth by most existing studies related to SMEs, owner-managers are the primary decision makers. They control all or most of the operations of their firms. By demonstrating the dynamics of the owner-manager's role and their contribution to the construction of working conditions, this study aligns itself with existing ones (see, Eakin, 1992; Hasle, 2000; Hasle & Limborg, 2006; Mallett & Wapshott, 2012; Martin, 2012; Matlay, 2002), which portray owner-managers as the dominant actors in SMEs and their values, beliefs and interests as influencing working conditions to a certain extent. Further, by illustrating the heterogeneity of working conditions between different SMEs and the different interpretations and responses of owner-managers, this study also echoes the notion of Hasle et al. (2012), who argue that this heterogeneity is due to the different owner-managers' heterogeneous understanding of the work environment.

The findings, however, did not highlight any explicit familial influences on the owner-managers' preferences. Some owner-managers in the research context are in business partnerships with family members; but the reason they are is to evade income taxes. Most owner-mangers do not want their families involved in the business decision making process. They like to be independent in their decisions; this is not to say, however, that they are never affected by familial influences. In a close knit society, as the Indian one is, there is indeed a large scope for familial influences, which may not be explicit. Thus, as Ram and Edwards (2003) advocate, there is the

need for further research on the link between the dynamics of family and the organisation of SMEs. I would add to their call by stating that this link should be understood with respect to the context of the research, because the concept of family *per se* varies between different cultures.

The research findings also show some indications of what Ram (2001) refers to as the paternalistic approach of owner-managers and the workers' feeling of inclusiveness. But, again, the notion of paternalism or maternalism *per se* has different connotations in the research context, compared to that of Western societies, and these concepts are not much explored in this study. Future research along this line of thought could offer an in-depth understanding of the work organisation in SMEs in different cultures.

Still, there is evidence of indigenous practices being carried out in Tirupur's SMEs. In general, owner-managers are described as authoritarian leaders. Nevertheless, the owner-managers' interpretations and responses show a substantial shift from authoritarian leadership model to a model based on consent and care, which Saini and Khan (2000) refer to as 'neo-unitarism'. The practices of owner-managers in Tirupur SMEs can also be related to what Sinha (1980) refers to as the 'nurturant' leadership style, which comes natural in the behaviour of Indians (Sinha, 1990). This was shown by their adoption of a fatherly and friendly posture; belief in benevolent, personal and family values; their informal approach to communicating with workers and showing some consideration for their suggestions; their practice of local traditions in the workplace, such as paying bonuses on Diwali and allowing workers to take long holidays for festivals; helping workers by offering interest-free loans; using the workers' personal connections for sourcing new recruitments; and their personal involvement in the everyday business activities.

Under semblance of such conditions, it is relatively difficult for workers to act against their owner-managers, despite being supported by the law. The findings show that workers are generally migratory; yet, most of their attitudes towards work seem to be closely linked to the philosophy of *Nishkam Karm*, which means working earnestly without worrying about the outcome (Sinha, 2008). On top of this, the workers' low education and skill levels also add to the reasons why they are inclined to look upon their owner-managers as symbols of authority and providers of sustenance (Saini & Budhwar, 2008).

In addition, the negative side of this leadership style of management was also highlighted in the research findings. The owner-managers are aware of the indigenous culture and sometimes make use of it to manipulate workers in such a way that they are not even aware of it. They use their workers' emotional dependency to make them comply with their agendas and covertly suppress the conflict-raising potential of workers. This shows that indigenousness of some practices act as a cultural-cognitive framework through which individual interests are defined, classified, argued, negotiated and contested (Scott, 2008). It is not only a subjective belief, but also a symbolic system perceived to be objective and independent to the individuals in the context. This means that, certain indigenous practices possess the local licence to practice, and can be used as an objective tool to organise the ways in which business is conducted.

However, one can ask, are owner-managers not part of internal dynamics and, if so, why do they need special consideration? The answer is yes, owner-managers are a part of internal dynamics. Nevertheless, they need special consideration because, in this study at least, they tend to demonstrate a higher level of agency (Figure 8.1) compared to what emerges from Western literature. Some of the ways in which these

owner-managers interpret and respond to institutional demands are quite new and, at times, appear to be extreme to a Western state of mind. The most unanticipated episode in the study was some owner-managers' unhesitant admission of how they are involved in ethically questionable practices to tackle institutional demands. This fearless attitude *per se* is one sample feature that demonstrates the level of agency these owner-managers possess (see Section 9.1.2 for further discussion).

The above discussion shows that some of the findings of this study are similar to those of studies on SMEs in different contexts. In fact studies on SMEs in developed countries such as the UK and Australia (as discussed above) also share some of the findings of this study. What does that imply for the role played by the context? Can we simply conclude that there are no context driven differences? Some (Jackson, Amaeshi, & Yavuz, 2008; Ronen & Shenkar, 1985; Streeten, 1983) argue that, in the contemporary globalised scenario, there is not much difference between the developed and the developing world. They even question the usage of the terms 'developing' and 'developed' to define different parts of the world. Even I would argue that Indian SMEs are not completely different from those of the developed world in terms of organisational structures and some underlying processes. This, however, does not mean that all of the differences between them are negligible. The labels used in the findings chapters may share some similarities with those of studies on SMEs in developed countries but, as the findings explain, the underlying processes and the meaning of such labels differ between the two worlds. Some of the contextual influences highlighted in this study may exist in both worlds, but their respective intensities and compositions differentiate them. For example, corruption, gender differences, the role of family, the role of owner-managers and many more such aspects can be seen in both developed and developing countries. But these aspects do

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not share similar meanings in both groups. For example, the findings highlight the perceived role of women in rural Indian society, where women are seen as obliged to perform household chores and men are considered to be the decision makers and bread winners. In fact, women themselves believe that their primary duty is to take care of the household chores. This is even reflected in their preference to perform light jobs, such as checking, and electing to spend most of their time and energy in taking care of their families. This kind of attitude with regard to women is rarely seen in developed countries, or at least the intensity with which women are repressed is lower. To highlight another example, corruption exists in both types of country, but its intrusion in the individuals everyday lives is not the same. In India, bribes can help in instances ranging from obtaining a birth certificate or a driving license to literally getting away with murder. Another example is the role played by language in the work organisation and beyond. Most Indians discriminate each other based on language. A Tamilian will feel like an alien in Mumbai, where Hindi is mainly spoken. In fact, in the 1980s, a community riot took place in Tamil Nadu against the inclusion of Hindi as a compulsory subject in the school curriculum. Many such differences can be highlighted between developing and developed countries. Besides these, I already highlighted the role played by caste in small business organisations. Although it was not explicitly discussed by many respondents, caste based discrimination is a part of the Indian social structure. To this day, persons belonging to castes perceived to be of a lower level are stereotyped and repressed by individuals belonging to castes perceived to be of a higher one in many parts of India. This is even claimed to be one of the reasons behind the emergence of many caste based political parties which are based on the ideology of preserving and safeguarding their own people. Therefore, when I use the term "contextual differences", I do not just

refer to differences in economies, but also to differences in the value systems of the people who live in these two groups of countries. However, I do not claim that one value system is superior to another; I claim that they are, at the very least, different. In general, these inferences once more affirm the argument put forth by scholars such as Dornier et al. (2008), Meixwell and Gargeya (2005), who state that variations in political structures, economic environments, cultures, languages and practices are peculiar to a context and need careful consideration while researching global production networks composed of numerous, globally dispersed production centres in order to acquire a better understanding of the context and to devise policies appropriate to the context.

9.1.1 Towards understanding the complexity.

9.1.1 Towards understanding the complexity. As mentioned, it is the totality of all these influences which contributes to the construction of working conditions. The complex reciprocal interaction between structure and agency influences evidenced by the study thus explicates the limitations deriving from considering SMEs in isolation from their totality (Barrett & Rainnie, 2002; Ram & Edwards, 2003).

Furthermore, the conceptual framework, made up of a combination of institutional theory and organisational sensemaking theoretical underpinning, provides an analytical purchase on the influences on working conditions in developing country SMEs that are part of global supply chains. This enabled a shift beyond the mere appreciation of the complexity of working conditions in SMEs, towards the understanding, accommodation and explanation of structure and agency influences, and of the complex interplay between them.

The research findings clearly illustrate the process through which structural influences and owner-manager agency interact with each other. The findings show that the identified structural influences use regulative, normative and cultural-cognitive mechanisms of institutional order to influence working conditions. They operate collectively in a relatively interdependent and contradictory manner, putting forth ambiguous demands related to the maintaining of working conditions. In the sensemaking language, the institutional demands regarding working conditions are equivocal in nature.

The owner-managers, being the primary decision makers, are involved in the sensemaking of these equivocal institutional demands and develop their own interpretations of these demands. Based on their interpretations of institutional demands, they then respond to them in their own ways. These responses are then fed back to the institutional environment, where the institutional constituents try to make sense of the owner-managers' responses and then again give sense back to the owner-managers in the form of institutional demands.

This feedback—'sensegiving' (Gioia & Chittipeddi, 1991)—process however was not focussed upon in this study. Therefore, further research on the sensegiving activities between institutional constituents and owner-managers can assist in developing a further in-depth understanding of the micro-processes involved in structure-agency interactions and their contribution to the construction of working conditions in SMEs. Figure 9.1 is a simple representation of the theoretical model derived from the findings. Although it does not show the intricacies illustrated in the empirical discussions, it shows the overall process behind the construction of working conditions in developing country SMEs that are part of global supply chains.
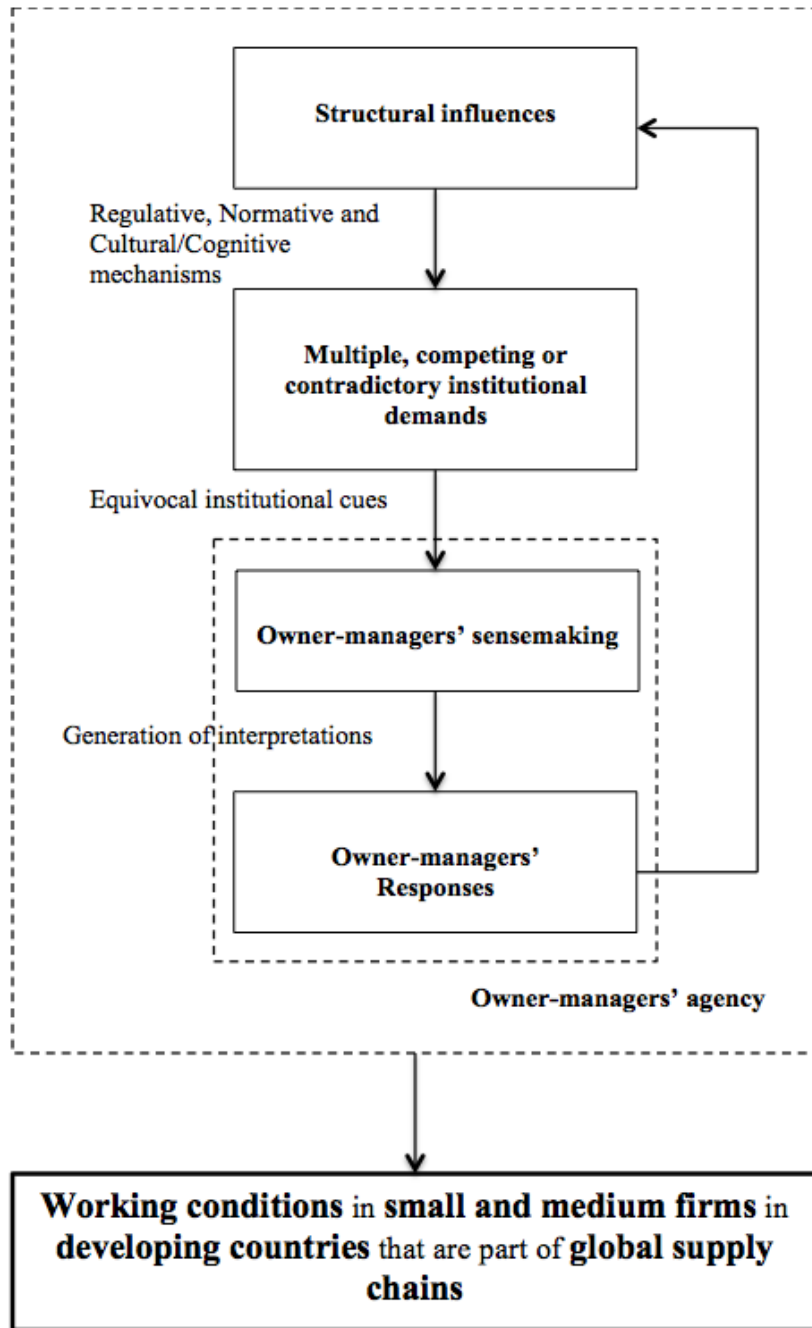
Figure 9.1. The process of construction of working conditions in developing country SMEs that are part of global supply chains

9.1.2 Relationship between complexity of institutional demands and owner-managers' agency. The findings further show that the complexity of the institutional demands, the owner-managers' agency, their scope for sensemaking and types of responses are mutually interrelated (Figure 9.2). In view of this, the more complex the institutional demands are, the greater scope the owner-managers will be provided with for sensemaking. This observation complements Weick's (1993) notion that sensemaking is normally triggered by chaotic or ambiguous situations. Under these conditions, when the level of owner-managers' agency is high, their response will incline towards active resistance. Similarly, when institutional demands are less complex, the owner-managers will be provided with less scope for sensemaking as they will be given rather clear prescriptions regarding what to do. Under these conditions, when the level of the owner-managers' agency is low, their responses will incline towards passive conformance.
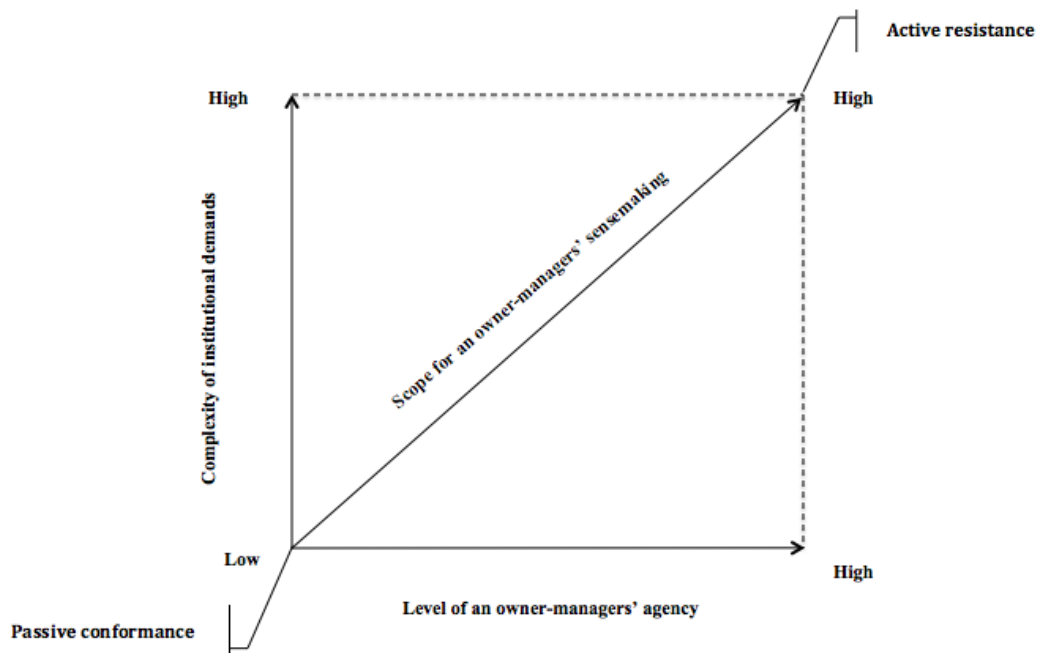
Figure 9.2. The interrelationship between the complexity of institutional demands, owner-managers' agency, their scope for sense making and types of responses

These are, nevertheless, preliminary postulations. Certainly, more research is needed in order to validate them and to further understand what happens when institutional demands are less complex and owner-managers' agency is high and vice versa.

So far, the above sections endeavoured to present a discussion on the core inferences of the overall empirical findings by reflecting back to the literature and present the theoretical model derived from them. In general, these discussions suggest the notion that owner-managers in developing country SMEs are resource dependent, but this situation does not make them passive adopters of institutional demands. The next section will attempt to expand this argument.

9.1.3 Owner-managers in developing countries are resource dependent but are not passive. DiMaggio (1988) once stated "new institutions arise when organized actors with sufficient resources see in them an opportunity to realise interests that they value highly" (p. 14). The findings of this study challenge this statement by arguing that actors with insufficient resources can also realise their interests. This opens up a new research question: under what conditions can actors with insufficient resources, such as the owner-managers in Tirupur, realise their interests?

The study has generated a rich and detailed understanding of the micro-processes associated with the construction of working conditions in SMEs by highlighting how resource dependent owner-managers can and do manipulate the institutional influences regarding working conditions (Table 8.1). Considering that owner-managers are embedded in an institutional field and are subject to regulative,

normative and cognitive processes that structure their cognitions, how can they realise their own interests?

The weakness in the structure may be an answer to this question. From the findings, it can be inferred that the state or private monitoring institutions assigned to scrutinize working conditions are far from performing their roles. Most workers are submissive and lack collective representation, trade unions act more like political parties, most buyers are concerned about delivery deadlines and quality and, because owner-managers are not provided with any clear prescriptions regarding what to do, their cognition plays a major role and allows them to utilise their abilities to realise alternative possibilities. This argument is quite similar to Garud, Hardy and Maguire's (2007) conceptualisation of "agency as being distributed within the structures that actors themselves have created", where "…embedding structures do not simply generate constraints on agency but, instead, provide a platform for the unfolding of entrepreneurial activities" (p. 961). Therefore, although owner-managers are resource dependent, they can still draw upon the weakness of the structure to realise their interests without using their own resources.

This also shows that a wider understanding of 'resources' is required. The findings show that the owner-managers in the research context tend to use cultural idiosyncrasies, worker trust and dependency, the social acceptance of ethically questionable practices and so forth as resources to realise their interests. Research on institutional entrepreneurship has already begun to address this topic by arguing that actors leverage their resources to create new institutions or to transform existing ones and that they draw these resources from the existing institutional arrangements (Maguire et al., 2004). Still, there is a need to adequately, if not accurately, understand the multifaceted nature of 'resources'.

Complementarily, this study also suggests that the informality in SMEs is neither a given, as Cardon and Stevens (2004), Rainnie (1985), Wilkinson (1999) argue, nor is it determined by the external context. Rather, both the external contextual determinants and the ways in which owner-managers make sense of and respond to them on an on-going basis contribute to shaping it. By thus arguing, this study validates Ram et al.'s (2001) notion about understanding informality as a dynamic aspect and the combined product of a complex interaction between contextual factors and owner-manager agency.

At least in the case of the Tirupur SMEs, the role played by the external contextual determinants in creating such informal internal dynamics cannot be exaggerated, because the findings (Figure 8.1) imply that the owner-managers, rather than the external determinants, play a dominant role in shaping those dynamics. Still, the generalisation of this argument can be challenged, as it is just based on the knitwear manufacturing and exporting SMEs in Tirupur. Future research can extend this study to other sectors and contexts to realise the scope of this argument.

This study also complements empirical knowledge from India to the research on working conditions in SMEs. While numerous studies related to working conditions (Akorsu & Cooke, 2011; Amaeshi et al., 2008; Bhattacharjea, 2009) concentrate on developing country contexts, the majority of the research specific to working conditions in SMEs originates from the developed world. By exposing several ground level realities, I believe that this study provides a better understanding of Indian SMEs.

9.2 Theoretical Contributions

The theoretical contributions regarding the 'interactions between institutional influences and owner-manager agency' are divided into two topics: "Bridging between extremes: combining institutional theory with organisational sensemaking"; and, "Competing institutional demands, organisational responses, agency, and power". These topics will be discussed further in the following sections.

9.2.1 Bridging between extremes: combining institutional theory with organisational sensemaking. As Friedland and Alford (1991) assert, a complete social theory must allow researchers to work at all the three levels of analysis, namely: societal, organisational and individual. These three levels are rather intertwined in such a way that the institutional environment, the organisations' internal dynamics and the individuals interact with each other to produce a social phenomenon. By developing an integrated framework through the use of constructs of institutional theory and organisational sensemaking, this study attempts to provide new guidelines to overcome the paradox of bringing together multiple levels of analysis in a single theoretical framework. In so doing, it also endeavours to address the call for a theoretically rigorous research on understanding the complex construction of working conditions in SMEs.

Institutional theory, by primarily focussing on the macro-level, offers vital theoretical constructs to deepen our understanding of how various structural elements, in the form of constraints, values, beliefs and traditions, combine to construct working conditions in SMEs. It also shows that the institutional context is ambiguous, offering no clear prescriptions to the individual owner-manager on how to construct working conditions. By primarily focussing on micro-processes, organisational sensemaking

offers explanations for how the processes associated with the owner-managers' cognition impact working conditions in SMEs. Specifically, it provides rigorous explanations for the diverse ways in which different owner-managers interpret interrelated, ambiguous, and misaligned institutional influences, and how dynamically they take part in imposing their values and interests in shaping the working conditions in their firms.

Although both institutional theory and organisational sensemaking are distinct and complete theories in their own right—addressing different levels of a social phenomenon—this study demonstrates how the concept of connecting these two approaches allows us to cut across multiple levels of analysis and provide greater scope for the generation of a wider and better understanding of the intricate complexities of the construction of working conditions in SMEs. Complementarily, by combining institutional theory and organisational sensemaking, this study also tends to strike a balance between the cognitive psychologists' standpoint of recognising the individuals' ability to actively participate, perceive, interpret, and make sense of what is being observed, and the sociologists' standpoint of recognising the way in which social systems and their roles shape human behaviour.

9.2.2 Competing institutional demands, organisational responses, agency, and power. From the findings, it can be inferred that individual owner-managers are capable enough to manipulate or shape institutions and organisations, even when their agency is embedded within the structures that they themselves have created (see, Garud & Karnoe, 2003 for a more general discussion). Although institutions and organisations define higher order constraints, they do not always restrict agency by imposing those constraints; instead, at times, they provide scope for the unfolding of

the 'idiosyncrasies of agency' (Mutch, 2007) and for the deployment of their entrepreneurial capabilities. Cognition, as Salancik and Pfeffer (1978) state, should therefore be viewed as the product of a complex interplay between contextual/ situational cues and the individuals' prior repertoire of mental frameworks, as opposed to a mere individual-centric process. Based on this conception, human beings can be regarded as being analogous to information processors in which the mind is a computer-like gadget that takes in information and processes it before coming up with an output (Figure 9.3). The nature of the output is based on both the capability of the computer and the nature of the inputs. Neither can be exaggerated nor disregarded.
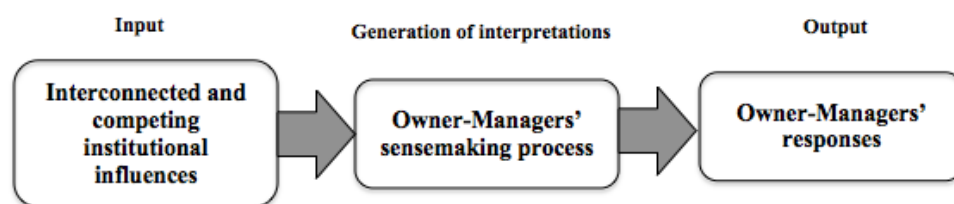
Figure 9.3. The process of institutional-sensemaking

By underlining cognitive awareness and deliberate action, thus, this study implies that organisational members play important roles in shaping organisational responses to permanently conflicting institutional demands. Nevertheless, earlier studies (Greenwood & Hinings, 1996; Kim, Shin, Oh, & Jeong, 2007) had already explored the effect of organisational member interests in shaping responses to institutional influences. Yet, by emphasising member responses to momentarily changing field-level institutional demands, those studies do not properly account for situations in which organisational members face institutional incongruities on an on-going basis (Pache & Santos, 2010). The extent and implications of the roles of organisational member interests in shaping responses to conflicting institutional

demands thus remains inadequately understood (Kraatz, 2009; Kraatz & Moore, 2002). By highlighting the purposive interpretations and responses of owner-managers as they juggle between competing and ambiguous institutional demands, the study contributes to the growing stream of research on institutional work (Lawrence, Suddaby, & Leca, 2009).

Specifically, by elaborately demonstrating the role of owner-managers and of the mechanisms they utilise to impose their interests and commitments, this study highlights the vital roles played by organisational leaders in bracketing, interpreting and acting upon competing institutional demands. It further highlights the role of power in shaping these intra-organizational dynamics, thus building upon and complementing early institutional theorist Arthur Stinchcombe's arguments.

Stinchcombe (1968), a student of Philip Selznick, is one of the prominent early institutional theorists who stressed the relationship between power and agency. Stinchcombe (1968) defines an institution as a "structure in which powerful people are committed to some value or interest" (p. 107). By defining an institution in such a way, he emphasises the power-agency relationship by stating that values and interests are preserved in an organisation only if the individuals holding them possess, and as far as they continue to retain, power.

By emphasising the interrelationship between power and agency, this study therefore substantiates an emerging perspective in the structure-agency debate that argues that "all actors both individual and collective, possess some degree of agency, but the amount of agency varies greatly among actors as well as types of social structures" (Scott, 2008, pp. 78-79). Future research on SMEs could take this notion as a starting point to further examine the conditions under which owner-manager

agency is suppressed or elevated so as to develop guidelines to direct their agency towards involvement in ethical entrepreneurialism.

9.3 Methodological Contribution: Implications for Conducting Research in Developing Countries.

Any research on working conditions in small supplier facilities in developing countries is usually considered to be extremely sensitive. Gaining access to such facilities is extremely difficult. Especially, access to workers in such facilities is usually restricted. As a result, research in this stream is generally biased by the perceptions of higher-level actors, such as the managers and owners of such firms.

Conversely, this study is composed of a detailed and rich account of ground level data from the research context. The data set encompasses a variety of relevant voices—including those of the workers—observations and documents. Without such data, the research would have been plain and stereotypical and would not have led to the development of the continuum or theory. In fact, what makes this data set more significant is that it goes beyond normalcy and includes the confessions of owner-managers about their ethically questionable workplace practices. It also includes the confessions of many other actors, such as the trade union leaders and the CSR officer. So, what made these possible?

9.3.1 Knowing the local language.

"The need to learn the local language… is so well accepted that no elaboration is needed." (Gregory & Altman, 1989, p. 12)

Still, here is a little elaboration. Language plays an important role during the fieldwork, especially while conducting qualitative study in India. Without some command of the local language, the majority of social and professional interactions will be constrained, resulting in a narrow insight into the community under research. There is the option of employing research assistants who are fluent in the local language, but the capability to directly conduct interviews in the local language adds texture and depth to the data collected. In addition, it also offers a platform from which to enjoy social interactions with the local community, which otherwise would be quite impossible because of the language barrier.

Still, "knowledge of vocabulary is not understanding of meaning" (Devereux & Hoddinott, 1993, p. 45). People from different demographical categories may use a similar vocabulary in different ways. For example, even within Tamil Nadu, spoken 'Tamil' varies between regions even when they all share a similar written form. So, rather than just learning a language, it is important to understand that language has a social context.

The decision about whether or not to learn the local language definitely lies with the researcher's personal interest but, based on my experience, I would certainly argue that, at least methodologically, it is not an 'either-or' decision, especially when conducting a qualitative study. Therefore, it is certainly necessary to spend time and energy in learning the local language, and particularly the local dialects, to understand a variety of aspects of the local ideology and social relations which are, in my opinion, extremely essential for understanding the context under research.

9.3.2 Manufacturing distance does matter, but how? McCracken (1988) refers to the distance between researchers and the cultures in which they conduct their research as the 'manufacturing distance'. According to him:

> Scholars working in another culture have a very great advantage over those who work in their own. Virtually everything before them is, to some degree, mysterious. Those who work in their own culture do not have this critical distance from what they study. They carry with them a large number of assumptions that can create a treacherous sense of familiarity. (p. 22)

Although, McCracken's (1988) argument is valid to a certain degree, working within one's own culture also has its advantages. Most importantly, it helps in creating local perceptions of strangers and outsiders. This is important not just because of its intrinsic value, but also because it governs the reliability of the data obtained. Individuals, at least in the research context, tend to perceive outsiders or foreigners as inspectors or representatives of international organisations. This may limit the level of trust that an outsider can develop with a respondent in a given period of time, resulting in the gathering of lower quality information.

Working within one's own culture also helps to understand the intricacies of dealing with different types of respondents. Specifically, it helps to realise the disproportionate power relations associated with class, gender, age and any other institutional categorisation. It helps in understanding the tone, gestures, and ways with which these different categories of respondents react to certain features, and enables more appropriate and sensitive behaviours and reactions. Being from within the context and having lived outside for quite a long duration, allowed me to pick up on

intricacies that an outsider could have easily overlooked. At the same time, it could be argued that it could have caused me to overlook some aspects that the respondents would have assumed that I knew, and could have eroded my ability to analyse objectively.

But still, based on my experience, I argue that being an insider does not mean that a researcher will be incompetent in analysing the respondents. As Razvi (1993) notes, being an insider is only an issue for positivists, as they tend to seek to establish a distance between the subject and the object so as to enable objectivity while conducting research. She draws upon Gidden's (1975) notion and argues that "if, within a phenomenological or interpretive frame of reference, the purpose is somehow 'to think and feel oneself into the minds and emotions of one's subjects'… then being an insider should enhance one's understanding of the host community." (p. 161).

Overall, I suggest that language plays a crucial role for conducting fieldwork in India. A researcher should go beyond just learning the language but try to understand the different associated dialects in order to interact freely with the respondents and understand the deeply embedded meanings attached to them. Furthermore, the more a researcher is an insider, the better his/her understanding becomes. Especially when working with tight deadlines, the insider has numerous advantages over the outsider, as he/she is already equipped with the tools necessary to conduct research in such a context. Finally, I close this section by echoing Razvi's (1993) statement:

…it has to be accepted that there is no such thing as the 'objectivity' of the outsider, only the different subjectivities of the outsider and the insider. (p. 162)

Summarising, the study makes significant empirical contributions in terms of findings related to working conditions in Indian SMEs that are part of global supply chains, theoretical contributions regarding the interactions between institutional influences and owner-manager agency, and methodological contributions related to conducting research in developing countries.

Chapter 10

Conclusion

Chapter Ten: Conclusion

10.0 Introduction

In the previous chapter, I attempted to draw together coherent inferences from the empirical findings by reflecting back to the literature, present the derived theoretical model and discuss the theoretical and methodological contributions of this study. Having discussed all this, this chapter will bring the thesis to its conclusion by presenting a summary of the complete research process, sharing concluding remarks, evaluating the limitations and offering some recommendations in terms of research and practice, and will end by presenting my personal opinions and feelings with regard to the many intentional actions and decisions that were taken all through the research process.

10.1 Summary

This study set out to understand the construction of working conditions in SMEs in developing countries that are part of global supply chains. To this end, SMEs in the Indian garment exporting industry, knitwear garment manufacturing and exporting SMEs located in Tirupur in the state of Tamil Nadu in particular were selected as the research context. Qualitative data were collected using in-depth semi-structured interviews, documents, informal conversations and numerous ad hoc non-participant observations made during frequent factory visits. The collected data were then analysed using the thematic analysis method. A theoretical framework composed of contemporary constructs of institutional theory and organisational sensemaking guided the data analysis.

The study is quite exploratory in nature. As a result of the analysis, first, it was found that the nature of working conditions in the research context is rather informal, ad hoc, detached from legal obligations and too complex to be stereotyped. It was also found that the owner-managers are the primary decision maker and that their role is multi-faceted, ranging from managing production to acting as a production worker when needed.

Then, an attempt was made to understand the reasons behind the nature of working conditions. As a result, it was found that a wide range of structural factors simultaneously influence working conditions using a complex combination of institutional mechanisms which are relatively interconnected, competing, ambiguous and practically impossible to delineate.

Consequently, the owner-managers—i.e. the primary decision makers—are confronted by vague and contending prescriptions for conduct and are left in a situation of uncertainty about what is expected of them. In other words, the messages or cues conveyed by the institutional influences are 'equivoque' in nature. Such an ambiguous and contending institutional environment, in turn, generates a platform for owner-managers to positively exercise an influence based upon their own interests and decisions, while at the same time, it instigates conflicting choices and behaviours in them.

Owner-managers do not—and pragmatically could not—mechanically respond to such 'equivoque' institutional cues. They bracket-out or select and interpret each of them before deciding on how to respond. Five diverse and contradictory forms of owner-manager interpretations—*impunity, support, authority, responsibility and pressure*—were identified. Also, it was found that a single owner-manager can possibly have multiple interpretations of institutional influences

regarding working conditions. These forms of interpretation may not be definite. At the very least, this demonstrates that it is more likely for different owner-managers to bracket-out different institutional cues, in different ways and at different points in time, and that the same set of institutional influences does not necessarily lend itself to similar interpretations by a set of owner-managers in the same context.

While the empirical findings indicate that owner-managers interpret institutional influences in numerous ways and that 'pressure' is merely one of their interpretations, they also indicate that owner-managers do not unproblematically conform to institutional influences. It was found that they respond to them in six different ways—*influence, eliminate, conceal, defend, negotiate and, conform*—where 'conformance' is just one of their numerous responses. Numerous approaches and ways in which owner-managers go about these responses were also identified. Similar to the forms of interpretations, the list of responses is also not definite. A single owner-manager can possibly respond in multiple ways at different points in time.

Similar to studies such as those of Barret and Rainnie (2002), Ram and Edwards (2003), Arrowsmith et al. (2003), Edwards et al. (2006), and Harney and Dundon (2006), this study acknowledges and appreciates the significance of considering the interactions between structure and agency to understand the complex construction of working conditions in SMEs. However, this study differs from previous ones by offering more in-depth insights into the role and scope of the owner-manager's agency and the micro-processes associated with such structure-agency interactions.

To understand these micro-level processes, this study adopts a unique theoretical framework composed of constructs of institutional theory and

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organisational sensemaking, which had not been adopted in any similar previous studies. By adopting this framework, this study widely differs from current works that use macro and deterministic social theories/concepts such as 'embeddedness', 'open systems theory' and 'Marxist labour process theory' (see Chapter 2) to understand the structure-agency interactions; in doing so, this study allows for a new way of looking into such interactions.

Generally, small suppliers based in developing nations are presumed to be powerless and passive in global supply chains. Nevertheless, focussing more on the micro-level processes by means of the adopted theoretical framework offers a different picture. Indeed, small suppliers are resource dependent and may hesitate to retaliate against multinational corporations' requirements or other institutional ones but, as illustrated by the empirical findings, abandoning the trade relationship is not the only way in which they can retaliate. They discreetly bypass institutional demands by bribing, manipulating, double bookkeeping, operating multiple units, grooming factories and training workers for inspections etc.; what I call 'creative-evasion' practices.

By clearly demonstrating the existence of such creative-evasion practices, this study provides a rich and detailed understanding of the owner-managers' agency by highlighting how resource dependent owner-managers can and do manipulate institutional demands regarding working conditions to realise their interests. Beyond merely developing strategies to generate and institutionalise rules and practices, they actually interrupt the existing system of rules and practices and, in fact, are successful in doing so. They actively take part in constructing their actions by using the prevailing social rules and resources as an inventory of opportunities and, at times, altering them.

Considering that owner-managers are individuals with insufficient resources, embedded in an institutional field and subject to institutional demands that structure their cognitions, this study shows that *structural weaknesses or institutional voids,* which are associated with the social, political and economic infrastructural gap which exists in developing countries, and *indigenousness,* which is associated with the local conventions of workplace structuring peculiar to the context under investigation, enable them to explore the idiosyncrasies of their agency.

Bringing such insights from SMEs in developing countries is another important contribution made by this study. Although the studies that investigate structure-agency interactions in SMEs are conceptually/theoretically advanced, they fail to take into account SMEs from developing nations. As a result and until now, very little is known about the nature of such interactions in a developing country context. Surprisingly, the findings of this study show that developing and developed country SMEs share many characteristics. In fact, the model (Figure 9.1) that I presented in the discussion, depicting the micro-level processes associated with structure-agency interactions, can be applicable to both developed and developing country SMEs. But this is not to say that there are no differences whatsoever; although there are some structural similarities between them, this study shows that the underlying meanings and processes that contribute to the construction of working conditions differ between these two contexts. Still, much remains to be explored with regard to the convergent and divergent aspects of SMEs in developing and developed countries, the internal dynamics and the indigenous practices in developing country SMEs, the ways in which developing country owner-managers navigate complex institutional environments and so forth. I nevertheless hope that this study, guided by a framework composed of institutional theory and organisational sensemaking, will

prove to be a foundational work for such a path.

10.2 An Evaluation of Limitations and Directions for Future Research

No research in any discipline is 'ideal'. Indeed, it would be rather an exaggeration to label any research as 'ideal'. Although the positivists claim that their research conclusions are based upon (indisputable) facts, in a way, they hypocritically end up challenging their own conclusions or the similar ones of other positivists. This research is not complete either. It has both conceptual and methodological limitations[26]. This section is dedicated to addressing these limitations.

The first limitation of this research is associated with its positioning in Laughlin's (1995) middle-range thinking tradition. Having adopted Laughlin's (1995) middle-range thinking tradition, this research is based upon certain skeletal-level presuppositions drawn out of concepts of institutional theory and organizational sensemaking. In this regard, even though this study, both theoretically and empirically, emphasises the reciprocal interaction between the institutional environment and the owner-managers' sensemaking process, the entire process is not demonstrated. Rather, the focus is mainly on the outcomes of the micro-level processes associated with owner-managers' sensemaking process, i.e. interpretations and responses. Further investigation of how institutional cues travel from the organisational field level to the organisational level, and then to the individual owner-manager one and vice versa would deepen our understanding of how the reciprocal interaction between these multiple levels generates social phenomena.

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[26] Chapter 5 addresses various limitations associated with the components of the research design; so, this section will not repeat the one that have been already addressed.

Moreover, empirically illustrating particular adopted constructs of sensemaking is also beyond the scope of this study as these are overly associated with psychological traits. For example, the notion that every individual has a pre-existing subjective frame of references was assumed in the study. Illustrating what these frames of references are requires an additional background of psychological knowledge, which the researcher does not possess. In this regard, Laughlin's (1995) middle-range thinking tradition is indeed a purposeful adoption to restrict certain limitations associated with my knowledge background.

The second limitation is associated with the interpretation and presentation of the empirical findings. The list of institutional influences, the owner-managers' interpretations of institutional influences and the continuum of their responses and associated approaches and ways towards those influences is not as definite as is suggested in the study. While the empirical findings are based on the respondents' interpretations and subjective meanings, I was also a part of what was being observed, and my own subjective frames of references will have influenced the data interpretation. There is always scope for future research to expand and/or challenge the interpretations, responses, approaches and ways presented in the study.

The third limitation of this study is associated with the limits imposed by generalisability issues. The access to organisations, to individuals within those organisations and to the sensitive information held by those individuals added to the time and budgetary limitations of the study. The amalgamation of these issues further led to a number of pertinent problems related to the research design, the most important of which is concerned with the extent to which the study's findings can be generalised and applied to other sectoral and geographical contexts. This particular study concentrates on a specific sector in a well defined region of the country. Hence,

the representativeness of the data collected from such a small, concentrated group of participants can be challenged. Knitwear exporting SMEs in Tirupur are not a representative sample of SMEs in the whole of India and India is not representative of all developing countries. Similarly, the participants interviewed in the research should not be deemed to be representative of other similar populations. However, as mentioned in Chapter 5, this research aims at achieving analytical, rather than statistical, generalisation. Hence, it is the quality of the theoretical inferences that are drawn out of the qualitative data that is more crucial (Bryman & Bell, 2007). Nevertheless, future similar research can expand and/or challenge this research's findings by being conducted in a different sector and/or within a geographical context that are, to this point, beyond the scope of this study.

Similarly, the generalisation of the findings across different elements of working conditions can also be challenged. Dutton et al. (2002)argue that contextual cues differ for different issues. The institutional environment therefore might change for different aspects of working conditions. Accordingly, the level of owner-manager agency may diverge based on variations in the issue-specific institutional environment. Therefore, future research could also drill deeper to examine the issue-institutional environment-agency link associated with the organisation of working conditions.

10.3 Beyond Minimising the Limitations: More Future Research Directions

The above section presented an assessment of the limitations of the study and proposed some future research directions to contain as well as to develop on the identified limitations. Besides these research directions, the study offers many other

potential pointers for future research. This section is dedicated to discussing such pointers.

10.3.1 Linking interpretations and responses. The empirical findings of the study demonstrate how owner-managers interpret and respond to the institutional influences regarding working conditions. It can be further argued that these interpretations and responses are more likely inter-linked, as responses follow interpretations. Based upon this reasoning, it can be postulated that, when owner-managers sense that there will be no repercussion for their actions or that they are the dominant actor in their context or that they are widely supported in their actions, they tend to react or respond in a more resistive way. When owner-managers sense their environment to be more pressurising or that they have the most responsibility towards their workers, they tend to react or respond in a more confirmative way. Future research can utilise these postulations as leads and develop a dedicated study to expand the conceptualisation presented in this study by examining what type of interpretation(s) would lead to what type of response(s) so as to dig deep in to the micro processes associated with the owner-managers' sensemaking of the institutional influences regarding working conditions.

10.3.2 The role of the buying agents. The findings indicate that working conditions appear to be better in those firms that carry out their trade though buying agents than in those that do so through large exporters. As mentioned, buying agents tend to act on behalf of both buyers and suppliers. In a way, the buyers see them as 'representatives', and the suppliers see them as 'godfathers'. The role of the intermediaries is highlighted in the CSR literature (Dubbink, Graafland, & Van

Liedekerke, 2008); however, the role the buying agents play in incorporating responsible workplace practices in supplier firms is underexplored. Further research on the role of the buying agents in constructing working conditions in supplier firms could offer new insights.

10.3.3 The Intrusion of 'Casteism'. There are many obvious indications of caste-based discriminations in the research context. People in the research context consider belonging to a particular caste to be synonymous with being trustworthy. Casteism, as a socio-cultural entity, is embodied into the organisational schema of owner-managers. The embedded social stratification based upon caste persuades the owner-managers to develop the notion of workers from their own caste being trustworthy. According to this understanding, caste is not only a subjective belief, but also a symbolic system perceived as being objective and independent to social actors. As Scott asserts (2008, p. 57), "internal interpretive processes are shaped by external cultural frameworks". And to this end, casteism has the potential to act as a cognitive container within which the owner-managers' interests are defined, classified, argued, negotiated and contested. More research is thus required to further investigate the role of casteism in the owner-managers' decision-making process with respect to working conditions. Having provided a detailed discussion on the contributions, practical implications, limitations and future research directions of the study, I will now end this chapter by offering my personal reflections on the research process.

10.4 Practical Recommendations

While this study offers numerous empirical and theoretical insights, the integrated approach provides a tool for the understanding of both the external and internal

determinants of working conditions in Indian SMEs, which has direct implications for the development of policies and practices. By and large, the inferences of the study have the potential to guide the design, implementation and improvement and/or choice of relatively suitable initiatives for the improvement of working conditions in small and medium supplier facilities in India that are part of global supply chains. The following are some of these practical implications.

10.4.1 Acknowledging SMEs. In theory, while developing labour monitoring initiatives, it is presumed that the direct and transaction costs associated with their implementation are absorbed by the businesses and that they can make a profit even after having incurred the costs of implementation (Marshall, 2004). Nevertheless, the findings show that there is very little connection whatsoever between what these initiatives demand of SMEs and what SMEs are actually in a position to implement. This study, in general, shows the very real need to differentiate less resourceful smaller firms from more resourceful large ones with respect to the development and implementation of the different provisions of such initiatives.

This differentiation is essential, but it could also discourage firms to expand beyond a certain level, resulting in an increase in the number of smaller firms, so as to take advantage of unregulated employment. Therefore, what we need is not just such a differentiation and modification of initiatives, but management processes tailored to SMEs and to the context in which they are located. Certainly, SMEs must be brought into the development of labour monitoring initiatives, but they should be explicitly acknowledged as separate stakeholders. SMEs at the local level should be consulted during the development phase of such initiatives and should be partnered for their implementations. Additionally, these initiatives should be piloted and continuously

refined before their implementations and, once implemented, their impacts should be continuously monitored and evaluated.

10.4.2 Training the 'gatekeepers'. The study shows that owner-managers are the legitimate gatekeepers of Indian SMEs, similar to the case of Western SMEs. Nevertheless, the continuum presented in Chapter 8 shows that the level of control that Indian owner-managers possess is much higher than that of their Western counterparts. They possess a high level of authority in deciding the internal dynamics of their firms.

Yet the findings indicate that these owner-managers do not appear to have an ample understanding of either labour regulations or multi-stakeholder standards. Unlike the owners and managers of large firms, the majority of these owner-managers are uneducated. They can hardly comprehend legal documents or standard management-orientated discourses. There seems to be a gap between the prescriptions of standards regulations and the owner-managers' understanding of them. Indeed, they lack understanding of them, but this does not imply that they are inferior in any way, as they are sophisticated in many other ways in the management of their businesses.

Therefore, it is necessary to translate regulations and standards into a format that is comprehensible to local owner-managers both in terms of content and language. Further, a course-based certification programme should be introduced and made a mandatory requirement in the company registration and the social standard certification processes. Similar to multi-stakeholder initiatives, the curriculum for these courses should also be developed with the involvement of multi-stakeholders. Further research is however necessary to examine whether and to what extent such

endeavours could lead to improved working conditions. Nevertheless and at the very least, they could make the uninformed owner-managers proficient in the necessary regulations and/or standards, so that they could no longer justify themselves by saying that they are uninformed.

10.4.3 From 'policing' to 'cooperative development'. From the findings, it is clear that Indian SMEs see buyers as agents of pressure in terms of aspects such as delivery times, pricing and labour standards compliance. Other actors in the research context also confirmed that buyers tend to adopt an 'adversarial' or 'arms-length' approach (Humphreys, Shiu, & Chan, 2001; Petison & Johri, 2008) towards their small suppliers. At least in the case of the Tirupur SMEs, buyers appear to play a dominant role and sometimes are even involved in creating a price competition among suppliers to obtain price concessions and an uninterrupted supply. They do not appear to value the suppliers' abilities, and assume that no supplier has anything unique to contribute in their struggle for competitive advantage. Consequently, compliance with labour standards *per se* is becoming the basis for the nature of relationships or an aspect of political conflict between buyers and suppliers.

The buyers could change the nature of their relationship with their suppliers by moving beyond this established arms-length relationship towards a closer or collaborative relationship. The buyers should realise that their suppliers create value and enhance organisational effectiveness. They could initiate this style of relationship by providing incentives and support in the form of financial sustenance, changes in price structures, increases in turnaround times and by showing a willingness to share risks. This, in turn, could provide suppliers with an economically sustainable scope to both balance trade and avoid ethically questionable working conditions.

By and large, buyers should virtually shift from an unsupportive 'policing' stance to a 'supportive' one and should get involved in cooperative development along with SMEs, rather than just purposefully exploiting their vulnerability. This could lead to numerous concrete benefits, such as an increase in the level of compliance, a reduction in monitoring costs and a venture to generate more solid long-term buyer-supplier relationships.

10.4.4 Making the 'invisible hands' visible. The findings of this study suggest that most of the employees of garment SMEs in Tirupur are uneducated and economically deprived. They are attuned to work for the garment industry. Their everyday life depends on the work they do. Because of such conditions, they are less likely to stand up to their owner-managers. Union membership is negligible, and this is not just the case for trade unions; the evidence suggests that the workers in these SMEs are not even inclined to form internal workers' associations. They are quite fragmented; most workers are even unaware of their own rights, which provide the owner-managers with an abundant scope to get involved in ethically questionable practices. To overcome this, there is a need to empower workers. They should be made aware of their own rights and of established labour standards. In addition, they should also be consulted while designing obligatory and voluntary regulatory initiatives so as to arrive at a realistic depiction of what their real requirements are, and how they could be fulfilled.

10.5 Personal Reflections

The past three years into my PhD degree have been a period of intensive learning and very challenging. This was my first experience in conducting a discourse-based

qualitative study. Since my first degree was in Engineering, I was trained to break down any phenomenon by crunching numbers and drawing diagrams – a very positivist standpoint. However, my second degree course, in Management, has shed light on other ways (i.e. qualitative ones) of looking at a phenomenon, which fascinates me in every aspect. My transition from a number-crunching mindset to a qualitative one was gradual, and yet reasonably successful. Yet, this thesis may retain some traces of my engineering mindset, such as the diagrammatic representation of arguments, etc., but I made sure they would not distract from the flow of arguments.

As a novice researcher, I encountered challenges all through the research process, beginning with crafting the research questions, to writing the thesis by bringing together all my endeavours and ideas into a coherent body of understanding. Although the research process was challenging throughout, it was a tremendous learning experience. After writing the final word of the thesis, I went back to it and asked myself: "What else could I have done to make it better than this?"

Although I would continue to employ a qualitative research strategy, I would use a longitudinal multiple case-study research design composed of interviews, observations, documents and conversations from relevant actors from two or three specific SMEs. This would allow me to precisely follow different types of interactions between institutional influences and owner-manager agency and could allow me to dig deeper into the differences in the owner-managers' sensemaking processes.

I would also try to extend my research to other regions within India to assess the relevance of this study's findings to other regions. India is a multi-cultural country. Different regions within India encompass different cultures and the differences are very apparent in terms of language, norms, values and behaviour.

Thus, I would try to see whether these cultural differences, in any way, would affect my research findings and the theoretical constructs I eventually developed.

In a way, constraints imposed by time and money influenced my research strategies, especially in the selection of Tirupur, India as the empirical context. Since I am originally from Tirupur, I thought I could utilise my local connections to gain easy access and eventually finish my thesis before the end of my scholarship period. Still, as mentioned in Chapter 5, gaining access proved not to be as easy as I expected. Even some of my friends hesitated to give me access to conduct interviews in their factories. They saw me as a researcher from the UK, rather than as a friend. However, this made me aware of my role as a researcher and of the reality of a social science fieldwork. Nevertheless, as stated, it at least allowed me to bring out evidence that would have been inaccessible to an outsider.

Nevertheless, this evidence per se has challenged my conscience. I am in a constant struggle between myself and my role as a researcher. This evidence is interesting in research terms, but, when seen through my human lens, I feel guilty for not doing anything with it. I do not wish to break the promise that I made to the respondents. At the same time, I would like to do something with it. Does this make me an activist? I don't think so. In my opinion, researchers, especially those working in this area *per se* are, to a certain extent, activists, but our idea of social movement is different in that it does not encompass any rapid actions. It may take time for us to make our influence felt but, in any case, our research will slowly but gradually push the agenda of bringing change.

Another challenge was language. It specifically challenged me three times during the overall research process. The first was when deciding whether or not to use NVivo for the data analysis. Because my transcripts are not in English, it was quite

impossible to make use of all of the software's features. As a result, I ended up performing a manual data analysis. Using NVivo would have made my data analysis much easier, quicker and would have allowed me to play more with the data. The second was during the translation of the interview transcripts from Tamil to English. Although, as mentioned in Chapter 5, only the direct quotes were translated, this also proved to be a challenge as there is no exact English translation for certain Tamil words and phrases. Besides, I believe that language is culturally embedded, as certain phrases and expressions take on different meanings in different cultures. Thus, I had to be extra cautious during the translation process so as not to distort the original meaning of the quotes while, at the same time, making them universally comprehensible. The third was during the process of writing my thesis. Writing, especially in social science research, requires a well-disciplined usage of style and vocabulary. At times, I felt as if my meanings were not being perfectly reflected in my writing. However, I realise that this has improved compared to a couple of years ago. Learning is a process: I am learning and I continue to learn.

10.6 Concluding Remarks

The global assembly line is steadily expanding and ever more diverging out into new regions and novel commodities, offering much needed employment and becoming a large part of the day-to-day lives of large sections of the populations of the developing world. But, at the same time, it is often the target of criticism for being the setting for ethically questionable working conditions in their offshore supplier facilities. Consequently, stakeholders, including global brands, NGOs and international development organisations, are endeavouring to find ways to improve working conditions in the global supply chains.

The benefits of improved working conditions are not always easily quantifiable. But, at least, one cannot deny the fact that improved working conditions would protect people from coming to greater harm. We have been talking about improving working conditions in the global supply chains for many decades; however, not much has really changed. This does not mean that there have been no genuine efforts to realise improved working conditions, but it does mean that all such genuine efforts have not yielded the expected improvements.

There is a vast amount of frameworks, policies and resources in place directed towards improving working conditions in global supply chains. Nevertheless, a highly quoted argument is that these frameworks or policies lack proper implementation. For that reason, one can say that adhering to a philosophy of socially oriented management is nothing but an 'act of faith' (Jenkins, 2006). To fill this void and turn socially oriented management into more than a mere act of faith, the current frameworks and approaches need to be reconfigured.

Through this study, we now know that the mere collection of incomplete and biased information or the threat of sanctions will not drive improved working conditions in a sustainable manner. As Locke et al. (2009) argue, there is a need for a commitment based approach which encompasses features such as the analysis of the root causes, joint problem solving, trust, information sharing and the integration of social and operational excellence by diffusion of practices, which is in the mutual-self interest of all the stakeholders involved, including suppliers and global brands.

Indeed, we lack a strong framework of implementation and, as mentioned, a commitment based approach could be an alternative, but, above all, we also lack a rigorous framework. It is not just the approach that needs to change. The assumptions upon which the frameworks are developed also need to change. Frameworks or

policies should be developed based upon a proper understanding of the context in which they are to be implemented and should not just echo the concerns and priorities of consumers and watchdogs from developed nations. By arguing thus, this study also complements the propositions of international development theory regarding the existence of exclusive features pertaining to the issues of the indigenous industry in the developing world and the need for an adequate understanding of the social influences, intra- and inter-company power relations and the implicit and explicit assumptions about human and organisational behaviour and rewards. All these aspects require different solutions from those that might be implemented in the developed world.

This would appear to be an insoluble problem or a flight of fantasy. Nevertheless, there is some evidence of better performing global brands, so there still is hope. Although this study does not offer any concrete frameworks or solutions to improve working conditions in the global supply chains, it does offer some deeper insights about what really is happening at the very bottom end of the global supply chains. Thus, this study could be used as a foundation to develop such lifesaving frameworks or policies. Ultimately, such frameworks could decrease the gap between ratifications and actual practices and ensure that the realisation of improved working conditions in the global supply chains is no longer just a conjectural goal.

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Appendix One: Global definitions of SMEs[27]

Country & defining institution	Definition	Indicator/s
Australia *(The Australian Bureau of Statistics)*	Micro: < 5 employees Small: 5-19 employees Medium: 20-200 employees	Employment
Canada *(Industry Canada)*	SMEs are defined as those enterprises having annual revenues between CAD 30,000 and CAD 5,000,000.	Annual revenue
Cambodia *(Ministry of Industry, Mines and Energy, Cambodia)*	Small: between 11 and 50 employees and have fixed-assets of $50,000 to $250,000 Medium: between 51- 200 employees and fixed-assets of $250,000 to $500,000	
European Union *(European Commission)*	Micro: less than 10 employees; turnover should not exceed EUR 2 million; and balance sheet total should not exceed EUR 2 million Small: 10-49 employees; turnover should not exceed EUR 10 million; and balance sheet total should not exceed EUR 10 million Medium: 50-249 employees; turnover should not exceed EUR 50 million; and balance sheet total should not exceed EUR 43 million	Employment, annual turnover and balance sheet total
Ethiopia	Micro: < 1,600 euros Small: < 40,000 euro	Turnover
Indonesia	Different definitions adopted by different institutions such as Statistics Indonesia; the Ministry of Industry and Trade, and the State Ministry of Cooperatives and Small & Medium Enterprises	Employment, Assets and Sales
Korea *(Small and Medium Business Administration, Korea)*	Different definitions for different sectors (see, http://www.sbc.or.kr/sbc/eng/smes/definition.jsp)	Employment, capital and annual turnover
Malaysia (Small and Medium Industries Development Corporation, Malaysia)	Different definitions for different sectors (see, http://www.smecorp.gov.my/v4/node/14)	Employment and annual turnover
Philippines	Micro: 1-9 employees and assets up to PHP	Employment

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[27] The currencies are not converted into GBP so as not to undermine the Purchasing Power Parity (PPP).

(Department of Trade and Industry, Philippines)	3,000,000 Small: 10-99 employees and assets between PHP 3,000,001 and PHP 15,000,000Medium: 100-199 employees and assets between PHP 15,000,001 and PHP 100,000,000	and assets
Singapore *(Ministry of Trade and Industry, Singapore)*	Not more than 200 workers and annual turnover not exceeding 100 million Singapore dollars	Employment and annual turnover
South Africa	< 200 employees and turnover not exceeding 4 million euro	Employment and annual turnover
United Kingdom *(European Commission)*	Similar to EU	Employment, annual turnover, and balance sheet total
United States of America *(United States Small Business Administration)*	Manufacturing firms: max. 500 employees. Wholesale trade firms: max. 100 employees. Agriculture: max. US$750,000 in average annual receipts. Retail trade and most service firms: max. US$6.5 million in average annual receipts. General and heavy construction (except dredging): average annual receipts of max. US$31 million.	Employment and Annual revenue
Vietnam *(Agency for SME Development, Vietnam)*	Up to 300 employees and capital investment not exceeding VND 10 billion	Employment and capital investment

Sources: United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP): http://www.unescap.org/; The Organization for Economic Co-operations and Development (OECD): http://www.oecd.org/; SPRING Singapore: http://www.spring.gov.sg/Pages/homepage.aspx: SME Corp Malaysia: http://www.smecorp.gov.my/v4/node/14; Department of Trade and Industry Philippines: http://www.dti.gov.ph/dti/index.php?p=532; Small and Medium Business Corporation, Korea: http://www.sbc.or.kr/sbc/eng/main.jsp.

Appendix Two: Mixture of Interpretations

I / O-M	Impunity	Support	Authority	Responsibility	Pressure
OA	It depends upon the individuals' abilities. If the law says that an individual can work for 14 or 16 hours but the person is unable to do so... then what? So I would say it depends on the individual's abilities.	---	---	Section 8.1.4	If we want to get orders, we have to fulfil them. In one way buyers are forcing us to do certain things. So, we have to fulfil the orders to attract them.
OB	Section 8.1.1	---	Section 8.1.3	I don't want anyone to come between my workers and myself. Only I can understand their needs. Trade unions irritate me. As the owner, I want to deal with my workers' problems.	We have gone for a BSCI audit. So we are not allowed to employ contract workers.
OC	Section 8.1.6	Section 8.1.2	---	Section 8.1.6	Section 8.1.6
OD	There is nothing quite like labour regulations. It is rather impossible to follow these rules and regulations. Here, business is more like an unorganised sector.	---	Section 8.1.3	I was a worker before and I have been through many difficulties. Thus, I know how a worker should be treated.	Section 8.1.5
OE	Even workers don't ask for it because they don't use ESI or PF. I would say it's a profit to the government.	We usually work OT and we even have to work on Sundays. This is common among small factories. We have to do these things to deliver on time.	---	Section 8.1.4	Section 8.1.5

OF	They [the buying agents] don't ask us to do this and that. All they need is on-time delivery and 5% commission. They do not trouble us with anything else. We have a mutual understanding.	Section 8.1.2	---	My workers are with me throughout the year. If they are not satisfied, it means that they have wasted their time. So I try to do whatever I can to make them comfortable.	We don't get regular work, so we have to hire only contract workers. We cannot manage the expenses of employing permanent workers.
OG	They [the buying agents] will require quality because only then they can retain their customers. Besides, they don't normally get involved in worker related issues.	---	They [the workers] have to come to me directly. I'm always inside the factory and nothing can happen without my knowledge.	Section 8.1.4	There is no other way.... I don't have the necessary communication skills or investments to deal with the buyers directly.
OI	None of our buyers asks for standards or codes. So, I have not gone for them yet.	Actually, workers should wear steel mail gloves while cutting. But, no one in Tirupur uses gloves for cutting.	Everything has to go through me. So, I know what to do and when to do it. They [the workers] will keep asking for this and that. But it is up to me.	---	My customers expect quality. So, I cannot employ contract workers.
OJ	The government is asking us to pay ESI and PF. But, the workers themselves are not interested in the facilities provided by such schemes.	Companies like us don't have any formal guidelines for recruiting people.	---	First of all, the workers are human beings. No one is perfect. So, I always try to teach them when they make any mistakes.	Wherever there is a problem, we ultimately always get blamed.
OK	Nowadays, the workers themselves are not interested in joining a union.	---	Section 8.1.3	---	Nowadays, not many are willing to work in factories. So I have to do something to retain them.

Appendix Three: Sample Interview Guide

In total, six different types of actors—owner-managers, workers, buying agents, trade union leaders, an NGO leader and a CSR officer—were interviewed; the interview questions, approach and tone were accordingly attuned to the specific type of actor. Nevertheless, a basic outline was followed for all types of actor in order to maintain consistency in the information collected and to facilitate triangulation.

Information

    a. Information about the researcher, affiliation(s) and purpose of the research

    b. Information about the research study (e.g., to investigate the gap in our understanding of how working conditions are organised in SMEs).

    c. Information about ethical considerations.

The interview

Four sections:

    a. Background information about the production unit and/or respondent.

    b. General questions about the nature of the labour laws, buyers and intermediaries.

    c. Questions about different aspects of working conditions.

    d. General questions to conclude the interview.

Interview questions pattern:

Topic x

Background information on topic x

Follow up question on x

Second follow up question on x

…

Topic z …

Background information on topic z

Follow up question on z

Second follow up question on z

…

…

a. Background information:

In the case of a production unit: Information should be collected on, among other topics: date of establishment, investment, turnover, size, production capacity, number of units, focus markets, brands and countries, number and types of workers.

In the case of a respondent: Information should be collected on, among other topics: education, place of origin, family background, length of stay in Tirupur, reason for staying in Tirupur, type of employment and nature of work.

b. General questions about the nature of labour laws, buyers and intermediaries:

Labour laws: Primarily, questions should be asked covering topics such as a general idea of the labour laws, the relevance and applicability to everyday business and the government's support in appreciating them.

Buyers: Primarily, questions should be asked covering topics such as usage of voluntary governance mechanisms, the nature of the relationship, buyer expectations and support related to implementing and improving standards of working conditions.

Intermediaries: Primarily, questions should be asked covering topics such as the types of intermediaries, the nature of the relationship and the role they play in implementing and improving standards of working conditions.

c. Questions about different aspects of working conditions:

Freedom of association and collective bargaining: Primarily, questions should be asked covering topics such as membership information, the nature of the trade unions, the nature of the collective bargaining arrangements, encouragement and support towards unionism, events of strikes or lockouts and prescribed standards regarding freedom of association and collective bargaining.

Equality of opportunity: Primarily, questions should be asked covering topics such as the recruitment and promotion process, performance, training, the types and nature of workers employed and the prescribed standards for equality and opportunity.

Working hours: Primarily, questions should be asked covering topics such as working hours, overtime, nightshifts, patterns of working hours, management of working hours during different seasons, transportation, accommodation facilities and the prescribed standards for working hours.

Wages: Primarily, questions should be asked covering topics such as wage policies, categories of wages, overtime payment, benefits and the prescribed standards for wages and minimum wages.

Social security: Primarily, questions should be asked covering topics such as the types and nature of the social security schemes, benefits, recipients, awareness and the prescribed standards for social security.

Health and safety: Primarily, questions should be asked covering topics such as health and safety policies, the facilities being offered, health and safety training programmes, accidents, first-aid facilities and the prescribed health and safety standards.

d. General questions to conclude the interview:

Primarily, questions should be asked covering topics such as: (in the case of owner-managers) the current situation of the business, the challenges within the business, the personal challenges, the key characteristics of the business, values, mission and vision; (in the case of workers) working with their owner-managers, working within their current factories, their future plans; and (for all respondents) additional information and concluding comments.

End of interview

Appendix Four: List of ILO and Indian Labour Regulations Applicable to Garment Sector

The following section provides the list of labour regulations applicable to the Indian garment factories. It covers ILO standards ratified by India, possibilities for ratification, national and state (Tamil Nadu in this case) regulations. (Source: ILO: http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102691; Indian Labour Regulations: http://labour.nic.in/content/)

Abbreviations used in this section

C – Enacted and enforced by the central government of India

C(C+S) – Enacted by the central Government and enforced by both central and state governments.

C(S) - Enacted by central Government and enforced by the state government.

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1. Working Hours, Conditions of Services and Employment

ILO (ratified by India)

C014: Weekly Rest (Industry) Convention, 1921   (11.05.1923)

P089: Protocol to the Night Work (Women) Convention (Revised), 1948   (21.11.2003)

> *Possibilities for Ratification*
> *C106: Weekly Rest (Commerce and Offices) Convention, 1957*
> *C171: Night Work Convention, 1990*
> *C175: Part-Time Work Convention, 1994*

National

The Factories Act, 1948 – C (S)

The Weekly Holiday Act, 1942 – C (S)

The National and Festival Holidays Act – C(S)

The Contract Labour (Regulation & Abolition) Act, 1970 – C (C+S)

The Contract Labour Regulation Rules

State (In addition to the Central Regulations)

Tamil Nadu Industrial Establishment (National & Festival Holiday) Act, 1959

Tamil Nadu Industrial Establishment (Conferment of Permanent Status to Workmen)

Act, 1981

2. Migrant Workers

ILO (ratified by India)

None

> *Possibilities for Ratification*
> *C097: Migration for Employment Convention (Revised), 1949*
> *C143: Migrant Workers (Supplementary Provisions) Convention, 1975*

National

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of

Service) Act, 1979 – C (C+S)

3. Wages

ILO (ratified by India)

None

> *Possibilities for Ratification*
> *C094: Labour Clauses (Public Contracts) Convention, 1949*
> *C095: Protection of Wages Convention, 1949*
> *C131: Minimum Wage Fixing Convention, 1970*
> *C173: Protection of Workers' Claims (Employer's Insolvency) Convention, 1992*

Central

The Payment of Wages Act, 1936

    The Payment of Wages Rules, 1937

      The Payment of Wages (Amendment) Act, 2005 – C (C+S)

The Minimum Wages Act, 1948

The Minimum Wages (Central) Rules, 1950 – C (C+S)

The Payment of Bonus Act, 1965

The Payment of Bonus Rules, 1975 – C (C+S)

4. Equality of Opportunity and Treatment

ILO (ratified by India)

C100: Equal Remuneration Convention, 1951   (25.09.1958)

C111: Discrimination (Employment and Occupation) Convention, 1958 (03.06.1960)

Possibilities for Ratification
C156: Workers with Family Responsibilities Convention, 1981

National

The Equal Remuneration Act, 1976 – C (C+S)

National Commission for Minorities Act, 1992

Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995

5. Social Security

ILO (ratified by India)

C118: Equality of Treatment (Social Security Convention, 1962) (19.08.1964)

Possibilities for Ratification
C102: Social Security (Minimum Standards) Convention, 1952
C121: Employment Injury Benefits Convention, 1964
C128: Invalidity, Old-Age and Survivors' Benefits Convention, 1967
C130: Medical Care and Sickness Benefits Convention, 1969
C157: Maintenance of Social Security Rights Convention, 1982
C168: Employment Promotion and Protection against Unemployment Convention, 1988

National

The Employees' State Insurance Act, 1948 - C

The Employees' Provident Fund & Miscellaneous Provisions Act, 1952 - C

The Payment of Gratuity Act, 1972 – C (C+S)

The Payment of Gratuity Rules

The Unorganised Workers' Social Security Act, 2008

  The Unorganised Workers' Social Security Rules, 2008 – C (C+S)

The Workmen's Compensation Act, 1923

  The Workmen's Compensation (Amendments) Act, 1923 – C (S)

The Personal Injuries (Compensation Insurance) Act, 1963 – C(S)

State (In addition to the Central Regulations)

Tamil Nadu Labour Welfare Fund Act, 1972

6. Occupational Safety and Health

ILO (ratified by India)

C174: Prevention of Major Industrial Accidents Convention, 1993 (06.06.2008)

> *Possibilities for Ratification*
> *C120: Hygiene (Commerce and Offices) Convention, 1964*
> *C139: Occupational Cancer Convention, 1974*
> *C148: Working Environment (Air Pollution, Noise and Vibration) Convention, 1977*
> *C155: Occupational Safety and Health Convention, 1981*
> *C161: Occupational Health Services Convention, 1985*
> *C187: Promotional Framework for Occupational Safety and Health Convention, 2006*
> *P155: Protocol of 2002 to the Occupational Safety and Health Convention, 1981*

National

The Factories Act, 1948 – C (S)

7. Freedom of Association, Collective Bargaining, and Industrial Relations

ILO (ratified by India)

C141: Rural Workers' Organisations Convention, 1975 (18.08.1977)

> *Possibilities for Ratification*
> *C087: Freedom of Association and Protection of the Right to Organise Convention, 1948*
> *C098: Right to Organise and Collective Bargaining Convention, 1949*
> *C135: Workers' Representatives Convention, 1971*
> *C151: Labour Relations (Public Service) Convention, 1978*
> *C154: Collective Bargaining Convention, 1981*

National

The Trade Unions Act, 1926

  The Trade Unions (Amendments) Act, 2001 – C (S)

The Industrial Disputes Act, 1947 – C (C+S)

The Industrial Employment (Standing Orders) Act, 1946

  The Industrial Employment (Standing Orders) Rules, 1946 – C (C+S)

State (In addition to the Central Regulations)

Tamil Nadu Payment of Subsistence Allowance Act, 1981

8. Maternity Protection

ILO (ratified by India)

None

> *Possibilities for Ratification*
> *C183: Maternity Protection Convention, 2000*

National

The Maternity Benefit Act, 1961 – C (C+S)

9. Forced Labour

ILO (ratified by India)

C029: Forced Labour Convention, 1930 (30.11.1954)

C105: Abolition of Forced Labour Convention, 1957 (18.05.2000)

> *Possibilities for Ratification*
> *None*

National

The Bonded Labour System (Abolition) Act, 1976 – C (S)

10. Child Labour and Protection of Children and Young Persons

ILO (ratified by India)

None

> *Possibilities for Ratification*
> *C077: Medical Examination of Young Persons (Industry) Convention, 1946*
> *C078: Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946*
> *C124: Medical Examination of Young Persons (Underground Work) Convention, 1965*
> *C138: Minimum Age Convention, 1973*
> *C182: Worst Forms of Child Labour Convention, 1999*

National

The Child Labour (Prohibition & Regulation) Act, 1986 – C (C+S)

The Children (Pledging of Labour) Act, 1993 – C (S)

11. Vocational Guidance and Training

ILO (ratified by India)

C142: Human Resources Development Convention, 1975

> *Possibilities for Ratification*
> *C140: Paid Educational Leave Convention, 1974*

National

The Apprentices Act, 1961 – C (C+S)

12. Employment Policy and Promotion

ILO (ratified by India)

C122: Employment Policy Convention, 1964 (17.11.1998)

> *Possibilities for Ratification*
> *C159: Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983*
> *C181: Private Employment Agencies Convention, 1997*

National

The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1959

– C (S)

Others

Tripartite Consultation

ILO (ratified by India)

C144: Tripartite Consultation (International Labour Standards) Convention, 1976 (27.02.1978)

> *Possibilities for Ratification*
> None

Labour Administration and Inspection

ILO (ratified by India)

C081: Labour Inspection Convention, 1947 (07.04.1949)

C160: Labour Statistics Convention, 1985 (01.04.1992)

> *Possibilities for Ratification*
> None

National

Labour Laws (Exemptions from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 (No. 51 of 1988)

Collection of Statistics Act, 2008 (No. 7 of 2009)