Implementation of SA8000 in Indian Garment Manufacturing
- a socio-economic assessment of the impacts on working conditions and business practices

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ABSTRACT
The garment industry has faced a constant chase for low prices, which has led to an outsourcing to developing countries due to low production costs. In these countries, however, the workers’ conditions are often neglected. It is not unusual with low wages and extensive overtime work in an environment that is directly hazardous to the worker. In an attempt to improve the social conditions, many companies have adopted codes of conduct and social standards. Although the codes and standards may lead to improvements for the workers, they have led to additional costs for the supplier factories. In order to reach a sustainable business practice, factories need to develop both economically and socially. This study explores local-level experiences of SA8000 in Indian garment manufacturing by examining the impacts of implementation on the business practices and working conditions. The results of the study are based on case studies in Bangalore and Tirupur in South India. During the implementation, the major obstacles were effective communication of the standard at all levels in the factory and the costs involved in meeting the requirements of the standard. The major benefits are primarily expressed in social terms, while the suppliers would need a higher price or long-term contracts from the buyers to economically motivate the implementation. It is suggested that all concerned stakeholders are engaged in the process through a continuous mutual dialogue in order to promote both economic and social development in a sustainable manner.

KEYWORDS: garment, SA8000, codes of conduct, social standards, social compliance, multi-stakeholder initiative, corporate social responsibility, management systems, sustainable development

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1 Introduction

A growing number of companies within the garment industry outsource the manufacturing of clothing to independent suppliers around the world, since the wages for garment workers differ largely between countries (Beauchamp & Bowie, 2001; Welford & Young, 2002; Mamic, 2004). This has contributed to a global price race. Within the garment industry the production orders are often given at very short notice, which makes it hard for producers to make any long-term planning (Barrientos, 2002). In response to this, the producers use a lot of compulsory overtime and a flexible workforce in order to be able to produce according to the changing orders and low prices. There is always someplace where clothing can be made more cheaply - and in this race for low prices the conditions for the workers and their environment are often disregarded.

In an attempt to improve working conditions, an increasing number of companies have developed codes of conduct that functions as a framework for enforcing the national laws (Stahl & Stålmarker, 2002; Welford & Young, 2002; Adam & Rachman-Moore, 2004). These codes of conduct are statements that encompass the company’s ethical practices and its responsibilities to uphold human rights, labour and environmental standards in all its operations and the operations of its suppliers. Codes of conduct are a useful tool in Corporate Social Responsibility (CSR) in order to achieve improvements in labour conditions. CSR is a concept of business ethics where corporations have a responsibility not only for the financial, but also the social and environmental impacts of their business practices. Using CSR in the supply chain management is thus seen as a step towards more sustainable business practices.

While the suppliers face an increasing demand for social compliance, quality and timely delivery, the prices of garments in the western world have stagnated – even the end customers chase low prices (Video, Bjurling & Ekelund, 2002). The suppliers in the developing countries are facing a constant increase of requirements to comply with, while the prices they get for the products are pressured to the very limit. It is hard to invest human, technical and financial resources in order to meet the new requirements when there are no additional guarantees for future profit. Implementing a code of conduct would thus just be another cost for the supplier factory.

Although many companies have undertaken codes of conduct with good intentions, they may not be thoroughly implemented into the business practices and this might result in less beneficial outcomes for both supplier factories and workers (Dent, 2002; Internet, PiC 1, 2006; Internet, SAI 1, 2006). In order for the implementation to be successful it
requires full participation and awareness of the workers, which may lead to an increased commitment and hence a higher productivity.

The human rights organization Social Accountability International, SAI, has developed an international standard called Social Accountability 8000, SA8000 (Internet, SAI 1, 2006). The standard is considered to be a multi-stakeholder initiative, which includes workers, employers, trade unions, Non Governmental Organizations (NGOs), academia, and certifying bodies in its implementation.

1.1 Problem formulation

How can SA8000 ensure a higher degree of understanding and participation among the workers and thereby lead to better social conditions, while also deriving enhanced business benefits for the factories? In order to address this problem, the following themes of questions were identified:

- What are the motives for implementing SA8000 for the supplier factories?
- What are the workers’ knowledge and understanding of the standard?
- What social and economic implications does the implementation bring?

1.2 Aim & Demarcations

This study aims to explore local-level experiences of SA8000 in Indian garment manufacturing by examining the impacts of implementation on the business practices and working conditions. The potential benefits derived through successful implementation may provide incentives for other companies to implement and sustain the same standards in a continuous manner.

The whole supply chain in garment production process normally involves cotton production, spinning, knitting, dyeing and finally stitching (Internet, Gossypium, 2005). The focus of the study is at the supplier level and on the last production unit where the actual garment is manufactured. It is the managements’ and the workers’ perception of the standard that is of interest, but the study also considers some of the different stakeholders that may be involved in the implementation of SA8000, such as NGOs and trade unions.
1.3 Method

The empirical material is based on case studies in Bangalore and Tirupur, two of the main centres for textile production in the South India. A qualitative research method was used during the three months study in 2005-2006. Multiple cases were studied by a collection of data from a number of sources in a natural and contemporary setting (Yin, 1991). Through interaction with the actors of interest and interpretation of their actions, the desire was to explore and understand the processes and impacts of SA8000 implementation (Brockington & Sullivan 2003).

In India, there are currently 53 garment facilities that are certified with SA8000 (Internet, SAI 3, 2006). Nine of these facilities are located in Bangalore and 27 in Tirupur. Interviews were conducted at seven garment factories located in the Bangalore and Tirupur areas. In each factory, interviews were made with both members of management and workers. Some limiting criteria for selection of the factories were:

- **SA8000** – all factories were in the process of implementing SA8000 or already certified.
- **Product** – since our focus for the study was the garment industry all visited factories operated within that area.
- **Size** – to get a broad picture of how the implementation process may differ with regards to the size of the factories, the studied factories varied between about 100 - 2 000 employees.
- **Location** – because of time and budget constraints, the factories needed to be located within close proximity to Bangalore and Tirupur.
- **Availability** – due to the sensitivity within the industry, it was often hard to be granted access to the factories and get permission to interview the workers, since the interviews were carried out under working hours.

In the visited factories, interviews were made with one or two members of the management and between 5 and 25 workers in each factory, depending on time and availability. Some 11 managers and 85 workers were interviewed in total. In all possible cases the interviews were made with the member of management who is responsible for the implementation of SA8000, often the human resources officer, and also the workers representative for the standard. A translator who knew the local language helped out during the worker interviews. The interviews with the management were focused on the implementation process while the target of the worker interviews was the awareness of SA8000 among the workforce.
2 A theoretical framework

2.1 International Standards

There are several industrial initiatives that deal with human rights and social standards for different industrial sectors. Some of these standards for accountability and reporting are (Ligteringen & Zadek, 2005): Social Accountability 8000 (SA8000), AccountAbility 1000 (AA1000) and the Global Reporting Initiative (GRI). The two former standards give guidance on how to integrate the performance into business practice, while the latter one says how to measure and communicate it. Equal to individual codes of conduct, standards are often based on international conventions, such as the UN Universal declaration of Human Rights (UDHR) and the core conventions of the International Labour Organization (ILO). SA8000 differ from company codes of conduct in how it requires accredited external auditing companies to audit factories relative to this standard (Welford & Young, 2002).

A standard can function as a form of regulation directed towards social actors, individuals or organisations (Brunsson & Jacobsson, 2002). Compared to regulation formed by states, standards are mostly voluntary. However, in practice a third party can make it difficult for actors to avoid a standard, such as buyers who may prefer products that comply with particular standards. International standards that are often required by buyers are; the quality system by International Standardization Organization ISO:9000 and ISO:14001 series (Internet, ISO, 2006); WRAP - the Worldwide Responsible Apparel Production (Internet, WRAP 1, 2006) and the Social Accountability Internationals standard SA8000 (Internet, SAI 1, 2006).

2.2 Social Accountability & SA8000

Social Accountability International (SAI) is an international non-profit human rights organisation founded in 1997 with the mission to improve workplaces around the world by developing and implementing socially responsible standards (Internet, SAI 1, 2006). The standard Social Accountability 8000 (SA8000) is applicable on a range of different industries. As of December 2005, 57 different industries are represented with a total of 881 facilities being certified with SA8000 around the world (Internet, SAI 3, 2006).

The standard SA8000 is based on the International Labour Organisation (ILO) standards and UN Human Rights Conventions (Internet, SAI 4, 2006). The SA8000 elements covers a range of issues including (SA8000, 2004): Child Labour; Forced Labour; Health & Safety; Freedom of Association & Right to Collective Bargaining; Discrimination; Disciplinary Practices; Working Hours; Remuneration and Management Systems.
SAI accredits certifying bodies to provide certifications to companies that comply with the standards (Internet, SAI 1, 2006). Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices. SA8000 management system is modelled after the quality system ISO 9000, but in contrast to other management systems, SA8000 is focusing on workers’ rights and working conditions (SA8000, 2004). The system consists of five stages: Policy; Communication; Planning & Implementation; Performance Review & Evaluation; and Corrective Action (Figure 1). This is a process that leads to continual improvements.

A comprehensive management system, such as SA8000, requires major investments in terms of time and money, which can be difficult to bear for small and medium-sized companies (Stahl & Stålmarker, 2002; SA8000, 2004). The cost of acquiring a certification for a factory varies with the number of employees and the location (Internet, Wikipedia 2, 2006). It may range up to 10-12,000 USD for large facilities. An SA8000 certification will last for three years and there will be surveillance audits every six years.

Figure 1: The key processes of an SA8000 management system (Modified from SA8000, 2004:128).
months or once a year depending on if the certification auditor thinks that the facility is performing well (Internet, SA8000 5, 2006). Benefits associated with SA8000 certification are perceived as improved performance and thus enhanced competitiveness (SA8000, 2004). The major benefits may involve (SA8000, 2004:125):

- Effective management of risks associated with achieving objectives;
- Consistent control of key processes;
- Reduction of administrative, training and operational costs;
- Avoidance of performance gaps and duplication of efforts;
- Facilitation of communication by offering a common information base for personnel at all levels;
- Facilitation of compliance with legislation and standards;
- Institutionalization of good working practices;
- Continual improvement.

In order for a management system to be effective it needs to be communicated through the whole company, both internally and externally (SA8000, 2004). Through internal regular training and consultation the personnel at all levels should understand and have access to information on the company’s policies, objectives and procedures in social accountability. Externally, sufficient information should be provided to interested parties so that an independent assessment of the company’s compliance with the standard can be made. The SA8000 standard is considered to be a multi-stakeholder initiative, which includes workers, employers, trade unions, Non Governmental Organizations (NGOs) academia and certifying bodies in its implementation (Internet, SAI 1, 2006).

2.3 Motives for corporate sustainability

Schaltegger & Buritt (2005) give an overview of the different reasons why business managers address sustainability. There are a number of reasons for business to address issues of sustainability (Schaltegger & Buritt, 2005). No one main reason predominate, but there are rather a whole set of interrelated reasons that vary from purely business reasons to more macro-orientated political and ethical reasons, e.g. legal compliance, management of business risks and increased competitiveness.

2.4 The implementation process

When implementing sustainability into business practices many different systems and processes can be used. Mamic (2005:83) addresses four common issues (Figure 2) that usually are covered during the implementation process of codes of conduct: Development of a vision; Understanding of the vision by employees and suppliers; Implementation and Monitoring, Feedback and Improvement.
The company has to develop a vision that is internally accepted and externally appreciated (Mamic, 2005). The code has to be understood by everyone affected by the implementation and communication and training are very important. The integration of the code into the existing operation of the company is vital, like human resources, legal policies, manufacturing quality department and in particular to the buying processes (Mamic, 2005).

Continuous audits, internal as well as external, provide information about the progress and problems. These audits provide input for the time demanding and the continuous dialogue that is a condition for the four elements in the implementation process (Mamic, 2004).

2.5 The socio-economic impacts of SA8000
A model (Figure 3) has been developed with inspiration from Hart’s shareholder value model (Hart, 2005:60) to illustrate the socio-economic impacts of SA8000 as earlier described by SAI (SA8000, 2004). The model will later be used as a point of departure for the analysis of the case studies.

Figure 2: Framework for the implementation process (Mamic, 2004:176).
In the lower-left quadrant in Figure 3, the social benefits are related to the internal capabilities. Having the SA8000 management system, the company at supplier level is able to enhance the working conditions, which would ultimately lead to risk reductions in terms of e.g. fewer injuries through increased health & safety practices (SA8000, 2004). By giving the workers training on a regular basis the requirements of SA8000 will be known and understood at all levels. The participation by workers in the implementation of SA8000 is thus a key indicator of success.

Looking at the lower-right quadrant, the company at supplier level must engage with its external stakeholders, e.g. trade unions and NGOs, so that the social benefits to the workers can be assured (SA8000, 2004). This would also facilitate the compliance with legislation and enhance the company’s reputation as a fair-player on the market.

The upper-left quadrant looks at the economic benefits with nurturing the internal capabilities through the SA8000 management system. The social benefits to the workers will ideally lead to an enhanced productivity, while a cost reduction will be achieved through the reduction of administrative, training and operational costs (SA8000, 2004). The common information base for the personnel at all levels will facilitate the communication for this purpose.
At last, the upper-right quadrant shows the economic benefits through engaging with external stakeholders as the buyers who would hopefully increase their orders when they see the SA8000-system in place (SA8000, 2004).

3 Empirical findings

3.1 A presentation of the cases and the stakeholders
Case studies have been made at seven factories where both managers and workers have been interviewed. In order to get a broader picture of the problem some additional stakeholders were interviewed; trade unions, NGOs and buyers (Fredricsdotter & Stigzelius, 2006). Their relations to managers and workers and the different demands they have upon each other are illustrated in the stakeholder diagram below (Figure 4).
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The factories are controlled by the management who tries to run a profitable and sustainable business through keeping down the production costs (e.g. low wages to workers) and by getting as many orders as possible from the buyers.

The buyers in turn are demanding low prices from their suppliers and due to the constantly changing fashion they need to deliver fast. As the supplier tries to attract the buyers with low prices they need to compensate with producing more and therefore they take orders that often exceed their capacity (Fredricsdotter & Stigzelius, 2006). Hence, workers need to work a lot of overtime in order to deliver according to the orders.

Meanwhile, the factories are trying to retain the workers through offering benefits to them. There is a shortage of skilled workers on the market who are often lured to other factories through some more payment, so there is a high labour turnover within the textile

Figure 4: Stakeholders and the different demands (from Fredricsdotter & Stigzelius, 2006: 29-33).
industry (Fredricsdotter & Stigzelius, 2006). Many workers have travelled from the country side to find a job in the cities and are foremost happy to have an employment.

However, even the minimum wage is very low and not sufficient for a decent living. Collective bargaining is weak since trade unions rarely are represented within the textile industry, in spite of freedom of association.

Management fear the trade unions that often bring workers to strikes and that may lead to closures of factories. The workers also associate trade unions with closures and are afraid of loosing their job. Trade unions often belong to a political party, which influences their relation to the workers, while NGOs have a more neutral role with educating the workers about their rights. They try to promote freedom of association and the right to collective bargaining, but admit that the trade unions also have to revise their role toward the workers and management.

Some buyers have started to acknowledge their responsibility for the working conditions at their suppliers and have introduced their own codes of conduct that the suppliers need to follow. They often contain requirements concerning wages, working hours and freedom of association. It is, however, difficult for the suppliers to make both ends meet when buyers simultaneously demand low prices and fast delivery without any support in reaching compliance with the codes.

Most of the visited factories (Table 1) trade with European brands from France, Germany, the UK and Sweden and also brands from the United States. The brands are e.g. Tesco, H&M, GAP, DKNY, Tommy Hilfiger and Timberland. All brands have their own codes of conduct that the factories are following, e.g. GAP, Timberland and H&M.
Table 1: *Summary of the case study findings.*

<table>
<thead>
<tr>
<th>Factory &amp; Location</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Bangalore</td>
<td>Bangalore</td>
<td>Bangalore</td>
<td>Bangalore</td>
<td>Bangalore</td>
<td>Tirupur</td>
<td>Tirupur</td>
</tr>
<tr>
<td>No of employees</td>
<td>1000</td>
<td>300</td>
<td>1000</td>
<td>600</td>
<td>1100</td>
<td>2000</td>
<td>100</td>
</tr>
<tr>
<td>Labour turnover</td>
<td>12-15 %, slowly decreasing towards 8%</td>
<td>---</td>
<td>5 %</td>
<td>---</td>
<td>8% used to have around 15%</td>
<td>10%</td>
<td>---</td>
</tr>
<tr>
<td>Process of SA8000</td>
<td>Planning stage</td>
<td>Certified 2003</td>
<td>Planning stage</td>
<td>Implementing</td>
<td>Implementing</td>
<td>Certified 2005</td>
<td>Certified 2003</td>
</tr>
<tr>
<td>Motives for implementing</td>
<td>Buyer requirements</td>
<td>Benefits to the workers</td>
<td>Buyer requirements</td>
<td>Less buyer audits</td>
<td>Buyer requirements</td>
<td>Better reputation of the company to the buyers</td>
<td>Buyer requirement</td>
</tr>
<tr>
<td></td>
<td>Cut costs, time delivery &amp; increased quality</td>
<td>Have an ethical outlook</td>
<td>Higher compliance with the law</td>
<td>Higher compliance with the law</td>
<td>Higher social compliance</td>
<td>Legal compliance &amp; social outlook</td>
<td></td>
</tr>
<tr>
<td>Workers knowledge &amp; understanding</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>---</td>
</tr>
<tr>
<td>Economic impacts</td>
<td>Reducing overtime consulting &amp; certification costs</td>
<td>Infrastructure investments &amp; 50 % higher wages</td>
<td>Training &amp; certification costs</td>
<td>Certification &amp; audits costs</td>
<td>Labour costs (Decrease of 3 h overtime &amp; 20 % increase in wages)</td>
<td>Certification &amp; audits costs</td>
<td>Audit costs (2000-3000 USD/audit)</td>
</tr>
<tr>
<td></td>
<td>Hope for increased business opportunities</td>
<td>No business benefits so far</td>
<td>Can lead to higher production &amp; quality</td>
<td>Certification &amp; audits costs</td>
<td></td>
<td>Training &amp; increased security</td>
<td></td>
</tr>
<tr>
<td>Social impacts</td>
<td>Good working environment, no overtime and correct payment free transport and health care</td>
<td>Better working environment &amp; satisfied workers</td>
<td>Higher wages to the workers</td>
<td>Ensuring workers’ benefits (overtime, payment)</td>
<td>Improved workers’ confidence – lower labour turnover</td>
<td>Better reputation Lower labour turnover</td>
<td>Social protection &amp; training to the workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good communication</td>
<td></td>
<td></td>
<td>Difficulties in Communication</td>
<td></td>
<td>Challenge: education to the workers</td>
</tr>
</tbody>
</table>

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4 Please note that the results could not be independently verified, but represent the views of the interviewees.

5 Unfortunately we could not make any interviews with the workers at this factory due to the absence of an unbiased translator.
In addition to the brand codes, the factories were already certified or in the process of implementing SA8000 at the time of the conducted study. Three of the seven factories in the study were already SA8000 certified while the other four were in different stages of the implementation process, from the planning stage to ready for certification (Table 1).

All the brands have their own audits with a regular control of 4-5 times every year. One factory manager (Factory A) expressed that these audits are time consuming and a direct cost to the factories since the auditors take up time with interviewing the workers. One factory manager (Factory E) expressed that if you have SA8000 you cover 95 percent of the social compliance that the buyers with their codes of conduct are asking for. The remaining five percent is mainly about quality.

Many of the managers have addressed that most of the requirements were already in place when they decided to go for SA8000. For the parts that were lacking they hired external consultants to help with the planning, preparations and training. The consultants also make a pre-audit to make sure that all the requirements are met and nothing is lacking for the certification. The sustenance of the SA8000 certifications depends on the continued compliance with the requirements which is reviewed and audited during the surveillance audits every 6 months. These audits may also be unannounced to determine continued compliance.

3.2 Motives for implementation
The major reasons for implementing SA8000 have been buyer requirements (Table 1), since for many European and American buyers social standards like SA8000 are the minimum requirements for getting supplier confidence. However, some managers expressed other reasons, for example a better reputation of the company (Factory F); legal compliance and a social outlook (Factory G). Factory B wants to give benefits to the workers and develop a brand that is ethical and based on fair conditions. The frequency for inspections may decrease as SA8000 ensures them that everything is being maintained according to the standards and to the Indian law.

3.3 Workers’ knowledge and understanding
The major obstacle during the implementation process is the lack of awareness among the workers (Table 1: Factory A, B, E & G). Although SA8000 are communicated through training, booklets and posters in the local language, most of the workers could not respond to what the standard contained. One factory manager (Factory A) had the impression that this is an industry where employment is provided to people that are not well educated. Therefore, the training and bringing the workers together is a big challenge.
The interviewed workers level of education varied a lot. The worker with the lowest level of education was 5th standard, while the highest was one girl who was studying her first year of a Bachelor of Business Administration (BBA) during the evenings. There were no difference of the education level between male and female workers and the most common education among the interviewees were 10th to 12th standard. At the age of 15 you normally finish the 10th standard, and then you can continue school at the 11th – 12th standard for two years until you are 17 years of age.

In the factories that were implementing the standard (Table 1: Factory D & E), very few workers were aware of SA8000, even if they maybe had received initial training about the standard once or twice. A lot of workers confused SA8000 with the brand codes and thought that it was all about quality. Many knew that their factory had different codes of conduct, but most of them don’t know what the codes refer to.

In the factories where SA8000 were already implemented (Table 1: Factories B & F), most of the workers who had been with the company for some time knew about the standard, but their understanding of the standard varied considerably. Their awareness of SA8000 related to issues of health, safety and first aid. Newly employed workers had often not received any training.

3.4 Social impacts of SA8000
Most workers in the certified factories had noticed a change after the implementation. They connect SA8000 to health and safety issues and also benefits like a canteen, crèche, clean drinking water, medical facilities, training and free transport. Overall, the workers had a positive view of the standard and thought that it had led to many benefits for them. They also feel that more respect is given to the workers from management and staff.

Implementation of SA8000 provided improved organisation regarding for example training in health and safety regulation (Factory B). The workers were also provided with safety equipment, for example in the cutting section the worker had metal chained gloves. The machines were placed in a corner to limit the risk of accidents. The tailors were provided with mouth protection so that they would not inhale dust from the textiles.

The working hours set a limit to the income. In Factory F in Tirupur, some of the workers addressed that after the implementation of SA8000 they only worked nine hours per day compared to the 12 hours per day they often worked previously. Now, they also get

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6 Standards refer to what would be named grades or year in other school systems.
double payment for the extra hour over time they normally do. The legal minimum wage is Rs 2202 per month (equals approximately 49 USD). The wages differ between factories and the position of the workers. For example, the tailors who had worked in Factory F for about 2 years earned Rs 3120 per month while the helpers earned Rs 2860 per month. Due to the low wages within the industry, many workers wanted to work overtime to get the extra payment.

3.5 Economic impacts of SA8000

It may be premature to talk of effects in terms of economic benefits from SA8000 but the management perspectives provide an interesting picture of implications so far. Today, the benefits are mainly expressed in social terms; the workforce is more satisfied and the working environment is improved. One factory manager did not currently see any benefits in monetary terms (Factory B) while another manager (Factory A, human resources manager) thought that they would certainly grow and get more business in the future. A manager in Factory G said; “We are coming out all because of the system, our name is good on the market and SA8000 has helped us a lot.”

Hardly any of the factories were presently using SA8000 as a marketing tool, but they plan to do it in the future. It will help them to build their company image and increase business opportunities. All factories inform their buyers that they are certified, which may reduce the auditing time since they have a higher level of social compliance. Most factory managers see the standard as a long-term investment and hope to see more benefits in the near future.

In one of the factories, the management could see an increase in productivity for the time being, while most of the other managers were uncertain and couldn’t say if the standard had led to a change or not.

One of the challenges with SA8000 was the increase in labour costs in terms of higher wages and reduction of overtime. For example, in Factory C they had to double the wages to the workers in order to be compliant. For Factory B the major obstacle was that they had to shift location in order to get certified with SA8000 because the old building did not have the emergency exits that the standard required. They were lucky to find a new place with proper facilities in the same area so that they could keep the same employees as before.

Other major challenges are the cost for consulting, certification and audits, which will be there for everybody. These costs are considered to be high, for example the audit process can cost between USD 2000-3000. There is a lack of motivation in the supplier factories
to implement social standards or codes of conduct due to the high implementation costs and uncertainty of future orders since, at any time, the buyers might decide to shift their orders to cheaper production countries. While the buyers claim the needs for standards, they still do not want to pay a higher price for the garments produced under these conditions. The garment factories in India are dependant on the western buyer’s business conditions, but they lack the assurance of continued support and assistance in compliance with good social accountability practices.

4 Analysis & Discussion

4.1 Motives for implementation
The major reason for implementing SA8000 was the fact that it is a buyer requirement. Schaltegger & Buritt (2005:201) talks about different motives for addressing corporate sustainability like Improving corporate reputation and brand value, Business opportunities and Increasing competitiveness. Many European buyers see SA8000 as an important system for reaching higher social compliance, which is a growing concern within Corporate Social Responsibility. Certification to the SA8000 standard will then help manufacturers to differentiate themselves from the rest and thus improve their company image, which would attract new buyers and hopefully lead to a higher security of placing future orders.

It was not solely business reasons that made the companies to implement SA8000, but in some cases the managers were driven by a moral commitment. In factory B, the management seemed to have been very committed towards its workers prior to implementing SA8000. They aimed at bridging the gap between management and workers in strategic and sincere communication. In this factory the workers seemed to have the highest knowledge and understanding of the standard.

When the initiative to implement the standard is taken internally the implementation is internally grounded. In the case of Factory B, the pro-active approach has lead to a continuous revision of procedures and business conduct. It would be desirable that these pro-active companies could lead the way in social standards and promote self-regulation in an industry that often acts below the legal standards.

4.2 Workers knowledge and understanding
Mamic (2005:83) talks about the importance of understanding of the vision by employees and suppliers. During the implementation of SA8000, the major challenge for all factories was to create awareness and communicate the standard to the workers. In order to create awareness around the issue, training programmes and access to information is
very important (Dent, 2002). Many of the interviewed workers had received training but could not respond to what the standard contained. The level of education is low among the workers and it can therefore be difficult for them to participate and respond to the training.

According to Mamic (2005), it is important to consider how the information is communicated and appropriate ways of reaching the recipients have to be developed. The management efforts at all levels have to be focused so that they can reach and engage the workers.

In Factory B, the workers were fully aware of the content of the standard since the management had provided both internal training and help from external consultants. This illustrates the importance of having a motivated management team that is willing to make a change and interact with the workers. It may facilitate the communication if the management has personal values that drive them towards this.

The workers’ lack of awareness about labour rights depends on the weak tradition of being part of a trade union. As one NGO representative explained, many workers have migrated into the city from rural areas that traditionally have not been part of the trade union movement (Fredricsdotter & Stigzelius, 2006:33). The workers are also a first generation of women working in the industry and they might have different needs than what trade unions traditionally demand. If trade unions revise their role towards the workers they might find it easier to communicate and reach the workers. Trade unions or NGOs can then play an important role in providing the means of reaching and educating the workers about their rights.

4.3 Socio-economic impacts of SA8000

4.3.1 Social impacts & internal capabilities
The case studies indicate that in most cases an actual improvement has occurred in terms of health and safety, which leads to reduce the risks. This is achieved through worker training and participation in first aid and fire fighting. The additional benefits, like canteen and medical facilities, will help the workers towards improved health, which leads to a decrease in labour turnover.

However, the issues that remain hidden to the eye, such as basic needs wages and freedom of association, are still not taken seriously. Some workers were complaining that they wanted to have more overtime since it gives double payment (Fredricsdotter & Stigzelius, 2006). The hours of overtime has been reduced where only one hour of
4.3.2 Social impacts & external stakeholders

The case studies show that trade unions were rarely represented in the factories and workers were dependant on workers’ committees set up by management and the control by auditors. Many NGOs and trade unions are not too happy with SA8000 since they claim that the standard is lacking in many areas, like freedom of association and right to collective bargaining (Fredricsdotter & Stigzelius, 2006). In order to safeguard the workers’ benefits, NGOs pointed out the need for trade unions in the factories.

The results from the audits also need to be more transparent to provide a basis for participation in a continued dialogue between management, trade unions and workers. However, due to the strained climate between management and trade unions it may be difficult to achieve. Also, the strongly politicised unions are not always serving the purpose of the workers. There seem to be a lack of trust between workers and trade unions, which first need to be restored in order to facilitate social improvements for the workers. At the same time, workers may not have the cultural background to form or join trade unions, or they may be afraid to join unions with the fear of losing their jobs.

Meeting the demands of SA8000 is more or less the same as following the state laws, since codes of conduct and social standards often function parallel to the law. Having a social standard will not necessarily mean to go beyond the law, as often stated in CSR. Nevertheless, within the garment industry there has been a tradition not to take the law too seriously, so by following a social standard the factory would go above the norm of the industry. Several of the interviewed factory managers also takes the certification one step further and provide some extra facilities to the workers, such as free meals, medical care and transport. By having SA8000, the factories will ensure that they comply with the 1948 Factory Act (Internet, ILO 1, 2006) and also more easily comply with the different company codes that are in place. The brand companies own audits will therefore take less time and they will be more confident with the factory.
4.3.3 Economic impacts & internal capabilities

The findings show that only in one case enhanced productivity was visible and no one of the interviewed managers expressed any reduction of costs so far. Although most managers currently only saw the social benefits as an outcome of SA8000, they still believed that in the long run they would see some economical benefits in terms of increased orders and enhanced productivity.

SA8000 as a management system ideally leads to a more effective organisation with a clear definition of roles, responsibility and authority. In practice, this can be hard to accomplish since the communication of the standard has proved to be difficult for many factories. It may take several years to get through to all personnel so that they fully understand the importance of and the motives for being compliant with the standard.

A major obstacle was the increased labour costs involved in the implementation. One factory needed to increase the quantity produced in order to make up for the increased costs due to higher wages and less overtime. This is an example of how the structures of the garment supply chain pressure suppliers to constantly produce for low prices under short periods of time, which forces use of a lot of overtime at low wages. Combining the standards requirements of high wages and one hour of overtime, while also keeping attractive prices for the buyers, might prove to be difficult.

A differentiated cost for consulting, certification and audits with regards to company size would also put small facilities at less of a disadvantage.

4.3.4 Economic impacts & external stakeholders

The case studies have shown that SA8000 is very much a buyer requirement. Many of the interviewed managers are convinced that compliance with SA8000 will give them a good reputation on the market and pay off in terms of increased orders. Since SA8000 is considered to cover about 95 percent of the requirements of the brand codes, it would reduce the time of the buyer audits, which will save the supplier factories both time and money.

Many factories have implemented SA8000 because of requirements from the buyers, but none of the buyers are sharing the costs involved to become compliant with the standard. It can therefore be hard to motivate managers of supplier factories to implement social standards, since they are uncertain of the economic benefits involved. Many managers see the implementation as an economic risk and want to have some security in future business, something to cover the costs of the standard like higher prices for the garments.
The suppliers also lack the support for implementing the standard in terms of new investments, higher wages to the workers etcetera. However, so far there is no willingness to pay more for the product.

In order to promote both social and economic improvements in the supplier factories, the buyers and their supplier need to coordinate their efforts. It may refer to purchasing policies that require SA8000 as a basis for conducting business. This may provide a framework where a higher price and long term contracts will facilitate better conditions to the workers, enabling a higher productivity and a potential win-win situation. However, as one buying agent expressed (Fredricsdotter & Stigzelius, 2006:30), it is only possible to integrate the compliance issues into the buying policies if there is a commitment from the company in Europe.

To be socially compliant today is sometimes seen as to go over and above the norm, but tomorrow it might be a necessity to be able to stay on the market. As stated in the Shareholder Value Model (Hart, 2005) it is necessary to differentiate the business through innovation and repositioning on the market in order to generate growth in the future. Entering the niche market of being compliant with SA8000 might seem as a small step today, but may be necessary for the future as the consumers are getting increasingly aware of the problems in the supply chains and demand initiatives to secure social compliance.

5 Conclusions

The case studies have shown that SA8000 is very much a buyer requirement, but in some cases it was also moral values that drove managers to implement the standard. The workers were however not fully aware of the standard and its content, but they could see actual benefits in terms of, for example, health and safety, canteen and medical facilities. When a standard is implemented it is initially the cosmetic changes that are most apparent, while issues like freedom of association and living wages are more complicated to implement.

The major obstacle during the implementation process was difficulties to integrate the standard in every day procedures (Table 2). One limiting factor is the low level of understanding among the workforce. Another obstacle was the high costs involved in the implementation, such as increased labour costs and infrastructure, but also the costs for certification, audit and consultation was regarded as high. The findings show that only in
one case an enhanced productivity was visible and no one of the interviewed managers expressed any reduction of costs so far, but they all hoped for economical benefits to show in a longer time perspective and it is hoped among the managers that the orders will increase after the implementation.

SA8000 can be a tool in order for the supplier factories to grow and stay competitive on the market (Table. 2). The standard may also be an instrument to reach a more ethical production and a way to ensure a business practice with higher legal compliance.

Table 2: Implications of SA8000.

<table>
<thead>
<tr>
<th>Obstacles</th>
<th>Opportunities</th>
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<tbody>
<tr>
<td><strong>Managements’ perspectives</strong></td>
<td>Higher legal and social compliance may lead to business opportunities in terms of increased orders and improved productivity.</td>
</tr>
<tr>
<td>Buyers require social standards while simultaneously demanding low prices and short delivery time. High costs of compliance without any support from buyers or SAI.</td>
<td></td>
</tr>
<tr>
<td><strong>Workers’ perspectives</strong></td>
<td>Trade unions need to show the real improvements they can make for the workers and with the support from management take a more active role in monitoring the labour standards. SA8000 can then be an effective tool to improve working conditions.</td>
</tr>
<tr>
<td>Low understanding of the standard due to ineffective communication with management, low education and weak freedom of association. There is a lack of trust for trade unions among workers and management.</td>
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</tbody>
</table>

External stakeholders, such as NGOs, trade unions and also buyers, have a central role in the implementation process. In order to safeguard the workers rights and benefits, NGOs and trade unions are necessary in the monitoring and compliance process. Therefore, the audits need to be more transparent with the results and include the workers and their representatives to a higher degree. Buyers should also take a more active part in the implementation process and it is wishful that the buyers would facilitate the implementation through economic support, for example through long term contracts or a higher price for the garments produced under these conditions. A continual improvement and an ongoing dialogue with stakeholders are thus needed in the ambition to achieve both social and economic improvements.
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