

**FROM CSR (CORPORATE SOCIAL RESPONSIBILITY) TO CSR (CORPORATE SOCIAL REGIMES): THE POLITICS OF ETHICAL COMPLIANCE IN THE SOUTH INDIAN GARMENT INDUSTRY**

Dr Geert de Neve  
Sussex University

Draft

Please do not cite or quote without the permission of the author

**Introduction**

Corporate codes of conduct and voluntary labour standards have begun to transform the world of production across the globe. Codes and standards that seek to regulate social relations of production have proliferated over the last ten years, aiming to improve the conditions of employment of workers in sourcing factories, especially those located in developing countries. While generic standards, such as ISO 9000, are aimed at streamlining the characteristics of products and the management of production processes, labour standards focus on the wider social and environmental conditions of employment and the rights of workers producing for global markets (Nadvi and Wältring 2004: 71-3). While the CSR concerns of western companies cannot be reduced to a set of codes and standards, in sectors such as food and garment production, such codes nevertheless form the primary tool through which buying companies and chain stores seek to influence and shape conditions of labour in their outsourcing networks.

At the same time, a burgeoning literature has emerged that concerns itself with the definition and classification of such codes and standards (Nadvi and Wältring 2004), their implementation by multinational companies and producing firms (Nadvi 2004), and their relative success in improving conditions of work for male and female labourers (Barrientos, Dolan and Tallontire 2003; Barrientos and Smith 2007). Despite the growing body of information on the economic impacts of labour codes/standards on industries, firms and workers, relatively little has been written on the political changes that such 'technical tools' engender in the relationships between western buyers, supply firms in developing countries, and their subcontractors and workers. In this paper, I focus on the ways in which standards imposed on producing companies and their workers help to constitute not only measurable

and auditable conditions of work, but also the nature of social and power relationships between different groups. Codes and standards not only contribute to the manufacturing of commodities to specified standards but they also generate new social regimes of hierarchy, power and inequality.

In an illuminating description of the effects of EU food processing standards imposed on Polish farmers and processing plants, Elizabeth Dunn discusses how the EU food standards aimed not only at improving product quality but also at transforming firms and procedures in line with EU practices (2005: 176). In this process, the justification for imposing standards was based on a set of assumptions and a discourse that cast Polish farmers and processors as unsafe and risk-bearing subjects, for which standardisation was posited as the antidote (ibid.: 180). Dunn essentially argues that standards are never neutral. They are carriers of value and judgement, and hence creators of value hierarchies. In doing so, standards also produce hierarchies of subjects – be they states, regions, industries or firms - ranked according to their relative compliance with the benchmark concerned. For Polish food processors, Dunn summarises this as follows:

The hierarchy of value that standards lay out quickly transmutes *difference* into *impurity*. Standards thus act as more than technologies for organizing and regulating markets, and express fundamental social relations between groups. They set up a distinct power differential between the rule-making western European members of the EU, and Poland, ... (ibid.: 181).

In this paper, I am similarly interested in the processes through which western buyers and chain stores enforce compliance with company codes of conduct and voluntary labour standards among their garment suppliers in Tiruppur, South India. I am particularly interested in the ways that the implementation of codes and standards is imposed at the local level and in the ways that suspicion, fear and intimidation are central to interactions between buyer representatives and suppliers in negotiations surrounding implementation. Supply firms' experiences of such compliance requirements are key to understanding their very different reactions, which include compliance, evasion and resistance. Moreover, I will explore how social relations and power inequalities between buyers and suppliers are shaped through such processes of negotiation around code implementation and social auditing. In particular, I will argue that power hierarchies between buyers and suppliers and, further down the chain, between suppliers and their subcontractors and workers, are constituted through the very exchanges that surround codes and standards, which include accusation, suspicion, disciplining, fear and intimidation. In similar vein, Dolan has argued, with reference to the

imposition of standards in Kenya's fair-trade flower production, that 'while fair-trade's universalist spirit aims to render disparate economies and producers commensurable, in practice it can reify distinctions between North and South, creating new hierarchies rather than equivalences' (Dolan 2008: 2).

The politics of compliance not only reflect and produce inequalities of power, but they also create subjectivities and re-fuel older hierarchies between subjects. The formulation of codes and standards, on the one hand, and the buyers' determined social auditing, on the other hand, instigate a regime of disciplining that casts western buyers and hence consumers as knowledgeable, caring and disciplined, and their Indian counterparts as backward, uncaring and lacking self-control. Hence, the latter are in need of disciplining, and buyers seek to achieve this through the strict imposition of codes and standards, and through frequent inspections and careful auditing processes that enforce compliance. Dolan writes about such auditing and verification exercises that they are a 'technology of governance, one that identifies, manages and packages information about Southern producers in the name of ethical accountability' (Dolan 2008: 15). Such information, produced and controlled by those who instigate the audits, then classifies those audited into categories according to their willingness and ability to comply.

Dunn makes a similar point about the ways that the disciplining power of EU food standards affect farmers and food processors in Poland. Standards, she argues, 'work to shape economies because they are able to drive new norms down to the level of the individual' (ibid.: 183). Along with the regulation and standardisation of production processes, codes and standards also spread values and create persons and selves. They form an explicitly classificatory device that ranks people according to the extent to which they have internalised the values that standards embody. Indeed, labour codes and standards are not only about forcing countries and industries to follow the values and practices of western business, they are also 'about categorizing all producers, assigning them value, and marginalizing those who will not or cannot comply' (ibid: 138). This is not to argue that supply firms in South India, their owners, managers and workers have all internalised the values promoted by standards nor is it to suggest that they blindly oblige, for, as we shall see, there are various expressions of resistance to this imposition. Rather, I argue that producers are forced to engage with a set of values about how to produce and how to deal with labour that are not of their own making and that they frequently see as an external – Western - intervention that both ignores and de-values their own ways of going about organising production.

The Indian context in all of this is relevant too. In many ways, such normative disciplining can be considered a neo-colonial practice, mirroring earlier colonial interventions that similarly sought to regulate, educate and classify (Appadurai 1993, Cohn 1987, Dirks 1989, Dolan 2008). Under the current neo-liberal regime in India, the corporate imposition of new 'regulatory mechanisms' is facilitated by both state and general political support for liberalisation policies. In a context where the state and dominant social groups, such as the middle classes, support and revere neoliberalism as *doxa* (Chopa 2003, De Neve forthcoming, Fernandes 2006), it is relatively easy for western corporate labour codes and international standards to enter the country and shape production processes and labour regimes across export industries. It could be argued that the very openness of its economic policies makes India vulnerable to new and external forms of corporate governance that have already begun to shape its industrial landscape. But let me now turn to Tiruppur in southern India.

### **The Tiruppur garment industry**

Tiruppur, located in the west of the southern Indian state of Tamil Nadu, is one of the best-known and largest garment manufacturing and exporting clusters in South Asia. It has boomed almost without interruption since the early 1970s when the first garment manufacturers began to export to Europe. This trend continued throughout the 1980s and 1990s, when the town transformed itself into a leading centre of garment production and export for the world market. Particularly remarkable to Tiruppur is the fact that most of today's main exporters were yesterday's workers. The entire industry is dominated by members of a single caste, the Gounders, who in the course of one generation made a remarkable transition from agriculturalists to industrialists (Chari 2000; 2004, De Neve 2003). Today, the Tiruppur industrial cluster constitutes one of India's main foreign exchange earners, with a total export value of more than 1 billion US \$ in 2004 and with a post-quota growth of more than 20% predicted for 2005 and thereafter.

Following the opening of the market in the 1980s and the phasing out of the Multi-Fibre Arrangement (MFA) between 1995 and 2005, textile and garment industries across the globe are being radically restructured, with subcontracting and price competition on the rise (Scott 2006; McCormick *et al* 2006). Some warn of an ever faster 'race to the bottom', which they claim is unavoidable given the enormous power wielded by giant retailers and branded merchandisers (Appelbaum 2005). While there is evidence that some export garment workers

in South Asia are employed in better paid jobs with improved working conditions than those working for the domestic market, there is also data that show a rise in de-skilling, informal and temporary employment, and many labour rights violations (Kabeer and Mahmud 2004; Roberts and Thoburn 2004; Hensman 2005). As far as Tiruppur is concerned, a large number of leading manufacturers and exporters interviewed in 2000 and in 2005-6 radiated optimism. They were confident that the post-quota era will offer a wealth of new export opportunities even though they recognised that competition with China is getting more strenuous and downward pressures on prices more severe by the day. Steeply rising orders since January 2005, including massive orders from the US market, buttressed exporters' confidence. By and large, the major export companies, of which there are nearly 600 in Tiruppur, share a vision of 'India Shining', and of Tiruppur as benefiting from a deregulated national economy and a global free trade era that finally gives them unrestricted access to the world market.

However, at the same time, manufacturers are well aware that liberalisation of the Indian economy has also opened the door to new, foreign 'regulatory interventions', developed by global buyers and western companies who seek to regulate employment conditions in their supply networks. (Tallontire *et al* 2005, Dolan and Humphrey 2000). It appears that particularly in those areas where state regulation is weakening (such as in Special Economic Zones, export regions and industrial zones), government legislation is rapidly replaced with corporate forms of regulation pertaining to labour standards and rights. In Tiruppur, such regulatory interventions take the form of company codes of conduct and voluntary labour standards that western buyers require garment manufacturers and subcontractors to comply with.

### **The rise and rise of codes and standards**

While carrying out fieldwork in Tiruppur in 1999 and 2000, labour codes of conduct and labour standards were not once mentioned in conversations with manufacturers. Factory owners and exporters alike talked extensively about the need to improve the *quality* of their garments and to enhance production *capacity* in preparation of the anticipated post-2005 rise in exports. In this context, there was a particularly vigorous debate about the pros and cons of vertical integration. Some argued that subcontracting would remain essential to the maintenance of a flexible and responsive production regime, while others were convinced that only larger, integrated companies would survive in an era where high quality requirements

meet bulk orders. On the whole, however, manufacturers agreed that competition was to become tougher in the post-quota era but that high quality goods would remain Tiruppur's most important competitive advantage.

As far as product standards were concerned, an increasing number of large export companies sought to comply with ISO 9000, a widespread international product quality assurance standard. While being ISO 9000 certified might improve exporters' chances of getting better and larger orders, this certification was in no way essential to obtain orders nor did it give producers any major advantage over local non-certified competitors. By and large, the quality of garments was guaranteed in two ways: through direct inspections by the buyer - at the point of product design (sampling), manufacturing, and delivery - and through different modes of payment, the most common being LC (Letter of Credit), DP (Documents against Payment) and DA (Documents against Acceptance). For exporters, the LC is the safest form of payment as they can receive payment as soon as the goods have been shipped, and a Bill of Landing has been issued in the port and handed over to their bank. However, not all buyers issue LCs. LCs are often only issued to larger suppliers or once a buyer has built up a relationship of trust with a supplier, usually after several successful and timely deliveries. Hence, many exporters, and especially the smaller neophytes, have to accept a DP or DA payment, in which they will not receive payment until the goods have been received and/or accepted by the buyer. In other words, DP and DA allow the buyer to defer payment till the goods have been received and inspected. If, on inspection, the delivery turns out to be inadequate, the goods can be refused and payment cancelled altogether. The point to underscore here is that the mode of payment issued by the buyer is central to the ways in which they seek to ensure quality standards and thus regulate suppliers. Usually, the more desirable Letter of Credit (LC) is only issued by buyers who already trust certain suppliers on the basis of previous collaborations and deliveries of goods. Exporters who are small, newly established or unknown to the buyer are usually issued a DA or DP until they have proven that they can supply quality garments to deadlines. Exporters are well aware of the need to self-discipline in order to get the more desirable, fastest and safest mode of payment. Being certified with an international product quality assurance standard, however, does not in itself guarantee that one will receive the best terms of trade.

By 2005-6 the picture had changed quite drastically. In most interviews with export company owners and managers, quality was no longer the main issue of concern and it was generally agreed that Tiruppur manufacturers can now produce whatever quality western consumers

want and meet whatever lead-time is required. Today, it is the 'codes of conduct' - as they are commonly referred to - that are the recurrent topic of conversation and concern. With 'codes of conduct' manufacturers refer both to company codes of conduct and certified labour standards that they are increasingly asked to comply with, and to the ever more intrusive inspections and audits that their firms are now subjected to.

The most popular form of private standard initiatives in the Tiruppur garment industry is the company codes of conduct, first introduced around 2000 and a hot topic of debate in 2005. Company codes seek to regulate the social conditions of employment in garment firms and are usually made up of a fairly fixed list of regulations around minimum wages, overtime work, non-discrimination, freedom of association, and so on (see Figure 1). These codes are set by the buying company and effectively operate as a package of regulations that the manufacturers need to comply with before they are considered as potential suppliers by the buyer. They are private standard initiatives that allow buyers to select supply firms on the basis of their relative compliance with a series of regulations<sup>1</sup>. Given that such standards are set internally by the buying company and monitored by its own inspectors, a great deal of suspicion surrounds their implementation and hence their effectiveness in improving conditions of work (Nadvi and Wältring 2004; Barrientos and Smith 2007). While such codes of conduct are rapidly spreading in Tiruppur and while the pressure to comply increases by the day, I encountered a great deal of scepticism among manufacturers, unions and NGOs about their real impact on the shop floor and about compliance among smaller firms and subcontractors, as we shall see below.

In addition to company codes of conduct, several international voluntary labour standards have made their inroads into Tiruppur too, the most prevalent of which are the Social Accountability 8000 standard (SA 8000) and the Worldwide Responsible Apparel Production Certification (WRAP Certification). These are generic standards that seek to harmonise social minimum standards across industries. They incorporate the core ILO labour standards, refer to national legislation and aim to streamline independent company codes (Nadvi and Wältring 2004: 81-84). SA 8000 was developed by Social Accountability International (SAI) and is primarily used by Europe-based chain stores and buyers. WRAP is an independent non-profit organisation based in the US, whose certification is mainly used by US-based

---

<sup>1</sup> Tallontire uses the term 'private standard initiatives' to refer to 'all standards set outside the realms of public sector', and distinguishes between private *company* standards (set and monitored by a single firm) and private *collective* standards (developed through a process of consensus between stakeholders) (2007: 777).

companies. Tallontire refers to these as ‘private *collective* initiatives’ to emphasise that their roots in collective, often stake-holder or industry based, initiatives (2007: 777)

Tiruppur exporters can obtain a certification for their garment factories by putting the required social management systems in place and by having their units audited by an independent and professional auditing company. Unlike in the case of company codes, compliance with certified standards is checked through a ‘third-party’ auditing process, which is said to enhance the standard’s credibility and hence the value of certification itself. In Tiruppur, a local branch of the Swiss international certification company SGS (Société Générale de Surveillance) was opened in 1996. While initially they only undertook product testing and inspection, since 2000 they are also carrying out social audits, and they are now Tiruppur’s leading accredited auditor for SA 8000, WRAP and other certifications such as EMS (Environmental Management Systems).

Certification and audit systems are in place but how and by whom are they used? Mr Venkatesh, a senior social auditor at SGS in Tiruppur, explained that company codes and certified standards only really began to spread in 2004, and that up to this day codes remain by far the most popular means through which buyers attempt to affect the corporate behaviour of garment suppliers. Mr Venkatesh estimated in early 2006 that hardly export companies in Tiruppur were accredited with SA 8000 or WRAP, which amounts to less than 5% of the town’s 600 export firms<sup>2</sup>. ‘No firm can get these certifications at once’, he explained, ‘manufacturers are slowly preparing their units one by one and then they get the certification’. It is to this processes of learning to comply, and to the discourses that surround these processes that I now turn.

### **‘Until the pain overcomes the fear’**

Let us start at the top. Today, the largest and most successful exporters agree that compliance with codes and standards is a requirement for business and that the social audits that accompany this process are unavoidable. Many leading manufacturers have not only resigned to this fact, but they seem to have internalised an explicitly western discourse about the need for a ‘corporate care’ for labour. Mr Anand, the MD and owner of one of Tiruppur’s fastest growing high-tech garment companies, Indian Garments Corp., is representative of this top

---

<sup>2</sup> According to a recent study on the implementation of SA8000 in Indian garment manufacturing, 27 garment firms in Tiruppur were SA8000 certified in 2006 (Stigzelius, Fredricsdotter and Mark-Herbert 2006: 4).

layer of exporters. His units are ISO, SA 8000 and WRAP certified, and a WRAP audit was being carried out while I visited his company in late 2005. Anand is confident that he fulfils all regulations required by the certifications, and claims no fear of auditors inspecting his units. He explains the benefits of labour standards as follows:

The aim of labour standards is to let the benefits of globalization trickle down to everyone. And they are important given that the government is unable to protect labour. Even though our labour laws are there, how can they be enforced? So the social audits help to protect labour ... they check hours of work done per shift, wages, and so on.

Anand keenly talks about his corporation's social responsibility and presents it as indistinguishable from his own moral consciousness:

I myself have my own social responsibility as my own father came to Tiruppur from the village and worked here himself as a child labourer; so I firmly believe that what I do in the business has to benefit society as a whole.

For most of our conversation, Anand explained to me in great detail what his personal CSR consists of and how he interprets what workers need. He daily asks one of his 3000 workers to fill in a feedback sheet to find out what they expect from the company, contribute to the company, learned from the company, and what they hope to achieve in life. Everyday this sheet is displayed in the offices, and Anand explains that more than money it is good health and a good education that his workers consistently write about. He also said to be proud of running the company with two shifts rather than one long shift, even though this substantially increased his production costs. He negotiated with the banks to get ATM bank cards for all his workers so that wages can be paid directly into their own accounts, which, he emphasised, 'cuts out the middleman altogether'. He has given loans to the workers for the purchase of bicycles and was in the process of arranging housing loans as well. I was shown multiple photo albums of the Mayday celebrations that are held in the factory, the eye treatment camps funded by the company, the awards given to workers, including for the best performance in school of workers' children, the company trips away, and the crèche and dormitory facilities on site. In sum, I was presented with a wealth of information confirming that Anand takes his responsibility towards his workforce seriously. But rather than being prepared for me, this evidence is first and foremost aimed at the auditors and inspectors who regularly 'visit' his company in search of proof of commitment to corporate social responsibility. Indeed, while I do not doubt that Anand is sincere in wanting to 'care' for his workers, I am less convinced that this is a project of his own making and his own consciousness. Underlying Anand's acts of philanthropy lies a fear of buyers' constant surveillance and he is well aware of buyers' critical gaze monitoring corporate social behaviour.

Like most exporters, Anand identifies the new 'social regime' of standards and codes as an external requirement, imposed by foreign buyers who increasingly refuse to do business with companies that are unable or unwilling to comply with their social standards. His comments are critical of Tiruppur manufacturers:

In Tiruppur we say that people won't change until the pain overcomes the fear. More and more companies try to get SA 8000 and WRAP certified because they realise that otherwise they can't get any orders anymore. Here no one will try to implement regular pay and working hours on their own initiative ... CSR slowly becomes important for the consumer as they want to know what is happening to the Third World workers. ... But most Tiruppur manufacturers and exporters have no corporate social responsibility consciousness.

While the largest exporters may present their care for worker welfare and employment standards as a matter of personal consciousness and commitment, the majority of manufacturers openly admit that codes and standards have been externally imposed on them and that the associated inspections and audits are a central part of the way in which compliance is enforced by buyers. None would deny having a social consciousness, but many dislike the ways in which an outside consciousness is now imposed on them through external regulatory mechanisms. But given the rising 'consumer awareness', as many put it, exporters are increasingly resigned to the fact that it makes more business sense to comply than to resist. Fear, as Anand mentions, is indeed central to the interactions between buyers and suppliers, and the fear of losing business is the main drive behind supplier compliance.

Yet resignation does not mean unconditional acceptance or complete internalisation of the values that the codes and standards stand for. Most manufacturers are quite critical of the labour standards imposed on them and their commentaries do not hide the fact that they only comply because they are forced to do so. Mr Rajendran, who built up the HR Department of one of Tiruppur's leading export companies between 1999 and 2006, points a finger at the western consumer:

Look, there are two methods of production: a clean method and a short-cut method. The consumer wants cheaper and cheaper clothes and at the same time better and better produced goods. In the past we produced a T-shirt for £2-3 and it was sold for £15. Today the same T-shirt is sold for £5. The consumer is too powerful ... you can't produce in a clean manner for free.

Rajendran, like several others, blames the consumer for wanting to eat their cake and have it. But underlying is a stronger critique of western buying companies and chain stores whose competition for the cheapest prices pushes down the rates they are negotiating with suppliers at a time that they expect the latter to produce in an ethical or socially responsible manner.

This is a trap that exporters are caught in and that reduces their leverage in business negotiations. But there are other inconsistencies that they are keen to comment on. Mr Logan, the owner of one of the many buying houses in Tiruppur, critiques what he perceives to be the randomness of social audits:

I work with the chain store XXX in Paris and I asked my buyer's representative whether they also insist that their suppliers in China comply with their company code of conduct. The guy told me that they don't because social audits are not allowed over there; they are not allowed to enter the factories and inspect them. But they still source from them anyway. So I asked him: 'why do you demand us to comply with your code but not them?'. And he said that he had to show his bosses in Paris that he had done *something* in terms of CSR and that it was easier to get it done in India.

Although at first Logan had been surprised when he was told this, he now shrugged his shoulders, resigning to the fact that in the era of liberalisation free trade doesn't necessarily equal fair trade. CSR policies are seen as just another tool through which inequalities can be reproduced between suppliers and, perhaps most importantly, between buyers and suppliers. Tiruppur exporters frequently comment on the mounting power inequalities between global retail companies and themselves. While the former have the power to demand compliance with their social regulations, the latter have to comply without even being able to pass on the extra cost of such compliance to their buyers. Logan puts his scepticism this way:

At the end of the day, if we fulfil all codes and standards and then we ask 5 per cent more, the company will simply go elsewhere. The cheapest deal is what they are ultimately after. Western buyers are not interested in Indian workers, and we should not expect them to look after our workers either ... they are only concerned about their own reputation with the consumers.

The politics of the social audit gives global buyers extended leverage over their suppliers as it allows them to demand compliance without necessarily having to contribute to its costs or preparation. It also provides buyers with a new tool for negotiation beyond price and quality: ethical compliance. Through the enforcement of social responsibility, the 'social' itself shifts to the centre of market relations and trade negotiations, and begins to shape the relationship between global buyers and their localised suppliers.

### **Shaping the buyer-supplier relationship: learning to comply**

The nature of the relationship between buyers and exporters can best be derived from looking at the various interactions between them. While negotiations about quality, size and price of orders are relevant, I am particularly interested in the exchanges that take place around the initial preparation for compliance, as well as around the recurrent social audits and factory

inspections. These exchanges give us a unique insight into how buyers and exporters relate to each other, and into the assumptions and stereotypes that frame their interaction.

As the SGS auditor emphasised above, when buyers started asking their suppliers to comply with labour codes and standards, no companies in Tiruppur were fulfilling the required labour regulations. Extensive overtime work and inadequate overtime payment, low wage levels, poor health and safety regulations, child labour and bonded labour, and a lack of freedom of association were recurrent features of the industry. However, Tiruppur's largest export companies, supplying major western stores and brand names such as GAP, Next, M&S, Walmart and so on, were quick to realise that social compliance was soon to become a key business requirement, and potentially a competitive advantage not only vis-à-vis their local competitors but also vis-à-vis China and other garment producing regions. It is fear of losing a regular buyer, of being unable to find a new one, or of losing one's good reputation that makes exporters increasingly anxious to comply with buyers' ethical demands.

But preparing for code implementation and certification turned out to be an onerous and convoluted process. Initially, the export company owners themselves began to develop the required social management systems and tried to bring the physical environment of their factory units in line with health and safety regulations. They also began to adjust production processes in order to limit overtime work, pay minimum wages, provide statutory leave, and so on. Very soon, however, as social compliance became a more detailed and complex issue and as factory owners themselves lacked the required legal and practical knowledge, they began to set up the first Human Resource Departments in Tiruppur. The career of Nandini, a proactive HR officer, gives us an insight into the early days of social compliance in Tiruppur.

Ms Nandini, currently a social complaints officer at Quantum Companies, recounts how she was one of the first HR officers to be employed in the industry. Nandini completed an MA in Human Resource Management at Anna University and was first employed in 1999 by the Clean Clothes Campaign (CCC), who placed a job ad in the local newspaper for a social auditor to inspect export companies on their behalf. Nandini was successful in applying and ended up working for CCC, for whom she audited the 8 concerns of Tiruppur's leading Viswa Group of garment companies. Her audit report was sent via CCC to the Group's principal buyer in Europe. Nandini explained that although the owner and MD of the Viswa group was initially opposed to social auditing, he very soon realised its importance, not in the least under pressure of his long-term buyer who - himself urged by consumer demand - began to insist on

the implementation of labour standards and the need for certification. Complying with social regulations was no longer an option, it was rapidly becoming a core requirement for business. By the end of 1999, the Viswa group had established a Human Resource Department for which they employed Nandini as one of their first social compliance officers. She helped the company to get its production processes in line with the social management requirements of their buyer and prepared the units for the upcoming certification audits. In 2001, the Viswa Group was the first concern in Tiruppur to obtain the SA 8000 certification, and it is probably the only company that has been continually certified since.

While the Viswa Group was greatly pressurised by its buyer to implement social policies towards its workforce, its case is quite exceptional in Tiruppur as the Group was lucky to benefit from a long-term and constructive collaboration with a single European buyer for over 30 years. This not only meant that the Group's firms benefited from steady and reliable business over this period, but also that the buyer and supplier had mutual interests in 'growing together' and joining efforts to improve their production and CSR strategies. One of Viswas' HR managers explained that whereas usually codes of conduct are presented to the supplier without consultation or explanation, in the case of the Viswa Group the European buyer consulted a great deal with them, explained what systems they wanted to see in place, and how to implement them. Barrientos and Smith, in an assessment study of the ETI Base Code, similarly found that the leverage of individual buyers was central to determine impacts. Codes were better implemented when buying companies 'took a greater percentage of output, placed more regular orders, had a proactive management approach to code implementation and had longer-term supply relationships' (2007: 720).

Most suppliers, however, are less lucky. Given the fierce competition, the majority of exporters have to accept orders from multiple buyers simultaneously and face a high turnover in clients, many of whom only place one order before moving on to other suppliers (Barrientos and Smith 2007: 719). Each of these buyers comes with their own code of conduct, and with their own specifications of standards to comply with. An important point often mentioned by exporters is that production processes cannot be brought in line with buyers' requirements overnight and that the learning process about what exactly is required is a long and convoluted process, involving sorts of knowledge that few exporters are familiar with. Social audit officers routinely complain about the lack of clarity about what exactly buyers expect from them, how to practically implement very generic guidance rules, and the endless variation between codes presented to them by buyers.

Mr Rajendran, one of the Viswa Group's senior social compliance officers and a man with extensive experience of social audits in Tiruppur, expressed a great deal of frustration about suppliers' often desperate attempts to meet the 'wishes of the clients'. Social audits are becoming increasingly intrusive, yet because suppliers fear losing a 'good' buyer, they try whatever they possibly can to meet the buyers' ever more stringent demands. Rajendran's example is illustrative:

It's really hard for us to meet the wishes of the clients. Take age certificates, for example. One client came and asked us for certificates that confirm the age of all workers. Now, how can we get such certificates? One way is to get birth certificates, but older people may not have these. Another way is to get school leaving certificates, but again many workers don't have these. A third way is to have a ration card, but often photos and names have been changed on such cards. A last way is to get a medical certificate. While we had documents that confirmed the age of our workers, one buyer came and said that they were inadequate and that they wanted medical certificate for all workers. So we had to get medical certificates for all 600 workers! That's what we have to pay to get through a social audit!

Rajendran was highly sceptical. Not only did he mock suppliers' submissive attitude towards buyers' demands, he also derided buyers' naivety in believing that medical certificates would offer them a more secure proof of a worker's age than any other document presented. After all, everyone knows that even medical certificates can be bought in Tiruppur! Yet, the point to reiterate here is that the 'politics of social responsibility' are not merely reflecting inequalities between buyers and suppliers, they are constitutive of the terrains of power that shape the social relations of international outsourcing.

The Viswa Group's model of social management has since been emulated by other exporters who similarly struggle to implement company codes and to obtain standard certification. Company owners began to realise that social compliance is becoming a serious matter and started to recruit human resource officers to deal with buyer requirements and the constant flow of audits and inspections. When carrying out fieldwork in Tiruppur in 2005-6, this process of preparation was ongoing in Quantum Companies, a fast-growing and dynamic group of concerns owned and run by its founding father and his five sons, who repeatedly emphasised the importance of having 'a social consciousness' and caring for labour. In January 2005, Ramesh, the second oldest and most enterprising son of the family, recruited Nandini along with her assistant Maheswari from the Viswa Group to prepare his units for SA 8000 and WRAP certification, and to handle the social audits and inspections that now take place on an almost weekly basis. Ramesh met Nandini at a 'social audit' workshop in Delhi,

where he had realised that her invaluable experience of CSR policies at the Viswas Group could be usefully applied to his own family concern. Knowledge of social management systems in Tiruppur is still remarkably limited and those who master it, like Nandini and Maheswari, are highly valued by the growing number of exporters who are keen to comply. On one of my visits to Quantum Companies, Nandini and Maheswari had not only been given the permission to show me around the factory shop floor, the owner had instructed them 'to tell me everything I wanted to know about social compliance'. On our tour of the units, Nandini was keen to point out all the procedures that they had put in place to comply with the buyers' demands and was proudly explaining how she was preparing the factory for the upcoming SA 8000 certification audit. Maheswari explained while showing us around:

*We have to implement everything the buyer wants. The buyer will come with their own inspectors [for company codes] or with the auditors of local auditing agencies [for certification] and they will check everything in great detail. They will go around and see whether we implement everything correctly. NCs [Non-Conformities] will be written down and we have to adjust our methods, and once we conform, they will audit us again.*

Complying, conforming and implementing are largely a matter of trial and error. Companies usually first implement the less stringent company codes of conduct, usually following instructions provided by buyers, and then gradually prepare their units for a more comprehensive SA 8000 or WRAP standard certification. If they fail an inspection due to Non-Conformities, the audit is repeated at a late stage. The SA 8000 certification is valid for a three-year period, but interim audits are held every six months. For the workers on the shop floor, these audits are rapidly becoming a familiar encounter given that inspections by both local and foreign auditors now take place on an almost weekly basis. In the absence of state regulation on the shop floor, it is the hand of the market that becomes ever more visible and gripping. Through a plethora of inspections, audits and checks, foreign buying companies tighten their control over suppliers and extend their governance over a widening radius of people and issues.

### **The social audit: fear and intimidation**

I now turn to the audits themselves, or rather to the discourses and social interactions between suppliers and buyer representatives that surround the audits. Today, most large chains stores and retail companies send their own managers to Tiruppur to carry out regular inspections of both production processes and working conditions. Some western buyers have opened an office in Tiruppur itself, or in Bangalore or Chennai, where a representative is permanently based. Others send their product and merchandising managers to Tiruppur on a frequent basis

to discuss product specifications, negotiate orders and prices, and follow up the production process. Their main concerns are product quality and delivery deadlines, but buyer representatives are also involved in factory inspections and social audits, often in collaboration with accredited local SGS auditors.

In interviews with buyer representatives in Tiruppur, a number of issues emerged that reveal a great deal not only about the way buyers view their suppliers' productive capabilities and social consciousness, and but also about how they seek to influence it. Rebecca, the merchandising manager of a leading UK retailer of baby clothes, was not untypical in her depiction of her company's engagement with Tiruppur. In our interview she first explained her company's relationship with its Indian suppliers:

We have been working with the same suppliers for the last 5 years. We have built up a close relationship with them and we have grown together. When we started working with them 5 years ago, some of them were tiny. I went to one place which was like a shed, and Raj's factory was just a small room where women were sitting on mats trimming garments. But they have grown with us and have become big exporters now. We have grown together, it's like a partnership ... they are our partners. And we are really proud of it.

While the image of a partnership was repeated to me by several buyers, their descriptions of how inspections are carried out in the factories reveal a different picture: one of stark inequality, in which buyers' moral superiority and social responsibility is contrasted with suppliers' lack of understanding, social consciousness or ethical concern. The buyers take on the role of teacher, the supplier is depicted as the apprentice, who has to be taught, disciplined and tested. This is how Rebecca talks about the audits, and hence about Indian suppliers:

We do inspections all the time.... We do random and unannounced checks, so that they cannot prepare for it. We are really tough and they know it! Sometimes I see a girl in the factory who seems very young to me and I immediately ask to see her file. And then see may turn out to be 24 or so, but they still seem very young to me.... You see, when I enter a factory for inspection, I know that the last 10 days will be properly filled out in the books, but I close the books and start from the beginning and check at random places ... and I ask 'why kept the needle breaking on that machine?', etc. As long as they can give me a reasonable answer, it's okay. So when I do it this way, they are really scared and they fear 'oh, she will inspect everything'! We are really tough but they have to realise that these things are important.

Rather than an image of equal partnership, it is a picture of superiority that is sketched, in which fear mongering and intimidation are central to the way that compliance is enforced by buyers. While suppliers admit that it is fear that drives them to comply, it is buyers who explain how this fear operates as a technique of governance and control. Rebecca continues:

It is at the top that they have to realise, they should not blame the workers. Needle protection, for example, is essential for us. Garments have to be 100% needle free; we

can't risk having a needle in a baby garment. When the goods arrive in our warehouse in the UK we still perform a 10% needle check. And once it happened that the top of a needle was found in a garment and at that point we checked the complete delivery again. But we didn't do it ourselves, no, we made the supplier come over and sit in our warehouse in Southampton for a full week, and we made him do all the checks of the complete delivery himself! And that was Mr Anand, from Indian Garments Corp., you know him. You see, if he says that a 100% needle check has been done, then he is responsible for it ... he has to realise this at the top!

Buyers routinely present themselves as the conscious and responsible partner in their interactions with suppliers whom they depict as needing education and guidance on 'issues that matter'. What leaves no doubt is that much of their 'guidance' takes the form of threats and intimidation, through which they seek to bring suppliers – who are *ab initio* mistrusted - in line with their requests. Rebecca puts it this way:

Oh yes, we are tough. We tell them these are our conditions and unless your factory fully complies, we can't even begin to talk ... We can't even start a contract until their units have been audited and fulfil all ISO and SA 8000 social conditions. That's the way we work.

Clearly, supplier compliance is not just engendered by means of fear and intimidation, channelled through audits and inspection procedures, it is also achieved through the unrelenting exercise of power. Buyers have the power to decline an initial approach by a supplier, to reject a delivery, to postpone or cancel a payment, or even to stop the business relationship altogether and move elsewhere. It is the open threat of this power that continually reminds suppliers of the need to abide with buyers' rules.

In 2005 the UK retailer for which Rebecca works opened an office in Tiruppur where now a permanent representative of the company is based. Rebecca explains that this office is proof of their involvement in the locality:

The factory owners were very happy and impressed that we set up our office in Tiruppur itself and not in Bangalore or Delhi. It shows real commitment, it shows that we are committed to work with them ... It shows that we want a lasting relationship, a partnership. They are our partners.

While the language of partnership has become ubiquitous among TNCs and indeed provides their activities with a considerable degree of legitimation, it also denies 'dramatic inequalities and conflicting interests ... behind the veneer of equal collaboration' (Rajak 2007: 14). Rebecca, for one, leaves no ambiguity as to who has the upper hand in this partnership, and points out that their permanent presence in town also has a significant disciplining effect:

Now that we've got a local office here, they are even more afraid of us... they know now that we can pop in and inspect them at any time ... Our suppliers know us ... they know that we are strict. There is no kidding us! (laughs).

Disciplining and checking are considered essential for a number of reasons. One is that local suppliers are commonly seen to be untrustworthy and unprofessional. Amanda Clark visited Tiruppur for the first time in 1993 as the representative of a UK-based buying house that supplied retailers in the UK. Amanda describes Tiruppur manufacturers at that time as being highly unreliable and unprofessional:

At that time it was exporters' unreliability that kept most buyers away from Tiruppur. Only wholesalers who searched for the cheapest possible products came to Tiruppur. They still used Indian knitting machines in Tiruppur, and they worked with many subcontractors who each ran 8 or 10 machines ... I can tell you, some real horrors happened at that time!

And she repeated several times:

The problem is to find someone whom you can trust in Tiruppur. There were some real horror stories in the beginning ... , for example, of boxes arriving in the UK with uncut fabric in them rather than with the garments that had been ordered...

Yet buyers didn't easily give up on India. They saw lots of opportunities in Tiruppur provided that they could 'get it working'. This led them to colonial-style interventions that sought to professionalise and modernise Tiruppur manufacturers, their production processes, and their ways of doing business. Amanda recounts:

India would be cheaper, *if* we could get it working and get the quality we wanted. So in those early days we looked for what sort of advice was needed, what checks and quality control we had to put in place, and so on. When I started my own buying agency I gave Ramesh from Quantum Companies [see above] a lot of help and advice, but then by the late 1990s I closed down my agency and started working for a buying house again. That was when I told Mr Ramesh 'it's up to you now, you know what to do, so you have to get on with it yourself now ...'

Buyer representatives in Tiruppur make it clear that they are the ones who 'taught' local suppliers how to produce quality garments in a professional manner. Mr Lin Wo, who works as a quality controller for an upmarket Italian brand, travels back and forth between Hong Kong, where the company's outsourcing office is based, and Tiruppur to follow up orders. He complains that he can never trust that a manufacturer will keep to what has been agreed, and that quality control is a relentless process. Lin Wo depicts Tiruppur manufacturers as reckless children who can never be left on their own:

As soon as I am away for a few weeks I come back to a lot of trouble and delays. Especially shipping deadlines are not kept. At the moment, Tiruppur exporters take on any order they can get without thinking about how they can produce it in time, and so they end

up subcontracting the work to many smaller units and delaying the delivery with 3 or 4 months. That's exactly what happened to us last year ...

A Swiss engineer, who travels between garment centres across the globe to install garment machinery and to train people in machine operating and maintenance, puts his opinion about the irrationality of Indians and their inability to learn even more bluntly:

Indians are stupid. It's very hard to work with them. They are not open and they will not listen to what we say. For example, one manufacturer wanted to make a 34 inch T-shirt on a 36 inch knitting machine! Imagine! I told him that it would not be possible, but he wanted to do it anyway ... They are very stubborn and they want to do things as they have it in their mind ...

Suppliers are thus not only presented as highly unreliable and untrustworthy, but also as lacking technical know-how, unwilling to learn and stubborn-minded. Buyers consider themselves superior on at least two fronts: their technical ability and knowledge on the one hand, and their moral convictions and sense of social responsibility on the other hand. Interviews about company codes of conduct and social responsibility routinely evoked comments about 'differences' between Westerners and Indians, in terms of both technical know-how and social consciousness. In such comments western companies appear as the knowing partner and the Indian supplier as the lacking one; the western as the rational and the Indian as the irrational; the western as the morally conscious and the Indian as the ethically unconcerned. When buyer representatives mention 'growing together' and 'forming partnerships' they effectively talk about their one-way (and top-down) efforts to impart technical knowledge and ethical sensitivities to their Tiruppur suppliers. The language of partnership, however, masks inequalities of power and voice that allow Western companies to present their own morality as superior, altruistic and worthy of emulation.

But there is more to it. Buyers' social consciousness is conveyed through a moral discourse that emphasises their commitment to the locality and that seeks to counter a popular image of the multi-national corporation as unconcerned about its local footprint. Buyers mention how they take the lead in 'community development' and in different forms of charity and philanthropy towards the people of Tiruppur. Rebecca told me with pride:

We've also set up a mothers and toddlers nursery in Tiruppur. We asked all our local supplier to contribute something and we too contributed to buy the land and construct the building. And now the people can enjoy it. It is our way of giving something back to the people. We want to do something for the community. It's a way of saying 'thank you'.... And we are very proud of it!

Geert: Are you doing this under consumer pressure?

Rebecca: No, this is just our way of working, we build up partnerships and grow together. The people here work hard, but they are happy. They are a very nice community. Whenever I come here, people are so friendly and I feel cleansed whenever I leave India. I feel that we've done something good for the people. Like now too we brought a whole stack of pens for the school ... the people wave and are happy to see us and are very grateful ... they also need the jobs and they are happy with the work ...

I did not question why something should be 'given back' to the people when wages are being paid, or who really makes up 'the community' referred to here. But the above exchange illustrates how buyers' social responsibility is personalised and how it is experienced as a matter of personal fulfilment by those involved in its implementation. In a discussion of the CSR activities of a multi-national mining company in South Africa, Rajak similarly shows that front-line CSR practitioners often find themselves 'acting as local patrons and benefactors' (2007: 17) and that the social responsibility of the company tends to be personalised by those charged with the implementation of company CSR policy. For the front-line managers CSR became a matter of personal honour and achievement, and in this case, also of personal satisfaction.

In addition to being personalised, buyers' sense of social responsibility is also naturalised. It is presented as 'natural' ('just our way of working'), and as involving 'gifts' towards 'the community' that exceed what is already 'given' through codes of conduct and labour standards. Yet this giving is not thought of as something exceptional, but rather as a 'natural' part of doing business, thus blurring the boundaries between CSR and philanthropy. Or, as Rajak has put it: the assumed dichotomy between gift and market exchange 'is disrupted by the phenomenon of CSR which overtly reconnects the apparently modern and depersonalised world of commerce with the moral discourse and social politics of giving' (2007: 9-10). Indeed, also here, philanthropy is not conceived of as lying 'outside' the world of business, but as deeply embedded in market relationships.

Plenty of examples were given of buyers' involvement in the establishment of primary schools, their donations to local hospitals, and their general care for the welfare of the people of Tiruppur. Buyers go to great lengths to show that they take their social responsibility very seriously and that they are committed to raising the ethical consciousness in Tiruppur more generally. The underside of this discourse, however, is that it once again reifies moral inequalities: it acts as a means through which western company representatives not only justify their actions in India, but also present themselves as different from and superior to their Indian counterparts. Charity and philanthropy provide a powerful discourse through

which moral inequality can be constructed and expresses. In its most radical form this moral discourse presents us with an altruistic West and a self-interested East.

### **Compliance and resistance: who plays the game?**

But where does this leave the Indian suppliers? Are there no alternatives left to them but to comply? Is the grip of buyers' social regime and moral discourse so forceful that it cannot be resisted? Have exporters fully internalised the values and morality of their buyers? It would be wrong to answer this positively. Tiruppur exporters do not slavishly comply with the rules set by buyers. They have various strategies to avoid codes and standards, and alternative moral discourses to justify their actions towards workers.

One way to avoid relentless regulations is to export selectively. Larger buying companies and retailers such as Gap, Next, M&S or Walmart are the most desirable buyers - as they potentially place large orders and on a regular basis - but they are also known as the most demanding customers in terms of product quality, and social and environmental policies. Exporters balance the advantages of getting business from such buyers against the disadvantages of having to comply with their ethical policies and obtain standard certifications. It is common knowledge among exporters that global retailers and major brand names are on the whole more stringent than smaller or less well known retailers, that importers are less demanding than direct buyers, and that southern European countries are on the whole easier to deal with in terms of ethical compliance than Northern European and American buyers. Suppliers carefully consider the trade-offs between different foreign customers and export selectively. Whereas Tiruppur predominantly used to supply European customers, following the removal of quotas in 2005, there was a definite drive to enter the North American market, where bulk orders of 100,000 pieces and more are the norm. This is illustrated by the case of Yuvaraj. Having supplied a regular European buyer over many years and having grown in the process, from 2002 onwards Yuvaraj began to search for buyers in the US and Canada, and attended trade fairs in Las Vegas to establish direct contacts with potential customers. In 2005, he started his first exports to the US and received approval from Walmart in Canada to act as a supplier for them. But by the end of 2005, Yuvaraj had decided not to supply to Walmart:

Those social audits are a real disadvantage for us. I've been in contact with Walmart and they came here to do a full social audit and I got their approval, but I've now said no. I don't want to supply to them, as I would be a slave to them. I would have to fulfil so many rules that I would lose all my freedom. Even though I got their approval I've decided not

to go ahead with them. Some people will get the approval for one unit, but then they will produce the garments in 9 other units for which approval was never given. Like that many evade social audits ...

Yuvaraj is not exceptional. Like him, most exporters are selective in whom they choose to deal with and most of them aim to supply several customers simultaneously to avoid becoming entirely dependent on any one of them and being at the whims of their ever-changing demands. Moreover, dealing with multiple buyers gives exporters some leverage in trade negotiations and allows them to say 'no' to whoever they consider simply too demanding in whatever sense. It also protects them from complete bankruptcy in case a delivery goes wrong or a buyer shifts to another supplier.

A related strategy is to limit exporting altogether and to focus on the new opportunities in the domestic market. While profit margins are known to be smaller in the domestic market, the latter has some definite advantages: regular and predictable business (e.g. for underwear and kids wear), the possibility to get to know one's buyers in person, a growing market for more fashionable and expensive garments (e.g. T-shirts and sports wear) and - at least for the time being - less demanding customers in terms of social and environmental policies. Most manufacturers started off producing white underwear garments for the domestic market and then diversified into products for the export market. Yet, even today, for the majority of manufacturers exports constitute only a part of their trade, and often even a relatively small part of 20 or 30 per cent over their turnover. Even those suppliers who mainly produce for the export market tend to maintain a foothold in the domestic market in order to avoid complete dependency on foreign buyers.

Some manufacturers seek to evade compliance with labour standards altogether. This happens on at least three levels. Firstly, subcontractors often cannot afford to bring their units in line with the requirements of company codes and certified standards. They nevertheless keep exporting, but indirectly, that is, through supplying larger exporters. Remaining relatively small or steering away from direct exports can have definite advantages in the current climate of audits and inspections. Secondly, larger export companies evade regulations in a number of ways too. One is by producing part of the orders in units that are not (or not yet) certified. Certification is factory based, and exporters have to acquire certification for each of their production units. But given that few of them have all their units certified, there are always spaces available where workers can be asked to do extra overtime

in order to finish an urgent order or where prices can be kept down by employing workers willing to accept lower wages.

Another way in which compliance is evaded, or rather devolved, is by passing on responsibility for compliance to subcontractors. Larger certified exporters are supposed to work with subcontractors who also comply with the standards' requirements. But here the inspections and audits for compliance are devolved to the subcontractors themselves, as they are required to carry out what effectively amounts to a self-audit. Exporters for whom they work give them a form to fill out, in which the subcontractors confirm that their units comply with the SA 8000 or WRAP social standards. The crucial point about this form is that it devolves responsibility – and hence risk - for compliance down to the subcontractor. By signing the form and stating that they comply with the codes or standards, it becomes the subcontractors' own responsibility to ensure compliance. In case a subcontractor is inspected by a buyer representative or a social auditor and a violation of regulations is found, it is the subcontractor who will be held responsible and not the exporter, as the latter will be able to refer to the signed form as proof that he was dealing with a compliant subcontractor. In this way, exporters protect themselves against violations by subcontractors, to whom they pass on the blame for breach of contract.

As we saw for the relationship between global buyers and Tiruppur suppliers, codes of conduct and certified standards have also begun to shape the relationship between Tiruppur suppliers and their local subcontractors. The politics of compliance contributes to the reproduction and even strengthening of inequalities between large and successful exporters, on the one hand, and smaller subcontractors struggling to establish themselves, on the other hand. The politics of compliance not only helps to protect the power of the large exporters by allowing them to devolve part of the responsibility for compliance to subcontractors, it also provides a new instrument through which such exporters can consolidate their competitive advantage and manage risk. It provides them with a tool to devolve risk, cost and responsibility down the production chain, which in turn contributes to the intensification of self-exploitation by subcontractors. Indeed, subcontractors' self-exploitation becomes more pressing by the day as they are increasingly forced by exporters to produce at lower rates, but with either higher costs (in case they comply with the codes and standards) or with higher risks (in case they fail to comply). This downward shift in social responsibility helps to concentrate power in the hands of a select group of exporters, while moving it away from the many subcontractors producing garments for the global market.

Finally, as explained by auditors, unions, NGOs and exporters alike, there are certain areas of compliance that remain fraught with problems and where implementation of social standards is hard to check, let alone enforce. These are the areas where non-compliance can lead to substantial monopoly rents and significant competitive advantages for some companies. These areas concern the regulation and payment of overtime work, the 'living wage', forced labour, discrimination, freedom of association and collective bargaining. While codes and standards may improve structural dimensions of work on the shop floor, such as health and safety, and help to eradicate the worst forms of child labour, they cannot guarantee that fundamental rights of workers are met (De Neve, forthcoming; Barrientos and Smith 2007: 720). In Tiruppur, codes and standards do not even begin to challenge the social, political and economic inequalities between buyers and suppliers, or between suppliers and subcontractors. And as we have seen, ethical compliance may even be mobilised by buyers and suppliers as a tool to devolve risk, shed responsibility, and enhance power differentials in the chain.

Tiruppur manufacturers clearly have their own ways of avoiding compliance or devolving responsibility and risk onto less powerful actors in the chain. In similar ways, they articulate their own and distinct discourses of morality and social consciousness. Such discourses build on industrialists' own life histories, in which their working-class and rural origins are often presented as a source of social awareness and 'understanding' of workers' needs. Employers also provide extensive details of their personal acts of philanthropy and charity, which range from free eye checks for their workers to gifts to local temples, schools and hospitals, and, as was the case in 2005, clothes and food for Tsunami victims across Tamil Nadu. Exporters and manufacturers claim to know how to look after their workers and loathe being told what to do by foreign buyers. Yet, at the same time, their moral discourses are increasingly being shaped by a generic and universal language of codes and standards. A rapidly rising number of suppliers have begun to internalise the CSR language, or at least incorporate it in their own sense of social responsibility. It is here that codes and standards appear to have yet another pervasive impact.

## **Conclusion**

In this paper I have moved beyond a discussion of the practical impacts of CSR policies to address the more political question of how codes of conduct and labour standards are beginning to transform social relationships between global buyers and localised suppliers.

Echoing arguments made by Dunn (2005) and Dolan (2008), I suggest that the politics of compliance lies at the heart of the ways in which new hierarchies are created between values, moralities, people and societies. Standards and degrees of compliance or non-compliance have become new yardsticks of modernity, in which the ones who set the benchmarks are also able to classify the ones who have to reach them.

Recent studies have indicated the limits of the abilities of ethical codes and standards to improve the rights of workers and producers in dependent countries, and they have pointed out that process rights, such as the rights to freedom of association and non-discrimination, have been poorly protected by corporate social initiatives (Barrientos and Smith 2007; De Neve 2008). In this paper, I suggest that rather than improving the conditions and rights of labour, the politics of ethical compliance provides the more powerful actors in the global garment chain with a new tool to *extend* their control over suppliers and to *enhance* 'their ability to capture high economic rents' (Barrientos and Smith 2007: 717).

Ethical compliance allows for a powerful politics of inequality to unfold precisely because it is wrought in the nebulous languages of CSR, philanthropy and partnership, *and* because it presents the market as benevolent and the actors involved as caring and compassionate. As a result, the politics of compliance consolidates the power of standard-setting actors by facilitating the devolution of risk, uncertainty and responsibility to the weaker 'partners' in the chain. The ultimate paradox is that while CSR claims to protect the weakest and poorest from the ills of the market, it in fact allows the market to govern in its most unchecked fashion. Through the politics of CSR powerful 'corporate social regimes' of control and governance are unleashed that construct new hierarchies of value and morality. Fear, intimidation and accusation lie at the heart of CSR's front-line operations, and they are becoming powerful market techniques shaping economic and political relationships in the era of neo-liberal government.

## REFERENCES

- Appelbaum, R. 2005. The End of Apparel Quotas: A faster race to the bottom? *Global and International Studies Program Paper 35*, University of California, Santa Barbara.
- Barrientos, S., Dolan, C., & Tallontire, A. (2003). A Gendered Value Chain Approach to Codes of Conduct in African Horticulture. *World Development*, 31(9), 1511-1526.
- Barrientos, S. & Dolan, C. (2006). *Ethical Sourcing in the Global Food System: Challenges and Opportunities to Fair Trade and the Environment*. London: Earthscan Publications.
- Barrientos, S. & Smith, S. (2007). Do workers benefit from Ethical Trade? Assessing codes of labour practice in global production systems. *Third World Quarterly*, 28(4), 713-29.
- Chari, S. (2000). The Agrarian Origins of the Knitwear Industrial Cluster in Tiruppur, India. *World Development*, 28 (3), 579-599.
- Chari, S. (2004). *Fraternal Capital: peasant-workers, self-made men and globalization in provincial India*. Stanford: Stanford University Press.
- Chopra, R. (2003). Neoliberalism as *Doxa*: Bourdieu's theory of the state and the contemporary Indian discourse on globalization and liberalization. *Cultural Studies*, 17(3/4), 419-44.
- De Neve, G. (2003). Expectations and Rewards of Modernity: Commitment and mobility among rural migrants in Tiruppur, Tamil Nadu. *Contributions to Indian Sociology*, 37 (1&2), 251-280.
- De Neve, G. (2005). *The Everyday Politics of Labour: Working lives in India's informal economy*. New Delhi: Social Science Press.
- De Neve, G. (2008). Global garment chains, local labour activism: New challenges to trade unionism and NGO activism in the Tiruppur garment cluster, South India. In De Neve, G., et al (eds), *Hidden Hands in the Market: Ethnographies of Fair Trade, Ethical*

*Consumption and Corporate Social Responsibility*. Research in Economic Anthropology 27.

Dolan, C. (2008). Arbitrating risk through moral values: The case of Kenya Fairtrade. In De Neve, G., et al (eds), *Hidden Hands in the Market: Ethnographies of Fair Trade, Ethical Consumption and Corporate Social Responsibility*. Research in Economic Anthropology 27.

Dolan, C. & Opondo, M. (2005). Seeking Common Ground: Multi-stakeholder processes in Kenya's cut flower industry. *Journal of Corporate Citizenship*, 18, 87-98.

Dolan, C. & Tewari, M. (2001). From what we wear to what we eat: upgrading in global value chains. *IDS Bulletin*, 32(3), 94-104.

Dolan C. and Humphrey, J. (2000) 'Governance and Trade in Fresh Vegetables: The Impact of UK supermarkets on the African Horticulture Industry' *Journal of Development Studies* 37(2): 147-176.

Dunn, E. (2005). Standards and Person-Making in East Central Europe. In A. Ong and S. Collier (eds), *Global Assemblages: technology, politics and ethics as anthropological problems*. Oxford: Blackwell Publishing.

Fernandes, L. (2006). *India's New Middle Class: Democratic Politics in an Era of Economic Reform*. Minneapolis: University of Minnesota Press.

Hensman, R. (2005). Defending workers' rights in subcontracted workplaces. In: A. Hale and J. Wills (Eds.), *Threads of Labour: Garment industry supply chains from the workers' perspective* (pp. 189-209). Oxford: Blackwell Publishing.

Kabeer, N. and S. Mahmud. 2004. Globalization, Gender and Poverty: Bangladeshi women workers in export and local markets. *Journal of International Development* 16: 93-109.

McCormick, D., P. Kamau and P. Ligulu. 2006. Post-Multifibre Arrangement Analysis of the Textile and Garment Sectors in Kenya. *IDS Bulletin* 37(1): 80-88.

- Nadvi, K. (2004). The effect of global standards on local producers: a Pakistani case study. In: H. Schmitz (Ed.), *Local Enterprises in the Global Economy: Issues in governance and upgrading* (pp.297-325). Cheltenham: Edward Elgar.
- Nadvi, K. & Wältring, F. (2004). Making sense of global standards. In: H. Schmitz (Ed.), *Local Enterprises in the Global Economy: Issues in governance and upgrading* (pp.53-95). Cheltenham: Edward Elgar.
- Nadvi, K. & Schmitz, H. (1998). Industrial clusters in less developed countries: review of experiences and research agenda. In: P. Cadène & M. Holmström (Eds.), *Decentralized Production in India: Industrial Districts, Flexible Specialization, and Employment* (pp. 60-138). New Delhi: Sage Publications.
- Rajak, Dinah. 2007. ‘ “I am the Conscience of the Company”’: Responsibility and the Gift in a Transnational Mining Corporation’, in K. Browne and L. Milgram (eds), *Economics and Morality: Anthropological Approaches*. Maryland, USA: AltaMira Press.
- Roberts, S. and J. Thoburn. 2004. Globalisation and the South African Textiles Industry: impacts on firms and workers. *Journal of International Development* 16: 125-139.
- Scott, A.J. (2006) ‘The changing global geography of low-technology, labor-intensive industry: clothing, footwear and furniture’ *World Development* 34(9): 1517-36.
- Tallontire, Anne. (2007). CSR and Regulation: towards a framework for understanding private standards initiatives in the agri-food chain. *Third World Quarterly* 28(4): 775-791.