

**Decentralised Production System and Labour Market Flexibility:
A Study of Leather Footwear Industry in South India**

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Abstract

In the current milieu of changing structure of industrial production, the disintegration of production processes takes place across national borders and within micro level firms. The disintegration of production process is evident in labour intensive industries like footwear, garments etc. The micro level firm's in developing countries decentralise the production by organising certain production operations within the formal registered factories and subcontract specific operations to small firms and home based workers. The use of flexible worker categories like casual, temporary, permanent temporary workers, subcontractors, home workers is quite predominant in decentralised production system. Thus decentralised production system facilitates labour market flexibility.

The broad objective of the present study is to understand the decentralised production method by analyzing the labour process and associated labour flexibility in the context of leather footwear industry. The present study is carried out at Ambur town, Vellore district in Tamilnadu, southern part of India. The study is based on primary data and information is collected through personal observation, structured interview schedule and interviews. Based on the findings, we observe that leather footwear industries located in Ambur is highly mechanized and assembly line form of production organisation. The structure of production is decentralised, which implies that certain production operations are subcontracted by registered factories to informal small units and to home-based women workers through subcontractors. We find that labour flexibility is quite evident in Ambur leather footwear industry.

Introduction

In this phase of economic restructuring, disintegration of production process across the national border and within the micro level firms is quite evident in manufacturing sector. The former case is represented as *International Subcontracting* where the firms from developed countries subcontract manufacturing activities particularly labour intensive operations to firms in developing countries. In the latter case micro level firms within the national economies decentralise the production by organising certain production operations within the formal registered factories and subcontract specific operations to small firms and home based workers. The changes in the organization of the production have profound implications on the labour market via decentralised production system accompanied by labour market flexibility.

The said fragmentation of the production process and labour market flexibility affect employment, wages, working conditions and gender dynamics. It has resulted in the generation of non-standard employment without any employment protection and feminisation of work force. In addition to above factors, there is transfer of production from formal sector to informal sector, characterised by low wages, poor working conditions, lack of social security benefits, long working hours and unprotected by labour legislations. Decentralised production system and subcontracting arrangements are predominant in leather footwear industries. Another interesting characteristic feature of leather footwear industry is that female employees constitute the bulk of the workforce.

The present study is based on leather footwear industry. The developments in the leather footwear industry reflect increasing globalisation, in which international subcontracting is widely practiced, both by multinational enterprises and major distribution groups and by smaller enterprises (ILO, 2000). Following the strategy of international subcontracting, the footwear industry in the national economies too, relies on decentralised production systems in which subcontracting is a major part. The informal enterprises, especially the subcontracting arrangements, which make use of home workers, play a significant role in the functioning of the network production process. The aim of this paper is to understand the decentralised production method by analyzing the labour process and associated labour flexibility in the context of leather footwear industry.

This paper is organised in four sections. The study is based on the primary survey. Section 1 describes the methodology followed to conduct the primary survey. The study was conducted in Ambur, Vellore district in Tamilnadu. Decentralised production system is quite evident in Ambur leather footwear industry. Section 2 explains the decentralised production system in Ambur leather footwear industry. Flexible labour use is quite evident in Ambur leather footwear industry and hence section 3 focuses on labour market flexibility. Section 4 concludes the paper.

Section 1

Methodology

Area of the study, methodology followed to conduct the survey is explained in this section. *Area of the Study:* The study was conducted in Ambur, Vellore district in Tamilnadu (Refer Map 1 below). At all India level, Ambur is one of the major production centres of leather footwear. Ambur is mainly for the organised leather footwear factories and produces footwear and footwear components mainly for export. According to the Central Leather Research Institute (1996), Ambur production's estimation is 30,000 pairs per day and 60,000 shoe uppers per day, which places the town in the third position for full shoes and in second position for uppers in India (cited in Venou 2004).

Primary Survey: The study is based on primary data collected from Ambur, using structured interview schedule, personal observation and personal interviews with the managers, workers and resource persons associated with leather footwear industry. To collect the data regarding leather footwear industries and workers, four types of surveys were conducted using separate schedules which includes, enumeration survey, detailed survey, household survey and survey of subcontractors.

Enumeration Survey: There exists no data on the population of leather footwear units located at Ambur. Hence the researcher decided to carry out an enumeration survey to identify the population of leather footwear units using the classification of large, medium,

small and tiny units. The enumeration survey schedule included questions on year of establishment, product manufactured, size structure, nature of ownership, status of the unit, total number of employees, product market, details regarding the client, subcontract, period of subcontract, channels of subcontract, annual production of footwear, annual turnover. Based on the enumeration survey, the researcher could identify 50 leather footwear manufacturing units, out of which 32 percent were belonging to large-scale units, 12 percent were medium-scale units, 46 percent were small-scale units and 10 percent consisted of tiny units. Table 1 provides information about the distribution of manufacturing units in Ambur.

Table 1. Distribution of Manufacturing Units in Ambur

S.No	Category of Units	Number of Units
1.	Large scale unit	16 (32)
2.	Medium scale unit	6 (12)
3.	Small scale unit	23 (46)
4.	Tiny units	5 (10)
Total		50 (100)

Source: Field Survey, 2005; Note: Figures in the parentheses represents

The study classified the footwear units into large, medium, small and tiny units on the basis of number of employees. The units which employed less than 25 workers were categorized as tiny units and above 25 workers as small-scale units. The footwear units, which employed 100 to 300 workers, were categorized as medium-scale and above 300 as large-scale units.

Detailed Survey: From the enumeration survey the researcher identified the population of leather footwear manufacturing units in Ambur. The researcher decided to select the sample of units and conduct a detailed survey. The detailed survey schedule included questions on working hours, facilities, information regarding the foreign client, marketing channels, sources of raw materials and target production, production process, employment details and trade union activities. But the researcher could not do the

sampling because there was lack of cooperation from the factory managers or owners. Even though the factory managers or owners had agreed to respond to questions on enumeration schedule, many of them refused to take part in the detailed survey. For example, many of the factory owners or the managers refused divulge information regarding annual production, annual turnover, the number of permanent and temporary employees and so on. Hence, in the detailed survey we included only those units where the factory manager or owner was ready to respond to the detailed questions. Therefore our final sample consisted of 10 units, out of which 5 belonged to large-scale units, 1 medium-scale unit and 2 small-scale and 2 tiny units.

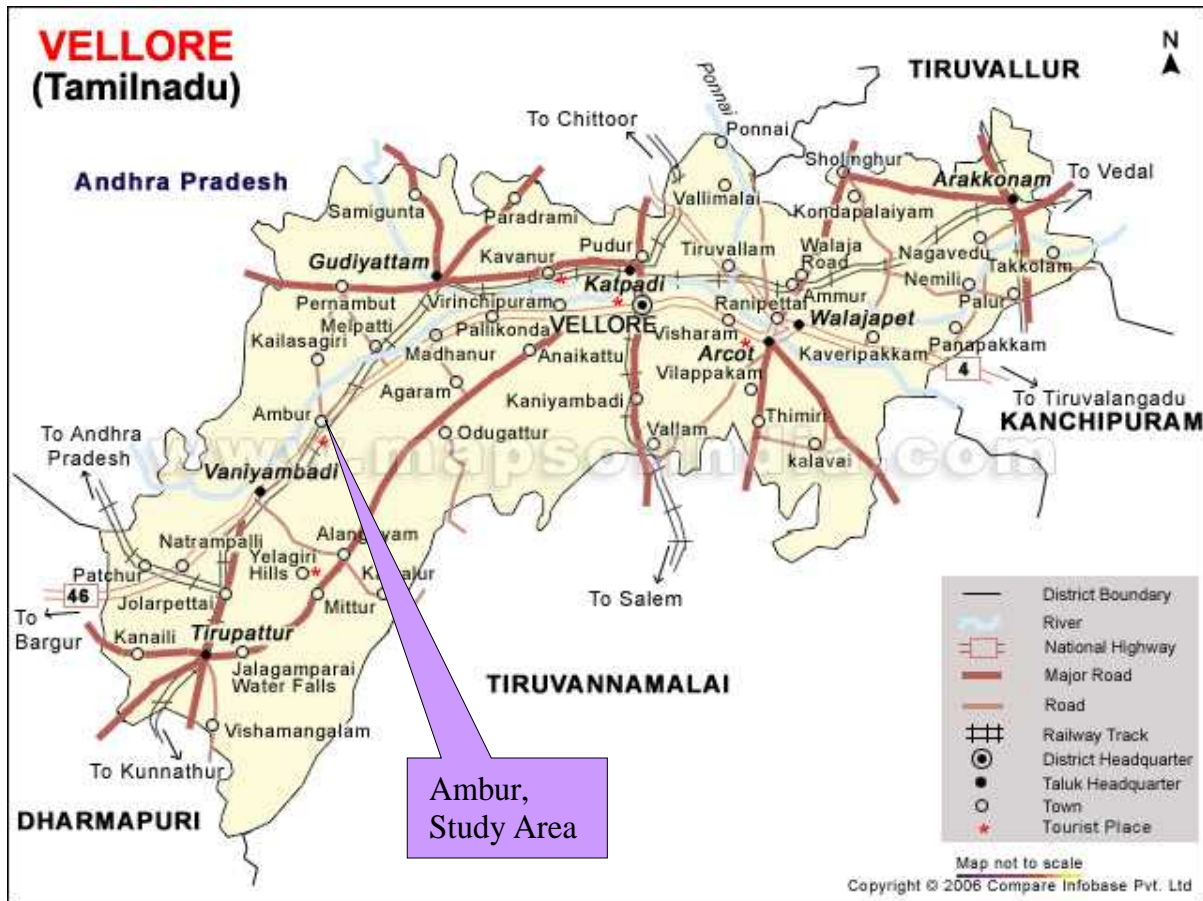
Household Survey: As a part of the study, the researcher carried out a detailed household survey of the workers employed in leather units. The sample consists of 130 workers, of which 29 percent were male workers and 71 percent were female workers. Out of the 130 workers, 68 percent are working in large and medium scale units, 22 percent working in small-scale units and 14 percent are homebased workers. The distribution of sample workers is given below (Table 2).

Table 2: Categories of Leather Footwear Employees Covered in the Sample

S.No	Category of Employees	Male	Female	Total
1.	Factory Employees	32 (86)	55 (59.1)	87 (66.9)
2.	Small Scale-Job working employees	5 (14)	22 (25.8)	29 (22.3)
3.	Home based workers	-	14 (15.0)	14 (10.7)
Total		37 (100)	93 (100)	130 (100)

Source: Field survey 2005; Note: Figures in the parentheses represents percentage.

Map 1 Ambur Town, Vellore District in Tamil Nadu



Source: www.mapsofIndia.com

Section 2

Decentralised Production System in Ambur Leather Footwear Industry

Before we proceed to discuss in detail about the nature of production system in Ambur leather industry, it will be interesting to provide an overview of the Indian leather industry. In the global leather industry, the production networks are spread out across different countries. Most of the producing countries are developing countries while developed countries such as US, Germany, are major consumers of leather products. The leather industry specifically leather footwear industry were organised in buyer driven chain. The global leather industry is valued at US \$ 85 billion. China and Italy are the leading producing and exporting nations in the world with exports worth US \$ 19 billion

and US \$ 13 billion respectively. India with an output of US \$ 4 billion and exports of US \$2.4 billion is third in place².

Thus in the global scenario, India is one of the major players in leather industry. It occupies the eighth position among the major exporting countries of leather and leather products (Council for Leather Exports³). India accounts for 2.47 % in the global trade. With the exclusion of non-leather footwear, this figure is slightly higher at 3.16 % (CLE 2002-03). The value of leather exports was Rs. 28 crores in 1956-57. It rose to Rs.3076 crores in 1991-92 and further to Rs. 8780 crores in 2002-03 (Source: DGCIS cited in CLE, 2004). The key markets for leather products exported from India are Germany, UK, USA, and Italy. These countries consume about 49 percent of total Indian leather exports⁴.

Indian leather industry undergone major structural changes and emerged as a reliable source of leather and leather products. Before independence, India mainly exported raw hides and skins. Substantial structural changes have been undertaken since independence. Government has set up various committees (The Seetharamiah Committee 1973, Kaul Committee 1979 and Pande Committee 1985) based on which large-scale expansion and, diversification and modernization of leather industry has taken place. In the current phase of liberalisation, the industrial policies and duty free imports on machinery and chemicals made a favourable impact on leather industry. The qualitative and quantitative changes were introduced which shifted the emphasis from export of raw hides and skins as well as semi-finished leather to value added finished products (Sinha and Sinha, 1992).

Indian leather industry is unique in many respects. Hides and skins⁵ are the basic raw materials for the leather industry, which originate from the source of livestock. India has a strong raw material base. India is the leading livestock holding country in the world. It ranks first in the case of cattle, buffaloes and second in goats and ranks fourth in the case of sheep.

A significant characteristic of Indian leather industry is that it is spread over in the organised as well as unorganised sector. Out of the total gross domestic product

² www.ibef.org/download/leather.php

³ <http://www.leatherindia.org/exportingcountries.asp>

⁴ www.ibef.org/download/leather.php

⁵ Hides are from cattle and buffalo and skins from sheep and goat.

contributed by leather industry, 63 percent of the gross domestic product is contributed by the unregistered manufacturing (GOI, 02-03). Leather industry is a labour intensive industry and women workers constitute a major share of the employment. The total direct employment provided by the leather industry in India is 2.5 million persons. The women workers constitute about 30 percent of the total leather industry workforce. It is interesting to note that Footwear segment alone contributes major share (nearly one million) of employment (CLE, 2004).

The major production centres for leather and leather products are located in Tamilnadu (Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul), West Bengal (Kolkata), Uttar Pradesh (Kanpur, Agra and Noida), Punjab (Jalandhar), Karnataka (Bangalore), Andhra Pradesh (Hyderabad), Haryana (Ambala, Gurgaon, Panchkula and Karnal) and Delhi. Based on the above discussion, we observe that Indian leather industry is distinguished by factors like employment generation, foreign exchange earnings, diversified raw material base, a wide range of scale of production, and a variety of products, distribution over substantial geographical areas and numerous government incentives to boost export-oriented production.

The state of TamilNadu is one of the significant production centres of leather and leather products in India. Nearly 40 percent of the total leather factories in India are located in Tamilnadu. Within Tamilnadu, Vellore district (a leather cluster) occupies prominent place in leather and leather product manufacturing. If we look at the data, we find that 58 percent (548 out of 939) of leather tanneries in TamilNadu is located in Vellore district (Sahasranaman, 2003). These tanneries are further spread out in different places in Vellore district like Vaniyambadi, Ambur, Ranipet, Melvisharam, and Pernambattu (Kennedy, 1999).

The place of Ambur is having a history of more than 35 years of the production of leather and leather goods manufacturing. It is specialised in the manufacturing of footwear for international markets. During 1970's the entrepreneurs from Ambur town initiated important changes i.e. most of the other towns in Vellore district (Ranipet, Vaniyambadi,

Pernambut, Gudiyatham, Ranipet, Melvisharam and Vellore) have continued to specialise in tanning. Ambur underwent a radical change when a number of firms started manufacturing footwear for export (Kennedy, 2004; Flamant, 2004; UNIDO⁶). In Ambur town, it is estimated that leather footwear industry provides employment for nearly 20,000 people from the town and neighbouring villages (Flamant, 2004). Women workers constitute a major share i.e. it employs as many as 16,000 women workers⁷ in various shoe factories located in this region.

Structure of Ambur Leather Footwear Industry

International market and Foreign Buyers

Literature on Global Commodity Chain (GCC) (Gereffi (et.al) 2001; Gereffi, 1999; Sturgeon, 2001) explains that there are two types of chains through which global production networks manage and operate -- producer driven and buyer driven commodity chains. Producer driven chains are found in capital-intensive industries such as automobiles, aircraft, computers and other advanced technology industrial activities. Buyer driven chains are the characteristics of labour intensive industries like footwear garments etc. In the case of buyer driven chain, large retailers, branded marketers and trading companies play a key role in setting up decentralised production networks in a variety of exporting countries, typically located in third world countries. Locally owned third world market factories that make the finished goods, components or parts for foreign buyers generally carry out production. The branded companies or large retailers design and order the goods, provide specifications, guidelines and technical advice (Gereffi, 1999).

As mentioned above, Ambur manufactures footwear only for international markets. Therefore, buyer driven commodity chains are the very much visible in a place like Ambur. The entire production network in Ambur is organised on buyer driven commodity chain and represents the 'international division of labour' in footwear production. The foreign clients place the order to manufacture full shoes or shoe uppers

⁶ <http://www.smeclusters.org/pdf/Amburepr.pdf>

⁷ www.tawahid.com

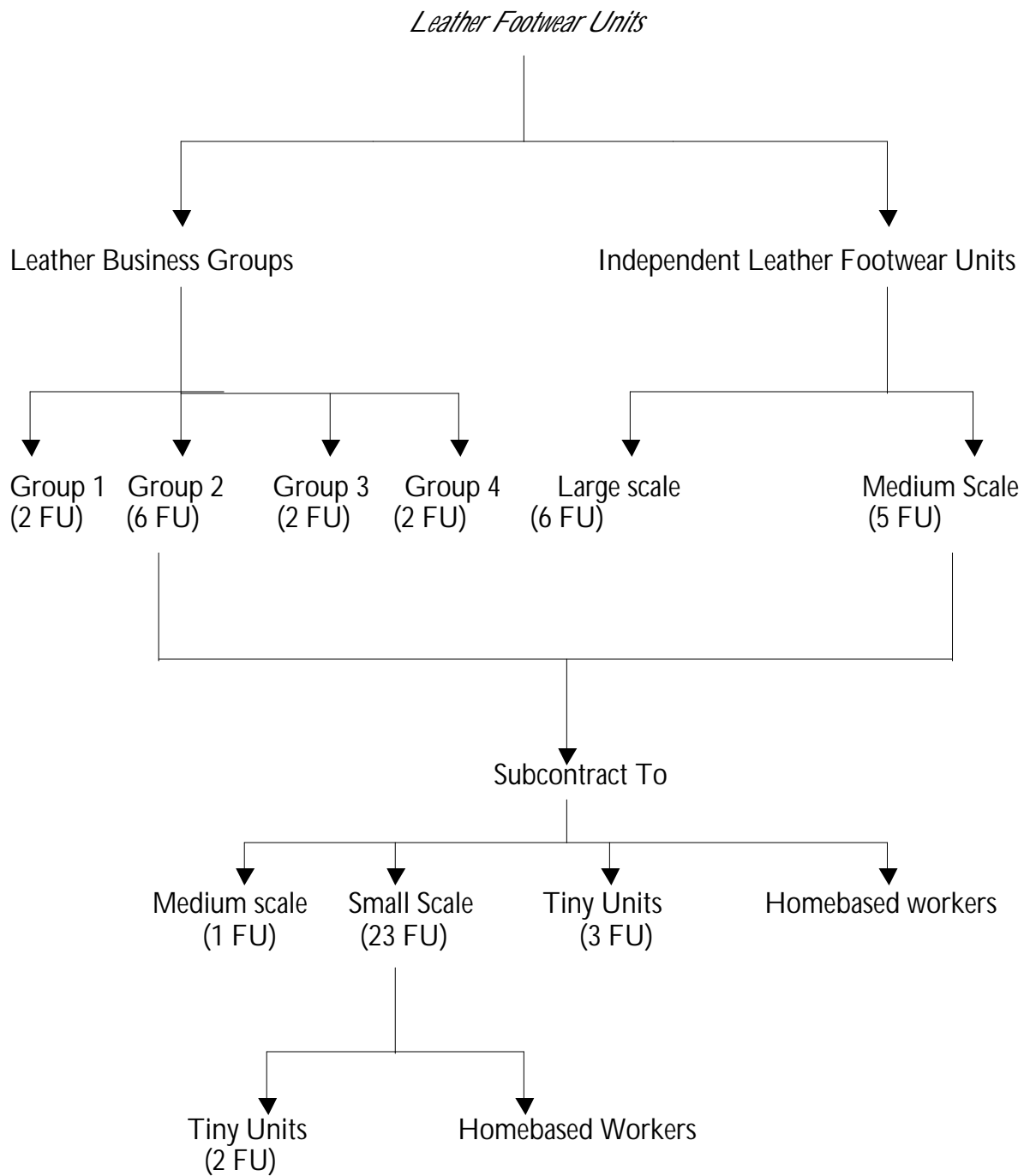
with the large and medium scale leather footwear units. They specify the requirements to manufacture footwear like size specifications, quality of leather, raw materials like thread, adhesives, even decide on the raw material suppliers, type of packing etc. The footwear manufactures only job is to execute as per the instructions specified by the foreign buyer. Foreign buyers provide technical guidance by placing their own Indian personnel in the shop floor, to supervise the manufacturing activities.

Each one of the large and medium scale footwear factories produces product for international branded shoe companies. During the survey the factory manger's specified some of the well known international branded shoe companies whom they supply the finished product mainly Freeman (America), Linomoda, Oyawack, Highline, Echo Shoes, Florsheim, Royal Class, Niconeri Shoes (Italy), Vanico (Greece), Colehaan, City Shoes, Weyco, Deichman, and Hush Puppies.

The finished product from Ambur is exported to countries like Italy, Germany, U.S.A, Portugal, Switzerland, Finland, Holland, U.K, Austria, France, Denmark, Slovakia, Greece, and China. Among these countries Italy, Germany and U.S.A are the three major destinations for the finished product (out of 20 factories, 13 reported they export it to these countries).

Thus, large and medium scale leather footwear units have direct link with the foreign buyers, receives orders for manufacturing leather footwear. The large scale and medium scale units subcontract certain production operations (closing of shoe uppers, processing of footwear components, final finishing of shoes, hand stitching for shoe uppers) to medium-scale, small-scale, tiny units and homebased workers. In turn few small-scale units, subcontract to tiny units and homebased workers. In our sample, 2 tiny units mentioned that they take orders from other small-scale units. Diagram below represents the structure of Ambur leather footwear industry.

Diagram 1: Structure of Ambur Leather Footwear Industry



Source: Field Survey, 2005; Note: FU- Footwear Units

From the structure of Ambur leather footwear industry, decentralised production system is quite evident. The decentralised production is defined as geographical division of production, and particularly to the diffusion and fragmentation of labour. It takes place in

different ways, like by expulsion of work formerly carried out in large factories to a network of small firms and domestic outworkers. Secondly by division of large integrated plants into small and specialised production units (Murray, 1983). Thus in Ambur leather footwear industry, decentralised production system is certain production operations were organised in the formal factory system (large and medium) and certain other operations are organised through informal subcontracting to small firms and network of home based workers.

Decentralised production system is a form of flexibility i.e. it can be represented as *locational flexibility* and *organizational flexibility*. Eyke (2003) defines locational flexibility as increasing ability of enterprises to relocate all or part of their production process to different locations within the countries and around the world. According to Standing (2002, p.33) organizational flexibility is more turnover of firms, more use of subcontracting and production chains and a tendency to contract out employment function. Thus locational and organizational flexibility is evident in Ambur leather footwear industry (cited in Eyke, 2003).

Work Organization and Labour Process

Ambur leather footwear industry is organised based on Tayloristic and Fordist principles (Gartman, 1979; Braverman, 1979). There exists an assembly line form of production using moving conveyors or manual conveyors. Following the principles of Taylorism, the labour process is fragmented into simple tasks. The nature of work is such that each worker is required to perform one task or few task and repetitive. There is a clear cut gender division of labour in certain activities. Women workers are concentrated in certain specific nature of task and men in other jobs. The major activities undertaken by women workers are that of stitching, pasting, folding, attaching and as helper. The other space where women are concentrated is computer related typing work in leather footwear industries. The nature of women's work involves manual dexterity, which is tedious, monotonous and repetitive in nature. Men are involved in certain specific tasks like managerial staff, supervising and as line incharge. In the shop floor, men are involved in cutting leather, foaming, heel plant, and toe puff pressing etc. The tasks, which involve operating heavy machines and muscular power, are allocated to male workers.

The labour process to manufacture leather footwear involves two major preparations like shoe upper preparations and shoe bottom preparations. Under shoe upper preparations, there are cutting, pre fitting operations, closing of shoe uppers and hand stitching for shoe uppers which gives semi finished shoe upper. The shoe bottom preparation consists of sole processing and heel processing which gives semi-finished shoe bottom. The finishing involves fixing the semi-finished shoe upper and bottom to make full shoes. Under each operation, the labour process is divided into minute simple tasks.

Since the production process can be divided into simple tasks, it rules out the necessary to organise each and every production operation within the factory. The production operations that need technically advanced machineries and skilled labour are organised within the premises of the factory. Other operations like closing of shoe upper, processing footwear components, hand stitching for shoe uppers are subcontracted to small, tiny units and to home based workers.

Ambur leather footwear manufacturers' strategy of (large and medium scale factories) decentralizing the means of production can be attributed as an organizational strategy to accumulate profits. The registered factories, by subcontracting the major part of production to informal units, enable them to reduce labour cost, to avoid supervisory and personnel management cost, to avoid labour problems, to utilize the specialised technology of subcontractors. It helps them to save huge amounts on constant and variable capital- they save on investment on instruments of labour, building and even partially on the raw material that yield them huge profits. Secondly, the chances of collective resistance of the workers are completely ruled out since workers are geographically scattered over large area.

Section 3

3.1 Labour Market Flexibility

Labour market flexibility and flexible labour use in Ambur leather footwear industry is discussed in this section. The term labour market flexibility is pronounced more in the post-globalised era where the economy has undergone changes in terms of internalization of markets, technical innovations, advancement in informational technology and increased flow of trade and capital. *Labour market flexibility* is that in which it is easy

and inexpensive for firms to vary the amount of labour they use, including the hours worked by each employee and by changing the number of employees. This often means minimal regulation of the terms of employment (eg. no minimum wage) and weak (or no) trade unions. It is easy for firms to fire the employees at moment notice and leaving workers feeling insecure⁸.

Standing (2002, p.33) explained different forms of labour market flexibility. It includes, *Organizational flexibility* - more turnover firms, more use of subcontracting and production 'chains' and a tendency to contract out the employment function.

Numerical flexibility - more use of external labour such as contract workers, outworkers, home workers, agency workers, temporary workers and teleworkers.

Functional flexibility - more changes in work tasks, job rotation and skill for individual workers.

Job structure flexibility - more changes in the structure of jobs associated with changes in job titles, number of them etc.

Working time (or temporal) flexibility - more continuous working, flexible hours etc.

Wage system flexibility - shift from fixed wages to flexible wages, monetisation of remuneration, greater use of bonuses etc. and

Labour force flexibility - less attachment to sectors, companies or occupational groups, erosion of collective labour and greater tendency for workers to move in and out of the labour market (Standing, 2002 cited in Eyke, 2003).

In addition to the above mentioned forms of labour market flexibility Eyke (2003) has incorporated *locational flexibility* i.e., increasing ability of enterprises to relocate all or part of these production processes to different locations within countries and around the world.

The logic behind labour market flexibility is the deregulation of labour market. The labour markets in many of the countries are characterized by institutional interventions like trade union, labour legislations etc. The free market supporters argued that institutional interventions should be dismantled for the smooth market functioning of labour market. The rigidity in the labour market leads to wage sticky, markets do not clear, increases the cost calculation of firms, affect the freedom of employers to adjust the

⁸ www.economist.com/research/economics/alphabetical.cfm.

quantities of resources which in turn leads to unemployment and welfare loss. Hence, the supporters of labour market deregulation strongly argue for removal of the institutional interventions in order to stimulate investment and employment (Sharma, 2006).

Eyke (2003) explains that labour market flexibility has created new possibilities as well as constraints for workers and workers' organization. The positive aspects include expanded choices for workers and increased adaptability for enterprises. On the contrary, labour market flexibility has led to wage deterioration, increased stress, work speed up and intensification, and increasing labour market inequality, insecurity and alienation. The following section discusses labour market flexibility in Ambur leather footwear industry.

3.1 Labour Market Flexibility in Ambur Leather Footwear Industry

Decentralised production system and external labour flexibility through subcontracting, home-based workers is quite predominant in Ambur leather footwear industry. The degree of flexibility depends on many aspects of labour market such as employment contracts, wages, working hours and work organisation. In order to understand the said issues, it is necessary to discuss the, socio demographic profile of the workers, nature of wages and working condition in Ambur leather footwear industry.

Socio- Demographic Profile of the Workers

Based on the sample survey, we observe that:

- The average age of male employees in large-scale units is 34 and female employees are 32, whereas the average age of male employees in small-scale units is 23 and female employees is 26. Home-based women workers belong to different range of age group from 16 to 45.
- Low educational status is quite evident among the female employees. Eleven percent of the female employees in large-scale units are illiterates, 26 percent have primary education and 47 percent have secondary education. Likewise, in small-scale units, 13 percent are illiterates, 33 percent have primary education and 46 percent have secondary education. Very low percentages of female

respondents have higher secondary and graduate education. Among home-based women workers 43 percent of them have primary level education and 36 percent of them have secondary level education.

- Male employees are comparatively better in terms of educational status. Among male employees working in large-scale units, 38 percent have secondary education and 25 percent have graduate education. Likewise in small-scale units, 80 percent of male employees have graduate education.
- Our sample includes workers from different social groups like Hindus, Muslims and Christians. There are two major distribution groups i.e. 51 percent were Hindus and 45 percent were Muslims.
- Our sample includes workers from different caste groups of which 74 percent were belong to backward communities like Mudaliayar, Nadar and Naidu.
- 17 percent of the workers belong to scheduled caste communities like Athidraavidar, Dhobi, Kuravar, and Valluvar.

3.2.1 Nature of Working Condition

We discuss in detail about the working hours, over time working and payment, holidays, nature of employment contract and wages, trade union participation. Home based work and women workers are discussed separately.

Working Hours

The sample respondents gave a brief idea about the working hours in Ambur leather footwear factories. The leather footwear units (large, medium, small scale, tiny) in Ambur works in general shift, shift work and have over time (OT) throughout the week. The leather footwear factory employees mentioned that in the general shift they have to report by 7.30 to 8.15 am in the morning. The tea break is for 15 minutes in the morning and the work continues till 1.30 or 2 in the afternoon. Employees get 30 to 45 minutes for lunch break. The shift work starts by 2 pm in the afternoon and continues till 10 pm in night.

Over Time (OT)

Based on the personal observation, we understand that there is no fixed working hours in Ambur leather footwear factories. The working hours are flexible and varies according to the per day target and shipment time. Over time work prevails though out the week. The sample respondent mentioned that over time (OT) starts at 5.30 pm in the evening and continues till 10 pm in the night. For female employees it continues till 8 pm in the evening. One women worker working in a large-scale unit mentioned that when the shipment period approaches they are made to work to meet the deadline. During over night work, women employees are dropped back to their house in the factory vehicle.

Over Time Payment

According to Section 59 of the factories act, 1948 prescribes that a worker who works overtime in a factory shall be entitled to twice his “ordinary wage rate” in respect of the overtime work. The ordinary rate of wage has been defined to mean basic wage plus such allowances including the cash equivalent of the advantage accruing on the account of the concessional sale to workers of food grain and other articles as the worker is for the time being entitled to, but does not include a bonus.

Among our sample respondents, 61 percent of male employees and 64 percent of women employees working in large-scale unit and 50 percent of women employees in small-scale unit mentioned that they are paid for the OT. In large-scale unit, for male employees the OT payment ranges between Rs.3.50 to Rs. 10 per hour whereas for female employees it ranges between Rs.1.50 to Rs.10 per hour. In small-scale unit, for female employees it ranges between Rs. 2 to Rs. 10 per hour whereas male employees reported they are not paid for OT. Thus in Ambur leather footwear industry, either the workers were not paid for OT and if paid, workers received single pay for the OT.

Weekend Working

Leather footwear employees do not get regular holidays and they do work on weekends. Even on weekends they work from the morning to 4 pm in the evening, which sometimes extends to 5 pm in the evening. Every month one day they get holiday (Shut down day) when the electricity department does the servicing of the machines. Even those days

some factories use generators to continue the work. Thus standard working hours and holidays are not strictly practiced in Ambur leather footwear factories. Working time or temporal flexibility is evident in Ambur leather footwear industries by continuous working and flexible working hours.

Employment Contract and Frequency of Employment

Table 3 shows the nature of employment contract of leather footwear employees. Among our sample respondents, we found that there are two categories of employees. The first categories of employees are permanent workers, receive monthly wages and social security benefits like Employees State Insurance (ESI), Provident Fund (PF), bonus, and other welfare benefits. The second category employees are the temporary workers who receive fortnight wages (wages once in 15 days), do not receive any benefits and unprotected by labour legislation. In our sample 88 percent of the male employees and 96 percent of female employees working in large-scale units are permanent workers.

We generally presume that permanent workers are protected by labour legislation and cannot be retrenched without prior permission and generally carry the unionized status. The same does not hold true in the case of permanent workers employed in the Ambur leather footwear industry. These workers do receive social security benefits but do not have any employment protection. Permanent workers expressed the fear of loosing job any time and lack of unionized status.

Table 3 Employment Contract and Frequency of Employment

Employment contract/ Frequency	Large scale		Small Scale	
	Male	Female	Male	Female
Permanent workers	28 (87.5)	53 (96.3)		4 (16.7)
Temporary workers	4 (12.5)	2 (3.6)	5 (100)	20 (83.3)

Source: field survey, 2005 Note: Figures in the parentheses represents percentage to the total.

The workers in small and tiny units are temporary workers. In our sample, 17 percent of female workers in small-scale units are permanent temporary workers i.e. associated with the firm for longer time but they lack status of permanent workers. Temporary workers

working in registered factories, small scale and tiny units can be categorized as informal workers. These workers are not protected by any labour legislation, no social security benefits, receive below minimum wages and long working hours. Thus use of temporary workers in registered factories (large, medium scale) and workers in informal subcontract units (small and tiny) gives the evidence of numerical flexibility in Ambur leather footwear industries

Monthly Wages

In Ambur leather footwear industry, the average wage of male employees in large-scale unit is Rs. 3613 per month whereas women employees receive Rs. 2770 per month. Like wise average wage of male employees in small-scale unit is Rs. 1920 and women employees are Rs. 1356 per month.

Table 4 gives a brief idea about the range of monthly wages received by the sample respondents. Among our sample respondents, 40 percent of male employees working in large-scale unit receive monthly wages between Rs. 2000 to Rs.3000. Like wise among the female employees 45 percent receive monthly wages between Rs. 1000 to Rs. 2000 and 27 percent earn between Rs. 2000 to Rs. 3000. In small-scale units, 42 percent of the female employees earn less than Rs. 1000 per month. Among male employees majority (80 percent) earn between Rs. 1000 to Rs.3000 per month.

Table 4 Range of Monthly Wages

Range of monthly wages	Large scale		Small scale	
	Male	Female	Male	Female
Less than 1000	-	-	1 (20.0)	10 (41.6)
1001-2000	5 (15.6)	25 (45.4)	2 (40.0)	9 (37.5)
2001-3000	13 (40.6)	15 (27.2)	2 (40.0)	5 (20.8)
3001-4000	3 (9.4)	5 (9.1)		
4001-5000	5 (15.6)	8 (14.5)		
5001-6000	5 (15.6)	1 (1.8)		
6001-7000	1 (3.1)	1 (1.8)		
Total	32 (100)	55 (100)	5 (100)	24 (100)

Source: Field survey, 2005. Note: Figures in the parentheses represents percentage to the total.

Monthly wages of sample respondents conforms to the macro trend that leather industry is a low wage industry. There is a large-scale difference in the wage level between the

employees working in large-scale units and small-scale units. Women employees in small-scale unit receive the lowest wage compared to other employees.

Trade Union and Participation in Trade Union

Ambur is one of the major production centres for leather footwear in India. Since it is a major industrial area, we made an attempt to understand the role and functioning of trade union, participation by employees in trade union activities. To form a trade union or participate in trade union is worker's right. Hence, we inquired the about the nature of the trade union activities. Out of the total respondents working in large-scale unit, 50 percent of male employees and 51 percent of female employees working in large-scale unit mentioned that trade union exists in their factory. However, to our surprise we find that of the total respondents, only two male employees working in a large-scale unit were member of the trade union in the factory.

The views shared by the employees regarding the participation in trade union activities.

A women worker shared her experience regarding an incident happened in her factory. From her factory 35 male employees were suspended because they organised a meeting among themselves.

Discussion with the secretary of "The Tamilnadu Shoes and Leather Goods Manufacturing Association" in Ambur.

Secretary mentioned that leather footwear factories in Ambur provides employment to thousands of men and women belonging to Muslim community and other religious community. But non Muslim male workers were creating problem for the management. They are forming the trade union and disrupting the factory work. He showed the name, address and photos of 10 male employees. These employees were suspended from the factory work. The particulars about these 10 employees were circulated among all the leather tanning and footwear factories in Ambur and other areas nearby to inform not to give employment to these workers.

Discussion with the footwear factory employees

Kamala aged 35 working in a job work small-scale unit in Ambur. Initially she worked in a large-scale unit for 10 years. She mentioned that in Ambur most factories do not have trade union. Even if they want to form a trade union they were not allowed because the management does not want any problem from the workers.

Ahmed 20 is a temporary worker working in a small-scale unit in Ambur. He does sample development and production. He mentioned that if an employee is a union member, he/she was not taken in any of the factories in Ambur. Hence we do not have any voice and accept what they give to us.

In one house, we met four workers working in a large scale unit. One among them was a female worker and working in a large scale unit as helper. One worker mentioned that in Ambur only two factories have trade union and the management controls them. Any employee who does rowdism in the factory were employed as trade union leader and management provides all the facilities. Hence the workers will be scared of the trade union leaders and will listen to them. Thus management controls the workers through trade union leaders.

Observation in “The Tamilnadu Shoes and Leather Goods Manufacturing Association”

A trade union leader in Ambur came to meet the secretary of The Tamilnadu Shoes and Leather Goods Manufacturing Association. The role of Tamilnadu Shoes and Leather Goods Manufacturing Association is that it settles the disputes between the management and the trade union. Trade union leader telling the secretary, that the factory owners are earning millions of money. We are arguing with the management to give respective shares to the workers. After this he received a cover with the money from the secretary. The office staff in the association explained that

each leather footwear factory in Ambur provides Rs.200 per month to trade union leaders. Trade union leaders should not allow the employees to create problem for the management.

Based on the above discussion, we make certain inferences. Women employees are not the part of trade union activities. It can be attributed to the docile and submissive nature of women. Workers are not allowed to form union or participate in trade union activities. If workers participate in trade union activities, they are suspended and not given employment in tanning or leather footwear factories in Ambur and other towns in Vellore district. If there is a union, trade union leaders are controlled by the management. Workers in Ambur leather footwear factories were suppressed from their right to form trade union. The presence of trade union is considered as threat to manufacturing activities. The removal of trade union made it easy and inexpensive for the employers to hire and fire workers. Thus Labour market flexibility is an important factor for successful functioning of decentralised production system in Ambur.

Home based Work and Women Workers

As it is discussed in the section above, in Ambur leather industry, hand stitching for shoe uppers is subcontracted to Homebased workers. We need to know the process involved in hand stitching for shoe uppers. The two semi processed pieces have to be stitched to form the shoe upper. These pieces processed in the factory are supplied to the subcontractor dealing with shoe uppers.

The hand stitching for shoe upper involves 'simple tools' – needles and scissors -- rather than machines. The holes punched into the pre-fitted pieces are used for stitching. Women use needle and thread to do hand stitching and materials is supplied to them from the factory. Women workers need to buy the needle themselves. Through hand stitching the women workers join the pieces and when the hand stitching is done we get the finished shoe upper.

The study enquired about the nature of home based employment. The homebased workers revealed that home-based work is available through out the year. They receive piece rate per pair, which varies from 75 paise to Rs. 3. The table 5 below provides

details about the experience, number of pairs per day and earnings of the homebased workers.

Table 5 Nature of Homebased work

Variables	Category	Number of homebased workers
Number of pairs	Below 12	4 (28.5)
	13-24	10 (71.4)
Experience	Fresher	1 (7.1)
	Less than 5	3 (21.4)
	6-10	6 (42.8)
	11-15	3 (21.4)
	16-20	1 (7.1)
Monthly earnings	Less than 500	2 (14.2)
	501-1000	6 (42.8)
	1001-2000	6 (42.8)

Source: Field survey, 2005; Note: Figures in the parentheses represents the percentages to the total.

The unfinished shoe uppers delivered as 1 box or 2 boxes. One box of shoe upper contains 12 pairs of shoe uppers. Among the homebased women workers, 71 percent of them mentioned they could finish 13 to 24 pairs of shoe uppers per day. Among the homebased workers, 43 percent of them have 6 to 10 years of experience.

Among the home-based workers, 85 percent of them mentioned that could earn from Rs. 500 to Rs. 1000 per month. In home based work monthly earning depends on the number of pairs finished per day. The new comer for the work could manage to finish less than 12 pairs in a day. Hence few of (14.2 %) of them earns less than Rs. 500 per month.

In Ambur leather footwear industry, there are two categories of homebased workers. The first category is that subcontractor's distribute the unfinished shoe uppers and mediate between the footwear factory and the women workers. In the second category, the women workers themselves go to the factory collects the unfinished shoe upper and dispatch the finished shoe uppers. The second category of subcontracting is called direct articulation where there are no intermediaries. Thus in decentralised production system, homebased work is a form of numerical flexibility prevails in Ambur leather footwear industry.

Conclusion

In the present study we have made an attempt to understand fragmentation of the production process and labour market flexibility in a leather footwear industry. We undertook a field survey at Ambur Town in Tamil Nadu, a place well known for leather factories. Ambur leather footwear industry produces leather footwear for international markets. We find that the production network in Ambur is organised on a buyer driven commodity chain framework and represents the 'international division of labour' in footwear production. In Ambur, production is decentralised by organising certain production operations in the formal factory system (large and medium) and certain other operations are organised through informal subcontracting to small firms and tiny units and network of home based workers.

From the work organization and labour process, it is evident that production is organised based on Tayloristic and Fordist principles. There is assembly line form of production and fragmentation of labour process into simple tasks. There is clear cut gender division of labour where women are concentrated in semi skilled and unskilled work, where as male workers are concentrated in managerial work, supervising and as heavy machine operators.

Based on the findings of the study, we observe decentralised production system accompanied by labour market flexibility in Ambur leather footwear industries. Flexible working hours is evident where there are variable working hours, over time working, shift working and weekend working. There is numerical flexibility through use of temporary workers in registered factories, outworkers in small and tiny units and homebased women workers. We also observe that permanent workers lack employment protection and unionized status. Temporary workers and homebased women workers can be categorized as informal workers, receive low wages, long working hours, unprotected by labour legislations and lack of social security benefits. Therefore, we conclude that decentralised production system and labour market flexibility has profound negative implications for the workers.

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