

Public Abstract

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Title:Buyers' power strategies and suppliers' compliance mechanism: Case of Indian apparel export firms.

Apparel industry in the developing world is experiencing a boom in apparel export since the quota free trade. However, incidences of poor working conditions and labor standard violations are commonly reported. Therefore, it is important to investigate factors and mechanisms affecting apparel suppliers' compliance, particularly with the code of conduct policies that were adopted by international buyers to regulate social compliance issues in the global apparel industry. This research investigated the influence of buyers' (apparel importers from developed countries) power strategies on suppliers' (apparel manufacturers from developing countries) motivations, and its overall effect on the suppliers' compliance mechanisms in the Indian apparel industry context, which is a force to reckon with in this industry. Face-to-face interviews of 210 managers from Indian apparel export firms were conducted. Data was analyzed using a statistical procedure of structure equation modeling (SEM). Results showed that buyers' power strategies that were punitive in nature had a significant effect on suppliers' extrinsic motivation (a form of motivation that depends on punishment), while no effect on intrinsic motivation (motivation that relates to internal values of the managers). Interestingly, it was also found that the suppliers' extrinsic motivation affected both monitoring and transparency (two important components of compliance mechanisms), while intrinsic motivation affected only transparency mechanism. Overall, this study concludes that in order to develop a well-integrated code of conduct compliance mechanism, international buyers should use their powers in such a way that it may induce both extrinsic as well as intrinsic motivations. Altogether, this study highlights alternative pathways for international buyers to gain suppliers' compliance in the Indian apparel context.