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Abstract
Sustainable development is on the agenda of the planet. Intensive demographic and economic growth without social concerns jeopardizes the life of next generations. The aim of present study aimed to examine consumer perceptions towards luxury branded products made in sweatshops. The theory of planned behavior is applied to measure the relationship between attitudes towards luxury brands made in sweatshops, social norms (normative susceptibility, information susceptibility, integrity), perceived behavioral control (self-efficacy), towards intention to purchase luxury branded apparel made in sweatshops, and willingness to pay more for luxury branded apparel not made in sweatshops. Structural equation modeling (SEM) is used to validate and test the proposed model. Structural validity of the model is finally processed by using Statistical Package for the Social Science (SPSS) 18.0 and AMOS 5 software based on the sample of 300 respondents were collected through mall intercept. The paper suggests that customers of luxury brands are becoming conscious about sweatshops prior to purchasing luxury branded apparels.

Keywords: Sweatshop Products, Luxury Branded Apparels, Modeling Approach.

Introduction
Prior to the 1980s most foreign production by MNEs was intended for local markets. After 1990’s with globalization and inter connectivity of economies MNEs begin outsourcing the production of goods from developed countries like North American, European, and Japanese markets to manufacturing facilities in developing countries. Availability of international financing allowed entrepreneurs to set up production facilities in developing economies in order to meet the growing demand by MNEs for offshore production. Outsourcing production has many distinct advantages from the perspective of MNEs. These include following

Capacity Building
Companies can expand their business more rapidly by focusing on marketing their products rather than investing in plant capacity, employees, and upgrading capital equipment. Companies can also accept special orders they would not be able to offer to large volume customers if their production capacity were fixed.

Specialization
Companies can market products requiring specialized skills or equipment that the, firm does not have in-house.

Reduced Production Costs
In luxury branded apparel firms compete largely on the basis of quality, highly labour intensive work enables outsourcing companies to reduce the size of their payroll and profit sharing obligations and shop around for lower and lower cost producers all across the globe.
Reduction in Cycle Time

Outsourcing gives companies the flexibility to products around quickly in order to meet consumer demand and also avoid inventory build-ups.

Flexibility

The outsourcing model of production offers unique flexibility to firms that seek to cut costs in production or increase their capacity in that it offers opportunities to experiment with product lines and supplier relationships with minimal financial risk.

Outsourcing has been especially popular in consumer products industries, and in particular in the apparel industry. Outsourcing of manufacturing in the development countries are being exploited as the cheaper destination of production for the cheaper countries resulting in sweatshops.

According to the US General Accounting Office, a sweatshop is an employer that violates more than one federal or state labor law regarding minimum wage and overtime, child labor, industrial homework, occupational safety and health, workers’ compensation, or industry regulation.

Sweatshop is defined as any business that uses child labor, pays below minimum wages, or creates an unsafe workplace.

Sweatshops are associated with the garment industry and the manufacture of massproduced items. Sweatshops are a manufacturing facility where workers endure poor working conditions, long hours, low wages and other violations of labour rights.

Instances of sexual harassment by superiors, physical violence against workers, and threat to workers who try to unionize. Other issues of concerning workers include exposure to toxic substances or usage of dangerous machinery without adequate protection. Research across many nations has confirmed the existence and continued growth of a group of consumers for whom ethical issues drive consumption behavior the workers producing for companies like Nike, Adidas, Puma, Asics, FILA, Mizuno, New Balance and Umbro, where mostly young women (aged 17-24), often endure low wages and long hours in dangerous and hostile conditions. Lower costs of producing items abroad allows for lower consumer prices but also for higher profits for companies. Increased profits drive off-shore outsourcing. Interfaith Center on corporate responsibility have accused multinational enterprises (MNEs) such as Nike, Wal-Mart, and Disney of the pernicious exploitation of workers. Recent violations of american and european labor laws have received considerable attention. But demand from the developed countries for cheaper production and supply of luxury apparel has prompted the rapid growth of industrial infrastructure of developing countries without proper assessment, inspection and control processes. Illegal and shoddy building design and relaxed safety standards are rife within the garment industry due to the complicity of corrupt engineers, officials and politicians. The working conditions in these factories are in worst conditions like lack of sufficient space, light and supply of drinking water. They sweatshops are literally “death traps” with workers locked inside to prevent theft, leaving no way to escape disasters such as fire. With an average wage of less than A$37 a month, the factory work is physically demanding and emotionally draining. Workers report physical and verbal harassment is rampant within the industry. To achieve ruthless daily targets, workers may skip meals and work long hours. The emotional impact and stress level are extremely high among these poor workers. Similarly appalling conditions are found throughout the industry, with similar complaints in countries including Pakistan, India, China, Cambodia, Honduras, Vietnam, Indonesia and the Philippines.

Reasons of Existence of Sweatshop

The people who own and operate sweatshops make money by selling the garments to big name apparel companies at a higher price than it took the sweatshop laborers to make the garment. Big retail chains procure the garments from the apparel companies and mark the price up even more. In search of greater profits, apparel retailers inflict tremendous costs on workers and communities around the globe. Factories that close because apparel retailers have moved on to another location with even lower wages cost workers their jobs and livelihoods. Thus, if the retail chain does not pay much resulting in sweatshop owner has to produce the garment as cheaply as possible. The owner reverts to substandard conditions in order to make enough money for the company. As retailers compete with one another by seeking lowest cost workers, they put pressure on suppliers to keep their costs down, and they encourage consumers to buy more at “discount”
prices. This market for cheap goods then squeezes factory owners to pinch even more. The result is forced overtime, low wages, punishments and fines for slow work and mistakes, worker intimidation, child labor, and other abuses. Greed, profiteering, empire-building and a lack of transparency and morality underpin the rise of this industry.

Popular Examples of Sweatshops

In Bangladesh, shirts with marine corps logos sold in military were made by DK Knitwear, where child laborers made up a third of work force, according to 2010 audit that led some vendors to cut ties with the plant. Managers pushed workers for missed quotas and plant had no functioning alarm system despite previous fires.

The disastrous building collapse in Bangladesh’s capital of Dhaka which has killed hundreds of ill-fated garment workers and wounded thousands, has finally shone some well-needed light into the murky business of global sweatshops. Following the collapse of Rana Plaza in district of Savar, the European Union - the destination of 60% of Bangladeshi garments are threatening to reconsider Generalised System of Preferences (GSP) extended to Bangladesh through which the country currently receives duty-free and quota-free access. The United States is also considering this action. With more than 5000 garments manufacturing factories, Bangladesh is the world’s second largest exporter of ready-made garments after China, earning US$20 billion annually and employing more than four million workers, 90% of whom are women. (Palmer, 2013)

In Pakistan, 289 people died in a fire in September last year at the Ali Enterprises Garment Factory in Karachi. In retaliation australian fashion council told consumers not to buy cheaper products made in sweat shops in developing countries including Bangladesh products such as smart phones, luxury fashion accessories including clothes and footwear are also produced in sweatshops. Abandoning products from a specific country may simply move the trade to another country, without much needed reform. Rather, it is important to pressure the government to become more responsive to demands by activists and consumers, to make the industry more transparent and accountable.

In Chiang Mai Thailand , employees at the Georgie & Lou factory which makes clothing sold by the Smithsonian Institution , said they were illegally docked over 5% of their roughly $10 per day wage for any clothing item with mistake. They also described physical harassment by factory managers and cameras monitoring workers even in bathroom

At Zongtex garment manufacturing in Phnom Penh, Cambodia which makes clothes for army and air force An audit conducted in 2013 found nearly two dozen under age workers. They working in inhuman conditions bathroom breaks are so limited where they were forced to soil themselves at the sewing machines.

At Mantra apparels Dhaka, Bangladesh manufacturing shirts for general service Admistration which outfits workers from various agencies. Reports have described the factory as one of the most repressive in the country. Workers reported that fire exits are kept locked and were routinely hit by guards and they were not being paid overtime.

As an employment requirement at some mexican and central american plants based in developing countries women workers are forced to take anti fertility pills to prevent pregnancy so that company do not have to pay for maternity leave.

Problem Statement

The aim of the study is to examine consumer perceptions towards luxury branded apparel products made in sweatshops. The theory of planned behavior is applied to measure the relationship between attitudes towards luxury brands made in sweatshops, social norms (normative susceptibility, information susceptibility, integrity), perceived behavioral control (self-efficacy), towards intention to purchase luxury branded apparel made in sweatshops, and willingness to pay more for luxury branded apparel not made in sweatshops.
Theoretical Framework

Theory of Planned Behavior

The theory of planned behavior (TPB) asserts that specific salient beliefs influence behavioral perceptions and subsequent actual behavior (Ajzen, 1985; 1988; 1991). There are three types of beliefs in the TPB that affect three perceptual constructs: behavioral beliefs that influence attitudes, normative beliefs that affect subjective norm, and control beliefs that shape perceived behavioral control. In turn, these three perceptual constructs determine behavioral intentions and actual behavior. The theory of planned behavior is a theory which predicts deliberate behavior, because behavior can be deliberative and planned. The TPB attempts to also predict non-volitional behaviors by incorporating perceptions of control over performance of the behavior as an additional predictor.

Attitude

Attitudes are the overall evaluations of the behavior by the individual. Applying the principle of compatibility, the relevant attitudes are those toward performance of the behavior, assessed at a similar level of specificity to that used in the assessment of behavior. This refers to the degree to which a person has a favorable or unfavorable evaluation of the behavior of interest. It entails a consideration of the outcomes of performing the behavior. Attitude component is a function of a person’s salient behavioral beliefs, which represent perceived outcomes or attributes of the behavior (Peak, 1955). The model quantifies outcomes as the multiplicative combination of the perceived likelihood that performance of the behavior will lead to a particular outcome and evaluation of that outcome. Attitude is formed on the basis of beliefs about the consequences of engaging in the behavior. It is individual overall evaluation of the behavior. Taylor and Todd (1995) describe the construct as the generalized attitudinal belief that a behavior will lead to a particular outcome.

Subjective Norms

This refers to the belief about whether most people approve or disapprove of the behavior. It relates to a person’s beliefs about whether peers and people of importance to the person engage in the behavior. Beliefs arising from social pressure are termed normative beliefs (Ajzen, 1991). Subjective norm is the influence of a person’s normative beliefs that others approve or disapprove a particular behavior. People’s intentions to perform a particular action are a function of subjective norm, or their perception that important others think they ought to do so. In the present context, subjective norm is the influence from consumers’ normative belief that the behavior is accepted, encouraged, and promoted by their circle of
influence. In other words, consumers may believe that their family, friends, and peers would favor purchasing branded luxury apparel from sweatshop free brand. Subjective norms consist of a person’s beliefs about whether significant others think he or she should engage in the behavior. Significant others are individuals whose preferences about a person’s behavior in the domain to individual. Subjective norms are assumed to assess the social pressures on individuals to perform or not to perform a particular behavior.

Perceived Behavior Control

Perceived behavioral control is a general construct dealing with consumer perceptions of whether a behavioral act is within their control. Perceived behavioral control reflects beliefs regarding access to resources and opportunities required to facilitate a behavior (Ajzen, 1991). There are two components of perceived behavioral control the first deals with self-efficacy, an individual’s self-confidence regarding the ability to undertake a behavior. The second component deals with facilitating conditions that provide the resources to engage in a behavior. Perceived behavioral control is the extent to which a person feels able to enact the behavior.

Behaviour

In implementation research, interventions are designed to change the behavior of apparel customers. The target behavior should be defined carefully in terms of its Target, Action, Context and Time (TACT).

Intention

Intention to transact is broadly described as the consumer's intent to engage in purchasing of luxury apparel products of luxury brands. Zwass (1998) defined intention to purchase as the consumer's objective to engage in an with a luxury apparel brand . Although there is not a perfect relationship between behavioral intention and actual behavior, intention can be used as a proximal measure of behavior. This observation was one of the most important contributions of the TPB model in comparison with previous models of the attitude behavior relationship. Thus, the variables in this model can be used to determine the effectiveness of implementation interventions even if there is not a readily available measure of actual behaviors. Maintaining business relationships, and conducting business transactions.

Hypothesis

H1: The relationship between attitude and transaction intention for branded luxury apparel is stronger for sweatshop free products.
H2: The positive relationship between societal norm and intention to purchase is stronger for branded luxury apparel is stronger for sweatshop free products
H3: The positive relationship between Perceived Behavioral Control and intention to purchase is stronger for branded luxury apparel for sweatshop free products
H4: The positive relationship between intention and willingness to purchase is stronger for branded luxury apparel for sweatshop free products

Methodology

According to review of literature research in psychology the theory of planned behavior is well established. The study conducted is cross sectional in nature and follows causal research design. The data was collected through mall intercept method in Delhi and NCR region. The data collection process resulted in a total of 329 responses of which 280 was completed. It has to be noted that on some communities our message inviting members to take part in our survey was deleted by the administrators for spam reasons. Convenience sampling technique was adopted for the study. Self administered questionnaire was used for the data collection which was adopted from the study of Siegle (2012). Data collected in last quarter of 2013 among luxury brand apparels. The data was processed by using Statistical Package for the Social Science (SPSS) 18.0 and AMOS 5 statistical software. Confirmatory Factor Analysis (CFA) was used to analyze the items that measured each latent variable. In order to analyze the relationships between the variables, structural equation modeling (SEM) was applied. Model fit for both the CFA and SEM is evaluated by different indices. For this study, Chi-square (χ²) the goodness-of-fit statistic, χ² / DF (Degree of Freedom) ratio and root mean square error of approximation (RMSEA) were examined.
Empirical Analysis and Results

Structural equation modeling is a statistical technique that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon which links regression analysis to factor analysis (Byrne, 2010). According to Hair et al. (2006) SEM is a family of statistical models that seek to explain the relationships among multiple variables. SEM is useful in testing theories that contain multiple equations involving relationship in order to identify the most relevant factors that influence customer’s satisfaction and a well-fitting hypothesized model, Comparative Fit Index (CFI), RMSEA and Chi Square are taking into account. Goodness of fit indices is the value of chi-square (non significant) and p > 0.05. The permissible limits of indices are given in Table 2. Actual value of indexes of the proposed model on the basis of field data is given in table 3.

Table 1
Reliability Analysis

<table>
<thead>
<tr>
<th>Sno.</th>
<th>Construct</th>
<th>Indicator Variables</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVE)</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Attitude</td>
<td>AT1 – Social consequences of using sweatshop free product. AT2 – Attitude towards branded luxury apparel products. AT3 – Attitude towards purchasing behavior of branded luxury apparel products made in sweatshops</td>
<td>0.91</td>
<td>0.82</td>
<td>0.72</td>
</tr>
<tr>
<td>2</td>
<td>Social Norms</td>
<td>SC1 – Information/normative impact of sweatshop products SC2 – Integrity impact of sweatshop products BL3 – Status consumption impact of sweatshop products</td>
<td>0.82</td>
<td>0.78</td>
<td>0.87</td>
</tr>
<tr>
<td>3</td>
<td>Perceived behavioral Control</td>
<td>PCB 1 I look for self efficacy for consuming sweatshop products. PCB 2 I am always interested in news concerning sweatshop free products</td>
<td>0.92</td>
<td>0.82</td>
<td>0.77</td>
</tr>
<tr>
<td>4</td>
<td>Intension to Purchase</td>
<td>BL1 I am psychologically attached to this sweatshop products BL2 I want this sweatshop free brand of luxury apparels</td>
<td>0.72</td>
<td>0.83</td>
<td>0.77</td>
</tr>
<tr>
<td>5</td>
<td>Willingness to Purchase Luxury Apparel Brand</td>
<td>WL1 I am a loyal customer of sweatshop free brand of luxury apparel WL2 I will always prefer to purchase product from sweatshop free brand</td>
<td>0.71</td>
<td>0.91</td>
<td>0.72</td>
</tr>
</tbody>
</table>
The reliability analysis results of all constructs considered for research study is shown in Table 1 indicating local fit of the structural components, reliability and validity of the measures were tested calculating the composite reliability (CR) of the constructs, the average variance extracted (AVE) (Fornell and Larcker, 1981). The results are reported in Table 2, showing very good psychometric properties of the measures. All indicator loadings are above .6, composite reliability is for every construct above .7, average variance extracted is above .5 reliability (cronbach alpha) value is above 0.6 indicating high reliability of four constructs considered in proposed framework of model.

Table 2

<table>
<thead>
<tr>
<th>Name of Index</th>
<th>Judgement Value</th>
<th>Literary Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normed Fit Index</td>
<td>&gt;0.90</td>
<td>Bentler and Bonett(1980)</td>
</tr>
<tr>
<td>Goodness of Fit Index GFI</td>
<td>&gt;0.90</td>
<td>Hu and Betler (1999)</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index AGFI</td>
<td>&gt;0.80</td>
<td></td>
</tr>
<tr>
<td>Parsimonious Goodness of Fit Index</td>
<td>&gt;0.50</td>
<td>Mulaik(1989)</td>
</tr>
<tr>
<td>Comparative Fit Index CFI</td>
<td>&gt;0.95</td>
<td>Bentler(1995)</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation, RMEA</td>
<td>&lt;0.08</td>
<td>Browne and Cudeck (1993)</td>
</tr>
<tr>
<td>Root Mean Square Residual,RMR</td>
<td>&lt;0.05</td>
<td>Hair et.al (2006)</td>
</tr>
</tbody>
</table>

All the values in the given in table 2 are above 0.6 representing that variables are internally consistent. The model had Chi-square of 192.43, the relative Chi-square is considered high by some researchers who contended that values in excess of 2.0 will represent an inadequate model fit. However, other researchers suggested that ratio 5 or less indicates reasonable model fit. The use of Chi-square test may not be a strong test for goodness-of-fit as it is very sensitive to sample size (Armstrong et.al, 2000). Goodness of fit indices is the value of chi-square (non significant) and p > 0.05. The indices for the proposed model are given in Table 3. Research framework in Figure 3 was tested by using the four constructs namely social media based brand community, brand community involvement, brand value and brand loyalty.

Table 3

<table>
<thead>
<tr>
<th>Sno</th>
<th>Value of Index</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X^2 Chi Square Value</td>
<td>192.43</td>
</tr>
<tr>
<td>2</td>
<td>DF ( Degree of Freedom)</td>
<td>71</td>
</tr>
<tr>
<td>3</td>
<td>X^2 / Df</td>
<td>2.71</td>
</tr>
<tr>
<td>4</td>
<td>Normed Fit Index</td>
<td>0.93</td>
</tr>
<tr>
<td>5</td>
<td>Goodness of Fit Index GFI</td>
<td>0.92</td>
</tr>
<tr>
<td>6</td>
<td>Adjusted Goodness of Fit Index AGFI</td>
<td>0.77</td>
</tr>
<tr>
<td>7</td>
<td>Parsimonious Goodness of Fit Index</td>
<td>0.93</td>
</tr>
<tr>
<td>8</td>
<td>Comparative Fit Index CFI</td>
<td>0.91</td>
</tr>
<tr>
<td>9</td>
<td>Root Mean Square Error of Approximation, RMEA</td>
<td>0.04</td>
</tr>
<tr>
<td>10</td>
<td>Root Mean Square Residual,RMR</td>
<td>0.045</td>
</tr>
<tr>
<td>11</td>
<td>Tucker Lewis Index TLI</td>
<td>0.091</td>
</tr>
</tbody>
</table>

Source: Output values are generated with the help of AMOS 5 software
All values in Table 3 are with the permissible limits shown in table 2. The structural model was tested to assess the hypothesized structural relationships of the three constructs (Refer to Figure 3). The results revealed that the structural model has a significant $\chi^2$ value ($\chi^2 = 192.43$, df = 71, p< 0.001) indicating adequate fit of the data with the hypothesized model.

**Table 4**

Summary of Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficients (Standardized Parameters)</th>
<th>t-value</th>
<th>p-values</th>
<th>Testing result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: The relationship between attitude and transaction intention for branded luxury apparel is stronger for sweatshop free products.</td>
<td>0.81</td>
<td>111.60</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: The positive relationship between societal norm and intention to purchase is stronger for branded luxury apparel for sweatshop free products</td>
<td>0.86</td>
<td>92.93</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: The positive relationship between Perceived Behavioral Control and intention to purchase is stronger for branded luxury apparel for sweatshop free products</td>
<td>0.76</td>
<td>109.34</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H4 The positive relationship between intention and willingness to purchase is stronger for branded luxury apparel for sweatshop free products</td>
<td>0.92</td>
<td>111.31</td>
<td>0.001</td>
<td>Supported</td>
</tr>
</tbody>
</table>

All the hypothesis formulated for the proposed model are supported shown in table 4 indicating that hypothesized model could fits the empirical data well. The proposed model have indices with the permissible limits the model is supported (Hair, 2006)

**Implication of the Study**

Exploitative conditions will only change if we demand change. Sweatshop workers across the world are in fact demanding better conditions. At very grass root level individual should take initiatives for sweat free procurement policies. Luxury apparels producing sweatshop free products like ethical clothing (ECA) label it means the garment was manufactured in Australia and the manufacturer has committed to ensuring that all of the people involved in its production received, as a minimum, the legally stated wage rates and conditions. The companies and government agencies can focus to ensure business with entities placing premium on integrity and good business ethics. The general awareness campaign can be triggered for large purchasers of sweatshop goods. Sweat-free purchasing policy tackles the root causes of sweatshops and introduces a vision of a new global economy where fairness, justice, and dignity are rewarded and not penalized. Retail council of Canada has also proposed new trade guidelines with Bangladesh in response to the disaster. It is essential the government should revisits its regulatory regime and makes necessary amendments to include issues such as design and construction of factories together with ensuring working conditions consistent with the ILO (International Labour Organisation) Convention.

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Also, creating better awareness among the factory owners and managers about the importance of these infrastructure and management issues. Business entities has a much needed role to play here. US retailer Walmart has pledged to establish a training institute in Bangladesh to train factory owners, managers and workers about issues of worker conditions and safe infrastructure. But major companies buying products from sweatshops need to be more careful and vigilant in ensuring a transparent and more humane process in manufacturing as well as supplying the products. Regular audits need to be done by these companies with respect to the factory infrastructure and individual wages and working condition including safety and health. In addition, both the government and the foreign parent companies need to ensure that the factory owner does not situate the factory in a rented property without full control. Finally, a network-based inclusive governance model needs to be developed with participation from all concerned, including foreign companies, local manufacturers, the government, and representatives of the worker unions, Non-government organizations and the ILO. Without such arrangements in place, negative downstream impact will continue and similar devastating incidents will reoccur without any real improvement in industry practices and workers’ lives, livelihood and safety. Labour and state Department officials should encourage retailers of luxury apparels to strengthen rules on factory conditions and produce sweat free products.

Conclusion

The research has validated the proposed model of theory of planned behavior for the products manufactured in sweat free shops. The study to provide luxury brand owners with insights into consumer perception towards luxury branded apparel made in sweatshops. This is important to brand managers of luxury apparel in order to strategize and manage the negative impact of sweatshops on brand image. In addition, for luxury branded apparel that are not made in sweatshops might enhance the brand image by pursuing an ethical brand image.

References


tnes-mauritz-h-and-m

