

# The Factory Hierarchy in the Village: Recruitment Networks and Labour Control in Kong Pisei District of Cambodia

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**Abstract:** Most analyses of the garment value chain begin at the factory production line. We approach the value chain instead from the perspective of the village community from which workers are recruited. In our Cambodian case study, we show that the factory's hierarchical relationships are replicated within the village. Using network analysis we find that recruitment networks are largely controlled by factory supervisors and can become a mechanism of control over the labour force. We further show that the factory hierarchy can influence the pattern of capital accumulation and economic change within the village. Our results demonstrate that the value chain cannot be treated as if it ends at the factory floor. Moreover, corporate social responsibility policies, whether state, corporate or buyer-instigated, cannot by themselves eliminate 'sweatshop' conditions.

**Keywords:** Cambodia, garment industry, labour control, recruitment networks, value chain

**JEL classifications:** J8, O15

## 1. Introduction

In every country where factory production of garments has been established during the early stages of industrialisation, young women have been recruited from the countryside. Yet contemporary value chain analysis does not make the simple extension to the production and reproduction of this labour force. Instead it treats production within the factory walls as the end of the chain (Appelbaum and Gereffi, 1994; Gereffi, 1999). While it is well known that a condition of the existence of garment factories in global value chains is the

abundant supply of cheap labour, it is also clear that this cheapness is a result of relative poverty in the countryside. The necessity of the separation of labour from ownership of the means of production, or the condition in which families must send their daughters to the factories in order to make ends meet, has been the basis of the creation of an industrial working class everywhere.

In our project of examining the extension of the garment value chain into the villages of Cambodia, one of the questions we asked was ‘how are the workers recruited?’ We asked this question in the context of fieldwork carried out in two communes where almost every household we visited had the ambition to send someone to the factories, although not every family was able to do so. On the one hand, we received (usually from city people) the answer that one would expect on the basis of mainstream labour-market theory. This answer was that factories put up notices by the front gate when they have vacancies – potential workers see the notices and apply for the jobs. On the other hand, we often received a reply that suggested the existence of social capital networks. In this version, information about vacancies is circulated by those already working in the factories via their kin and friendship networks in the villages. The social capital explanation implies that these networks tend to be replicated on the factory floor and they might become the basis for industrial solidarity (see Hutchison, 1992; Chan and Pun, 2009; Smith and Pun, 2006).

Our findings point in a different direction. As we explain below, the network method of obtaining a job is indeed the dominant method, but far from being a horizontal network of solidarity, it is one that replicates the hierarchy within the factory itself. The central figures in these information networks are those with power in the hierarchy. Their positions at the supervisory level – they have already demonstrated their reliability by being promoted to these positions – lead them to take on the role of informal recruitment agents. In turn the new recruits are placed in a dependent relation with them. In terms of workers’ organizational capacity, this system would appear to have the advantage for employers in also maintaining the vulnerability of the recruiter so that s/he pressures recruits to demonstrate good behaviour and the recruits are pressured to support their supervisor/co-villager.

## **2. The Garment Industry: A Net-chain Perspective**

The garment industry is a prototypical example of a buyer driven chain in which a complex system of subcontracting links leads buyers to manufacturers and suppliers. One of the distinguishing features of such subcontracting chains is the global-local nexus characterized by a dispersed organization of production binding together global buyers and producers located in developing countries (Coe *et al.*, 2008).

In his famous paper on industrial upgrading, Gereffi (1999) explains the impressive growth rates of some East Asian countries during the 1990s as the result of an organizational change that has occurred in the textile/garment sector. Hong Kong, Taiwan, South Korea, Singapore and, lately, China managed to progressively upgrade their role in the global garment industry from the mere assembly of imported inputs to full-package supply (or original equipment manufacturing, OEM). The hypothesis he advances is that national development derives from being linked to a significant lead firm in the industry (Gereffi and Memedovic, 2003). Lead firms are the primary sources of value-added controlling material inputs, technology transfer and knowledge. Therefore, by being part of the chain, emerging economies can gradually upgrade their role and progressively control higher value phases of production. The extra value-added derived by their improved position within the chain will ultimately represent the real engine of growth (Gereffi, 1999). In his analyses, however, the author neglects to consider how, and if, the benefits of the upgrading indeed has trickled down to the workers, whose exploitation remains the very characteristic of the global garment industry.

Beyond the general recognition that a link exists between exploited workers and global buyers, the analysis of labour in supply chain analysis has fallen short in explaining the processes by which labourers would benefit from inclusion in global value chains. Appelbaum and Gereffi (1994: 45) for instance, highlight how subcontracting is functional to the maintenance of labour as a variable capital whose quantity and costs are determined by the factory production process.

Since the Nike scandal in 1997 the debate on working conditions and workers' rights has focused on the efficacy of corporate social responsibility (CSR) (Appelbaum and Gereffi, 1994; Nadvi, 2008). Most authors are critical of this private and voluntary regulation mechanism, whose violations are hard to monitor and evaluate in practice (Hale and Shaw, 2001). Locke and Romis (2010) for instance illustrate how the informal organization of work within two Mexican factories deeply affects labour standards, even when all formal codes of conduct (including minimum wages and overtime) are kept the same.<sup>2</sup> In a similar critical fashion, Chan and Siu (2010) point out how contractors in China can get around the minimum wages set by codes of conduct for Wal Mart suppliers by using different systems of remuneration – piece versus monthly wages. Even relatively successful stories such as that of Malaysia, where labour standards have notably improved under the pressure of anti-sweatshop campaigns, present dramatic flaws in the CSR model. Codes of conduct and labour standards that are generally applied to Malaysian citizens can be overwritten by a simple contract between the foreign worker and the firm. In such cases, minimum wages and acceptable overtime hours can be set

by the parties (Crisis, 2010). Finally, the monitoring of compliance to codes of conduct is in most cases limited to the first stage of the chain where the link between the international brand and the local manufacturer is stronger. The application of codes of conduct to third-tier suppliers appears still far from being implemented (World Bank, 2004). While this corpus of studies has clearly highlighted the shortcomings of CSR, it has also limited the analysis of labour to the factory floor.

By contrast, only a few studies have illustrated the strategies in place to control labour beyond the factory boundaries. One such study is that of Silvey and Elmhirst (2003) who found that networks extending back to the village served to blunt independent organization. In the case of Indonesian factory workers from Lampung, Sumatra, who had migrated to Tangerang, West Java, the formalization of the rural-urban network in an organization called *Ikatan* both provided benefits for women factory workers and, at the same time, tended to impose gendered behaviour norms that limited workers' independence and pressured the women to 'self-police'. While Silvey and Elmhirst examined 'social capital' networks rather than the recruitment mechanisms that are our focus here, their findings are highly relevant to the extension of the value chain beyond the factory floor into the social relations of the village.

More recent research has focused on the Chinese institution of factory dormitories as places where the firm's control over workers is extended to regulate workers' life in what Smith and Pun (2006) define as the 'dormitory labour regime'. Dormitories are generally part of the firm's building compound or sit in its immediate proximity. They mainly host female migrant workers for the short-term period of their contracts. The strategic function of the dormitory labour regime in China is that of concentrating labourers within the factory walls and yet ensuring, through a policy of short contracts, that workers remain transitory. In this way, the factory can exert a strict and direct control over migrant workers lives, at the same time weakening their ability to form unions and organize a successful, structured class action within the factory. In this context social relations and personal networks have an ambivalent role – in some cases, social networks enabled workers to quickly organize protests within the dormitories and to successfully bargain better conditions against the management (Chan and Pun, 2009; Smith and Pun, 2006). In most cases, however, social networks became an additional way to control workers through a system of social obligations.

In this respect, understanding the role played by social networks in the recruitment process is essential. Smith and Pun (2006) describe how a few families controlled access to work in two factories surveyed in Shenzhen. Not surprisingly, the result of this paternalistic labour regime based on local recruitment networks led workers to accept poor labour conditions and resulted

in a “double extraction of labour power through absolute control of labour time and living space” (Pun and Smith, 2007). The localism intrinsic in social networks implies fragmentation and exclusion between sub-groups of workers.

A study by Iversen *et al.* (2009) represents a departure in the economic literature on recruitment networks, which generally views them from the supply side (see Ioannides and Loury, 2004, for a review of the extensive literature). One of the very few earlier studies to examine such networks from the employer’s, or demand, point of view (Fernandez *et al.*, 2000) concludes that ‘investment in the social capital of employees’, by hiring through referrals, is a way of achieving cost effective employment outcomes. It does not, however, draw conclusions about the resulting capacity of employers to exercise mechanisms of control. In other words the networks are seen as horizontal rather than belonging to net-chains, while the implications for the ‘trickle down’ of benefits to the workers are not addressed.

Iversen *et al.* (2009) on the other hand, break down recruitment networks into four different types: 1) peer emulation arising from widespread information within a village network, 2) specific information conveyed by an existing employee to a contact within his/her network, 3) requests from the job searcher to employed network contacts to find him/her a job, and 4) employer strategic use of networks as a screening and incentive mechanism. Each type of recruitment has different consequences for equitable access to the labour market – in particular, in relation to the fourth type they raise doubts about its ability to deliver equitable outcomes (Iversen *et al.*, 2009: 523). Their study focuses on the ability of employers to use networks to increase control over the workforce by screening potential recruits for trustworthiness, reducing uncertainty about productivity, and incentivising firm ‘loyalty’ (reducing labour turnover rates). In the case of job migration in India, where people from the same source go to work in the same industry and city, their finding was that recruitment through networks is more likely to be driven by employer demand (types 2 and 4) than by supply factors such as potential workers’ use of networks to access vacancy information (Iversen *et al.*, 2009: 537). In the present study we use actual network data, rather than the inferred networks of Iversen *et al.*

Our study brings the analysis of factories’ informal control over workers a step forward by looking at the ways in which social networks, and in particular recruitment networks, act in the sending communities. Instead of focusing on migrant communities within the factories, as the earlier literature has done, we focus on commuters who remain resident in the village. In our case, the impact of paternalistic control is even stronger as young female workers are still deeply connected with their village society. We find that not only does the hierarchy of the factory extend into the village, but also that it creates the conditions for participation by former factory workers in non-factory opportunities within the community.

### 3. Context of the Study

In the mid-1990s, garment producers from Hong Kong, Taiwan, Malaysia and Singapore started investing in Cambodia to take advantage of one of the world's cheapest labour forces. In 1997 Cambodia received the status of Most Favoured Nation from the US. The poor conditions of workers in developing country factories, however, had already given rise to protests among US consumers who lobbied the US government to improve labour standards in these factories. Largely in response to such pressures, and as part of the Clinton Administration's efforts to have labour standards included in the emerging World Trade Organization (WTO), in 1999 the US government signed an agreement under which Cambodian garment factories would have increasing shares in the US market on condition of improving labour standards. This milestone protocol known as the Bilateral Trade agreement (BTA) was implemented through the project 'Better Factories Cambodia' that directly involved the ILO in a program of monitoring and evaluating working conditions and labour rights. As part of the agreement, the labour standards provisions of the BTA were included in Cambodia's Labour Law. In addition, Cambodia's membership of the WTO was accelerated – the country gained full membership in 2004.

Since then, the Cambodian garment sector has gained an increasing share of the global market, attributed to its sweat-free reputation and advanced labour law. In 2005, the garment sector accounted for 90 per cent of Cambodian exports (Beresford, 2009), directly and indirectly employed about 500,000 people and indirectly supported about 20 per cent of the country's population of 13 million. Despite the end of the Multi-Fibre Agreement (MFA) in 2005, which over the next few years removed export quotas on China and other competitors like Vietnam and Bangladesh, the garment sector in Cambodia continued to grow, reaching its peak in 2008 when it exported USD3.1 billion, more than a 100-fold increase from \$27 million in 1995 (CDRI, 2003; CDRI, 2010).

The Global Financial Crisis (GFC) of late 2008 slowed industry growth and exports slumped in 2009, negatively impacting on workers' livelihoods and working conditions. By mid-2009, about 60,000 layoffs had occurred and a dramatic cut in overtime reduced the average salary by USD17 per month (Better Factories Cambodia, 2009, 2010). During our fieldwork villagers reported that, for them, the main effect of the GFC was not layoffs, but overtime cuts. However, exports recovered sharply in 2010 – for the first three quarters they reached USD2.27 billion (EmergingTextiles.com, 2010), while approximately half the lost jobs had been recovered (Better Factories Cambodia, 2011).

The existence of labour standards in Cambodia suggests a way of offsetting the 'race to the bottom' strategies exemplified in Burawoy's (1985) analysis of global production regimes. After the BTA, at least some elements within the Cambodian state, envisaged the country occupying a niche in the US and

European markets in which sweated labour is rejected.<sup>3</sup> Unlike other countries in the region, competition to drive wages and working conditions to rock bottom would not be a characteristic of the Cambodian garment industry. It is not clear, however, that states always have the last say. Xue (2008: 86) argues that

In global production, both states and firms have developed new strategies and interventions which are constructing more complex work organizations and labor control than Burawoy imagined. ... state intervention does not always or to the same degree influence the labor process, for the capacity of the state to regulate enterprises differs according to the local structures of politics, economics, and cultures.

Indeed in the Cambodian case there are several indications that the implementation of labour standards has not been the success story that is often suggested. In recent years there has been a decline in the transparency with which Better Factories monitoring is conducted (Beresford, 2009) – a situation that benefits employers and buyers. Workers we interviewed for this study reported numerous violations, particularly with regard to overtime requirements. There have been several assassinations of independent trade union leaders, while strikes have rarely followed the legal procedures (suggesting that adequate mechanisms for the expression of grievances do not exist) and success in collective bargaining is rare (ITUC, 2008). Nonetheless, there is also evidence that genuine efforts are made to sustain higher labour standards on the factory floor than are available in many other parts of the region (ITUC, 2008).

Despite the shortcomings, however, Cambodia provides an interesting test of the common assumption that the garment value chain ends at the production line. The present paper forms part of a larger study of the economic impact of the garment industry on Cambodia's rural villages. As recruitment provides the initial necessary link between village and factory, we can usefully pose the question of whether adherence to labour standards inside the factory gates really means that 'sweating' is no longer part of the system.

#### **4. Location of the Study and Data**

The village selected for the study is located in Kong Pisei district, Kampong Speu province, about an hour's drive from Phnom Penh. The village has a population of 532 people (108 households), of whom about 22 per cent are identified as 'migrants' while 14 per cent are employed by private firms (Ministry of Planning, 2008).<sup>4</sup> Factory work is the main source of income for households in the selected village. According to the Commune chief more than 30 per cent of households in the commune to which the village belongs have at least one member commuting to work in a factory.

Agriculture is very poorly developed in the village. Rice farming is the main agricultural activity – with subsistence-level production of traditional varieties, due to lack of irrigation, averaging only 1-1.5 tonnes/ha in a single season. The median landholding is 0.5 ha – land was initially obtained in the highly egalitarian post-collective redistribution of 1987 and there has so far been relatively little change in holdings.

The village also has a large number of households engaged in basket weaving. Despite the market connections in place for marketing these handicraft products, they are poorly paid and represent a minor source of income for the village population.

The sampling technique we used to establish the main recruitment method was snowballing. The initial sample comprised 15 factory workers selected by the village chief to attend a focus group discussion on a Sunday morning.<sup>5</sup> This sample was chosen from among those women not doing overtime on that day, a situation that was forced upon us by the fact that Sunday was the only possible day on which any of the village's workers would be at home during the day. To this group we added 8 more, chosen at random. Each of the 23 was asked to name the person from whom they had obtained assistance in obtaining their first factory job. Where possible, that person was then interviewed.<sup>6</sup> After two rounds the snowball was ended with a total of 31 interviewees and 45 people named. In addition, interviewees were asked for their job level at the factory and the type of help received (e.g. information only, referral, etc.). For the purpose of this paper the job levels have been grouped under two categories: workers, including probationary workers and those on standard contracts; supervisors, including floor supervisors, team leaders, and quality or stock controllers.

## **5. Commuting versus Migrating**

Given the lack of viable alternative economic activities, the main aspiration for the young people in the village is to work at the factory. The pressure of families against migration is, however, very high particularly in relation to young women. Young women are discouraged with the argument that “city life is dangerous and it is easy to get into trouble”. The need to follow family advice is a *leit-motif* of our interviews to explain why commuting is convenient despite the fact that migration could be more profitable. In reality, by remaining under the influence of the family, commuters are perceived as a more reliable source of savings and less likely to “run away” from their family obligations.<sup>7</sup>

On the contrary, male migration raises no issues within the family, as it is simply explained as a matter of logistics. Migrant males are usually construction labourers and they are scattered throughout multiple locations, which makes daily commuting impossible.



The decision to commute is however not solely an individual or household choice. Commuting requires first of all the creation of a complex logistic system enabling the workers to reach their work place according to the overtime schedules imposed by the factories. For this reason in almost every village a cattle truck has been transformed into a bus, collecting workers from their homes and bringing them to specific factories located along Highways 3 and 4. Commuters have to depart as early as 5 am and they return around 7 at night. The organization of effective transport is particularly difficult and expensive given the irregular patterns of overtime demanded by the factories on the basis of their contracts. The need to share transportation makes it important for those living nearby one another to be working in the same factory. In this way, the truck drivers can adapt their schedules to the pattern of overtime. Fares for daily transport by truck cost \$8-15 per month from a basic wage of \$61.<sup>8</sup> When the factory requires overtime beyond the standard 2 hours, workers cannot rely on this system anymore. To comply with exceptional overtime schedules, individual workers may need to find temporary accommodation near the factory. These extra costs constitute an important reduction of the real wage and they are entirely borne by the workers as no public transport is available.

Secondly, as will be discussed below, the choice to commute strongly depends upon the connections available within the village. In our study we found that migration can result from a lack of social ties to the village recruiters.

## **6. Results**

In this section we discuss the two main results emerging from our fieldwork in Kong Pisei. In subsection 6.1, we show that village networks are widely used to find industrial jobs. The use of village networks in recruitment, however, far from creating solidarity among the workers/villagers, constitutes a further system of control over labourers that overlaps with that imposed by the factory. The recruitment system reproduces the hierarchy of the factory within the village insofar as supervisors are central actors in these networks. In subsection 6.2, we discuss the hypothesis that built into the recruitment network is also a principle of accumulation of capital that ultimately will transfer the factory hierarchy to the village economy at large.

### ***6.1 Recruitment Networks: Power and Control in the Village***

In principle, worker recruitment is done by affixing an advertisement at the front gate of the factory so that it can be easily seen from national Roads 3 and 4 or other nearby roads. As people pass by, they notice the advertisement and apply for the job. According to the commune chief, there are only four qualifications for garment jobs: recruits must be 18-30 years old;<sup>9</sup> have good

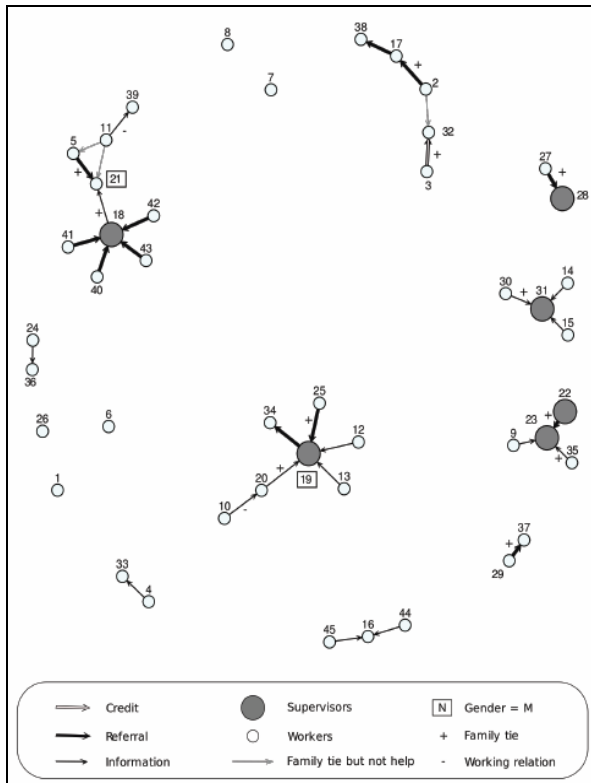
health; be able to sew in a straight line; and be able to read and write (interview). Upon recruitment, there is a probation period of 3 months before moving on to a standard contract.

In practice, of the 23 people interviewed about their first employment from the initial group, only 5 (about 22 per cent) had found their first job by seeing the factory-gate advertisements. The remaining 78 per cent were introduced to the factory by somebody else (family member, friend or other villager). One of the main difficulties of finding a job by looking at factory-gate advertisements is transportation. Job seekers have to pay a fee to the local truck-driver, generally a percentage of the monthly fee of USD8-15 depending on the search, to be able to get on board with the other workers and look for advertised vacancies. However, while the industrial area around Kampong Speu is quite extensive, including sites on both Roads 3 and 4 and away from these highways in the city, local trucks limit their trips to specific factories.

Job seekers therefore are restricted in their search to those sites to which the particular truck goes each day. To expand the search job seekers need to pay higher fees to truck drivers. The costs of transportation and the time needed to search, particularly during the financial crisis, make an independent search extremely difficult and inefficient. Recruitment by means of network connections cuts down all these upfront costs and the network method of job search is therefore highly cost-effective for potential recruits. Moreover, by enabling a ready supply of labour that would be otherwise difficult to tap, the network method is also cost-effective from the factory's point of view. By relying on networks, firms can both reduce the costs of attracting workers and possibly achieve more rapid induction into the requirements of the job.

Figure 1 shows the recruitment networks revealed by the sample. The size of the node in the network indicates a person's position in the factory hierarchy – large dots are supervisors, small dots are workers with either basic or probation contracts. The direction of ties indicates the demand for help or referrals.<sup>10</sup> Thick black lines represent referrals, thin black lines indicate information, and thin grey lines indicate the few cases where a family member was not associated with any help received (there are only three such cases: actor 11 is the mother of 5 and 21, but apparently neither gave nor received help from them; and actor 32 did not help her family member 2). The signs + and – indicate the type of relationships linking actors: + indicates the two nodes are relatives; – indicates a neutral working relationship in the sense that one of the two people was already working and helped the other to be employed in the same factory. There are only two cases, in which information flowed through working relationships without being associated with friendship or kinship, the case of actors 11 and 39; and the case of actors 10 and 20.

Figure 1: The recruitment network



Source: Field data.

In our sample both family and friends provided help. Of the 30 job connections sampled, 15 were based on family ties, 13 on friendship and acquaintance and 2 on past working contacts. Similarly, connections can provide either information or referrals.<sup>11</sup> In the sample, 12 ties led to a full referral involving either a personal introduction to the supervisor (labour manager) or even to the owner. In this case, the prospective worker would likely be employed without testing. About 67 per cent of referrals in the sample directly involved a supervisor. Similarly, information flow led directly to a supervisor in 60 per cent of cases. These data highlight how important the role of supervisors is for labour recruitment.

This strongly hierarchical structure of the network confirms the finding of Chan and Pun (2009) according to whom recruitment is heavily reliant on social networks originating within the sending communities and, in the case of Chinese migrants, reproduced in the dormitories. According to them, this

paternalistic labour regime is based upon a system of obligations by which workers had to accept harder working conditions to please the person that “helped” them to get the job. In their analysis however the ways in which the factory and the village hierarchies overlap remains unexplored. In our case study, interviewed workers reported that they felt supervisors were the key determinant in accessing better working conditions. Supervisors control the recruitment process, shape the work place through their favouritism, and decide terminations on the basis of workers’ performance and compliance with formal and informal rules.

In contrast with the case of Chinese migrants, the overlapping of family obligations and work obligations on Cambodian female commuters creates a fertile terrain to firmly extend the hierarchy of the factory well beyond the workshop. In the dormitory labour regime described by Xue (2008) and Chan and Pun (2009), the localism of village based networks sometimes constitutes the basis for workers’ collective action.<sup>12</sup> Migrant workers living in dormitories are exposed to a wider social environment, where new networks are formed and old ties transformed. Migrant communities, therefore, might indeed represent an opportunity for workers to exchange experiences of work across different factory regimes, compare conditions and organize simultaneous strikes.

In the case of commuting communities recruitment networks cannot have these positive externalities. On the contrary, social networks reproduce and couple the logic of the factory with the village culture and paternalistic discourse (Mills, 2005). Commuters remain physically located in their own village, where they are exposed to familial and cultural control and, in addition to that, they can also be closely watched by their own factory supervisor. Under such conditions, commuters have no chance to break the localism of their social networks. In contrast to the Indonesian (Silvey and Elmhirst, 2003) and Chinese (Chan and Pun, 2009; Xue, 2008) cases, localism emerges in our research as the main strategy to fragment collective action, and to ensure a flexible organization of labour that is functional to factory demands. It is a particularly important strategy in a country which applies high labour standards at the level of the factory floor.

An example of the tightness of such control is given by the interview with actor 19, sitting in the centre of a large sub-component including 5 respondents and one person from Phnom Penh. The actual dimensions of actor 19’s network, however, are much larger including more than 60 people not only from the studied village, but also from nearby areas.<sup>13</sup> The types of relationships linking 19 to his large social network extend far beyond the close entourage of family and friends. The outer circle of 19’s contacts is, even in our small sample, characterized by a neutral relationship (indicated by – in the graph linking actors

10 and 20) based neither on kinship nor on friendship, but on an established informal system of recruitment characterized by personal obligations.

Actor 19 is a supervisor, but his real strength is given by his ability to speak Chinese. He is often called by the owner of his factory as translator. This privileged relationship with the owner has become the basis of his fortune. If workers are proposed by actor 19, they have a 90 per cent chance of getting a job without testing and without a probation period.<sup>14</sup> Villagers reported that they prefer not to ask 19 for work and will only do so if they lack alternatives. The reason is that the overtime schedule in 19's factory is one of the toughest. There is no union and, despite the Labour Law's restriction of overtime to 2 hours per day, workers are forced to follow the overtime schedule (often 3 hours per day and work on Sunday). In order to get the job, villagers pay USD10-20 to 19 in return for his help. In the case of problems at the factory, actor 19 is called in as a mediator. First he tries to solve the problem by talking with the worker(s) – in most cases this is enough for production to continue. If the problem persists, 19 will encourage the owner to fire the worker(s) in question.

It is not our intention here to focus on the individual characteristics of supervisors as either sympathetic or antipathetic to workers in their networks. Instead it is to show how the extension of the factory hierarchy into the village blunts the possibilities, in the context of daily commuting, for independent action on the part of the workers. Both supervisors and workers are rendered vulnerable by this system as both sides need to ensure compliance with the needs of the employer.

## ***6.2 The Factory Hierarchy Shapes the Village Economy***

The dependence of workers on local supervisors to find jobs in the village also brings about another important implication – supervisors can use their strategic position to gain an economic advantage within the village economy. In this way, the hierarchy generated on the factory floor is reproduced in the economy at large, becoming the basis for future development. Actor 19's newly renovated home, for instance, presented all the signs of "success" as perceived in the dominant discourse of rural migrant communities – glass windows, decorated wooden doors and blinds, and tiled floor (Mills, 2005).

The most outstanding example of this mechanism of transfer of power from the factory into the village, is however the story of actor 31, the supervisor of a team of cleaners. Actor 31 quit her factory job in 2008 together with her two sisters. While they were working at the factory they helped many people in the village to get a job in their team. Actor 31 had the freedom to choose all her team members, thanks to her good relationship with the factory owner. She left her job when her family opened their third village shop selling an impressive amount of household products ranging from cleaning products to

buckets and plastic kitchenware. Her family's shops are the only shops in the village and they constitute a notable exception in the commune as a whole. Most villages in the commune have only a small food market and rarely any shops at all. Actor 31's shop, on the other hand, was literally packed with expensive products to the point one would wonder whether the local market justified such a stock. The business was built, according to actor 31's father, step by step over time. He firmly opposed the idea that his daughters' savings contributed to the businesses in any way. The strong impression received from the interview, however, was that the daughters might have recycled goods from the factory as products for their family business. It can also be hypothesised that actor 31 would have preferred to hire as a team member a person able to contribute her share of products at the end of the month. In her case, being a supervisor not only meant receiving a higher salary, but also having the opportunity to build a solid economic future for her and her family in the village.

Another interesting case that highlights the overlapping of power within the factory and the village is that of actors 2 and 32. Actor 32 is the adopted daughter of a commune official and her sister is the village nurse. Of her 8 children, one is a nurse, two have private businesses, and two more are working in the factory.<sup>15</sup> Members of this family have helped a number of people to find jobs in 32's factory and she also provided, uniquely in our sample, credit to job seekers.<sup>16</sup> Unfortunately, we cannot be sure about their job levels as the respondent did not provide this information. Clearly though, this example represents another case where a large component of the recruitment network articulates around a family that is central in the local village economy.

Finally, there is the case of actor 18. She and her husband, actor 21, migrated to live 20 minutes from the village nearby the factories on Road 3. Actor 18 originally comes from Takeo province, some distance further south of the city. She constantly remits her savings to her mother in Takeo to support the couple's children who remain there. Her husband, actor 21, originates from the surveyed village (he has migrated twice), but retains few links there beyond his immediate family. While he helped his sister (actor 5) to find her first job at the factory, he neither received from nor gave help to his mother (actor 11). Actor 11, who started working in the factory more than 20 years ago, received assistance from 39.<sup>□</sup>

The reason why actors 18 and 21 decided to migrate from Takeo was extreme poverty and the inability to look after their two children. However, they did not return to live in 21's village. By living close to the factory on the road, actor 18 was able to work for longer overtime periods, an important factor for becoming a supervisor. The couple tried to create their own network of recruitment by introducing many other family members and friends to the factory. They provided information, referrals and accommodation during the

initial period of migration. Most of their contacts, however, decided not to work at their factory due to the lack of a factory bus and necessity to migrate. Over time the couple managed to accumulate enough capital to start a chicken farm of about 30-40 animals. It is important to notice that in our larger random survey carried out within two communes of the District (about 340 interviews), we only encountered 4 livestock farms. Raising livestock and opening up a business along the main road are the two most successful forms of economic differentiation pursued locally.

## **7. Limitations of the Study**

This study is an exploratory one aimed at verifying the nature of the linkages between commuters and factory recruitment. The sample is incomplete and might underestimate the real extent of the phenomenon or, conversely, overstress the restrictive nature of local networks.

The data suggest that at least three mechanisms are at work in the village. The first is based on the reproduction of the factory hierarchy among village commuters. The second highlights the existence of small networks of solidarity among family members. The third points toward the existence of non-network channels of job search. While we are not able to say with any certainty which is the dominant one, given the paucity of the data and the diffidence of respondents, the data we have been able to collect suggest that the first is well worth further investigation.

The strong fragmentation of the network into disjoint components might be partly due to missing data (we stopped the snowballing after the second round), but is likely to depend upon the existence of separate channels of recruitment within the village. A cluster can form, for instance, around a particularly well-connected person within a group of factories. Similarly, the network might be fragmented by the specificity of the job searched and obtained. We cannot exclude though that a different picture would have emerged from the data if a complete network was available. Limitations of our sample, including reliance on the commune chief to select the first 15, might lead to overstatement of the importance of the hierarchical networks in recruitment. On the other hand, the fact that we stopped the snowball early means that we have omitted further connections in some of the dyads which might have pointed to supervisors as the ultimate source of information and assistance.

## **8. Conclusion**

Cambodia represents a unique case of a country in which factory labour standards are not only mandated by law, but have apparently (at least until the onset of the GFC in late 2008) been successfully implemented (Beresford,

2009). Moreover, it is one of the few garment producing countries with an active, independent labour movement – one of the factors monitored by Better Factories Cambodia – that provides the possibility for workers to collectively bargain for better wages and conditions. As a result, the country has been an attractive sourcing option for buyers seeking to meet a growing demand in the West for goods produced under non-sweatshop conditions.

In taking the analysis of labour conditions beyond the shop floor, however, we have shown that there is no cause for complacency about Cambodia's relative success. While the study of a single village cannot refute the case for Cambodian garment production being 'sweat free', our research shows that we cannot ignore village-level social relations in understanding the conditions faced by the labour force inside the factory gates. The high level of dependence on supervisors shown in our results, suggests a process leading to fragmentation and disorganization of labour maintained through these hierarchical village-level relations that might offset any potential for solidarity-based organization. In at least one case (that of Actor 19) we have found clear evidence that workers are rendered vulnerable by their local network connections. Building on the work of Pun and Smith (2007), our analysis suggests that the commuting village can be conceived as an informal, more stringent regime of domination. Conveniently placed nearby the factory, the village is commanded to recruit, organize and transfer labourers according to the demands of the factories. In contrast with the dormitories in China, which also provided an occasion to build new networks of solidarity, in our case study instead we find a mechanism reinforcing control over the workers, in which family and work obligations overlap. The authority acquired within the factory hierarchy extends not only to become the backbone structure of the village recruitment system, but also a vehicle to power in the village economy at large.

The study also contains implications for value chain analysis. Our research shows that the village economy from which the workers are recruited (in which the labour force is produced and reproduced) cannot be ignored. In analysing the real conditions under which countries access buyer-driven commodity chains, and their implications for the ability of workers and firms to share in the value-added created by the global chain, the reproduction of power relations in the village is a crucial determinant.



## Notes

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- 1 Corresponding author.
- 2 Inter alia, they found that the weekly wage was *de facto* 21 per cent higher in the plant where the bonus system was based on team work rather than individual performance. Workers also were more satisfied with their work when they had the chance to specialize in multiple tasks and participate in work-related decisions.
- 3 Interview in 2003 by one of the authors, with Sok Siphanna, Secretary of State for Commerce.
- 4 The average migration rate in the commune is about 11.2 per cent and the surveyed village has the highest rate. About 14 per cent of the village female population has migrated. While the Commune Village Database provides invaluable information on the Cambodian economy and employment, the data must be used with caution as they lack accuracy and can therefore only provide general trends.
- 5 The focus group also included 15 ex-factory workers and a number of village farmers.
- 6 Those living outside the village were not interviewed.
- 7 Escaping misery and family obligations for many women means to escape without notice from the village to seek an alternative life in the city, or even further away in, for example, Malaysia. Several young mothers we interviewed, unable to work at the factory because of their childcare obligations or their age, and under the pressure of debts, had settled on the dramatic resolution of leaving their children and relatives for an unknown future somewhere else. Other interviewees informed us about abandoned children who were desperately ill or had even died.
- 8 According to our interviews, the monthly transport cost can be as much as double that of shared rental accommodation in the city.
- 9 Age certification can be a major problem for prospective workers in a country that 2 decades ago experienced war, and where a large proportion of the population was forcibly deported. The experience left most of the population with uncertain ages, due to loss of original documents, duplications and errors. Currently, ID certificates are issued every 3 years by the police in collaboration with the commune office against a formal payment of 2,000 Riel per certificate (equivalent to USD0.5). However, the system can leave an 18 year-old without certification for up to three years, requiring informal payments to local authorities of about \$50. Conversely, people aged only 15 can acquire an ID certificate to which they are not entitled in order to start working sooner. One of the implications of this finding is that Better Factories' inspection results with regard to child labour may be compromised.

- 10 The question answered during interviews is: who helped you find your first employment in the garment sector?
- 11 It must be said that data on information and referrals can be incorrect. Respondents were often suspicious and some of them might have understated the real nature of the help received. Inconsistencies between direct and indirect information on the type of help received are particularly significant when they concern those cases in which help was granted against the payment of a 'gift'.
- 12 For an early study on the possibilities of independent organization in Philippine garment factories see Hutchison (1992).
- 13 This information was confirmed not only by the respondent himself, but also by other villagers.
- 14 The role of actor 19 may constitute what Iversen *et al.* (2009) refer to as employers' strategic use of networks in recruitment. As they put it: "acting as someone's workplace guarantor exposes an employee middleman to considerable reputational hazards and is expected to make him cautious and selective".
- 15 The other children are attending school.
- 16 We know she lent money to actor 3, but have no evidence of money lending involving her other contacts.
- 17 39 was not part of her social network of friendship (the - sign indicates the relationship was based solely on a work connection).

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