

Identified opportunities and challenges in CSR certification –
The case of CSC9000T in China's textile industry

Tingting Chen * & Cecilia Mark-Herbert

Tingting Chen*, Swedish University of Agricultural Sciences, Department of Economics,
Environmental Economics and Management Programme, Master student,
Kronasvagen 52, 75651, Uppsala, Sweden,
chen_tingting1004@hotmail.com,
Phone: +8615240157440

Cecilia Mark-Herbert, Swedish University of Agricultural Sciences, Department of
Economics, PhD, Associate professor,
Box 7013 John Brauners väg 3, 750 07 Uppsala, Sweden,
cecilia.mark-herbert@slu.se,
Phone: + (46)18671709, Fax: + (46)18673502

Identified opportunities and challenges in CSR certification – The case of CSC9000T in China's textile industry

Abstract

China's textile and apparel industry serves a global market with rising expectations of Corporate Social Responsibility. A new industrial standard, CSC9000T, aimed at corporate sustainable development has been launched addressing environmental and labor issues. Corporate efforts are legitimized by Chinese government and relevant authorities. A comparative case analysis reveals communicated opportunities and challenges perceived by the first generation of certified corporations. An initial internal focus is placed on educational efforts and company policies. Investments and certification processes that at first may be associated with challenges and costs may become grounds for accountability, differentiation and competitive advantage on a global market.

Key Words: competitive advantage, corporate social responsibility (CSR), CSC9000T, textile and apparel industry, standard

Introduction

Corporate Social Responsibility (CSR) nowadays is a widespread business phenomenon within the corporate world. One way to create values is to pay special attention to social ethics and corporate social responsibility (Boatright, 2012; Dobers, 2010). It may refer to communication and activities such as “*sustainability reports, philanthropic activities, private-public partnerships and third-party certifications of social and environmental standards*” (Malmborg & Mark-Herbert, 2010, 58) to express corporate accountability and raised awareness of CSR in the modern society.

Expectations of CSR are particularly aimed at primary industries and multinational corporations serving a global market. An example of one of the world’s largest industries is the Chinese textile and apparel manufacturers (www, CSC9000T, 2011). This industry consumes large amounts of resources; the country’s natural fibre crops, with cotton alone representing a planted area of nearly 5.7 million hectares involving 40,000 farmers (FAO, 2006). The textile industry has been closely linked to the development of the national economy and changes that occur are sure to have a significant impact on other areal productions, such as the agri-business sector as well (www, CSC9000T, 2011). As the continuous growth of global textile and garment trade, Asia, especially China, plays a more important role in the global supply chain (Sun, 2010). Foreign multinational importers or buyers began to examine the behavior of Chinese textile enterprises from the perspective of CSR in labor rights, working conditions and environmental issues etc. These reoccurring reviews and media reports have increased expectations of corporate responsibility which has lead to more and more multinational companies proposing CSR standard certification requirements in the procurement.

Promoting social standards is supposed to better integrate the China’s textile and apparel industry into the global supply chain and meet the requirements of the international market, which further improves the competitive advantages of the businesses and benefit all stakeholders involved (CNTAC, 2010). The development of the CSC9000T is adapted to a Chinese cultural context addressing identified challenges in global expectations of CSR in the garment and apparel industry. However, similar situations are facing agricultural supply chains where global food processing companies are recognizing the need for more sustainable food production and strategies for improved environmental, social and economic performance in their supply chains (Roth *et al.*, 2008; Senge *et al.*, 2010). Is the solution a CSR certification in the case of food production as well? What can be learned from the garment industry?

Research aims and questions

The aim of this research project is to describe the conditions for implementation of the corporate responsibility standard, CSC9000T, in the Chinese garment industry. Research questions of particular interest are related to perceived driving forces and hindering factors for certification.

- ✓ What are the perceived motives for businesses to implement a corporate social responsibility (CSR) standard?
- ✓ What are the opportunities and challenges associated with the implementation of CSC9000T?

The context bound factors identified in this study are culturally bound and related to a time when a first generation of corporations are certified. Theoretical generalization is possible for the reader with an in depth knowledge of how these factors translate to other industries, cultural settings and phases in a sustainable development process.

Research design

Based on the research objective and questions, a qualitative method was chosen because it is appropriate given efforts to understand a phenomenon, CSC9000T certification, in a specific context of the Chinese textile and apparel industry. Multiple cases were studied in a collection of data from a variety of sources in a natural and contemporary setting in an ambition to triangulate, in other words, validate data (Yin, 1991).

An inductive approach in the research project meant that we commenced with a thorough literature review to identify a relevant theoretical frameworks and empirical studies. Stakeholder theory was selected as a basis of explaining CSR drivers, benefits and challenges of CSC9000T. In choices associated with the empirical study we have had to make compromises between what was desired and what was possible to do. The availability of data has been limited, both in terms of selection of units of analysis and of what kind of data that could be obtained. Three case studies were selected based on the following criteria:

- Ownership-the selected textile and apparel enterprises are all listed companies, which implies they are operating in a capital market.
- Industrial segmentation- the case studies are all part of a garment value chain; textile manufacturing and textile machinery product.
- Geographical location- the three case companies are located in the same relatively developed region assuming that the enterprise's CSR cognition and information transparency are directly related with the regional economic development.
- Market orientation-the companies operate in a similar market environment, both domestic and overseas.
- CSR implementation status-all of the three enterprises were certified by CSC9000T management system standard and they are selected from the first group of domestic CSC9000T pilot enterprises with a common basis of implementation context.

For each of the case companies, the most recent CSR reports (2009- 2011) have been analyzed. The documents studied are mainly CSR reports, either within the annual report or, for most a separate sustainability report, and websites of companies, government and professional bodies. Critique has been raised against using corporate strategic documents; “*glossy CSR reports that showcase companies’ social and environmental good deeds*” (Porter & Kramer, 2006, 3). However, our analysis concerns what corporations are communicating in terms of perceived opportunities and challenges in a CSC9000T certification. Secondary data, such as personal communications, industrial reports, web

pages and newspaper articles as well as experts of the industrial organization communications also served as empirics.

Theoretical framework for analysis of empirical findings

Research concerning standards in this project deals with who is involved (stakeholders), the actual process of getting certified and perceived outcomes of the certification.

Stakeholder theory

As a part of strategic management, “The stakeholder model has received increasing appreciation over the past two decades as an effective method to secure the long-term sustainability of companies” (Jensen & Yeh, 2009, 8), which implies the importance for management to regard. In general, the stakeholders of a corporation consist of shareholders, investors, employees, suppliers, customers, governmental authorities, NGOs, media, and special interest groups, etc (*ibid*). Mitchell *et al.* (1997) indicate that the stakeholders can be divided into primary stakeholder and secondary stakeholders, depending on their direct and indirect impact on the company. In short, the stakeholders can be defined as “any group or individual who can affect, or is affected by, the achievement of a company’s purpose” (Jensen & Yeh, 2009, 8).

Roberts (2003) divides the stakeholders with regards to their role in relation to the corporation in four groups; authorizers, business partners, external influencers and customers (Figure 1).

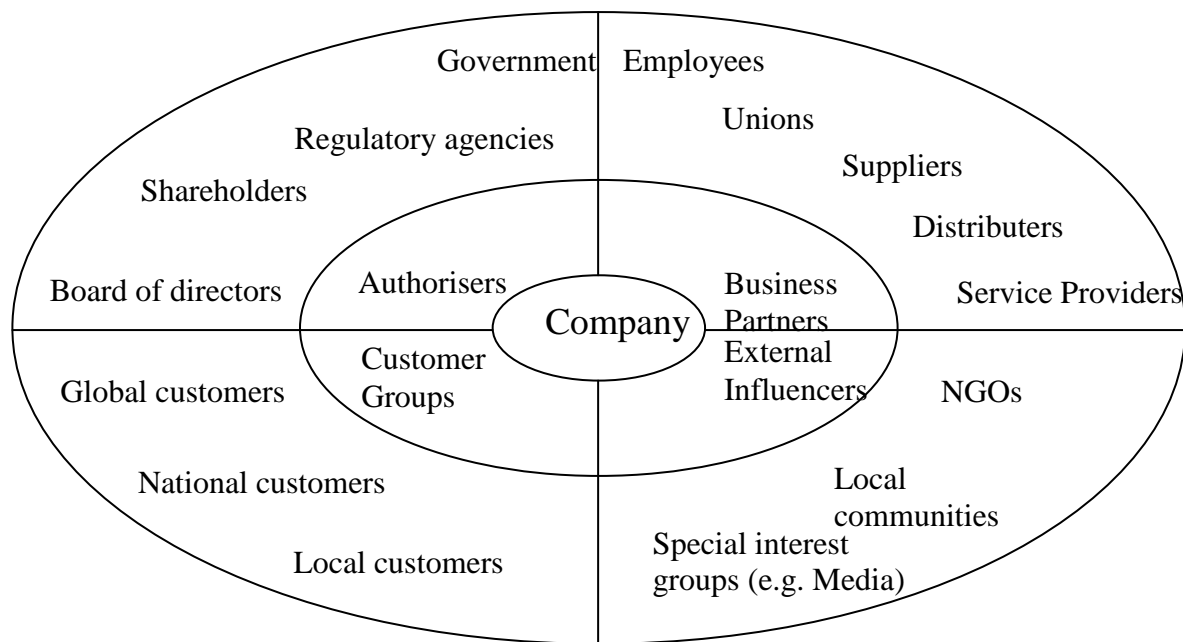


Figure 1. Corporate different stakeholder groups (adapted from Roberts, 2003, 162).

Authorizers are normally government, regulators or shareholders who provide the authority for a company to function and monitor its performance meanwhile. *Business partners* refers to a group stakeholders who can facilitate the operations of the company. They can be a wide range of people like employees or suppliers or distributors. *External influencers*, such as NGOs, community members and media, usually tend to exert external influence over the company for the business responsible behaviors. *Customers* could be global, national and local customers according to the geographical areas. They can also be divided into different groups based on their needs and interests. Many case studies indicate that more customers begin to perceive a company by its CSR performance instead of corporation reputation or financial achievement (Environics, 1999).

The implementation of standards

Mamic (2005) presents an integrated management approach for implementing a Code of Conduct (CoC), serving as a standard if it is not developed internally, which is perceived as a favorable way to accommodate to expectations in the sports footwear, apparel and retail sectors. The four communicational elements in this implementation process (see Figure 2).

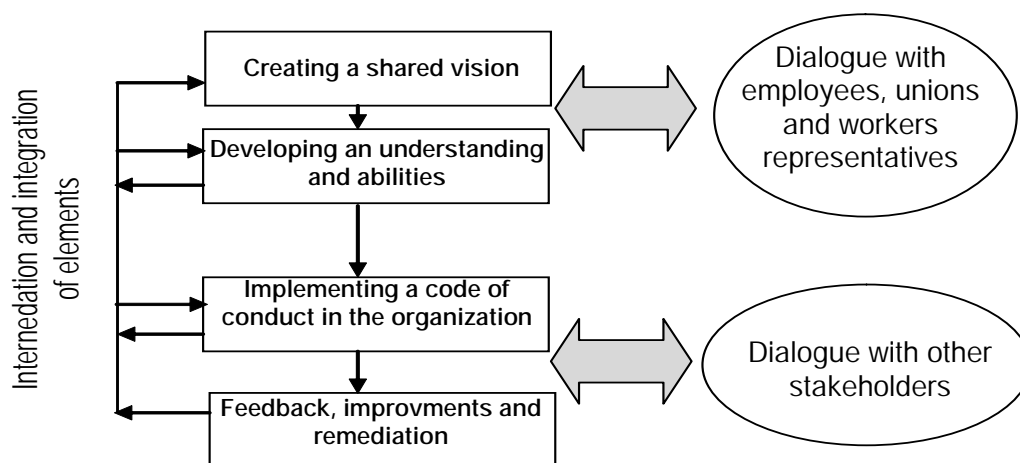


Figure 2. Framework for implementing management system for a code of conduct (Mamic, 2005, 83).

Creating a shared vision both internally and externally is the very first place for a company to define what is going to achieve with its implementation. Better understanding by managers, employees or others who may affect or be affected by this implementation process shows a big challenge. Multiple levels of communications and trainings are therefore required and become necessities among the company and its different stakeholders. The company, however, should consider how to integrate the code in various departments when in a real operation. This, at the same time requires a well structured organization with clear tasks under each responsibility. Finally, it's important for management to monitor, feedback, improve and correct during the implementation process so that the problems are detected can be addressed; furthermore to serve the reality with next improved loop cycle.

It should be noted that dialogues with stakeholders, both internal and external, are central to the successful implementation process across an organization and its supply chain. In other words, it usually takes a long time and remains as an ongoing process.

Advantages and disadvantages of standards

The term “standards”, in a broad sense, can be used to refer to “*generic concepts and normal ways of thinking*” (Larsen & Haversjo, 2001, 461), in this study focuses on administrative standards, or generally speaking, management standards.

Table 1. Advantages and disadvantages of standards

Advantages of standards	Disadvantages of standards
Effective in transmitting information and coordinating activities (Brunsson & Jacobsson, 2002, 169) Basis for learning and engagement (Ligteringen & Zadek, 2005, 2) Provide a framework to reduce uncertainty (Gouldson & Murphy, 1998, 62) Improve public image and reputation by effective communication to stakeholders (<i>ibid.</i> , 63) Identifying relevant issues (Ligteringen & Zadek, 2005, 2) Cost savings and reduction in resources usage (Starkey 1998, 84) Simplification (Brunsson & Jacobsson 2002, 169) Competitive advantage (COPOLCO, 2002, 66)	Homogeneity may hinder innovation (Brunsson & Jacobsson, 2002, 171) Expensive associated with all costs it implies, especially for small organizations e.g. staff time spent on implementing and maintaining system, consultant fees, and payment of verifier (<i>ibid.</i> , 136; Starkey, 1998, 84; Stigzelius & Mark-Herbert 2009) A standard does not guarantee any level of performance (Gouldson & Murphy, 1998)

Table 1 display generic advantages and disadvantages of standards based on a literature review that offers starting points for our analysis of CSC9000T implementation in the garment industry in China. Because of the differences in company sizes, type of businesses, market orientations and stakeholders concerns, the advantages and disadvantages of standards are expected to vary between companies. But before revealing the research findings a brief empirical background offers a context for interpretations.

Empirical background - CSR and CSC9000T in China

The normative concepts of benevolence and righteousness from Chinese philosophical tradition give grounding to the modern concept of corporate social responsibility (CSR), according to some Chinese scholars (Jensen & Yeh, 2009). The CSR movement was introduced into China in the mid-1990s, when multinational enterprises started to impose codes of conduct in international supply chains to textile and

garment factories under the pressure of anti-sweatshop activities worldwide (Gugler & Shi, 2009; Chan & Ross, 2003). Table 2 illustrates the three different phases of CSR development in China.

Table 2. Evolution of CSR in China (Gugler & Shi, 2009, 13)

<p>Phase 1 (1996–2000) Multinational companies started to impose supplier codes and began auditing Chinese factories. At this stage, CSR is still a new concept to many Chinese. Chinese government, public, media and domestic Chinese enterprises had limited awareness of the topic. Media coverage of CSR is also scarce.</p>
<p>Phase 2 (2000–2004) The CSR movement was pushed by international organizations and NGOs. Chinese suppliers recognized the increasing pressure from excessive auditing and CSR compliance requirements. Several government departments, Ministry of Labor, the Ministry of Commerce and the Chinese Enterprise Confederation all set up CSR committees to investigate if international organizations and MNEs are applying labor conditions as barrier to trade. The government chose to adopt a “wait-and-see” approach toward CSR activities.</p>
<p>Phase 3 (2004 – 2012) CSR became a buzz word across enterprises and went beyond export processing companies to domestic and state-owned enterprises. Chinese government silently shifted from a passive approach to active participation, such as creating a CSR standard to maintain Chinese corporate competitiveness in global market.</p>

These phases (Table 2) show that the urgency of addressing CSR issues in Chinese corporations has progressed from being rather acute to current view where CSR is associated with creating added value to attain competitive advantage. The Chinese textile and apparel industry has been under public scrutiny in the most first place to address CSR issues by through the three main operation forms, which are social auditing by international purchasers, international standard SA8000 certification and CSC9000T certification (Tang, 2007).

CSC9000T (China Social Compliance 9000 for Textile & Apparel Industry) was introduced by CNTAC (China National Textile and Apparel Council) in 2005. It is the first industrial social standard, taking into account China's laws and regulations, international standards and conventions, and Chinese special characteristics (CNTAC, 2006). The CSC9000T certification consists of total 12 elements with the focus on labor rights and standards (listed below).

- Management system
- Discrimination
- Trade union and collective bargaining
- Child labor and Juvenile workers
- Forced or compulsory labor
- Employment contract
- Working hours
- Wages and welfare
- Harassment and abuse
- Occupational health and safety
- Environmental protection
- Fair competition

The development of CSC9000T is experiencing several stages since its first introduction by CNTAC. A brief history presented as land-marks in the development is offered in Figure 3.

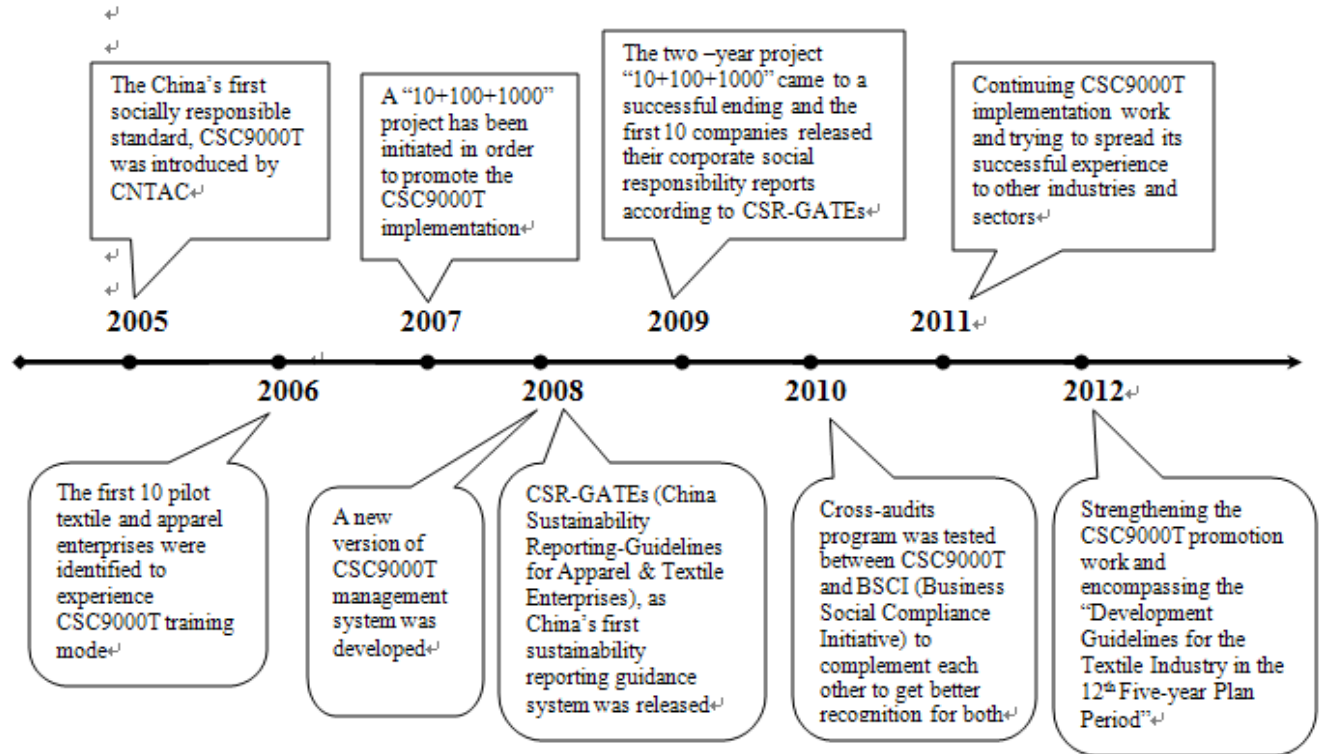


Figure 3. Development stages of implementation of CSC9000T in Chinese textile and apparel industry.

The contemporary history of the development of CSC9000T illustrates the development process of a standard in an industry that has been identified as important for exports. Corporate responsibility expectations are met in a step by step implementation process carefully overlooked by authorities and third party auditors, and with that hopes of attaining international legitimacy. These findings serve as important steppingstones for the apparel industry, but also as inspiration for other industries, in need of finding ways to address corporate responsibility issues.

Research findings

Using the stakeholder theory model offered by Roberts (2003), the key stakeholders of all three case companies are mainly divided into *authorizers* (Chinese government and shareholders), *business partners* (employees, suppliers and trade unions), *customers* and *external influencers* (NGOs and trade associations as well as public communities). Table 3 offers a summary of the different stakeholders of case companies, CSR performance goals relating to each stakeholder, concern issues and communication channels. It also indicates the basis of the role a Chinese textile enterprise plays in a national context.

Table 3. An overview of main stakeholder groups, CSR performance goals relating to each stakeholder group, concern issues and communication channels in the case studies

<i>Stakeholder</i>	<i>CSR performance goals</i>	<i>Concerned issues</i>	<i>Communication channels</i>
Chinese government (<i>Authorizer</i>)	Building harmonious society and promoting sustainable development	Textile technical improvement; national development and social employment	National laws and regulations; governmental documents; Investigations and surveys
NGOs and trade Associations (<i>External influencers</i>)	Strengthening industry communication; researching industry development trend; building inter-industrial social responsibility system; improving CSR management level	Business socially and environmentally responsible behavior; serving and facilitating the development of textile and apparel enterprises	Environmental policies and legislation; Association document; Social supervision
Shareholders (<i>Authorizer</i>)	Creating economic value and market value	Market sales and benefits; research and development ability; industrial integrate and upgrade	Board of Director's meeting; regular reports
Employees (<i>Business partner</i>)	Protecting interests of employees; a good work-life balance; occupational health and safety	Salary welfare; work environment; professional development plan	Trade union; Proposal and suggestion box; staff symposium; education and training programs
Suppliers (<i>Business partner</i>)	Creating business win-win situation	Quality, price, delivery; legal and fair trade; long-term cooperation	Supplier audit; contract negotiations; cooperative R & D
Trade unions (<i>Business partner</i>)	Safeguarding the rights and interests of workers; creating a satisfied workforce and working environment	Labour disputes; production stability	Collective bargaining; trade union committee meeting; worker representative meeting
Private and public customers (<i>Customers</i>)	Green, natural and health products; continuous improvement service	Quality and brand reputation; after-sales service	Daily communication and contact; regular visit; customer complaint mechanism
Public communities (<i>Business partner</i>)	Energy conversation and environmental protection; driving employment; supporting public welfare; developing the harmonious society	Environmental protection; harmonious community; community feedback and contribution	Regular community communication; public welfare engagement

Source: CSR reports from Huafu, 2009-2011, New Wide, 2009-2011 and Jingwei 2009-2011.

Table 3 is summarized based on each company's CSR report. As can be seen from the table, they are all affected by four different stakeholder groups which exert various influences to the companies. However, this influence way is bidirectional and mutual which implies the company and its stakeholders are interactive and interdependent. The model also helps to identify the motives and reasons the enterprises face with for implementing CSR and CSC9000T, which gives a detailed interpretation in the following section.

Perceived motives for addressing CSR in general and for certifying (CSC9000T) in particular are analyzed using Roberts (2003) stakeholder theory. In the case practices, these motives are divided into internal and external driving forces.

- Internal drivers
 - General environmental awareness and concerns
 - Corporation's business mission
 - Corporation positive image influence

- External drivers
 - International corporations pressures
 - Customers requirements
 - Media effects and pollution scandals
 - Supportive policies of the Chinese government and NGOs (CNTAC in this research project)

Internal drivers reflected in, for example, a corporate code of conduct illustrate an increasing awareness of CSR within companies wanting a global market lead. The contextual analysis of the case studies suggest that the increasing interests in CSR of the Chinese government and CNTAC play the most important role in the development of CSR among Chinese companies. At the moment, the Chinese government and associations of the industry are actively promoting the "Development Program for the Textile Industry in the 12th Five-year Period (2011-2015)". This guideline offers an agenda of objectives, tasks and measurements for the Chinese textile industry in the coming five years. It highlights structural adjustments, technological innovation, brand construction and sustainable development for the whole industry, which serves as foundations for the ongoing implementation of CSC9000T.

The listed advantages and disadvantages with using standards, presented earlier in the theory give a good framework to illustrate the use of CSC9000T. A summary of perceived benefits and challenges of implementing CSC9000T in each case company is given below (Table 4).

Table 4. Perceived benefits and challenges of implementing CSC9000T in each case company

<i>Company</i>	Benefits	Challenges
<i>Huafu Top Dyed Yarn Melange Co., Ltd., abbreviated as Huafu</i>		
	Commercial benefits, e.g. increased sales of company's yarn products Improved corporation image, e.g. initiated voluntary, e.g. environmental protection activities by company Identifying relevant issues and problems effectively and timely Industrial transferring and upgrading opportunities simplification in organizational system	Limited CSR standards awareness and concerns among the workers Increased costs of all aspects, e.g. expensive inputs, slowdown of demands and profitability Unstable external environment, e.g. global financial crisis The laggard concept of OBM (Original Brand Management) construction Risk of job-hopping among trained workers
<i>New Wide Group</i>		
	Competitive advantages, e.g. enhanced brand reputation, increased international orders Keeping customers, e.g. the company approved factory inspection and certification Successfully by Adidas and Decathlon international companies and obtained solid trust from main world brands Industrial transferring and upgrading opportunities Better coordination of activities Standardization and systemization	Limited CSR concerns and misunderstandings among some employees Changeable circumstances, e.g. uncertainty and decline of international market demands, intensive business competition, unfair industrial trade Shortage of legal mechanism The laggard concept of OBM (Original Brand Management) construction Risk of job-hopping and retaining skilled workers
<i>Jingwei Textile Machinery Co., Ltd., abbreviated as Jingwei</i>		
	Green image of the company results in a competitive advantage in the long run Improved institutional management and production management, e.g. engaging the employees in the process of social responsibility management system, improving working and living environment and perfecting company's welfare system Costs and resources savings Industrial transferring and upgrading opportunities	Limited CSR concerns, e.g. deficient Business visions recognition Increased costs of all aspects A changeable global environment The laggard concept of OBM (Original Brand Management) construction Risk of job-hopping

Benefits perceived by these case companies (Table 4) are related to increased trust in corporate actions and performance which is linked to expectations of competitive advantages. Challenges with the certification are associated with the internal management based on the understanding of the grounds for certification as well as external factors related to a lag in effects in brand management. These effects are further discussed in the analytical discussion below.

Analytical discussions- lessons learned from CSC9000T certification

The discussion starts with some view-points of the usefulness of stakeholder theory in studying CSR certification, followed by a reflection on motives and experiences in implementation and it ends with a brief discussion of what CSR certification represents in terms of corporate ethical behavior.

Stakeholder analysis

Generally speaking, the stakeholders of an organization can include shareholders, employees, consumers, suppliers, governmental bodies, NGOs and trade associations, communities and public media (Jensen & Yeh, 2009). The list needs be customized according to the requires and needs of each company. The company and its stakeholders are interactive and interdependent, showed in the case studies, which indicates the much more attentions the company pays to its stakeholders, the more it is able to adapt corporate operations to include creation of societal value as well as corporate value.

In modern times, the norm of CSR is presented as building a harmonious society in China by President Hu Jintao who emphasizes to promote “*sustainable, rapid and coordinated economic growth and common prosperity for the whole people*” (*ibid*, 1). According to Rainey (2006), understanding stakeholders ‘needs is a crucial part of a company’s future and they can have specific economic and social interests to take responsible for natural environment and public well-being. He agrees that governments play a significant role in effecting business decisions by enacting laws and regulations as well as balancing the needs and objectives of society and businesses (*ibid*). By exploring the role of the different stakeholders of China’s textile and apparel enterprises, it can help us better and easier to realize the motives that the cases have to forward CSR initiatives and social standard, namely CSC9000T. From this point of view, the stakeholder theory serves as useful grounds to investigate sustainable development of an organization.

Motives, opportunities and challenges of implementing CSR standard

As the major external driving force, the Chinese government and CNTAC attach great importance to implement CSR practices and CSC9000T standards in Chinese textile and apparel enterprises. The study of *current* motives suggests the importance of external stakeholders, for example authorities, as motives for CSR certification. However, as suggested by Rainey (2006), the leadership of a corporation and the company’s vision, as the main internal force, are the most critical core competencies in creating business values and sustaining long-term performance. With time this might very well be the case. The CSR standard serves as an institutionalization of CSR values.

A company’s leadership includes executives, senior management and operational management with overall responsibility for the corporation’s objectives, performance criteria and social responsibility goals (*ibid*). The vision of a company determines the direction, strategies, programs and process of the company, from which it can achieve sustainable success (*ibid*). Therefore, crafting a sustainable enterprise through executive leadership and shared business vision internally may continue the CSR initiatives process in the long run replacing the need for external pressures.

The opportunities of implementing CSC9000T can be split into international and national factors. From the point of international perspectives, firstly, implementing CSC9000T confirms the trend of the textile industry development and the requirements of international standards for global markets. Secondly, the economic globalization indicates the industrial transfer trend from developed countries to the new emerging economies in terms of advanced technology, high-end textile machinery equipment manufacture and R & D capacities. The implementation of CSC9000T certification represents the improved management system which put a solid foundation for utilizing new markets and resources. From a national perspective, first of all, the domestic market puts forward higher request, for example, green, low carbon, civilization and fashion living pattern for the textile industry development along with the constant local upgrading of the textile and clothing consumption demand. Second, the adjustment of international textile structure accelerates China's textile industry from the eastern region transferring to the mid-west region, any strategic measurements, including the implementation of CSC9000T will create the favorable conditions for cultivating and developing the textile industry.

Challenges of the CSC9000T implementation can be explained from international and national aspects. The international challenges are seen in the fierce international competition, uncertainty of international trade environment and the exchange rate of the Chinese currency. At the same time, the trade protectionism and technical barriers to trade adopted by the main developed countries greatly restrict Chinese textile export. All of these weaken the businesses' confidence of implementation process. The national challenges include the lack of technological innovation in most small and medium-sized enterprises, the laggard concept of OBM (Original Brand Management) construction and widespread limitation of CSR concerns among employees, even some employers, as well as restricted budget for implementing the costly certification.

CSR standards influencing industrial development

Along with the progress of modern science and technology, the development of national economy and diversity of consumption demand, the textile industry has been experienced a process of changing and developing, from traditionally simple spinning and weaving to a huge multifarious content. In China, most textile enterprises give priority to the production of textile products, at the same time, they engage in clothing and other economic activities, covering from upstream to downstream throughout the whole industrial chain.

Our study does not offer grounds for generalizing on the behalf of an entire industry, but it provides starting points for identifying factors that influence the implementation process of a CSR standard. Appendix 1 offers an overview in addition to the findings in the empirical cases. It also raises the needs to discuss the role of a CSR standard, if it replaces every day common sense that would give the company a false confirmation of ethical aspects as taken care of in the certification (Goudson & Murphy, 1998)). Critical voices also remind us of the risks with a standard as homogeneity hindering innovation (Brunsson & Jacobsson, 2002) and the costs associated with certifications (*Ibid.*; Starkey 1998). These costs can be translated as corporations taking on a role, to ensure legal compliance and more, that ultimately should be the role (and the cost) of governmental agencies.

China has a wide variety of Agricultural Textile Raw Materials (ATRM) with abundant output. These materials, such as cotton, flax, wool and cocoon silk etc are used more often in the textile industry. ATRM is not only the main economic agricultural products, but also a source of natural fiber for textile

industry. It is directly related to the development of agricultural economy and textile and apparel industry in China. Therefore, the development that is taking place in textile and apparel industry can give a clue for food production and agribusiness in terms of sustainable development concept and corporate social responsibility standard.

Conclusions

Needs for CSR initiatives are in part explained by globalization and fragmented markets with long and complex value chains. Responsibility appears to be a corporate imperative (Boatright, 2012) and various countries, industries and companies deal with the expectations of accountability in different ways. Ethical sourcing, codes of conduct, category management and CSR standards are just a few examples of CSR initiatives.

In our study of CSR certification in the Chinese textile and apparel industry it is important to keep in mind that this industry plays an important role in the Chinese national economic development. It currently provides direct employment opportunities for about 20 million people and uses nearly 9 million tons of domestic natural fiber, which directly relates to the livelihood of about 100 million peasants (www, CNTAC, 2011). The implementation of CSC9000T is thus seen as a milestone for the development of the industry. As such it is vital to understand the motives, opportunities and challenges during the implementation of CSR and CSC9000T. Conclusions are based on the empirical context bound case studies.

The comparative case studies of three CSC9000T certified Chinese textile and apparel companies suggest that the communicated benefits for corporate social responsibility are related to, reduced costs, increased productivity, improved corporate image and satisfied workforce as well as improved relationship with key stakeholder groups. All of these benefits are assumed to enhance the corporate core competitiveness through marketability, reputation, regulatory risk mitigation and innovation. Challenges with finding indicators and measuring the effects makes it hard to attribute each factor a financial value.

Challenges associated with the implementation of CSR and CSC9000T, for example, limited CSR awareness and concerns, job-hopping of some trained employees, the laggard concept of OBM (Original Brand Management) construction, changed global textile trade environment and costly implementation of a certification are in part communicated in the case companies. However, most of these challenges are not unique for the garment industry, or a Chinese context.

External drivers currently constitute the main reasons for Chinese companies to implement CSR initiatives. Pressures from international and domestic groups, the Chinese government and NGOs involvement and intervention, the adjusted structure of global textile industry and national textile industrial transferring are all examples of external drivers for CSR. Pioneers in this process, Chinese enterprises that are in the process of integrating the CSR concept into their long-term business management will raise CSR awareness internally and externally among other stakeholder groups, thus creating more internal motives for addressing CSR issues.

A CSR standard may appear at first sight like a small step but it is important to keep the large number of stakeholders and enormous resources they are responsible for in mind. The capacity of China's textile & apparel industry is huge and it needs large quantities of natural fibers, such as cotton, flax, wool and cocoon silk etc. Natural fibers, at the same time are widely associated with farmers and agricultural business (FAO, 2006). Therefore, a sustainable agricultural supply chains and even a CSR-certified food production can greatly contribute to *“improve farmers' lives and food security in China and will also help textile industries to produce many more green and functional products to market places and to help consumer demand, the environment and the earth---our common homestead”* (ibid, 53).

Suggestions for future research

Research inspires research. This holds true for this project as well. There are numerous issues and perspectives that our study was not able to cover, so we have tried to list a few suggestions for continued research. We feel confident that CSR is a field of research that will grow in importance with time in industries using natural resources in particular.

Perceptions of the CSR standard among other stakeholder groups (employees, NGOs, media, consumers, financial actors) serves as our first suggestion for continued research. Altering the method, with longitudinal case studies would also offer grounds for understanding the implementation of a CSR standard in a more process oriented way. An economic perspective would offer perspectives for evaluating the effectiveness on a national level of evaluating soft laws (mandatory certification) as opposed to hard laws (associated with more resources for the government to ensure legal compliance).

A key issue which we have not at all touched is how the international community will recognize this CSR certification. Will it be seen as a complement to the already existing SA8000 standard? And will this standard inspire other industries to develop tailored industrial codes of conduct? The identified opportunities and challenges in the early CSR standard efforts will pave the way for continued corporate efforts to gain legitimacy.

Last but not least, we would like to acknowledge individuals that are willing to share their views and expertise in research projects like this one. We hope that, as a part of CSR, the understanding of transparency in order to gain trust and legitimacy will encourage corporate representatives to grasp opportunities to contribute in research and thereby shape the future.

References

- Boatright, J. (2012). *Ethics and the Conduct of Business*. (7th ed.) Pearson Educational Inc., Upper Saddle River NJ, the USA.
- Brunsson, N., Jacobsson B. & Associates (2002) *The Pros and Cons of Standardization-An Epilogue, A World of Standards*, Oxford University Press, 12, pp 169-172.
- Chan, A. & Ross R. (2003) Racing to the Bottom: International Trade Without a Social Clause, *Third World Quarterly* 24(6), 1011–1028.
- CNTAC (2006) Pilot enterprises of implementing CSC9000T. Available from: <http://www.csc9000.org.cn/cn/NewsDetail.asp?AID=13211>
- Cooke Fang, L. & He Q. (2010) Corporate social responsibility and HRM in China: a study of textile and apparel enterprises. *Asia Pacific Business Review*, 16:3, 355-376.
- COPOLCO (Working Group of the ISO Consumer Policy Committee). (2002). *The Desirability and Feasibility of ISO Corporate Social Responsibility Standards*. Prepared by the “Consumer Protection in the Global Market” Working Group of the ISO Consumer Policy Committee (COPOLCO). Final Report, May 2002.
To be found at: http://europa.eu.int/comm/employment_social/soc-dial/csr/isoreport.pdf
- CSC9000T (China Social Compliance 9000 for Textile & Apparel Industry), <http://www.csc9000.org.cn/cn/> About work documentary, 2011-10-30, http://www.csc9000.org.cn/cn/video_200712.asp
- Dobers, P. (Ed.) (2010) *Corporate Social Responsibility: Challenges and Practices*, Sentérus Academic Press, Stockholm (ISBN-978-91-7335-012-9)
- Du, Y. (2010) 《“抓住机遇 促进崛起” -中国纺织产业转移步伐加快》, *China Textile and Apparel Forum*, Zhengzhou, China.
- Environics (1999) “The Millennium Poll on Corporate Social Responsibility”, *Executive Briefing. Environics*.
- FAO (2006) Natural Fibers in China, *Proceedings of the Symposium on Natural Fibers*. Available from <ftp://ftp.fao.org/docrep/fao/011/i0709e/i0709e08.pdf>, 2011-11-10.
- Gouldson, A. Murphy, J. (1998) *Regulatory Realities; The Implementation and Impact of Industrial Environmental Regulation*. Earthscan Publications Ltd. London.
- Gugler, P. & Shi, J. (2009) Corporate Social Responsibility for Developing Country Multinational Corporations: Lost War in Pertaining Global Competitiveness? *Journal of Business Ethics* 87: 3-24.

- Huafu Top Dyed Yarn Melange Co., Ltd. (2009 & 2010) *Corporate Social Responsibility Report 2009 & 2010*.
- Jensen Mads, H. & Yeh, J. (2009) "TOWARDS GLOBAL CITIZENSHIP – A Handbook for Chinese Companies Promoting Global Standards and Rights", The Human Rights and Business Project, the Danish Institute for Human Rights. www.humanrightsbusiness.org. Copenhagen, August 2009.
- Jingwei Textile Machinery Co., Ltd. (2009 & 2010) *Corporate Social Responsibility Report 2009 & 2010*.
- Larsen, B. & Haversjö, T. (2001) Management by standards-real benefits from fashion. *Scandinavian Journal of Management*, Vol. 17, pp 457-480.
- Ligteringen, E. & Zadek, S. (2005). *The Future of Corporate Responsibility Codes, Standards and Frameworks*. An Executive Briefing by The Global Reporting Initiative and AccountAbility. To be found at:
http://www.globalreporting.org/upload/Landscape_Final.pdf
- Malmborg, Å. & Mark-Herbert, C. (2010) ISO 14001 Certification in BoP Markets: Case Studies in Uruguay. *Greener Management International*, Issue 56, pp. 57-73.
- Mamic, I. (2005) Managing Global Supply Chain: The Sports Footwear, Apparel and Retail Sectors. *Journal of Business Ethics*. 59: 81-100.
- Mitchell, R., Agle, B. & Wood, D. (1997) Toward A Theory Of Stakeholder Identification And Salience: Defining Principle Of Who And What Really Counts. *Academy of Management Review*, Vol. 22, No. 4, pp. 853-886
- New Wide Group (2009 & 2010) *Corporate Social Responsibility Report 2009 & 2010*.
- OECD (2008) Chapter 4: Encouraging Responsible Business Conduct in China. *OECD Investment Policy Reviews: China 2008*. ISBN 978-92-64-05366-3.
- Porter, M. E. & Kramer, M. R. (2006) Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*. Vol. 84, No. 12, pp 78-92.
- Rainey, D. (2006) *Sustainable Business Development*, 1st ed., Cambridge University Press, New York.
- Roberts, S. (2003) Supply Chain Specific? Understanding the Patchy Success of Ethical Sourcing Initiatives. *Journal of Business Ethics*. 44:159-170.
- Starkey, R. (1998) *The Standardization of Environmental Management Systems: ISO 14001, ISO 14004 and EMAS*. In: Welford, R. ed. *Corporate Environmental Management; Systems and Strategies*. Second Edition. Earthscan Publications Ltd. London.
- Stigzelius, I. & Mark-Herbert, C. (2009) Tailoring corporate responsibility to suppliers: Managing SA8000 in Indian garment manufacturing. *Scandinavian of Management*, Volume 25, No. 1, pp 46-56.

Sun, R. (2010) Development of Corporate Social Responsibility in Chinese Textile and Apparel Industry, CNTAC Report, 2010.

Sun Ruizhe (2010) Development of Corporate Social Responsibility in Chinese Textile and Apparel Industry. CNTAC Report, 2010.

Tang, Z. (2007) The case study of labor rights in China Textile industry in the context of the Corporate Social Responsibility Campaign. Thesis of Master Degree. Capital University of Economics and Business, Beijing.

Yin, R. K., (1991) *Case Study Research: Design and Methods*. Sage Publications Inc., California.

Appendix 1. Factors influencing the implementation of a CSR standard

The integrated management approach for implementing a Code of Conduct (CoC), put forward by Mamic (2005), offers a useful tool to illustrate factors influencing the implementation of a CSR standard in this study. She offers a framework for understanding how an institutional context, internal resources, management and communicational aspects will influence the process of implementation.

✓ Resources, roles, responsibilities and authorities

After developing a vision within the company, management provides resources, including human resources, financial resources and so on to the establishment, implementation, maintenance and improvement of CSC9000T management standard. Special management representatives and corresponding sections are appointed to take charge of the defined roles, responsibilities and authorities in order to facilitate the process.

✓ Competence, Training and Awareness

Recognizing business visions always show a big challenge for the successful implementation of CSC9000T faced to the case companies initially. Therefore, in order to ensure everyone within the company, especially persons who perform tasks can be competent in their roles and have significant impacts on company's development, trainings, educations, awareness's and other assistance have to be reached to meet the needs.

✓ Operational control

In the real practice, the company shall plan and identify the operations in accordance with the CSC9000T guidelines and its targets and objectives. The whole operation processes by whom, which and how are needed to make clear as well.

✓ Monitoring and measurement

The feedback mechanism, monitoring and measurement equipments is established and maintained to keep track of problems to report to managers who can address and remedy them. The audit process conducted offers open records, kept for reference and grounds for communication.

✓ Communication

Communication, divided in internal and external communication, identifies various stakeholders' needs for trustworthy information.