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Social Science

A RIGHT BASED APPROACH TO CORPORATE RESPONSIBILITY

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ABSTRACT Bigger industries claim that their products are socially responsible. However, most of their semi-finished products are being offloaded to various small and medium industries. The first tier suppliers again offload the part of product manufacturing along with social responsibilities to their own supply chain. Hence, when the product manufacturing is further outsourced, the social compliance in the smaller industries gets diluted. Moreover, there are inherent problems related to the small and medium industries, like, lack of manpower, finance, technological knowhow, unfair price competition, etc. The study was conducted in 2012 December amongst small and medium enterprises (SMEs) in the NCR region. The objective was to understand the parameters of social responsibility amongst SMEs who are suppliers to the corporate houses. Qualitative data were collected based on informal discussion with the factory owners, managers, and labourers. It was found that the fluctuations in demand and high turnover of workers, force industries to go for taking workers from manpower agencies. Social audit cannot prevent all non-compliance. Interventions are desired to deal with the problems of integrating the supply chain in the business process to evolve a business responsibility beyond law. The interventions should be at different levels, i.e. governmental policy, local administration, NGO, industry and the purchasing organization.

KEYWORDS : Emerging Issues, Environmental Sanitation, Social Audit, Social Compliance, Trade Unions.

INTRODUCTION:

Production is undergoing unprecedented expansion creating thousands of jobs. But the jobs that are being created are characterized by low pay, substandard working conditions, and excessive working hours and are only offered as short term contracts, often via employment agencies. Many companies are facing increasing challenges in their ability to manage their supply chain in a socially responsible manner. Responsible Supply Chain Management (RSCM), as part of a company's Corporate Social Responsibility strategies and policies, has become a key part of the strategy of many companies. At the same time, many codes of conduct, standards, guidelines and principles have been developed with a supply chain focus and international scope (Leipziger 2003). Some such initiatives are the United Nations Global Compact (UNGC); ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration); and a wide variety of initiatives focusing on specific issues (like the Ethical Trading Initiative (ETI) focusing on improving working conditions). The most recent development in this regards is ISO 26000 standard on social responsibility. However, despite all these efforts and standards, a number of CSR issues still remain unsolved. Companies still face many challenges when trying to manage social and environmental issues in the supply chain. This supply chain comprises of organizations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer. Today's corporate responsibility, in terms of supply chain, can be defined as a voluntary commitment by companies to manage their relationships with suppliers in a responsible way. As a result of their purchasing activities, companies may have some opportunities to influence constructively their suppliers' social and environmental performance. This can be done using several incentives, including information and training, as well as audits of suppliers' practices. Whatever mechanism is used, the most effective way to achieve sustained improvement over time is through the development of a long-term collaborative relation between corporate buyers and their suppliers, through which suppliers can internalize change by participating in the shaping of social and environmental performance objectives, based on their own perception of their business capacity and needs (ICC 2007: 2). The ICC emphasizes 'voluntary' in its definition. The sustainability of supply chain is the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the lifecycles of goods and services. The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and serves to markets."(UNGC 2010: 7)

THE PROBLEM:

Insecure work is the result of employment practices by employers designed to limit or reduce their permanent workforce to a minimum, to maximize their flexibility and to shift risks on workers. Resulting jobs typically are non-permanent, temporary, casual, and contingent. Workers in such jobs often are not covered by labor law and social security protections. This kind of work threatens the survival of stable employment and collective bargaining. Yet collective bargaining remains one of the few mechanisms through which workers can obtain a genuine voice regarding their working conditions. Excluding precarious workers from collective bargaining not only denies them their human rights, it takes away one of the few opportunities to improve their employment conditions. It is argued that freedom of association and the right to collective bargaining are increasingly at risk, in law and in practice, in special economic zones (SEZ). Whether this threat is brought about by law or by lack of enforcement of existing laws, the result for workers is the same. SEZs are often set up in economically deprived areas where labor is cheap and workers are more fearful of losing their jobs; if they make demands. The workers pool in SEZs generally has a large share of migrant, young and temporary workers, in short, workers in precarious positions. Largely unorganized, these workers have little or no access to unions. In some cases, physical barriers in the form of fencing, gates, guards and razor wire prevent union organizers from making contact with workers (Jenny Holdcroft, 2009).

Economic upgrading does not necessarily translate into improved terms and conditions in the job, especially for workers embedded in lower tiers of global production networks. Instead, vulnerable jobs are on the rise for workers in the unorganized sector and for some workers in the organized sector as well (Posthuma, A and Nathan, D, 2010). Bigger industries claim that their products are socially responsible. According to them, their workers use personal protective equipments, there is no wage discrepancy between men and women, overtime is paid to the workers as per the prevailing norms, all their workers have PF and ESI cards, their rights are protected by collective bargaining (through various trade unions) and so on. But most products they use are ultimately procured from various small and medium industries. The bigger industries impose terms and conditions for their first tier suppliers to be responsible. The first tier suppliers as well impose such conditions for their first tier supplier. Ultimately, when the product manufacturing is further outsourced, the social compliance in the smaller industries gets diluted.

Ciliberti, et al (2009) investigated the pressure exerted by supply chain partners, especially large-scale business customers and public authorities, on small and medium sized enterprises (SMEs) to adopt corporate social responsibility (CSR) practices. The study suggests that in order to enhance the perception of supply chain pressure as a CSR driver by SMEs, derived benefits should be more clearly identified (including moral, rational, as well as economic). There is also the risk that when CSR requirements are imposed by large-scale business customers and public authorities, SMEs have difficulties in implementing CSR and consequently are tempted to behave opportunistically. An opportunistic behavior can be associated to the large-scale business customers and the public authorities as well, when

their commitment in CSR is perceived as only superficial. Thus there seems to be the need for a higher level of trust in such actors in order to share the potential benefits and costs related to CSR among all supply chain partners. This social compliance problem in the downstream small and medium industries is well known to the bigger industries. But this problem does not come under the realm of these bigger industries. Safety inspector and local administration also are not very serious about implementing social compliance in small industries. Moreover, there are inherent problems related to the small and medium industries, like, lack of manpower, finance, technological knowhow, unfair price competition, etc.

LITERATURE REVIEW:

Responsible supply chain management (RSCM) emerged in the 1990s as an important part of the corporate responsibility (or corporate social responsibility - CSR) discourse. The concept primarily emerged as a corporate response to human rights risks appearing in suppliers' operations, sweat shops, child labour, forced labour, safety and health neglect, and similar violations. Lack of effective human rights governance in the home state of suppliers, as well as stakeholder pressures on the buyers to react, paved the way for RSCM as we observe it practiced by corporations today.

The European Union (EU) studied "Responsible Supply Chain Management", potential success factors and challenges for addressing prevailing human rights and other CSR issues in supply chains of EU-based companies. It looks at how European companies apply responsible supply chain management in practice. The study focuses on three industrial sectors important to the EU (cotton, sugar from sugar cane, and mobile phones), in relation to five key CSR supply chain management issues (child labour, freedom of association and collective bargaining, an adequate standard of living, unfair price levels, and biodiversity). The emerging results are correlated with the "Protect, Respect, Remedy" framework proposed by Professor John Ruggie, the UN Secretary-General's special representative on business and human rights (EU 2011).

A new study on 'Changing Course– A Study into Responsible Supply Chain Management' authored by GLOBAL CSR and Copenhagen Business School for the Danish Ministry of Foreign Affairs was conducted in 2011. The study deals with the current approaches of companies to RSCM and identifies their shortcomings and challenges, which are of concern to both international buyers, local suppliers in developing countries, government agencies, NGOs and other parties. In relation to the findings presented in the study, a new approach to RSCM is suggested, which focuses on creating 'CSR risk free sourcing and investment zones' in specific territories, thereby targeting all suppliers and sub-suppliers in a given area. The vision is for international buyers to be able to source from certain areas without the risk of being involved in violations of internationally agreed standards (RSCM, 2011).

According to Barrientos, et. al (2007) where improvements are made, they generally only reach first tier suppliers. The approach therefore appears to fail in reaching the most disadvantaged groups of workers such as migrant workers, women, casual workers and workers employed by third-party labour contractors. Furthermore, SMEs continue to face the risk of exclusion because of the costs of certification and the rigorous and extensive nature of the underlying code standards.

A supplier development program is entirely suitable in any industrial sector where specialized subcontracting is involved and the partners (main contractors and subcontractors) are committed to maintaining long-term relationships. Suppliers are given assistance to improve technology and manufacturing standards. At Maruti engineers work with vendors to improve plan layouts and manufacturing systems. Vendors are helped to establish quality practices and acquire ISO certification. Where necessary, financial support is also given, including supply of costly tooling. Maruti entered into joint ventures with a number of suppliers, taking minority equity positions, but being fully involved in ensuring that quality and productivity levels were as high as possible. There are now 11 such joint venture companies and they greatly helped in attaining localization targets, as well as maintaining high quality (UNIDO 2003).

METHODS AND TOOLS:

The study has collected a profile of small industries based on a structured questionnaire. Quantitative data that were collected were related to location and manpower, state of automation (digital, manual or both), ISO status, use of safety equipment and communication of hazards to the workers. Type of inspection in the SMEs and non-SMEs were looked into. The common system that was found to be followed was joint inspection followed by main contractor's inspection and certificate of conformance. This was relevant in terms of development of the small industries in the supply chain. Ambience and perception about business responsibility was also looked into through this structured questionnaire. An open ended question was also kept to get some clues for qualitative data related to some of the problems faced by the small industries in a supply chain.

Seven assumptions were kept in mind while initiating the discussion, whether telephonically or personally. Findings of each assumption were supplemented with findings from the desk work and observation. Analyses of the assumptions are presented on the basis of findings of desk work, observation, discussion with professionals etc. The seven assumptions discussed in this chapter are as follows.

1. Insecure employment prevents workers from joining trade unions;
2. Spending on audit has minor tangible impact on workers;
3. The burden of CSR is mainly on suppliers;
4. Exhaustive sub-suppliers list is more for cost efficiency than responsibility;
5. Corporate sourcing strategy eliminates small and medium enterprises;
6. Environmental sanitation in the industries is poor; and
7. Some big suppliers are difficult to be handled.

Qualitative data were collected based on informal discussion with the factory owners, quality/ HR managers, labourers during the factory visit. Discussions with the workers were held during their lunch hours (in a very informal atmosphere). Observation in the industry was done for 4-5 hours in a day. The survey continued for about six months. Academicians were selected from the field of supply chain. Senior officials from Labour and Employment Ministry were selected for their opinion related to development of small and medium industries. Trade union members were also consulted for collection of qualitative data. Some of the interviews (buyer agency, academicians, trade union) were held telephonically. Few manpower supplying agencies, supplying technical manpower to various industries (particularly small and medium industries) in NCR, were contacted to elicit their opinion related to strategy to develop the labour conditions in the industries. The study was conducted in national capital region of Delhi.

FINDINGS:

The area selected for the study purpose was national capital region. One hundred small industries were selected on a random basis. The Trade Union organizations contacted were CITU, INTUC and HMS. The labor contractors contacted were A P Engineering, S K S, Larking and Shiva Enterprise. The two NGOs were contacted for the study purpose were ASK and Partners-in-change.

In one factory (N K Fabricator), during visit by the researcher, the quality department staff said `do you see the change from your last visit. Yesterday was ISO audit. So you can see visitors' helmet kept outside.' Even in the bigger factories with a high turnover, it was observed that some workers use gloves, shoes, respirators, etc. (PPE), and some do not. The workers, who were not using PPE, were asked as to why not they were using PPE? The reply was simple, i.e., `they are company workers and we are workers of the contractors.' This practice, as opined by some PSU officials, was very much prevalent in the factory premises of the PSUs. The PSU employees when get PPE, the contractors' employees do not.

Informal discussion with Mr. Balvinder, Super Industries who has been working in the factory for more than 10-12 years, gave a picture of different sort in some villages. According to him, there is no union as such. But there was not felt need as well. It is a mutual give and take. The workers understand the owner, the owner also understands them. It was more like an ` Jajmani System' in a rural economy. Out of turn help, apart from agreed conditions, prevail in the factory. During heavy order, workers work very hard. Again, during lean period the worker is not asked to leave the factory. Even the owner helps the worker and their family members during marriage, illness, etc.

According to some of the owners (R K Industries, Super Industries and others) fluctuations in production do not automatically sanction the use of temporary and or contract work. Setting a proportional maximum of

contract workers may be necessary. Supply chain pressure on prices and lead times results in speeding up production outputs, cutting down on labour costs and the demand for longer working days. This causes unfair wages and social hardship for workers concerned. Competition amongst factories is fierce. The challenge for the factories in such a competitive economy is to balance the desire to provide low production costs with the duty to protect the right of adequate standards of living for workers. The supply chain is complex during the manufacturing stage. Various companies may have contributed to parts and stages of the product.

According to some of the NGO experts (ASK, Partners in change), there always seems to be a market for unsustainable products and a lack of level playing field will maintain this market. When adverse impacts are detected, companies are therefore encouraged to take all reasonable steps to mitigate and remedy the abuses with the identified supplier, rather than to "cut and run", which could worsen the particular situation.

Spending On Social Audit

Some experts from Trade Unions (HMS, CITU) also admitted that though this kind of a system is adverse to a right based approach, still it is the base of rural Indian economy; be it agriculture or an industry in the supply chain of a big corporation. In such a situation, perhaps the answer lies in raising awareness through training by the corporation. Audits can improve use of PPE, environmental sanitation in the factory premises. But to get enabling rights (freedom of association, collective bargaining, freedom from discrimination, etc.) through social audit seems difficult, at least in the supply chain studied by the researcher. Social auditing of rights-based standards throughout supply chains may not be able to detect all non-compliances. There are many reasons for such audits not able to bring tangible impact on the labour conditions in the factory.

International standards cannot always detect a labour problem of a small industry in a remote locality. Social audit firms also do not become too rigid, lest they may lose the client as there are many such audit agencies. Moreover, often the audit firms are hired to portray a rosy picture of the company. The efficiency of the auditor is also questionable in terms of audit to have tangible impact on the workers. During the survey it was revealed by some of the workers that the situation may appear in accordance with the standards during the time of audit, but that may not be the case in normal times. Moreover, in a formal atmosphere, the workers do not come out with the real picture. So all the details related to social audit might not have been obtained by the researcher in this case.

Social Compliance

Getting clearance from factory inspector is very difficult. They demand something extra for timely clearance of products. This is a great burden on the factory, as it increases the cost of the product. But this extra cost Some transparency system for government clearance should be there so that exploitation of small and medium vendors can be minimized.

The present government has come out with a Shram Subidha Portal. In this portal, the factory can declare that they comply with all the social norms. Inspection will be done through computer on the basis of random selection. If a factory is found guilty, then it can be penalized. This portal has done away with the immoral practice by the factory inspectors. But a question always remains, if self certification for social compliance is for the benefit of the factory owner only or it is beneficial to the owner as well as the worker both. There remains a chance that many defaulters will go for self certification and declare them as socially compliant, more so when the unions are not very strong now-a-days in remote localities.

All suppliers try to take pride that their supply chain is socially responsible and their partners in the chain adhere to certification standards. At the same time, they want the supplied products at a competitive price. More often, the comparison is done with suppliers who often violate CSR standards, in spite of having some certification. Many of the suppliers said that the buyers do not think of paying an extra price for their suppliers' compliance. During placing an order, the buyers do not have a provision of accepting a L2 supplier because of the suppliers' social compliance. Hence, CSR for the suppliers become a bad business. Compliance becomes an audit formality.

The buyers expect a quality product in time. During emergency and bulk order also, they cannot compromise quality. But as far as suppliers are concerned, for executing a bulk order in time, the supplier either has to go for extra manpower or will have to ask the workers to work overtime. This burden of overtime becomes intensified, when there is power cut for 1-2 hours per day. The owners ask the worker to complete the job and then go home. But because the buyers do not have provision of paying extra price for such case, the supplier sometimes have no other alternate but to ask them to put extra effort without an extra price. More or less this situation prevails with one or the other buyer. Hence, asking for an extra effort by the supplier to the worker is nothing unnatural. The practice being followed in every small factory, the workers also cannot resist much. But some factory owners give this overtime to the skilled workers (in some other form) who have been working for some years.

Buyers often demand a minimum wage for the employees of the suppliers, keeping the price of the product minimum. The supplier can only do this by cutting the facilities (PF/ESI card, etc.), wage, overtime, etc. Wage increase often comes in conflict with the buyers' demand of minimum wage as a part of keeping their supply chain socially responsible. So the wage increase negatively impact suppliers' competitiveness. The suppliers were rather critical regarding the wage expectations of buyers since they were well aware that the reason that they got orders in the first place, was due to their low prices, made possible by low labour costs.

Conflicts are increased when responsible supply chain run parallel to normal supply chain. But handholding in quality check, by the corporate houses does help small and medium enterprise to work as a responsible partner in the supply chain of the big corporate houses. Some industries employ retired employees of corporate sector to adhere to quality and social compliance; though there are many challenges still prevailing. The limited knowledge on best-practice examples hampers the possibilities of increasing the awareness on how to solve these dilemmas. Furthermore, buyers are challenged as long as they operate with a fragmented approach. The compliance challenges are very complex and more knowledge is thus needed to enable sustainable solutions. Suppliers' location is very crucial to keeping the supply chain responsible. Requesting buyers to financially support the burden of suppliers' compliance seem questionable. Suppliers transferring the full compliance cost to the buyer will make the business non-competitive.

Exhaustive Sub-Suppliers List

It is unlikely that non-discriminatory, transparent, accountable and independently verified supply chain with all suppliers from all tiers will ever happen. Even looking into the social compliance for only the second tier supplier seems to be an uphill task. The non-core supplier list is exhaustive. These non-core suppliers are not very important to the company. The number of sub-suppliers is not known. Understanding the sub-suppliers compliance is a huge challenge. Companies hold vendors conclave time to time for such information and capacity building of the suppliers; at least the first and second tier supplier. According to some managers, there should be a separate department to look into the social audit of the production suppliers from third tier onwards. Buyers deal with several hundreds of first tier suppliers and an even higher number of sub-suppliers as part of their supply chains. The large number of suppliers is in itself a hindrance for achieving commonly desired standards like non-discriminatory, transparent, accountable and independently verified supply chain in the relationships between buyers and first tier suppliers.

Most of the suppliers agreed that integration at the site will be a problem for the company, if small suppliers are involved directly in the supply chain. Nevertheless, areas may be identified by the companies to involve small and medium enterprises directly as a part of their social responsibility with respect to development of small and medium enterprise. According to them, initially there will be problems like, difficulties in proper integration, slight late in delivery, etc. But in due course of time, these small and medium enterprises will be strengthened and that will contribute in reduction of cost.

Considering that most of the corporate houses do not include the sub-suppliers as far as social assessment is concerned, the study tried to assess the reasons for such exclusion, taking the view points of the experts. The main reasons identified were lack of contractual control, resistance from the first tier supplier, difficulty in tracing the sub-suppliers in the far end of the supply chain, manpower constraint of the

corporations, etc.

The present system is passing the burden to the first tier supplier. Buyers are thus attempting to start a ripple effect, where first tiers control of their own first tiers is an attempt to manage the risk from sub-suppliers. Since corporations undertake risk management and risks emerges from all tiers of suppliers, present challenges indicate a need for establishing an approach that cuts across tiers and hence presents an alternative to present approach. But unanimously all the experts interviewed agreed that tracing the supply chain is the need of the hour. Hence, it can be said that an exhaustive list of sub-suppliers intends more cost efficiency than social compliance.

Corporate Sourcing Strategy

Key factors for exclusion of small and medium enterprises (SME) are financial, human resource and lack of infrastructure. The financial elements concern the combined effect of SMEs having difficulties in acquiring loans due to lack of collateral, mobilizing own funds due to limited earnings and the burden of cost of monitoring and auditing. The human resource element is mainly concerned with skill and knowledge. A substantial part of these human resources is needed to be employed in relation to auditing and monitoring visits. Lacking skills in particular areas of expertise and in some cases lacking awareness of the importance of responsible practices is also a matter of great concern. Lack of infrastructure is also a great problem for the SMEs. If suppliers operate in a business environment characterised by lack of basic infrastructure, it only aggravates the existing problems. The researcher observed frequent power-cuts force suppliers involved to adapt to unfavourable circumstances. The workers, normally in case of power cuts, are asked to compensate after their normal working hours. The problems also include poor roads and transportation systems, lack of assistance on how to deal with trade requirements, etc.

The interviews with suppliers, particularly SMEs, reveal that the SMEs predominantly experience a win-lose (some would say lose-lose) situation, where fulfilling requirements enable them to maintain orders, but at a cost probably leading to a decrease in earnings. Another example reported is that the sales prices to the buyers remain stable or stagnant because of competition while the cost of production (raw material, electricity, wages, etc) constantly increases. The situation ultimately impacts the workers and the factories thereby. Moreover, procurement in companies is done from the corporate office as well as project sites. The orders from the site are normally of lower amount compared to that of the corporate center. Naturally therefore, the smaller parties in supply chain get a direct contract from the site. But the order from the corporate center, the SMEs get through comparatively bigger vendors. So the site orders are executed mostly by the small and medium vendors. But for corporate contract, the small and medium enterprises come at the third or fourth tier level. It is difficult to get an estimate of how much is executed from the site and how much from the corporate office. Moreover, as expressed by some of the officials and some of its first tier suppliers as well as small and medium enterprise owners, there will be an integration problem if piecemeal order is given instead of a package order.

Environmental Sanitation

Many small industries were found to be located in the area not marked for industrial purpose. Though of course, while filling the format for quantitative data collection, many of them reported that the industries are located in notified area marked for establishing an industry. Loading and unloading of goods in front of the industries created a chaos in the area. Just at the entrance, an administrative office for the factory owner/ a senior level manager was a common feature. Most of such rooms were found to be fitted with an air conditioner and an attach toilet. But the factory area, in small industries, was found strewn with either raw material or wastes. Shades were found but were not sufficient enough to accommodate all the 25-30 workers. Many of the workers were observed to be working under the scorching sun while doing welding, cutting/ bending rods, polishing, etc. Dust, noise, fumes, etc. was found to be very common with such small industries. Manual heavy weight lifting for moving raw material/ finished products was very common. This kind of job hazard could lead to ergonomic problems for the workers. Hips of garbage were very common features in these industries. A tap meant especially for drinking water was rarely found with any small industry. Plastic bottles with drinking water were kept aside for drinking purposes. Provision of toilet was found in every industry. But entering such a toilet was found to be very difficult, though the workers were using them without much complaint. It seemed they are used to such kind of toilets. But many of the workers definitely pressed for provision of water coolers. Of course, there were exceptions. In quite a few industries, small greenery was observed. Separate store rooms were found for raw materials, equipments, finished products, etc. Different stakes with attached labels were found. A designated person was in charge of issuing and receiving the materials. Scraps yards were there at the back of the industry premises. The amount of scrap was not very high, as the scraps were sold regularly to keep the premises clean. It also helped them in their earning. In quite a few small industries the workers were found to be working under sheds. In some cases, the total workshop was in a big room, which was found to be properly ventilated. This room was fitted with fans and proper lights. Problem of load shedding was there. But small diesel generators were also found. A small space was designated, in some industries, for keeping a water tap with a label `Drinking Water'. Separate water tap was found for cleaning legs/ hands/ face after the duty is over. Toilets were found to be moderately clean and usable. Stagnated water, just outside the industry, which was a common feature in most of the industries, was not found in these industries having a good sanitary condition. Waste water was found to be linked with the sewage line. The researcher often felt that 5 S is implemented in such industries. But when enquired, it was reported that 5 S certification was costly and hence not obtained. But proper storage, minimum waste, cleanliness, etc was followed as a part of their work culture. Few small industries had pantry for the workers as well.

Willful Defaulters

The researcher during factory visit observed some willful defaulting vendors. One such example can be given here to prove a point that some big suppliers are very difficult to be handled. There was an order for 20 pieces of slurry pumps for ash handling units. The inspector visited the plant site along with the researcher on time. The quality manager of the factory received the inspector. After preliminary look into the quality plan, the inspector was taken to inspect the slurry pump. When the slurry pump was started, immediately it was noted that the noise level was high. But the quality manager of the factory kept on insisting that the higher level of noise was because of improper fixing on the test bed. His argument was, at the site when the grouting will be done properly, the noise level will come down. The inspector then insisted to show a slurry pump after proper fixing. The quality manager took all efforts for proper grouting of the machine, which of course took considerable amount of time. The properly fixed machine was started. According to the inspector, the noise level of course came down; but it was still beyond the acceptable limit. Then quality manager of the factory kept on insisting that if ash would be loaded into it, the noise level will go further. But with the kind of experience that the inspector had, he did not buy the argument of the quality manager. Then the inspector asked to keep the pump running for an hour. However, within half an hour, the bearing of the pump got heated up. Then the quality manager requested the inspector to mention in the report `party could not offer the slurry pump for inspection' instead of rejecting the product. The inspector turned down the request and mentioned the defects so that the subsequent inspector finds it easier for inspection. But to an utter surprise, the vendor gave a fresh inspection call for the next day. In the next day's visit, the slurry pump was not on the test bed. It had to be brought out and properly fixed for testing. The defect of noise as well as heating was not removed. Few professionals, on anonymous ground, said that such vendors do have reach at higher levels. They get the quality details prepared in such a manner that small vendors will not be able to meet the criteria. In that case, they get the tender and try to manipulate the monopoly situation to their favor. The main points emerged out was that often inspectors are afraid of false allegations by big vendors to the vigilance department. Such allegation, even if not proved create controversies which prove to be counterproductive. This kind of an attitude definitely does not come under socially responsible business practice.

EMERGING ISSUES:

Some of the issues emerged out of the study are described below.

Issues	Description
Development of SMEs	Smaller vendor compete with the larger industries to get involved with the company. But being unable to compete, they get involved indirectly with the company through large industries. It is a great barrier for them to grow quantitatively as well as qualitatively. Corporations do not have any policy in this regard. The attitude of professionals of the corporation (quality department, contract department and the department of finance) is also a matter of concern for the small and medium vendors.

Safety & Health Culture	Awareness about personal protective equipments (PPE)and health hazards associated with work was very low even in ISO certified industries. Some of the workers deliberately avoided PPEs, because it was not a part of their culture.
Enabling rights	Because of the small size of the industries, these workers are not visible to the trade unions. Moreover, many workers are not aware about their rights nor they get any forum to voice their concern.

The researcher believes that there is always a market for unsustainable product, given the socioeconomic condition of our country. People always really cannot afford to look into the background of a product. Neither the local authority is strong enough to implement strict regulation. Social audit cannot prevent all non-compliance. Purchasing companies should think of going beyond law, i.e., `promoting values for supply chain integration'. Pulling out of a small supplier on the ground of social non-compliance is always not a good solution. Hence, investing in the SMEs on a partnership basis could be given a serious thought. Moreover, the recent `Shram Subidha' portal may have a side effect in terms of developing a tendency towards avoiding social compliance norm.

RECOMMENDATIONS:

Based on the emerging issues from the study, it can be said that a supplier development program is suitable in any industrial sector where specialized subcontracting is involved. At Maruti engineers work with vendors to improve plan layouts and manufacturing systems. Vendors are helped to establish quality practices and acquire ISO certification. Where necessary, financial support is also given, including supply of costly tooling. Maruti entered into joint ventures with a number of suppliers. Based on the researcher's own experience with the corporate world, it can be concluded that interventions are desired to deal with the problems of integrating the supply chain in the business process to evolve a business responsibility beyond law. The interventions at the corporation level will not be sufficient enough to address these issues. CSR should have paradigm shift from philanthropy based approach to a right based approached across the total supply chain. Bureau of public enterprises has also set up a CSR guideline and advocated for avoiding philanthropy except one time/ emergency (natural disaster, war, etc).

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