

“Decent Work Framework and Karigar Management: a Case study”

Project Team

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Introduction

- The Gem and jewellery manufacturing sector are one of India's fastest growing industries, contributing around 7% of the GDP and 12% of the country's export (Dutta, 2020).
- As of 2022, India has ranked second in the export of gold and silver jewellery.
- Foreign Direct Investment (FDI) inflow in the gold and jewellery sector increased by 60.78% in FY22, on a year over year basis.
- Various steps are initiated to promote investments, upgradation of technology and skill in addition to promote "Brand India" in the international market.
- The "Gold Monetization Scheme" initiative aims to lessen the nation's reliance on gold imports to satisfy domestic demand. The policy proposed to increase gold supply from local refineries from 40% to 80%.

.....Introduction

- Though many initiatives are proposed and implemented by the Government the gold manufacturing industry strings are still connected with the traditional working style/methods, larger part of the industry is fragmented and unorganized.
- The gold jewellery manufacturing industry is not fully formalized in operations, the small independent players still dominate the market simultaneously change at manufacturing level is observed but at a slower pace.
- Manufacturers are moving towards a more organized method due to regulatory constraints (such as License and Labour compliances) the informal market still dominates the industry.

Gold jewellery manufacturing model- Work arrangement.

- The gold jewellery industry has three type of manufacturer
 - a) Formal
 - b) Semi Formal
 - c) Informal.
- Further the manufacturing process is divided in to two categories
 - a) In-house manufacturing (around 30%-40%)
 - b) Outsourced manufacturing (around 60%-70%).
- The large formal sector depends on the outsourced model to meet their manufacturing for gold jewellery manufacturing (around 70%).
- In- house manufacturing focuses on both machine and handmade jewellery manufacturing, but primary focus is on machine- made jewellery manufacturing (around 50% to 70%), whereas outsourced manufacturing primarily focuses on hand made jewellery (around 50%-70%) along with machine made jewellery (30%-40%).
- The outsourced manufacturing is further classified in to Outright- Only order is given and Outwork model- Raw material (Gold, Stones & other material, Infrastructure) etc. is provided by the client.

Gold jewellery manufacturing model- Work arrangement.

- The Outwork model is then divided into two groups
 - a) Exclusive vendors (Captive vendors)
 - b) Non-exclusive vendors (Non-captive vendors).
- Most formal firms follow a similar manufacturing pattern with slight variation (in handmade vs machine-made gold jewellery) depending upon the firm size (small/large/ formal or semi-formal).
- Maintaining decent work conditions is an issue in non-captive vendor management.
- In the interest of promoting responsible manufacturing practices, formal firms and brands try to promote decent work conditions in their value chain.
- Working in partnership with their semi-formal and informal suppliers, they promote exclusive vendor producer arrangements, supported by manufacturing and management codes that emphasize, among others decent work conditions.

Methodology

- Study on Exclusive vendor (captive) partner of formal reputed companies intend to understand working model and Human Resources practices through lens of Decent work framework and Sustainable Human Resource Management. Interaction with exclusive vendors, top management and shared employee experiences will help us understand how in general they follow the guidelines of (Responsible jewellery manufacturing).
- We have used in-depth interviews and observations, semi structure questionnaire about labour practices, mapping working conditions and HRM Systems. Thematic analysis was conducted on the data to derive insights to theory and practices.
- The study will give additional insights about the formal companies working with semiformal and informal partners can encourage them to promote Decent work and Sustainable HRM. Further explain how captive vendors faces challenges due to informalization and as a result they enjoy high retention rates of skilled workers and other outcomes.

Decent Work Framework

- ILO (2001) suggested six dimensions of ‘decent work’
- **Opportunities for work for both men and women** (e.g., who wants to work should get work either in formal or informal sector, including self-employment),
- **Working conditions of freedom** (e.g., freedom from bonded, child labour, and freedom to join workers’ organizations),
- **Productive work** (e.g., work providing sustainable livelihood to the worker and their families),
- **Equity in work** (e.g. no discrimination at the workplace, work-life balance, fair treatment),
- **Social security protection** (e.g., financial security in case of illness, unemployment, or any contingencies), and
- **Dignity at work** (e.g., respectful treatment, ability to raise voice, participation in decision-making related to work conditions, and collective bargaining).
- In sum, decent work aims to ensure **employment security, work security, representation security, income security, skills reproduction security, and fair treatment in job security** (Nizami, 2019).
- Alzola (2017) regarded decent work as the "**moral rights**" of employees in the workplace.

Sustainable Human Resource management (S-HRM)

- The concept of Sustainable HRM has been evolving over years, Sustainable HRM is built around broad organizational goals. The goals which are not limited to employee benefits, employee retention, employee grievances or achieving organisation goals in terms of numbers and profits.
- Sustainable HRM aims to achieve a positive Economic, Social, Human and Environmental results.
- The four Sustainable HRM are goals includes: Human, Social, Environmental, Financial (Economic). Also known as four pillars of sustainability.

Responsible sourcing

- Few large firms have been following responsible sourcing policy for choosing its outsourcing vendors.
- Responsible sourcing emphasizes on taking responsibility of well-being of even vendor partners' workers.
- Under responsible sourcing only those vendor partners are allowed to work who follows sustainable and well-being-based labour practices.
- The goal is to benchmark sourcing practice for the jewellery industry using the 4P-
 - **People-** Formal sector & Captive vendors as a responsible sourcing want to treat all stakeholders (Vendor partner, karigars and others) equally with pride and fairness and provide them with quality of life.
 - **Process-** Making the manufacturing process transparent and build the quality in standard process. Integration system.
 - **Place-** Making the workplace hygiene, safe and ergonomically designed set up.
 - **Planet-** Practicing sustainable work practices adopting environmentally friendly practices aligned with legal compliances.

Responsible sourcing

- Gold jewellery manufacturing industry is now adopting sustainable work practices. Formal companies along with the government support are pushing for fire safety license, PF, ESI certifications and pollution free manufacturing process.
- Those industry covered under factory act, it is very difficult to get all these certificates because of Government policy and norms. Those vendors are in the residential area since long dealing with lot of hazardous chemicals and incur pollution bringing them together under one roof hurdles are tackled easily.
- Industrial park is trying to settle karigar into new environment with safe and healthy work environment, proper workstation with proper machine, fire alarm and electric system.
- Karigars are provided with accommodation within the factory along with unlimited food, sitting arrangements within central AC helps in increasing the efficiency among employees.

Responsible sourcing

- There is a zero-discharge factory. Proper training on safety measures and first aid boxes are provided to employees.
- Separate room for female karigars and mother's room for pregnant ladies also there is a creche facilities within the factory for breast feeding.
- Medical insurance claim for employees.
- Facilities of gym with indoor and outdoor games are provided within the factory.
- Labour engagement activities such as mentorship program, motivate speaker session and small appreciation programs for karigars with less leaves.
- There is a 100% labour compliance.

Challenges

- The challenge for this kind of set up first is getting legal compliance specially for small scale set up. Minimum 80-100 people are required to set up cost effective and generally giving job-work model is economically feasible, factory set up is always costly, and it is hard to reimburse the cost in small scale industries.
- Skill development and other initiatives for artisans are often overlooked by manufacturers in terms of their impact on work productivity and cost. Time is considered to be wasted.
- Challenges is to make stakeholder see the big picture and change the mindset, making them adopt technological intervention upon the traditional practices.
- It is important to make government realize that gold jewellery manufacturing need transformation and leveraging government schemes towards promoting industry/sector.



Any observations and Suggestions!