BUYERS' POWER STRATEGIES AND SUPPLIERS' COMPLAINT
MECHANISM: CASE OF INDIAN APPAREL EXPORT FIRMS

A Dissertation presented to
The Faculty of the Graduate School
At the University of Missouri-Columbia

In Partial Fulfillment
Of the Requirements for the Degree
Doctor of Philosophy

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JULY, 2017

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ACKNOWLEDGEMENTS

After an intensive training of three years, it's time for me to conclude my dissertation. It has been a period of intense learning, not only on scientific level, but also on a personal level. Writing this dissertation has made a big impact on my life. I see myself better prepared to face the real world challenges. I would like to take this opportunity to acknowledge and thank those people who have supported and helped me to grow throughout this journey.

First and foremost, I would like to thank my advisor, Dr. Jung Ha-Brookshire. I appreciate all her contributions of time, efforts, ideas, and teaching in making my doctoral experience productive and stimulating. The joy and enthusiasm she has towards education has been contagious and motivational for me. I want to thank her for excellent guidance, cooperation and freedom given to me in conducting this research and perusing my studies at Mizzou.

I would like to express my sincere thanks to my committee members: Dr. Pamela Norum, Dr. Na Young Jung, and Dr. Francis Huang; for their constant guidance and constructive criticism throughout the dissertation process. I would like to acknowledge my mentors from different departments at Mizzou as I have been greatly benefitted from the courses I took with them. I gratefully acknowledge the funding received from Graduate Student Association-Textile and Apparel Management (GSA-TAM) for conducting this research, and Dr. David Currey, Director, International Student and Scholar Services, for supporting my tuition of the final semester.

My time at Mizzou was made enjoyable due to the friends at Textile and Apparel Management department who had provided me a friendly and cooperative atmosphere to work. I thank them all for giving me fond memories of Mizzou. I also express my sincere thanks to my family friends for standing by me when I was alone with my kids at Columbia.

I would like to acknowledge with gratitude, my parents, who raised me with love and supported me in all pursuits. Nobody has been more important to me in this journey than the support from my family. My husband, Vikas, has been a source of unending inspiration. His patience, selfless love and support at every stage of this journey have kept me going. My two wonderful kids, Nandini and Arjun, have supported me unconditionally, and have given up things for me to be at Mizzou. Their smile and tender touch has always encouraged me to look forward.

Finally, my thanks go to all the people who have supported me to complete my doctoral studies directly or indirectly.

Geetika Jaiswal

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CHAPTER I. INTRODUCTION

Chapter I contains the following section: (a) Background of the study, (b) Structure of apparel industry in India (c) Purpose of the study, (d) Significance of the study (e) Definitions of key terms, (f) Guiding paradigms and research assumptions, and (g) Organization of the study.

Background of the Study

The global apparel industry forms an integral part of world trade, particularly for developing and emerging countries where apparel accounts for a large proportion of total exports. Current global apparel market is valued at U.S. 3 trillion dollars and accounts for 2% of the world's gross domestic product (GDP), while employing 24.8 million people globally in apparel manufacturing (Tovmasyan, 2017). Since free trade agreements within World Trade Organization member in 2005, multinational enterprises (MNEs) from developed countries have expanded businesses worldwide, by sourcing, manufacturing, and operating in developing countries where resources, production and labor cost are low (Sethi, 2006).

However, the cost-reduction strategies and the prevalence of poor working conditions at supplier factories become a serious concern for global stakeholders (Hale & Wills, 2005). They raised concerns over the MNEs' profit-driven business practices and negative implications of international production and investment (Kolk & Tulder, 2002). MNEs were urged to take their responsibility in addressing these concerns (Kaway, 2009). This resulted in the development of MNEs' code of conduct (CoC) policies.

MNEs in the apparel sector first introduced their formal code of conduct (CoC) in early 1990s, and since then CoCs became important tool for MNEs in addressing social responsibility issues (Reich & Samet, 1996). Since then, several companies like Nike, Levi etc. introduced their code of conduct in an effort to integrate their social improvement goals into their business activities and encourage interactions among stakeholders on a voluntary basis (Kaufmann & Olaru, 2012).

The Organization for Economic Co-operation and Development (OECD, 1999) defines CoC as “commitments voluntarily made by companies, associations, or other entities, which put forth standards and principles for the conduct of business activities in the marketplace” (p.5). CoCs encompass guidelines, recommendations, and rules issued by any societal actors with the intent to affect the corporate behavior in order to enhance corporate responsibility (Kolk & Tulder, 2002). However, researchers have argued that due to the non-binding nature of CoCs, these are not legally enforceable (Keller, 2008); hence significant discrepancy exists on how those codes are defined (Reich & Samet, 1996), and implemented. Other researchers have criticized CoCs for serving other functions, such as promoting brand reputation (Keller, 2008), easing consumer concerns, or improving stakeholder dialogues (Mamic, 2003). Therefore, outcomes of CoCs in most cases do not meet the objectives of improving labor standards and social compliance (Fredricsdotter & Stigzelius, 2008).

The prior knowledge concerning firms’ compliance with government regulations indicates two regulatory approaches: mandatory and voluntary approach (May, 2005). The mandatory approach constitutes the traditional tool kit, where compliance is compelled through enforcement actions and by imposing sanctions on firms that are non-

compliant. The voluntary approach engenders from the notion of one's duty to comply with set standards; and compliance is obtained through education, financial and technical assistance and other inducements. At the same time, governments could perform different regulatory strategies, which could be coercive or non-coercive in nature, to gain firms' compliance. Researchers indicate that firms may comply with standards due to the fear of detection of violations and punishment, cost and benefit calculations, social pressure, and feeling on civic duty (Braithwaite & Makkai, 1991; Levi, 1997; Helland, 1998; May, 2005; and Singh & Singh, 2013). These suggest different motivational causes for firms' compliance (Feldman, 2010). Taken together, compliance regulatory strategies and motivations go hand in hand, and are the two potential factors affecting compliance found in the literature.

Above approaches to compliance are also supported by the organizational behavior and leadership literature (Clark, 1991; Allen, 2008; and Johnson, 2013). Specifically, the compliance theory given by Etzioni (1975) posits that leaders in an organization utilize different types of power strategies to influence participants' motivational involvement/commitment towards the organizational goals. Thus, power and motivation could be the main constructs of employer-employee compliance relationship.

Within the CoC compliance context, a relationship similar to employer-employee is anticipated between buyer and supplier involved in managing compliance as the apparel supply chain is buyer-driven (Gereffi, 2001). It is assumed that MNEs (buyers) are the leaders that utilize varied power strategies to induce different motivations in suppliers' to engage themselves in managing compliance with CoCs. Maloni (2000) and

Benton (2004) supported the role of power in the supply chain and indicated that different sources of power have contrasting effects on inter-firm relationship in the chain. On the other hand, Winter and May (2001) emphasized on calculated, social and normative motivations on firms' compliance. Therefore, power and motivation can be the two important factors contributing to firms' compliance.

However, despite previous studies that emphasize power and motivation on compliance, past studies looked at these factors separately, without combining together to assess the overall compliance performance. This leaves a huge gap in our understanding as to how buyers' power affect suppliers' motivation to comply. Therefore, an investigation of the buyer-supplier compliance relationship through the lens of power and motivation, especially in the apparel industry where CoC compliance is extremely important, was deemed useful to gain an underlying mechanisms pertaining to enforce and implement CoCs more effectively.

Structure of Apparel Industry in India

To investigate the compliance relationship involving buyer-supplier power dynamics in the apparel industry context, this study is focused on the apparel exporting firms' compliance issues within the Indian apparel manufacturing and/or exporting industry. India is one of the developing countries that emerged as a major sourcing destination for international apparel retailers and brands (Gupta, 2012). Presently, India is the sixth largest apparel exporter in the world with U.S. 17.7 billion dollar worth of apparel exports (World Trade Organization, 2015). The abundance of raw materials has given a competitive edge to the Indian suppliers due to its beneficial impact on cost and

operational lead time (Gugnani & Sunny , 2012). The apparel manufacturing industry in India had contributed highest (42%) to the textile and apparel export basket during 2015-16, and has huge employment generation potential. It is estimated that a U.S .15 million dollar investment in apparel sector generates 56-84 jobs, in comparison to an industry average of 6 jobs for the same investment (Make in India, 2016).

Although, Indian apparel manufacturing industry has huge economic potential, the incidences of non-compliances and CoC violations are routinely reported. For example, the Apparel Industry Trend (2015) reported that Indian apparel manufacturing industry is home to some of the worst incidences of child and forced labor. In addition, International Labor Organization (2015) indicated that the most common reason for workers leaving the garment manufacturing factories are poor wages, high production targets, poor working conditions, and difficult relationships between management and workers.

The prevalence of poor working conditions and labor exploitation is due to the relatively smaller size apparel factories than in other apparel exporting countries, and industrial fragmentation (Mezzadri, 2014). The apparel industry in India is highly scattered and organized in clusters, with distinct production and labor practices, and product specializations. Most of the apparel manufacturing factories are small-and-medium-sized, and fall within the less visible section of the supply chain that do not directly supply products to multinational enterprises (Kula and Tatoglu, 2003), while keeping them hidden from legal boundaries (Hale & Wills, 2005). The apparel exporters in India generally own multiple small or medium size firms rather than one large firm, have limited manufacturing capacity, rely heavily on subcontracting and unorganized

workforce (Mezzadri, 2012; and Gupta, 2012). These aforementioned characteristics of the Indian apparel manufacturing and/or exporting industry, thus provides an ideal context to investigate buyer-supplier compliance relationship in the apparel industry context.

Purpose of the Study

There is a void in our understanding of how buyers' power and suppliers' motivation regulate suppliers' compliance mechanism. Therefore, aim of this study was to investigate the interaction between buyers' power (grounded from the organizational leadership literature) and suppliers' motivation (driven from organizational psychology literature) to estimate its effects on suppliers' compliance mechanisms (grounded from the compliance literature) among Indian apparel export firms, which deals with the apparel buyers from developed countries on a regular basis.

The presented study is based on the framework provided by Etzioni's (1975) compliance theory and French and Raven's (1959) social power theory. Etzioni's compliance theory describes interaction of leaders' power on participants' motivational involvement/commitment towards the organizational goals. Whereas, French and Raven's social power theory identifies different sources of power that leaders' use in influencing employees within an organization. A quantitative study involving face-to-face interviews of Indian apparel export firms from Delhi (National Capital Region) was designed, and data analyzed through structure equation modeling (SEM) technique.

Significance of the study

The shortcomings of CoC compliance management system and complexity of the apparel industry structure are becoming increasingly apparent. The buyers (MNEs) and suppliers (apparel manufacturer and/or exporter) are the two facets of apparel industry structure. However, the interrelationship among them had not been studied in detail. Therefore, this study was formulated to investigate buyer-suppliers' compliance relationship, specifically in an Indian apparel industry setting. Towards this end, the study was expected to serve three important functions.

First, this study has compiled key concepts from diverse literature of organizational behavior, psychology, leadership, and compliance. These behavioral concepts are important to understand buyer-suppliers' compliance relationship, particularly in the apparel industry context. In addition, this study links buyers' power strategies with suppliers' motivations, and quantitatively tests the effect of these factors. Thus, this study adds a new dimension to the buyer-supplier compliance relationship.

Second, this study contributes in understanding the compliance relationship, both from the influencing agent's (MNE) and the target's (supplier) perspective. From the suppliers' perspective, this study contributes pinpointing power strategies frequently used by MNEs in the current market situation with an emphasis on the Indian market. This can ultimately guide suppliers' on comprehending the consequences of different power strategies on suppliers' compliance mechanisms. Results were also expected to aid MNEs in identifying effectiveness of specific power strategy in eliciting motivation that is most appropriate in producing a desired compliance outcome, especially in the Indian apparel industry context. Knowledge of motivational patterns common among Indian apparel

factory managers can guide MNEs on devising strategies to motivate suppliers in order to encourage them to comply with CoC standards.

For instance, if suppliers are motivated by a sense of duty, non-coercive power strategies holds promise; and if normative motivations are lacking among suppliers, coercive strategies might be necessary. In addition, if MNEs find that extrinsic motivational pattern (inducement in the form of rewards, sanctions) are more popular than intrinsic motivation in achieving immediate goals, but less effective in achieving long term goals, this study will guide MNEs in devising compliance policies in such a way that it will encourage suppliers in staying motivated to comply with CoCs in longer term. Consequently, this research will also be useful to MNEs in explaining why certain suppliers are more compliant with CoCs than other suppliers.

Finally, findings of this study would also provide important implications for policy makers in the industry from both the developed and the developing countries. The understanding of the dynamics of buyer-suppliers' compliance relationship will be critical in determining appropriate strategies useful in fostering compliance. This will also help policy makers of the supply chain in developing appropriate incentives and interventions in addressing non-compliance issues within the apparel industry.

Definitions of key terms

Key terms used throughout the text are defined in the following section:

Multinational Enterprises	It refers to the enterprise which owns and controls income generating assets in more than one country (Dunning, 1973; and Hood & Young, 1979).
Suppliers	A supplier is a business firm that manufactures goods or provides services to other firms (Merriam-Webster's Dictionary)
Codes of Conduct	It is defined as ‘commitments voluntarily made by companies, associations, or other entities, which put forth standards and principles for the conduct of business activities in the marketplace’ (OECD, 1998, p.5).
Power	It refers to ‘an actor’s ability to induce or influence another actor to carry out his or her directives or any other norms he or she supports (Etzioni, 1961, p.4).
Soft Power	It is defined as the strategy where no contingency rules dictate the dispensation of rewards and punishments, and where individuals feel free to decide whether or not to accept the influencer’s requests (Pierro, Raven, & Cicero, 2008).
Hard Power	It is defined as the strategy based on enforceable rules (or norms) supported by threats or of appropriate (negative) consequences.
Motivation	It refers to the forces acting on or within a person that cause the person to behave in a specific manner to achieve set goals (Slocum & Hellriegel, 2007).
Intrinsic motivation	It is defined as ‘the motivation to engage in work primarily for its own sake, because the work itself is interesting, engaging, or in some way satisfying’ (Amabile, Hill, Hennessey, & Tighe, 1994, p. 950).
Extrinsic motivation	It is defined as ‘the motivation to work primarily in response to something apart from the work itself, such as reward or recognition or the dictates of other people’ (Amabile et al., 1994, p. 950).
Compliance	The term “compliance refers both to a relation in which a person behaves in accordance with the directive supported by another actor’s power, and the orientation of the subordinated person to the power applied” (Etzioni, 1961, p.59).
Monitoring	It is defined as the process of regular surveillance, verification, and

inspections of CoC implementation practices, such as supervising and checking the contractual agreements, employment and financial records, formal audits, and site visits (Reich & Samet, 1996).

Enforcement It refers to the company's reaction towards CoC violations such as corrective action plans, termination of the business relationship, dismissal of under-aged workers, cancellations of specific orders, and placement of the violating supplier on probation (Reich & Samet, 1996).

Transparency It is defined as the accessibility of information concerning business practices, and full disclosure of information to all the stakeholders, including buying agents, contractors, sub-contractors, union representatives and the workers (Reich & Samet, 1996).

Guiding Paradigms and Research Assumptions

Understanding phenomena and making sense of reality is the critical work of a researcher. A multitude of paradigm exists and every researcher must not only understand a study's theory construction but also the guiding paradigm and assumptions of how reality will be explored and interpreted (Jaccard & Jacoby, 2010). Hence, glasses researchers wear while interpreting reality are all analogies of different paradigms. This research was informed by the two guiding paradigms: (a) critical realism and (b) structuralism, each having its own assumptions.

The first guiding paradigm that guides this research is of critical realism. The researcher assumes that reality exists and tries to know about reality through research questions and the data collection (Jaccard & Jacoby, 2010). The researcher adopt scientific methods, and systematize the knowledge generation process by assuming the role of an objective analyst, making detached interpretations about the data that have been collected in a value-free manner (Morris, 2006). This enables a researcher to link and interpret the abstract ideas of the social world into precise measurements.

Secondly, the paradigm of structuralism guided this study. According to Jaccard and Jacoby (2010), a deeper structure exists underneath the surface structure of society that represents a finite set of organizing principles and they serve as a universal blueprint for human behavior. As structuralism emphasizes on how people think, this study aims to discover the underlying mechanism pertaining to the buyer-supplier relationship through the lens of buyers' power strategies, suppliers' motivations, and their compliance

mechanisms. Through this research, it is assumed that there was an underlying principle that assisted in understanding the overall structure of the buyer-supplier compliance relationship in the global apparel supply chain.

Organization of the Study

This dissertation is divided into five chapters. Chapter I presents introduction of the study and includes study background, structure of apparel industry in India, purpose of the study, significance of the study, and definitions of key terms. Chapter II presents literature review for the study and includes compliance and its mechanisms: monitoring, enforcement and transparency; theoretical framework of the study: Etzioni's compliance theory, and French and Ravens' social power theory; motivation and its classification: intrinsic and extrinsic motivation; and finally presents the summary of research hypotheses along with the conceptual model for the study. Chapter III contains research methods, survey design, preliminary tests, data collection, and data analysis procedures used for conducting the study. Chapter IV present results of the study including demographic description of the study sample, assessment of basic assumptions, scale of reliability and validity, and model testing. Discussion of results and summary of hypotheses testing are also presented. Chapter V present conclusions of the study and includes summary, contributions and implications. Limitations of the study and future research directions are also described in this chapter.

CHAPTER II. LITERATURE REVIEW

This section describes present understanding of the topics that are important to formulate hypothesis and serve as basic framework for the present study. Topics presented here include: (a) compliance, (b) theoretical framework for the study, (c) social power theory, (d) motivation, and (e) summary of research hypotheses.

Compliance

Compliance is a form of a subordinates' response towards any request made by the superiors. The request may be explicit, as in direct solicitation of funds in a door-to-door campaign for charitable donations, or implicit, as in a political advertisement that touts the qualities of a candidate without directly asking for a vote. In each case, the subordinates recognize that he/she is being urged to respond in a desired way by the superiors (Cialdini & Goldstein, 2004). However, the level of compliance depends on the way superiors' monitor and enforce their standards and policies.

Similar to the superior-subordinate compliance process, in case of CoC policies in the global apparel supply chain, MNEs from the developed countries urge suppliers from developing countries to adopt CoC policies and stay compliant with working conditions necessary for maintaining the livelihood of the industry workers, and safeguarding their health at the workplace (Bolle, 2014). For example, during the 1990s, when Nike was criticized for sourcing its products in factories/countries where low wages, poor working conditions, and human rights problems were rampant, Nike formulated its CoC in 1992 that required Nike suppliers to observe basic labor, environmental and health/safety standards. In addition, Nike suppliers were subjected to different types of audits such as a

basic environmental, safety and health (SHAPE) audit, a more in-depth management and working conditions audit (M-Audit) and periodic inspections by the FLA, which constitutes their compliance mechanism (Locke & Roomis, 2006).

Not only the footwear and apparel companies, but other companies in the global market like IKEA, one of the largest furniture retailers, also realized the need to get actively involved in regulating the environmental and social conditions of its suppliers, and thus the company decided to develop its own code of conduct. In 2000, IKEA formally presented the requirements of the code of conduct to all its suppliers around the world with the form of “IWAY” (Anderson & Skjoett-Larsen, 2009, p.79). IWAY defines what IKEA requires from its suppliers in regard to working conditions, child labor, environment, and forestry management (Anderson & Skjoett-Larsen, 2009). From the above examples it is evident that MNEs set up compliance mechanisms to monitor CoC implementation and to control suppliers’ compliance behavior. Thus, the understanding of compliance mechanism is important in determining the level of supplier engagement in compliance related activities.

Compliance Mechanism

Lloyd, Calvo, and Laybourn (2010) described compliance system/mechanism as the set of mechanisms, processes and procedures that support the implementation of a self-regulatory initiative standards and/or principles, and protect its overall credibility. They focused on monitoring, and sanctioning functions of the compliance system in ensuring suppliers’ compliance.

Although researchers indicated several processes involved in the CoC compliance management system, Reich and Samet (1996) identified the three major components of

compliance mechanism that encompasses other compliance management systems discussed by other researchers. These are: (a) monitoring, defined as the process of regular surveillance, verification, and inspections of CoC implementation practices, such as, supervising and checking the contractual agreements, employment and financial records, formal audits, and site visits (b) enforcement, defined as company's reaction towards CoC violations such as corrective action plans, termination of the business relationship, dismissal of under-aged workers, cancellations of specific orders, and placement of the violating supplier on probation; and (c) transparency, refers to accessibility of information concerning business practices, and full disclosure of information to all the stakeholders (the buying agents, contractors, sub-contractors, union representatives and the workers). These three components are widely used (Kolk and Tulder, 2002, and Lloyd et al. (2010), and hence considered as comprehensive measures reflecting on the suppliers' compliance mechanism. Therefore, it can be inferred that the compliance system is multi-dimensional and involves several processes in implementing CoCs. How can MNEs (buyers) enhance the suppliers' engagement in managing compliance mechanisms? The next section discusses Etzioni's compliance theory that explains the compliance relationship between the superiors (buyers) and the subordinates (suppliers).

Theoretical Framework of the Study

Etzioni's Compliance Theory

Etzioni proposed a compliance theory for analyzing and comparing complex organizations in terms of position relationships between the higher-level participants (power holders) and the lower-level participants (those subject to the power of the higher participants). Compliance theory is based on the premise that organizations use power to make sure that subordinates comply with the set goals. This theory includes both structural, as it is concerned with the kinds and distribution of power in organizations, as well as motivational aspects, as it relates to the differential commitments of actors to organizations (Etzioni, 1961). This provides a useful framework for investigating the compliance relationship of apparel buyers' and suppliers' to the CoC implementation practices.

According to Etzioni (1961), "compliance refers both to a relation in which a person behaves in accordance with the directive supported by another actor's power, and the orientation of the subordinated person to the power applied" (p.59). Etzioni's typology of organizational compliance is based on the relationship between three types of power and the members' involvement in compliance (Etzioni, 1975). He posits that power used by the power holders to control subordinates, and the reaction of the subordinates to that power comprise the compliance relationship within the organization. There are three powers that an organization utilizes for the members to comply: (a) coercive, (b) utilitarian/remunerative, and (c) normative. Further there are three levels of subordinates' involvement in compliance: (a) alienative, (b) calculative, and (c) moral.

The next section discusses in detail the three types of powers and the three kinds of involvements.

Types of power

The word ‘power’ originates from the Latin ‘*posse*’ meaning ‘to be able’ (Sherman, 1983, p. 44). Etzioni had defined and explained three different power types. First, coercive power refers to the application of threats or physical sanctions that causes infliction of pain, deformity, death, and frustration, by controlling the satisfaction of needs such as food, sex, comfort, movement, etc., through force and fear (Etzioni, 1961 and 1975). The examples of the organizations that utilize coercive power to control participants’ are prisons, custodial mental hospitals, and basic training units in the military (Etzioni, 1968). A specific example of the use of coercive power would be a principal who dismisses or suspends a teacher (Clark, 1991). Participants abide by the organization standards in order to avoid discomfort caused by the use of coercion (Johnson, 2013).

Second, remunerative power refers to “remunerative power is based on control over material resources and rewards through allocation of salaries and wages, commissions and contributions, fringe benefits, services and commodities” (Etzioni, 1975, p.5). Wright (2010) suggested that those organizations that employ remunerative power assume that subordinates will do what is asked of them if they believe that the result will bring them some form of happiness, pleasure, and contentment. Thus, remunerative power employs the use of extrinsic or remunerative rewards to entice subordinates to secure compliance. The examples of organizations that use remunerative power include business firms, unions, farmers’ organizations, and various government

agencies (Lunenburg, 2012). One example of remunerative power could be a principal who would provide teachers with a microwave oven for the teachers' lounge (Clark, 1991).

According to Etzioni (1975), normative power refers to the influence that allocates and manipulates symbolic rewards and deprivations. Such techniques could include "employment of leaders, manipulation of mass media, allocation of esteem and prestige symbols, administration of rituals, and influence over the distribution of acceptance and positive response" (Etzioni, 1975, p.5). Religious organizations, such as churches, monasteries, convents, and schools, universities, and social unions, are examples of organizations that use normative power (Etzioni, 1968). A specific example of normative power would be a principal who invites teachers to participate in decision making when it is not required (Clark, 1991). Through such normative power, subordinates would then commit to the organization (Schifano, 2011). Lunenburg (2012) suggested that normative power controls through intrinsic rewards, such as interesting work, identification with goals, and making a contribution to society. Thus, it can be concluded that organizations' use of normative power is based on promoting and sharing values to which their members subscribe, and encouraging subordinates to see it as the right thing to do.

Types of involvement

Etzioni's theory includes both structural and the motivational aspects. The motivational aspect of this theory is referred in terms of involvement, which is regarded as the differential commitments of actors towards an organization (Etzioni, 1961). The term involvement is defined as "the cathetic-evaluative orientation of the actor to an

object, characterized in terms of intensity and direction” (Etzioni, 1975, p. 8). He considered involvement to be on a continuum, where the intensity of involvement ranges from high to low, and direction as either positive or negative. Etzioni (1975) identified three types of involvement: (a) alienative involvement that has an intensely negative orientation where participants do not have the same values as the organization does; (b) calculative involvement, which results in the mildly negative or positive commitment to organizational goals; and (c) moral involvement leading to positive orientation of high intensity and commitment to organizational goals.

Congruent/Incongruent compliance relationships

Etzioni (1975) proposed nine types of congruent and incongruent compliance relationships based on the interactions between the three types of power and different levels of involvements within an organization (Table 1).

Table 1

Etzioni Typology of Power and Involvement (1975, p. 12)

Types of Power	Types of Involvement		
	Alienative	Calculative	Normative
Coercive	1	2	3
Remunerative	4	5	6
Normative	7	8	9

Note: Number 1, 5, and 9 represent congruent relationships, while others show incongruent relationships.

The combination of three relationships in the diagonal cells of Table 1 (coercive-alienative, remunerative-calculative, and normative-moral) were considered congruent i.e. the type of involvement by the participant aligns with the type of power used by the organization to attain organizational goals. For example, the coercive-alienative

relationship could be found in a prison; the remunerative-calculative relationship in a factory; and the normative-moral compliance relationship in a church (Gibson & Mary , 1980). The remaining six relationships in the Table 1 shows incongruent compliance relationships, meaning the type of involvement by the participant differs from the type of power used by the organization to attain organizational goals. Etzioni believed that the study of processes involved in the six incongruent types of compliance relationships could be useful in explaining the nature of organizational conflicts. Finally, Etzioni theorized that congruent compliance relationships are more effective in achieving organizational goals than incongruent relationships. It helps in maximizing the participating member's efficiency by providing the right inducements to perform whose contributions are required for improving organizational performance (Etzioni, 1975).

Empirical evidences of Etzioni's compliance theory

In the last four decades the Etzioni's (1975) compliance theory was investigated, supported, contested, and even changed in various educational and non-educational contexts.

Taylor (1975) investigated the two models of social action programs in the San Francisco Presbytery. The denominational model was characterized by use of corporate power, utilization of specialized experts as reform leaders, dedication to goals of structural change in society, and promotion of standardized action in all organizational units. In contrast, the congregational model stressed *ad hoc* voluntary groups, utilization of laymen as agents of reform, goals of individual change and a cafeteria approach to action. As the denominational model of social reform was found to be incongruent with the normative structure of the church, resistance (negative involvement) towards church's

reforms were reported. Thus, Taylor's research outcome supported the ineffectiveness of Etzioni's incongruent compliance relationships.

Cates (1980) studied the administration of five World War II Relocation Authority (WRA) camps using Etzioni's compliance theory and confirmed the effectiveness of congruent compliance relationships, and the ineffectiveness of the incongruent compliance relationships. In another study Schlottman (1980) investigated the relationship between power used by administrators, teachers and counselors of the elementary school, and its effect on fifth and sixth grade students' involvement or motivation. Results revealed that normative power used by the teachers did elicit moral commitment (positive involvement of high intensity) in students. Schlottman further suggested that elementary schools primarily used normative power, and use of coercive power only occasionally. The remunerative power was rarely used in these schools in gaining compliance.

Mayer (1987) investigated the impact of mediator, third-party intervention, on parental compliance attitude in child protection processes. Mayer investigated thirty-nine parent negligence and child abuse cases using control and experimental groups. The parents in the experimental group were offered the opportunity to use mediation to help them arrive at an acceptable intervention plan, while the comparison group was not given this option. Involvement in terms of alienation, moral, and calculative beliefs was measured. Findings showed that the parents who were offered mediation felt less coerced into going along with plans against their will, and were more committed to the potential value of the intervention for them and their children. Thus, Etzioni's hypothesis that

normative power tends to engender moral commitment or highly positive involvement resulting in normative compliance was supported.

Azim and Boseman (1975) analyzed the power and involvement congruence structure in university settings. Unlike Etzioni's proposition that the university is a typical normative organization, the findings indicated that doctoral candidates perceived faculty members to apply both remunerative and normative power resulting in both, moral and calculative involvements, of doctoral candidates. Thus, the findings indicated that the university is a dual structure type organization in which two kinds of power and two kinds of involvement exist.

In this light, Drummond (1993) identified dual compliance structures that go beyond Etzioni's compliance typology. The dual structures are found in organizations that utilize two particular compliance patterns of similar frequency within an organization. For example, combat units in the military can be both normative and coercive where organizational effectiveness is raised when lower participants (military recruits) believe in the cause, although the underlying factor of compulsion serves to reinforce the participation in circumstances where normative commitments are lacking. Goldish (2011) suggested that military recruits eventually learn to accept the organization's values and place trust in the organization over time, which ultimately lead to a gradual shift of recruits' from alineative to moral involvement.

Further, Drummond (1993) criticized Etzioni's reliance upon factors in developing compliance theory's conceptualization of power. She builds on Etzioni's conceptualization of power by using French and Raven's (1959, 1965) six power bases. In addition to coercion and reward (which corresponds to remunerative power in

Etzioni's theory), Drummond used legitimate, expert, referent and informational powers in her analysis to gain a comprehensive understanding of the compliance behavior of the participating members. In this way, Drummond's study establishes the relevance of applying French and Raven's power taxonomy in understanding the compliance relationship holistically.

Allen (2008) conducted a study to identify educator perceptions of power used at a disciplinary alternative education program (DAEP), a program designed to provide an alternative setting for students who have exhibited inappropriate behavior as outlined in their school district's student code of conduct, and their perceptions of how students respond to their power in a sub-urban Texas school district. Results demonstrated that educators primarily used coercive power at DAEP; however other types of power were also found be used occasionally. The study participants agreed that students reacted in an alienative manner to the use of educators' power. Consequently, the study findings indicated that Etzioni assumptions regarding the use of power, and response to the power used were quite accurate.

Based on the empirical evidences, it can be concluded that Etzioni's compliance theory does well in predicting and explaining the relationship between the use of organizational or leaders' power and participants' involvement in understanding organizational conflicts, commitment, effectiveness, efficiency, and stability, with a few exceptions as seen in Azim and Boseman (1975), and Schlottman (1980) in educational settings.

The next section discusses (a) social power theory to discuss the types of power in depth in the compliance relationship contexts; and (b) participants' involvement, specifically suppliers' motivation to comply with buyers' requests.

Social Power Theory

Although Etzioni's compliance theory is useful for the scope of study because it establishes the relationship of higher-level participants (power holders) with lower-level participants (the subordinates) in complying with the organizational goals and directives, French and Raven's (1959) social power theory that explains different power sources used by the leaders to influence their subordinates or employees within an organization, provides a more detailed theoretical framework for this study. This is because Etzioni's power types were limited to only three power sources (coercive, remunerative and normative), while French and Raven (1959, 1961) power typology is more comprehensive. They used three additional power sources (referent, expert and information) that are relevant in the present context and were not discussed in Etzioni's compliance theory.

According to Raven (2008) the term social power refers to the potential or the ability of the agent (supervisor) to bring change in the belief, attitude, or behavior of the target (subordinate) using resources available to him or her. These resources form six power bases: (1) reward power, defined as a person's ability to influence others' behavior by providing them with the things they want to receive, (2) coercive power, referring to a person's ability to influence others' behavior by punishing them or by creating a threat to perform a task, (3) legitimate power, as a person's ability to influence others behavior

because of the position that person holds within the organization, (4) referent power, as a person's ability to influence others' behavior because of their perceived attractiveness, charisma and likability, (5) expert power, as a person's ability to influence others' behavior because of recognized knowledge, skills or abilities, and (6) informational powers, which is derived from the persuasiveness of communications and arguments provided by the influencing agent.

The use of the above six powers can bring two kinds of social change: (1) socially independent change, where the subordinate behavior is altered permanently due to the persuasiveness of the change agent that brings in cognitive change in subordinates, which leads them to accept the change and continues it without the supervision by the change agent. For instance, when a supervisor uses informational power, the supervisor suggests plausible reasons to convince subordinates to adopt the change. As targets themselves realize the need for change, surveillance may not be required; (2) socially dependent change, where the change in target's behavior depends on the change agent. The change in the target's behavior occurs with or without the agent's surveillance. For example, when the agent uses coercive and reward powers, to keep the target compliant, the target's response relies on surveillance, while when agent utilizes legitimate, expert and referent powers, surveillance may not be necessary and the target responds to the trust in the agent's power. Therefore, it can be concluded that the bases of power used by the agents differ in the way the social change is implemented, the manner in which the agent's power is established and maintained, and the permanence of that change.

Raven (1992) further classified the above six power bases into 11 sub-categories of power bases in the interpersonal power interaction model (IPIM). These power bases

are: reward (personal, impersonal), coercive (personal, impersonal), legitimate (position, reciprocity, equity, dependence), expert, referent, and informational power.

In the initial French and Raven's (1959) power typology, coercive and reward powers were presented in tangible forms (considered as impersonal) such as threats of being fired or fined, promises of monetary rewards/bonuses, or promotions. However, the personal approval from a supervisor could result in powerful reward power; and a threat of rejection or disapproval from someone with a target of value can serve as a source of coercive power. Therefore, personal coercion and personal reward was added to the original taxonomy to further help us understand the nuances of social change.

Similarly, the legitimate power that stems from the social norms requiring the target to comply with the request or order of the influencing agent was further classified based on the position, reciprocity, equity and dependence of the agent. Legitimate position power requires a person to obey people who are in a superior position in a formal or informal social structure, such as a student obey teachers, and children obey parents. Legitimate reciprocity power refers to the feeling on an obligation to reciprocate to others. Legitimate equity power is based on the compensatory norm where a person has to do something in compensation of doing some harm in the past. Legitimate dependence power refers to the obligation to help those who cannot help themselves, or others who are dependent upon us.

Although the finer differentiation of the IPIM model has proven useful in exploring the subtleties of the power interaction process in different social situations, Raven, Schwarzwald, & Koslowsky, 1998 showed that all the above power sources of the IPIM model can be subsumed into two underlying structures consisting of hard and soft

power strategies. Reward (personal, impersonal), coercive (personal, impersonal), and legitimate (position, reciprocity, equity), are hard power strategies; while the legitimate (dependence), expert, referent, and informational power are the soft power strategies. Other researchers have also supported a similar dichotomy between hard and soft power strategies. Also, empirical studies have documented the applicability of hard-soft power strategies in various educational and non-educational settings. Considering the comprehensiveness of hard-soft power classification, it is anticipated that this would be an appropriate classification in investigating the power dynamics in any compliance relationship (Yukl & Falbe, 1991; Bruins, 1997; Raven, Schwarzwald, & Koslowsky, 1998; Koslowsky, Schwarzwald, & Ashuri, 2001; Erchul, Raven, & Wilson, 2004)

Hard-soft power strategies

Given that the global apparel supply chain is buyer-driven, (Gereffi, 2001) argued that the global apparel industry has the most powerful buyers within the supply chain, which greatly affects buyer-supplier relationships, including compliance. Thus, assessing buyer-supplier power dynamics would be useful in studying suppliers' behavior towards compliance with CoC policies.

Pierro et al. (2008) differentiate between the hard and soft power strategies based on the differences in the amount of freedom that the subordinates or employees feel in choosing whether or not to comply with the leader's power. For example, under the soft power strategies, subordinates or employees feel free to decide whether to accept the requests of the influencing agent/leaders; while hard power strategies gave less freedom to subordinates and were relatively unfriendly, controlling and coercive.

Pierro et al. (2011) described hard power as the strategy based on enforceable rules (or norms) supported by threats or promises of appropriate (negative or positive) consequences. Soft power was defined as the strategy where no contingency rules dictate dispensation of the rewards and punishments, and where individuals feel free to decide whether or not to accept the influencer's requests.

Past studies have documented the application of hard-soft power strategies in various educational and non-educational settings in understanding the compliance behavior (Plax et al., 1986; Kearney & Plax, 1992; Roach, 1994; Elias, 2007; Pierro et al., 2008).

Plax et al. (1986) researched college students' resistance towards teachers' use of Behavior Alteration Techniques (BAT). Results indicated that students are more or less resistant to any use of control in the classroom. Specifically, greater resistance was reported in using coercive control. Finally, it was concluded that students tend to be less compliant when instructors use coercive control (analogous to hard power strategy), as opposed to prosocial strategies (equivalent to soft power strategies) for student control. Additionally, it was found that when instructors make use of soft power strategies, students were encouraged and motivated to act in accordance with the instructors' requests. However, when instructors use hard power strategies, students become competitive, feel excluded, and their self-esteem is undermined (Kearney & Plax, 1992).

Roach (1995) investigated the relationship between students' perception of teachers' use of pro-social (stem from soft power strategies) and antisocial (stem from hard power strategies) BATs and their effective and cognitive learning over a semester. Roach concluded that the use of antisocial and pro-social techniques has an impact on

students' edification, specifically, pro-social techniques were found to be associated with increased effective and cognitive learning, while antisocial techniques were not. Another study conducted by Elias (2007) on examining the use of power in university classroom found that students rated the use of soft power strategies as significantly more appropriate than hard power strategies in complying with the set standards.

May and Winter (1999) conducted an empirical study on municipal enforcement styles of agro-environmental regulations in Denmark. The findings about enforcement styles of inspectors suggest that it is necessary to get tough up to a point, but beyond that the threat of coercion can be counterproductive. These findings cast doubt on the effectiveness of overly legalistic enforcement styles (coercive strategies), particularly for the Danish culture with its strong emphasis on cooperation and consultation (non-coercive strategies) in regulation.

Another study on firm compliance with environmental standards was conducted by May (2005). May examined the effect of two regulatory approaches on a firm's motivation to comply with water quality standards. In the traditional regulatory approach, compliance is gained through enforcement actions and sanctions; whereas in a voluntary approach, compliance is obtained through education, financial and technical assistance, and inducements. Traditional regulation (coercive in nature) was found to be more effective than the voluntary regulation (non-coercive approach) in obtaining compliance. Finally, it was concluded that the two regulatory approaches should be thought of as ends of a continuum rather than as the sole choices.

In 2008, Pierro et al. specifically examined the degree of compliance with hard and soft power strategies with targets' (subordinates) motivational and personal

orientations within an organization. They conducted four field studies in different European organizations (Italian military organization; Greek food company; three private Italian companies – a bank, a federation of small business, and a security company; and an Italian flight company) where intrinsic–extrinsic motivational orientations, desire for control, self-presentational styles, and self-esteem were respectively considered as antecedents of employees' compliance with their supervisors' power strategies. Results showed that compliance with soft power strategies is positively related to intrinsic motivation, desire for control, getting-ahead style, and self-esteem; and negatively related to the getting-along style only. Compliance with hard power strategies is positively related to extrinsic motivation and to the getting-along style, but negatively related to intrinsic motivation, desire for control, and self-esteem.

As manifested in the above studies, it can be said that application of superiors' power enhances compliance among subordinates, irrespective of whether the power used was coercive or non-coercive in nature. However, some exceptions were reported in cases (Plax et al., 1986; Kearney & Plax, 1992; and May & Winter, 1999) where superiors used coercive powers excessively to obtain compliance. Since the hard-soft power relationship was found in different setting (teacher-student relationship, inspectors-municipal agencies), a similar relationship is expected between buyer-supplier due to the amount of power that buyers possess in the global apparel supply chain. Therefore, it is assumed that the perceived structure of buyers' power strategies would determine the way suppliers psychologically construct their relationship with the buyers, which ultimately determines suppliers' specific motivations and their level of compliance with CoC standards. Based on the above assumption, the following hypothesis is proposed:

H1a(b): Apparel buyers' hard (soft) power strategies are positively associated with Indian apparel supplier's extrinsic (intrinsic) motivation.

H2a(b): Apparel buyers' hard (soft) power strategies are negatively associated with Indian apparel supplier's intrinsic (extrinsic) motivation.

Motivation

The Etzioni compliance theory relies on supervisor power and subordinate involvement in assessing subordinate's level of commitment to the organizational goals. Although the compliance theory supports the motivational aspect of compliance, empirical research has seldom studied the effect of power on the subordinates' motivational aspects of involvement to comply specifically. Besides, previous studies on compliance with social and environmental standards have emphasized the role of motivation. Therefore, in this research we intend to fill in this gap by studying the effect of buyers' power on suppliers' motivation, which was explained as involvement by Etzioni, to comply with CoC standards.

According to Ryan and Deci (2000), motivation means 'to be moved to do something' (p 54). A person who feels no impetus or inspiration to act is thus characterized as unmotivated; on the other hand someone who is energized or activated toward an end is considered motivated. Slocum and Hellriegel (2007) suggested that motivation represents the forces acting on or within a person that cause the person to behave in a specific manner to achieve set goals. In fact, it is a force that drives individuals towards achieving personal or organizational goals (Ali & Ahmed, 2009).

Motivation helps in giving route to strengthening behavior, and triggers the tendency to continue (Abadi, Jalilvand, Sharif, Salimi, & Khanzadeh, 2011). From the above statements it could be inferred that motivation is a stimulus that triggers an individual to act in a desired way.

Extrinsic-Intrinsic Motivations

Two types of motivations have been identified by Deci (1971), extrinsic and intrinsic motivations. These motivations have proven to be the most useful in understanding and predicting behavior in a large range of social situations (Pierro et al., 2008). Deci (1971) described extrinsic motivation as the act of completing an activity in order to receive some type of reward. Amabile et al. (1994) defined extrinsic motivation as “the motivation to work primarily in response to something apart from the work itself, such as reward or recognition or the dictates of other people” (p. 950). The psychological features of such orientation are mainly linked to cognitive mechanisms like the assessment of work as a means to some tangible end (Kruglanski, 1975). Therefore, extrinsic motivation includes orientations toward money/rewards, recognition, competition, and the dictates of other people (Pierro et al., 2008).

On the other hand, intrinsic motivation as described by Deci (1971) is the act of completing an activity for the pleasure of doing the activity itself. For example, a child who cleans his room for the purpose of displaying his baseball card collection is said to be intrinsically motivated. Amabile and colleagues (Amabile, Hill, Hennessey, & Tighe, 1994) defined intrinsic motivation as “the motivation to engage in work primarily for its own sake, because the work itself is interesting, engaging, or in some way satisfying” (p. 950). Intrinsic motivation represents a combination of cognitive and affective

components, including interest and excitement (Izard, 1978); task involvement (Csikszentmihalyi, 1978); happiness, surprise, and fun (Pretty & Seligman, 1983); and self-determination and competence (Deci & Ryan, 1985). Moss (n.d.) reported that when individuals experience intrinsic motivation, they engage in behaviors they perceive as inherently interesting, satisfying, gratifying, enjoyable, fulfilling, and absorbing.

In 2011, Muhammad et al. examined the relationship of organizational effectiveness, and employee motivation and performance in the telecommunication and banking sector of Pakistan, and found positive correlation between employee motivation and organizational effectiveness. The research findings of Zaidi and Abbas (2011) analyzed the impact of rewards on employee motivation and also found a strong positive relationship between rewards and motivation among employees.

Further, Rutherford (1990) mentioned that a motivated employee constantly looking for improved practices for work helps in improving organizational performance. Anne (1994) indicated that motivated employees develop a strategic partnership with the organization, and their commitments and loyalty towards their organization eventually increases. Moreover, Buttner and Moore (1997) quantified the effect of employee motivation on customer satisfaction and company revenue, and concluded that employees' productivity increases when they are motivated. In contrast, Saqib, Abrar, Sabir, Bashir, and Baig (2015) found that motivated employees not only affect tangible returns, but also intangible returns (in the form of enhancing corporate culture) that are equally important for the success of the organization. Based on these research findings, it can be concluded that motivation plays an important role in enhancing organizational performance.

Specifically, the role of intrinsic and extrinsic motivations in enhancing organizational performance has been emphasized. For instance, motivations in the form of constant payment of wages and salaries; salary hikes (Du, Bhattacharya, & Sen, 2007); rewards in the form of bonuses, honors, promotions, commendations (Khan, Farooq, & Ullah, 2010); in-service trainings (Manzoor, 2012); conducive work environment; incentives in the forms of loans, medical facility, free accommodation, allowances; and interesting work (Kelechi, 2013).

Similarly, studies on motivations in compliance behavior showed different sources of motivation. Winter and May (2001) investigated the sources of motivations for the Danish farmers in complying with social and environmental regulations. They found that farmers comply with standards due to the fear of detection of violation and punishment for them; feeling of civic duty and social pressure to compliance, which constitutes the calculated, normative, and social motivations for compliance.

Feldman, in year 2010, reviewed approaches to regulatory compliance and identified five models of regulatory compliance based on distinct individual motivations: (1) calculative or incentive-driven individuals, based on a cost-benefit calculations, (2) reason-driven individuals, where individuals look for the wisdom of regulators before engaging in certain behaviors, (3) social oriented individuals, where individuals focus on personal reputation and identity in a social context rather than to obeying laws, (4) morality-oriented individuals, where individuals are motivated by morality and fairness, and (5) citizenship-oriented individuals, where individuals believe that good citizens obey rules irrespective of the content.

These sources of motivation to compliance relate well to the different types of involvements (alienative, normative, and calculative), discussed in the Etzioni's compliance theory. For example, fear of detection of violation and punishment relate to alienative involvement as it could lead to negative commitment; incentive driven relates to calculative involvement as it is based on cost-benefit analysis, and commitment could range from positive to negative; and feeling of civic duty, morality, and citizenship relate to normative involvement since it reiterates the reliability on one's moral values, and could result in positive commitment as proposed in the Etzioni theory.

Although, the diverse set of motivational sources relates to the three types of involvements discussed on Etzioni's theory, it can be grouped under two motivations proposed by Deci (1971), namely the intrinsic and extrinsic motivations. The calculative and alienative involvement of Etzioni's theory can be grouped under extrinsic motivation as it includes orientations toward money/rewards, recognition, competition, and following the dictates of other people (Pierro et al., 2008). In addition, Moss (2016) reported that when individuals experience extrinsic motivation, they engage in compliance behaviors because of the objective consequences such as tangible rewards or punishments.

Extrinsic-intrinsic motivations and compliance

Banjoko (1996) illustrated that manager's use money to reward or punish workers by instilling fear of loss of job (e.g., premature retirement due to poor performance). It was concluded that the desire to be promoted and earn enhanced pay motivates employees to perform better. Manzoor (2012) suggested that within organizations money is the fundamental inducement, as it has the supremacy to magnetize, maintain and

motivate individuals towards higher performance. This was also supported by Du, Bhattacharya, and Sen (2007). Ali and Ahmed (2009) showed that businesses use bonuses, promotions and other type of rewards to motivate and encourage high level of performance of their employees. Milka, Michael, and Tanui (2015) carried out a study to determine the effects of different forms of extrinsic motivation, such as working conditions, incentives, and interpersonal relations, on employee performance in medium class hotels in Kenya. Results revealed that combinations of extrinsic motivation are required to ensure effective performance. Finally, researchers concluded that extrinsic motivation significantly improves employee performance at work.

May (2005) analyzed different approaches to regulations and motivations for compliance in marine facilities, and their impact on water quality. The study demonstrated that deterrent fears (analogous to extrinsic motivation) and the sense of duty to comply (equivalent to intrinsic motivation) are important motivations for compliance.

In addition, Babiak & Trendafilova (2010) investigated the motivations and pressures for sports organizations in North America to adopt green management practices. Data revealed both strategic (extrinsic motivation) and legitimate motives (intrinsic motivation) to adopt environmental management practices. However, strategic motives were the primary reason for adopting an environmental corporate social responsibility focus.

All the above studies showed that extrinsic motivation enhances participants' commitment to organizational goals. Similarly, in this study it is expected that extrinsic

motivation will encourage suppliers in the apparel supply chain to comply with CoC standards. Hence, it is hypothesized that:

H3a: Suppliers' extrinsic motivation positively influences the likelihood of compliance.

In educational settings, Ryan, Connell, and Plant (1990) recommended that educators typically consider intrinsic motivation to be more desirable than extrinsic motivation as they found that the learning outcomes of intrinsic motivation are better than those obtained under extrinsic motivation. Lange and Adler (1997) also demonstrated that intrinsically motivated students in third grade through fifth grade tend to have higher academic self-efficacy, exhibit higher levels of mastery behavior, and have higher reading and math achievement. Further, Brown and Shepherd (1997) examined the characteristics of librarians' knowledge base, technical skills, values, and beliefs in achieving educational goals. Findings showed librarians who are motivated by deeply held values and beliefs succeeded in achieving goals.

In the organizational setting, Zhang and Wu (2004) indicated that job security gives employees a confidence about their future career, and reduces employees' mental tensions. This encourages employees to make greater efforts to achieve the objectives of the organization. Consequently, job security adds to overall job satisfaction and is hence considered to be the most influential tool of motivation that leads to profit maximization. Towards this end, Grawitch and Barber (2009) posited that internally satisfied, delighted and motivated employees are more productive and contribute to profit maximization. Further, Chowdhury (2009) examined the importance of positive motivational behavior

of the supervisors in enhancing salespeople's motivation and work performance. The findings revealed that supervisors' positive motivational behaviors induce salespersons' intrinsic motivations, which, in turn, increases salespersons' performance.

Jung and Kim (2012) found that good work environment and working conditions increase employee job satisfaction and organizational commitment. Consequently, employees give their best efforts, which increase their work performance. Mahazril'Aini, et al. (2012) pointed out employee recognition enhances the level of productivity and performance at the job whether it is a first time performance or a repeated action at the job in a progressive way, and ultimately reinforces the behavior of employees. Manzoor's (2012) study on analyzing the impact of employee empowerment and recognition programs, reported a positive impact of such programs on employee performance. Finally, Kurana's (2015) study testing variables of intrinsic motivation concluded five variables: enjoyment, inherent satisfaction, autonomy, interest, and competence. Therefore, the above studies demonstrate that generating intrinsic motivation encourages organizational commitment, productivity, and profits. In a similar vein, in the apparel buyer-supplier compliance relationship it is anticipated that suppliers' intrinsic motivation will enhance suppliers' commitment to buyers' demands, and hence will be more compliant. Thus, it is speculated that:

H3b: Suppliers' intrinsic motivation positively influences the likelihood of compliance.

Summary of Research Hypotheses

Through the literature review, the following five hypotheses were formulated for conducting this study and Figure 1 shows the conceptual model and research hypotheses:

H1a(b): Apparel buyers' hard (soft) power strategies are positively associated with Indian apparel suppliers' extrinsic (intrinsic) motivation.

H2a(b): Apparel buyers' hard (soft) power strategies are negatively associated with Indian apparel suppliers' intrinsic (extrinsic) motivation.

H3a, b & c: Suppliers' extrinsic motivation positively influences suppliers' monitoring, enforcement and transparency engagement levels.

H4a, b & c: Suppliers' intrinsic motivation positively influences monitoring, enforcement and transparency engagement levels.

Figure 1. Research conceptual model and research hypotheses adopted from compliance theory model (Etzioni, 1975) and social power theory (Raven, Schwarzwald, & Koslowsky, 1998).

CHAPTER III. METHODS

This chapter contain following sections: (a) research method, (b) survey design, (c) preliminary test, (d) data collection, and (e) data analysis.

Research Method

A quantitative study is designed to provide researcher with an opportunity to test conceptual framework (Du et al., 2007). Further, it is associated with exploring connections between variables (Bryman & Bell, 2007), and in determining relationship between them (Punch , 2003). Specifically, survey has been a popular method for data collection in the social, behavioral and consumer sciences (Weber & Bradley, 2006). Survey research is used widely by government bodies, businesses, academicians, politicians and numerous other decision makers to collect information, generate knowledge, and draw conclusions (Lavrakas, 2008). This study is aimed to investigate business practices and to empirically test effect of the buyers' power strategies on supplier's motivation and their engagement in CoC compliance mechanisms in an Indian apparel industry. Therefore, a quantitative survey was administered for data collection. Data was specifically collected via face-to-face surveys, as it offered several advantages.

Face-to-face surveys are clearly structured, flexible and adaptable. They are based on personal interaction and can be controlled within the survey environment. In addition, these surveys are least burdensome for the respondents, as it require the respondents to have only basic verbal and listening skills. Presence of an interviewer can increase response rates, maintain respondents' motivation even with longer questionnaires, probe for responses, clarify ambiguous questions, help respondents with enlarged show cards of

response choice options, use memory jogging techniques for aiding recall of events and behavior, and control the order of the questions (Bowling, 2005). Possible disadvantages could be associated high cost, geographical limitations and time pressure on respondents (Alreck & Settle, 2004).

Survey Design

Face-to-face survey instruments were developed from existing scales published previously. It ensured clarity of responses and reliability. Survey instrument was designed for respondents from national capital region of Delhi, India. In India, education at most of the schools, colleges, and universities is provided in English language (Joseph, 2014). In today's Indian market, careers in the field of science and technology, business and commerce, require good knowledge of English (Thorpe, 2014). Hence, it is believed that managerial positions in the firms were given to those individuals that have undergone higher education, and have good knowledge of English language. Therefore, survey instrument was prepared in English language only. Further, personnel conducting face-to-face interviews were briefed on the objectives of survey, thus were helpful to respondents in understanding context of the questions.

Survey consisted of four parts measuring (a) buyers' power strategies using the Interpersonal Power Inventory (IPI) developed by Raven, Schwarzwald, and Koslowsky (1998); (b) suppliers' motivation, using the shorter version of Work Preference Inventory (WPI) developed by Robinson et al. (2014); (c) monitoring and enforcement, using CoC compliance scale devised by Kolk and Tulder (2002); and (d) transparency using scale devised by Dapok (2012).

Explanatory Variables

Power strategies.

One of the predominant typologies in social power research is given by French and Raven's power bases (Raven, 1959; and 1965). It categorizes power into six bases: coercive, reward, legitimate, expert, referent, and informational powers. Later, Raven (1992) extended power bases in the interpersonal power interaction model (IPIM), which classified six bases of power into eleven different power strategies, each having three items, thus totaling to 33 items.

In year 1998, Raven and colleagues grouped eleven power strategies of the IPIM into two underlying components: hard and soft power strategies. They proposed that 'conceptualization of power bases at a higher level of abstraction may give a better understanding of the observed relationships in Raven's 1992 taxonomy' (p. 312). Proposed hypothesis was tested to operationalize eleven power bases by developing a new scale. Their study showed that IPIM was a reliable and valid instrument for assessing different bases of power attributed to supervisors in influencing subordinates with Cronbach's alphas for different power bases ranging between .83 to .90 (Raven et al., 1998). Satisfactory internal consistency of IPIM was obtained for items comprising each of the eleven social power bases, as observed in two different sets of respondents. Researchers found an underlying structure of harsh and soft factors extracted from eleven power bases. The hard-soft distinction concurred with findings by other researchers (Kipnis, 1984; Yukl & Falbe, 1991). Further, individuals across cultures, positions, and

gender conceptualized similar bases within each category, indicating that these constructs are valid (Raven et al., 1998).

Using this scale, Pierro et al. (2008) conducted a study to test the motivated compliance empirically with eleven bases of social power under two underlying components of hard and soft power strategies. The confirmatory factor analysis (CFA) showed that the data were consistent with a measurement model. Reliability was satisfactory with Cronbach's alpha .95 and .93 for hard and soft strategies, respectively. In 2012, Pierro et al., conducted another study on the bases of social power, leadership styles and organizational commitment to compute a hard and a soft power bases category. Both, hard (Cronbach's alpha .91) and soft (Cronbach's alpha .91) categories of power bases were found to be reliable. Consistent with prior researches on social power, Belanger et al. (2015) computed a score of compliance with hard and soft power tactics with Cronbach's alpha .93 and .86, respectively.

Considering the reliability and validity of instrument developed by Raven et al. (1998) for assessing supervisors' power strategies in influencing subordinates, it was selected to examine suppliers' willingness to comply with hard or soft bases of power used by their buyers. Although, original instrument contains 33-items (3-items for each power strategy), Pierro et al. (2012) reported 11-items (one item for each power strategy) as their representative items. In addition, given that the 33-item would take a long time for respondents to complete and may deter participants from paying due attention to all survey questions, Robinson et al. (2014) argued that researchers must be cautious with the number of questions asked in a survey. In this light, 11-representative items were

used for studying the effect of buyers' hard and soft power strategies. Pre-test of this scale was conducted to ensure its reliability.

The 11-item IPI scale was presented to the participants with the following introductory statement to provide an appropriate context of the study:

Often *buyers* ask *suppliers* to *comply with their code of conduct (CoC) policies while giving contract to them*. Sometimes *suppliers* resist doing so or do not follow *buyers'* directions exactly. Other times, they will do exactly as their *buyers'* request. We are interested in those situations which lead *suppliers* to follow requests of their *buyers*. *Please indicate how likely each descriptive statement below would represent a reason for complying with your buyers' CoCs.*

(Above statement was adopted from IPI original scale with italicized words indicating modifications made for this study).

Participants were then presented with the 11-item questionnaire (e.g., "*Our buyers probably knows the best way of achieving compliance*") representing 11-power bases delineated by the IPI. Participants were asked to indicate how likely each descriptive statement represents a reason for complying with their buyers' request(s). Participants rated the statement on a scale ranging from 1 (definitely not a reason) to 7 (definitely a reason). The full list of items is presented in Table 2. Necessary modifications to the scale, after the preliminary test, were made.

Motivations

The Work Preference Inventory (WPI) scale measures motivation in people towards work (Stuhlfaut, 2010). WPI was used to assess individual differences in the degree to which adults perceive themselves to be intrinsically and extrinsically motivated in work situations' (Amabile et al. 1994). This scale was initially evaluated by testing on a sample of students and working adults. Since its development WPI scale had been used to analyze motivation of professional artists (Amabile, 1996), students (Brownlow, Gilbert, & Reasinger, 1997; Conti 2001; Moneta & Siu, 2002; Moneta, 2004), and business personnel (Malka & Chatman 2003).

WPI is a 30-item, self-report-inventory (Amabile et al., 1994) administered with a 4-point scale ranging from 1 (never or almost never true for my factory) to 4 (always or almost always true for my factory) to rate the degree to which each item described their motivation for compliance. Inventory has two domains: intrinsic motivation, which deals with two sub-factors namely, enjoyment (10 items) and challenge (5 items); and extrinsic motivation that addresses two other sub-factors, outward orientation (10 items) and compensation (5 items). Of the total 30 items of WPI, 15 items relate to intrinsic motivation and remaining 15 items represent extrinsic motivation. The intrinsic motivation scales were built on five underlying constructs: self-determination, competence, task involvement, curiosity and interest. The extrinsic motivation scales were built on five other constructs: evaluation, recognition, competition, rewards, and control (Stuhlfaut, 2010). In a sample of college students and alumni, Amabile et al. (1994) had reported adequate internal consistency for the WPI subscales with Cronbach's alpha .79 for intrinsic and .78 for extrinsic motivation. Similar level of internal

consistency was observed in a sample of college students, when put under a 12-month cycle of test and retests with Cronbach's alpha .79 for reliability, and .79 for intrinsic subscale (Byrd, Hageman, & Belle Isle, 2007).

Robinson et al. (2014) developed a shortened, valid and reliable version of the WPI. They conducted an exploratory and confirmatory factor analyses (EFA and CFA) to reduce number of the items. EFA revealed that four sub-factors were roughly equivalent to those of the original scale. Cronbach's alpha for the two domains, intrinsic and extrinsic, ranged from .68 to .76. As factors in the WPI with 10-items were strongly and significantly associated with factors in the original WPI, it indicates a strong validity of the shortened measure. In addition, the 10-items WPI scale showed evidence for similar validity, and reliability as the original instrument, while reducing respondents' burden to answer several questions. Therefore, the 10-items WPI scale (Robinson et al., 2014) was used for this study. The full list of items is presented in Table 2. Necessary modifications to the scale, after the preliminary test, were made.

Outcome Variable

Reich and Samet (1996) identified three components of compliance mechanism: monitoring, enforcement, and transparency. They were used in different other studies (Kolk & Tulder, 2002; Eggert & Helm, 2003; Lazarus & McManus, 2006; and Lloyd et al., 2010). These three components were considered as the key parameters in determining suppliers' level of engagement in compliance with CoC policies, and therefore were selected as main constructs measuring level of suppliers' engagement in managing CoC compliance mechanism. Monitoring and enforcement were measured by the scale

developed by Kolk and Tulder (2002) and transparency by the scale devised by Dapko (2012).

Monitoring.

Monitoring was conceptualized as the collection of information and its verification. It is to check whether the information acquired is accurate, complete, relevant, and reliable. It was achieved by examining monitoring systems and processes, and position of monitoring.

Kolk and Tulder (2002) categorized monitoring systems and processes as ‘none’, if the monitoring system and processes does not exist; ‘vague’, if codes give no details other than monitoring will take place; ‘vague to clear’, when only some parts of the monitoring process are referred, however criteria for the assessment or specific time frames are lacking; and ‘clear’, when a code gives a good insight into the monitoring process and system, including criteria for the assessment and its existence is well known. In this study the monitoring systems and processes categories were converted into a continuous variable by asking participants to respond on a 5-point Likert-type scale, ‘1’ being strongly disagree to ‘5’ strongly agree. Specific questions like “*My factory’s CoCs give no specific details other than monitoring will take place*” were asked.

The credibility and effectiveness of code was directly related to the independence of the monitoring actor, which was referred as the position of monitoring in this study. Kolk and Tulder (2002) suggested that an independent monitoring party increases suppliers’ compliance with CoC policies. Therefore, participants were asked to respond to questions like “*My factory conducts monitoring through external professional*

auditors”. The response was collected on a 5-point Likert-type scale, ‘1’ being strongly disagree to ‘5’ being strongly agree.

Enforcement.

Enforcement refers to firms’ reaction to CoC violations. Inclusion of sanctions in codes may deter firms from breaking their commitment and complying to the set standards (Kolk & Tulder, 2002). Sanctions can vary greatly in gravity. To measure sanctions, Kolk and Tulder used four categories: ‘none’, when no sanctions are applied; ‘mild’, when sanctions have no large implications for firms, such as warning and exclusion of certain membership; ‘severe’, when business activities threaten to be terminated in case of non-compliance. In this study, participants were asked to respond on a 5-point Likert-type scale, from ‘1’ being least likely to receive sanctions to ‘5’ being most likely to receive sanctions. An example of the question asked from the participant is “*My factory does not receive any sanction in case of non-compliance.*”

Transparency.

The transparency scale was developed by Dapok (2012). Cronbach’s alpha for this scale was .98, and hence considered reliable. Scale consists of 7-items, administered with 5-point Likert-type scale ranging from ‘1’ (strongly disagree) to ‘7’ (strongly agree). The full list of suppliers’ engagement in managing CoC compliance mechanism items is available in Table 2. A modification to the scale, after the preliminary test, was done.

Demographic information.

Lastly, demographic information of the participants, such as age, gender, years of experience, educational backgrounds, company location, product category, company

clients, total number of employees, and annual sales volume, were collected. The demographic information helped to provide a contextual description of the participants.

Table 2. Survey Constructs, Measurement item, Sources, and Reliabilities

Construct: Buyer's Power Strategies		
Dimensions	Source Cronbach's alpha	Scale items
Hard Power Strategies (7 items)	Raven, Schwarzwald, and Koslowsky (1998) .83 to .90	HP-1 <i>Our buyers could help us get new contracts.</i> HP-2 <i>My factory liked our buyers, and their approval is important to us.</i> HP-3 <i>Our buyer could make it more difficult for us to get new contracts.</i> HP-4 Just knowing that <i>our factory is on the bad list of the buyers</i> <i>would upset us.</i> HP-5 As a <i>supplier</i> , my factory had an obligation to do as my <i>buyers</i> <i>have said.</i> HP-6 <i>My factory</i> had made some mistakes and therefore felt that <i>we</i> <i>owed compliance to our buyers.</i> HP-7 <i>Due to the past contracts my factory</i> had received, <i>we feel</i> obliged to comply.
Soft Power Strategies (4 items)	Raven, Schwarzwald, and Koslowsky (1998) .83 to .90	SP-1 <i>My factory</i> realized that <i>buyer</i> needs assistance and cooperation from those working with <i>them.</i> SP-2 <i>My factory see our buyers</i> as someone <i>we</i> could identify with. SP-3 <i>Our buyers</i> probably know the best way of <i>achieving compliance.</i> SP-4 <i>Whenever our buyer request changes</i> , my factory could see why the change was necessary.

Note: Italicized words shows modifications from the original instrument.

Table 2. (Continued)

Construct: Supplier's Motivations

Dimensions	Source Cronbach's alpha	Scale items
Intrinsic motivation (5 items)	Robinson et al., (2014) .71 - .76	IM-1 <i>My factory</i> enjoy tackling problems that are completely new to <i>us</i> . IM-2 <i>My factory</i> enjoy solving complex problems. IM-3 The more difficult the problem, the more <i>enthusiastically our factory tries</i> to solve it. IM-4 What matters most to <i>our factory</i> is enjoying what <i>we</i> do. IM-5 It is important for <i>our factory</i> to be able to do what <i>we</i> most enjoy.
Extrinsic motivation (5 items)	Robinson et al., (2014) .69 - .75	EM-1 <i>My factory is</i> strongly motivated by the recognition <i>we</i> can earn from other <i>factories by being compliant</i> . EM-2 <i>My factory</i> want other buyers to find out how good <i>we</i> really can be at <i>achieving compliance</i> . EM-3 To <i>our factory</i> , success means doing better than other <i>factories</i> . EM-4 <i>My factory is</i> keenly aware of the promotional goals <i>we</i> have for <i>ourselves</i> . EM-5 <i>My factory is</i> keenly aware of the income goals <i>we</i> have for <i>ourselves</i> .

Note: Italicized words shows modifications from the original instrument.

Table 2. (Continued)

Construct: Suppliers' Engagement Level in Compliance Mechanism

Dimensions	Source Cronbach's alpha	Scale items
Monitoring (7 items)	Kolk & Tulder (2002) Not reported	M-1 Monitoring system exist <i>in my factory</i> .
		M-2 <i>My factory's</i> CoCs give no specific details other than monitoring will take place. (R)
		M-3 Some part of the monitoring process is referred in <i>my factory</i> CoCs, however specific criteria for assessment or time frames are lacking.(R)
		M-4 <i>My factory's</i> CoCs give a good insight into the monitoring process and system, including the criteria for assessment.
		M-5 The existence of <i>my factory's monitoring system</i> is well known.
		M-6 <i>My factory</i> conduct monitoring only by themselves. (R)
		M-7 <i>My factory</i> conduct monitoring through external professional auditors.
		M-8 <i>My factory</i> conduct monitoring through independent bodies such as, legal authorities, social interest groups, non-government organizations and business support groups.
Enforcement (4 items)	Kolk & Tulder (2002) Not reported	E-1 <i>My factory does not receive any</i> sanction in case of non-compliance. (R)
		E-2 <i>Buyers' sanction does not</i> have any large implications <i>on our factory</i> , such as, warning and exclusion of certain membership. (R)
		E-3 Upon non-compliance <i>by our factory, buyers</i> threaten to terminate the business <i>contracts</i> .
		E-4 <i>My factory has provisions of</i> sanctioning third parties/suppliers or sub-contractors for non-compliances.

Note: Italicized words shows modifications from the original instrument.

Table 2. (Continued)

Construct: Engagement Level in Compliance Mechanism		
Transparency (7 items)	Dapok (2012) .98	T-1 <i>My factory</i> is willing to share information with <i>stakeholders</i> even when it may make the company look bad.
		T-2 <i>My factory</i> provides <i>stakeholders</i> with a learning opportunity about itself.
		T-3 <i>My factory</i> enables <i>stakeholders</i> to know what <i>we are</i> doing.
		T-4 <i>My factory</i> is willing to explain its decisions to the <i>stakeholders</i> .
		T-5 <i>My factory</i> is willing to share just about any information <i>stakeholders</i> request from it.
		T-6 <i>My factory</i> wants <i>stakeholders</i> to understand what <i>we are</i> doing.
		T-7 <i>My factory</i> is open to sharing information <i>stakeholders</i> .

Note: Italicized words shows modifications from the original instrument.

Preliminary Test

According to Dillman (2000), pretesting is administering a survey to individuals with special knowledge of the topic or similar members of the survey population, asking them to complete the survey, and to report any problems experienced. Preliminary testing of the study's survey instrument was performed to help ensure content validity and scale reliability. Therefore, prior to collecting data, survey instrument was pretested to refine and modify. Feedback on the survey draft from at least fifteen individuals with specialized knowledge was obtained. Five professors working in the field of textile and apparel management, and ten graduate students or related professionals having Indian apparel industry work experience of at least one year reviewed preliminary survey instrument. This was done to determine the time required to complete the survey (approximately 15-20 minutes), to seek feedback on the format and content of survey items, to refine wording and ensure clarity of the questions, and to identify any navigation problems.

The results of preliminary testing showed that in general the survey questions and scales were comprehensible, with few exceptions. First, the buyers' power strategy scale was reported as confusing and recommended to be changed. Therefore, scale for measuring buyers' hard and soft power strategies was modified from 7-point scale (definitely not a reason to definitely a reason) to 5-point Likert scale (strongly disagree to strongly agree). Second, it was advised to simplify survey item #4 ("my factory's CoCs give a good insight into the monitoring process and system, including the criteria for assessment and its existence is well known") in the level of engagement to monitoring as

was found to be double barreled. Thus, original item#4 was changed to two items: item#4 “my factory’s CoCs give a good insight into the monitoring process and system, including the criteria for assessment” and item#5 “the existence of my factory’s monitoring system is well known”. Finally, item#4 “My factory has provisions of sanctioning third parties or sub-contractors” in the level of engagement to enforcement was restated as the item was not clear. More details were added to item#4 (“my factory has provisions of sanctioning third parties or sub-contractors for non-compliances”).

After incorporating suggested changes in the questionnaire, survey was sent to the NextGen for pilot testing. Pilot testing questionnaires with small groups help to identify problems that were not obvious to the researcher, such as issues causing low response rate, entire pages or sections being skipped, questions not being answered, and items not correlating in a way that allows scales to be built (Needham & Vaske, 2008). For pilot testing, survey was administered to a relatively small number of participants representing sample population. For this purpose, researcher collected data of the first 21 participants (10% of the sample in this study) from NextGen. This sample size for pilot testing was based on the observation of Baker (1994), who recommended 10–20% of the total sample as a reasonable number of participants to consider for pilot testing. Data collected was downloaded and checked for completeness of responses. No further inconsistency in the survey questionnaire was found. Therefore, same questionnaire survey was administered to all the target participants.

Data Collection

Sample Frame

According to the Apparel Export Promotion Council (AEPC) in 2009, there were seven major apparel clusters in India. These are Delhi, Jaipur and Ludhiana in the North, Calcutta in the East, Mumbai in the West, and Chennai, Bangalore and Tirupur in the South of India. Of the three apparel clusters in northern India, Delhi focuses on ladies wear production, Jaipur is renowned for hand-block printing, and Ludhiana is a woolen garment center (Mezzadri, 2014). Delhi, along with Tirupur and Bangalore, contributes to approximately 60% of all India garment apparel exports (Bhullar, Singh , & Sabharwal, 2015).

The apparel industry in national capital region (NCR) of Delhi, India, is spread across Okhla, in the state of Delhi; Noida, in the state of Uttar Pradesh (UP); and Gurgaon, Faridabad, in Haryana state (Bhullar, Singh , & Sabharwal, 2015). Apparel industry in Delhi is predominantly export driven, about 83% of the total production is exported, catering primarily to the international market and some local markets within the country.

In Delhi (NCR), the average industrial size of apparel factories is much smaller than in other apparel clusters and industrial fragmentation dominate, as most apparel factories own multiple units across the NCR rather than the single-integrated industrial set-ups (Singh & Kaur Sapra, 2007). In addition, Delhi's apparel industry is multilayered, and consists of complex industrial clusters. In apparel cluster, production is organized in different layers, and units' type varies from industrial, formal and informal, factory-based and non-factory-based, workshop and home-based units. As social compliance initiatives

in Delhi have relatively been unsuccessful (Mezzadri, 2014), the apparel exporter firms in Delhi NCR provides an ideal context to investigate buyer-supplier compliance relationship in the apparel industry context. Therefore, apparel manufacturing/exporting firms' factories based in Delhi NCR were chosen for the study's sample frame. One respondent from each factory was selected, as a representative, to conduct this study.

The National People's Tribune (2012) reported that approximately 1675 apparel manufacturing units are registered and operates in NCR. The database of the registered apparel manufacturing factories in Delhi, which are recognized by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India, was accessed to decide on the sample frame for the study.

Sampling

To conduct this study, an approval from the Institutional Review Board, University of Missouri-Columbia was obtained (Appendix B). A market research firm, NexGen Market Research Services Pvt. Ltd. (NextGen), based in New Delhi, India, was hired to recruit participants and conduct survey for the study (Appendix C). NextGen offers high quality marketing research, analysis and consulting services across the world. Researchers involved in the study provided a detailed protocol to the NexGen team leader containing guidelines to follow while collecting the survey responses. An online briefing session was conducted between the principal investigator and the NexGen team leaders, besides close monitoring *via* frequent communication was established to ensure clarity of the protocol and high quality of the data.

Due to the difficult-to-reach population of the sample, purposive sampling technique was used. Purposive sampling techniques are based on the knowledge of a

population and purpose of the study. A limitation with purposive sampling technique may be its representativeness to a population, which may affect external validity (Jupp, 2006). To overcome this issue, screening questions were added on the survey to ensure that nature of the firms' selected was consistent during sampling and participants' work experience relates to the study objectives.

Becker-Blease (2010) used four-digit standard industrial classification (SIC) codes while analyzing production technology of manufacturing firms within a given industry from United States to keep the sample size homogeneous in order to account for diversity. However, no such industry classification system exists in India. Therefore, in this study, to ensure sample homogeneity, Indian apparel manufacturing firms that are exporting apparels only to the developed countries were selected for the study and screen questions were added to the survey. First screening question was, "Do you work in apparel manufacturing firm that export clothing/apparels to a developed country?" Only if participant chooses "yes," they were requested to complete next question related to their work experience.

To study management systems and practices used in the implementation of CoC in global supply chains in sports footwear, apparel and retail sectors; Mamic (2003) conducted interviews at the production, compliance, health and safety, and human resource managerial levels, along with company directors and/or owners of the supplier factory. In addition, Sui and Lam (2008) suggested that plant managers play an important role in implementing ethical practices within a firm. Jaiswal and Ha-Brookshire (in review, 2017) also found company owners, compliance officers, production managers, and human resource managers as an appropriate sample in exploring CoC

implementation practices in the Indian apparel export houses. Therefore, only those personnel involved in the management of compliance related activities within a firm were recruited as the study participant. To ensure this, a second screening question was added, “Are you in any compliance managerial capacity within your factory?” If the participants choose “yes,” they were asked to specify their current position in the factory and years of their association with it.

During spring of 2017 data was collected by NextGen. Collected data was transferred to principal investigator weekly, and exported to Microsoft Excel. A scan copy of all completed survey forms was also provided to the investigators. Recruitment messages were kept specific with detailed information on how to participate in the study and access survey (see Appendix A). NextGen team sent consent form along with project brief via email to the participants and appointments were fixed in advance with the potential participants.

At the conclusion of the data collection period, a total of 210 usable survey responses were obtained by NextGen. In this study, there were 40 parameters and 7 latent variables. The rule-of-thumb given by Bentler and Chou (1987) suggests 5 or 10 observations per estimated parameter for calculating the sample size for conducting SEM analysis. Based on this calculation sample size of 200 deemed appropriate. Further, the power analysis of 200 sample size was calculated using ‘computing power and minimum sample size for RMSEA’ software developed by Preacher and Coffman (2006). Additionally, power analysis was conducted with 849 *df*, alternate RMSEA of .08, null RMSEA of .05, and Cronbach’s alpha of .05. A power of .98 was achieved for the sample size of 200.

Data Analysis

Assessment of Basic Assumptions

Statistical Package for the Social Sciences (SPSS) version 21.0 by IBM was used for data analysis. Data was transferred from Excel worksheet and subjected to cleaning, coding and organizing for further analysis. A preliminary analysis was conducted for descriptive statistics, and for checking assumptions such as missing data, outliers, multicollinearity, and normality. Results of the preliminary testing and assumption checking are discussed in Chapter IV.

Scale Reliability and Validity

Following verification of the assumptions, assessment of reliability and validity of the developed scales was conducted. Reliability deals with the consistency of a measure or the extent to which a measure is repeatable (Nunnally, Bernstein, & Berge, 1967). Reliability is of particular importance as it establishes validity. To assess reliability in this study, Cronbach's alpha was calculated by SPSS.

Convergent validity, along with discriminant validity, is a subtype of construct validity. It was assessed by calculating composite reliability (CR) indicative of the amount of shared variance between latent construct measurement items. CR based calculations are relatively superior to average variance extracted (AVE) (Malhotra & Dash, 2011, p.702). Hence, in this study, CR was used for validity testing. Results of the scale reliability and validity checks are discussed in Chapter IV.

Model Testing

To test hypotheses about relationships among observed and latent variables, Structure Equation Modeling (SEM) was conducted, as it is a comprehensive statistical approach

(Hoyle, 1995). SEM technique allows simultaneous testing of all relationships in one model, leading to a better understanding of relationships among different components (Johnson & Greening, 1999). SEM was conducted using Mplus software to run confirmatory factor analysis (CFA) and test causal models, following two-step approach, as described by Anderson and Gerbing (1988). Measurement model was assessed first, followed by an estimation of the structural relationships that existed among latent variables in the measurement model.

Assessment of the measurement model.

In order to develop a measurement model, each latent construct was first associated with its *a priori* respective measurement item. Next, measurement model was assessed for the model fit. This assessment involves observing fit statistics associated with the measurement model of the latent constructs and their respective measurement items. The Goodness of fit exists when the p-value associated with the χ^2 (Chi-squared) statistic is $> .10$; when the Incremental Fit Index (IFI), Comparative Fit Index (CFI), Goodness of Fit Index (GFI) and Tucker-Lewis Index (TLI) are all $> .90$; and, when the RMSEA Index is $< .06$ (Hu & Bentler, 1995). Among these, CFI and RMSEA are frequently reported fit indices (Tabachnick & Fidell, 2013), and were used in this study. If the model fit is poor, it is necessary to explore whether adding or deleting certain paths (theoretically justified) will enhance model fit. It is important to note that item deletion, unless the research is mainly exploratory, should be done with some theoretical justification (Hu & Bentler, 1995). A point of reference in item deletion is the Modification Indices or the Standardized Residuals, which can provide an indication whether deletion of a particular item will lead to the improvement of fit. Model was then

theoretically justified to enhance its fitness by modifying (addition or deletion) components of certain paths. Deletion for theoretical justification was done in accordance with previously established criterion (Hu & Bentler, 1995). Results of the measurement model are discussed in Chapter IV.

Assessment of the structural model.

To measure structural relationship between latent variables a hypothesized casual model was developed. This model was assessed for the goodness of fit. To achieve goodness of fit, an *a priori* theoretical justification was made by exploring possibilities of addition or deletion of certain paths. The direction and magnitude of the path coefficients were finally inspected. This approach was adopted from Anderson and Gerbing (1988). Results of the structural model assessment are detailed in Chapter IV.

CHAPTER IV. RESULTS AND ANALYSIS

This chapter presents details of the procedures used and results of the study. It contains following sections: (a) demographic description of the study sample, (b) assessment of basic assumptions, (c) scale reliability and validity (d) confirmatory factor analysis (CFA), (e) structural equation modeling (SEM) for hypothesis testing.

Demographic Description of the Study Sample

During spring of 2017, from the face-to-face surveys collected by market research company, NextGen, 210 were deemed complete and useable for the purpose of the present study. Majority of participants were male (89.5%). Educational background analysis revealed that majority of participants had Bachelor's level education (51.4%), followed by post graduate degrees (37.1%), while none had less than high school level of education.

Manufacturing units' product portfolio was found to include multiple apparel products categories. Of the 210 participants, 191 (91%) produces women's clothing, 138 (65.7%) manufactures men's clothing, 97 (46.2%) produces children's clothing, 21 (10%) were involved in active wear production, while 33 (69.3%) manufactured other textile products such as towels, bedsheets, kitchen apparels, curtains, and fashion accessories.

Products manufactured by the participating factories were exported to multiple continents. Of the total participants, 157 (74.7%) exported their products to Europe, 108 (51.4%) to North America, 194 (92.4%) to Asia, 57 (72.1%) to Australia and 24 (11.8%)

to other countries, such as Latin America, Canada, Middle East, and UAE. Table 3 compiles categorical demographic information.

Table 3

Demographic Characteristics of Participants and their Factories (n=210).

Variable	Description	n	Percent
Participants			
Gender	Male	188	89.5%
	Female	22	10.5%
Level of education	Less than high school	0	0%
	High school diploma	23	11%
	College degree or Bachelor's degree	108	51.4%
	Post-Graduate degree	78	37.1%
	Doctorate degree	1	.5%
Factories			
Factory's product category ¹	Men's clothing	138/210	65.7%
	Women's clothing	191/210	91%
	Children's clothing	97/210	46.2%
	Active wear	21/210	10%
	Other textile products	33/210	69.3%
Continents the factory export ¹	Europe	157/210	74.8%
	North America	108/210	51.4%
	Asia	194/210	92.4%
	Australia	57/210	27.1%
	Other	24/210	11.8%

Note: ¹Participants were asked to choose more than one option if appropriate.

Descriptive mean and standard deviation were analyzed for continuous demographic characteristic variables. Age of participants ranged from 30 to 68 with the mean age between 48 and 49 years old. Total years of participant's work experience in

apparel/clothing manufacturing industry that export ranged from 3 to 51 years, with an average of 21 years. Years of work experience with their current factory ranged from 3 to 47 years, with an average of 18 years. Length in years since company establishment were from 3 to 50 years, with a mean of 21 years. Number of employees ranged from 100 to 900, with a mean of 233 to 234. Total annual sales were reported between Indian Rupees (INR) 40 to 2,550 million (equivalent to US \$6.36 to 396 million), with an average of INR 420 million (equivalent to US \$65 million). Table-4 presents the detailed demographic information.

Table 4

Demographic Characteristics of Participants and their Factories (n=210).

Variable	<i>M</i>	<i>SD</i>
Participants		
Age	48.5	7.7
Years of total experience in apparel/clothing manufacturing company that exports	21.1	10.9
Years of experiences in the current factory	17.96	9.49
Factories		
Years since factory establishment	21.1	10.9
Total number of employees currently employed in the factory	233.71	147.61
Annual sale volume (US\$, in Million)	65.02	29.44

Note: Current exchange rate is US\$1 = INR 64.5 (approximately)

Analysis of demographic characteristics of the studied sample indicated that majority of the responders were male. Mezzadri (2014) observed that men play a significant role in the NCR apparel cluster, which concurs with the results presented here. Further, most of the participants indicated that their firm specializes in manufacturing women's apparels, as observed by Bhullar et al. (2015) in NCR. Also, most of the respondents were found highly educated, supporting the assumption used while preparing survey instrument in English language only.

Assessment of Basic Assumptions

Survey results were first transferred to Excel file during data collection from NextGen. Data was then transferred to SPSS, with which it was cleaned and organized for initial descriptive analysis. Sample was particularly reviewed for any missing data point, outliers, multicollinearity, and normality.

Missing Data. There were no missing data points within 210 usable responses. It is indicative of the sincerity with which data collection and entry was made by NextGen.

Outliers. Outliers were assessed by looking for cases where particular responses were beyond three standard deviations of the mean, as indicated previously (Tabachnick & Fidell, 2013). Data points were inspected by plotting histograms to compare observed values with their distribution. Data is expected to approximate with the normal distribution (Hair et al, 2006). Data inspection and standard deviation scores indicated few outliers in specific items, however they were not spread consistently across the items. For multivariate outliers, Mahalanobis distances from items were calculated, and no outlier was detected.

Multicollinearity. Multicollinearity was assessed by calculating correlation matrix for high-correlation coefficients between predictor variables. Correlation coefficient was found to be $>.9$, which is in confirmation to the value observed by Hair et al. (2006). Also, Variance Inflation Factor (VIF) and tolerance measures were used to make multicollinearity assessments. VIF for all variables was between 1-3 and tolerance ranged between .4 -.5. VIFs of 10 or higher (or equivalently, tolerances of .10 or less) was used as a threshold for detecting multicollinearity, as suggested by Cohen *et al.* (2013) (Cohen, Cohen, West, & Aiken, 2013). Taken together, multicollinearity was found to be within the acceptable limits.

Normality. Normality assessments were made by measuring skewness, kurtosis and the Shapiro-Wilk test for univariate normality. Most of the data points were found to have asymmetry and kurtosis values between -2 and +2. These values are considered acceptable for normal univariate distribution (George & Mallery, 2010). However, one item, Item#M1, showed slight skewness (-2.344; $SE=.168$) and high kurtosis (8.892; $SE=.334$). Hu and Bentler (1995) recommended keeping an eye on such items and consider removing during the modeling fit process if such item affects overall model fit significantly.

Scale Reliability and Validity

An initial screening of the Cronbach's alpha values of the seven latent variables was performed. All values were apparently within the limit of acceptance. However, reliability of the soft power strategy was found low (Cronbach alpha = .443). It could be

due to the difference in sample population and context. Scale was initially developed and tested among student and hospital workers from developed country (Raven, Schwarzwald, & Koslowsky, 1998). As soft power scale was not found internally reliable it was removed from the model.

Cronbach's alpha of the remaining six latent variables, buyers' hard power strategies (Cronbach alpha .650), perceived suppliers' intrinsic motivation (Cronbach alpha .737), supplier' extrinsic motivation (Cronbach alpha .754), suppliers' level of engagement in monitoring (Cronbach alpha .669), and suppliers' level of engagement in transparency (Cronbach alpha .723) indicated an internal consistency of the respective scales. Tavakol (2011) indicated that alpha could be affected by length of the tests or number of items testing the concepts. Further, Schmitt (1996) suggested that there is no sacred level of acceptable or unacceptable level of alpha. In some cases, even low levels of alpha are quite useful. In this study, criteria of Cronbach's alpha used for establishing internal consistency reliability were: excellent ($\alpha > .9$), good ($.7 < \alpha < .9$), acceptable ($.6 < \alpha < .7$), poor ($.5 < \alpha < .6$), and unacceptable ($\alpha < .5$) (Kline, 2000; George & Mallery, 2003; and Bhatnagar, Kim, & Many, 2014). At the same time, composite reliabilities (CR) are perceived as a stronger reliability assessment criterion and a measure of validity. Therefore, CR was calculated for each latent variable. Hair et al (2010) had suggested that CR should be at least .6 and preferably higher than .7. Since CR of each latent variable was within the suggested criteria, it can be concluded that all of the scales, except soft power, used in this study were deemed relatively internally consistent and reliable.

Model Testing

Following assessment of the basic assumptions, SEM was conducted using two-step approach (Anderson & Gerbing, 1988). Psychometric properties, which include developing the confirmatory factor analysis (CFA) measurement model and assessing construct validity, were established. Structural relationships that exist among latent variables in the measurement model were measured.

Results of Measurement Model.

Measurement modeling led us to delete four items from the latent variable of hard power strategies (items#HP1, HP2, HP5, and HP6). It was realized that these four HP items reflected positive strategies, while the remaining three items suggested negative or punitive strategies. Further, during model fit process of the latent variable of supplier's level of engagement in monitoring, led us to delete four more items (items#M1, M3, M4, M6), including M1 that showed a high kurtosis value previously, and one item from the suppliers' level of engagement in enforcement (item#E2). As items# M3 and M4 were already captured by the item M2, these items were found to be repetitive, and hence dropped from further analysis. Additionally, four items (items#T3, T4, T6 and T7) from the latent variable of transparency were deleted; as these were found to represent the items that were already considered in the measurement model. Finally, model fit process of the measurement model led us to delete the latent variable of enforcement as it does not fit the proposed model.

Measurement model had good model fit ($\chi^2 = 236.098$, $df = 142$, $p = .000$, CFI = .896, TLI = .874, RMSEA = .056, SRMR = .062), based on cutoff values (i.e., CFI > .90,

RMSEA < .06, and SRMR < .08), as suggested by Hu and Bentler (1999). Next, factor loadings were assessed. All factor loadings were positive, with values >.4, and statistically significant, supporting convergent validity (Anderson & David, 1991). Results of the measurement model are reported in Table-5.

Table 5
Confirmatory Factor Analysis, Measurement Model, and Scale Reliabilities (n=210).

Constructs	Item	Standardized Parameter Estimates (β)	<i>t</i> -value	<i>p</i> -value
Buyers' Hard Power Strategies	HP3	.578	9.486	.000
<i>Cronbach's Alpha=.650</i>	HP4	.879	14.511	.000
<i>Composite Reliability=.641</i>	HP7	.439	6.615	.000
Suppliers' Intrinsic Motivation	IM1	.645	11.801	.000
<i>Cronbach's Alpha=.737</i>	IM2	.709	13.876	.000
<i>Composite Reliability=.745</i>	IM3	.546	8.814	.000
	IM4	.568	9.360	.000
	IM5	.558	9.287	.000
Suppliers' Extrinsic Motivation	EM1	.779	18.604	.000
<i>Cronbach's Alpha=.754</i>	EM2	.760	17.792	.000
<i>Composite Reliability=.757</i>	EM3	.590	10.767	.000
	EM4	.430	6.577	.000
	EM5	.479	7.630	.000

Table 5 (Continued)

Monitoring	M2	.491	6.585	.000
<i>Cronbach's Alpha</i> =.669	M5	.463	6.322	.000
<i>Composite Reliability</i> =.691	M7	.760	10.064	.000
Transparency	T1	.814	16.794	.000
<i>Cronbach's Alpha</i> =.723	T2	.579	10.163	.000
<i>Composite Reliability</i> =.740	T5	.681	13.129	.000
Goodness-of-Fit Indices				
$\chi^2 = 236.098$, $df = 142$, $p = .000$, CFI = .896,				
TLI = .874, RMSEA = .056, SRMR = .062				

Note: Item numbers with their corresponding survey questionnaire number can be found in Appendix D.

Results of the Structural Model

Hypothesized relationships were tested through structural modeling. This analysis involved assessment of the goodness of fit of the hypothesized model and investigation of the significance and direction of the path coefficients. Results showed that the structural model had good model fit ($\chi^2 = 232.225$, $df = 143$, $p = .000$, CF= .901, TLI = .882, RMSEA = .055, SRMR = .069), in agreement with the cutoff values suggested by Hu and Bentler (1999). Structural model analysis supported most of the hypothesis proposed in the present study. Only exceptions were hard power on intrinsic motivation (H1); and intrinsic motivation on monitoring (H4a). Figure 2 and Table 6 presents structural model and its standardized path estimates, t -values, and p -values, along with the goodness of model fit indices.

Figure 2 Results of all hypotheses tested for investigating effect of buyers' power strategies on suppliers' motivation and their level of engagement in managing CoC compliance mechanisms (***) represent $p\text{-value} < .05$; β represent standardized parameter estimates).

Table 6
Structural Model's Parameter Estimates, t-Values, and Significance Levels (n=210).

Paths in the Model	Standardized Parameter Estimates (β)	t-value	p-value
Structural Model			
Buyers' Hard Power Strategies (HP) $\rightarrow$ Suppliers' Extrinsic Motivation (EM)	.571	7.968	.000
Buyers' Hard Power Strategies (HP) $\rightarrow$ Suppliers' Intrinsic Motivation (IM)	.032	.325	.745
Supplier's Extrinsic Motivation (EM) $\rightarrow$ Monitoring (M)	.262	2.758	.006
Supplier's Extrinsic Motivation (EM) $\rightarrow$ Transparency (T)	.177	2.238	.025
Supplier's Intrinsic Motivation (IM) $\rightarrow$ Monitoring (M)	.130	1.319	.187
Supplier's Intrinsic Motivation (IM) $\rightarrow$ Transparency (T)	.463	6.359	.000
Goodness-of-Fit Indices $\chi^2 = 232.225$, $df = 143$, $p = .000$, CFI = .901, TLI = .882, RMSEA = .055, SRMR = .069),			

Hypothesis 1 and 2.

Hypothesis 1 (H1) proposed relationship between buyers' hard power strategies and suppliers' extrinsic motivation. It was hypothesized that apparel buyers' hard power strategies are positively associated with Indian apparel suppliers' extrinsic motivation. Results indicated that buyers' hard power strategies did have a significant positive effect on suppliers' extrinsic motivation (Standardized $\beta = .571$, p -value $< .000$), thus supporting Hypothesis 1.

Previously, researchers had identified several sources of hard power that superiors (agents) use in motivating and enhancing subordinates' performance (Raven et al, 1998; Erchul, Raven & Koslowsky, Schwarzwald, & Ashuri, 200; Wilson, 2004). Depending on the nature of specific power used, different motivations are induced among subordinates depending on their psychological orientation towards money, recognition, and dictate of other people (Du, Bhattacharya, & Sen, 2007; Khan, Farooq, & Ullah, 2010; Manzoor, 2012; and Kelechi, 2013). In this study, a positive relationship was found between hard power strategies and extrinsic motivation, which concurs with the findings of Pierro et al. (2008). In accordance with established point of view, it was observed in this study that when buyers relied on the use of hard power strategies, specifically those powers that are related to the application of coercion, extrinsic motivation was found to be significantly higher in achieving suppliers' compliance.

H2 addressed relationship among buyers' hard power strategies and suppliers' intrinsic motivation. It was hypothesized that apparel buyers' hard power strategies are negatively associated with Indian apparel suppliers' intrinsic motivation. Contrarily to the hypothesized relationship, findings of the study showed a positive relationship. However, the effect was found to be statistically non-significant (p -value $>.05$). The non-significant effect of intrinsic motivation can be explained by the rationale of autonomy versus control, as reflected by Deci and Ryan (2000). In the past, researchers had analyzed the effect of rewards on intrinsic motivation and demonstrated that reward undermines the effect of intrinsic motivation (Deci, 1971; Lepper, Greene, & Nisbett, 1973) as it shifts individual psychological orientation from internal to externally perceived locus of causality (Deci & Ryan, 2000). Furthermore, not only tangible

rewards, but also threats (Deci & Cascio, 1972), deadlines (Amabile, DeJong, & Lepper, 1976), directives (Koestner, Ryan, Bernieri, & Holt, 1984), and competition pressure (Reeve & Deci, 1996) were found to diminish intrinsic motivation because individuals' perceive threats as controllers of their behavior. Similarly, this study found that the hard power strategies used by MNEs acted as an external stimulus for suppliers' to act towards compliance; hence the effect of intrinsic motivation might have been diminished.

Hypothesis 3a, b, and c.

It was hypothesized that extrinsic motivation among apparel suppliers' positively influences their level of engagement in managing suppliers' CoC compliance mechanisms of monitoring, enforcement, and transparency. In particular, it was hypothesized that suppliers' extrinsic motivation has a positive influence on their level of engagement in monitoring (H3a), enforcement (H3b), and in maintaining transparency (H3c) of CoCs. However, during the assessment of the measurement model, the latent variable of enforcement was dropped from the study due to the model fit issues, only two hypotheses, H3a and H3c, were tested.

Analysis of the survey based results in this study indicated that overall extrinsic motivation has a statistically significant ($p\text{-value} < .05$) positive effect on both the components of suppliers' compliance mechanisms, monitoring (Standardized $\beta = .262$) as well as transparency (Standardized $\beta = .177$).

The proposed hypotheses confirmed previous theories on mandatory compliance regulatory approach that emphasized on extrinsic motivation in regulating subordinates' (suppliers' in this study) behavior and enhancing compliance (Babiak & Trendafilova,

2010; and Milka, Michael, & Tanui, 2015). Kruglanski (1975) suggested that extrinsic motivation is cognitive process where subordinates' assess work as a means to some tangible goals, and have psychological orientation towards money, recognition, competition, and dictate of other people (Pierro et al, 2008) . In agreement with previous studies, the presented study affirms that as suppliers' were extrinsically motivated, hence the level of suppliers' engagement in monitoring and transparency of compliance mechanisms was high as suppliers' linked achieving compliance with CoCs as a mean to achieve some tangible goals and ends.

Hypothesis 4a, b, and c.

Three different hypotheses were proposed in this study to understand role of intrinsic motivation among apparel suppliers towards their level of engagement in managing suppliers' CoC compliance mechanisms of monitoring, enforcement and transparency. In particular, it was hypothesized that suppliers' intrinsic motivation has an effect on their level of engagement in monitoring (H4a), enforcement (H4b), and maintaining transparency (H4c) of CoCs. However, as the latent variable of enforcement was dropped from the study due to the model fit issues, only two hypotheses, H4a and H4c, were tested.

Analysis of results indicated that intrinsic motivation had a statistically non-significant effect on suppliers' level of engagement on monitoring (Standardized $\beta = .130$, $p\text{-value} > .05$), while a statistically significant effect on transparency (Standardized $\beta = .463$, $p\text{-value} < .05$). Thus, H4(c) was supported, while H4(a) was not.

The effect of intrinsic motivation on suppliers' level of engagement on monitoring and transparency could be explained by self-determination theory (SDT) that

differentiate motivation on the basis of autonomy and control (Deci & Ryan, 2000).

According to the SDT theory, when motivation is due to control, it is characterized by feelings of internal or external pressure/control that conflict with what one would otherwise choose, such as avoiding shame, interpersonal rejection, or obtaining external rewards. As Arnaud and Chandon (2013) pointed out that monitoring reflect disciplining techniques where behavior is controlled in different ways such as supervisor watching employees, conducting surveillances, and verifying documents. A non-significant effect of intrinsic motivation on monitoring was expected.

On the other hand, when motivation is characterized by autonomy, behavior is regulated by the reasons an individual value, finds meaningful, and wholly endorses (Deci & Ryan, 2000). Towards this, Frey (1997) suggested that intrinsic motivation in employees could be inculcated through employees' trust, sense of belongingness, and job satisfaction. Wong (2017) emphasized on transparent work practices in developing employees' trust and providing job satisfaction (Wong, 2017). Therefore, significant effect of intrinsic motivation on transparency mechanism highlights that if CoC policies are well communicated and transparent between buyers' and suppliers'; the supplier(s) develop trust in MNEs work practices, which ultimately motivate suppliers to comply with the set standards. Table-6 illustrates structural model's parameter estimates, *t*-values, and significance levels.

Results of Specific Indirect Effects

Two indirect effects were tested. It was hypothesized that suppliers' motivations mediates relationship between hard power strategies and suppliers' level of engagement

in managing their CoC compliance mechanism of monitoring and transparency. Intrinsic and extrinsic motivations were the two mediator variables in this study.

Results of extrinsic motivation as a mediator variable.

Hypotheses H1 through H3a and H3c predicted mediating effect of extrinsic motivation on suppliers' level of engagement on monitoring and transparency. Analysis of results suggested that the indirect effect with extrinsic motivation as a mediator has a statistically significant positive affect both components of suppliers' compliance mechanism (p -value < .05). Specific indirect effect of hard power strategies on monitoring (Standardized β =.150), and transparency was (Standardized β =.101). As extrinsic motivation includes orientation toward rewards, recognition, competition, and dictates of other people (Pierro et al., 2008); and application of hard power relies on reward and punishment (Pierro, Kruglanski, & Raven, 2012), the two concepts relates well. Therefore, significant effect of the extrinsic motivation on suppliers' level of engagement in compliance mechanisms was justified.

Results of intrinsic motivation as a mediator variable.

Hypotheses H2 through H4a and H4c predicted the mediating effect of intrinsic motivation on suppliers' level of engagement on monitoring and transparency. No significant specific indirect effect of intrinsic motivation was observed on suppliers' level of engagement in managing their CoC compliance mechanism of monitoring and transparency.

As hard power strategies were relatively unfriendly, controlling and coercive; contrary to the characteristics of intrinsic motivation that represent autonomy, personal

interests, excitement, and competence (Izard, 1978; Deci & Ryan, 1985), non-significant effect of hard power strategies on intrinsic motivation aligns with previous assertions. Additionally, Grasmick et al. (1991) indicated that the fear of shame, a self-imposed deterrent that stems from the sense of moral obligation or conscience, works during intrinsic motivation. Therefore, nature of the hard power strategies is in conflict with the characteristics of the intrinsic motivation. Table 7 presents specific indirect effects.

Table 7
Results of the Specific Indirect Effects

Paths in the Model	Standardized Parameter Estimates	<i>t</i> -value	<i>p</i> -value
Buyers' Hard Power Strategies (HP) → Suppliers' Extrinsic Motivation (EM) → Monitoring	.150	2.531	.011
Buyers' Hard Power Strategies (HP) → Suppliers' Extrinsic Motivation (EM) → Transparency	.101	2.102	.036
Buyers' Hard Power Strategies (HP) → Suppliers' Intrinsic Motivation (IM) → Monitoring	.004	.314	.754
Buyers' Hard Power Strategies (HP) → Suppliers' Intrinsic Motivation (IM) → Transparency	.015	.325	.745

Results of Total Indirect Effects

Although specific indirect effects of intrinsic motivation were non-significant, total indirect effects of hard power strategies on suppliers' level of engagement in monitoring were statistically significant (p -value < .05), while statistically non-significant on transparency. Table 8 shows total indirect effects.

Table 8
Results of the Total Indirect Effects

Paths in the Model	Standardized Parameter Estimates	<i>t</i> -value	<i>p</i> -value
Buyers' Hard Power Strategies (HP) → Suppliers' Monitoring (M)	.154	2.553	.011
Buyers' Hard Power Strategies (HP) → Suppliers' Transparency (T)	.116	1.861	.063

Summary of Hypotheses Tests

All hypotheses tests were supported both in terms of significance and direction of their relationship, except H2 and H4(a). Table 9 shows summary of the research hypotheses tests.

Hypotheses H1 addressed relationship between buyers' hard power strategies and suppliers' extrinsic motivation. Results supported this relationship. H2 focused on the relationship between buyers' hard power strategies and suppliers' intrinsic motivation. The hypothesis was rejected as results were statistically non-significant. Further research with a larger sample size is recommended.

Hypotheses H3(a) and H3(c) were proposed to analyze effect of extrinsic motivation on apparel suppliers' level of engagement in managing suppliers' CoC compliance mechanism of monitoring and transparency. Both hypotheses were found valid.

Hypotheses H4(a) and H4(c) predicted the relationship between intrinsic motivation and apparel suppliers' level of engagement in managing suppliers' CoC compliance mechanism of monitoring and transparency. Results supported the effect of intrinsic motivation on transparency, while the effect on monitoring was not supported.

Intrinsic and extrinsic motivations were two mediator variables. Their effects were tested in this study. Hypotheses H1 through H3a and H3c addressed mediating effect of extrinsic motivation, and results confirm the presence of extrinsic motivation as a mediator variable. Hypotheses H2 through H4a and H4c tested mediating effect of

intrinsic motivation. Results of intrinsic motivation as a mediator variable were not supported.

Table 9
Summary of Hypotheses Tests.

Hypotheses	Results
H1: Apparel buyers' hard power strategies → Suppliers' Extrinsic motivation.	Supported
H2: Apparel buyers' hard power strategies → Suppliers' Intrinsic motivation.	Not-supported
H3(a): Suppliers' extrinsic motivation → Suppliers' Level of Engagement in Monitoring.	Supported
H3(c): Suppliers' extrinsic motivation → Suppliers' Level of Engagement in Transparency.	Supported
H4(a): Suppliers' intrinsic motivation → Suppliers' Level of Engagement in Monitoring.	Not-supported
H4(c): Suppliers' intrinsic motivation → Suppliers' Level of Engagement in Transparency.	Supported

CHAPTER V. CONCLUSIONS

This chapter includes (a) Summary of the study, (b) Contributions and implications, and (c) Study limitations and future research suggestions.

Summary of the Study

Indian apparel industry is experiencing a boom in apparel export after the quota free trade (Gupta, 2012). However, incidences of poor working conditions, child labor, and labor issues, are becoming increasingly apparent in the global apparel industry (Loomis, 2015). Therefore, it is important to understand factors affecting compliance in an Indian apparel industry setting. As organizational behavior, psychology, leadership, and compliance literature emphasizes on the role of power and motivation separately, this research aimed to bridge-in the gap by connecting these two factors and evaluating their interaction effect on buyer-supplier compliance relationship. Specifically, this research was designed to investigate effect of MNEs' power strategies on suppliers' intrinsic and extrinsic motivation, and its overall effect on the Indian suppliers' compliance mechanism. This study contributed uniquely in highlighting underlying mechanism surrounding suppliers' CoC implementation and management practices.

Organizational behavior and leadership literature review indicated that compliance regulatory strategies (application of power by superiors) and motivation of subordinates are two potential factors affecting compliance. These were considered as main constructs of the buyer-supplier compliance relationship. Within CoC compliance context, it is assumed that MNEs are the leaders, as apparel supply chain is buyer

(MNEs) driven. Thus, MNEs are supposed to have power to influence suppliers' involvement through motivation, which ultimately affect suppliers' engagement with compliance mechanisms of monitoring and transparency.

Based on the above assumption, the study hypothesized the following:

Hypothesis 1a(b): Apparel buyers' hard (or soft) power strategies are positively associated with Indian apparel suppliers' extrinsic (or intrinsic) motivation.

Hypothesis 2a(b): Apparel buyers' hard (or soft) power strategies are negatively associated with Indian apparel suppliers' intrinsic (or extrinsic) motivation.

Hypothesis 3a, b & c: Suppliers' extrinsic motivation positively influences suppliers' monitoring, enforcement and transparency engagement levels.

Hypothesis 4a, b & c: Suppliers' intrinsic motivation positively influences monitoring, enforcement and transparency engagement levels.

To test above hypotheses, face-to-face interviews using existing scales of hard power strategies, intrinsic motivation, extrinsic motivation, monitoring, enforcement, and transparency, totaling a 40-item survey, was conducted among participants from Indian apparel export firms. Purposive sampling technique was used to recruit participants. Data was collected by an Indian marketing research firm, NextGen, and 210 usable survey responses were included in data analysis. Structure Equation Modeling (SEM) was conducted using Mplus software to run confirmatory factor analysis (CFA) and test causal model. Results of scale reliability (Cronbach's alpha) and assessment of the

measurement model led us to delete two latent variables, soft power strategies and enforcement, due to low Cronbach's value and model fit indices. Therefore, H2b, H2b, H3b and H4b were removed from hypothesis testing. Finally, structural modeling tested the remaining hypotheses. Analysis of data resulted in several major findings.

First, hard power strategies were found to significantly affect suppliers' extrinsic motivation. Among the seven different hard power strategies that were punitive in nature were found to be effective in inducing extrinsic motivation in Indian apparel industry setting. The study results align with Pierro's (2008) study that reported a positive relationship between hard power strategies and extrinsic motivation. Zaidi and Abbas (2011) also found a strong positive relationship between reward and punishment on extrinsic motivation of the employees. Therefore, study results implies that in the Indian apparel context MNEs coercive strategies were more effective than other hard power strategies in motivating suppliers' to comply with the CoC policies.

Second, a significant indirect effect of MNEs hard power strategies while having extrinsic motivation as a mediating variable was found on suppliers' level of engagement in monitoring and transparency. In other words, it can be said that MNEs hard power strategies induces extrinsic motivation in Indian apparel suppliers', which ultimately enhances suppliers' level of engagement in monitoring and transparency mechanisms. Previously, researchers have shown that power and motivation play a major role in the compliance management process (Bass, 1985; Yukl, 1998). Specifically, the findings concur with Banjoko's study (1996) that indicated manager's use of money to reward or instilling fear of job loss to punish employees' in gaining compliance and improving employees' performance within an organization. More important, results indicated a large

effect of MNEs hard power strategies on monitoring mechanism, which was consistent with Bharadwaj (2011) study that indicated ‘deterrence’, the fear of negative consequences, as one of the main factor affecting compliance. In addition, May (2005) reported that the effectiveness of mandatory approach in regulatory compliance relies on the fear of deterrence. This suggested that perhaps extrinsic motivation increases suppliers’ level of engagement in compliance mechanisms, without effective monitoring, the effect of extrinsic motivation may diminish.

Third, no significant effect of MNEs hard power strategies was found on suppliers’ intrinsic motivation. Although a negative relationship between hard power strategies and intrinsic motivation was hypothesized based on the previous empirical studies (Pierro, 2008); the positive relationship was evident, although statistically non-significant. Thus, it is recommended to conduct future studies to evaluate effect of the hard power strategies on the intrinsic motivation to clarify relationship between the two constructs.

Fourth, a significant effect of intrinsic motivation was observed on suppliers’ level of engagement on transparency, while a non-significant effect on monitoring. May (2005) found that regulated entities (suppliers’) comply due to the set of moral principles comprising of one’s sense of civic duty to obey laws, and general ideological values. As monitoring is a disciplinary technique that relies on external forces/pressures to improve performance (Arnaud & Chandon, 2013), the role of intrinsic motivation diminishes. On the other hand, transparency inculcates employees’ trust, sense of belongingness, improves work performance, and gives job satisfaction (Wong, 2017); hence intrinsic

motivation becomes important. Therefore, altogether this research presents an alternative pathway for suppliers' compliance.

Contributions and implications

This study makes several important contributions to the body of knowledge of buyer-supplier compliance relationship within the Indian apparel supply chain context. This section discusses the study's contributions and implications from the perspective of theory development, industry, and education.

Theoretical Contributions and Implications

First, results of the study showed that buyers' hard power strategies play a critical role in motivating suppliers' to comply with the CoCs and encourages their active engagement towards management of the CoC compliance mechanism. This conclusion emanates from the perusal of theories and diverse literature in organizational behavior and leadership, policy research, and human psychology. Given that previous literature has shown the importance of these factors separately in various contexts; connecting these factors and evaluating them simultaneously in this study adds a new dimension to the buyer-supplier compliance relationship. Specifically, this study highlights how buyers' hard power strategies could directly or indirectly shape suppliers compliance mechanisms.

Second, most of the existing literature on buyer-supplier CoC compliance relationship is mainly focused on the qualitative research techniques (Reich & Samet; 1996; Egels-Zandén, 2007; Nadvi, 2008; Perry et al., 2013; Lund-Thomsen & Coe, 2014). Even though these studies provide a detailed description of factors affecting

buyer-suppliers compliance relationship, it was limited in quantifying effects. This study was unique as it brought the buyer-supplier compliance relationship into the quantitative realm. Specifically, it explains the interaction of buyers' power and suppliers' motivation on their compliance relationship, thus offering a platform to investigate how MNEs' hard power strategies could shape suppliers' level of engagement in monitoring, enforcing, and transparency by inducing different motivations in suppliers.

Third, most of the leadership studies in the past were focused on the behavior of leaders to explain followers' compliance and motivation (Bass, 1985; Schien, 1992). However, looking only at leaders' behavior to enact behavioral change in followers is, in many ways may not be enough in explaining compliance in followers (Barbuto, 2000). This is one of the few studies of its kind that developed and tested a framework to clarifies connection between leaders' (equivalent to MNEs in this study) influence strategies, and identify contributing factor of motivation in the influence process, importantly from the followers' (equivalent to suppliers' in this study) perspective. Thus, it helps to explain why followers' (suppliers') comply with leaders (MNEs) directive. Besides, it also gives a deeper understanding of the interactive nature of the compliance influence process.

Fourth, this study finding suggested that the path to induce motivation among firm managers has a major influence on their strategy to formulate and develop compliance mechanism in order to stay compliant with CoC policies. This observation emphasizes on the psychology of the manager and confirms to the notion that only design of a good policy does not guarantee its success in achieving policy goals (Cerna, 2013). Therefore, to achieve policy goals it is essential to create a positive environment where

managers can stay highly motivated. This facet of human psychology was hidden in the policy development literature, thus presented study sheds light on the suppliers' motivation and adds a new chapter to the existing literature.

Finally, the study identifies value of inducements in keeping suppliers motivated. It states that when suppliers' are motivated they should receive recognition of being compliant from buyers'. Contrarily, enforcement strategies, including sanctioning suppliers, should be emphasized. Further, when suppliers are found self-motivated (intrinsic motivation) to be compliant, buyers and suppliers should work together to strengthen suppliers' monitoring and transparency system. Since compliance literature seldom reported on the effect of specific motivations on different components of compliance mechanisms, this study contributes in developing a unique knowledge on suppliers' compliance management system.

Contributions and Implications for the Industry

Over the years, the study of power source and motivation had been a central concept in organizational psychology, as well as in other analyses of social interaction processes (Pierro et al., 2008). This research provides an empirical evidence of the interaction of MNEs' power and suppliers' motivation, and its effect on suppliers' compliance mechanism. Results of the study specifically highlight a situation, in context of Indian apparel industry, where factory managers gets motivated by recognition of being complaint from other factories and buyers' (a form of extrinsic motivation), suppliers' monitoring, particularly through professional auditors, holds promise. On the other hand, intrinsic motivation among the Indian factory managers emphasized on

transparent business practices. Therefore, in order to develop a well-integrated CoC compliance system, MNEs should use their hard powers in such a way that it may induce both extrinsic as well as intrinsic motivations. Similar suggestions were made by May (2005) where use of both the deterrent fear (a form of extrinsic motivation) and a sense of civic duty (intrinsic motivation) were proposed to keep firms compliant, rather than relying on any one.

Further, this research provides empirical evidence on MNEs hard power sources that they frequently utilize in encouraging apparel suppliers' from developing economies, like India, in staying compliant with their CoC policies. The study results specifically highlight usefulness of the coercive power strategies in the Indian apparel market context. Although, May and Winter (1999) indicated that it is necessary to get tough up to a point in engaging firms to comply, but beyond a certain point the threat of coercion can be counterproductive. Hence, it is recommended that MNEs need to be strategic and cautious in using coercive power strategies, as an overly coercive power may deter suppliers' from being compliant. Additionally, MNEs are suggested to rely not only on one or two strategies, as evident in this study; rather, they should be choosing strategies constructively from the repertoire of available hard power sources so as to aid suppliers' in getting motivated and engaged in compliance with CoCs. Also, the applicability of hard power strategies in this study demonstrate that merely stating or demanding compliance with CoC policies from suppliers may not give desired outcome. MNEs involvement, particularly in monitoring suppliers' compliance is equally important.

In addition, the study results have implications for Indian apparel suppliers'. Specifically, this study demonstrated that to enhance suppliers' level of engagement in

compliance related activities, factories need to develop a monitoring system that not only enlist monitoring standards and policies, but also give specific details, criteria, and time frames of how monitoring will be conducted at their factories. In addition, the study emphasizes on the role of professional external (third-party) auditors in monitoring/managing suppliers' compliance standards. This knowledge could be used by Indian apparel suppliers' in developing a compliance mechanism/system that could engage them in adopting compliance practices more responsibly.

Education Contributions and Implications

The study results emphasize on the interaction of the buyer's power strategies and suppliers' motivations in compliance relationship and managing CoC mechanisms. Managers in public or private organizations acquire and use different power sources to motivate employees to manage their compliance and accomplishing organizational goals. Similarly, in the global apparel supply chain context it is important that business managers understand varied sources of power available, learn how and when to use them, and be able to anticipate its probable effects on suppliers' compliance outcomes. Bolman and Deal (1992) suggested that in an organization the choice of appropriate power strategies by business managers is not a matter of common sense; instead they are trained to identify different influence strategies and prepared to utilize the most appropriate strategy from repertoire of strategies learnt in the classroom. Likewise, it is anticipated that students, who are also the future business managers and perspective leaders of the supply chain, should be trained to understand buyer-supplier power dynamics. This training will equip them with an insight to recognize and respond to the supply chain challenges in a constructive and responsible manner, while balancing business interests

and serving needs of the society. These efforts will contribute towards weaving the threads of business and society into one coherent pattern that can create value both within and outside the walls of the supply chain.

Given the enduring importance of social responsibility within the global apparel supply chain, compliance with CoCs is a key requirement for all global buyers/MNEs. MNEs require supplier factories to follow their CoC policies to ensure proper working environment and workers' welfare. Therefore, it is recommended that academic units and educators may incorporate CoC or compliance related management topics and issues into academic curriculum. Besides, researchers of the presented study also hope that this research will stimulates further discussion on alternative pathways on gaining compliance from the supplier factories from different parts of the developing world.

Lastly, this study showed that MNEs use mainly those power strategies that were coercive in nature, while limited in utilizing reward and legitimate powers (sources of other hard power strategies) in encouraging suppliers' compliance. Hence, suppliers were found to comply due to the external pressure while lacking self-motivation. As this study showed the probable effects of buyers' power interaction with suppliers' motivation on suppliers compliance mechanism, it may guide policy makers in the Indian apparel industry in deciding a right mix of strategies useful in fostering appropriate motivations pertaining to compliance. This may ultimately help in devising incentives and interventions appropriate to addressing non-compliance issues within the global apparel industry.

Study Limitations and Future Research Suggestions

As with any research, this study has certain limitations, thus leading to future research opportunities. Following points could be helpful in designing future studies. First, this study's sample was focused only on apparel export firms from northern apparel cluster of India (National Capital Region, Delhi, India). According to a report by Apparel Export Promotion Council of India (2009), besides NCR; Tirupur, Bangalore, Chennai, and Jaipur together accounts for the export of more than 70% of the apparel products from India. In future, other major apparel clusters from different parts of India could be studied to expand the scope of this study and to understand the variation among supplier's motivations and compliance mechanisms across India.

Second, study's sample relied on purposive sampling, which may not be a true representative of the Indian apparel export firm population. Future researches will be aimed to have a larger sample size in combination with a randomized sampling technique. Thus, trends reflected in this study may not be generalized to the entire Indian apparel industry setting.

Third, the latent variable of soft power strategies was dropped from this study due to poor reliability (Cronbach's $\alpha=.443$), thus effect of soft power strategies could not be captured. This study used Interpersonal Power Inventory (IPI) scale that had previously been tested as highly reliable and therefore, poor reliability of IPI scale was surprising. This scale was originally developed to measure power strategies in a different context than this study, and tested on the sample population from a developed country. In future, validation of the scale will be required. It could be done through cross-cultural analysis of the scales and by its validation in an Indian apparel export industry context.

This contextual validation will be helpful in examination of the individual items of this scale in the global apparel supply chain and to potentially select most appropriate items, or revise and add new items based on the developing country apparel industry context.

In addition, in regard to the use of soft power in India, Purushothaman (2010) noted that due to high poverty, large income gap, sub-standard conditions, bureaucratic procedures, and widespread corruption the use of soft power is limited. He further indicated that soft power grows out of the cultural milieu of the society. Problems indicated by Purushothaman could hence be attributed to the inability to capture soft powers in this study. Further, Podsakoff & Schriesheim (1985) indicated that there has been relatively little consideration given to the effects that sample differences might have on the types of power used by the superiors (MNEs) and the way subordinates (equivalent to the suppliers' in this study) respond to those power strategies. It is anticipated that MNEs face different situations while sourcing from different developing countries, and uses varying power strategies depending on the prevailing conditions of the country. It ultimately affects suppliers' compliance outcome. Therefore, more attention in future could be directed towards studying sample differences in power related studies.

Fourth, the latent variable of suppliers' level of engagement in enforcement due to the poor fit of the measurement model resulted in the deletion of this construct from structural modeling. The scale used to measure enforcement was originally developed to test the sample population from a developed country. In addition, it was also realized that the individual items of enforcement scale were negatively toned, while rest all other items of the study were on a positive tone. Therefore, in future it is recommended that the tone

of the individual items throughout the entire survey could be kept same, probably more positive, and that may reflect true responses. Besides, contextual validation of the scale is recommended in future.

Fifth, this study highlights the relative effect of buyer-supplier power interaction. However, emphasis was given only to the suppliers' perception of buyers' strategies. Fung (1991) indicated that an agent's choice of a particular power strategy is based on the evaluation of relative agent/target power; suggesting use of power strategy might vary according to the relative status of the agent and the target. Therefore, in future it will be interesting to study how buyer's choice of power strategies varies with evaluations of their own power, and its interaction with the levels of supplier's power.

Lastly, data were self-reported and subject to biases. However, several researchers have indicated that self-reported data are not as limited as commonly believed (Alper, Tjosvold, & Law, 1998; Balzer & Sulsky, 1992). Moreover, present study adopted Somach and Drach-Zahavy (2001), and Yukl's (1989) recommendation of reliance upon subordinates' (suppliers') perception of superiors' (MNEs) power strategies, in contrast to other studies that relied on the perceptions of superiors (MNEs) in describing their own power strategies they use. As attributions about individuals are made on the basis of perceived (and not objective) behavior, these attributions may differ considerably between agent and the target (Bass, 1990). In future, biasness due to the objective nature of this study could be overcome including other methods, such as observations for assessing power and influence strategy (Somach & Drach-Zahavy, 2001). In addition, it is also recommended to consider other factors such as firm size, firm history etc. that

were not considered in this study, as it may introduce bias and affect suppliers' compliance levels.

In conclusion, this research, despite its limitation, serves an important function in investigating buyer-supplier compliance relationship, through the lens of the use of buyers' power strategies on intrinsic and extrinsic motivations in the Indian apparel industry context.

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APPENDIX A.

Survey Instrument

Survey Instrument

This questionnaire is used only for academic research. Your responses will be kept strictly confidential and anonymous. By completing the surveys, you agree that you understand the procedures and any risks and benefits involved in this research. You are free to refuse to participate or to withdraw your consent to participate in this research at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name as a participant in this project. Your privacy will be protected, as all the information is strictly confidential. If you have any questions concerning your rights as a participant, you may contact Campus Institutional Review Board at +1-573-882-9585. If you have any questions regarding research, you may contact Geetika Jaiswal at gjgx6@mail.missouri.edu. Please answer the questions. Thank you for your time and your honest responses.

Screening Questions:

Do you work in apparel manufacturing factory that export clothing/apparels to companies in developed countries like America, Europe, Canada, Australia?

Yes _____

No _____

Are you in any compliance management capacity within your factory?

Yes _____

No _____

If “yes,” please specify your current position in the factory _____

Part I: Buyers' Power Strategies

Often buyers from developed countries ask factories to comply with their code of conduct (CoC) policies while giving contract/orders to them. Sometimes factories resist doing so or do not follow buyer's directions exactly. Other times, they will do exactly as their buyers' requests. We are interested in those situations which lead you, as a compliance manager, to follow the requests of your buyers. Please indicate how likely each descriptive statement below would represent a reason for your factory's compliance with buyers' request regarding CoC policy implementation. Your responses will be kept in absolute confidence. Please listen to each statement carefully, and indicate the most appropriate response on the scale.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		(1)	(2)	(3)	(4)	(5)
1	Our buyers could help us get new contracts.	1	2	3	4	5
2	My factory liked our buyers, and their approval is important to us.	1	2	3	4	5
3	Our buyer could make it more difficult for us to get new contracts.	1	2	3	4	5
4	Just knowing that our factory is on the bad list of the buyers would upset us.	1	2	3	4	5
5	As a supplier, my factory had an obligation to do as my buyers have said.	1	2	3	4	5
6	My factory had made some mistakes and therefore felt that we owed compliance to our buyers.	1	2	3	4	5
7	Due to the past contracts my factory had received, my factory feel obliged to comply.	1	2	3	4	5
8	My factory realized that buyer needs assistance and cooperation from those working with them.	1	2	3	4	5
9	My factory sees our buyers as someone we could identify with.	1	2	3	4	5
10	Our buyers probably know the best way of achieving compliance.	1	2	3	4	5
11	Whenever our buyer request changes, my factory could see why the change was necessary.	1	2	3	4	5

Part II: Suppliers' Motivation

The statements below describe the sources of motivation that you may have while complying with your buyer's code of conduct (CoC) policies. Please rate each statement in terms of how truly each descriptive statement below would represent a source of motivation for your compliance with buyers' request regarding CoC policy implementation. Your responses will be kept in absolute confidence. Please listen to each statement carefully, and indicate the most appropriate number on the scale.

		Never or almost never true for my factory	Occasionally true for my factory	Frequently true for my factory	Always or almost always true for my factory
		(1)	(2)	(3)	(4)
1	My factory enjoys tackling problems that are completely new to us.	1	2	3	4
2	My factory enjoys solving complex problems.	1	2	3	4
3	The more difficult the problem, the more enthusiastically my factory tries to solve it.	1	2	3	4
4	What matters most to my factory is enjoying what we do.	1	2	3	4
5	It is most important to my factory to be able to do what we most enjoy.	1	2	3	4
6	My factory is strongly motivated by the recognition we can earn from other factories by being compliant.	1	2	3	4
7	My factory wants other buyers to find out how good we really are at achieving compliance.	1	2	3	4
8	To my factory, success means doing better than other factories.	1	2	3	4
9	My factory is keenly aware of the promotional goals we have for ourselves.	1	2	3	4
10	My factory is keenly aware of the income goals we have for ourselves.	1	2	3	4

Part III (a): Level of Engagement in Monitoring

The statements below describe the existence of monitoring systems, monitoring/auditing processes, protocols, and procedures; and the position of monitoring actors; used by factories, in general, in complying with the code of conduct (CoC) policies. Please indicate the level of your factory's engagement in monitoring the implementation of CoC policies. Your responses will be kept in absolute confidence. Please listen to each statement carefully, and indicate the most appropriate number on the scale.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	(1)	(2)	(3)	(4)	(5)
1 Monitoring system exist in my factory.	1	2	3	4	5
2 My factory's CoCs give no specific details other than monitoring will take place.	1	2	3	4	5
3 Some part of the monitoring process is referred in my factory CoCs, however specific criteria for assessment or time frames are lacking.	1	2	3	4	5
4 My factory's CoCs give a good insight into the monitoring process and system, including the criteria for assessment.	1	2	3	4	5
5 The existence of my factory's monitoring system is well known.	1	2	3	4	5
6 My factory conduct monitoring only by themselves.	1	2	3	4	5
7 My factory conducts monitoring through external professional auditors.	1	2	3	4	5
8 My factory conduct monitoring through independent bodies such as, legal authorities, social interest groups, non-government organizations, and business support groups.	1	2	3	4	5

Part III (b): Level of Engagement in Enforcement

The statements below describe the ways in which individual factories respond to non-compliances with the code of conduct (CoC) policies. Please indicate how your factory or your buyers' treat non-compliance with CoC policies. Your responses will be kept in absolute confidence. Please listen to each statement carefully, and indicate the most appropriate number on the scale.

		Least likely	Unlikely	Neutral	Likely	Most likely
		(1)	(2)	(3)	(4)	(5)
1	My factory does not receive any sanction in case of non-compliance.	1	2	3	4	5
2	Buyers' sanction does not have any large implications on my factory, such as, warning and exclusion of certain membership.	1	2	3	4	5
3	Upon non-compliance by my factory, buyers threaten to terminate the business contracts.	1	2	3	4	5
4	My factory has provisions of sanctioning third parties/suppliers or sub-contractors for non-compliances.	1	2	3	4	5

Part III (c): Level of Engagement in Transparency

The statements below describe the ways in which individual factory make the information available or disclose information to its stakeholders, such as buyers, buying agents, sub-contractors, and workers. Please indicate the level of your factory's engagement in making the information accessible to its stakeholders. Your responses will be kept in absolute confidence. Please listen to each statement carefully, and indicate the most appropriate number on the scale.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		(1)	(2)	(3)	(4)	(5)
1	My factory is willing to share information with stakeholders even when it may make the company look bad.	1	2	3	4	5
2	My factory provides stakeholders with a learning opportunity about itself.	1	2	3	4	5
3	My factory enables stakeholders to know what we are doing.	1	2	3	4	5
4	My factory is willing to explain its decisions to the stakeholders.	1	2	3	4	5
5	My factory is willing to share just about any information stakeholders' request from it.	1	2	3	4	5
6	My factory wants stakeholders to understand what we are doing.	1	2	3	4	5
7	My factory is open to sharing information with stakeholders.	1	2	3	4	5

Part IV: Demographics

Please fill in the information below (give the best estimates):

1. Your age: _____ (years)
2. Indicate your gender _____ (male or female or other)
3. Total years of experience in apparel/clothing manufacturing company/factory that export products to other countries: _____
4. Years of experiences in the current factory: _____
5. The level of education you have completed (please pick one).
 - a. Less than high school
 - b. High school diploma
 - c. College degree or Bachelor's degree
 - d. Post-Graduate degree
 - e. Doctorate degree
6. Your factory is ____ years old _____ (please specify the year the factory was establishment).
7. Your factory is located in _____ (please specify city).
8. Your factory's product category is/are (you may pick as many options as are applicable)
 - a. Men's clothing
 - b. Women's clothing
 - c. Children's clothing
 - d. Active wear
 - e. Any other textile product, please specify _____
9. To what continents does your factory export (you may pick as many options as are applicable)
 - a. Europe
 - b. North America
 - c. Asia
 - d. Australia
 - e. Other, please specify _____
10. The total number of current employees in your factory _____
11. Annual sales volume of your factory (in Rupees or U.S. Dollars)

APPENDIX B.

Institutional Review Board Approval and Consent Form

CONSENT TO ACT AS A HUMAN PARTICIPANT

PROJECT TITLE:

Buyers Power Strategies and Suppliers Compliance Mechanism: Case of Indian apparel export firm.

PRINCIPAL INVESTIGATOR:

Geetika Jaiswal, Ph.D. Candidate

DESCRIPTION AND EXPLANATION OF PROCEDURES:

The purpose of this quantitative research is to investigate influence of multinational enterprises (MNEs) compliance regulatory strategies, specifically their power strategies, and suppliers' motivation on the suppliers' compliance mechanism (monitoring, enforcement and transparency). Structural equation modeling will be conducted to study to buyer-supplier compliance behavior.

To conduct this study, face-to-face structured survey will be administered. The survey consists of four parts, which measures (a) buyers' power strategies; (b) suppliers' motivation; (c) compliance mechanism including, code of conduct monitoring, enforcement and transparency; and (d) demographic variable.

CONFIDENTIALITY:

Data will be saved anonymously. Any electronic files will be saved with numeric codes, with no personal identifiers. Throughout the procedures, if you feel uncomfortable with any questions or experiences, you may stop participation at any time. Finally, only the researcher will have access to the data and the aggregated data will be analyzed and shared for publication. The data will be kept for seven years after the study has been completed.

RISKS AND DISCOMFORTS:

It is anticipated that there are no physical, psychological or sociological risks involved in participating in this study.

BENEFITS TO SOCIETY:

The result will aid policy-makers in deciding the appropriate mix of strategies, incentives and interventions in addressing non-compliance issues within the global apparel supply chain. The research findings will all help multinational enterprises from developed countries in identifying the motivational patterns popular among the apparel suppliers (from developing countries), and comprehending the consequences of differential motivations in achieving the desired level of compliance.

CONSENT:

You are free to refuse to participate or to withdraw your consent to participate in this research at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name or any other type of identifier. If you have any questions concerning your rights as a participant, you may contact Campus Institutional Review Board at 573-882-9585. If you have any questions regarding the research itself, you may contact me by e-mail at gjgx6@mail.missouri.edu.

Thank you in advance for your assistance and time. Please keep this consent form with you for future references.

If you agree with the informed consent form and you are above 18 years of age, please proceed to complete the survey.

APPENDIX C.

Agreement Contract between Principal Investigator and NextGen

APPENDIX D.

Survey Code Book

Questionnaire Number		Code Number in Data Analysis
Part I (a): Buyers' Power Strategies - Hard Power (HP)		Codes
1	Our buyers could help us get new contracts.	HP1
2	My factory liked our buyers, and their approval is important to us.	HP2
3	Our buyer could make it more difficult for us to get new contracts. (R)	HP3
4	Just knowing that our factory is on the bad list of the buyers would upset us. (R)	HP4
5	As a supplier, my factory had an obligation to do as my buyers have said.	HP5
6	My factory had made some mistakes and therefore felt that we owed compliance to our buyers. (R)	HP6
7	Due to the past contracts my factory had received, my factory feel obliged to comply.	HP7
Part I (b): Buyers' Power Strategies - Soft Power (SP)		
8	My factory realized that buyer needs assistance and cooperation from those working with them.	SP1
9	My factory sees our buyers as someone we could identify with.	SP2
10	Our buyers probably know the best way of achieving compliance.	SP3
11	Whenever our buyer request changes, my factory could see why the change was necessary.	SP4
Part II (a): Suppliers' Motivations - Intrinsic Motivation (IM)		
1	My factory enjoys tackling problems that are completely new to us.	IM1
2	My factory enjoys solving complex problems.	IM2
3	The more difficult the problem, the more enthusiastically my factory tries to solve it.	IM3

4	What matters most to my factory is enjoying what we do.	IM4
5	It is most important to my factory to be able to do what we most enjoy.	IM5

Part II (b): Suppliers' Motivations - Extrinsic Motivation (EM)

6	My factory is strongly motivated by the recognition we can earn from other factories by being compliant.	EM1
7	My factory wants other buyers to find out how good we really are at achieving compliance.	EM2
8	To my factory, success means doing better than other factories.	EM3
9	My factory is keenly aware of the promotional goals we have for ourselves.	EM4
10	My factory is keenly aware of the income goals we have for ourselves.	EM5

Part III (a): Engagement level in Compliance Mechanism – Monitoring (M)

1	Monitoring system exist in my factory.	M1
2	My factory's CoCs give no specific details other than monitoring will take place. (R)	M2
3	Some part of the monitoring process is referred in my factory CoCs, however specific criteria for assessment or time frames are lacking. (R)	M3
4	My factory's CoCs give a good insight into the monitoring process and system, including the criteria for assessment.	M4
5	The existence of my factory's monitoring system is well known.	M5
6	My factory conducts monitoring only by themselves. (R)	M6
7	My factory conducts monitoring through external professional auditors.	M7
8	My factory conduct monitoring through independent bodies such as, legal authorities social interest groups, non-government organizations and business support groups.	M8
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Part III (b): Engagement level in Compliance Mechanism – Enforcement (E)		
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1	My factory does not receive any sanction in case of non-compliance. (R)	E1
2	Buyers' sanction does not have any large implications on my factory, such as, warning and exclusion of certain membership. (R)	E2
3	Upon non-compliance by my factory, buyers threaten to terminate the business contracts.	E3
4	My factory has provisions of sanctioning third parties/suppliers or sub-contractors for non-compliances.	E4

Part III (c): Engagement level in Compliance Mechanism – Transparency (T)		
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1	My factory is willing to share information with stakeholders even when it may make the company look bad.	T1
2	My factory provides stakeholders with a learning opportunity about itself.	T2
3	My factory enables stakeholders to know what we are doing.	T3
4	My factory is willing to explain its decisions to the stakeholders.	T4
5	My factory is willing to share just about any information stakeholders' request from it.	T5
6	My factory wants stakeholders to understand what we are doing.	T6
7	My factory is open to sharing information with stakeholders.	T7

APPENDIX E.

SEM Analysis and MPlus Output

Measurement Model

Structural Model

VITA

Geetika Jaiswal was born and brought up in a small town of Faizabad in India. She earned her Bachelor's degree from N D University of Agriculture and Technology majoring in Clothing and Textiles. She received her Master's degree in Clothing and Textiles from G B Pant University of Agriculture and Technology. She was an honored recipient of the Chancellor Gold Medal for Bachelors', Junior Research Fellowship for Masters', and Distinguished Doctoral Fellowship for PhD. Previously, she has worked as an Assistant Professor, Allahabad Agricultural Institute (SHIATS), India (2004-08); Lecturer, Fu Jen Catholic University, Taiwan (2008-10); and Program Coordinator, Academia Sinica, Taiwan (2011-12). She has published nine manuscripts in peer-reviewed journals and given invited lectures in India, Malaysia, and Taiwan. Her research focuses on social responsibilities and sustainability related practices in global apparel supply chain.