Decent Work or Precarious Employment? Controversies Concerning Corporate Social Responsibility in Clothing Manufacture in Brazil and Portugal

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Abstract: This article discusses the conditions of emergence of the International Framework Agreement (IFA) between the International Trade Union Federation of Textile Workers and Inditex, the world largest retail enterprise. The approach refers to a regional plan, in a comparative perspective between Brazil and Portugal. What is in question in this paper is whether the development of the discourses and practices of corporate social responsibility (CSR) and decent work that are in conformity with IFA, is promoting or not better working conditions, with respect to fundamental rights, as proposed by global guidelines and ILO conventions.

The development of the research came from contributions from the field of economic sociology and work, with emphasis on theories that argues that a company is a social construction in the context of a new international division of labor. Emphasizing that corporate social responsibility has a political dimension and is the result of a process of justification, we have directed our attention to the speeches of trade unions and workers in both contexts to identify the scope and limits of the IFA and the impact on improvements in working conditions and in the construction of decent work.

The methodology employed qualitative features doing documentary surveys relating to practices of Inditex CSR (Social Report, Code of Ethics), surveying also trade union documents at regional and global levels, interviewing trade unionists and suppliers of Inditex, and conducting biographical research workers with different levels at the supply chain of the company.

Research indicates that guidelines for decent work influence the formation of the clauses of the agreement clauses. In Portugal, the IFA is shown as a mechanism for social dialogue between workers, unions and the company (Inditex). However, poor working conditions are characteristics of the sector, mainly because of the economic dependence of textile workshops in relation to the Inditex. In Brazil, there is no evidence that demonstrates the effectiveness of the IFA in the creation
of decent jobs. Rather, how Inditex structures its production process (subcontracting and outsourcing) promotes precarious working conditions, including slave labor. The limitations in relation to the contents of the IFA have also become evident. There are no clauses that stipulate minimum amounts to be paid to employees for the manufacture of a piece of garment. From a general perspective, it is concluded that the way Inditex supply chain is structured and the existence of intermediary companies working on a subcontracted basis are the major challenges for the development of decent work and effective social responsibility. Specifically, the study contributes to a recent experience focusing on new mechanisms that seek to make a social regulation through economic activity, in the context of the internationalization process of the economy and of a new social division of labor.

**Keywords:** Corporate Social Responsibility, Decent Work, Portugal, Brazil, Inditex, Working Conditions, Precariousness

**Introduction**

In August 2011, the shares of the multinational Inditex textile industry declined in global financial markets in the face of allegations of the use of slave labor by its suppliers in clandestine clothing workshops in the state of São Paulo (Brazil). Investigations carried out by the Regional Work Inspectorate (SP) demonstrated the degrading conditions to which the employees were submitted to, in the production process of goods, in addition to the modest amounts transferred to them for each completed garment (Repórter Brasil, 2011). The complaint is not exactly new, in 2006, occurrences of child labor in the supply chain of the same company in the northern region of Portugal were publicised.¹

The above case is emblematic of separate factors. On the one hand, it forces us to reflect on the changes of the global markets and their implications on the labor market, on the other hand, it also requires an analysis of business practices and their impacts on industrial relations and employment. From the sociological point of view, globalization of the economy, in strengthening the neoliberal economic policy and in providing a new division of labor, has produced profound societal consequences, such as: reconfiguring labor relations and sharpening the imbalance of forces in the labor market, with profound implications for the employment crisis and precarious work (Bourdieu, 1998; Castillo, 1998; Boltanski, Chiapello, 1999; Kóvacs, 1999, 2002; Castel, 2005). Meanwhile, on the one hand, it can be said that the heavy competition in the markets provoke decisive changes for workers. However, on the other hand, new imperatives, such as corporate governance and social responsibility, also emerge as potential global parameters for the performance of organizations.

The movement around the CSR brings us to an open space. While some authors see it just as management fad, others understand it as a frame of soft regulation, which brings new requirements on businesses, such as development of human rights and the promotion of social development (Crane et al., 2008). Authors such as John Ruggie (2013), emphasize that human rights have become an important conceptual basis for CSR in the context of global markets. Innovative initiatives such as the Global Compact (UN), ISO 26000 and the concept of Decent

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Work (ILO, 1999) promoting fundamental rights at work are examples of the positive association between human rights and CSR guidelines.

In addition, speeches and effective practices of corporate activity present ambiguities and contradictory logics. Not infrequently, enterprises committed to the theme of CSR turn up to be associated with the promotion of contemporary slave labor, in a way that brings precarious and decreasing labor costs.

Although there is a vast field of research around the CSR (Garriga; Melé, 2004) there are few analysis that relate the social responsibility practices with the guidelines of decent work, focusing on employees and mutations in the labor relations. The aim of this study is to reflect on the corporate social responsibility’s rhetoric in a working environment characterized by precarious jobs.

In this perspective, the International Labour Organization (ILO) assumes a fighting stance in face of the metamorphosis of employment. The concept of decent work, as a public policy agenda for labor, emerges after the decline of the Fordist model of production and therefore the downfall of labor relations typical of that period. Beyond National Agendas, the concept has inspired CSR models and guidelines to ensure compliance with fundamental rights at work, both internally and also regarding the relations between suppliers and subcontractors.

Based on the concept of decent work, which favors a job with adequate pay exercised under suitable conditions of freedom, equity and security, the ILO have arranged different campaigns since the late twentieth century (ILO, 1999). Under the nomenclature associated with the fight against precarious working conditions and the reduction the real wages of workers. The decent agenda means the promotion of fundamental labor rights, in particular, freedom of association; right to collective bargaining; elimination of all forms of forced labor, including child labor and all forms of discrimination on the job.

In fact, since the launch of the Global Compact, by the United Nations (UN) in 2000, the issue of fundamental rights at work emerges as central to the construction of corporate attitudes towards social responsibility and in relationship with employees. Above all the launching of the concept of decent work which reaffirms that human labor is not a commodity by the ILO in 1999, has had important repercussions on the international CSR guidelines such as ISO 26000 and the Global Reporting Initiative (GRI).

Therefore, it is understood that the current transformations that operate in the working world orient the discussion about CSR to focus on the working conditions and human rights contributing to a reflection on the possibilities and limits of globalization in employment and occupations. There are studies that question to what extent the presence of multinational companies in developing countries are in fact vectors of local development and, if the practices of CSR can contribute to this process (Thomsen and Pillay, 2012). However, despite the theoretical framework linking CSR to the role played by stakeholders in the economic sustainability of companies (Freeman, 1984; Donaldson and Preston, 1995; Porter and Kramer, 2006), recently the relationship between businesses, social responsibility and fundamental rights at work has had repercussions within the specialized academic literature. The working conditions in the work environment, the participation of employees in the quest for freedom of association, and the construction of CSR programs that take into account labor conventions, are all targets of empirical and theoretical research that show the own economic sphere’s battle field. These considerations have motivated authors such as Gereffi and Mayer (2004), Miller (2004), Connor and Dent (2006), Connor (2007), Gardener (2012) and Bair, Miller and Dickson (2013). The correlation of forces between different social and political agents, such as trade unions and non-governmental
organizations tend to demonstrate that CSR is the result of a process of political construction quite broad and complex. This statement is equivalent to saying that although, currently, the CSR is part of models of organizational management in many companies, its genesis is strongly associated with the role played by social and political actors to challenge the enterprises that are oriented to make profits at any cost.

Meanwhile, there are a few studies which investigate, in a comparative effort, whether decent work guidelines are influencing the strategies of economic agents in CSR on a global scale. Above all, there is no consensus on the positive association between the existence of CSR programs and decent work and improved working conditions and respect for fundamental rights of the employees, especially in the developing countries such as Brazil. Efforts in this article seek to provide answers to these reflections.

We start from the premise that, from a sociological point of view, the economic field is a battle field, a structured space of positions, where the actors are related by the types of resources or capital available to them (Weber, 1991; Bourdieu 2005). In this sense, the debate on CSR has been mobilized in different ways that vary depending on the action strategies of the agents, which can be a more critical perspective that encompasses the struggle for human rights, as announced by unions and NGOs governmental, or in a more inclusive line, which emphasizes the social role of businesses in contemporary capitalism. One might even say, in the wake of Boltanski and Chiapello thought (1999) that CSR is a mechanism of justification, which operates primarily within the discourses and which assists capitalism in its quest for accumulation, since it relies on conventions universally accepted, and guided by the common good, such as public accountability, human rights, the valuation of equity and social justice.

In an effort to understand the processes of construction of CSR practices, this paper presents the experience of the multinational Inditex, identifying whether and how decent work guidelines are influencing the programs of corporate social responsibility. In order to identify the potential and controversies surrounding the CSR we sought to understand the emergence of the International Framework Agreement (IFA), realized by the multinational with labor unions and then map the characteristics of the working conditions at the companies subcontracted by the multinational in the Vale do Ave e Vale do Souza, north of Portugal and in the region of São Paulo, Brazil.

Research Methodology

This article is a partial result of the ongoing research on Corporate Social Responsibility and Decent Work. Originally focused on the discourses of the businesses and trade union sectors, in relation to the above two issues, the study took a comparative perspective by analyzing the Brazilian and Portuguese contexts. It is therefore a direct result of the doctorate thesis, still ongoing, carried out at the Federal University of Santa Catarina (Brazil) and the School of Economics and Management, University of Lisbon (Portugal).

Information regarding the position of the multinational Inditex in relation to the practices of social responsibility and decent work were collected through documentary research in the social organization reports (Social Report). Information and documents such as the final text of the International Framework Agreement (IFA), were made available through contacts and interviews made with representatives of the Federation of Trade Unions workers of the Textile, Wool, Clothing, Footwear and Leather Portugal (FESETE). Questions concerning the supply of Inditex in Brazil and information on instances of slavery work in the chain were collected through contacts.
made with the Non-Governmental Organization (NGO) Repórter Brasil. The reports on the development of IFA in Brazil were investigated from contacts made with the Confederation of Workers in the Textile Sector Industry, Clothing, Leather and Footwear (Conaccovest).

Field research in the Vale do Ave and Vale do Souza, in the northern region of Portugal was held in March and April 2014. Unionists, workers and suppliers of textile work shops were part of the sample that sought to identify the strengths and controversies regarding the real impact of CSR practices and decent work in industrial conditions. Reports of the biographical approach conducted with women workers were analyzed taking into account the perceptions of their working conditions and social reproduction, meanwhile revealed, indicated the existence of few mechanisms for CSR and Decent Work development, for facing the precarious forms of work in the textile sector, in the supply chain of the multinational in both countries. Research in newspapers and magazines was fundamental in order to identify the complaints and labor laws violations in the regions where Inditex and its suppliers, in its own supply chain, operate specially in Brazil and Portugal.

**Notes about CSR and Decent Work**

For the last two decades, an interdisciplinary debate has sought reflecting on the implications of globalization on working conditions. The process of construction of CSR programs and the influence of "stakeholders" has been a topic of particular interest in the academic community. In fact, it is known that from the opening of markets and national economies, the dynamics of deterritorialization of companies has promoted the segmentation of the production process, which physically separates the intellectual work, in particular design, marketing and innovation from production itself. The productive outsourcing comes from the 1970s, as one of the facets within this dynamic, which can contribute to both cost reduction and to the deterioration of working conditions.

The textile industry can be seen as a flagship industry of this logic and, often, the universe of brands revolutions has shown that congregate in the same space, innovation and increased competitiveness on the one hand, and insecurity and violation of fundamental rights at work on the other. However, the so-called International Framework Agreements (IFA) formulated by global union federations and multinational companies for the promotion of fundamental rights at work bring new dimensions to the debate on CSR and Decent Work.

Differences in socioeconomic status and levels of regulation of labor laws among countries created challenges for the implementation of comprehensive social policies on workers' rights. Despite the existence of conventions and recommendations of the International Labour Organisation (ILO) designed to ensure a common standard of employment rights among member countries, the gaps have opened a new field for the emergence of private initiatives. Non-governmental organizations, consumers, investors, unions and multinational companies began to debate and propose arrangements for international regulation (Barrientos, 2000; Gereffi and Mayer, 2004; Miller, 2004; Gardener, 2012; and Bair, Miller and Dickson, 2013).

Studies claim that CSR has been named as a new mechanism of private governance, assuming that it promotes regulatory standards, which do not come exclusively from the state authorities, as these standards are based on the overlapping of different political and social actors, such as NGOs, Multilateral Agencies (such as the UN, ILO and OECD) and standardization institutions (ISO) (Gereffi and Mayer, 2004; Connor, 2007).
The academic literature dealing with the concept of CSR goes back at least to the 1950s, but the reflections on the subject by the business experts are considerably older. Crucial issues that are at the center of the CSR are as old as capitalism itself. For example: what companies are and what contribution they bring to society. Notably, despite this tradition of studies, it seems a contradiction to assert that analysts do not even share a single vision that defines the general principles of CSR, its meaning and even, if in fact, companies have any social responsibilities.

From the standpoint of the social sciences, it can be said that the term is a social construction whose definition and means of operation are in constant disputes and appropriations. Thus, the CSR as defended, for example, by the European Commission's Economic and Social Council in 2011 after the economic crisis, has not the same axiological sense seconded by precursors of debate as in Howard Bowen’s book "Social responsibilities of the businessman" (1953). The recent consolidation of CSR as an academic field, in part reflects the increased importance and influence that the subject has had in the areas of management, together with civil society actors (such as NGOs ) and even in governments in several countries . This increased visibility of CSR manifests itself in different ways, namely in the establishment of teams and committees of CSR within companies as identified by our previous studies (Jacques, 2010), whether in the creation of corporate reports or in other means to make public the programs and activities of firms in this field. In this context, there are still new management technologies, in the sense proposed by Barbosa (2002), such as ethical investment funds, consulting and auditing for CSR management and several certifications and norms focused on socially responsible criteria. Governments, multilateral agencies and NGOs have stimulated investments in CSR actions not only but also in the mechanisms that relate the social and environmental impacts of corporations. Likewise, trade unions and civil society players not only act to stimulate the development of “best practices ” of social responsibility, but also in order to create a critical perspective to establish new and better standards of CSR. Clearly, therefore seeking a definition for CSR is not merely a technical exercise that translates what corporations do in (or to) society. Finding a translation for CSR is a normative exercise that tells us which are the responsibilities of companies towards societies and even an ideological exercise that describes how and who are the agents capable of acting to restrict corporate power.

The international trade union sectors has had a prominent role in relation to the construction of normative standards on CSR and Decent Work. Studies such as those of Miller (2004) and Bair, Miller and Dickson (2013) have the merit of highlighting the role of the international trade union federations in the construction of the "International Framework Agreements". While the first initiative dates back to the 1980s, in recent years, there has been, in fact, a considerable increase in the number of international agreements concluded by trade unions and multinational companies for setting minimum standards of conduct within global capitalism. Although the authors' conclusions are that such private governance mechanisms are insufficient to curb malpractices and violation of human rights, the picture presented by scholars demonstrate the importance of international labor conventions (ILO Conventions) to mark out the CSR`s discourses and practices.

However, although there is a veritable plethora of different types of actions in the role of CSR (Agreements, Codes of Practice, Standards, Sustainability Report), the central question remains open. As already pointed Bair and Gereffi (2001) there is no automatic direct relationship between internationalization of enterprises, clustering and participation in global supply chains in developing and improving the economic and social conditions of the population where the companies are located countries. The assumption that structured discussions by the end of the millennium, that the development of industrial clusters by itself was only able to generate
economic and social development was gradually being questioned. The axiom was put to the test due to lack of empirical research that provided evidence of the positive impacts of integration of global supply chains in developing countries and generating social development and reduced levels of poverty locally. Other studies such as Knorinnga and Pegler (2006) emphasize that the inclusion of companies from countries desenvolvimentoem in global production chains does not necessarily promote improved working conditions.

The debate about CSR, decent work and internationalization of capitalist economies brings the backdrop of a setting not just about legitimizing strategies of corporations in contemporary capitalism, but especially on the working conditions, i.e., on the impacts (positive or negative) the integration of developing countries into a new international division of labor. Thus, in such interface themes, CSR can no longer be seen only as voluntary mechanisms to promote sustainable development. The integration of global markets, the growth of international trade and presence in transnational enterprises are combined with discussions on flexibility and precariousness of work, long-term unemployment, the state social welfare crisis and employment instability.

**Inditex, Corporate Social Responsibility and Work Conditions**

The economic group Inditex is known worldwide by the brands Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterque. The clothes, shoes and textiles for the home produced by the global giant reach the hands of consumers through more than 6000 stores present in Europe, Asia, Africa, the Middle East and the Americas. Born in Galicia in 1975 and headquartered in the province of A Coruña, northern Spain, Inditex is currently the largest operating multinational retailer: employs directly around 120,000 people, has about 1,400 suppliers and the total sales volume in 2012 exceeded the level of EUR 15 billion (Inditex Report, 2012). In 1988, Inditex opened in the city of Porto its first store, in Portugal. In Brazil, Zara started its commercial activities in 1999.

There are a number of initiatives that seek to highlight the fact that Inditex strives to build a picture of a sustainable and ethical company. Documentary studies conducted by the organization's social report, highlights a number of actions and programs that, according to it, are social responsibility initiatives. However, as we can see in Table 1, it is to reaffirm the current legislation (local rules or global conventions such as the ILO). There is no certification initiative in CSR, such as SA8000, which emphasizes the core labor standards, or ISO 26000 which advocates the systematic monitoring of the supply chain. With respect to payments of salaries, the IFA merely establishes that contractors must comply with the payment of the statutory minimum wage on a regular basis. There are no clauses that favor the existence of minimum payments for each completed piece of clothing. Table 1 summarizes the actions particularly geared to the productive chain of the organization and relations with labor unions in the textile sector.
Table 1: Inditex CSR Initiatives

<table>
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<tr>
<th>Designation</th>
<th>Created in</th>
<th>Description</th>
<th>Contents</th>
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</thead>
</table>
| Code of Conduct for Manufacturers and Suppliers | Created in 2001 and modified in 2007 and 2012. | Document that defines the minimum ethical standards that should be followed by direct and indirect suppliers of the Inditex’s production chain. Sets that everyone involved with the Inditex should be treated with dignity, be they workers, contractors, suppliers, etc. | Human Rights and Fundamental rights at work
<p>|                                           |                                     |                                                                             | Exposes the culture of social responsibility advocated by Inditex. It is based on fourteen items: |
|                                           |                                     |                                                                             | - Prohibition of forced labor;                                          |
|                                           |                                     |                                                                             | - Prohibition of child labor;                                           |
|                                           |                                     |                                                                             | - Prohibition of discrimination in respect of employment and occupation; |
|                                           |                                     |                                                                             | - Respect the right of association and collective bargaining;            |
|                                           |                                     |                                                                             | - Prohibition of inhuman treatment;                                     |
|                                           |                                     |                                                                             | - Safe working conditions and hygiene;                                  |
|                                           |                                     |                                                                             | - Payment guarantee and respect the minimum wage;                       |
|                                           |                                     |                                                                             | - Prohibition of unfair labor hours, respect local labor laws;           |
|                                           |                                     |                                                                             | - Tracking subcontracting, information on subcontracting must be reported to Inditex. |
|                                           |                                     |                                                                             | - Outsourcing is the responsibility of the supplier and not of Inditex; |
|                                           |                                     |                                                                             | - Healthy and safe products;                                             |
|                                           |                                     |                                                                             | - Environmental Commitment;                                             |
|                                           |                                     |                                                                             | - Confides Information arising from the business relationship with Inditex; |
|                                           |                                     |                                                                             | - Implementation of the code of conduct by the suppliers.                |
| Code of Conduct and Responsible Practices | Created in 2001 and modified in 2006 | Internal Code of Conduct; document containing the principles and values that should guide the conduct of direct employees of Inditex. Principles that should guide the relations of Inditex with the identified stakeholders: employees, customers, shareholders, business partners, suppliers | Sets standards on human rights, ethical principles and respect for diversity: |
|                                           |                                     |                                                                             | Announces the existence of mechanisms of compliance favorable to law enforcement in countries where the company operates. |
|                                           |                                     |                                                                             | Establishes the &quot;principle of due diligence&quot; to prevent, identify and eradicate &quot;misconduct&quot; checked in the Company or its supply chain. |</p>
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<tr>
<th>Compliance programme</th>
<th>Not reported</th>
<th>The Compliance Program consists of 400 auditors, distributed worldwide. Experts are hired to perform the verification of compliance with the Code of Conduct by members of the supply chain Inditex.</th>
<th>In-house training for purchasing teams of Inditex, such as training to learning in relation to the contents of the Code of Conduct which extends to suppliers that are interested in being part of the supply chain group.</th>
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<tr>
<td>Social Audit</td>
<td>Created in 2007 and modified in 2013.</td>
<td>Mechanism for monitoring working conditions at suppliers' premises supply chain of Inditex. Conducted periodically by staff of Inditex CSR by social auditors hired by the multinational.</td>
<td>Audits were developed in collaboration with the International Trade Union Confederation of workers of the textile sector, clothing and footwear -. ITGLWF (current IndustriALL) and Centre for Business and Public Sector Ethics (Cambridge / UK) The compliance levels are measured in accordance with the Code of Conduct for Manufacturers and Suppliers. Once a supplier has signed the Inditex Minimum Requirements document, its facilities or factories subcontracted by the provider undergo an initial audit of CSR. These audits consist of facility inspection, due documentary diligence (management systems, payroll, registry of hours of work, production records, employee documentation, licenses, etc.), verification of waste management, energy emissions and water use, and interviews with plant managers, employees, union representatives and occupational health and safety experts.</td>
</tr>
<tr>
<td>International Framework Agreement – ITGLWF/IndustriALL</td>
<td>Provides a comprehensive framework that seeks to promote the observance of fundamental rights of workers who work directly or indirectly for the Inditex Group, regardless of country or continent where they are located. The application of the Agreement is accompanied by a committee formed by representatives of the Inditex Group and the International Trade Union Federation of Textiles, Clothing and Footwear (IndustriALL). In Portugal, the</td>
<td>The MAI is formed by the integration of 10 clauses: prohibition of forced labor, prohibition of child labor, prohibition of discrimination, respect for freedom of unionization and collective bargaining, prohibition of abuse or inhumane treatment, safety and health at work, payment of legal wages, not excessive hours of work, environmental commitment and regular work.</td>
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<tr>
<td>FESETE Union Federation is responsible for the fulfillment of the agreement. In Brazil, the Confederation of Workers in Textile Industry, Clothing, Leather and Footwear (Conaccovest) Industry is an entity that participates in dialogues with Inditex and CSR managers</td>
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Inditex Report, 2012 (Last version available).
The IFA, according to the Annual Report, is part of the social responsibility of Inditex and formally represents the "recognition of the vital role of trade unions to oversee compliance with the Code of Conduct for Suppliers subcontractor firms, due to their proximity to the production chain "(Inditex, 2012).

The production model of Inditex can be understood by the principles of Toyotism, lean production, especially for the maximum of zero inventory, and its planned production according to demand. To do so, Inditex supports its productive capacity through orders with a considerable number of small and medium-sized textile enterprises. However, among the unique demands of Inditex and the making of the pieces come new economic players, termed by some as sales managers or parasites to the supply chain. As we shall see, these agents tend to press down the amounts paid for each piece of clothing finalized in the production process.

The Inditex supply chain consists of suppliers located in Spain, Portugal, Morocco, Turkey, India, Bangladesh, China, Brazil and Argentina (Inditex, 2012). Spain, Portugal and Morocco are the sites responsible for the "supply of proximity", as they are close to the supply center regions of Spain, accounting for 51% of the total volume of units produced annually by the multinational. From this batch, nearly one-third comes from the Portuguese textile workshops, and according to the company, they are high quality products, a condition needed to supply, especially the demanding market of European fashion (Echevarria, 2013, quoted in Business Online site). According to the data revealed by the union general coordinator of IFA in Portugal there are 139 direct suppliers and 394 subcontracted suppliers, employing 21 000 workers. In Brazil, there are 59 direct suppliers, 182 subcontractors and 16 000 workers (Boix, 2013).

The model of Inditex, celebrated as a success from the point of view of optimization processes, re-engineering and logistics, printed at the forefront of multinational pret a porter fashion affordable. However, under the working conditions in the contracted and subcontracted textile business is the scenario often features murky shades, outside the bounds of what would be considered socially responsible. Complaints involving child labor in Portugal, degrading labor and migrant labor analogous to slavery in Brazil were reported by both Non-Governmental Organizations (NGOs), and by the news media and also by the competent national bodies such as the Regional Labour and Employment of São Paulo (SRTE / SP) and the Federal Police (PF). Evidence of precarious work and not fulfilling legal requirements in relation to the fundamental rights of workers relate to outsourcing processes (or subcontracting) in the wake of globalization seen as a relocation of the production process.

Thus, the relocation of the Inditex, which first occurred to Portugal and Morocco and then to other regions, including Brazil, is the company's strategy to seek regions with lower production costs and hand labor. The International Framework Agreement has its social origins in the process of relocation of Inditex productive activities through the expansion of outsourcing contracts in different labor markets, with different levels of regulation and labor protection.

However, this process was accompanied by the monitoring of working conditions by the Trade Union of Workers of Spain, particularly Comisiones Obreras (CCOO Industries). Later, the process led to the creation of the International Framework Agreement (IFA), conducted between Inditex and the International Trade Union Federation of Textiles, Clothing and Footwear (ITGLWF, current IndustriALL). As reported below, it is evident that the MAI, while formally agreed between Inditex and the Trade Union Confederation, in practice, refers to compliance with the "Code of Conduct for Suppliers" which includes the core labor standards for companies that provide services
for Inditex. Below, we select part of the speech of the union representative category, in northern Portugal

The IFA in the context as we know it, has to do with the social responsibility of the companies in Portugal providing and working for Inditex, for the various brands of the group. This protocol which originated from a specific union action of our fellow Spaniards union and a worldwide protocol coordinated by the international union, is a work of many years involving many expenses. For example, if the unionist has to go to China, Bangladesh, India, Cambodia, Myanmar, to make reports on working conditions, there is no support, and it is a job that does not have great visibility and has much financial outlay. The trade unions must bear the costs. This protocol assumes that Inditex has as a standard that the companies that work for them must follow the basic rules of each country and when they do not comply, we have mechanisms of social dialogue, such as the office of social responsibility of Inditex in Portugal, with whom we have a direct link. For example, we had a company in the region of Lousada which had not paid the 13th month (Christmas bonus), or vacation pay … however we always prefer dialogue, but then people believe that it is the union that should resolve everything, but this is not true. So I communicated to the CSR department: listen manager, here is the data of the company that is producing the colored shirts X, X reference, which is subcontracted by the Spanish company X. The CSR manager contacted us immediately… and afterwards we heard the feedback from workers: They have already paid us what they owed us. It is clear that the entrepreneur will not say that the payment was made as a result of the pressure exercised by the social audit (Informant A).

However, for Boix (2013) IFA has the merit of moving the debate on CSR to the union leadership level, as a tool for reporting violations and defaults, allowing regional trade unions, upon receiving complaints, to contact CSR managers of Inditex. We did not go very far in elaborating our studies about the mechanisms of coercion between Inditex and the suppliers work when there is evidence of non-compliance with the code of conduct by the contracted providers. However, as verified by the above report, there is an observed effectiveness by the unions regarding compliance with the rules when CSR managers are called for the unions.

Above all, it should be noted that the International Framework Agreement is the result of Inditex’s own relocation, when the organization seeks new markets, and also new production sites. If at the beginning the initiative was related to the role of worker committees of Spain, the internationalization process required a new arrangement for monitoring working conditions for labor institutions on a global level. The IFA is therefore an international instrument that seeks to regulate the conduct of the suppliers of its production chain Inditex. The origination process of the IFA is discussed by the unionist:
When companies working and producing for the group, are no longer in Spain and come to be in other markets and in other countries, the Spanish unions, realized: - here is unfair competition, the company is relocating production not because we Spaniards are not good professionals, but because of the demand for cheaper labor. So the struggle of the Spanish unions was exactly to understand if, in the countries where it re-located new production areas of the Inditex group, local standards were met, at the minimum. Therefore, it began to occur in the northern part of Africa, Morocco, and other countries and also in northern Portugal. And then the spanish unions began to contact us: - You have a number of companies working for Inditex! So the unions worker’s commissions (Comisiones Obreras) started contacting us and we knew that a large part of our industries are working under subcontracting or for large retail chains. And the Spanish unions began to be concerned themselves. And this group (Inditex) with the weight that they got in the clothing retail and distribution areas... I think they also have some respect for the unions... So they accepted the agreement with the union: " I will relocate, but not just because labor is cheap there… I will keep and comply with my rules, there" Then the (trade unions) Spanish began to demand that they would comply with the rules. Except that the Inditex group was growing and stopped producing in Portugal and Morocco and went on to produce worldwide. They relocated to China, relocated to Latin America, to the Eastern European block and therefore it required another coordination. The Unions of worker’s committees of Spain proposed that our European Trade Union Confederation and our International Trade Union Federation of Textiles and Footwear assume some role. We are no longer dealing only in Spain and Portugal, we are dealing globally. Therefore there must be another central union to deal with. So ITWTC made sure we could work on a global level.

But how the IFA affects labor relations within the contracted and subcontracted companies by Inditex in Portugal and Brazil?

According to our studies we have found that the pressure to reduce costs and delivery times of products referring to the model of lean production have posed challenges to subcontractors at the Inditex chain. The key point highlighted by both the Brazilian union and Portuguese union shows the role of intermediary companies in the formation of the productive chain of Inditex. They are, according to the suppliers “sales managers” or, as the unions call them "chain parasites, who organize, segment and direct service requests made by Inditex, targeting other textile companies. Such subcontracts occur as a resource to meet short-term demands with production deadlines of one week, required by Inditex. In the chart below, you can view in a simplified scheme, the operation of the supply chain of Inditex in northern Portugal. The business enterprises are also known as stairwell or mushroom companies, due to the lack of decent working conditions and regular functioning.
The sales manager is so named by subcontractors, since that's who makes the orders with several companies that provide for Inditex. However, in the context of union representation, such agent represents a "parasite" in the supply chain. As showing the document below:

In recent years a set of intermediary companies turned up more intensily to network with the big brands and chains of distribution and retail which imposed the micro and SMEs of ITVC, thus crushing the minute value, paid on production activities in a purely subcontracting regime. These intermediates, with a few employees, act as *parasites in the value chain of products and services*, absorbing a large part of the value at the expense of micro and small companies that are developing the production activity. However, we have found that the results of the major brands grow exponentially, with annual profits exceeding EUR hundreds of millions (Fesete, 2013, p. 82, emphasis added).

In this sense, if we apply the principle of Inditex's logistics regarding the role played by intermediaries, it is understood that a portion of the amount paid by the Inditex garment produced is held by the intermediary. In the examined case, when we made contact with one of the supply firm subcontracted by the intermediary, the picture was so explicit: if the subcontractor receives 5 euro per piece of finished cloth, about 50 cents to one euro can kept by the intermediary. However, the pieces of garments are not finished by a single textile company. In fact, our investigations point out that, in most cases, the use of subcontracting is essential to have complete finishing of the piece, as each garment requires different steps for completion. The amount withheld by the intermediary companies have repercussions on working conditions, whether it be the low wages paid to workers, or by pressure on the supplier in producing without being able to negotiate the amount received. The absence of clauses in IFA to address issues such as payment of
minimum values for those who actually produce the pieces, and the existence of intermediate companies working under intensive subcontracting are the main challenges to decent work in the Inditex supply chain, in northern Portugal.

However, despite the rhetoric of CSR discourses of Inditex, we understand that the analysis of the phenomenon must consider the political dimension involved (Cheibub and Locke, 2002). A central element highlighted by our union partners when we conducted the field research indicate that the textile garment sector in northern Portugal, in particular the two regions visited (Vale do Ave and Vale do Souza) are economically dependent on the Galician multinational. The tone takes on an even more important character, since such dependence is seen as a social problem of dual character: on the one hand this dependence is manifested in the bonds between the demands made by inditex and the generation of jobs (ranging through Inditex’s demand) and, secondly, the absence of independent national brands, able to be autonomous in production and capable of launching their own products and to compete in the markets.

We are dependent on a brand that is not national, this is problematic. They are companies that from one day to another may close down. And the workers live an employment instability, sometimes they have more vacations than work, then they claim for their unemployment insurance. I mean, if there is work, they would work. We took an example of a vendor: services as elastic scoring on clothing and placing buttons. The deadlines are tight. If I want to take the order, I have to deliver on time and do not want to show any weakness. But I want to expand my business, I will give to others. If anything, also want to earn a profit. That way clandestine companies arise… Zara says, we do not have anything to do with it (Informant B)

Meanwhile, not only the jobs are oscillating, but also the sustainability of textile workshops depends on the orders made by the multinational. This scenario shows the existence of true “mushrooms businesses” that start and close activities in very short time. In the process, workers are forced to accept the oscillations of the companies and thus, they also fluctuate between periods of employment and unemployment, in some cases with access to unemployment insurance, but not in others. In this sense, social insecurity and job instability set the tone of working conditions in Portugal, which cause not only the instability of financial return via work, but also the psychological insecurity of being able or not being able to program your own life.

Workshops are small, but the deadlines have to be met. Then the output is distributed, if I have a request for 1000 pieces, I put 200 here, 200 there. So if the first takes 4.5 Euros, the person to whom he gave, will receive 4 euros or 3.5. In this scenario, stairwell companies arise. Companies that spring up and disappear like mushrooms. Companies are made on the ground floor of houses, garages. And people fail to realize that things (clothes) are being made and prepared in those places. The business structure we have here in the region is based on precarious jobs, all very poor, because of the dependence, companies do not have their own brands, and neither have independence (Informant B).
One of the axes of the field research in northern Portugal, was based on interviews with textile workers who, at some point in their lives, have been working for suppliers of Inditex’s supply chain. We interviewed workers who are currently employed, but at the same time on sick-leave for health reasons. The sample was divided between workers for direct and indirect suppliers, and also owners of textile workshops, which are seamstresses who produced and marketed with Inditex. Working conditions, facilities, working hours, payments, work routine, and social rewards for work were the mainstay of the issues addressed.

Because of the limits that make up the current text, we have selected three reports on working conditions in the textile sector. The first refers to a female employee of a subcontractor, aged 55, who for not having been paid and for health reasons, had requested to be relieved from her employment function. Besides the aspect concerning her physical condition we seek to show her perception of her own work due to working conditions.

I had a depression... I feel a lot of pain in the back. I came to work for two nights in a row to finish the order. When the owner of the business needed us to stay to complete the order he just gave us notice on the same day. But we did not receive overtime. It’s all stock hours! I have over 200 hours worked without receiving. We are not slaves! I went to the doctor because I was already a month having headaches all day, became with eye pressure problems, was what the doctor said. Now I asked to be relieved from my job, but the boss has not given me the papers for me to apply for unemployment insurance. The boss beats around the bush. Until now they owe us the christmas bonus from last year! (...) I am ashamed of the pieces I produce which are very poorly made (Worker A)

With another employee we specifically questioned her about the working conditions in the factory where she worked. She mentions problems regarding health and safety at work and highlights that public bodies, even after their complaints did not go to inspect the company. The problem was only solved after the presence of Inditex inspection group, set in the program of social audit of the multinational.

We had already made complaints to ACT (Authorities for working conditions). For example there was no emergency exit in the factory. Because there have been cases of short circuit in the electrical wiring and I had to stop. I made the complaint but that did not resolve anything. It was only solved when Inditex inspection group turned up (Worker B).

On another occasion, we interviewed a young worker, who after having worked for a period of three months for a direct supplier with a fixed term contract (temporary contract), was seeking a new professional relocation.

I worked in the packaging sector. I had to be very careful not to mix up codes and sizes of the pieces. I just had a quick explanation of how it should be done, it was not a drill. There were situations in which the label was wrong, and I had mixed references. I warned. But on the 25th of
December I received a letter terminating my contract. The coordinator said that the industry had no more orders and so would have to dismiss me. They had hired me because I had a big order. But there was nothing in the pipeline for now. And at this point I’m waiting...The Human Resource said that if there were more requests they would call me (Worker C).

In Brazil, the negotiations on the IFA in the textile supply chain are formally agreed upon IndustriALL, Conaccovest Group and Inditex and date back to the first quarter of 2013. Meanwhile, the debate on corporate social responsibility in Brazil has a dimension, not around the promotion of decent work, but rather allegations of slave labor and degrading work in the subcontractors that provide for the intermediate chain. From the point of view of identifying the players that play an important role in exposing working conditions, stands out: Ong Reporter Brazil, Ministry of Labour, Regional Labour of the State of São Paulo (SRTE), Federal Police and media in particular the television show "The League" the TV Bandeirantes.

In fact the working conditions and complaints about slave labor in the textile industry in the state of São Paulo have already been addressed by other research as Kempfer and Martins (2013), Nobrega (2009) and Rossi (2005). Meanwhile, research prepared by the NGO Reporter Brazil, helps out in summarizing the main data recently collected by labor inspections of SRTE (SP). The first audits took place in May 2011 in the city of Americana, in subcontracted companies in the supply chain Inditex. At the time, 52 workers were found in appalling conditions. They were producing jeans with Zara brand tags. In August 2011, the inspection teams found 15 people and 1 teenager, all of foreign origin, in a situation of contemporary slavery in textile workshops located in downtown São Paulo.

For Conaccovest (Trade Union), slavery still haunts the reality of workers of the textile sector in Brazil. On the evidence of slave labor in the textile industry as a whole, the coordinator of the institution alerts:

We need to get to know closely this misfortune closely in order to realize how shocking it is: the citizen, looking for a job that allows him to feed himself and his children or parents, and accepts a hard job with a high workload. So he starts the day owing the boss and can not leave work because he can never afford to pay the debt, which only increases. Flee? Impossible! Slavery is a crime against humanity (Cabral, 2013).

Cabral (2013) highlights above, a major feature of contemporary slavery which is debt bondage, ie, the worker is unable to leave his place of work, because of a monetary debt assumed with the owner of the establishment, either for the purchase of food, or for housing rental, which generally coincides with the same premises where the activity of work takes place.

Regarding evidence of analogues work to slavery, the positioning of Inditex has been monitored both by traditional media such as NGOs and by new social media. Also in 2011, the multinational sent top executives to publicly apologise in the Brazilian National Congress. On the other hand, representatives of executive Zara have since announced agreements to monitor the supply chain of Inditex in Brazil, among which are part of the development of IFA in the region (Inditex, 2012).
In a recent ruling, a Brazilian court considered Zara (Inditex) as the company responsible for enslaving workers. The outsourcing provider directly operated by the brand constituted, according to justice, blatant fraud, an attempt by the company to minimize costs and circumvent labor laws. The direct relationship between Inditex and the subcontractor, is evidenced by primarily economic subordination, the latter being seen as extension of the logistics Inditex chain.

CONCLUSIONS AND RESEARCH AGENDAS

In this article, the conditions of the emergence of the International Framework Agreement signed between Inditex and the International Trade Union Federation of Textiles Workers were analyzed. On the one hand, the MAI is a tool that highlights the positioning of the multinational on Social Responsibility and fundamental rights of workers. On the other hand, studies show that the emergence of the protocol is directly related to the relocation of the production process of Inditex and to the monitoring of working conditions by Spanish unions. If, at the beginning, the “Comisiones Obreras” were responsible for monitoring the Agreement, however, and with the process of expansion of the company, new arrangements were needed: a IndustriALL takes the lead in a global perspective and the national unions in Portugal and Brazil have formally become the players responsible for monitoring the working conditions.

The IFA consists of a set of clauses that deal with the fundamental rights of workers. Based on fundamental ILO conventions such as freedom of association, prohibition of child and slave labor, these clauses also stipulate that companies working for Inditex respect the minimum labor laws of each country. With respect to salaries, the IFA determines that entrepreneurs should pay wages prescribed by national legislation. However, the MAI does not mention the categories of fair price, which can ensure better living conditions and the dignity of workers. Likewise, the notion of fair price opposes observed reality, marked by the pressure exerted by the Inditex business sector, not allowing leeway to bargain payments made for the making of garments. Sales managers, also seen as parasites in the supply chain, tend to aggravate the flattening of the amounts paid to both the business community and workers.

The scenario in northern Portugal regarding Inditex is mainly perceived as one of servitude. In the absence of own brands and communication projects and independent marketing, textile companies are limited to only operate in the production process. The dependence on the Spanish giant is the most severe form of a reality which translates into economic instability and insecurity in the sustainability of jobs. The interviews of workers reveal a reality marked by precariousness of work that causes occupational diseases on the one hand, as well as poor safety conditions at work, on the other hand.

In Portugal, the practices of Inditex CSR, such as social audits and IFA own guidelines, are perceived by the trade unions as positive, since the agreement tend to generate changes in the behavior of subcontractors. In this sense, one can understand such proposals as being private governance mechanisms which contain the logic of symbolic effectiveness to promote decent work. However, our analysis does not go deeply in trying to understand how to structure social audits by the Inditex supply chain.

In Brazil, the position of the State, through labor inspection brings up the degrading, poor and slavery conditions in the supply chain of Inditex. For the Labor Court, Inditex has been found responsible and condemned for the incidents, by virtue of its own productive logic of subcontracting and outsourcing.
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