Power, Inequality and CSR:
The politics of ethical compliance in the South Indian garment industry

Introduction[i]

Corporate codes of conduct and voluntary labour standards have begun to affect the world of production across the globe. Such codes and standards seek to improve the conditions of employment of workers in sourcing factories, especially those located in developing countries. While the Corporate Social Responsibility (CSR) concerns of western companies cannot be reduced to a set of codes and standards, in sectors such as food and garment production such labour codes nevertheless form the primary tool through which buying companies and chain stores seek to influence the social and environmental conditions of employment in their outsourcing networks (Nadvi and Wältring 2004: 71-73).

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 workers (Barrientos, Dolan and Tallontire 2003; Barrientos and Smith 2007). However, relatively little has been written on the political changes that such social and ethical standards engender in the relationships between western buyers, supply firms, and subcontractors in non-western parts of the world. This article therefore focuses on what I call the politics of ethical compliance, that is, the ways in which ethical corporate regulations are shaped by and constitutive of power relations and inequalities in the global market. It explores the ways in which ethical and social standards imposed on supply firms help to generate not only measurable and auditable changes in conditions of work, but also to mould social relationships between different actors in transnational production chains. It will be argued that codes and standards are not merely technical tools to regulate labour regimes. They do not merely contribute to the manufacturing of commodities to specified standards; they also generate new social regimes of 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 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 discourse that casts 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 comments:

> 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).

Here, I am similarly interested in the processes through which western buyers and chain stores enforce compliance with company codes of conduct and labour standards among garment suppliers in the industrial cluster of Tiruppur, South India. I am particularly interested in the ways that the implementation of codes and standards is imposed at the local level, how supply firms react to such codes and how the CSR policies of Western companies have become a tool for structuring the relationship between buyers and suppliers and, further down the chain, between suppliers and their subcontractors. Discourses and policies of CSR have become a central tool through which post-colonial power inequalities are being maintained and reshaped, and often even intensified by dominant players in the global market. This Dolan has similarly argued, with reference to the imposition of standards in Kenya's fair-trade flower chain, that 'the universalist ethos embraced by fair-trade consumers, which aims to render disparate economies and producers commensurable, is tempered, as the technologies of standards and certification reify … distinctions within as well as across communities (Dolan 2008: 273).

At the heart of corporate ethical sourcing policies lies a set of social auditing and monitoring mechanisms through which buyers instigate a regime of control that casts western companies and consumers as knowledgeable, caring and disciplined, and their non-western suppliers 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 operate as 'a technology of governance, one that identifies, manages and packages information about Southern producers in the name of ethical accountability' (Dolan 2008: 288).

Hence, along with the regulation and standardisation of production processes, ethical 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. 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 organising production.

The Indian context in all of this is relevant too. In many ways, contemporary disciplining projects by western companies can be considered a neo-colonial practice, mirroring earlier colonial interventions that similarly sought to regulate, educate and classify (Cohn 1996; Dirks 2001; 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 strongly supports neoliberalism (Chopra 2003; De Neve 2008), it is relatively easy for western corporate labour codes and international standards to enter the country and shape 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.

The Tiruppur garment industry

Tiruppur, located in Tamil Nadu, South India, is one of the largest knitwear garment manufacturing and exporting clusters in South Asia. It has boomed almost without interruption since the early 1970s when manufacturers began to export to Europe and today it is a leading centre of garment exports for the world market. The Tiruppur industrial cluster constitutes one of India’s important foreign exchange earners, with a total export value of around Rs 11,000 crore or $ 2 billion in 2007. Tiruppur is primarily a knitwear cluster, producing T-shirts, sportswear and nightwear for niche markets in Europe and increasingly in Northern America. Production is organised across different types of firms. Some large export firms are fully integrated, from spinning mill to garment production unit, and may employ a few thousand workers. The majority of firms, however, are small or medium size, specialise in only one or two stages of the production process, and employ between five and 50 workers. Some firms specialise in knitting, others in dyeing and processing, and others again in garment production or final quality checking. Estimates suggest that there are about 10,000 production units in Tiruppur, employing more than 4,00,000 workers, but real numbers may well be higher than this. Much of the labour force consists of commuters from the region, long-distance migrants (mainly recruited from the southern districts of Tamil Nadu), and increasingly also migrant workers coming from as far as Manipur and Nagaland in the North-East (De Neve 2003). The important point to make is that the success of the Tiruppur cluster rests on its dense subcontracting network, in which garments move through a series of production units – often as many as 20 or 30 – before being sent off to their overseas destinations (Chari 2004).

Labour practices within the cluster vary widely. Whereas in large export firms working conditions are on the whole more favourable than in the factories of subcontractors, a number of labour issues remain a matter of concern across the industry. Overtime is hard to control, with a 12-hour working day being the norm; pension and social insurance provisions are absent in all but the largest companies; freedom of association is severely curtailed across firms; and gender inequality shapes the feminisation of major sections of the industry. I haste to add, though, that few of these conditions can be easily addressed by international codes and standards, and universal labour standards may poorly meet the specific requirements of Tiruppur's diverse workforce (De Neve 2008). Many migrant workers, for example, prefer to work 12-hour shifts in order to make a living in town and send money home, while others actively avoid working in firms where an 8-hour shift is imposed or where ESI and PF contributions are deducted from their daily wages[ii].

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 have been 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).
At the heart of global production processes lies a rapidly deepening contradiction. Western competition for the cheapest possible products pushes down prices paid to suppliers and their workers, while at the same time, retailers and chain stores claim to be increasingly concerned with the conditions of work at the sites of production. It is this concern which has shaped much CSR intervention in the garment sector over the last decade. Various 'regulatory interventions', developed by global buyers and western companies, seek to regulate employment conditions in their supply networks (Dolan and Humphrey 2000; Tallontire 2007). In Tiruppur, such interventions take the form of company codes of conduct and voluntary labour standards that western buyers increasingly 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, company 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. 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 2005 the picture had changed quite drastically. Interviews with exporters suggested that product quality was no longer the main issue of concern and today it is generally agreed that Tiruppur manufacturers are able to produce whatever quality western consumers want and to 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 to the buyer-imposed codes of conduct and certified labour standards as well as to the ever more intrusive inspections and audits that their firms are now subjected to. It is with these social standards that this article is concerned.

The most popular form of private standard initiatives in the Tiruppur garment industry is the company codes of conduct, first introduced around 2000. Company codes seek to regulate the social conditions of employment in garment firms. They are usually made up of a fairly fixed list of regulations, set by the buying company, which supply firms are asked to comply with (see Figure 1). They are private standard initiatives that allow buyer to select supply firms on the basis of their relative compliance with a series of regulations[iii]. Most company codes of conduct refer in first instance to the implementation of the labour laws of the concerned countries and in addition list a set of minimum labour standards stipulated by the company itself.

Figure 1. Generic ethical code of conduct

1. Compliance with local labour laws and workplace regulations
2. Prohibition of child labour.
3. Regulation of contract labour.
4. Non-discrimination.
5. Prohibition of forced labour.
6. Freedom of association and the right to collective bargaining.
7. Humane treatment.
8. Minimum wages, living wage and other benefits
9. Regulation of working hours
10. Working conditions (health and safety)

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). 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 companies.

Tiruppur exporters can obtain certification for their garment factories by putting the required social management systems in place and having their units audited by an independent auditing company. Unlike 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 one of Tiruppur's leading accredited auditors for SA 8000, WRAP and other certifications such as EMS (Environmental Management Systems).

Certification and audit procedures are available, but whom are they used by and what are their implications for supply firms and subcontractors in Tiruppur? The implications of adopting codes and certifications are substantial. At a material level, they necessitate significant investments in factory buildings, canteens, workers' hostels and so on, to comply with regulations pertaining to working conditions, occupational health, safety and the environment. For larger export firms, these usually require a number of one-off adjustments to buildings and equipment, albeit often at a considerable financial lay-out. For smaller manufacturers, these amount to prohibitive investments, making compliance with any codes and certifications largely impossible, especially as buyers rarely contribute to the cost of compliance. At the level of management, the implementation of codes and standards requires a much more pervasive overhaul of existing labour regimes, in which 8-hour shifts have to be put in place, overtime rewarded at much higher rates, and regular contracts with social provisions made available for the entire workforce. For all but the largest export houses - who rely on regular orders from established buyers - this is simply impracticable. The majority of manufacturers, and especially subcontractors, work with unpredictable and fluctuating orders, making the recruitment of a regular labour force highly problematic and the provision of social benefits largely unaffordable. Most garment manufacturers are thus 'trapped' in a situation where they are unable to comply with regulations that are increasingly pressed for by western buyers.

Who, then, goes for certification? Venkatesh[iv], a senior social auditor at SGS in Tiruppur, explained that company codes and certified standards only really began to spread in 2004, but that even today codes remain a much more popular means through which buyers seek to influence supplier behaviour than certified standards. Venkatesh estimated in early 2006 that hardly 30 export companies in Tiruppur were accredited with SA 8000 or WRAP, which amounts to less than 5% of the export firms[v]. By early 2009, this number had hardly changed. 'No firm can get these certifications at once', he explained, 'manufacturers are slowly preparing their units and then they get the certification'. It is to these processes of learning to comply, and to the discourses that surround these processes that I now turn.

'Until the pain overcomes the fear'

Today, Tiruppur's 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. Anand, the MD and owner of one of Tiruppur's fastest growing high-tech garment firms is representative of this top 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 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, learn from the company, and what they hope to achieve in life. Everyday this sheet is displayed in the offices, and Anand explained that more than money it is good health and a good education that his workers consistently write about. He was also proud to be running the company with two shifts rather than one long shift, even though this substantially increases 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. He has given loans to workers for the purchase of bicycles and was in the process of arranging housing loans as well. 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 entirely of his own making. Underlying Anand's acts of philanthropy also lies a fear of buyers' constant surveillance and Anand is well aware of buyers' critical gaze monitoring his corporate behaviour.

Like most exporters, Anand identifies the new interventions through 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 too:

> 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 and that the associated inspections and audits are key to how compliance is enforced by buyers. 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. 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 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 have their cake and eat 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 to tight schedules and in a socially responsible manner. The MD of a large SA8000 accredited export house puts it this way in January 2009: 'Suddenly, the buyers will place an order that they want us to deliver very quickly, and they won't care how many hours we work to finish it off … at that point the whole SA8000 goes out of the window!" But there are other inconsistencies that they are keen to comment on. Mr Logan, who runs a buying house in Tiruppur, critiques what he perceives to be the randomness of social audits:

> I work with a chain store in Paris and I asked my buyer whether they also insist that their Chinese suppliers 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 this had taken Logan by surprise, he now shrugs his shoulders, resigned to the fact that free trade does not equal fair trade. 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 being able to pass on the extra cost of such compliance to their buyers or negotiate better terms of trade. Logan's awareness of these inequalities transpire from his scepticism:

> At the end of the day, if we fulfil all codes and standards and then we ask 5% 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 among consumers.

The politics of social standards 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

While negotiations about quality and price of orders are important, particularly revealing are the exchanges that take place between buyers and suppliers around social compliance, as well as around the recurrent 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. However, the largest export companies, supplying major western stores and brand names, quickly realised that social compliance was 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. But preparing for code implementation and certification turned out to be an onerous and convoluted process. Exporters began to develop the required social management systems and made efforts 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. As social compliance became a more detailed and complex issue and as factory owners themselves lacked the required legal and practical knowledge, the first Human Resource Departments were set up 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, in 2005 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 and in 1999 was employed by the Clean Clothes Campaign (CCC) as a social auditor to inspect export companies on their behalf. Working for CCC, Nandini audited the eight 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. 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 their first social compliance officer. By 2001, the Viswa Group was one of the first concerns in Tiruppur to obtain the SA 8000 certification, and it is one of the very few companies that has continually renewed its certification 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 joining efforts to improve their production and CSR strategies. Most suppliers, however, are less fortunate. Given the fierce competition, the majority of exporters have to accept orders from multiple buyers simultaneously and face a high turnover in clients. Each of these buyers comes with their own code of conduct, and with their own specifications of standards to comply with. Suppliers as well as social auditors in Tiruppur routinely complain about the lack of clarity about what exactly buyers expect from them, how to practically implement very generic regulations, and the endless minor variations 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. So we got documents that confirmed the age of our workers, but then one buyer came and said that they were inadequate and that they wanted medical certificates 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, he said, everyone knows that even medical certificates can be bought! 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.

Complying, conforming and implementing are largely a matter of trial and error. Companies usually first implement the less stringent company codes of conduct, 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 later stage. For the workers on the shop floor of the larger firms, 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 firms and workers.

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. Their main concerns are product quality and delivery deadlines, but buyer representatives are increasingly involved in factory inspections and social audits, often in collaboration with accredited local auditors.

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

> We have been working with the same suppliers for the last five years. … When we started working with them five 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. … It's like a partnership 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 and 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 her 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! … 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 … . So when I do it this way, they are really scared! 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 inequality that emerges, 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. 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! ... 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'. There is no doubt that much of their 'guidance' takes the form of threats and intimidation, through which they seek to bring suppliers in line with their requests. Buyers exercise a considerable amount of power over suppliers and 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 transnational corporations and indeed provides their activities with a considerable degree of legitimation, it also hides '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 an important 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 monitoring are considered essential for a number of reasons. One is that local suppliers are commonly seen by buyers to be untrustworthy and unprofessional. Amanda, who visited Tiruppur for the first time in 1993 as the then representative of a UK-based buying house, explained to me that

> 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…

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. Lin Wong, who works as a quality controller for an upmarket Italian brand, travels back and forth between Hong Kong 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 Wong 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 … and delaying the delivery with three or four months. That's exactly what happened to us last year …

Suppliers are not only presented as highly unreliable and untrustworthy, but also as lacking technical know-how and unwilling to learn. Buyers consider themselves superior on at least two fronts: their technical ability and knowledge on the one hand, and their moral convictions and social responsibility on the other hand. Interviews with buyers about social responsibility routinely evoke comments about 'differences' between Westerners and Indians. 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-town) efforts to impart technical knowledge and ethical sensitivities to their Tiruppur suppliers. The language of partnerships merely masks inequalities of power and voice, and allows Western companies to present their own morality as superior, altruistic and worthy of emulation.

But there is more to it. Buyers' moral discourse also emphasises their commitment to the locality and seeks to counter a popular image of the multi-national corporation as unconcerned about its local footprint. Buyers mentioned how they take the lead in 'community development' and plenty of examples were given of their involvement in the establishment of primary schools, donations to local hospitals, and general care for the welfare of the people of Tiruppur. Buyer representatives go to great lengths to show that they take their social responsibility towards the locality very seriously and that they are committed to raising the ethical consciousness in Tiruppur more generally. One of the ways in which this commitment is publicly manifested is through acts of charity and philanthropy, which are presented as powerful examples of buyers' real concern for workers and of moral high ground more generally.

Such acts of philanthropy are presented as 'gifts' towards 'the community' in addition to what is already 'given' through codes of conduct and labour standards. Rebecca told me with pride:

> We've also set up a mothers and toddlers nursery in Tiruppur. We asked 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!
>
> Are you doing this under consumer pressure?
>
> 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 …

The above exchange illustrates how buyers' social responsibility is personalised and experienced as a matter of personal fulfilment by those involved in its implementation. In the context of the CSR activities of a multi-national mining company in South Africa, Rajak has similarly shown 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 front-line managers charged with implementation of company CSR policy.

But buyers' sense of social responsibility is also presented as 'natural' ('just our way of working'), as a 'natural' part of doing business, thus blurring the boundaries between philanthropy and CSR. Or, as Rajak 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, western philanthropy is not seen as lying 'outside' the world of business, but as deeply embedded in market relationships. What such discourses of giving disguise, however, is that they also reify moral inequalities: they act as a means through which western company representatives present themselves as different from and superior to their Indian counterparts, and thus justify their moral interventions. Such discourses contribute to the reproduction of inequalities of power through which global outsourcing operates.

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' 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 or Wallmart are preferred buyers as they usually place larger and more regular orders, but they are also known to be the most demanding customers in terms of product quality and social policies. Exporters balance the advantages of getting business from such buyers against the disadvantages of having to comply with their quality and ethical requirements. It is common knowledge among Tiruppur 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 buyers from southern Europe are on the whole easier to deal with in terms of ethical compliance than those from Northern Europe and North America. Suppliers make careful trade-offs between different foreign customers, and export selectively.

This is illustrated by the case of Yuvaraj. Having supplied a regular European buyer for many years, Yuvaraj began to search for buyers in the US and Canada from 2002 onwards, and attended trade fairs in Las Vegas to approach new customers. In 2005, he started his first exports to the US and by the end of that year he received approval from Wallmart in Canada to act as a supplier to them. Yet Yuvaraj commented as follows:

> Those social audits are a real disadvantage for us. I've been in contact with Wallmart 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 nine other units for which approval was never given …

Yuvaraj is not exceptional. Like him, most exporters are selective in whom they choose to deal with and many decide to keep supplying less demanding buyers. Moreover, exporters seek 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. Supplying multiple buyers gives exporters some leverage in trade negotiations and allows them to say 'no' to whoever they consider unfavourable to their own business interests. It also protects them from complete bankruptcy in case an order is cancelled or a buyer shifts suppliers.

A related strategy is to limit exporting altogether and to focus on 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, faster payments, fewer risks, more personalised relationships with customers, and - at least for the time being - less demanding clients in terms of social and environmental policies. Many export firms started off producing underwear garments for the domestic market and later diversified into products for the export market. Yet a good number of them retain a foothold in the domestic market to avoid complete dependence on foreign customers.

Some manufacturers seek to evade compliance with labour standards altogether. This happens at several levels. Firstly, subcontractors and jobworkers can rarely afford to fulfil the requirements of codes and standards. They continue to export, but only indirectly, that is, through larger exporters and buying agencies. But direct exporters too evade regulations on a routine basis. One way is to produce part of the orders in units that are uncertified. Certification is factory based, and exporters have to acquire certification for each of their production units. But given that few exporters have certifications for all their units, they usually have access to factories – either their own or of subcontractors - where overtime and pay regulations are less strictly followed. Another way in which compliance is evaded, or rather devolved, by larger export firms is by passing on responsibility for compliance to subcontractors. Certified exporters are supposed to work with subcontractors who also comply with the standards' requirements. But here responsibility for compliance is devolved to the subcontractors themselves, who 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.

The politics of compliance has thus not only begun to shape the relationship between global buyers and Tiruppur suppliers, but also the relationship between successful Tiruppur exporters, on the one hand and smaller subcontractors and jobworkers further down the chain, 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 over upcoming firms, and manage risk. It essentially 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 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 and risk contributes to the concentration of power in the hands of a limited group of exporters, with whom smaller subcontractors and jobworkers find it increasingly impossible to compete. Like price and quality, social compliance has become yet another tool through which inequalities can be reproduced in 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. Codes and standards may improve physical conditions of work within factories (for example health and safety) and they may help to eradicate the worst forms of child labour. Yet other areas of workers' lives lend themselves much less to systematic regulation. These include, among others, regulation and payment of overtime work, issues of non-discrimination, gender equality and guaranteeing political rights of workers, such as freedom of association and collective bargaining (De Neve 2008; 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, between exporters and subcontractors, and between capital and labour.

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 largely draw on paternalistic patron-client relationships ('we take care of our workers') and 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 (Chari 2004). Exporters and manufacturers claim to know how to look after their workers and loathe being told by others how to deal with labour. Yet, at the same time, this moral discourse is not simply juxtaposed to that of CSR. The generic and universal language of corporate codes of ethics is increasingly being internalised and reproduced by the leading Tiruppur exporters. As Mr Anand's discourse above illustrates, exporters' talk about moral consciousness and social responsibility combines a personalised ethics with the global language of CSR. It is here that the morality of codes and standards appear to have yet another pervasive impact.

Conclusion

This article has 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 western buyers and their suppliers in Tiruppur, South India. Echoing arguments made by Dunn (2005) and Dolan (2008), it is suggested that the politics of ethical compliance lies at the heart of the ways in which new hierarchies are created between values, moralities, people and societies. Ethical standards and degrees of compliance (or non-compliance) have become new yardsticks of modernity. It is through global standards - and the wider CSR discourses of which they are a part - that ethical and social values are defined and imposed in global production networks, and that firms, peoples and societies are classified according to their ability to comply.

Moreover, rather than improving the rights of labour at the sites of production, the politics of ethical compliance provides the more powerful actors in the global garment chain with a new tool to *extend* their control over others 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 contributes to the consolidation of 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 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.

ENDNOTES

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[ii] Codes and standards affect workers in very different ways, and workers hold a range of opinions about the pros and cons of working in certified companies. The question of how workers relate to corporate social regulations will be addressed in a forthcoming paper.

[iii] 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 (that have their roots in collective, often stake-holder or industry based initiatives) (2007: 777).

[iv] All names are pseudonyms.

[v] This is in line with a recent study on the implementation of SA8000 in Indian garment firms, which mentions that 27 garment firms in Tiruppur were SA8000 certified in 2006 (Stigzelius and Fredricsdotter 2006: 3).

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