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Social Sustainability Implementation in Global Supply Chains

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This thesis is submitted in partial fulfilment of the requirements for the degree of
Doctor of Philosophy

Declaration

This thesis is my own work and it has not been submitted in support of an application for another higher degree or qualification of this, or any other any university or other institution of learning. Any parts of the research that have been published or submitted for publication to peer-reviewed journals are clearly identified.

Fahian Anisul Huq

September 2014



To my loving wife,

For being my inspiration and support...

Abstract

Managing change in suppliers is a challenging issue for firms. In particular, there is a lack of understanding of how to manage organisational change amongst distant suppliers based in developing countries. One such organisational change management process that has become an area of growing interest is the implementation of socially sustainable practices. The consequences of failure to effectively implement socially sustainable practices in the supply chain were highlighted by the recent collapse of the Rana Plaza in Bangladesh in April 2013, which killed 1,229 workers of factories supplying apparel to Western retailers like Primark and Benetton. The thesis contributes to this emerging research area by taking a significant step forward in understanding the implementation of socially sustainable practices in a complex, dynamic supply chain context. The overarching research question asked is: “How are socially sustainable practices implemented in complex global supply chains?” To answer this, three inter-related papers are presented: (i) a systematic literature review on upstream social sustainability issues; (ii) an exploratory study on the implementation of socially sustainable practices in developing country suppliers; and, (iii) a theory building, in-depth longitudinal case study, where the implementation of socially sustainable practices is examined over time in relation to critical industry events in the Bangladeshi apparel industry by incorporating the view-points of various institutional actors. The three studies complement each other and, together, provide a comprehensive understanding of the change management issues faced by multinational firms trying to implement socially sustainable practices in suppliers based in a developing country with a challenging institutional environment. By using the Transaction Cost Economics and Institutional Theory lenses, the thesis offers rich insights into the pressures, enablers and barriers to implementing social sustainability initiatives, including the reasons for the disconnect between formal adoption and actual implementation.

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List of Publications

Journal articles

- Fahian Anisul Huq, Mark Stevenson and Marta Zorzini (2014), "Social Sustainability in Developing Country Suppliers: An Exploratory Study in the Ready Made Garments Industry of Bangladesh", *International Journal of Operations & Production Management*, Vol. 34 No. 5, pp. 610-638. DOI: <http://dx.doi.org/10.1108/IJOPM-10-2012-0467>.
- Marta Zorzini, Linda Hendry, Fahian Anisul Huq and Mark Stevenson (2015), "Socially Responsible Sourcing: Reviewing the Literature and Its Use of Theory", *International Journal of Operations & Production Management*, Vol. 35 No. 1, pp.60 – 109. DOI: <http://dx.doi.org/10.1108/IJOPM-07-2013-0355>.

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- F Huq, M Stevenson, M Zorzini, L Hendry (2013), Social Sustainability in the Apparel Supply Chain: An Institutional Theory perspective. In *20th European Operations Management Association (EurOMA)*. Dublin, Ireland: EurOMA.
- F Huq, M Stevenson, M Zorzini (2014), Implementing Social Sustainability in the Bangladeshi Apparel Industry: Isomorphism, Diffusion, Decoupling and Change in Institutional Logics due to Environmental Shocks. In *21st European Operations Management Association (EurOMA) Conference*. Palermo, Italy: EurOMA.

Part One

Chapter 1 – Introduction

1.0 Research Background and Motivations

The collapse of the Rana Plaza that housed five Bangladeshi apparel factories producing garments for Western brands like Primark and Benetton on the 24th of April 2013 killed 1,129 people (BBC, 2013; Guardian, 2013; Huffington Post, 2013). This recent ‘accident’ is the deadliest in the history of the apparel industry and the world's deadliest industrial accident since the 1984 Bhopal disaster in India. The collapse followed several fires that had occurred in the past four years at Bangladeshi factories supplying apparel to Wal-Mart, Gap, SEARS, Disney and Inditex, killing approximately 160 workers (Guardian, 2010; Bloomberg, 2012; New York Times, 2013). It has been suggested that poor working conditions and safety standards contributed to the large number of fatalities in these accidents (Wall Street Journal, 2012; Economist, 2013; Time, 2013). As a consequence, there has been significant global attention on the Bangladeshi apparel sector and on Western buyers sourcing from these factories. There is an expectation from multiple stakeholders that buyers should ensure not only the social sustainability of their own operations but also those of their supply chain partners, including suppliers located in developing countries thousands of miles away. However, the implementation of socially sustainable practices in distant suppliers is very challenging. Therefore, the aim of this study is to contribute towards the understanding of this challenging issue of implementing socially sustainable practices in global supply chains.

Historically, only a limited number of research studies within the Operations and Supply Chain Management (O&SCM) field have examined the social, economic and environmental aspects of sustainability (Carter and Easton, 2011; Walker *et al.*,

2014)). Recently, often as a result of media interest, there have been growing concerns about sustainability issues in relation to SCM (Touboulic *et al.*, 2014) and, as a result, the topic is becoming mainstream (Pagell and Shevchenko, 2014). The pressure towards being sustainable is being felt the most by Multi-National Corporations (MNC's) who are in the public eye (Meehan and Bryde, 2011). These focal companies' supply chains are being held responsible for the environmental and social performance of their suppliers (Seuring and Müller, 2008a; Yakovleva *et al.*, 2012). They are facing intense scrutiny from many and diverse stakeholders, ranging from governmental agencies and employees to neighbours and not-for-profit groups (Vachon and Klassen, 2006). This is especially the case for brand-owning companies, as they happen to be more visible (Carter and Jennings, 2002a). Poor working conditions (Graafland, 2002) and environmental pollution (Preuss, 2001) are regularly mentioned as key problems. Actions by other supply chain members that negatively impact the environment or violate labour laws may damage the reputation of the focal firm and hurt sales (Spekman and Davis, 2004). For these reasons, purchasing and supply chain managers are now forced to deal with social and environmental issues, not only for their own organisation, but also related to their supply chain partners (Vachon and Klassen, 2006; Seuring and Müller, 2008a).

Environmental issues have been highlighted more often in the O&SCM literature than the social aspects of sustainability (Carter and Rogers, 2008; Seuring and Müller, 2008a; Reuter *et al.*, 2010; Gimenez and Tachizawa, 2012), Social sustainability issues have joined the literature comparatively recently, driven by enhanced sensitivity to ethical issues in the developed world (Harrison and Freeman, 1999; Quazi and O'Brien, 2000; Moxham and Kauppi, 2014). This is not surprising, given that the environmental aspect of sustainability has a stronger business case

(Luken and Stares, 2005). Surveys conducted by Baden *et al.* (2009) and Meehan and Bryde (2011) verify that more emphasis is given by owners and managers to the environmental aspect rather than the social aspect. Moreover, the environmental aspect has been in the media spotlight because of climate change and rising energy prices (Carter and Easton, 2011). Even two comprehensive literature reviews by Srivastava (2007) and Seuring and Müller (2008b) corroborate the claims that the vast majority of previous research on Sustainable Supply Chain Management (SSCM) has focused on the environmental rather than social aspects of sustainability.

Thus, it can be seen that the social dimension of sustainability is growing in importance in the context of SCM, however, more research needs to be done in this area to fill the gap in knowledge. Many top firms are struggling with the implementation of socially sustainable practices in the supply chain (Carter and Rogers, 2008; Pagell and Wu, 2009; Klassen and Vereecke, 2012), as is evident from the recent Bangladesh apparel factory disasters and the suicides linked to poor working conditions in Apple's major supplier – Foxconn, in China (Reuters, 2010; Financial Times, 2014). Certainly, an area which is ripe for investigation is the diffusion by Western MNCs, and the internal implementation by developing country suppliers, of the social sustainability agenda (Castka and Balzarova, 2008). Therefore, it is argued that there is a need to explore the issue of implementing social sustainability in a global supply chain context. Social failures due to the poor supply chain-wide implementation of socially sustainable practices have been especially evident in labour-intensive industries, particularly in the apparel sector.

In fact, social failures are not a new concern for the apparel sector. For example, retailers like Wal-Mart and Nike were subjected to significant media scrutiny in the 1990s following several sweatshop scandals (Park and Lennon, 2006;

Park-Poaps, 2010). Western firms have since invested heavily in their own social performance, developed codes of conduct, and pressurised suppliers into improving standards. Therefore, it is not surprising that there has been academic scrutiny on the social issues of the apparel industry. Key papers in this context include Jiang's (2009a) study into Chinese apparel suppliers, which discovered that, even though code enforcement through buyer-to-supplier governance can minimise suppliers' opportunistic behaviour, it only encourages suppliers to do 'just enough' to avoid being caught, thereby failing to increase social sustainability in the long term. The study further revealed that a peer-to-peer governance model, and a shift from threat towards collaboration, leads to better compliance. In addition, Graafland's (2002) study of a large European apparel retailer and its Asian suppliers demonstrated that a semi-independent in-house auditing organisation set up and funded by the buyer leads to better implementation of codes, when compared to a dependent or third party auditors. Finally, Mamic (2005) studied both multi-national buyers and developing country suppliers in the apparel sector (along with the sports footwear and retail sectors) and highlighted the role of training and education as effective catalysts for social code development and implementation. Nevertheless, none of the papers reviewed studied the implementation of social standards in the apparel industry from the perspectives of multiple (more than two) stakeholders. The recent Bangladeshi disasters show problems related to implementation clearly remain in the apparel industry and demonstrate the difficulties of implementing socially sustainable practices across a global supply chain containing developing country suppliers. Against this backdrop, the aim of this PhD thesis is to investigate the implementation of socially sustainable practices in a global supply chain context by incorporating the viewpoints of multiple stakeholders, including Western buyers, developing country

suppliers, workers, trade unions, trade bodies and Non-Government Organisations (NGOs). To fulfil its aim, this PhD by publication presents three inter-related papers in Part Two: (i) a systematic literature review of socially responsible sourcing (SRS) - referring to the upstream supply chain and social issues only (Chapter 2); (ii) an exploratory study on the implementation of social sustainability in developing country (Bangladeshi) suppliers (Chapter 3); and (iii) a theory building in-depth longitudinal case study, where the implementation of socially sustainable practices is examined over time in relation to critical industry events in the Bangladeshi apparel industry by incorporating the view-points of various institutional actors (Chapter 4).

In the next section (Section 1.1), I will briefly review the wider O&SCM literature in terms of bringing about change in suppliers, followed by a definition and overview of the social sustainability literature. Subsequently, in sections 1.2 and 1.3, I will highlight how the research gaps lead to the overarching research question and discuss how the three papers employ their own but inter-related research questions in order to answer the overall research question of the thesis. The research context, the research philosophy and the research design will then be expounded upon in sections 1.4, 1.5 and 1.6. The chapter will conclude with a summary and description of the structure of the thesis.

1.1 Literature Review

1.1.1 Managing Change in Suppliers

Change management is an approach to bring about organisational transformation, especially focusing on the aspects of overcoming resistance to change (Atilgan and McCullen, 2011). Organisational change, as a general topic and also within O&SCM, has been extensively researched (Bamford and Forrester, 2003). Until the turn of the

century, planned change dominated the change management literature, based mainly on the work of Kurt Lewin (1951, 1958). Lewin proposed that before change can be adopted successfully, the previous behaviour, structures, processes and culture have to be discarded. Lewin's planned approach to organisational change involved unfreezing the present level, i.e. exploring ideas, issues and approaches, and moving to the new level and refreezing at this level by recognising, utilising and incorporating values, attitudes and skills with those formerly held and presently required. The seminal work by Kotter and Schlesinger (1979) provided practical ways to think about managing change and identified education and communication, participation and involvement, facilitation and support, manipulation and co-optation, negotiation and agreement, and explicit and implicit coercion as approaches to dealing with resistance to change.

Nevertheless, this planned approach to managing change has been criticised as it focuses on incremental changes and fails to take into consideration the dynamic nature of business environments (By, 2005). In contrast, advocates of the emergent approach stress the unpredictable nature of change, pointing out that firms need to adapt to both internal environmental uncertainty and external events over a period of time (Bamford and Forrester, 2003). This is more critical in today's evolving business environment, where firms in all industries constantly need to change course due to new regulations, increased competition, technological disruptions, etc. In the same vein, it can be argued that, in the context of global supply chains, a primary task is the implementation and management of change in suppliers. A case in point is the apparel supply chain, where the poor success rate of implementing socially sustainable practices in suppliers indicates a fundamental lack of understanding of how to manage organisational change, particularly when the suppliers are situated thousands of miles away and based in developing countries with challenging institutional environment.

Historically, change management in suppliers has been studied in the O&SCM field in the context of developing supplier capabilities in order to increase productivity/decrease cost and the implementation of quality management systems in suppliers (Hartley and Jones, 1997; Krause, 1997; Krause *et al.*, 1998; Handfield *et al.*, 2000; Dyer and Nobeoka, 2002; Sako, 2004; Wagner, 2006). Research in this area has been conducted predominantly from the buying firm perspective (Hartley and Choi, 1996; Krause and Ellram, 1997; Modi and Mabert, 2007; Li *et al.*, 2012). In fact, Ahmed and Hendry (2012) in their literature review identify only three papers that researched supplier development (SD) from the viewpoint of the supplier (e.g. Forker *et al.*, 1999). It has been suggested that future SD studies should incorporate the perspective of the supplier firm (Wagner, 2006; Ahmed and Hendry, 2012), especially since the unit of competition has increasingly become about the supply chain, rather than the individual firm (Harland *et al.*, 2001; Cousins *et al.*, 2008). In particular, there is a dearth of studies that investigate the enablers and barriers to developing the capabilities of suppliers that are based in distant emerging nations.

Previous studies show that supplier performance can be increased through SD efforts, which adds to the buyer's competitive advantage (Hartley and Choi, 1996; Liker and Choi, 2004). Through SD the buying firm strengthens the competitive capabilities of its suppliers, which in turn becomes unique resources of the buying firm (Li *et al.*, 2007). Two broad strategies of SD are identified in the extant literature: direct and indirect (Hartley and Jones, 1997; Krause, 1997; Wagner, 2011). Research suggests that the most effective strategy is one of direct involvement (Krause *et al.*, 2000). These transaction-specific investments from the buying firm can include, but are not limited to, providing financial support for capital investments and offering training and education to supplier personnel. However, the direct approach to SD is

more difficult to replicate and sustain; it is also costly – as resources need to be committed by the buyer – and has a slower pace of change (Krause and Ellram, 1997; Krause *et al.*, 1998; Handfield *et al.*, 2000; Wagner, 2006; Krause *et al.*, 2007).

There has been a specific focus on the development of suppliers' quality management capabilities, mainly in terms of implementing Total Quality Management practices (TQM) or through the use of standardised third-party certification programs like ISO 9000 (Timbers, 1992; Masternak and Kleiner, 1995; Taylor, 1995; Kanji, 1996; Rao *et al.*, 1997; Yeung, 2008). In fact, Krause *et al.* (1998) observed that firms initially implement TQM in suppliers and then use the suppliers' performance in terms of quality to rationalise the supplier base. The better performing suppliers are then involved in further supplier development activities (Krause *et al.*, 1998).

Firms need to ensure that their supplier has high quality performance in order to compete on quality in the global market (Casadesús and De Castro, 2005; Robinson and Malhotra, 2005; Kaynak and Hartley, 2008). Especially, multinational firms procuring from developing country suppliers are at the risk of being affected by the degree of supplier quality, which can increase costs, lead to a loss in revenue or even jeopardise long term survival in the market place (Forker *et al.*, 1997; González-Benito and Dale, 2001; Dale *et al.*, 2007; Foster Jr, 2008; Bayo-Moriones *et al.*, 2010). Still, similar to other SD studies, most of the available literature on the implementation of quality management systems emphasises the perspective of developed country firms, while studies dealing with the challenges of implementation in developing country suppliers are more limited.

Only a few studies have explored the issue of implementation of quality management practices in developing countries. For example, Mersha (1997) uses force field analysis to examine the factors that influence the successful

implementation of TQM in the countries of Sub-Saharan Africa. Interestingly, they found that the governments of Sub-Saharan African countries play a prominent role in economic activity and, in contrast to developed countries, top management commitment is less influential in terms of the adoption of TQM practices. Tannock *et al.* (2002) argued that TQM is a new and challenging concept in developing countries and that ISO 9000 series standards have been the focus of quality management development. They investigated the progress of four Thai SMEs attempting to implement TQM. They highlighted that insufficient management resources to organise and manage change and the lack of awareness of key quality indicators hampers the implementation of TQM. However, there is still little understanding about the implementation of quality standards in global SCs (Soltani *et al.*, 2010).

More recently, SD research has been extended into the sustainable SCM literature, but it is limited and mainly in the context of implementing green practices or environmental standards (Dou *et al.*, 2014). For example, Fu *et al.* (2012) used the broad categorisations of general SD programs to group green SD programs into green knowledge transfer and communication; investment and resource transfer; and management and organizational practices. The authors' findings demonstrate that top management support is the most important driver of green SD, while the most prominent green SD program is requiring ISO 14000 certification for suppliers. It has been argued that green SD is increasingly becoming a source of competitive advantage for focal firms (Zhu *et al.*, 2005; Bai and Sarkis, 2010). Research also shows that technological integration with primary suppliers leads to better implementation of environmental practices (Vachon and Klassen, 2006). It has also been highlighted that carrying out green SD on highly motivated suppliers requires

less asset-specific investments and that transferring employees with environmental expertise to suppliers is highly appreciated by suppliers (Dou *et al.*, 2014).

Drawing on the above discussion on managing change in suppliers, social sustainability implementation in complex global SCs could be considered an organisational change process. The ethical concerns associated with purchasing decisions mirror the concerns for quality that emerged in the 1970s (Cousins *et al.*, 2008); however, the literature focusing on change management in terms of social SD programs is extremely limited. There is a clear lack of knowledge of how a buying firms can enhance its suppliers' social performance, utilising SD programs to improve their own and their suppliers' social sustainability implementation capabilities (Maon *et al.*, 2009; Klassen and Vereecke, 2012).

Improving the supply chain's social performance has become an even greater challenge for multinational firms in today's dynamic business and socio-economic environment. Firms also have to manage and maintain legitimacy perceptions among an increasing and diverse range of stakeholders. These concerns, although critical, are viewed as extra costs, especially during constrained economic times (Cousins *et al.*, 2008; Barnett *et al.*, 2015). Also, if the economic benefits of implementing socially sustainable practices are not apparent and practices are adopted mainly as a symbolic response to external legitimacy pressures, then the question arises as to how firms will balance their economic and social priorities. Rogers *et al.* (2007) used institutional theory to research two competing views of supplier development programs – the logics of operational efficiency and externally imposed institutional demands – finding that implementation is hampered when there is direct conflict between the two. In the sustainability literature, Wu and Pagell (2011) investigated how organizations manage the strategic trade-off between short-term profitability and long-

term environmental sustainability. More recently, Longoni and Cagliano (2015) identified environmental and social sustainability as key competitive priorities and investigated how they are integrated in operations strategies. From a social sustainability perspective, it would be interesting to study how social activities are affected in the face of an economic downturn and in unstable environments, especially how firms reconcile between the implementation of socially sustainable practices and their substantive concerns for profit.

1.1.2 Definition of Social Sustainability

There are generally two widely quoted definitions of sustainability. First, it is defined as a development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987). The second, which is gaining wider recognition and acceptance (Carter and Easton, 2011; Wu and Pagell, 2011), is Elkington's (1998) triple bottom line (TBL) approach, which represents the intersection of environmental, social, and economic performance. Arguably, the most widely accepted conceptualisation of sustainability in a supply chain context is the one proposed by Carter and Rogers (2008, p. 368): "the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key inter-organisational business processes for improving the long-term economic performance of the individual company and its supply chains."

Social sustainability is a component of the TBL (Kleindorfer *et al.*, 2005) and deals with the management of human and societal capital (Sarkis *et al.*, 2010), comprising of human rights (e.g. child labour and freedom of association), health and safety (e.g. safe working conditions and training), and community (e.g. charitable,

philanthropic initiatives). Pullman and Dillard (2010) admit that social sustainability has no widely accepted definition and suggest it consists of the processes by which social health and wellbeing are initiated and enriched in the present and future. It pertains to forming and preserving fair management practices towards labour, communities and regions in the supply chain (Sloan, 2010). In this thesis, it is argued that social sustainability is a holistic concept and, in the context of SCM, it should: (i) consider the other TBL components, i.e. it is not implemented in isolation and must be integrated with economic and environmental performance considerations; (ii) recognise stakeholders within and beyond the supply chain; and (iii) benefit the society in the long run. There are various tools for implementing social sustainability, ranging from a firm's own socially responsible practices or code of conduct, to third-party standards and supplier development programmes.

Upstream social sustainability issues have been under-researched, despite being an important aspect of the broader SSCM agenda and, therefore, it was felt necessary to gain a deeper understanding of this phenomenon. For this reason, in the literature review paper (Paper I), the focus is only on the upstream social sustainability issues of the TBL - referred to as socially responsible sourcing (SRS). The term SRS is last in the hierarchy of three terms that is established in Paper I - the other two being sustainable sourcing, which considers all three TBL dimensions, upstream only; and SSCM, which is the broadest term, as defined above by Carter and Rogers (2008).

1.1.3 An Overview of the Social Sustainability Literature

From the beginning of the century, the literature on O&SCM has broadened its focus to incorporate social issues related to purchasing and supply. For example, these include: links between logistics and purchasing activities and social responsibility

(Carter *et al.*, 2000a; Carter *et al.*, 2000b; Carter and Jennings, 2002 a,b); socially responsible buying (Maignan *et al.*, 2002); supply chain governance models for effective implementation of social standards (Jiang, 2009a); and, a taxonomy of logistics social responsibility practices (Ciliberti *et al.*, 2008). In the last decade, the influential works of Porter and Kramer (2006, 2011) have promoted the business case for social sustainability, linking it to a firm's competitiveness, i.e. its economic sustainability. Furthermore, globalisation has led to increased power for MNCs, making it possible for them to influence the society in which they operate and increasing expectations of corporate responsibility and accountability amongst stakeholders (Porter and Kramer, 2011; Preuss and Brown, 2011). At the same time, it cannot be denied that it is a mammoth task for MNCs to consider supply chain-wide social sustainability issues, such as worker's rights, health and safety issues, social capital development etc. (Klassen and Vereecke, 2012; Hojmosse *et al.*, 2013).

Social improvements throughout the supply chain have been argued for (Hall *et al.*, 2012), and it is becoming a key challenge in SCM as it involves multiple stakeholders with varied opinions, demands and goals (Matos and Hall, 2007). In response to stakeholder pressure for responsible sourcing, MNCs have developed private supplier's codes of conduct (Gugler and Shi, 2009) or used other third party certifications like Social Accountability 8000 (SA 8000), with adherence to the codes made a requirement for securing orders (Ciliberti *et al.*, 2009). High social standards also provide an indication as to the quality of potential suppliers in developing countries, especially when the relationship is new and not very transparent (Ehrgott *et al.*, 2011). Until now, more attention has been given to the content of the codes rather than their execution and social impact (Mamic, 2005; Kortelainen, 2008), though there has been some research exposing the flaws relating to the auditing and inspection

process (Welford and Frost, 2006; Boyd *et al.*, 2007). But there is limited knowledge as to how the MNCs can construct and diffuse such sustainable practices amongst their suppliers (Carter and Rogers, 2008; Gimenez and Tachizawa, 2012). It is therefore apparent that there is a need to gain insights into the triggers and barriers to implementing socially sustainable practices in suppliers.

As production, processing, distribution, and consumption spread across borders and as global supply chains expand, MNCs are increasing their sourcing from cheaper developing countries (Perez-Aleman and Sandilands, 2008). Thus, there is a need to understand how these social standards can be introduced and implemented and what would be the best way for MNCs operating in developing countries to diffuse these practices (Beschoner and Müller, 2007). Irrespective of the fact that the need for social sustainability is more relevant in developing countries, where the impacts of business activities on the poor have been mixed (Dobers and Halme, 2009; Werner, 2009), there have been more studies in relation to developed countries (Luken, 2006; Jiang, 2009a; Hussain *et al.*, 2012). The social sustainability agenda has been skewed in terms of large Western companies (Fox, 2004) and it is important to find out how suppliers in developing countries are coping with these issues. Therefore, it is argued that additional research needs to be carried out on the implementation of social sustainability while sourcing from emerging economy suppliers as it will add to the research stream of SSCM (Ehrgott *et al.*, 2011).

Despite the fact that there has been an increasing need for firms to ensure satisfactory social standards in the supply network (Linton *et al.*, 2007), it has been very difficult to incorporate Western style social standards in developing countries (Gugler and Shi, 2009). Most standards are based on Western experiences without taking into account the cultural and market environments of developing countries

(Quazi and O'Brien, 2000; Belal and Momin, 2009; Hossain and Rowe, 2011). Since Maignan and Ralston (2002) found differences in the CSR attitudes between US and Europe, which have quite similar cultures, it is expected that developing countries, with higher differences in culture and the level of economic development, would exhibit further dissimilar attitudes to social sustainability (Hofstede, 2001; Hofstede and Hofstede, 2005). But very few MNC codes of conduct or international standards (e.g. SA8000, ISO 26000) consider such issues. This is why the universal application of these standards has been criticised – as they are predominantly designed based on the West's cultural values, technological levels and consumer priorities; and thus they may not be relevant to the context of suppliers in developing countries (Gugler and Shi, 2009). Hence, a topic of strong academic and practical relevance is how developing country suppliers are faring in terms of implementing these Western based social standards and what Western buyers can do to facilitate this process.

There are only a limited number of studies concentrating on the problems of implementing social standards or codes by suppliers in developing countries, and even then, the focus in most has been on the developed country buying firms and not their suppliers (Ehrgott *et al.*, 2011; Gimenez and Tachizawa, 2012). For example, Kortelainen (2008) looked into the usability of labour condition auditing as a tool to fulfil social requirements in global supply chains by conducting case studies of Chinese high technology industries. Even though Chinese suppliers were investigated in terms of how SA8000 can help to manage supply chains, the main views were those of European auditors. Therefore, there is a need for more studies that take the perspectives of developing country suppliers into account in order to get a firm grasp of the realities on the ground.

The supply chain at the dyadic level is consistently being under-represented as a unit of analysis in the case of social sustainability implementation research (Carter and Easton, 2011). However, there have been a few studies investigating the practices of brand name footwear companies and their relationships with developing country suppliers. For example, Yu (2008) conducted an empirical study of the implementation of labour-related codes adopted by Reebok at one of its major suppliers in China; and Lim and Phillips (2008) offered strategies for advancing social responsibility beyond the ineffective arm's-length codes of conduct technique to a collaborative partnership in Nike's Korean and Taiwanese suppliers.

Compared to the dyadic level, even fewer studies have examined the role of multiple (more than two) stakeholders in supply chain social sustainability implementation by actually incorporating the perspectives of the various relevant actors, especially in the context of developing countries. For example, Park-Poaps and Rees (2010) surveyed only sourcing managers in the U.S. apparel and footwear companies to investigate how stakeholder forces affect a firm and supply chain's orientation towards social sustainability. Similarly, Ehrgott *et al.* (2011) investigated whether pressures from customers, the government, or internal stakeholders influence the use of social sustainability as a supplier selection criterion when sourcing from emerging economies through a survey limited to U.S. and German purchasing managers. An exception was Tsoi (2010), who interviewed multiple stakeholders in Hong Kong and mainland China – including academics, auditors, multinationals, NGOs, consultants, trade unions and trade associations – to understand their various perspectives on social sustainability. However, not one of these papers obtained the perspective of suppliers or their workers, despite the importance of these actors to the implementation of socially sustainable practices across the supply chain. Therefore,

this body of work needs to be expanded to include the views of suppliers, their workers and other salient stakeholders, e.g. government agencies, trade unions and industry associations in order to develop a more complete understanding of the phenomenon.

Finally, it was observed that there is a lack of theoretical lenses employed in the study of social sustainability in the field of O&SCM (Carter and Easton, 2011; Moxham and Kauppi, 2014), It has been argued that given the nascent stage of social sustainability research, in order to understand it better, organisational theories need to be used to study such an emerging organisational behaviour (Moxham and Kauppi, 2014). This issue is discussed in much more detail in Paper I.

1.2 Research Gaps

The key gaps in the literature can be summarised as follows:

- There is a lack of understanding of how to manage organisational change, especially among distant suppliers based in developing countries with challenging institutional environments;
- In particular, the literature focusing on change management in terms of how multinational buying firms can develop supplier capabilities in order to enhance chain wide social performance is extremely limited;
- There has been less research on the social dimension of sustainability compared to the environmental dimension although its managerial importance has increased, especially in complex and dynamic global supply chains;
- Fewer studies have been conducted in the context of developed countries compared to developing countries;

- There has been considerably less focus on suppliers as compared to buyers while studying the implementation of socially sustainable practices;
- The number of studies that have focused on dyadic relationships is extremely limited, and even fewer have adopted a multiple stakeholder perspective;
- There is a distinct lack of use of theory in the literature and the use of theoretical lenses will advance our knowledge of social sustainability - the theoretical development of which is considered to be in its infancy.

1.3 Research Questions

From the above discussion, it is observed that the increased pace of change of the business environment is being triggered by both internal and external factors. Also, in terms of investigating the impacts and effectiveness of social sustainability implementation at the firm and supply chain levels, there has been very little empirical research. Even though research has been initiated on environmental SD, investigation into social SD programs are virtually non-existent. Additional research needs to be carried out in this area while sourcing from developing countries. Therefore, against the backdrop of the recent social failures in the Bangladeshi apparel industry, this study aims to understand how Western MNCs bring about change in suppliers in the face of competing economic and social priorities by investigating the viewpoints of multiple stakeholders. There needs to be research to identify critical success factors for the management of change in distant developing country suppliers, where there are additional contextual challenges to being socially sustainable. This becomes crucial for survival in today's continuously evolving and highly competitive business environment. To address these gaps in the literature, the over-arching research

question of the thesis is stated as: ***“How are socially sustainable practices implemented in complex global supply chains?”***

In order to answer this overall research question, the three papers employ their own but inter-related research questions. In Paper I, a systematic literature review of 157 papers that deal with upstream social issues within the sustainability literature published in ABS (Association of Business Schools) listed journals from 1997 to 2013 is conducted to determine the state-of-the-art in Socially Responsible Sourcing (SRS) research and evaluate the use of theory in this context. The following two research questions were addressed in this paper:

RQ1: How has research to date contributed to our understanding of the management of SRS, and what are the research gaps in this area?

RQ2: How have theoretical lenses been used in SRS research? And how can theory be used effectively in future research?

The summary and synthesis of the extant literature in Paper I outlined the gaps in previous research and provided a theoretical basis for the empirical work. From the literature review, it followed that there was a need to conduct exploratory research in order to increase the knowledge of organisational change management, particularly in the context of MNCs implementing social sustainability in their developing country suppliers. Thus, an exploratory case study of four apparel suppliers from Bangladesh (a developing country) and the Bangladeshi buying houses of two large UK retailers was undertaken in Paper II, which sought to identify: (a) the reasons why developing country suppliers are adopting socially sustainable practices; and, (b) how the implementation process is both impeded and facilitated. In doing so, the following three research questions were asked:

RQ1: Why are developing country suppliers adopting socially sustainable practices?

RQ2: How is the achievement of social sustainability impeded?

RQ3: How can the implementation of social sustainability be facilitated?

The exploratory case study findings provided an initial understanding of the motivations, barriers and enablers of social sustainability implementation in developing country suppliers. Furthermore, the analysis of the data using Transaction Cost Economics (Williamson, 1975, 1985) shed light on what kind of supply chain governance structure would be appropriate for effective implementation.

The final paper – Paper III – was a theory building research study that investigated the implementation of socially sustainable practices in the Bangladeshi apparel industry by incorporating the perspectives of multiple actors, including Western buyers, developing country suppliers, workers, trade unions, trade bodies and NGOs. The study used institutional theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker, 1987; Eisenhardt, 1988) in the field of social sustainability, where theoretical lenses have thus far been used sparingly; to answer the following research questions:

RQ1: How are institutional pressures influencing the implementation of socially sustainable practices in the Bangladeshi apparel industry and, despite the risks to reputation, legitimacy and business, why is there a decoupling effect between formal compliance and ground-level organizational practices?

RQ2: How are buyer and supplier institutional logics evolving over time in response to critical industry events, and how are they affecting the implementation of socially sustainable practices in the Bangladeshi apparel industry?

As is evident from the research questions, the three papers follow a common thread, i.e. to comprehend the phenomena of social sustainability implementation in a global supply chain context. As such, all three studies complement each other and realise the overall research aim by providing a more complete understanding of the change management issues faced by multinational firms trying to implement socially sustainable practices in their developing country suppliers. Together they provide a comprehensive understanding of a clearly academically and practically important matter, i.e. “How are socially sustainable practices implemented in complex global supply chains?”

1.4 Research Context: The Apparel Industry of Bangladesh

The apparel industry of Bangladesh has been selected as the research context for the empirical parts of the thesis – Paper II and III. The export oriented apparel industry of Bangladesh emerged in the 1970s, mainly as a result of the 1974 Multi-Fibre Arrangement (MFA). The MFA set quotas on apparel exports from the low cost newly industrialising countries of Asia - including China, South Korea, and Taiwan – to protect domestic textiles industries in the US and Europe. Contrarily, the European Union imposed no duties on imports and no quota restrictions from less developed countries like Bangladesh, giving them preferential market access (Huffington Post, 2013a). The above advantageous scenario, combined with Bangladesh’s abundance of cheap labour, led to international companies that were manufacturing elsewhere in the region seeking out Bangladesh as an apparel sourcing destination in the late 1970s (Joarder *et al.*, 2010). However, by 1984, 2-3% of cotton shirts and jacket imports into the US were from Bangladesh, which led to MFA negotiations and the imposition of

quota restrictions in 12 categories of Bangladesh-made apparel in 1985 (Krishna and Tan, 1998). The total amount of the quota was allocated proportionally to the eligible Bangladeshi suppliers by the government agency concerned. If the export performance was satisfactory, the suppliers would be given a larger quota the next year. But those suppliers who failed to utilize their quota were penalised and barred from applying in the following year. Western buyers could only buy from those Bangladeshi suppliers who held the export quota.

According to the rules of the MFA, textile and clothing quotas were negotiated bilaterally and there was the provision of selective quantitative restrictions, depending on whether the imports of certain products threatened the industry of the importing country. This went against the General Agreement on Tariffs and Trade (GATT) rules and it was decided at the Uruguay Round that the textile trade would be brought under the jurisdiction of the World Trade Organization. Thus, the MFA quota system was dismantled gradually and the process was completed on 1st January, 2005. Due to the initial protection offered by the quota system to the Bangladeshi apparel suppliers from potential competitors, and because of the country's competitive labour cost (Kabeer and Mahmud, 2004), the industry expanded massively - from exporting \$100 million in 1985 to approximately \$6.5 billion by the time the MFA expired in 2005 (BGMEA, 2014). Though some were apprehensive as to how Bangladesh would fare in the quota-free open market, Bangladesh was able to strengthen its competitive position mainly due to its comparatively lower wages (Joarder *et al.*, 2010). As a result, Bangladesh's apparel exports increased to \$21.5 billion in 2012-13, second only to China (McKinsey, 2011; BGMEA, 2014). Currently, 4 million people, mostly women, are employed in this sector and the apparel exports make up 81.16% of Bangladesh's total exports (BGMEA, 2014).

The sector's economic performance has not, however, led to a proportionate increase in social performance. Bangladesh is one of the world's least developed countries, with 31.5% of the population living in poverty on an income under \$2/day (World Bank, 2014) and its apparel industry's minimum wage of \$68/month is the lowest in the world (Wall Street Journal, 2013). Social conditions in the labour-intensive apparel sector have been the subject of much public scrutiny. For example, Akhter *et al.* (2010) reported poor hygiene standards, a shortage of drinking water and recreational facilities, and the sexual harassment of women workers. However, the recent series of deadly incidents resulting from failures to improve social conditions, including the Tazreen factory fire and Rana Plaza collapse, has focused global attention on the apparel sector of Bangladesh. These are the latest in a long line of repeated social failures in Bangladesh; and, in fact, almost 2,000 Bangladeshi apparel workers have died in industrial incidents since 2005 (CNN, 2013). Therefore, the apparel industry in Bangladesh provides a rich and appropriate setting for the empirical research conducted in Papers II and III, with the broad aim of understanding the implementation of social sustainability practices in global supply chains.

In the next section, I explain in detail my research philosophy – Pragmatism. Subsequently, in Section 1.6, I highlight how my research method and the way I have ensured the rigour of the overall study is aligned to the pragmatist belief.

1.5 Research Philosophy: Pragmatism

1.5.1 Research Paradigms

According to Saunders *et al.* (2009), 'research philosophy' is a comprehensive term related to the nature and development of knowledge. Research philosophy can be divided into research paradigms according to the researchers' beliefs about how to

create knowledge (Johnson and Onwuegbuzie, 2004; Morgan, 2007). Easterby-Smith *et al.* (2002) believe that, before undertaking management research, it is extremely important to think through the philosophical issues. For the authors Guba and Lincoln (1994), the research paradigm, which is the basic belief system or view of the world that guides the investigation, comes before the question of research methods. The metaphysical paradigm consists of the linkage of ontology, epistemology, and methodology (Morgan, 2007). The way that the world is – i.e. ontology – takes priority over epistemology, i.e. the principles through which we come to explain it (Danermark *et al.*, 2002).

The main philosophical views are ‘positivism’, which assumes that there are true answers; and that the researcher should start with a hypothesis about the nature of the world and seek data to confirm or disconfirm it; and ‘social constructivism’, which assumes that individuals seek understanding of the world in which they live and work by developing subjective meanings of their experiences (Creswell, 1998; Easterby-Smith *et al.*, 2002). An alternative ontological assumption, creating a middle ground between these two extremes, has emerged called ‘critical realism’, which assumes that a real world exists separately to our knowledge of it and simultaneously there is another dimension consisting of our socially determined knowledge about reality (Sayer, 1992; Danermark *et al.*, 2002).

But the philosophical stance that I most relate to is ‘pragmatism’. Philosophically, pragmatism can be thought of as the third research wave that bypasses the so called ‘paradigm wars’ by suggesting practical and logical alternatives (Johnson and Onwuegbuzie, 2004). Social science philosophers historically have overlooked pragmatism and, to an extent, expressed hostility to it as a philosophy (Baert, 2005). The reason why pragmatism was consistently omitted from the list of

philosophical approaches is because it contrasts sharply with the metaphysical paradigm's foundational assumptions on the nature of reality and possibility of objective truth by challenging why we have to believe in one versus the other or to act one way rather than another (Morgan, 2007).

Interpretive social science definitely offers a brand of insight that positivism cannot achieve, whereas positivism can also generate forms of knowledge that elude the interpretive approach (Wicks and Freeman, 1998). On the other hand, the relationship between pragmatism and the latter version of realism is a close one (Watson, 2010). According to Kuhn, it could be difficult, if not impossible, to create a one-to-one correspondence between the ideas in two different paradigms and, because the metaphysical paradigm took a strong stance with regard to incommensurability, it meant that if you accepted one you had to reject the other (Morgan, 2007). This causes a major communication barrier between knowledge that is produced through each of these paradigms. Pragmatism, in contrast, stresses shared meanings and joint action and denies that there are pre-determined limits on meaningful communication (Morgan, 2007). Thus, challenges such as asking for greater clarity about the linkage between philosophical commitments at the so-called paradigm level and how those insights translate into practical guidance for researchers at the level of data collection and analysis, can be resolved through the pragmatist approach.

1.5.2 Origins of Pragmatism

The origins of pragmatism lie in North America, primarily in the work of Charles Sanders Peirce (1839–1914) who adopted the term 'pragmatism' from Kant (1724–1804) (Johnson and Duberley, 2000; Talisse and Aikin, 2008). Although Peirce developed pragmatism into a substantial philosophical theory, it was William James

(1842–1910) who put it on the intellectual map in 1907 with his enormously influential book, *Pragmatism: A New Name for Some Old Ways of Thinking*. John Dewey (1859–1952) then continued to develop pragmatism and its application to practical issues, such as education and politics (Ormerod, 2005). The influence of pragmatism on the philosophy of the social sciences has been limited, but it has witnessed a recent revival, mainly led by Richard Rorty, Richard J. Bernstein, Hilary Putnam and Robert Brandom, who have developed philosophical views that represent later stages of the pragmatist tradition (Baert, 2003). Since the 1970s, scholarly work on the pragmatist philosophy increased in both quantity and quality, making possible an appreciation of the sophistication of the pragmatist philosophers (Hookway, 2010).

1.5.3 The Core Tenets of Pragmatism

The crude summary of the philosophical notion of pragmatism is that perhaps it is not so different from its everyday dictionary meaning (Webb, 2007). This simplistic ‘what works’ version of pragmatism is similar to simplistic versions of constructivism, such as - social structures exist in the imaginations of individuals - and positivism, where a one-to-one correspondence between our observations and some external reality is insisted upon (Morgan, 2014). Pragmatism as a philosophy goes beyond the concept of just solving a problem with the best means possible and, according to Morgan (2014), the value of pragmatism as a philosophy for social research can be highlighted by de-emphasising the notion of practicality. As a new paradigm, pragmatism disrupts the older top down philosophy of knowledge approach - ontology, epistemology, and methodology (Guba and Lincoln, 1994), but does not ignore its relevance (Morgan, 2007). In contrast, pragmatism does not separate thoughts about the nature of knowledge from the efforts to produce it (Bryant, 2009).

Although paradigms as epistemological stances do draw attention to the deeper assumptions that researchers make, they tell us little about more substantive decisions, such as what to study, and give little attention to how the choice of paradigm influences the practical decisions being made by actual researchers (Morgan, 2007). This anomaly is alluded to by strong supporters of the metaphysical paradigm, such as Guba and Lincoln (1994: p.117): “It is unlikely that a practitioner of any paradigm would agree that our summaries closely describe what he or she thinks or does. Workaday scientists rarely have either the time or the inclination to assess what they do in philosophical terms.” As is evident, there are broad differences in social scientists’ assumptions about the nature of knowledge and the appropriate ways of producing such knowledge (Morgan, 2007). The pragmatist maxim in short states that, when judging ideas, e.g. two ontological positions, we should consider their empirical and practical consequences and, if it does not make a difference in how we conduct our research, then this distinction for practical purposes is not very meaningful. For example, when presented with several pictures of reality, social constructionism does not privilege one over the other but pragmatism privileges the picture of reality that is most useful to one's purposes (Marshall *et al.*, 2005). Pragmatism does not consider that the real world is separate from knowledge but that knowledge is located in language, which is internally coherent and the real world is only made sensible through knowledge and vice versa (Blosch, 2001). Therefore, pragmatism implies that knowledge is both constructed and real.

Pragmatism had started off as a reaction against the idea that beliefs or sentences are true if they correspond to reality, which is called the ‘*correspondence theory of truth*’ (McDermid, 2006). Rorty holds that to determine whether an idea or a theory is true is a pointless exercise if by ‘true’ it is meant something unconditional or

a correspondence to an absolute reality, because truth is not the kind of thing that has essence (Talissee and Aikin, 2008). Rorty points out that there is no one-to-one relationship between the type of philosophy and domain of inquiry and reality is always in the making (Baert, 2003, 2005). Pragmatism denies that normative discourse is true by virtue of describing normative facts that best correspond to reality, but they are justified by proper evidence and appropriate communication; and both objective and subjective justification is necessary but not sufficient (Koons, 2009). Pragmatism propagates that the value of an idea derives from its practical consequences and, according to Rorty, the most important element is saying: "If you can succeed in justifying your belief to all commerce past present and future in an ideally free communicative situation with maximum availability of evidence then you don't have to worry about whether your belief corresponds to reality." (Rorty *et al.*, 2004, p: 72).

The view of knowledge associated with the philosophy of the '*correspondence theory of truth*' is the '*spectator theory of knowledge*' in which knowledge somehow captures or mirrors the inner essence of the external realm (Webb, 2012). The term '*spectator theory of knowledge*' was coined by Dewey (1930). It was aimed at all epistemologies which fail to appreciate that knowing is an active relation between the knower and the known, and that inquiry is constrained by both the practical concern which generates it and the constraints imposed by the environment in which the inquirer is situated (Morgan, 2008). Pragmatists believe that knowledge exists in the form of theories or statements, which are tools that help us understand reality better but does not capture 'once and for all time' truths (Bryant, 2009).

Pragmatism builds upon the 'world views influence research' aspect of metaphysical paradigms by drawing from Kuhn (1970)'s concept of paradigms as a

set of shared beliefs among members of a specialty area (Morgan, 2007). According to Morgan (2007), we can treat our field as comprised of groups of scholars sharing consensus about the most important questions to study and the most appropriate methods to use. However, Morgan (2007) argues that the choice of deciding which research questions are important and which methods are appropriate is influenced by the researcher's personal history, social background, and cultural assumptions. That is why Dewey (1930)'s arguments rejecting the nature of reality did not mean that he denied that differences exist between positivism and constructivism as research approaches (Morgan, 2014). It is acknowledged that researchers from different traditions will have different experiences, beliefs and actions. The point here is that the production of knowledge occurs within a social context, where inquirers are always situated in space and time and motivated to solve a problem through competent inquiry (Morgan, 2008).

Even though Dewey sets aside the traditional view of epistemology, he did not argue against knowing or the known (Boyles, 2006). Instead, he created a new form of epistemology, where the concept of '*warranted assertibility*' is central (Hall, 2013; Morgan, 2014). Dewey invented this piece of jargon since he refused to base his work on the concept of 'knowledge' because that would cause a mistaken assumption that he was taking a traditional approach to epistemology, rather than trying to break down those existing systems of thought (Boyles, 2006; Morgan, 2014). In this new worldview, Dewey argued that knowledge is always provisional and knowledge consists of warranted assertions. According to Dewey, the outcome of inquiry leads to warranted assertions, which are beliefs that are strongly supported through arguments and evidence (Schwandt, 2007). It essentially captures the idea that inquiry outcomes are not definite solutions to a problem, rather they are assertions that become

warranted through their transferability in different situations, leading to greater faith that this idea can be applied and confidently acted upon (Johnson and Onwuegbuzie, 2004; Morgan, 2014).

Philosophically, pragmatism is the "third wave" or third research movement, a movement that goes beyond the paradigm wars by offering a logical and practical alternative (Johnson and Onwuegbuzie, 2004). To make a choice between different philosophies is quite unrealistic in reality (Saunders *et al.*, 2009) and as mentioned before, even strong supporters of the metaphysical paradigm, such as Guba and Lincoln (1994), admit that it is highly unlikely practitioners of any paradigm have the inclination to assess their work in philosophical terms. Pragmatism, by dissolving the quantitative-qualitative dichotomy, offers social science researchers the freedom to use a wider array of research methods. This is particularly important for my chosen field of O&SCM, where developing scientific knowledge requires obtaining multiple perspectives by investigating different parts of the system, employing different methods of analysis, and using different sources of data (Singhal and Singhal, 2011). Tashakkori and Teddlie (2003) argue that pragmatism is intuitively appealing as researchers can study that which interests them, at some points be objective and at others subjective, use different methods as deemed fit and use the results to create valuable knowledge. For pragmatists, what is more important than the nature of truth is whether the idea of theory is successful, i.e. whether it accomplishes what one wants to achieve (Baert, 2003), developing knowledge which might more realistically inform action (Watson, 2010), and generating information that helps people to better cope with the world or to create better organizations (Wicks and Freeman, 1998).

1.5.4 Conclusion

As pragmatism re-emerges as an influential philosophy, there is no doubt that it will make a significant contribution to management theory (Blosch, 2001). There has been a renewal of interest in the pragmatist philosophy among social scientists in the fields of economics, applied psychology, organizational theory, political science and education (Goldkuhl, 2012). Pragmatism provides a radical departure from the traditional philosophical arguments about truth and reality. Pragmatism also offers a workable theoretical basis for both managers and researchers and prevents theoretical complexities getting in the way of useful pluralistic practices (Jackson, 1999).

To end, it is important to note that pragmatism is a diverse philosophical tradition and there are many versions of pragmatism (Bryant, 2009; Webb, 2012). In fact, some views of the latter generation of pragmatists (e.g. Baert or Rorty) are not consistent with the classical pragmatists (e.g. Peirce, James or Dewey) (Baert, 2005; Baert and Turner, 2007; Morgan, 2008). This is similar to the variety of constructivist approaches that exist today (Neubert, 2008) or the disagreement amongst critical realists about the actual meaning of 'critical' (Danermark *et al.*, 2002). The spirit of the times is against absolute discourses that claim to know the truth about things, and we should seek to benefit from what each paradigm has to offer (Jackson, 1999). I adopt the pragmatist perspective and draw upon many of its key concepts, such as the attempt to understand the world as intrinsically contextual and social. More specifically, all aspects of research inherently include decisions about what are the most meaningful objectives and which are the most appropriate methods. However, it is not implied that pragmatism can solve all the problems plaguing the social science research philosophy as it is certainly not a complete doctrine and has its shortcomings. It is acknowledged that the philosophy is being actively developed and there is a

continuum of opinions within pragmatist philosophers. Therefore, it is not possible to subscribe to all of the claims of pragmatism. Nevertheless, it is the philosophy that I believe best supports my research. In the next section, I will describe my overall research design and link it to my philosophical stance.

1.6 Research Design

1.6.1 Research Method

Pragmatists do not reduce questions of methodology to questions of ontology, rather it depends on the goals of the research (Baert, 2005). This research was designed in the spirit of pragmatism, i.e. the three papers in the PhD followed methods that were believed would answer the research questions best. In doing so, I was not confined to one approach but I could choose the best approach for a given part of the work. For example, Paper I largely followed the systematic literature review methodology, as described by authors such as Tranfield *et al.* (2003) and Denyer and Tranfield (2009). But, while doing the analysis, it was found that other relevant articles were being cited in the reviewed papers, which were not being captured in the key word search. To overcome this limitation, the mechanical systematic literature review process was supplemented organically by including other papers that were cited in the articles identified and judged to be pertinent (see Section 2.2.1). This process of reviewing literature was used to construct a database of articles, which were evaluated in order to provide insight into how research to date has contributed to our understanding of the management of socially responsible sourcing; what the research gaps are in this area; how theoretical lenses have been used in the field; and, how theory can be used effectively in the future.

In both the empirical papers, the research questions were a combination of open-ended ‘how’ and ‘why’ questions (see Section 1.4). Induction is a better approach as compared to deduction if the inquirer is concerned with finding out ‘how’ and ‘why’ something is happening rather than simply ‘what’ is happening (Saunders *et al.*, 2009). Therefore, the inductive research approach was chosen. This was found to be more appropriate because, in the beginning, the questions were open-ended and exploratory; and later on, by the analysis of empirical data, an attempt was made to understand the nature of the phenomena.

The infancy of social sustainability research called for an exploratory study (Saunders *et al.*, 2009). Conducting exploratory research through the case study method is appropriate when a phenomena is at the developmental stage and its variables have not been properly identified (Voss, 2009). Therefore, in Paper II, considering the nascent status of social sustainability research, a multi-case study approach based on four Bangladeshi apparel industry suppliers was adopted, where each is a case. This core set of cases was supplemented by evidence from the Bangladeshi buying houses of two major UK apparel retailers. In the final paper, Paper III, an embedded single case study design of the Bangladeshi apparel industry was adopted (Eisenhardt, 1989; Yin, 2009). Within the single case, there were a large number of institutional actors representing embedded units. This allowed for the combination of organization- and industry-level analysis and aided in inductive theory building (Yin, 2009).

The case study research method was found to be suitable for the following reasons. First, case studies allow for the thorough examination of complex, real-life issues on which little prior empirical evidence is available and can provide in-depth insights (Eisenhardt, 1989; Yin, 2009). Second, the flexibility inherent in a case study

approach allows access to supply chains at various stages and enables the elicitation of rich data through which a variety of data gathering techniques, such as interviews, observation and document analysis, can be used, allowing for cross-validation (Seuring, 2008; Yin 2009). Third, external validity can be aided and observer bias reduced by using multiple cases/units (Handfield and Melnyk, 1998; Voss, 2008; Barratt *et al.* 2011). Finally, case study research aids in inductive theory building (Voss *et al.*, 2002; Yin, 2009).

The majority of case study research on SSCM deals with a single case and just one stage of the supply chain (Seuring, 2008; Carter and Easton, 2011). Conversely, in this study, information is collected from both buyers and suppliers, along with other relevant stakeholders. An overview of the industry actors studied, including their key features, size and the complete list of interviewees according to the three data collection phases - details of which are provided in the next sub-section - is presented in Table I below.

Organisation	Size (approx.)	Key Features (Buyers/Suppliers)	Interviewee(s)	PHASE I Pre Tazreen Fire Dec'11- Apr'12		PHASE II Post Tazreen Fire Dec'12- Jan'13		PHASE III Post Rana Plaza Apr- May'14		
Supplier 1	700 workers	Buyer 6	Managing Director	✓	Tazreen Fashion Fire - 24 Nov'12		Rana Plaza Collapse - 24 Apr'13	✓		
			Executive Director	✓						
			HR & Compliance Manager	✓						
			Director					✓		
Supplier 2	1,500 workers	Buyers 4 & 6	Managing Director	✓						
			Deputy Managing Director	✓					✓	
			HR Manager	✓						
Supplier 3	2,400 workers	Buyer 2 & 6	Group HR Manager	✓						
			Compliance Manager	✓						
Supplier 4	7,000 workers	Buyer 1, 2 & 6	Managing Director	✓						
			Chief Operating Officer	✓						
			Compliance Manager	✓						
Supplier 5	1400 workers	Buyer 1, 2, 3, 4 & 6	Chairman	✓						
			CEO	✓						
			HR & Compliance Manager	✓						
Supplier 6	700 workers	Buyer 4 & 5	Director	✓				✓		
Supplier 7	3000 workers	Buyer 5	Chairman	✓						
			Director (Merchandising);			✓	✓			
			HR Manager			✓				
Supplier 8	5,000 workers	N/A	Deputy Managing Director			✓				
			Compliance Manager			✓				

Supplier 9	1000 workers	N/A	Managing Director		✓	
			Compliance Officer		✓	
Supplier 10	17,000 workers	Buyer 1	Head of Sustainability		✓	
			Distribution Executive		✓	
Supplier 11	22,000 workers	Buyer 4 & 6	Director		✓	
Supplier 12	26,700 workers	Buyer 1	CEO		✓	
Supplier 13	5200 workers	Buyer 2, 4 & 5	Managing Director			
Supplier 14	4000 workers	Buyer 4 & 6	Vice-Chairman			
Buyer 1	>\$10 billion	Suppliers 4, 5 & 10	Country Manager	✓		
Buyer 2	\$5-10 billion	Suppliers 3, 4 & 5	Supply Chain Manager	✓		
			Compliance Executive	✓		
			Head of Compliance	✓		✓
Buyer 3	\$3-5 billion	Supplier 5	Country Manager		✓	✓
Buyer 4	>\$20 billion	Suppliers 2, 6, 5, 11 & 12	Logistics Manager		✓	
Buyer 5	>\$20 billion	Suppliers 6, 7 & 11	Sustainability Manager		✓	
			CSR Manager		✓	
Buyer 6	>\$20 billion	Suppliers 1, 2, 3, 4, 5 & 12	Sourcing Manager		✓	✓
Buyer 7	\$3-5 billion	N/A	Corporate Sustainability Manager		✓	✓
International Chamber	N/A	N/A	President		✓	
Local Chamber	N/A	N/A	Director		✓	
Apparel Trade Body	N/A	N/A	Vice President		✓	
			Deputy Secretary		✓	
Trade Union 1	80,000 members	N/A	President		✓	
			General Secretary		✓	
Trade Union 2	11,000 members	N/A	President		✓	
			General Secretary		✓	

			Organisational Secretary			✓	
			General Secretary			✓	
Non-Government Organisation1 (NGO1)		N/A	Organisational Secretary			✓	
			Chairwoman			✓	
Worker Focus Group Discussion 1		N/A	12 workers			✓	
Worker Focus Group Discussion 2		N/A	9 workers			✓	
Total Interviews				20		32 (+2FGD)	9

Table I: Overview of Industry Actors studied: Key Features, Size and Interviewees according to Data Collection Phases

1.6.2 Data collection and Analysis

Semi-structured interview protocols were used in both of the empirical papers, which helped collect rich and original data and to more easily discuss sensitive issues (the interview guides are provided in Appendix A, B & C). This was supplemented by site visits – the factories of 11 out of the 14 suppliers were visited and, where allowed, pictures and notes were taken. Additionally, multiple sources of secondary data, e.g. firms' codes of conduct, audit reports and news articles were used to triangulate and support interview data. Interviews were conducted in the following three phases:

Phase I (December'11-April'12): 20 exploratory semi-structured face-to-face interviews were conducted with owners and managers dealing with supply chain and human resource/social compliance issues on the motivations, barriers and enablers of social sustainability in seven Bangladeshi suppliers and the Bangladeshi buying houses of two Western retailers. Data from four out of the total of seven supplier cases pertaining to this phase was used in Paper II. This was because the *International Journal of Operations & Production Management (IJOPM)*'s special issue on Sustainable Operations Management was targeted with this paper and there was a very tight deadline for submission. Paper II's sample of Suppliers 1-4 and Buyers 1 and 2 had been analysed at that point and was ready to be used. More importantly, it was felt that sufficient data saturation had been reached by the end of the fourteenth interview and the value added per interview to answer the exploratory set of research questions was minimal. This pilot study helped to focus subsequent rounds of data collection and highlighted the importance of incorporating the perspectives of other stakeholders.

Phase II (December'12-January'13): The interview protocol from Phase I was refined to include more theory-related questions and further interviews were conducted in one supplier from Phase I plus seven new suppliers and five new buyers. Interviews were also conducted in one local and one international Chamber of Commerce, an apparel trade body, two trade unions, and two NGOs. Finally, two Focus Group Discussions (FGDs) were conducted with apparel industry workers. FGD1 consisted of 12 workers from 10 different suppliers and FGD2 of nine workers from nine different suppliers.

Phase III (April'14-May'14): Four suppliers and four buyers previously interviewed at Phase I and/or Phase II were investigated in order to understand the longitudinal evolution of the phenomena, i.e. to map how the attitude to social sustainability implementation had changed over this data collection period of three years.

In total, 61 face-to-face semi-structured interviews were conducted across multiple stakeholders (see Table 1). All 14 suppliers export to Europe and North America while the seven buyers are major North American and European brand retailers with 2013 apparel sales ranging from \$3billion to over \$20billion. Interviewees were identified primarily through personal contacts and, in the later stages, through snow-balling. This ensured that participants were both accessible and cooperative (Bryman and Bell, 2007; Malhotra and Birks, 2007). Time was spent building trust and rapport with the interviewees to enable candid discussions, which would otherwise have been challenging given the sensitive nature of the topic. A detailed step-by-step graphical representation of the data collection protocol is provided in Figure 1 below.

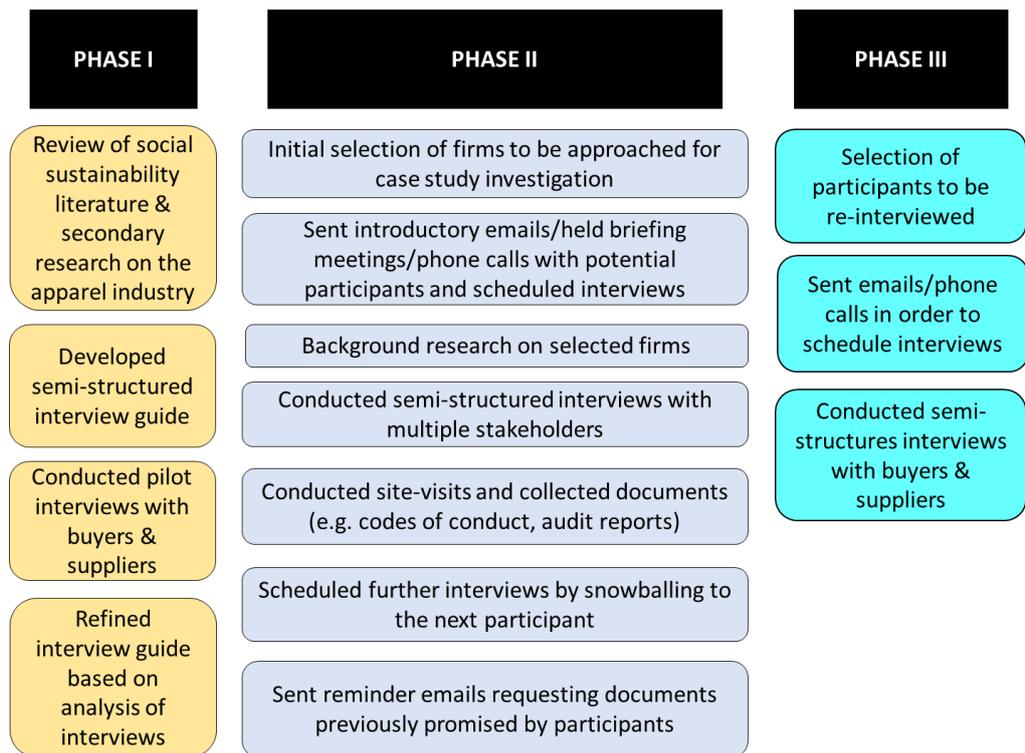


Figure 1: Three Phases of Data Collection

The majority of the interviews were conducted in Bangla (the Bangladeshi mother tongue). All interviews which were not conducted in English were first translated into English. They were then transcribed and coded using the qualitative data analysis software NVivo 10, the principal contributions of which was to systematically organize data in a form suitable for retrieval, help to be more reflective, and to increase transparency (Fielding and Lee, 1998; Bryman and Bell, 2007). A flexible coding process was followed, using *a priori* codes to begin analyzing the data but at the same time adding inductive codes as the analysis continued (Saldaña, 2013). First cycle coding was followed by second cycle coding, which involved coming up with inferential, pattern codes that identified emergent themes (Miles *et al.*, 2014). Well-crafted tables were developed in order to support the process of searching for patterns in the data and to display the richness of the data (Hartley, 2004; Eisenhardt and Graebner, 2007).

1.6.3 Research Rigour

In Part Two of this thesis, each paper contains a more detailed discussion of its individual research methodology, data collection method, data analysis techniques and the rigour of the research process. However, it was not possible in the scope of a journal article to consider all of the issues related with the rigour of the research in detail. Thus, in this section, I will mention how the rigour of the overall study was ensured.

Case based research has been criticised for being merely a collection of anecdotes and personal impressions; for being strongly subject to researcher bias; for a lack of generalisability and reproducibility; but the most serious criticism is that it lacks rigour (Stuart *et al.*, 2002). A key aspect of qualitative data analysis is removing doubt surrounding the reliability and validity of qualitatively-produced findings (Yin, 2009; Miles *et al.*, 2014). Qualitative researchers reject the framework for determining the rigour of the research used by quantitative researchers, mainly internal validity, external validity, reliability and objectivity (Barratt *et al.*, 2011; Bryman and Bell, 2011). Instead, their alternatively proposed criteria for judging the soundness of qualitative research is comprised of (Lincoln and Guba, 1985; Bryman and Bell, 2011; Miles *et al.*, 2014):

1. *Credibility*, referring to the authenticity of the findings. The findings should be unified, i.e. clear, coherent and systematically related (Lincoln and Guba, 1985; Bryman and Bell, 2011; Miles *et al.*, 2014). Yin (2009, p 127) states that “the analysis of case study data is one of the least developed and most difficult aspects of doing cases...Unlike statistical analysis, there are few fixed formula or cookbook recipes to guide the novice. Instead much depends on the investigator’s own style of rigorous empirical thinking along with sufficient presentation of

evidence and careful consideration of alternative interpretations”. This is in congruence with the pragmatist idea of warranted assertions, which basically states that outcomes of competent inquiry are assertions that become warranted when they are strongly supported through arguments and evidence (Schwandt, 2007). It is also in line with the pragmatist belief that, as long as you can justify your findings by proper evidence and appropriate communication to your peers or interviewees, then you don't have to worry about whether your belief corresponds to reality (Rorty *et al.*, 2004; Koons, 2009).

2. *Dependability*, the underlying issue for which is the preservation of quality and integrity, i.e. whether the process followed is consistent (Lincoln and Guba, 1985; Bryman and Bell, 2011; Miles *et al.*, 2014). Therefore, there needs to be a consistent audit trail, while pragmatists expand the concept further to include continuous reflections on evaluation practices, i.e. to actively consider the appropriateness of supporting evidence for any beliefs (Hall, 2013).
3. *Confirmability*, criterion evaluates whether or not the data have been interpreted in a prejudiced manner (Lincoln and Guba, 1985; Bryman and Bell, 2011). It relates to reasonable freedom from relative neutrality and unacknowledged researcher biases (Miles *et al.*, 2014). By rejecting the ‘spectator theory of knowledge’, pragmatists appreciate that knowing is an active relation between the knower and the known, that the production of knowledge occurs within a social context and that it is influenced by the researcher’s personal history, social background, and cultural assumptions. Researchers need to understand and be aware of these potential biases, and the goal is to try and limit the effects of any one type of data or respondent, or more critically, one researcher biasing the results. Certainly pragmatists in general, and Dewey in particular, believe the people pursue

confirmation of their tentative beliefs about problematic situations, but a pragmatist would also recognise that any such confirmation is both probabilistic (rather than absolute) and contextual (rather than universal) (Morgan, 2014). So, confirmation is always a matter of degree, and subject to further testing in new situations.

4. *Transferability*, which refers to whether or not particular findings can be generalised to other contexts (Lincoln and Guba, 1985; Bryman and Bell, 2011; Miles *et al.*, 2014). One of the core premises of pragmatism is that inquiry outcomes are not certain solutions to a problem, rather they are assertions that become warranted through their transferability to different circumstances (Johnson and Onwuegbuzie, 2004; Morgan, 2014). The results of a study are evaluated through their ability to predict the workability of future lines of behaviour and their actual utilisation by people (Morgan, 2007). Thus, pragmatists are solid advocates of transferability and, for them, it is essential to ask to what extent the findings can be used in new situations and what our warrants for making such claims are (Hall, 2013).

In Table II below, a summary of the research design employed in each of the papers and the strategies adopted to determine research rigour are highlighted.

	Research Design			Strategies adopted to determine Research Rigour			
	Research Method	Data Collection	Data Analysis	Credibility	Dependability	Confirmability	Transferability
Paper I: Literature Review	Systematic literature review	- keyword search in the abstract field of the <i>ABI/INFORM</i> database	- classification of papers using data-extraction forms (in MS-excel)	- relevant studies critically evaluated to assess their quality using appropriate checklists & details of how it was used provided	- followed comprehensive review protocol - maintained extensive database of articles	- chain of evidence kept - methods and procedures described explicitly - multiple-authors involved in analysis	- analysed 157 papers published between 1997-2013, spread across 40 ABS listed relevant journals
Paper II: Exploratory Study	Multiple case study	- 14 semi-structured face-to-face interviews; - factory tours - secondary data collection	- interviews recorded and transcribed - within & cross-case analysis	- within-case analysis and then cross-case pattern matching - triangulation through different methods and data sources - the data linked well to established theory (TCE)	- recorded and transcribed interviews - documented the process of analysis in detail - peer debriefing/review: 2 senior academic experts supervised the data collection and reviewed the findings	- left audit trail: detailed description of methods and procedures followed - multiple sources of evidence: buyers & suppliers, site visits, internal documents - Provided a “thick” description of context and findings	- diverse sampling through multiple case studies led to broader applicability - Compared the findings with extant literature to clearly outline contributions - findings congruent with TCE
Paper III: Longitudinal Study	Embedded single case study design (embedded units =institutional actors)	- 61 face-to-face semi-structured interviews - factory tours - secondary data collection	- transcripts from each case were coded and analysed using QSR NVivo10	- data triangulation via site visits, document analysis and interviews with multiple stakeholders - presented context-rich descriptions & verbatim comments - constructed tables compared data from a range of institutional actors	- recorded and transcribed interviews - documented the steps and measures taken throughout the data collection and analysis stages - Peer examination: code agreement checks - accounted for biased data e.g. ‘knee-jerk’ reactions	- complete picture of data collection and analysis provided, including “backstage” information such as how coding was carried out using NVivo - incorporated different perspectives of a range of highly knowledgeable institutional actors - ‘rich’ descriptions	- findings congruent with and connected to extant literature - detailed description of research context and a rich presentation of the findings, allows readers to assess appropriateness for their own settings - theoretically diverse sampling to encourage broader applicability

Table II: Summary of Research Design and Strategies adopted to determine Research Rigour

1.7 Summary and Structure of the Thesis

In the introductory Chapter of the thesis, the background and motivation for the research were provided, followed by a literature review, which led to the identification of the research gaps and the formulation of the over-arching research question. It was then demonstrated how the research questions in the three papers cumulatively address the principal research question and how the research philosophy and method aid in this process.

In Part Two of the thesis, the three papers will be presented, each preceded by a background to the paper, where a short description of the development and current publication status of the papers will be provided. This commentary will help to elaborate how the study progressed in stages. It will also establish how the three papers are complementary but also integrate to form the whole of the study. In the final part of this thesis, the theoretical contributions and managerial implications of the papers in relation to the field of O&SCM will be highlighted, before concluding with limitations and a future research agenda.

Part Two

Chapter 2 - Paper I:

"Socially Responsible Sourcing: Reviewing the Literature and Its Use of Theory"

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2(i) Background

While comprehensive literature reviews on the environmental dimension of sustainable sourcing exist, e.g. Sarkis *et al.* (2011) and Zsidisin and Siferd (2001), an equivalent review on the social dimension of sustainability was missing. Recent reviews that have addressed the social issues involved in sourcing are broader as they include both the social and environmental dimensions (e.g. Carter and Rogers, 2008; Seuring and Muller, 2008; Carter and Easton, 2011; Hoejmose and Adrien-Kirby, 2012; Gimenez and Tachizawa, 2012; Winter and Knemeyer, 2013). It was felt that these previous reviews lacked sufficient insights into the specifics of the particularly upstream social aspect of sustainability. Therefore, a systematic literature review of 157 papers that include Socially Responsible Sourcing (SRS) research published in Association of Business Schools (ABS) listed journals was conducted. The papers have been analysed according to the research content, with a particular focus on the use of pre-existing theories in order to determine the state-of-the-art in SRS research, leading to an agenda for further work; and, their use of theory in the SRS literature, leading to suggestions on how theory can be most effectively applied. An earlier version of this paper was presented at the 2012 Production and Operations Management World Conference in Amsterdam, by my co-authors Marta Zorzini, Linda Hendry and Mark Stevenson, titled – “Sustainable Sourcing: a Plethora of Theories?” This paper has been accepted for publication in the *International Journal of Operations & Production Management*.

This paper has been a collaboration between myself, my supervisors (Dr. Marta Zorzini and Dr. Mark Stevenson) and Professor Linda Hendry of Lancaster University Management School (LUMS). We decided to collaborate on this paper with Professor Hendry as she was already working in this field and it was felt that, if we pool our resources, we will be able to produce a more extensive and robust piece of research, an objective which I believe we have been able to achieve. The amount of time and resources invested by all co-authors has been significant, and fortunately I have been given the chance to play a substantial part in this paper. I have contributed to most of the sections, including:

- i. Contributing to *Section 1: Introduction* and *Section 6: Conclusion*.
- ii. I wrote entire *Section 2.1: The Systematic Literature Review Protocol* and created *Figure 1*. I also carried out majority of the key word searches (eight out of the eleven sets of key words), short-listing of relevant articles and classifications into Microsoft excel data-extraction forms.
- iii. I had my input in *Section 3.2: Research Context, Perspective and Method in the Reviewed Papers* by writing an important paragraph on those studies that held a specific industry focus, plus I constructed *Table IV – Classification of Reviewed Papers by Industry* and had considerable input in *Table III – Classification of Reviewed Papers (Research Method, Use of Theory, Research Context and Perspective)*.
- iv. In *Section 4: Socially Responsible Sourcing (SRS) Research Topics and Research Gaps*, I did the following two out of five sub-sections - *4.2 Organisational Culture* and *4.4 Transparency*. I also constructed *Table V – Classification of Reviewed Papers* and contributed to *Section 4.6: Summarising the Conclusions Regarding Research Question 1*.

- v. In *Section 5: Use of Theoretical Lenses in the Reviewed Articles*, I had my input while answering the reviewer comments and also helped construct *Table VI: Theoretical Lenses identified in the Reviewed Papers* and *Figure 2 – A Typology of the Use of Theory in the SRS Literature*.
- vi. Finally, I had taken the lead in addressing all the reviewer comments in both rounds of revisions.

Below, my co-authors of this paper have certified that they agree with my above claim as to my contribution in carrying out the research and preparing the paper for publication.



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Socially Responsible Sourcing: Reviewing the Literature and Its Use of Theory

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2(ii) Abstract

Purpose: To determine the state-of-the-art in Socially Responsible Sourcing (SRS) research, leading to an agenda for further work; and, to evaluate the use of theory in this context. SRS is defined as the upstream social issues within the sustainability literature, where social issues include human rights, community development and ethical issues but exclude environmental concerns.

Design/methodology/approach: A systematic literature review of 157 papers that include SRS published in ABS listed journals. The papers have been analysed according to their research content, with a particular focus on the use of pre-existing theories.

Findings: Key findings for researchers and managers alike include an analytical discussion of strategies developed to date to embed SRS in an organisation; and key research gaps include a particular need to consider the supplier perspective in developing countries. In terms of the use of theory, a typology is proposed, which (in ascending order of effectiveness) is as follows: theory dressing, theory matching, theory suggesting/explaining and theory expansion.

Research limitations/implications: The review is limited to papers published in the ABS list; and the analysis of the use of theory is limited to the SRS literature. The

findings suggest that insightful papers can be written without any use of theory but that as a field develops, a greater depth of application of theory is needed to aid understanding.

Originality/value: This is the only review that focuses exclusively on SRS, excluding environmental issues, thus allowing for a greater depth of discussion on social issues; and is unique in its detailed critical analysis of the use of theory.

Paper Type: Literature Review

Keywords: Socially Responsible Sourcing; Sustainable Sourcing; Sustainable Supply Chain Management; Social Sustainability; Theory Application; Literature Review.

2.1 Introduction

Socially responsible sourcing (SRS), which focuses on the upstream management of the supply chain, is an important aspect of the broader Sustainable Supply Chain Management (SSCM) agenda. The latter has been defined by authors like Carter & Rogers (2008) to incorporate three components: social, environmental and economic performance. Thus they build on the triple bottom line (TBL) concept of people, planet and profit (Elkington, 1998) that suggests it is not enough for a company simply to be profitable. To flourish, it must also be responsible for the social wellbeing of employees, the wider community, and the natural environment. Carter & Easton (2011) argued for the need to study all three dimensions of sustainability simultaneously. Although this is important, it is also necessary to gain a deeper understanding of some particular aspects of the sustainability agenda, particularly as this pertains to social issues in the context of SRS. Previous research has tended to focus on the environmental side, and while this remains an ongoing research field, the social side of sustainability is a growing topic area within the sourcing literature. Ergo, this paper seeks to review the literature that has included SRS to, primarily, identify the key research themes, thereby providing a timely summary for researchers and managers alike, and the research gaps that need to be addressed in the future. It also seeks to discuss whether effective use of theories is made in the existing literature, and whether, for example, authors are selecting theories appropriately from the plethora of theories available.

The vital importance of companies being aware of the social practices of their supply chain partners is clear, given the adverse publicity and lasting damage to both the brand and its trading revenues that can be caused when business practices considered to be unethical emerge in the media. This has been evidenced, for example,

in the UK-based cases of Primark in 2008 and British Home Stores (BHS) in 2012, where the use of child labour by Indian suppliers was alleged; and the more recent tragedies with many workers either killed or injured in Bangladeshi factories supplying garments to Wal-Mart, Sears and Inditex in 2013. In each case, the long term damage to the brand of social malpractice is likely to have a wider, more damaging effect than just the initial ‘bad press’ news stories. Although the importance of being aware of social practices amongst supply chain partners is hard to dispute, there are many intrinsic challenges to incorporating social concerns into sourcing decisions. These have been highlighted by several authors and include difficulties in detecting and ensuring the implementation of desirable codes of practice, such as appropriate working conditions for employees (e.g., Jiang, 2009a & 2009b). Thus, SRS is a challenging issue for many organisations and their suppliers, and not surprisingly an area of growing interest for academics, particularly given that relatively little is known about the social issues in the context of supply chain management (Hoejmose *et al.*, 2013).

Given that others have argued for the need for organisations and researchers alike to address these social issues at the same time as considering the environmental and economic issues, it is important to further justify here the reasons for focusing this paper on the social issues alone. This justification is threefold. Firstly, whilst it is acknowledged that the three pillars of the TBL are connected and complementary, and naturally have some common drivers and barriers (Pagell & Wu, 2009, Walker & Jones, 2012), it is also argued here that there are some issues that are more relevant in certain contexts, e.g. social issues are more important in labour intensive sectors. Secondly, there are certain characteristics that are specific to the social agenda: like the difficulty of gauging the performance of firms regarding SRS because of the less

transparent and visible nature of the results; or how the complex nature of social issues makes the implementation of changes harder in developing country suppliers, for example, because eliminating child labour in a regulated industry might shift this problem to an unregulated and more hazardous industry. Thirdly, authors such as Seuring & Muller (2008) in their review of the SSCM literature pointed out that there is a deficit in studies focusing particularly on the social dimension of sustainability and argue for further research here. More recently research is emerging to fulfil this gap, including two papers which have explicitly focused on the social aspect of SSCM - Ehr Gott *et al.* (2011) and Klassen & Vereecke (2012). In the former paper, Ehr Gott *et al.* (2011) used survey data from purchasing managers of U.S. and German corporations to test empirically how pressures from key stakeholders (customers, the government, and employees) determine the extent to which firms consider social aspects in the selection of emerging economy suppliers. Their findings suggest that middle-level supply managers play a major role in socially sustainable supplier selection, and that strong positive links exist between that selection and the investigated outcomes. In addition, Klassen & Vereecke (2012) studied links between social management capabilities and: social responsibility, risk, opportunity, and performance; and combined their case data with earlier literature to propose an integrative framework that informs a manager's approach to social issues in the supply chain. Therefore, it is argued that this paper provides a timely review of the SRS literature, which aims primarily to assist researchers, but will also inform practitioners of the areas to which they can look to academic research for insights, and the areas which are currently lacking. Both audiences are argued to be of importance given that the managerial implications of social failures are profound.

While comprehensive literature reviews on the environmental dimension of sustainable sourcing exist e.g. Sarkis *et. al.* (2011) and Zsidisin & Siferd (2001), an equivalent review on the social dimension of sourcing only is not currently available. More recent reviews that have addressed the social issues involved in sourcing are broader as they include both the social and environmental dimensions (e.g. Carter & Rogers, 2008; Seuring & Muller, 2008; Carter & Easton, 2011; Hojmosse & Adrien-Kirby, 2012; Gimenez & Tachizawa, 2012; Winter & Knemeyer, 2013). Thus, all previous reviews lack sufficient insights into the specifics of SRS, given the inevitable space limitations of an academic paper. In addition, none of the previous reviews considered the appropriate use of theory within this research field. Although Carter & Easton (2011) listed the most commonly used theoretical lenses and briefly discussed the past and potential future use of theory in SSCM, they did not consider how these theoretical lenses have helped us to understand the SRS phenomenon to date. Therefore, there is a research gap to systematically review our current understanding of SRS, including a detailed discussion of how theoretical lenses have been used in this context, leading to conclusions on how theory can be used effectively in future research. This paper thus seeks to fill this gap by addressing the following research questions:

RQ1: How has research to date contributed to our understanding of the management of socially responsible sourcing (SRS), and what are the research gaps in this area?

RQ2: How have theoretical lenses been used in SRS research? And how can theory be used effectively in future research?

As discussed above, our study's main contribution is towards greater academic understanding of SRS and the development of theory in this field, which can be summarised in three main steps with its relevance to managers highlighted in the second stage. First, peer reviewed articles from scholarly journals published between 1997 and 2013 have been classified according to their research content, with a particular focus on the use of theoretical lenses. This systematic exploration of the literature led to the identification of a more comprehensive list of issues that come under the social domain, as well as an assessment of the many terms that have been used in the literature to date. Second, a thematic analysis of the literature under five broad facets of SRS including strategy; organisational culture; risk management; transparency and performance has been carried out to determine the state-of-the-art in SRS research. This serves as a source of reference for future researchers by providing an agenda for further work specific to the social issues, as well as providing a summary of the key research findings to date for managers in terms of the processes and implications of SRS. Third, a detailed discussion of how theoretical lenses have been used in the context of SRS research is outlined, leading to suggestions on how theory can be most effectively applied. From this unique critical analysis of the use of theory in the SRS literature, the following novel typology in ascending order of effectiveness is proposed - theory dressing, theory matching, theory suggesting/explaining and theory expansion.

The remainder of this paper is organised as follows. Section 2.2 describes the systematic literature review method used to select papers along with the structure of the analysis procedure for those papers. An overview of the reviewed literature is provided in Section 2.3, including definitions of the various terms used in the literature to describe the SRS phenomenon. Key research themes are then described in

Section 2.4, with the papers classified by adapting a framework previously presented by Carter & Rogers (2008). In Section 2.5, the use of theoretical lenses in SRS research is discussed before the paper concludes with Section 2.6.

2.2 Method

The systematic literature review methodology, as described by authors such as Tranfield *et al.* (2003) and Denyer & Tranfield (2009) has been used to construct a database of articles, which were evaluated in order to provide insight into our research questions. This systematic process of reviewing literature increases rigour by promoting replicability and reliability and by decreasing bias (Tranfield *et al.*, 2003); but more importantly it makes the process transparent (Denyer and Tranfield, 2009). In the following section we discuss the different stages that were followed while conducting the systematic literature review, as summarised in Figure 1 below.

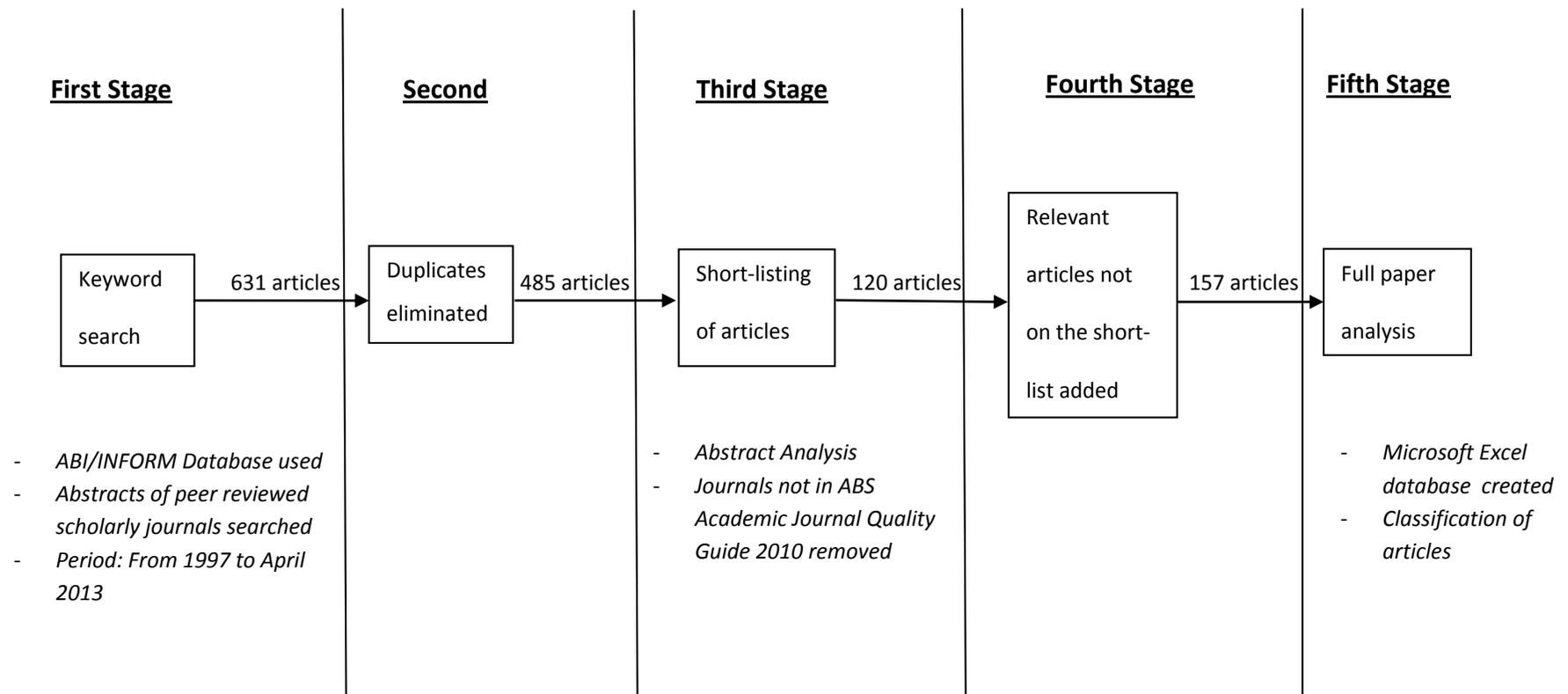


Figure 1 – The Systematic Literature Review Protocol

2.2.1 The Systematic Literature Review Protocol

1. In the first stage of the review, a search was conducted in the abstract field of the *ABI/INFORM* database for the following combination of keywords: ‘Socially responsible’ and ‘Sourcing / Procurement / Purchasing’; ‘Ethical’ and ‘Sourcing / Procurement / Purchasing’; ‘Sustainable’ and ‘Sourcing / Procurement / Purchasing’; ‘Social responsibility / Corporate social responsibility / Triple bottom line’ and ‘Supply chain’; ‘Social’ and ‘Supply chain’ and ‘Sustainability’. Only peer reviewed articles from scholarly journals published between 1997 till April 2013 were selected, resulting in a total of 631 relevant articles.
2. In the second stage, the duplicated results were eliminated, reducing the total number of articles to 485.
3. According to Denyer & Tranfield (2009), in a systematic review it is required to set pre-specified relevance and quality selection criteria. Therefore, in the third stage the abstracts of these 485 articles were read carefully and only those articles that discussed the social dimension within socially responsible sourcing and published in journals that are part of the *ABS Academic Journal Quality Guide 2010* were selected. A large number of articles dealing exclusively with environmental issues were excluded. However, broader literature which considers all three dimensions of the TBL are included as well as those that consider the social dimension alone. This procedure resulted in a short-list of 120 relevant articles. Two of the authors were involved in this stage, since the decisions regarding inclusion and exclusion remain relatively subjective and it should be done by more than one reviewer as suggested by Tranfield *et al.* (2003).

4. In the fourth stage, the mechanical systematic literature review process was supplemented organically by including other papers that were cited in the articles identified during the third stage and judged to be relevant. This adjustment to the mechanical process is also supported by the literature as Denyer & Tranfield (2009) point out that the review protocol should not restrict the review and the output of the search should result in a comprehensive list of core contributions which will help address the research questions. The organic addition of further papers thus sought to ensure that we included all papers relevant to our search and provided a further 37 papers, to bring the final total to 157.
5. In the final stage these 157 articles were carefully examined in order to provide insight into our research questions of: (1) how the research to date has contributed to our understanding of the management of socially responsible sourcing, and what are the research gaps in this area; and (2) how have theoretical lenses been used in the field and how can theory be used effectively in the future. A Microsoft Excel database was created where the articles were classified into different headings and sub-headings for the purpose of analysing the trends and gaps, as described further below. For example, Table 1 shows that the 157 papers are spread across many journals. It also shows that, from a chronological perspective, overall it is possible to identify a trend of increasing focus on socially responsible sourcing to complement a more consolidated interest in green purchasing.

Table I –Journals where the Selected Papers have been Published

Journal	N. of Articles	1997-2001	2002-2005	2006-2009	2010-April 2013
Journal of Business Ethics	32	1	7	18	6
Supply Chain Management: an International Journal	16	1		11	4
Corporate Social Responsibility and Environmental Management	12		2	4	6
International Journal of Production Economics	11			3	8
Business Strategy & the Environment	10		2	6	2
International Journal of Physical Distribution & Logistics Management	7		1	2	4
Journal of Supply Chain Management	7	1	1	2	3
British Food Journal	6			2	4
Journal of Cleaner Production	6			5	1
European Management Journal	5		2	2	1
Journal of Purchasing and Supply Management	5				5
International Journal of Operations and Production Management	3				3
International Journal of Production Research	3				3
Business Ethics: A European Review	3		2	1	
Corporate Governance	3			2	1
Journal of Operations Management	3	1		1	1
Journal of Business Logistics	2		2		
California Management Review	1			1	
Ecological Economics	1				1
European Journal of Purchasing & Supply Management	1	1			
Human Resource Development Review	1				1
Industrial Management & Data Systems	1			1	
Industrial Marketing Management	1				1
International Marketing Review	1			1	
International Journal of Business and Social Science	1				1
International Journal of Logistics Management	1				1
International Journal of Productivity and Performance Management	1				1
International Journal of Retail & Distribution Management	1			1	
International Small Business Journal	1				1
Journal of Industrial Ecology	1			1	
Journal of International Business Studies	1	1			
Journal of World Business	1		1		
Long Range Planning	1			1	
Production Planning & Control	1				1
Production & Operations Management	1		1		
Public Administration	1				1
Public Money & Management	1				1
Scandinavian Journal of Management	1			1	
The Journal of Industrial Relations	1			1	
Transportation Research. Part E, Logistics & Transportation Review	1		1		
Total	157	6	22	67	62

2.2.2 Structure of the Analysis and Classification of the Literature

In the full paper analysis, the first step was to analyse the terminology adopted to refer to social issues relating to sourcing; and, the specific social issues covered in the literature. The findings from this are presented in Section 2.3, which seeks to clarify the terminology to be used in this paper.

In order to reduce human error and bias during the analysis stage of the systematic literature review, Tranfield *et. al.* (2003) and Denyer & Tranfield (2009) recommend using data-extraction forms; which should include general information about the paper e.g. title, author, publication details etc. and other specific features such as methods and themes. In the second step of the full analysis of the papers, these recommendations were followed and a classification framework for the literature was then developed to identify the:

- Research method employed;
- Research context, e.g. in a developing or developed country; and industrial context;
- Research topic, e.g. organisational culture or risk management;
- Research perspective, e.g. buyer or supplier perspective;
- Use of theory according to explanatory power.

This framework was initially created by one author and validated by the other three, based on a sample of reviewed papers. An overview of this analysis for all aspects, except the research topic, is given in Section 2.3, while the classification according to topic is presented in Section 2.4.

In terms of the classification framework, it is acknowledged that several different means of categorisation could have been used. The conceptual model proposed by Carter & Rogers (2008) was employed as a starting point as it is considered to be the most comprehensive model that incorporates all three TBL dimensions. No models that focus only on the social dimension have been identified in the prior literature. However, given the breadth of coverage of the Carter & Rogers (2008) model, it was not found to have the depth of categorisation that this review required. Thus it was necessary to add further sub-categories to the final classification framework employed here in order to cover all of the social issues encountered in the literature.

The model by Carter & Rogers (2008) proposed that four facets are needed to support sustainability: strategy; organisational culture; risk management; and, transparency. The authors highlighted that these facets are not necessarily entirely mutually exclusive, and thus some topics may fall under more than one heading. Using these four facets as a starting point, the following eight categories and sub-categories were used:

- Strategy: (1)
- Organisational culture: Integration of values into the decision-making process and ethical behaviour (2)
- Risk management (3);
- Transparency: Reporting (4); standards (5); codes of conduct (6);
- Impact on performance (implicit in Carter & Rogers (2008)): Relationship between practices and performance (7); measures of sustainability (8).

2.3 Overview of the Literature

2.3.1 Defining Socially Responsible Sourcing (SRS)

Social issues relating to sourcing in particular are referred to in different ways in the research literature, and sometimes the same terms are used with different meanings. The use of terms that specifically refer to the social dimension of sourcing is not common in the literature. Instead, most authors use terms with a broad scope that incorporate social issues alongside other sustainability dimensions. Table II presents the plethora of definitions that have arisen within the SSCM literature that include some or all aspects of social responsibility.

Table II – Terminology Identified in the Literature

Terminology	Paper(s)	Definition
Sustainable Supply Chain Management (SSCM)	<ul style="list-style-type: none"> • Carter & Rogers (2008) • Carter & Easton (2011) 	The strategic, transparent integration and achievement of an organisation's social, environmental, and economic goals in the systemic coordination of key inter-organisational business processes for improving the long term economic performance of the individual company and its supply chains.
	<ul style="list-style-type: none"> • Seuring & Muller (2008a) • Seuring & Muller (2008b) 	The management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social, into account which are derived from customer and stakeholder requirements.
	<ul style="list-style-type: none"> • Krause <i>et al.</i> (2009) 	<i>Not provided</i>
Responsible supply chain management	<ul style="list-style-type: none"> • Amaeshi <i>et al.</i> (2008) 	<i>Not provided</i>
Logistics Social Responsibility (LSR)	<ul style="list-style-type: none"> • Carter & Jennings (2002) • Ciliberti <i>et al.</i> (2008b) 	The socially responsible management of logistics activities, which encompass supply, transportation and warehousing issues.
Socially Responsible Supply Chain Orientation (SRSCO)	<ul style="list-style-type: none"> • Park-Poaps & Rees (2010) 	A proactive labour management concept that encompasses normative and behavioural cores of organisational culture and buyer-seller working partnership throughout the entire supply chain.
Sustainable sourcing	<ul style="list-style-type: none"> • Pagell <i>et al.</i> (2010) 	Managing all aspects of the upstream component of the supply chain to maximise triple bottom line performance.
	<ul style="list-style-type: none"> • Ageron <i>et al.</i> (2011) 	<i>Not provided</i>
Sustainable supply management	<ul style="list-style-type: none"> • Koplin <i>et al.</i> (2007) 	Integration of environmental and social standards into supply policy and management.
	<ul style="list-style-type: none"> • Krause <i>et al.</i> (2009) 	<i>Not provided</i>
	<ul style="list-style-type: none"> • Ageron <i>et al.</i> (2011) 	<i>Not provided</i>
Purchasing Social Responsibility (PSR)	<ul style="list-style-type: none"> • Carter & Jennings (2004) • Carter (2004) • Ciliberti <i>et al.</i> (2008b) 	Purchasing activities that meet the ethical and discretionary responsibilities expected by society.
	<ul style="list-style-type: none"> • Maloni & Brown (2006) 	<i>Not provided</i>
	<ul style="list-style-type: none"> • Roberts (2003) • Johnson (2004) • Preuss (2009) 	<i>Not provided – but referring to both green and social issues in sourcing decisions.</i>

	<ul style="list-style-type: none"> • Baden <i>et al.</i> (2009) 	
Socially Responsible Buying (SRB)	<ul style="list-style-type: none"> • Maignan <i>et al.</i> (2002) • Harwood & Humby (2008) 	The inclusion in purchasing decisions of the social issues advocated by organisational stakeholders. <i>Not provided</i>
Socially Responsible Buying / Sourcing (SRB)	<ul style="list-style-type: none"> • Park (2005) 	A system-wide consideration of causes and impacts of the buying / sourcing decisions on all constituents of society.
Socially responsible purchasing	<ul style="list-style-type: none"> • Leire & Mont (2010) 	The utilisation of the purchasing power of public and private organisations to purchase products, works and services that have a positive social impact.
Supplier socially responsible practices	<ul style="list-style-type: none"> • Awaysheh & Klassen (2010) 	Encompasses all management practices that affect how a firm contributes to the development of human potential and protects people from harm.
Socially responsible supply management	<ul style="list-style-type: none"> • Koplin <i>et al.</i> (2007) 	<i>Not provided – but referring to social issues in sourcing decisions.</i>
Socially and Environmentally Responsible Procurement (SERP)	<ul style="list-style-type: none"> • Hoejmosse & Adrien-Kirby (2012) 	<i>Not provided – but referring to social and environmental issues in sourcing decisions.</i>

The definition of ‘sustainable sourcing’ provided by Pagell *et al.* (2010) is the broadest one in scope, and includes all three dimensions of the TBL. According to the authors, sustainable sourcing refers to “managing all aspects of the upstream component of the supply chain to maximise triple bottom line performance”. Other terms and definitions in the table that refer to both social and environmental issues include: ‘sustainable supply management’ (Ageron *et al.*, 2011; Koplin *et al.*, 2007; Krause *et al.*, 2009); ‘Purchasing Social Responsibility’ (PSR) (Carter & Jennings, 2004; Carter, 2004; Ciliberti *et al.*, 2008b); ‘ethical sourcing’ (Roberts, 2003); ‘Socially Responsible Buying’ (SRB) (Maignan *et al.*, 2002; Baden *et al.*, 2009); and, ‘Socially and Environmentally Responsible Sourcing’ (SERP) (Hoejmosse & Adrien-Kirby, 2012). Meanwhile, some of the terms identified focus on the social dimension of sourcing decisions: ‘Socially responsible buying / sourcing’ (SRB) (Park, 2005); ‘socially responsible purchasing’ (Leire & Mont, 2010); ‘supplier socially responsible practices’ (Awaysheh & Klassen, 2010); and, ‘socially responsible supply management’ (Koplin *et al.*, 2007).

In this paper, we restrict the remaining discussion to a hierarchy of three terms, unless the precise terminology used in previous research is relevant to the conclusions of the literature review. The three terms are as follows:

- a. Sustainable SCM (SSCM) – the broadest term, as defined in the introduction;
- b. Sustainable Sourcing (SS) – all three TBL dimensions, upstream only;
- c. Socially Responsible Sourcing (SRS) – social dimension of the TBL, upstream only.

Like the use of terminology, the coverage of social issues can also vary significantly, ranging from dealing specifically with one (or more than one) aspect of SRS, to a more general approach to the subject, i.e. referring to the social dimension as a whole. According to the classification proposed by Carter & Jennings (2002) and Carter (2004), the following categories of social issues can be identified:

- Human Rights: labour conditions such as child and forced labour, discipline, working hours and freedom of association (e.g. van Tulder & Kolk, 2001; Winstanley *et al.*, 2002; Kolk & van Tulder, 2004; Luken & Stares, 2005; Fukukawa & Teramoto, 2009; Awaysheh & Klassen, 2010; Isaksson *et al.*, 2010; Robinson, 2010; Brammer & Walker, 2011);
- Safety: the provision by suppliers of safe working environments and regular health and safety employee training (e.g. Johnson, 2004; Welford & Frost, 2006; Hutchins & Sutherland, 2008; Krause *et al.*, 2009; Bai & Sarkis, 2010; Leire & Mont, 2010);
- Community: includes charitable initiatives, like auctioning or donating gifts received from suppliers, or economic development, such as the use of local

suppliers (e.g. Maloni & Brown, 2006; Castka & Balzarova, 2008; Ciliberti *et al.*, 2008a; Ciliberti *et al.*, 2008b; Lim & Phillips, 2008; Walker & Preuss, 2008; Ketola, 2010; Pullman & Dillard, 2010; Tate *et al.*, 2010);

- Diversity: purchasing from minority/female-owned business enterprises (e.g. Maignan *et al.*, 2002; Carter & Jennings, 2004; Ciliberti *et al.*, 2008b; Brammer & Walker, 2011);
- Ethics: ethical behaviour in sourcing decisions, including purchasing through the fair trade movement, which supports pricing strategies that allow suppliers to avoid poverty and sustain business longevity (e.g. Carter, 2000b; Kaptein, 2004; Maloni & Brown, 2006; Pretious & Love, 2006; Castka & Balzarova, 2008; Ciliberti *et al.*, 2008b; Drake & Teepen Schlachter, 2008).

In addition to the above categories (from Carter & Jennings, 2002; Carter, 2004), the following issues have also been identified in the reviewed literature:

- Respect for local democratic institutions, which would arise when purchasing items from companies that are not acknowledged by established democratic institutions (Maignan *et al.*, 2002);
- Animal welfare concerns (Maloni & Brown, 2006; Pullman & Dillard, 2010);
- Social impact on customers, such as through suppliers using unsafe paint on toys with consequences for the consumer (Klassen & Vereecke, 2012).

It is argued here that all of these social issues are important in the context of SRS although, realistically, priority is likely to be given to one or two categories of

issues in the early stages of an SRS initiative. Further research into the relative importance of the various issues could provide valuable insights for practising managers.

2.3.2 Research Context, Perspective and Method in the Reviewed Papers

Tables III and IV present an overview of the research methods, use of theory, research context and perspective used in the reviewed papers. Focusing initially on Table III, in terms of research method, it indicates that the number of purely theoretical contributions is limited to 30 papers. This category includes five literature reviews on SSCM by Seuring & Muller (2008a), Carter & Easton (2011), Gimenez & Tachizawa (2012), Hoejmose & Adrien-Kirby (2012), and Winter & Knemeyer (2013). Conceptual models are proposed in three of these reviews (Seuring & Muller, 2008a; Carter & Easton, 2011; Hoejmose & Adrien-Kirby, 2012). However, as none of those reviews is exclusively focused on the social dimension, there seems to be a lack of solid theoretical background in the area.

Table III – Classification of Reviewed Papers (Research Method, Use of Theory, Research Context and Perspective)

			No. Papers	% Total No. Papers	(Sample) Papers	
Research Method	Theoretical		30	19%	Amaeshi <i>et al.</i> (2008), Bai & Sarkis (2010), Vurro <i>et al.</i> (2009), Jimenez & Tachizawa (2012)	
	Empirical	Primary data	Case study	58	37%	Andersen & Skjoett-Larsen (2009), Carter & Jennings (2002), Graafland (2002), Lim & Phillips (2008), Pagell & Wu (2009), Ciliberti <i>et al.</i> (2009), Svensson (2009)
			Survey	37	24%	Ageron <i>et al.</i> (2011), Baden <i>et al.</i> (2011), Beske <i>et al.</i> (2008), Carter (2004), Holt (2004), Tencati <i>et al.</i> (2008), Schneider & Wallenburg (2012)
			Action research	2	1%	Koplin <i>et al.</i> (2007), Luken & Stares (2005)
			Grounded Theory	2	1%	Lozano & Huisingh (2011), Wu & Pagell (2011)
			Delphi study	1	0.6%	Seuring & Muller (2008b)
			Ethnographic study	1	0.6%	Fassin (2008)
			Mixed Method	6	4%	Lee & Kim (2009); Tsoi, (2010)
		Secondary data	26	17%	Becker <i>et al.</i> (2010), Krueger (2008), Leire & Mont (2010), Roberts (2003), Strand (2009)	
	Use of Theory			24	15%	Walker & Jones (2012), Boyd <i>et al.</i> (2007), Carter & Rogers (2008), Lui <i>et al.</i> (2011)
Research Context - Contributions based on Primary Data	Developed countries only		76	48%	Baden <i>et al.</i> (2011); Holt (2004); Leire & Mont (2010); Pullman & Dillard (2010); Wu & Pagell (2011); Eltantawy <i>et al.</i> (2009); Svensson & Wagner (2012)	
	Developing countries only		21	13%	Cooper <i>et al.</i> (2000); Jiang (2009); Kortelainen (2008); Hall & Matos (2010)	
	Developed and developing countries		10	6%	Lozano & Huisingh (2011); Robinson (2010); MacCarthy & Jayarathne (2012)	
Research Perspective - Contributions based on Primary Data	Buyer's perspective (either explicit or implicit)		78	50%	Ciliberti <i>et al.</i> (2009), Walker & Brammer (2009), Walker & Jones (2012), Erridge & Hennigan (2012), Preuss (2009), Kolk (2012), Hollos <i>et al.</i> (2012), Pedersen (2009), Lee & Kim (2009), Wild & Zhou (2011)	
	Supplier's perspective		17	11%	Baden <i>et al.</i> (2011); Jiang (2009); Lim & Phillips (2008); Luken & Stares (2005);	
	Multi-stakeholder's perspective		12	8%	Klassen & Vereecke (2012); Mamic (2005); Tsoi (2010)	

Table IV – Classification of Reviewed Papers by Industry

Type of Industry	Frequency	Research Context (Frequency)			Research Design (%)	
		Developed	Developing	Cross-National	Single Industry	Multiple Industry
<i>Apparel</i>	20	11	5	4	45.0%	55.0%
<i>Food</i>	20	15	1	4	50.0%	50.0%
<i>Electronics</i>	10	7	2	1	20.0%	80.0%
<i>Footwear</i>	8	3	3	2	37.5%	62.5%
<i>Public Sector</i>	7	4	1	2	85.7%	14.3%
<i>Construction (materials)</i>	7	7	0	0	14.3%	85.7%
<i>Health-care</i>	6	6	0	0	66.7%	33.3%
<i>Machinery</i>	5	4	1	0	0.0%	100.0%
<i>Automotive</i>	4	2	0	2	50.0%	50.0%
<i>Chemical</i>	4	4	0	0	25.0%	75.0%
<i>Consultancy/ IT services</i>	4	4	0	0	0.0%	100.0%
<i>Consumer Products</i>	4	3	0	1	25.0%	75.0%
<i>Retail</i>	3	2	0	1	0.0%	100.0%
<i>Pharmaceutical</i>	2	2	0	0	0.0%	100.0%
<i>Other Manufacturing</i>	8	3	3	2	37.5%	62.5%
<i>Other Services</i>	6	5	0	1	83.3%	16.7%
Total Frequency (%)	118 (100%)	82 (69.5%)	16 (13.6%)	20 (16.9%)	47 (39.8%)	71 (60.2%)

Of the papers using an empirical research method, most (107) are based on primary data, mainly case study-based (58) or survey-based (37). Only 6 of the empirical studies used other methods, either: grounded theory, action research, a Delphi study or an ethnographic study. The use of multiple primary research methods (mixed methods) is extremely limited, having been identified in only 6 of the papers (Carter & Jennings, 2002a; Tencati *et al.*, 2008; Baden *et. al.* (2009); Birkin *et al.* (2009); Lee & Kim 2009; Tsoi, 2010). Finally, 26 of the 157 contributions analysed used secondary data to support their arguments, mainly based on content analysis. The types of secondary sources used often include corporate and supplier codes of conduct

and sustainability reports. In 6 papers (Graafland, 2002; Kolk & van Tulder, 2002b; Leire & Mont, 2010; Winstanley *et al.*, 2002; Panapanaan *et al.*, 2003; Rimmington *et al.*, 2006), both primary and secondary data were used.

As shown in Table III, the use of theory is extremely limited and has been detected in only 24 papers. The adoption of theoretical lenses in the reviewed contributions will be discussed in detail in Section 2.5; however, there is scope for the application of more theory in this area.

In terms of the research context, amongst the papers based on primary data, most studies have been conducted in the context of developed countries. Only a minority (21) have focused purely on developing economies. In terms of research perspective, most papers adopt (either explicitly or implicitly) a focus on buyers' challenges and opportunities, while the supplier's perspective has been taken into account in only 17 contributions. A multi-stakeholder's perspective, including analyses of dyadic relationships between buyers and suppliers, is even rarer having been identified in only 12 articles. Thus it is argued that there is a need for more research that considers the supplier's perspective, particularly where that supplier is located in a developing country.

Table IV further analyses the research context by classifying the reviewed papers according to the industrial context studied. Out of the 107 empirical papers based on primary data, 47 have researched SRS policies and practices with a specific industry focus; while 22 of them used a multi-industry design, again specifying the industrial context. The remaining empirical papers do not specify any particular industrial sector, but instead focus for example on SMEs (e.g. Pedersen, 2009), or on members of an industrial affiliation (e.g. Carter, 2004) and therefore it is not possible to include these papers in this part of the analysis. Within the 69 papers that do specify

the industrial context, the number of times firms from each type of industry have been researched (frequency) and, for each industry, the percentage that adopted a single industry focus compared to the percentage that used a multi-industry design, are also presented in Table IV. This analysis shows that the main emphasis of academic scrutiny has been in the apparel (e.g. Graafland, 2002, Kolk & Tulder, 2002, Jiang, 2009) and food sectors (e.g. Maloni & Brown, 2006, Lamberti & Lettieri, 2009, Pullman & Dillard, 2010); which is perhaps unsurprising given the generally labour intensive nature of these industries. Table IV also emphasises the previously discussed general trend for the majority of studies to have a developed country focus (69.5%), illustrating that this is the case across all the specific industries studied. In addition, the table illustrates that all the 'pure' service industries including health-care, consultancy/IT services, and other miscellaneous services (e.g. tourism, catering, logistics, banking etc.) together only feature 16 times (13.5% given the overall frequency of 118) and surprisingly there is not a single study in the service sector which occurs in a developing country context. These gaps in the literature reflect a need to study the implications of SRS in the service sector especially with the mushrooming of business process outsourcing of services like call centres, software development and medical transcription in emerging markets such as India, China and the Philippines. These industries are generally thought to be slackly regulated, have long working hours and there is intense pressure on performance in terms of efficiency. Thus this sector provides a rich setting to investigate how Western firms which outsource services to developing countries are looking after the social needs of their supplier's employees.

This overview has given an indication of potential areas for future research on the basis of the number of papers taking a particular perspective; considering a

particular type of country or industrial context or adopting a theoretical lens. However, this analysis now needs to be strengthened by considering whether this applies to all topics within the SRS area, or whether some topics have been explored in more detail than others. This is discussed in the next section. For readers who wish to identify all of the papers that consider developing countries, and include a supplier's or a multi-stakeholder's perspective, an Appendix is included. This lists all of the papers included in the review alphabetically and indicates the key aspects of their context and perspective, as well as the research topics covered.

2.4 Socially Responsible Sourcing (SRS) Research Topics and Research Gaps

A classification of the reviewed literature according to the 8 categories listed in Section 2.2.2 is summarised in Table V, with further details given in the Appendix. As shown in the table, most contributions fall into the areas of 'Strategy' and 'Transparency', while less populated areas include 'Impact on Performance' and 'Organisational Culture'. 'Risk Management' is the least populated area, with only 8 contributions. Each of the areas analysed will be discussed in turn in the following subsections. In each subsection, we do not attempt to comprehensively discuss all of the papers included in the Appendix, but instead we focus on describing some of the key literature contributions and conclude by identifying gaps and suggesting potential future research areas.

Table V – Classification of Reviewed Papers

Area of Classification	(Sample) Papers	No. Papers
<p>Strategy</p>	<p>Ageron <i>et al.</i> (2011); Awaysheh & Klassen (2010); Carter (2004); Fukukawa & Teramoto (2009); Harwood & Humby (2008); Jiang (2009); Klassen & Vereecke (2012); Krause <i>et al.</i> (2009); Maloni & Brown (2006); Pagell & Wu (2009); Pedersen (2009); MacCarthy & Jayarathne (2012); Becker <i>et al.</i> (2010); Polonsky & Jevons (2009); Kolk (2012); Wild & Li (2011); Gopalakrishnan <i>et al.</i> (2012); Walker & Brammer (2012); Schneider & Wallenburg (2012)</p>	<p>74</p>
<p>Organisational Culture</p>	<p>Becker <i>et al.</i> (2010); Brammer and Walker (2011); Harwood & Humby (2008); Pedersen (2009); Pretious and Love (2006); Preuss (2007); Pullman and Dillard (2010); Svensson (2009); Tsoi (2010); Walker and Jones (2012); Wu and Pagell (2011)</p>	<p>33</p>
<p>Risk Management</p>	<p>Carter & Rogers (2008); Harwood & Humby (2008); Klassen & Vereecke (2012); Koplin <i>et al.</i> (2007); Spekman & Davis (2004); Tate <i>et al.</i> (2010); Spence & Bourlakis (2009); Teuscher <i>et al.</i> (2006)</p>	<p>8</p>
<p>Transparency</p> <ul style="list-style-type: none"> • Ethical Standards • Codes of Conduct • Reporting 	<p>Boyd <i>et al.</i> (2007); Burchielli <i>et al.</i> (2009); Ciliberti <i>et al.</i> (2009); Castka and Balzarova (2008); Leire and Mont (2010); Kortelainen (2008); Meehan and Bryde (2011); Mueller <i>et al.</i> (2009); Stigzelius and Mark-Herbert (2009)</p> <p>Boyd <i>et al.</i> (2007); Colwell <i>et al.</i> (2011); Graafland (2002); Jiang (2009b, a); (2002b, 2002a, 2004); Leire and Mont (2010); Lim and Phillips (2008); Lillywhite (2007); Mamic (2005); Sobczak (2003); Svensson (2009); Meehan and Bryde (2011); Robinson (2010); Yu (2008);</p> <p>Belal (2002); Collison <i>et al.</i> (2008); Ciliberti <i>et al.</i> (2008b); Lozano & Huisingh (2011); Tate <i>et al.</i> (2010), Fassin (2008); Stigzelius and Mark-Herbert (2009)</p>	<p>32</p> <p>31</p> <p>8</p>
<p>Impact on Performance</p> <ul style="list-style-type: none"> • Relationship between Socially Responsible Sourcing and Performance • Social Sustainability Indicators 	<p>Carter & Jennings (2002a); Klassen & Vereecke (2012); Luken & Stares (2005); Wittstruck & Teuteberg (2012); Eltantawy <i>et al.</i> (2009); Gimenez & Tachizawa (2012); Hollos <i>et al.</i> (2012); Erridge & Hennigan (2012); Joo <i>et al.</i> (2010); Worthington (2009); Carbone <i>et al.</i> (2012); Gimenez <i>et al.</i> (2012); Zailani <i>et al.</i> (2012); Wang & Sarkis (2013)</p> <p>Luken & Stares (2005); Hutchins & Sutherland (2008); Isaksson <i>et al.</i> (2010); Ketola (2010); Yakovleva <i>et al.</i> (2012); Sarkis <i>et al.</i> (2010); van Hoek & Johnson (2010); Taplin <i>et al.</i> (2006)</p>	<p>14</p> <p>8</p>

2.4.1 Strategy

Carter & Rogers (2008) emphasised the importance of integrating an organisation's sustainability strategy with its corporate strategy. Similarly, according to Andersen & Skjoett-Larsen (2009), practising Corporate Social Responsibility (CSR) in supply chains requires that CSR is embedded within the entire organisation. In particular, the importance of integrating internally and externally oriented strategies (such as the internal organisational culture with supplier partnership management) to manage CSR issues is emphasised by authors such as Holt (2004), Leire & Mont (2010) and Park-Poaps & Rees (2010).

As well as ensuring that the overall sustainability strategy is embedded and integrated in an organisation, it seems equally important to be able to identify specific strategies in relation to SRS. Specific frameworks for classifying SRS strategies are provided by Maignan *et al.* (2002), Ciliberti *et al.* (2008a), and Winstanley *et al.* (2002). Firstly, Maignan *et al.* (2002) identified the following four approaches: Reactive (denying the relevance of any stakeholder issues to the organisation and any responsibilities); Defensive (implicitly acknowledging the existence of stakeholder issues, but not addressing them); Accommodative (addressing stakeholder issues as long as they do not impair organisational processes or negatively impact economic performance); and, Proactive (systematically anticipating, monitoring and addressing stakeholder issues). Maignan *et al.* (2002) described the benefits that adopting a proactive SRS strategy can have for an organisation in terms of reputation, marketing and the stimulation of innovation; although recognising that different strategies may be needed in different contexts. Other studies that also considered proactive strategies include: Harwood & Humby (2008) and Park-Poaps & Rees (2010). Secondly,

Ciliberti *et al.* (2008a) identified two main strategies that can be used for transferring socially responsible behaviour across the supply chain: compliance with requirements; and, capacity building. The former approach consists of setting standards for suppliers and implementing strict monitoring programs to ensure compliance. The latter approach was also discussed by Andersen & Skjoett-Larsen (2009) and aims to build the supplier's own abilities for handling SRS issues; for example, by promoting a socially responsible culture amongst suppliers. Thirdly, Winstanley *et al.* (2002) identified two possible corporate approaches to human rights, and, specifically to child labour in the supply chain: indifference (choosing not to act or act with reluctance in support of human rights), and involvement (actively taking steps to identify and monitor human rights issues upstream in the supply chain).

Amongst the contributions that focused on SRS strategies, only a limited number addressed issues related to the implementation of such strategies. In particular, barriers and challenges to the integration of social standards into sourcing decisions have only been marginally investigated. Examples of studies that do look at barriers and challenges include: Harwood & Humby (2008) and Carter & Jennings (2002). The former identified three main types of barriers: 'associated costs' leading to a need to prioritise resources; 'uncertainty' over what social responsibility exactly entails; and 'cultural and management issues', including problems of ownership, inertia and cynicism. However, neither of the above studies considered the implementation of SRS strategies within a developing country, nor did they take a supplier perspective. The same is true of the majority of papers discussed above that propose SRS strategies (with the exception of Winstanley *et al.*, 2002) and hence further research is needed that considers alternative contexts and perspectives both when implementing SRS strategies and developing new ones.

2.4.2 Organisational Culture

Organisational culture, which includes values and ethics, is a fundamental driver of SRS practices (Carter and Jennings, 2004; Svensson, 2009). In the current scenario of global outsourcing, stakeholder expectations have increased, thereby exerting external pressure on organisations to be ethical and causing sourcing managers to be held responsible not only for their own actions, but also those of their suppliers (Goebel *et al.*, 2012). This relevance of organisational ethics and values, together with the fact that day-to-day decisions are essentially made internally by individuals, makes it important to address two themes: the alignment between organisational and individual values; and, the mechanisms through which values are incorporated into decision-making. Each of these two areas is discussed below.

The co-existence of organisational and individual values in relation to social responsibility and the possible dichotomy between them has been discussed by authors such as Harwood & Humby (2008), Carter & Jennings (2002) and Park (2005). According to Harwood & Humby (2008), individual values and personal interests can give the socially responsible practices adopted by an organisation a particular focus in terms of the specific social issues addressed (e.g. a specific focus on labour conditions rather than safety-related issues). Carter & Jennings (2002) found that logistics managers, driven by their personal values and morals, can implement socially responsible practices even when the organisational culture acts as a barrier. The contribution by Park (2005) is one of few studies to look at the interactions between individual ethical beliefs and organisational signals that prompted a reaction in terms of their SRS practice. However, this research was conducted in a developed country context, and further research is needed in the context of developing countries;

since it has been argued that there is greater tendency and more scope for public officials in developing countries to behave unethically, especially to indulge in corruption (Ntayi *et al.*, 2013). There has also been comparatively few studies on ethical procurement practices in public sector organisations compared to the private sector and hence this is also another interesting area for future research as the organisational culture can be very different in this context (Walker and Brammer, 2009; Brammer and Walker, 2011; Preuss and Walker, 2011).

If there is a general consensus on the relevance of organisational and individual values in driving and promoting socially responsible practices, the mechanisms through which values can be incorporated into actions and decision-making have been only marginally investigated. Amongst the reviewed contributions, only the studies by Pullman & Dillard (2010) and Wu & Pagell (2010) analysed how broad values translate into principles and rules that can in turn guide sourcing decisions. While the focus of Pullman & Dillard (2010) is on the organisational structures (i.e. rules and resources) that can enable and constrain actions, Wu & Pagell (2010) looked at how sustainability issues are integrated in supply chain decision-making and how the trade-off between short-term profitability and long-term sustainability objectives is managed by decision-makers. Although the main focus of Wu & Pagell (2010) is on environmental issues, the study also included the social dimension of sustainability thereby suggesting the possibility to transfer conceptual tools from the environmental area into the social one. However, further research is required to understand whether the translation mechanisms are exactly the same in the two areas and what role values actually have in promoting effective SRS practices. A worthwhile avenue for further research might be the expansion of the recent organisational learning theory of absorptive capacity (as described by Zahra &

George, 2002) to explain how effective organisational learning processes identify, disseminate and integrate relevant external and internal knowledge; and thus influence the implementation of SRS in increasingly turbulent business environments.

2.4.3 Risk Management

Risk Management is concerned with the awareness and potential control of risks within a company's scope. Its importance within the context of SRS is highlighted by the authors included in this review. For example, according to Spekman & Davis (2004), a range of supply chain-related risks should be considered as endemic. In particular, six dimensions of supply chain-related risk that need to be managed were identified, including the ethical dimension. In addition, Carter & Rogers (2008) described the ability of an organisation to understand and manage its social risk in the supply chain as fundamental to its competitiveness. Despite the relevance of this, the attention given to this topic is extremely scant. Only 8 of the reviewed papers focus explicitly on risk management issues (Table V). As well as the importance of risk management in this context, two other themes emerge in the literature: the use of formal tools for SRS risk management and risk reporting.

The contributions by Koplín *et al.* (2007) and Harwood & Humby (2008) are the only academic papers that have presented formal tools to incorporate risk management into the sourcing decision-making process. Based on the analysis of Volkswagen AG's supply management system, Koplín *et al.* (2007) highlighted a need for detecting supply related ethical risks at an early stage. According to the authors, this could be achieved by implementing internal and external social issue screening procedures, with centralised information management systems. Harwood & Humby (2008) emphasised the importance of considering 'cost risk', in addition to

cost, when making sourcing decisions by introducing the concept of ‘risk efficiency’, which could reduce the conflict between social responsibility and more traditional procurement measurement systems. Both of the above contributions are based on case study analysis, mostly in developed countries, and thus there is much scope for further research into this topic in other contexts, particularly including developing countries.

In terms of risk reporting, Tate *et al.* (2010) described the potential usefulness of CSR reports to both focal organisations and stakeholders. Companies use such reports to reassure both internal and external parties that their social expectations are being met. Indeed, this also provides stakeholders with an understanding of the risks to which organisations are exposed, and how they manage such risks. The role of reporting risks will be further discussed in the following sub-section on transparency.

Ultimately, social risk, like any other business risk, is a trade-off to be addressed by an organisation, and, in the light of recent brand equity disasters, should be addressed across the whole of the supply chain equally. The implications of cost versus risk are, seemingly, as important for social risk as they are for environmental risk – perhaps even more so as we are dealing with people’s lives here. Therefore, risk management in the context of SRS has never been more important. This leads to a need for further research in this area, specifically focussing on formal tools that can be adopted to incorporate risk management into the sourcing decision-making process.

2.4.4 Transparency

According to Carter & Rogers (2008), transparency refers not only to reporting to stakeholders, but actively engaging stakeholders and using their feedback to improve supply chain processes. This should imply that economic, social and environmental issues are transparent and visible to partners and customers, and open to public

scrutiny. But this is not always the case. In response to stakeholder pressure for responsible sourcing, firms have initially proposed three potential ways to achieve transparency: (1) by publishing annual CSR/sustainability reports (Tate *et al.*, 2010); (2) by developing internal/CSR codes (Lee and Kim, 2009) and private supplier Codes of Conduct (CoC) (Gugler and Shi, 2009); (3) by resorting to other certification or standards (Ciliberti *et al.*, 2009) to ‘endorse’ their company stance via third-party accreditation. Adherence to the codes or standards is usually made a requirement for securing orders, especially if they are situated in distant developing countries (Ehrgott *et al.*, 2011). This has led to firms adopting various implementation processes (e.g. monitoring, auditing, collaboration) to ensure that their suppliers are complying with their CoCs or other external social standards. Therefore, we have divided the reviewed papers on transparency into three distinct areas of analysis - reporting, standards and codes of conduct (Table V). These three areas are discussed in turn below, followed by the problems associated with auditing and/or inspecting suppliers and the consequences for the careful implementation of CoCs.

Firstly, in terms of reporting, the research has focused on the potential effectiveness of non-financial CSR/sustainability reports. For example, Belal (2002), after evaluating 13 social reports published in 1999 by large UK firms, concluded that social reporting is used as a legitimisation device, and to manage stakeholders effectively, rather than necessarily to ensure sustainability. Thus reporting is not necessarily a successful means of achieving the transparency that stakeholders may demand and other means are needed.

The implementation and effectiveness of social standards have been researched by authors such as Ciliberti *et al.* (2009). They studied the implementation of SA8000 – the global social accountability standard, encouraging firms to develop

and maintain socially acceptable workplace practices in Italian SMEs. They found that standards facilitate coordination and increase transparency between immediate partners in a supply chain but not with second- or third-tier partners. Stigzelius & Mark-Herbert (2009) explored the motives, obstacles and opportunities of implementing SA8000 in Indian garment manufacturers demonstrating that there is a business case for higher legal and social compliance, as it may lead to decreased labour turnover and increased orders. In addition, Castka & Balzarova (2008) determined a set of theoretical propositions about the diffusion of the comparatively newer ISO26000 social standard (released in November 2010), but empirical research is needed to validate these propositions. Mueller *et al.* (2009) assessed four different standards (ISO14001, SA8000, FSC and FLA) and concluded that all of the standards have some form of deficit; but, particularly ISO14001 and SA8000, which demonstrate low legitimacy among external stakeholders. Thus it can be concluded that, as yet, these standards are also not achieving SRS in the manner that was perhaps initially hoped and more research is needed.

An increasing amount of attention in the literature has been given to the content and implementation process of company CoCs. Research in terms of the contents of CoCs includes: Sobczak (2003), Preuss (2009), and Kaptein (2004). For example, Preuss (2009) analysed the ethical sourcing codes adopted by FTSE100 companies and found that, at a macro level, CSR issues are covered extensively, but at a micro level there is a degree of selectivity in the issues being addressed. In terms of the implementation of CoCs, Jiang (2009a,b) conducted an extensive study into Chinese suppliers, and discovered that even though code enforcement through buyer-to-supplier governance can minimise suppliers' opportunistic behaviour (e.g. double book keeping); it only encourages suppliers to do 'just enough' to avoid being caught,

thereby failing to increase sustainability in the long term. The latter research further revealed that a hierarchical governance model, and a shift from threat towards collaboration, leads to better compliance. Meanwhile, the effect of codes on the incidence of child labour has been dealt with thoroughly by the authors Kolk & van Tulder (2002b; 2002a; 2004), who argued pertinently that a stricter approach involving firing child workers or terminating relationships with suppliers that employ them does not change the underlying causes. Codes must be specific, strictly implemented, monitored and combined with alternative arrangements for under-age child workers. The cultural context of the host country should also be taken into account.

There has been research exposing the limitations of the auditing and inspection process (Welford and Frost, 2006; Boyd *et al.*, 2007; Kortelainen, 2008); and alternative solutions to increase transparency have also been proposed. For example, from a buyer's perspective Mamic (2005) highlighted the role of training and education as effective catalysts for code development and implementation; Graafland (2002) demonstrated that a semi-independent auditing organisation increases transparency and reliability, when compared to a dependent or third party auditor; and Colwell *et al.* (2011) found that the relationship between ethical code enforcement and continued commitment is positively related. Dyadic relationships between developed country MNCs and developing country suppliers during code implementation have also been explored, but to a lesser extent. For example, Lim & Phillips (2008) presented case study analyses of four of Nike's Korean and Taiwanese suppliers and found an 'arms-length' approach to implementing CoC to be ineffective; while Yu (2008) conducted an explanatory study of the implementation of Reebok's labour-related CoC at one of its major Chinese suppliers and found that the main barriers to

implementing social sustainability were: the buyer's intentions to reduce costs and maximise profitability; competition amongst suppliers (e.g. to reduce costs); and a lack of government enforcement of labour laws. Further research is needed to consider how to effectively overcome such barriers.

In summary, future research can look for ways to determine and increase the level of transparency in these codes and standards, thereby reducing the transaction costs of implementation. In particular, it is important to further examine the extent to which CoCs and third party certifications developed in the West apply to developing country suppliers with different cultural and socio-economic values; and, how they can be effectively implemented. Previously, there have been a limited number of dyadic studies that have focused on this issue, and even fewer have adopted a multiple stakeholder perspective; where such stake-holders can include NGOs, donor agencies, third party auditors, consultants, etc. Many of these stakeholders are professional service providers and their role in promoting/ implementing socially responsible sourcing is an under-researched area. Therefore additional research needs to be carried out to understand the various stakeholder/institutional pressures causing firms to be transparent (or not) while sourcing responsibly from developing country suppliers.

2.4.5 Impact on Performance

As indicated in Table V, the impact on performance is split into: the relationship between SRS and performance; and SRS metrics. The former has been discussed by a number of authors, including Maignan *et al.* (2002), Luken & Stares (2005) and Carter & Rogers (2008). In terms of the specific nature of the relationship between SRS and performance, only Maignan *et al.* (2002) has considered this in detail, describing advantages such as the stimulation of innovation and avoidance of negative publicity.

The other authors in this area have discussed whether SRS has a positive or negative impact on economic performance. Positive impacts suggested by authors such as Carter & Jennings (2002), Carter & Rogers (2008) and Carter & Easton (2011) include long-term improved economic performance and improved trust with stakeholders. However, according to Luken & Stares (2005), the business case for sustainability appears weaker in the social area than in the environmental one. This can be due to the fact that the benefits expected from social initiatives are mainly long-term and often intangible; this can make formalising the actual impact, in terms of economic results, more complex. According to Wittstruck & Teuteberg (2011), the financial success of investments in sustainable initiatives is also relatively uncertain; this can make companies that are subject to significant cost pressures decide against such investments. Thus more research is needed into the benefits of SRS, and specifically into finding ways to achieve economic and social sustainability at the same time.

The number of contributions that have adopted a supply chain perspective for measuring social sustainability is extremely limited (8; see Table V). For example, Ketola (2010) proposed five levels of holistic responsibility, according to the percentages of fair trade, fair production and fair sales, compared with the total values of purchases, production and net sales, respectively. Also, Hutchins & Sutherland (2008) proposed a method to evaluate the social sustainability of a company's supply chain. This involves firstly obtaining a social sustainability measure by value-weighting four main indicators (labour equity, healthcare, safety, philanthropy). However, this clearly does not include all of the components of social issues, as identified in Section 2.3.1 above. More recently, Wang & Sarkis (2013) used a relatively large data set of publicly available data from US-based companies to

investigate the financial benefits associated with individual and joint environmental and social SCM activities. Even though the authors did not find a direct relationship between social SCM practices and organizational financial performance, they found that integrated SSCM i.e. jointly including social and environmental SCM efforts is positively associated with corporate financial performance. This is a somewhat interesting finding, since jointly implementing both programs is usually more expensive than individual programs. An explanation for this might be that the general synergistic relationship between the programs leads to decreased incremental costs and a better understanding of the processes involved over time (Wang & Sarkis, 2013).

In conclusion, our review has highlighted a need for further research in both of the directions identified in the literature. In relation to the first direction, further research is required that analyses and quantifies the economic impact of SRS practices. This would allow for a better understanding of the inter-dependencies between social and economic KPIs (Wittstruck & Teuteberg, 2011), and the extent to which there is a business case for social responsibility (Roberts, 2003). In relation to the second research stream, there is a need for further attempts to formalise supply chain social sustainability and develop indicators or scoring mechanisms that can complement organisational measures. There are also a number of dimensions identified in Section 2.3.1 that have not yet been included in the SRS performance metrics literature, such as diversity and social impacts in the community in which the firm operates. Future research needs to embrace performance metrics which includes those affected outside of the immediate firm and members of the supply chain, for example, how these measures are influencing the standard of living of workers and their families.

2.4.6 Summarising the Conclusions Regarding Research Question 1

In terms of our current understanding of SRS, this literature review has shown that a clear understanding of its strategic relevance has been established, as has the need for greater transparency given the interest of many different stakeholders in the social responsibility area. However, in other areas contradictory conclusions have been reached, such as whether implementation of an SRS initiative will have a positive or negative impact on economic performance. Thus there are a number of areas of future research that were derived from the above discussion and the overview of the literature presented in Section 2.3, as summarised here:

- In general: there is a clear lack of empirical studies with an explicit focus on developing economies from a supplier's or, indeed, a multi-stakeholder's perspective. More research needs to be conducted in the service sector, especially on the social implications of Western firms outsourcing services to developing countries.
- Strategy: implementation of strategy has received the least attention, and needs to be further investigated, especially in developing economies.
- Organisational Culture: more research is needed into the means of transferring values into mechanisms for decision-making, especially looking at whether the mechanisms being used for environmental issues can also be applied to the social dimension and how the absorptive capacity (as described by Zahra & George, 2002) of the focal firm and its suppliers affect implementation.
- Transparency: further cross-national patterns of implementation of social standards need to be investigated, specifically the implementation of Western-based codes and certifications into developing country suppliers, characterised

by differing cultural and socio-economic values; and the roles of multiple stakeholders including professional service providers, in this implementation process.

- Risk Management: there is a need to develop formal tools that can be adopted to incorporate risk management into the SRS decision-making process.
- Impact on Performance: further research is required that analyses and quantifies the economic impact of SRS practices, and formalises supply chain social sustainability by developing appropriate performance metrics that reflect the social impacts on stakeholders beyond the immediate supply chain.

In addition, our study earlier revealed that the use of theory in the papers analysed is extremely limited. This calls for further investigation into this specific area, as discussed in Section 2.5 of the paper below.

2.5 Use of Theoretical Lenses in the Reviewed Articles

There is an increasing tendency within the Operations Management (OM) community to include references to theories within research papers, often borrowed from other academic disciplines. However, the value of theory within OM research has been questioned by Schmenner *et al.* (2009), who argued that theory is sometimes used inappropriately and does not necessarily add to our understanding of the phenomenon being studied. Their controversial paper stands out given that the majority of authors call for more use of theory, without raising any such concerns. For example, Barratt *et al.* (2011), in the context of a review of qualitative case studies in OM, argued that the use of theory can lead to stronger conclusions in the form of a framework or set of propositions. Without a theory, they argued that papers are more likely to conclude

with less valuable descriptive insights. Thus, it is implied that papers that make use of a formal theoretical lens are always better papers than those that do not. Given then that there are varying viewpoints on this topic between Schmenner *et al.* (2009) and authors such as Barratt *et al.* (2011), it is important to question the extent to which the use of one or more theoretical lenses adds to the strength of a paper's findings. This section seeks to discuss the second research question outlined in Section 2.1 regarding the effective use of theoretical lenses in the context of the SRS literature.

Before beginning this discussion, it is essential to clarify that the focus is on the use of pre-existing theories that provide a theoretical lens for the research undertaken. Hence, papers which develop their own theory via propositions, etc are not included unless they make use of a pre-existing theory. The list of such theoretical lenses found in the SRS literature is given in Table VI, along with a complete list of the papers that refer to them. We include only papers that make explicit use of such theories, excluding papers that could be argued to make implied use. For example, Anderson & Skjoett-Larsen (2009) explored contingency factors, but did not explicitly mention contingency theory and thus are not included in Table VI or the discussion below. In Table VI, we focus on the main theories, but for completeness also list associated sub-theories that are also mentioned in their own right. For example, as well as the Resource Based View (RBV), we include the related 'population ecology theory' and the 'resource dependency theory', as explicitly referred to by Carter & Rogers (2008). For definitions of each of the theories, and seminal references, the reader is referred to the SRS references given in Table VI.

Table VI: Theoretical Lenses Identified in the Reviewed Papers

Main theory/concept - Assoc. (sub) theories	References	Topics covered
Contingency theory	Walker & Jones (2012)	Strategy
Elaborate Likelihood Model	Park (2005)	
Legitimacy criteria	Mueller <i>et al.</i> (2009)	Strategy, Transparency
N,K Theory – complexity theory	Hall <i>et al.</i> (2012)	Strategy
Procedural Justice	Boyd <i>et al.</i> (2007)	Strategy, Transparency
RBV (Resource Based View) - Population ecology theory - Resource dependence theory	De Bakker & Nijhof (2002), Carter (2005), Carter & Rogers (2008), Hollos <i>et al.</i> (2012), Pagell <i>et al.</i> (2010) <i>Carter & Rogers (2008)</i> <i>Carter & Rogers (2008), Hollos et al. (2012), Weise & Toporowski (2013)</i>	Strategy, Risk Management, Performance, Transparency
Signaling Theory & Side-bet theory	Colwell <i>et al.</i> (2011)	Transparency
Stakeholder Theory - Stakeholder network theory	Belal (2002), De Bakker & Nijhof (2002), Ciliberti <i>et al.</i> (2008b), Pagell <i>et al.</i> (2010), Park-Poaps & Rees (2009), Ehrgott <i>et al.</i> (2011), Schneider & Wallenburg (2012). <i>Vurro et al. (2009)</i>	Transparency, Strategy
Structuration Theory	Pullman & Dillard (2010)	Strategy, Organisational Culture
TCE (Transaction cost economics) - RET (Relational Exchange Theory)/ Agency theory - Bounded rationality	Carter & Rogers (2008), Harwood & Humby (2008), Jiang (2009a,b), Pagell <i>et al.</i> (2010) <i>Jiang (2009a,b), Kudla & Klass-Wissing (2012)</i> <i>Wu & Pagell (2011)</i>	Strategy, Risk Management, Transparency, Organisational Culture

2.5.1 Classification of Theory Use within the Reviewed Papers

The use of theory is classified into four types in the discussion that follows:

- Theory dressing;
- Theory matching, for validation purposes;
- Theory suggesting and explanation, to develop propositions or hypotheses etc;
- Theory expansion.

Each of these types is defined and explained in turn below, using examples from the reviewed literature.

The first and weakest use of theories observed is as '*theory dressing*', which entails the simple mention of a theory without further expansion of its application to the research findings (Harwood & Humby, 2008; Ciliberti *et al.*, 2008b). In the case of stakeholder theory, this could be argued to be justified given that it has been described as a cornerstone of the sustainability debate (Vurro *et al.*, 2009). However, describing such research as 'theory-driven' would be to over claim, as the simple mention of a theory in this way neither helps to build or test theory, nor to add concrete external validity to the research. Thus no explanatory power is added, and while this name dropping of theories does no harm, it appears to add nothing of substance to the research findings.

The second use of theory found in the reviewed articles is classified here as '*theory matching*'. This use of theory adds external validity to the research findings as it illustrates that the findings reported in the research paper have features in common with pre-existing theories (Barratt *et al.* 2011). This use of theory adds research rigour, though it does not add explanatory power to the research findings. A good example of this is found in the paper by Pullman & Dillard (2010), who used

structuration theory in the context of a study of sustainability in the beef supply chain. They described the theory in some detail, explaining that structures in the form of rules can provide “normative legitimacy (legitimation) and meaning (signification)”, while resources (domination) may include both human and material resources. These concepts were then translated into specific issues included in a framework developed in the paper to describe a value driven organisation. Thus, for example, legitimation is described in terms of the norms and values of the organisation, which include family (cattle) ranching cultural values, economic sustainability and environmental conservation. Similarly, the rules for action included ‘graze well’ principles for the cattle ranches – a rule which all members of the organisation agreed to follow. This use of theory adds external validity to the arguments of the paper, as it demonstrates a high level of consistency between the findings of this study and an existing theory (Barratt *et al.*, 2011). However, the use of theory by Pullman & Dillard (2010) does not add anything to our understanding of the SRS phenomenon. Instead greater understanding comes from the descriptive insights provided, which are extremely pertinent in themselves, providing rich insight into how practicing managers might achieve socially responsible practices in this context.

The third use of theory is classified here as ‘*theory suggesting and explanation*’. In this case, the theory can be used in inductive research to suggest explanations for the results (e.g. Pagell *et al.*, 2010); or more commonly, for deductive research. In the latter papers, the theoretical lens is a clear starting point for the research, thus the research is theory-driven, and informs the development of hypotheses, propositions, interview protocols and/or conceptual frameworks. An interesting and novel example of this is given by Boyd *et al.* (2007) who used procedural justice theory to develop a conceptual model to help supply chain

managers implement ethical codes in their supply chains. In this case, no empirical data was collected to draw conclusions, but the paper presented a new understanding of sustainability issues and hence provided a good starting point for further research. Similarly, Carter & Rogers (2008) used elements of four theories (Transaction Cost Economics (TCE), RBV, population ecology & resource dependence theory) in an integrated manner to explain why all three aspects of the TBL may be essential to sustainability in the supply chain. Their approach to the inclusion of theory could be argued to be somewhat *'pick n mix'* and consequently the arguments linking the theories to the propositions vary in their depth of discussion. For example, it can be argued that compared to the other three theories, Carter & Roger's (2008) application of population ecology theory to suggest a future research proposition is somewhat shallow as it lacks sufficient explanation. Similarly, De Bakker & Nijhof (2002) take a *'pick n mix'* approach by selecting both stakeholder theory and RBV in order to deductively present a framework for assessing organizational capabilities required to address and identify relevant stakeholder demands in terms of responsible chain management. The authors first turned to the wider stream of RBV literature, but in order to build their concept of organizational capabilities they focused only on the capability literature, which is a subset of RBV. Here, their use of only a part of the RBV theoretical framework could have implications for the application and results of the findings. In contrast, the paper by Pagell *et al.* (2010) showed that TCE and RBV respectively provide opposing short term and long term explanations of their findings, but by adding the stakeholder theory perspective they were able to strengthen the debate and offer a hybrid solution. Thus the extent to which the use of theory (either in a *'pick n mix'* fashion or by using one or more complete theories) strengthens the debate can be variable, even within the same paper. For *'theory suggesting and*

explanation' to be effective use of theory, the link between the theory and the propositions/ hypotheses needs to be very clear and convincing, otherwise this use of theory should be classified as '*theory dressing*'.

In addition to developing propositions and conceptual models, papers in this category may also be used to aid in the explanation of empirical research findings, and these are argued to be the strongest papers in this category. A good example is provided by Jiang (2009a), who made detailed use of TCE, referring to bounded rationality; opportunism and asset specificity in some detail, to develop and justify a conceptual model and a series of hypotheses to explain how governance relationships lead to supplier compliance with supplier CoCs imposed on them by the buying organisation. The model was then tested using structural equation modelling using data from both (i) suppliers that have been known to comply with CoCs and (ii) suppliers whose contracts have been terminated due to non-compliance. It concludes convincingly that '*if buying firms are not part of the solution, they are part of the problem*'. In other words, non-compliance is often caused by the buyers themselves who, for example, execute audits leaving suppliers with an unrealistic set of 'problems' to solve, offering no assistance in carrying out the improvements, no negotiation over realistic time frames, and so on. This is argued here to be one of the strongest papers included in this literature review. Effective use of the TCE theory is one reason for its strength; however, the paper is unusual in that it took a supplier perspective and it is this that makes it stand out, providing greater insights into the reasons for the failure of previous practices. This leads to much more practical and insightful implications for the buying firms. Thus it is noted that while the use of theory is a strong contribution to this paper, adding important explanatory power, this is not the only key strength.

The fourth use of theory found in the SRS literature is classified here as '*theory expansion*'. It is argued that this is the strongest use of theory as it makes the most powerful contribution in aiding understanding of the SRS phenomenon; thereby enabling managerial implications to be derived by the use of a theoretical lens. Here, the theory may shape the design of the data collection or its relevance may have emerged after the data was collected. Thus this use of theory may go alongside '*theory suggesting and explanation*' or may be used independently. An excellent example of this use is presented by Mueller *et al.* (2009) who used legitimacy theory to investigate whether standards, such as SA8000 and FLA (Fair Labour Association), provide reassurance to customers. Five legitimacy criteria were used to assess each standard; for example, *inclusivity* and *discourse* were described as ways to include stakeholders in the development of a standard, thereby increasing confidence in its coverage of all appropriate criteria; *control* is the means by which the standard is implemented and includes issues of impartiality on the part of the assessors; and *supply chain* and *transparency* assesses the extent to which the standard includes all members of the supply chain and the level of transparency/visibility of the results. While the definition of legitimacy theory alone would not have added power to this discussion, it is suggested here that by considering a more precise definition of the theory for this context, in the form of the five criteria, the discussion is greatly strengthened. Clear conclusions were then drawn on how the use of these standards could be improved to increase customer confidence and hence enable the standards to be a better means of legitimising sustainable business practices in the supply chain. Similarly, Belal (2002) made powerful use of stakeholder theory by using it to consider the extent to which social audits meet the needs and expectations of stakeholders. He made a distinction between stakeholder management, whereby the

firm simply aims to do sufficient to keep the customer loyal and hence to prevent adverse effects on profitability; and stakeholder accountability, whereby the firm is committed to the values of the stakeholder and feels a deeper responsibility for sustainability issues. The author concluded that current auditing methods tend to focus on stakeholder management and that there is much progress needed to move towards full accountability. Vurro *et al.* (2009) made similarly strong use of stakeholder theory by extending stakeholder network theory to inform their discussion to explain the type of sustainable supply chain governance models that are used by organisations.

2.5.2 Choosing an Appropriate Theory and Justifying that Choice

Having argued that the most powerful use of a theoretical lens adds explanatory power and leads to important managerial conclusions, a note of caution is now needed. This arises because the choice of theory can make a difference to the conclusions drawn. This point comes out strongly in the paper by Pagell *et al.* (2010), which demonstrates that the RBV and TCE can provide conflicting explanations. By adding in stakeholder theory, Pagell *et al.* (2010) were able to reconcile their otherwise opposing conclusions. Thus the use of multiple theories assisted the debate leading to convincing conclusions overall on the evolving use of purchasing portfolios. This suggests an inherent danger when selecting theories, i.e. that using one theory alone may introduce bias to the conclusions. This suggests the need to experiment with different theories, and indeed several authors have argued for the use of more than one theoretical lens (Carter & Easton, 2011; Barratt *et al.* 2011). While this may be desirable, it is not always realistic within the context of a single paper. A key point here is that understanding theories can itself be a very complex task, and so the decision of some authors to develop in-depth expertise in one theory alone is

acknowledged to be a good way to make a significant contribution to the literature. The key is to ensure that we recognise that a conclusion using a theory does not necessarily uncover 'truth' as such, it just provides one way of looking at the issues and hence one interpretation for managerial implications. This fits with the interpretivist research philosophy most appropriate to the qualitative end of the OM discipline. Thus it is concluded here that the particular choice of theories to use, or indeed the use of a 'pick n mix' approach, to add explanatory power should be acknowledged to be a limitation of scope of the paper. Further research will be needed to explore the sustainability phenomenon from alternative theoretical lenses, and this may further add to the existing findings, or indeed bring the existing findings into question. As all research has limitations, this is argued to be a justifiable limitation.

It is also important to consider how authors justify the choice of theory to use, and it noted that authors tend not to give detailed explanations for the choice of theories used, other than to simply state that the most relevant theories have been selected. For example, Carter & Rogers (2008) claimed they chose four theories, as listed in Table VI that include the RBV and TCE, which give a unique yet complementary perspective; while Pagell *et al.* (2010) showed that RBV and TCE provide a conflicting perspective, as discussed above. In the latter paper, the reasons for choosing these two theories and then further adding stakeholder theory were not clearly stated. Given the lack of justification, investigation of a link between the topics studied and the theories chosen was undertaken, as shown in Table VI. However, it was concluded that this research field is too much in its infancy for any conclusions to be drawn from this analysis given that a variety of topics were often considered using the same theory. For example Belal (2002) and Ciliberti *et al.* (2008b) used stakeholder theory to focus on transparency issues only; while Pagell *et al.* (2010) and

Vurro *et al.* (2009) were concerned with the nature of supply chain relationships, with both considering the relationships between a buyer and a supplier. Also, while it can be seen in Table VI that some theories are more popular than others, thus far this may be spurious rather than justifiable. It is thus concluded that so far, there is a lack of connection between the choice of topic and the choice of theory, and that authors do not tend to provide a clear explanation for the choice of theory, raising the question of whether some such justification should be offered in future research publications. This question is addressed in the concluding remarks to this section below.

2.5.3 Summarising the Conclusions Regarding Research Question 2

In conclusion, the first use of theory – *theory dressing* – is not a recommended use given that it appears not to add significantly to our understanding of the SRS phenomenon. The second use – *theory matching* – is a legitimate use for the justification of research rigour and thus aids in convincing the reader of the legitimacy of the conclusions, but again does not add much explanatory power in its own right. The third use – *theory suggesting and explanation* – makes a stronger contribution as this: enables deductive research to be theory-driven, and hence can have a strong influence on the research findings and their interpretation; and/or contributes by strengthening the explanatory power associated with the research findings in inductive research. However, the most powerful means of contributing to our understanding of the SRS phenomenon is when theory is used in the fourth way identified above – *theory expansion*. That is when the theory itself is applied in a detailed manner, leading to new understanding of the phenomenon being studied and also to an expansion of the theory itself in the context of SRS. Figure 2 summarises these

conclusions, showing that the depth of understanding of SRS increases as the depth of use of theory also increases.

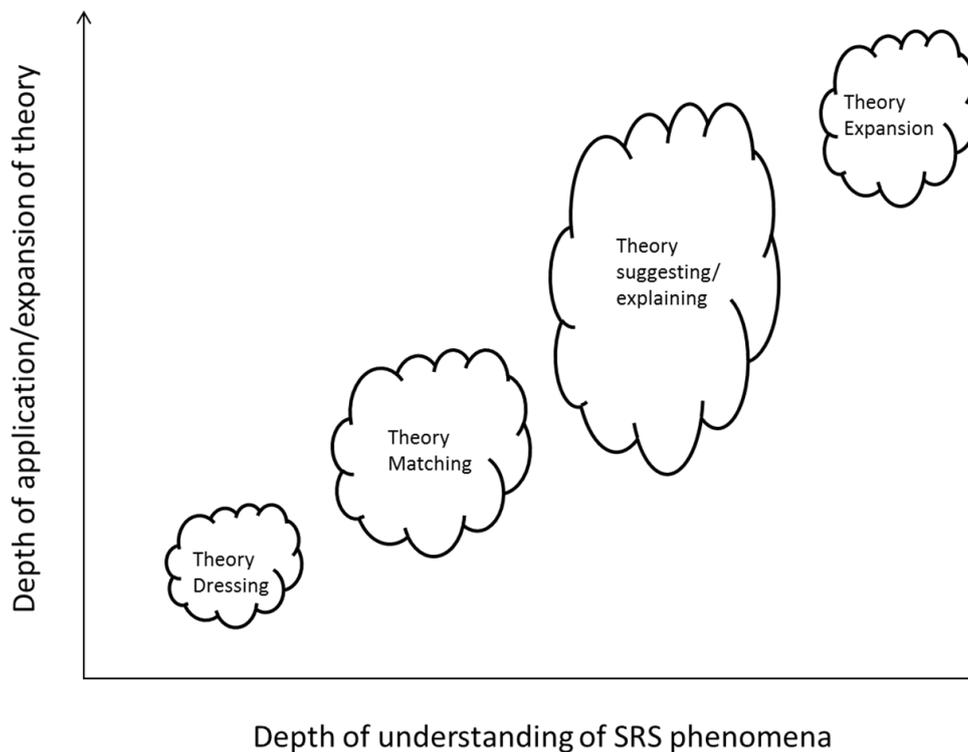


Figure 2 – A Typology of the Use of Theory in the Socially Responsible Sourcing (SRS) Literature

Thus, in line with Schmenner *et al.* (2009), it is argued that theory is used most powerfully when it adds understanding to the phenomenon being studied. However, this discussion goes beyond that presented by Schmenner *et al.* (2009) as it provides a deeper understanding of how theory has been used effectively in research papers. It is also suggested here that when a topic is in its infancy, and much exploratory research is being undertaken, theory is not needed to justify a research publication as it is not essential to bring a contribution to our knowledge of an area. There are many examples of excellent papers that do not refer to a specific theoretical lens but which do make a significant contribution to our understanding of SRS (e.g. Maignon *et al.*, 2002). However, as a research area becomes established, it is argued that an increasing

number of theoretical lenses should emerge in the literature, each in turn adding to our depth of understanding. The justification for the choice of theoretical lens, or indeed a ‘*pick n mix*’ approach to this choice, then can simply be that it has not been used before in a particular research context, and the justification for not using a theoretical lens at all can be simply that there is still much to be gained from descriptive insights derived through the undertaking of rigorous exploratory empirical research. In such cases, external validity must be found from other means than ‘*theory matching*’, such as through replication logic in multiple case studies (Voss, 2009). Where theory is used, researchers should ensure that it does not simply serve to reduce a set of rich findings to a series of platitudes, but that instead it brings real understanding that can lead to managerial implications of interest to practising managers. Within a discipline as practical as OM, it is argued here that all research should ultimately aim at informing managers and the education of future managers, and that hence theory is only useful if it takes us in this direction.

2.6 Conclusion

This review identified 157 articles that address Socially Responsible Sourcing (SRS), either as the main focus of the research or as part of an investigation into the broader TBL concept. It has identified the many different definitions used in the area in Table II and summarised the key components of socially responsible practice, from child labour through to respect for local democracies, through to animal welfare. In terms of definitions, a hierarchy of three terms have been proposed, with the key term used here, SRS, referring to the upstream supply chain and social issues only; while ‘Sustainable Sourcing’ incorporates environmental issues; and ‘Sustainable SCM’ also adds the downstream supply chain.

The 157 papers were classified according to their research perspective, context and method in Table III and into 8 research topic areas in Table V, with further details on key aspects of the studies provided in the Appendix. In answer to the first research question, the analysis indicates that much understanding has been gained into the strategic importance of SRS and the need for transparency; but much research is needed to understand how the latter can really be achieved in practice. This includes the need for proactive SRS strategies; more formal means of measuring sustainability; a better understanding of risk management in the context of SRS; more effective use of codes of conduct and sustainability standards; and further research into the interplay between organisational culture and individual beliefs and values. All of the further research issues are particularly needed in the context of developing countries and from a supplier perspective, as the focus of research to date has tended to be from a buyer's perspective, where that buyer is located in a developed nation.

In terms of the use of theory, this review concludes that, in the existing SRS literature, a deeper application of theory has led to a deeper understanding of the sustainability phenomenon, as summarised in the typology presented in Figure 2. However, it is also concluded that theory is not an essential element of an insightful research paper, especially when a research topic is in its infancy. On the contrary, early exploratory empirical research can make a significant contribution, even if it is not theory-driven.

In summary, the contribution of this paper is to present a state-of-the-art literature review of SRS integrating the whole range of issues in the area. By conducting the first systematic literature review which focuses on SRS, our research serves as a good foundation for future researchers to develop the field further. The research gaps identified are specific to the management of social issues in upstream

suppliers, enabling researchers in the OM & SCM field to contribute more relevant and in-depth studies of this increasingly important management concern. From our critical and detailed analysis of the use of theory, it is proposed that an increased effective use of theory is needed as the field becomes more developed; and that at a minimum *theory matching* should be used to justify research rigour, while ideally *theory suggesting/explaining* and/or *theory expansion* should be used to aid in our understanding of the phenomenon being studied. However, it is acknowledged that these conclusions are drawn by looking at the SRS literature alone, and further analysis using different bodies of literature is needed in order to confidently generalise these findings to other fields of research.

Lastly, even though this paper's main focus is towards an academic and theoretical understanding of the SRS phenomena, the study has important managerial implications. Our thematic analysis can aid practitioners in understanding SRS from a wider perspective and the empirical studies referred to may help them gain insight into real-life opportunities, constraints and solutions. In particular, it highlights and summarises the key research findings to date including those listed below, and the appendix provides details of where papers on specific topics can be found for those who wish to read further:

- Strategies to ensure that SRS is embedded and integrated into their organisation; as well as some of the barriers and challenges that may be encountered when implementing these strategies;
- The importance of organisational and individual values in determining the SRS culture and practices, along with successful mechanisms used to date to ensure alignment between the two;
- Identification of formal tools to assess SRS risks;

- The relative ineffectiveness of reporting as a transparency tool when compared to standards and codes of conduct, though the latter also have many inherent problems and issues to overcome;
- Early insights into the effect of SRS on financial performance and the tools that have been proposed to date to effectively measure SRS attainment.

Given that the review also shows that much of this research is in its infancy, it will also prevent managers from looking for research that has yet to be completed, and instead to apply pressure to the relevant bodies to support this important future research agenda.

2.7 Appendix: Summary of Research Themes in all Papers Reviewed

	Author(s)	Performance		Strategy	Organisational culture	Transparency			Risk management	Developing economies	Supplier's perspective	Multi-stakeholder's perspective
		Relationship between practices and performance	Sustainability measures / indicators			Ethical standards	Codes of conduct	Reporting				
1	Ageron <i>et al.</i> (2012) *			X								
2	Amaeshi <i>et al.</i> (2008)			X								
3	Andersen & Skjoett-Larsen (2009) *			X								
4	Andrews <i>et al.</i> (2009) *			X								
5	Alwaysheh & Klassen (2010) *			X		X	X					
6	Baden <i>et al.</i> (2009) *			X							X	
7	Baden <i>et al.</i> (2011) *			X							X	
8	Bai & Sarkis (2010)											
9	Becker <i>et al.</i> (2010)			X	X							
10	Belal (2002)							X				
11	Beske <i>et al.</i> (2008) *			X		X					X	
12	Birkin <i>et al.</i> (2009) *			X					X		X	
13	Boyd <i>et al.</i> (2007)			X								
14	Brammer & Walker (2011) *			X								
15	Burchielli <i>et al.</i> (2009) *				X	X					X	
16	Carbone <i>et al.</i> (2012)	X										
17	Carter & Easton (2011)			X								
18	Carter & Jennings (2002a) *	X		X	X							
19	Carter & Jennings (2002b) *											
20	Carter & Jennings (2004) *			X	X							
21	Carter & Rogers (2008)			X					X			
22	Carter (2000a) *				X							X

23	Carter (2000b) *				X							X
24	Carter (2004) *			X								
25	Castka & Balzarova (2008a)					X						
26	Castka & Balzarova (2008b)					X						
27	Ciliberti <i>et al.</i> (2008a) *			X		X						X
28	Ciliberti <i>et al.</i> (2008b)					X		X				
29	Ciliberti <i>et al.</i> (2009) *					X						
30	Collison <i>et al.</i> (2008)							X				
31	Colwell <i>et al.</i> (2011) *					X						
32	Cooper <i>et al.</i> (1997) *				X							
33	Cooper <i>et al.</i> (2000) *				X					X		
34	Crespin-Mazet & Dontenwill (2012) *				X							
35	De Bakker & Nijhof (2002)						X					
36	De Brito <i>et al.</i> (2008) *			X								
37	Eadie <i>et al.</i> (2011) *			X								
38	Ehrgott <i>et al.</i> (2011) *				X							
39	Eltantawy <i>et al.</i> (2009) *	X			X							
40	Erridge & Hennigan (2012) *	X										
41	Fassin (2008) *						X					
42	Font <i>et al.</i> (2008) *			X	X							X
43	Forsman-Hugg <i>et al.</i> (2013) *			X								
44	Fukukawa & Teramoto (2009) *			X								
45	Gimenez & Tachizawa (2012)	X		X		X	X					
46	Gimenez <i>et al.</i> (2012) *	X										
47	Goebel <i>et al.</i> (2012) *				X							
48	Gopalakrishnan <i>et al.</i> (2012) *			X								
49	Graafland (2002) *			X			X			X		X
50	Gugler & Shi (2009)					X	X					
51	Hall & Matos (2010) *									X		
52	Hall <i>et al.</i> (2012) *									X		
53	Harwood & Humby (2008) *			X	X					X		
54	Harwood <i>et al.</i> (2011) *				X							

55	Hoejmoose & Adrien-Kirby (2012)			X	X							
56	Hollos <i>et al.</i> (2011) *	X										
57	Holt (2004) *			X								
58	Hutchins & Sutherland (2008)		X									
59	Illge & Preuss (2012) *					X	X					
60	Isaksson <i>et al.</i> (2010)		X	X								
61	Jiang (2009a) *			X			X		X	X		
62	Jiang (2009b) *			X			X		X	X		
63	Joo <i>et al.</i> (2010)	X										
64	Jorgensen & Knudsen (2006) *			X								X
65	Kaptein (2004)						X					
66	Keating <i>et al.</i> (2008) *			X			X					
67	Ketola (2010)		X	X								
68	Klassen & Vereecke (2012) *	X		X				X				X
69	Kleindorfer <i>et al.</i> (2005)											
70	Kogg & Mont (2012) *			X	X							
71	Kolk & Tulder (2002a)			X			X					
72	Kolk & Tulder (2002b)						X					
73	Kolk & Tulder (2004)			X			X					
74	Kolk (2012) *			X								
75	Koplin <i>et al.</i> (2007) *			X				X				
76	Kortelainen (2008) *					X			X	X		
77	Krause <i>et al.</i> (2009)			X								
78	Krueger (2008)					X	X					
79	Kudla & Klaas-Wissing (2012) *			X	X							X
80	Lamberti & Lettieri (2009) *			X								
81	Lee & Kim (2009) *					X		X	X	X		
82	Lehtinen (2012) *											
83	Leire & Mont (2010) *						X					

84	Lillywhite (2007) *					X	X					X
85	Lim & Phillips (2008) *			X			X			X	X	
86	Lozano & Huisingh (2011) *							X				
87	Luken & Stares (2005) *	X	X							X	X	
88	MacCarthy & Jayarathne (2012) *			X		X	X					X
89	Maignan <i>et al.</i> (2002)			X	X							
90	Maloni & Brown (2006)			X								
91	Mamic (2005) *					X	X					X
92	Manning (2013)			X								
93	Manning <i>et al.</i> (2006)					X						
94	Markley & Davis (2007)			X								
95	Meehan & Bryde (2011) *					X						
96	Mueller <i>et al.</i> (2009)			X		X						
97	New (1997)									X		
98	Nikoloyuk <i>et al.</i> (2010) *									X		
99	Ntayi <i>et al.</i> (2013) *				X							
100	Oruezabalaa & Rico (2012) *			X								
101	Pagell & Wu (2009) *			X								
102	Pagell <i>et al.</i> (2010) *			X								
103	Panapanaan <i>et al.</i> (2003) *											
104	Park (2005) *				X							
105	Park-Poaps & Rees (2010) *			X								
106	Pedersen (2009) *			X	X							
107	Perez-Aleman & Sandilands (2008) *					X	X			X		
108	Polonsky & Jevons (2009)			X								
109	Pretious & Love (2006) *				X		X					
110	Preuss & Walker (2011)				X							
111	Preuss (2007) *			X	X							
112	Preuss (2009a) *			X	X							

113	Preuss (2009b)				X		X					
114	Prieto-carrón (2008)						X					
115	Pullman & Dillard (2010) *		X	X								
116	Reuter <i>et al.</i> (2010) *											
117	Reuter <i>et al.</i> (2012) *				X							
118	Rimington <i>et al.</i> (2006) *											
119	Roberts (2003)						X					
120	Robinson (2010) *		X			X					X	
121	Sarkis <i>et al.</i> (2010)	X										
122	Schneider & Wallenburg (2012)		X									
123	Seuring & Muller (2008a)											
124	Seuring & Muller (2008b) *		X									
125	Sobczak (2003)						X					
126	Spekman & Davis (2004)								X			
127	Spence & Bourlakis (2009) *		X			X	X		X		X	
128	Stigzelius & Mark-Herbert (2009) *					X				X	X	
129	Strand (2009)		X									
130	Svensson & Wagner (2012) *											
131	Svensson (2009) *				X	X						
132	Taplin <i>et al.</i> (2006) *	X						X				
133	Tate <i>et al.</i> (2010)		X					X	X			
134	Tencati <i>et al.</i> (2008) *									X	X	
135	Teuscher <i>et al.</i> (2006)					X		X	X			
136	Tsoi (2010) *				X					X		X
137	Van Hoek & Johnson (2010) *	X										
138	Van Tulder & Kolk (2001)						X					
139	Van Tulder <i>et al.</i> (2009) *						X					
140	Vasileiou & Morris (2006) *											
141	Vurro <i>et al.</i> (2009)		X									
142	Walker & Brammer (2009) *											

143	Walker & Brammer (2012) *			X								
144	Walker & Jones (2012) *			X	X							
145	Walker & Preuss (2008) *			X								
146	Wang & Sarkis (2013)	X										
147	Welford & Frost (2006) *			X		X	X			X		
148	Wiese & Toporowski (2013) *					X	X					
149	Wild & Zhou (2011) *			X								
150	Winstanley <i>et al.</i> (2002) *			X		X	X			X	X	
151	Winter & Knemeyer (2013)											
152	Wittstruck & Teuteberg (2012) *	X		X								
153	Worthington (2009) *	X										
154	Wu & Pagell (2011) *				X							
155	Yakovleva <i>et al.</i> (2011) *		X									
156	Yu (2008) *						X			X	X	
157	Zailani <i>et al.</i> (2012) *	X								X		
	Total	14	8	74	33	32	31	8	8	21	17	12

(* Contributions based on primary data)

Chapter 3 – Paper II:

"Social Sustainability in Developing Country Suppliers:

An Exploratory Study in the Readymade Garments Industry of Bangladesh"

International Journal of Operations & Production Management, (2014),

Vol. 34 No. 1, pp. 610-638.

3(i) Background

While working on the literature review – Paper I, it was noticed that most studies on social sustainability were in a developed country context and many contributions were focused exclusively on the perspective of the buying firm. It was also found that relatively few researchers have used theory when studying social sustainability. It therefore followed that there was a need to conduct further research in the context of developing country suppliers to MNCs. Thus, an exploratory case study of 4 Bangladeshi suppliers in the Ready Made Garments (RMG) industry was undertaken, supplemented by the Bangladeshi buying houses of 2 major UK retailers. The main research objectives were to understand: (a) the reasons why developing country suppliers are adopting socially sustainable practices; and, (b) how the implementation process is both impeded and facilitated.

Initial versions of this paper were presented as posters at the Lancaster University Management School Annual Research Conference (2012) and the Cardiff Sustainable Supply Chain Management workshop (2012), where helpful comments and suggestions were received from Professor Stefan Seuring (Department of Supply Chain Management, University of Kassel, Kassel, Germany) and Professor Craig Carter (Supply Chain Management Department, W. P. Carey School of Business, Arizona State University, USA). This paper is a collaboration between me and my

supervisors - Mark Stevenson and Marta Zorzini. It was decided by us that we would target the *International Journal of Operations & Production Management* (IJOPM)'s special issue on Sustainable Operations Management with this article. As the submission deadline was 31st of October 2012, the completion of this paper became the priority and the literature review paper (Paper I) took a back seat. For this reason Paper II was submitted to IJOPM before Paper I, and subsequently accepted and published before Paper I. Professors Helen Walker, Stefan Seuring, Joseph Sarkis and Robert Klassen were the guest editors of this special issue.

It is worth noting that the empirical data for this paper was collected before the Tazreen fire (Nov'12) and Rana Plaza collapse (Apr'13), and the paper provided important insights into the process of social sustainability implementation. For example, a particularly novel finding of this study was the 'ugly' side of the implementation of socially sustainable practices in the global apparel supply chain. The 'ugly' side comprised of, among others, mock compliance by suppliers, e.g. hiding violations, and unethical behaviour by buyers, e.g. turning a 'blind eye' to such violations. These issues were identified as barriers to the implementation process, however, nothing could have prepared us for the scale of the social failures that occurred between November 2012 and April 2013 resulting in the deaths of almost 1400 apparel industry workers in Bangladesh – critical events, which 'fortunately' and 'unfortunately' became the focus of the final longitudinal study -Paper III.

I am the first author of this paper. I travelled to Bangladesh twice to collect the data for this paper. The entire interview data was recorded, translated from Bengali to English and transcribed by me. All the sections of the paper were drafted and revised by me. My co-authors gave me guidance in all the stages and helped refine the

arguments before submission. Finally, I had taken the lead in addressing all of the reviewer comments in the three rounds of revisions.

Below, my co-authors of this paper have certified that they agree with my above claim as to my contribution in carrying out the research and preparing the paper for publication.



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Social Sustainability in Developing Country Suppliers: An Exploratory Study in the Ready Made Garments Industry of Bangladesh

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3(ii) Abstract

Purpose: To investigate why developing country suppliers are adopting socially sustainable practices and how the implementation process is both impeded and enabled.

Design/methodology/approach: A multi-case study approach is adopted based on four Ready Made Garment (RMG) industry suppliers in Bangladesh and the Bangladeshi buying houses of two large UK retailers. The primary mode of data collection is exploratory face-to-face interviews with 14 senior representatives. Findings are later interpreted using the Transaction Cost Economics (TCE) theory lens.

Findings: One factor motivating implementation is labour retention – a skilled labour shortage means employees will migrate to other factories if suppliers do not improve certain social standards. Barriers to implementation include a misalignment between the requirements of Western codes of conduct and the cultural and socio-economic context in Bangladesh. Enablers include a shift from auditing and monitoring to more open dialogue and trust between buyers and suppliers. We also reveal evidence of mock compliance, e.g. suppliers keeping two sets of timesheets, and of the

complexities of social sustainability. For example, while some initiatives are unanimously positive, removing child labour from RMG industry suppliers has simply diverted it to other, less regulated and more hazardous industries like construction.

Research implications: An early, exploratory contribution is provided. The work could be extended, e.g. to other stakeholders like third-party auditors and Non-Governmental Organisations (NGOs).

Practical implications: Being aware of the motivations, barriers and enablers will help Multi-National Corporations (MNCs) promote good practice and anticipate the challenges they are likely to face in improving the social sustainability of their supply chains. Use of TCE leads to suggesting MNCs need to move beyond immediate suppliers and incorporate tier-two suppliers in their implementation efforts.

Social implications: Social sustainability improvements should benefit vulnerable workers, help suppliers develop longer term relationships with MNCs, and contribute to economic growth.

Originality/value: Most prior studies have been in the context of developed countries and focused on the perspective of the buying firm only.

Keywords: Social Sustainability; Developing Country Suppliers; Ready Made Garments Industry; Bangladesh; Exploratory Case Study; Transaction Cost Economics.

Article Classification: Research Paper

3.1 Introduction

Multi-National Corporations (MNCs) face intense scrutiny on the sustainability of their economic, social and environmental performance. Interested parties range from employees, customers and trade associations to government agencies and Non-Governmental Organisations (NGOs) (Meehan and Bryde, 2011; Vachon and Klassen, 2006; Yakovleva *et al.*, 2011). This scrutiny applies not only to their own performance, but to that of their upstream supply chain partners (Seuring and Müller, 2008b; Vachon and Klassen, 2006; Walker and Jones, 2012). For example, companies like Nike, Disney, Benetton and Adidas have been held responsible for the behaviour of their suppliers, e.g. when they harm the environment (Preuss, 2001) or violate labour laws (Graafland, 2002). As a result, environmental and social sustainability considerations are now fundamental to the purchasing and sourcing decisions made in MNCs (Carter and Rogers, 2008; Pagell and Wu, 2009; Vachon and Klassen, 2008).

This paper presents an exploratory study of social sustainability – which is concerned with the human side of sustainability, including human rights (e.g. child labour and freedom of association), health & safety (e.g. safe working conditions and training), and community (e.g. charitable, philanthropic initiatives) – in the Ready Made Garments (RMG) industry of Bangladesh based on 4 Bangladeshi suppliers and the Bangladeshi buying houses of 2 major MNCs with headquarters in the UK. It is a timely study, given recent events in this sector in Bangladesh. On the 24th of April 2013, the Rana Plaza building that housed five Bangladeshi apparel factories making clothes for Western brands such as Primark and Benetton collapsed, killing 1,129 people (BBC, 2013a, Guardian, 2013, Huffington Post, 2013). This was by far the deadliest disaster in the history of the apparel industry and followed shortly after two fires in November 2012 and January 2013 that killed 112 workers and 7 workers,

respectively in Bangladeshi factories supplying Wal-Mart and SEARS (Bloomberg, 2012) and Inditex, the world's largest clothing retailer (New York Times, 2013).

Although there is a considerable literature on the environmental aspect of sustainability, work on the social aspect of sustainability lags behind (Carter and Rogers, 2008; Pullman and Dillard, 2010; Reuter *et al.*, 2010; Sarkis *et al.*, 2010; Seuring and Müller, 2008a). Social sustainability has only recently joined the mainstream management literature, driven by enhanced sensitivity in the developed world to ethical issues (Harrison and Freeman, 1999; Quazi and O'Brien, 2000) and the business case for social reform: improvements in social sustainability have been linked to an increase in competitiveness (Porter and Kramer, (2006, 2011). Yet many MNCs are struggling with the management of social sustainability issues in their supply chains (Klassen and Vereecke, 2012) and successfully implementing improved conditions in upstream suppliers is a key contemporary challenge (Matos and Hall, 2007).

The Operations and Supply Chain Management literature on social sustainability is extremely limited (Daugherty, 2011; Gimenez and Tachizawa, 2012). Most studies to date have been conducted in the context of developed countries (Hussain *et al.*, 2012; Luken, 2006) despite the obvious relevance to developing countries, where the impact of businesses on the poor has been mixed (Dobers and Halme, 2009; Werner, 2009). Many contributions have also focused exclusively on the perspective of the buying firm; the supplier's viewpoint requires further attention. It therefore follows that there is a need to conduct further research into social sustainability, particularly in the context of developing country suppliers to MNCs, as called for by Ehrgott *et al.* (2011) and (Gimenez and Tachizawa, 2012). Studying developing country suppliers is particularly important as they often find it difficult to

incorporate Western style social standards in their factories, e.g. due to cultural differences (Gugler and Shi, 2009; Hofstede and Hofstede, 2005).

This exploratory study seeks to identify: (a) the reasons why developing country suppliers are adopting socially sustainable practices; and, (b) how the implementation process is both facilitated and impeded. In doing so, it makes three novel contributions to the field. First, it focuses on social sustainability, which is an under-researched area in general. Second, it provides an insight into the realities of implementing social sustainability in a developing country and in the context of a particularly labour intensive industry. And third, it provides not only the Western buyers' perspective but also the developing country suppliers' perspective, which is often neglected in the literature.

The remainder of this paper is organised as follows. A brief literature review is provided in Section 3.2 before the research method is outlined in Section 3.3. Findings are presented in sections 3.4-3.6 and relate to the: (i) key factors motivating implementation; (ii) social sustainability implementation process in which a number of barriers to implementation are highlighted; and, (iii) enablers or facilitators of successful implementation. In Section 3.7, we use Transaction Cost Economics (TCE) theory as a lens to interpret our findings – organised around three propositions on TCE from Grover and Malhotra (2003) – before the paper concludes with Section 3.8.

3.2 Literature Review

An overview of key social sustainability literature is provided in Section 3.2.1 below, which includes research on social sustainability in relation to buyers and suppliers and in the context of developed and developing countries. Section 3.2.2 then presents a discussion on theory used in prior work and, in particular, on the theoretical

underpinnings of Transaction Cost Economics (TCE) – the theoretical lens we later adopt to explain findings from our exploratory study. Finally, an assessment of the literature follows in Section 3.2.3, where the main research gaps are identified and our research questions are formulated.

3.2.1 Operations and Supply Chain Management Literature on Social

Sustainability

While many definitions of sustainability in general exist, one central concept is Elkington's (1998) Triple Bottom Line (TBL), which combines environmental, social, and economic performance. Hence, social sustainability is a component of the TBL (Kleindorfer *et al.*, 2005) and deals with the management of human and societal capital (Sarkis *et al.*, 2010). It pertains to forming and preserving fair management practices towards labour, communities and regions in the supply chain (Sloan, 2010). Here, we suggest social sustainability is a holistic concept that: (i) must consider the other TBL components, i.e. it is not implemented in isolation and must be integrated with economic and environmental performance considerations; (ii) recognises stakeholders within and beyond the supply chain; and, (iii) attempts to ensure long-term benefit for society. There are various tools for implementing social sustainability, ranging from a firm's own socially responsible practices or code of conduct, to third-party standards and supplier development programmes.

The Operations Management literature on social sustainability has included: links with logistics & purchasing activities (Carter and Jennings, 2002a, b; Carter *et al.*, 2000a; Carter *et al.*, 2000b); sustainable supply chain governance models (Vurro *et al.*, 2009); and, comparative studies on how broad Corporate Social Responsibility (CSR) policies, which include social sustainability, have been adapted by leading

firms in different regions (Welford, 2004, 2005; Welford and Frost, 2006). Research has also investigated the use of social sustainability-based policies and practices in specific industries, particularly labour intensive industries like food (e.g. Lamberti and Lettieri, 2009; Maloni and Brown, 2006; Manning *et al.*, 2006; Pullman and Dillard, 2010; Spence and Bourlakis, 2009; Tencati *et al.*, 2008; Vasileiou and Morris, 2006) and apparel (e.g. Burchielli *et al.*, 2009; Dargusch and Ward, 2010; Illge and Preuss, 2012; Kolk and Tulder, 2002; Svensson, 2009; Tencati *et al.*, 2008; Tsoi, 2010; Yu, 2008).

Much of the available literature is in the context of developed rather than developing countries and has focused on the buying firm only, as will be evident from the discussion below. As a result, most models of social sustainability are based on Western experiences (Fox, 2004) and do not consider the cultural, market and technological environments of developing countries (Belal and Momin, 2009; Hossain and Rowe, 2011; Quazi and O'Brien, 2000). Moreover, there is only limited understanding of how MNCs should construct or diffuse socially sustainable practices across suppliers (Carter and Rogers, 2008; Castka and Balzarova, 2008). It is therefore unsurprising that embedding MNC codes of conduct and third-party certifications in developing country suppliers is extremely challenging (Gugler and Shi, 2009). There is a clear need to understand what motivates suppliers to implement socially sustainable practices and how implementation is both impeded and facilitated. The first two of the following subsections review what is already known about this process from the existing literature in developed and developing countries considering the perspective of buyers and suppliers, where possible.

3.2.1.1 Research on Social Sustainability in Buyers & Suppliers: Developed

Countries

Research in developed countries includes Burchielli *et al.* (2009), Awaysheh and Klassen (2010), Elg and Hultman (2011) and Walker and Jones (2012). But none of these papers incorporated the perspective of suppliers to the focal buying firm. First, Burchielli *et al.* (2009) conducted a case study of the Australian FairWear Campaign (FWC), identifying how appropriate regulations can create ethical supply networks. Second, Awaysheh and Klassen (2010) conducted a survey of Canadian managers in three industries, finding greater physical distance from the buyer and a lack of law enforcement lead to lower social sustainability implementation in suppliers, and that better supply chain transparency can help mitigate these problems. Third, Elg and Hultman (2011) surveyed Swedish retailers and compared them with best practice in Sweden in the form of Ikea's sustainability programme. Most recently, Walker and Jones (2012) identified the internal and external barriers and enablers to the TBL through a literature review and case studies of 7 leading UK companies. Enablers included: customer/stakeholder pressures; a desire to minimise reputational risk; the need to align purchasing and corporate strategies; collaboration with suppliers; top management commitment; competitive advantages gained from being sustainable; and, inter-departmental cooperation. Meanwhile, barriers included: limited resources; low prices offered by buyers; lack of management and supplier commitment; and, communication problems & cultural mismatch with suppliers in different locations. While the authors provided a valuable contribution, they conceded that their work concentrated on large buying firms and that there was a need to research buyer-supplier dyads, thereby integrating the (typically smaller) supplier's perspective.

Few papers have focused on the problems faced by suppliers in improving social standards (e.g. Baden *et al.*, 2009; Ciliberti *et al.*, 2009; Jorgensen and Knudsen, 2006). First, Jorgensen and Knudsen (2006) surveyed the Sustainable Supply Chain Management (SSCM) practices of 300 Danish Small and Medium sized Enterprises (SMEs), elaborating the concept of governance in global value chains. Second, Baden *et al.* (2009) found the attitude of UK SME owners/managers to be a key factor motivating social improvements. Finally, Ciliberti *et al.* (2009) studied SA8000 implementations – the global social accountability standard encouraging firms to develop and maintain socially acceptable workplace practices – by Italian SMEs, finding information asymmetry and transaction costs decrease when the most powerful supply chain partner implements the standard.

3.2.1.2 Research on Social Sustainability in Buyers & Suppliers: Developing Countries

Beschorner and Müller (2007) highlighted the prominent role played by stakeholder pressure in motivating social sustainability in developing countries. Similarly, pressure from buyers who make socially sustainable practices an order qualifier was highlighted in Luken and Stares (2005). Other key developing country studies include those by Kortelainen (2008), Tencati *et al.* (2008), Lim and Phillips (2008), Yu (2008), and Lee and Kim (2009). Kortelainen (2008) used case studies in Chinese high-technology industries to evaluate whether auditing labour conditions is effective for improving social standards, concluding that it is beneficial but that auditors needed to update their skill set. Meanwhile, Tencati *et al.* (2008) focused on the impact of sustainable sourcing policies on 25 Vietnamese suppliers to EU and US MNCs. The authors concluded that although there is a business case for sustainability, practices

tend to be imposed on suppliers in such a manner that they cannot be maintained in the long-run; and that a supportive approach is needed, based on collaboration and education.

Importantly, both Lim and Phillips (2008) and Yu (2008) focused on dyadic relationships between developed country MNCs and developing country suppliers in the footwear industry. First, Lim and Phillips (2008) presented a case study analysis on four of Nike's Korean and Taiwanese suppliers finding an arms-length approach to implementing codes of conduct to be ineffective. Instead, collaboration and offering compliant suppliers minimum order quantity incentives facilitated implementation. Second, Yu (2008) conducted an explanatory study on the implementation of Reebok's labour-related code of conduct at a major Chinese supplier. The author identified barriers to implementation, including: the buyer's intentions to reduce costs and not share in the expense of implementation; competition amongst suppliers; and, a lack of government enforcement of labour laws. Yu (2008) suggested two possible solutions: cost sharing and combining the regulatory power of voluntary codes with compulsory state legislation. Finally, Lee and Kim (2009) studied CSR in Korea's electronics industry, also finding legal requirements to be an important driver.

3.2.2 Theory in the Social Sustainability Research Reviewed

Relatively few researchers have used theory when studying social sustainability, as noted by Carter and Easton (2011) in the broader context of SSCM research. The few theories that have been used include: stakeholder theory (Belal, 2002; Liu *et al.*, 2011; Pagell *et al.*, 2010; Park-Poaps and Rees, 2010; Wu and Pagell, 2011); the Resource Based View (RBV) (Carter and Rogers, 2008; Pagell *et al.*, 2010); Transaction Cost Economics (TCE) (Carter and Rogers, 2008; Jiang, 2009; Pagell *et al.*, 2010);

structuration theory (Pullman and Dillard, 2010); and, contingency theory (Walker and Jones, 2012). For example, Belal (2002) used stakeholder theory to consider the extent to which social audits meet stakeholder needs. The author made a distinction between stakeholder management, where a supplier does just enough to keep a customer loyal, and stakeholder accountability, where the supplier genuinely commits to the customer's values and feels a deeper social responsibility. Some authors have combined theories, including the aforementioned stakeholder theory. For example, Pagell *et al.* (2010) found that the RBV and TCE provide conflicting explanations for the evolving use of purchasing portfolios in SSCM, but that stakeholder theory can help to reconcile the two perspectives.

Other uses of theory include Walker and Jones (2012), who used contingency theory to develop a typology of approaches to SSCM and investigate factors influencing SSCM. A final example is Jiang (2009), who applied TCE to develop and justify a conceptual model that explains how governance relationships lead to supplier compliance with codes of conduct. The author tested the model using data from compliant and non-compliant suppliers, concluding that non-compliance is often caused by the buying firm, such as by conducting an audit and leaving a supplier with an unrealistic set of problems to resolve with no assistance. Although it was applied by Jiang (2009), Carter and Easton (2011) found that TCE is one of the lesser used theories in the study of sustainability in supply chain management and that this presents an opportunity for future research. Moreover, TCE has been identified as an effective tool for evaluating buyer-supplier relationships by Grover and Malhotra (2003). Similarly, our findings in sections 3.4, 3.5 & 3.6 will also demonstrate that TCE is a useful lens for understanding the phenomenon of social sustainability implementation in developing country suppliers by developed country buyers. In the

following section, we briefly outline TCE, its main constructs and three propositions that we will later return to after presenting our exploratory study (see Section 3.7).

3.2.2.1 Transaction Cost Economics (TCE) Theory

The initial TCE framework was proposed by Coase (1937) and further developed by Williamson (1971, 1975, 1979, 1985, 1996), who suggested that transaction costs consist of both the direct costs of managing relationships and the opportunity costs of making poor or inferior decisions. TCE makes two key assumptions about human behaviour (Williamson and Ghani, 2012): (i) bounded rationality (from Simon, 1957), i.e. that decision makers are limited by their cognitive, communication and information processing capabilities, which might lead to additional costs (Williamson, 1975, 1985); and, (ii) opportunism, which indicates that decision makers may, out of self-interest, behave dishonestly or violate agreements (Rindfleisch and Heide, 1997), meaning firms have to incur partner monitoring or asset safeguarding costs to tackle the problem.

Key constructs of TCE include: asset specificity, uncertainty, and governance mechanisms (Grover and Malhotra, 2003). Asset specificity refers to the transferability of assets supporting a transaction, and can be either human (e.g. training) or physical (e.g. equipment investment) specificity. Costs that have little or no value outside a certain exchange relationship are highly asset-specific investments. Uncertainty refers to unexpected changes in circumstance surrounding a transaction and can be either *ex ante*, i.e. environmental uncertainty (e.g. uncontrollable problems at the contract agreement stage) or *ex post*, i.e. behavioural uncertainty (e.g. performance evaluation problems). Finally, governance mechanisms refer to the processes and structures used to ensure the strategies and objectives of different

parties are aligned (Oshri *et al.*, 2011, pp 178). Governance may be either market or hierarchically oriented, although hybrid forms have also been suggested (Powell, 1990; Williamson, 2008). In market governance, the coordination of goods and services occurs through demand and supply forces. Under hierarchical (or vertical) governance, there is a dominant entity that controls and directs the flow of materials and services.

The analysis of our data in Section 3.7 is organised around three key propositions on TCE for the operations and supply chain management field by Grover and Malhotra (2003, pp. 460) and summarised in the following: “Bounded rationality and opportunism give rise to transaction costs. These costs are higher under conditions of high asset specificity and high uncertainty. The most efficient governance mechanism (markets or firm) needs to be chosen to organise economic activity. In general, lower transaction costs favour markets, while higher transaction costs favour hierarchies” (Grover and Malhotra, 2003).

3.2.3 Assessment of the Literature

To conclude, the following gaps can be identified from the literature:

- Most prior research has been conducted in the context of developed countries. Further research is required in developing countries, e.g. to understand the extent to which codes of conduct developed in the West apply to developing country suppliers with different cultural and socio-economic values; and, how they can be effectively implemented.
- Much research has focused exclusively on buyers, typically MNCs. Further research is required that captures both the buyer and supplier perspectives of social sustainability.

- Few prior studies have made use of theory. Further research is required in which theory is used, e.g. to interpret and improve understanding of empirical evidence.

In response, this exploratory paper investigates the implementation of socially sustainable practices in a developing country context – incorporating the views of suppliers and buyers –to understand the ground realities of the process. Our findings are later interpreted using the Transaction Cost Economics theory lens, as introduced above. We begin with the following three research questions (RQs), which are also illustrated in Figure 1:

RQ1: Why are developing country suppliers adopting socially sustainable practices?

RQ2: How is the achievement of social sustainability impeded?

RQ3: How can the implementation of social sustainability be facilitated?

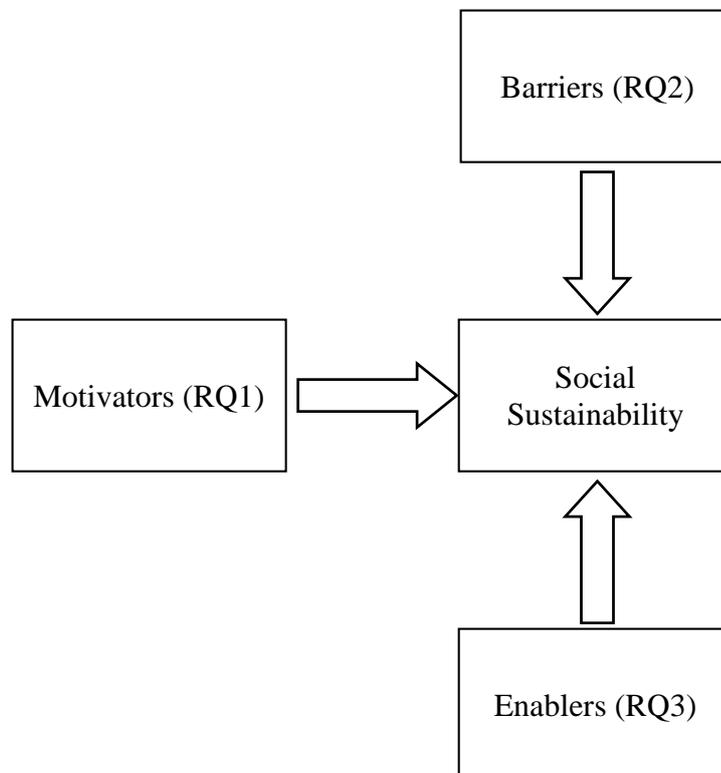


Figure 1: Exploratory Research Framework

3.3 Research Method

An exploratory case study of 4 Bangladeshi suppliers in the Ready Made Garments (RMG) industry has been undertaken, supplemented by the Bangladeshi buying houses of 2 major UK retailers. Section 3.3.1 describes the research context before Section 3.3.2 justifies the choice of method; finally, Section 3.3.3 outlines the data collection and analysis procedure.

3.3.1 Research Context – Ready Made Garments (RMG) Industry in Bangladesh

Social conditions in the labour intensive RMG industry have been the subject of much public scrutiny (de Brito *et al.*, 2008; Emmelhainz and Adams, 1999; MacCarthy and Jayarathne, 2011). Bangladesh is one of the world's least developed countries with a high population density and high level of poverty; it is vulnerable to climate change and has inefficient institutional aspects (Huq and Ayers, 2008). Yet Bangladesh has shown tremendous growth in the RMG industry (McKinsey, 2011) with exports of \$19billion in 2012, second only to China (BBC, 2013b). The sector's economic performance has not, however, led to a proportionate increase in social performance. For example, Akhter *et al.* (2010) reported poor hygiene standards, a shortage of drinking water and recreational facilities, and the sexual harassment of women, who make up the majority of RMG industry employees. And, alarmingly, in a span of just two years, there has been a series of deadly incidents resulting from failures to improve social conditions, including factory collapses and fires. Not surprisingly, much global attention is now focused on the need to improve social standards in the RMG sector of Bangladesh. The RMG industry in Bangladesh therefore provides a rich and appropriate setting for exploring our research questions.

3.3.2 Multiple Case Study Approach

The infancy of social sustainability research calls for an exploratory study (Saunders *et al.*, 2009). Conducting exploratory research through the case study method is appropriate when a phenomena is at the developmental stage and its variables have not been properly identified (Voss, 2008). Case studies allow for a thorough analysis of a phenomenon in a real-life situation and can provide in-depth insight (Eisenhardt, 1989; Yin, 2009). They enable the elicitation of rich data through a variety of techniques, including interviews, observations and document analysis, allowing for cross-validation (Yin, 2009).

The majority of case study sustainability research is based on a single case and stage of the supply chain (Carter and Easton, 2011; Seuring, 2008). But multi-case research can be appropriate when exploring new areas; it can augment external validity, guard against observer bias (Handfield and Melnyk, 1998; Voss, 2008; Barratt *et al.* 2011), aid triangulation, and – to a degree – improve generality (Voss 2008; Yin, 2009). It can help create more robust and testable theories than those based on single cases (Eisenhardt, 1989; Meredith, 1993; Yin, 2009). We adopt a multi-case study approach based on four Bangladeshi RMG industry suppliers, where each is a case. This core set of cases is supplemented by evidence from the Bangladeshi buying houses of two major UK apparel retailers with annual sales in excess of £9bn and £3bn in 2011. The retailers buy from two of the suppliers, thereby aiding triangulation. All of the companies involved in the study meet the following criteria: (i) they are involved in the RMG industry; (ii) they have a physical presence in Bangladesh, i.e. a factory or buying house; and (iii) they supply international customers or are international customers that buy goods from Bangladesh.

3.3.3 Data Collection and Analysis

The firms chosen for this study met the criteria above, but they were also chosen because we were confident of gaining good access to rich data. The primary mode of data collection has been interviews; other methods employed included factory tours and secondary data collection, e.g. from audit reports. In total, 14 semi-structured face-to-face interviews have been conducted with owners and managers dealing with supply chain and human resource/social compliance issues across the four suppliers and two buyers. All interviews were recorded and transcribed. Interviewees were identified either through personal contacts or via referrals from a previous interviewee, ensuring participants were both accessible and cooperative (Bryman and Bell, 2007; Malhotra and Birks, 2007). Personal contacts helped to gain trust and enable ‘frank and open’ discussions – as will be demonstrated by our rich and candid data – which would otherwise have been difficult given the sensitive nature of the topic. By the end of the fourteenth interview, the value added per interview was minimal and we were arguably approaching saturation. All of the interviews and factory tours were undertaken by one of the authors of this paper, who is a native of Bangladesh.

The four suppliers are hereafter referred to as suppliers A to D and the two buyers as Buyer 1 and Buyer 2. An overview of the companies and interviewees is provided in Table I, which also indicates example buyers/suppliers. For example, Buyer 1 and Buyer 2 are customers of Supplier C, while Buyer 2 is a customer of Supplier D. Some customers, including buyers 1 and 2, have their own code of conduct that suppliers must adhere to; others simply expect suppliers to be accredited by an international third-party, like Worldwide Responsible Accredited Production

(WRAP) or the Supplier Ethical Data Exchange (SEDEX). The range of international customers served by the suppliers suggests that all four should have high levels of compliance with social standards.

Company	Interviewee(s)	Sector	Company Size (Buyers- Sales Revenue; Suppliers- Workforce)	Key Buyers/Suppliers
Supplier A	Managing Director; Executive Director; HRD & Compliance Manager	Manufacturing (cutting & making) - Knitwear, e.g. t-shirts, undergarments	700 workers	Wal-Mart. SEARS, Denver Hayes, Watson, Zellers, Hudson Bay, Mark Warehouse, Joe Boxer
Supplier B	Managing Director; Deputy Managing Director; HR Manager	Manufacturing (cutting & making) - Lingerie	1,500 workers	Wal-Mart USA & Canada (70% of capacity), H&M, Hanes
Supplier C	Group HR & Compliance Manager	Manufacturing (cutting & making) - sweaters and jeans	2,400 workers	NEXT, VF - Lee and Wrangler, CK, George (Wal-Mart), Ocean, Dollar General, Leftie's, Takko (Germany), MNS Mode (The Netherlands)
Supplier D	Managing Director; Chief Operating Officer; Compliance Manager	Manufacturing (cutting & making) - sweaters	7,000 workers	M&S, Next, Tesco, Sainsbury, Wal-Mart, Gymboree, Carters, Kenneth Cole, Carrefour
Buyer 1	Country Manager; Supply Chain Manager; Compliance Executive	UK Apparel Retailer	£9.74 billion	40 Suppliers in Bangladesh, including Supplier D
Buyer 2	Senior (Head) Compliance Officer	UK Apparel Retailer	£3.45 billion	54 Suppliers in Bangladesh, including Supplier C & D

Table I: Overview of Suppliers and Buyers Interviewed

Multiple steps have been taken to ensure reliability and validity (Bryman and Bell, 2007; Yin, 2009). The interviews were conducted in two rounds, which

improved the focus of the research, allowed for follow-up questions, and helped identify possible future research areas (Bryman and Bell, 2007; van Teijlingen and Hundley, 2001). Transcripts from each case were analysed individually before cross-case analysis of suppliers, buyers and dyads was undertaken to identify common themes (Barratt *et al.*, 2011; Creswell, 2009); tables were constructed to support the process of searching for patterns in the data (Hartley, 2004). Finally, it is important to be aware of potential biases when analysing case study data. Most prominently, there was the potential that interviewees from suppliers in particular would exaggerate their degree of social sustainability to put their company in a positive light. This was considered while interpreting the data and drawing conclusions. But, in general, this did not appear to be a problem – the interviewees were generally extremely open about their shortcomings.

Next, we outline the study's findings, identifying factors motivating social sustainability, and the barriers and enablers to implementation in sections 3.4, 3.5 and 3.6, respectively.

3.4 Why are Socially Sustainable Practices being Adopted? (RQ1)

The key motivators, barriers and enablers of social sustainability implementation for each case are presented in Table II. The table also indicates whether a factor has previously been identified in the literature or is, to the best of our knowledge, presented here for the first time. The following four subsections summarise the key factors motivating social sustainability implementation in the four suppliers; barriers and enablers will be discussed in sections 3.5 and 3.6.

	Factors from the Literature (novel findings unique to our research marked by X)	Cases Providing Supporting Evidence						Total
		Supplier A	Supplier B	Supplier C	Supplier D	Buyer 1	Buyer 2	
Motivational Factors								
External stakeholder pressure	Beschorner and Müller (2007); Tencati <i>et al.</i> (2008); Yu (2008)	*	*	*	*	*	*	6
Owner characteristics	Baden <i>et al.</i> (2009); Walker and Jones (2012)	*	*	*	*			4
Competition amongst suppliers for skilled labour	X		*		*			2
Economic Benefits	Tencati <i>et al.</i> (2008)	*	*	*	*	*	*	6
Barriers								
Pressure to reduce prices and lack of cost sharing	Yu (2008); Baden <i>et al.</i> (2009);Walker and Jones (2012)	*	*	*	*		*	5
Confrontational relationships, e.g. between suppliers and 3 rd party auditors	X	*	*	*	*		*	5
Suppliers covering up a lack of compliance – ‘mock’ compliance	X	*	*	*	*	*	*	6
Buyers accepting mock compliance/overlooking supplier violations	X	*	*	*	*			4
Misalignment between codes of conduct and local culture	X	*	*	*	*		*	5
Lack of government enforcement of laws	Yu, (2008)	*	*	*	*		*	5
Enablers								
Awarding better prices or larger orders to the most compliant factories	Yu (2008); Gugler and Shi, (2009)	*	*		*		*	4
Having a single industry wide code of conduct	X	*			*			2
Codes of conduct that reflect culture and socio-economic conditions	X		*	*	*			3
Moving towards supplier development rather than auditing	Jorgensen and Knudsen (2006); Lim and Phillips (2008)		*	*	*		*	4
Education and training	Boyd <i>et al.</i> (2007); Hall and Matos (2010)	*		*		*	*	4
Treating suppliers as partners and building a sense of trust and openness	Lim and Phillips (2008); Tencati <i>et al.</i> (2008)		*	*	*		*	4
Internal codes of conduct for buyers	X					*		1
Enforcement of the law	Fox (2004); Yu (2008)	*	*	*			*	4

Table II: Key Motivational Factors, Barriers and Enablers from the Case Study Evidence

3.4.1 External Stakeholder Pressure

A wide range of stakeholders are present in the RMG industry, including buyers, media, consumers, trade associations, NGOs and the government; and external stakeholders are a key motivational factor for all four suppliers. The first four stakeholders in particular have been major driving forces. Most prominently, buyers impose pressure by making certain social standards mandatory for a supplier to be considered for a contract. In 2005, the Multi-Fibre Agreement (MFA) – a quota system established by the 1974 General Agreement on Tariffs and Trade (GATT) – expired. This system had meant orders were proportionately distributed across regions and factories. But since 2005, buyers have been free to choose which suppliers they use, enabling them to exert greater coercive pressure over the practices suppliers employ. Supplier D's Managing Director, for example, now described social compliance as being a "*matter of survival*". Some of the suppliers are prospering in this free market, e.g. Supplier B has attracted important retailers like H&M. In contrast, Supplier A recently failed to win an order from Tesco due to its lack of compliance with their code of conduct.

The pressure exerted by buyers to tighten up standards across the supply chain has been influenced by other stakeholders – like the media and consumer expectations, e.g. in Europe and the US. Supplier B's Deputy Managing Director explained that "*the eyes of the world are on Bangladesh's garments sector ... we [Bangladesh] are exporting more than \$20 billion worth of garments per year. We are pressurised by buyers [to improve] and they are pressured by the media [who influence public/customer perceptions]*". To facilitate improved standards, some buyers actively train suppliers. For example, Supplier B's Human Resource (HR) Manager had attended programmes run by MNCs like SEARS, K-Mart and H&M,

where buyers introduce their company's code of conduct, provide guidance on how to adhere, and inform suppliers of recent changes to a code.

In addition, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – a trade body representing woven, knit and sweater garment manufacturers and exporters – plays a mediating role in supplier development. The BGMEA inspects suppliers to ensure, for example, that children are not employed. Where necessary, fines are imposed and, in extreme cases, suppliers lose their BGMEA membership status, affecting their credibility and order winning capabilities. Like some buyers, the BGMEA and other similar associations also run supplier workshops.

In contrast, lesser roles are currently played by NGOs and the government. Most suppliers could not attribute any benefits to the work of NGOs; one even commented that some NGOs are corrupt – threatening to incite workforce unrest unless they were paid bribes. But this contradicts both buyers who felt that NGOs play an important role in training and raising awareness. Meanwhile, the general consensus across suppliers and buyers was that the government does not play a large enough role, and that there is again a problem with corruption. This, it was argued, is most prominent in the government's labour agency which checks suppliers comply with labour laws yet, it was claimed, regularly takes bribes to ignore violations. We will return to the problem of corruption when we discuss the implementation process in Section 3.5.

3.4.2 Owner Characteristics

Owner attitudes in the supplying factories play a role and are shaped by their experience, education and professional background. All but one of the owners and

directors interviewed had received overseas education, and some had prior work experience in a MNC. Most felt that complying with social standards was now a minimum requirement and agreed with their customers that workers' rights and comforts should be respected. Supplier D, for example, goes beyond compliance by having aisle widths between rows of machinists double the legal requirements. It was claimed that this is because of the owner's positive attitude. Many owners also exerted philanthropic characteristics, e.g. providing financial aid to employees with sick relatives and sponsoring the education of employees' high-achieving children. Supplier A's owner even gave employees a month's wages to aid recovery after a fire destroyed many of their homes.

3.4.3 Competition amongst Suppliers, including for Skilled Labour

Competition amongst suppliers also motivates improvements. There is of course competition for orders, heightened by the free market described above. But there is also competition for labour, as highlighted in the cases of suppliers B and D. High global demand for garments from developing countries like Bangladesh have led to an increase in the number of factories; this, in turn, has led to a significant RMG industry labour shortage. Therefore, employees have greater power and factories must improve their standards or risk losing their best workers to other factories offering better conditions. For example, Supplier B's Managing Director stated that: *"As an industry, we have a tremendous shortage of workers ... If we are not socially compliant, the workers won't come to our factory ... Competition to get workers amongst the factories is forcing us to be compliant"*. Hence, in addition to top-down drivers, there is also a bottom-up push for social sustainability improvements that are valued by employees.

3.4.4 Economic Benefits of Social Sustainability

The above suggests improvements are influenced by factors like goodwill and the need to compete for qualified labour. While this is true, social sustainability is also increasingly viewed as having a positive impact on productivity – hence, improvements can be good for business. In fact, there is evidence from all four suppliers and both buyers that social sustainability can lead to economic benefits. Suppliers are increasingly aware, for example, that low social standards lead to higher sickness rates and worker absences, which reduce output. Indeed, Supplier A recently paid for Hepatitis C (HCV) tests for its workforce because such diseases are common in Bangladesh. The Managing Director explained that: *“You may be surprised that from around 700 workers, 28 actually had this disease.”* These initiatives also contribute to worker retention, which cuts training costs as well as being good for productivity. Meanwhile, it was argued by Buyer 1’s Compliance Executive that being socially sustainable helps attract bigger customers and secure more lucrative contracts.

Not all RMG industry suppliers in Bangladesh are convinced that social sustainability makes economic sense. The owners of our four suppliers suggested that some other factories do not wish to go beyond compliance and view implementation as a cost, not an investment. These owners were now causing friction between factories. For example, Supplier B had received a request from a neighbouring factory to stop providing transport for employees to and from the factory as workers in the neighbouring factory were now demanding the same service. Presumably, the owner did not want this extra expense but feared losing their staff as a consequence (see Section 3.4.3 above).

3.5 Implementing Social Sustainability: The Good, the Bad and the Ugly (RQ2)

Section 3.4 summarised key factors motivating improved social standards in RMG industry suppliers in Bangladesh, where a key pressure was from buyers. The key components of a code of conduct (or third-party certification) used by buyers to diffuse social sustainability into their supply chain relate to: employee wages & benefits, child & forced labour, workplace harassment, and working hours & conditions. When auditing suppliers, buyers typically have two main criteria: technical and social compliance. If the supplier passes the preliminary technical audit, a social audit team completes an in-depth assessment. Social audits typically involve reviewing the manufacturer's labour standards (e.g. documents regarding labour contracts, working hours and company policies) and inspecting working conditions, including health and safety issues. In addition, following the recent Rana Plaza disaster, some buyers like Tesco and Benetton have promised to conduct surveys to examine the structural integrity of buildings, even though this is normally the responsibility of government inspectors (Telegraph, 2013, Huffington Post, 2013). Audits are often pre-arranged, but checks on existing suppliers can occur randomly or be completely unannounced; and auditors may question employees privately. If only a minor violation is found, a supplier may be given a 1-year approval, followed by another audit. If a major violation is found, a buyer may withhold orders and give the supplier 3-6 months to rectify conditions. Typically, a supplier will only fail altogether if there is a serious violation, e.g. child labour. Audits may be conducted by the buyer directly or by a third-party auditor.

Against this backdrop, the remainder of this section presents an insight into the barriers to implementing social sustainability, before Section 3.6 focuses on how implementation can be enabled.

3.5.1 The Good – Positive Outcomes from Becoming Socially Sustainable

Buyers' codes of conduct are displayed in the local language – Bangla – on the shop floors of suppliers A, B and D together with contact details for a representative from each buyer. Employees can therefore contact a buyer directly if they have a grievance. In Supplier B, for example, employees also have free access to a doctor and to proper safety equipment, which was not the case prior to the codes being implemented. All the suppliers must also educate employees on their rights and provide them with a handbook. Auditors check these measures are in place, e.g. by questioning employees to assess how well they understand their rights, such as to a pay slip, sick leave, maternity leave, etc. These measures mean employees are more aware of what to expect, making them less vulnerable to exploitation. Supplier A's HR Manager admitted that: *"Five years ago, our workers didn't even know what their basic salary or overtime rate was, but now the situation has changed drastically"*. This has improved working standards for some of the most vulnerable groups of society, including low skilled, low paid (mostly female) employees. Child labour in the RMG industry has also reduced; for example, all four suppliers claimed to have removed child labour altogether.

Implementing the above improvements is initially costly, but there is evidence that this has indeed led to increased productivity. Hence, there are benefits for employees and organisations. Supplier D's HR Manager explained that the company owns two factories – one which has improved its standards and one which lags behind. He claimed that, with the same number of machines, the compliant factory is, on average, more productive than the non-compliant factory; and, that staff retention rates are higher. Compliant factories can also secure longer term orders from buyers, while Supplier D's Managing Director suggested compliance has increased the firm's

bargaining power. He argued that: *“We are in a stronger position to negotiate with buyers compared to a non-compliant factory which is on ‘the back foot’ from the very beginning.”* He also stated that *“buyers feel more secure that a compliant factory has a minimum level of performance and quality.”* This was supported by the buying firms; for example, the Country Head of Buyer 1 explained how pioneering or early-compliant factories have gained some first-mover advantages, strengthening their market position.

3.5.2 The Bad – Negative Aspects of the Social Sustainability Implementation

Process

Implementing social sustainability is not all positive and here we pick out three examples of negative aspects of the process. First, the primary complaint in all four suppliers was that, although buyers want factories to improve standards, they will not share the costs of implementation and are continuing to drive down prices. For example, Supplier B’s Deputy Managing Director pointed out: *“It is a buyer’s market ... buyers are taking advantage of price wars between supplier factories. But if they buy cheap from Bangladesh, then the benefits to the workers and society will also be cheap.”* He claimed that by failing to share costs or increase prices, buyers were not considering the long term viability of the suppliers or how improved standards could be maintained. Yet Buyer 1’s Supply Chain Manager felt that the prices they were paying were fair and could lead to improvements in social sustainability that also allowed suppliers to be economically sustainable. He questioned: *“If they are not making a profit, then how are they running their factories?”* Benefits in terms of greater bargaining power were earlier reported for Supplier D, but even this supplier complained about having to bear the costs of implementing social sustainability.

Second, it was claimed that standards vary and are inconsistent. This includes across codes of conduct, where a particular supplier has to satisfy the standards of multiple buyers. But it also includes the inconsistent application of a particular standard during the auditing process. Third-party auditors were thought to have higher expectations than the buyers themselves; hence, a supplier's rating may greatly depend on who conducts the audit. Third-party auditors were also viewed as being less understanding, e.g. of the difficulties of achieving compliance. Meanwhile, Supplier C's HR Manager suggested that a third-party auditor may submit an unfavourable report so they can return in 3 months' time to re-audit the supplier and receive another fee. It was also claimed some third-party auditors go to extreme lengths to detect code breaches to secure a second visit; and fraught relationships between suppliers and third-party auditors are evident in several cases. For example, Supplier B's Deputy Managing Director explained: *"A few years ago, I had an auditor [third-party auditor] whose aim was to prove I was using excess overtime. But he could not find any proof ... eventually he took out my generator log book and saw that the generator was on at 8pm, which means my factory was still running when it shouldn't have been. On that basis, he failed the factory."*

Third, while social sustainability implementation has reduced child labour in Bangladesh's RMG industry – which, in isolation, is extremely positive – it has diverted children to other, less regulated and often more dangerous industries like construction. For example, Supplier B's Managing Director stated that: *"By banning child labour from our industry, which is the most regulated in the country; we have actually shifted these children to more dangerous professions such as construction, which is not properly monitored."* This highlights the complexities of improving

social sustainability in one particular industry when it is faced with tackling wider socio-economic problems.

3.5.3 The Ugly – Mock Compliance and Corruption

Much of the case study evidence points to mock compliance, where a supplier appears to be complying with a code of conduct but is in fact concealing non-compliance. All of the suppliers and buyers admitted to some form of mock compliance or were aware that some suppliers practiced mock compliance to pass audits. For example, some buyers require suppliers to close on Fridays – a public holiday in Bangladesh. Local law also states that employees should have at least one day's leave per week, e.g. Fridays. Many factories open on Fridays nonetheless but conceal this from buyers and auditors. Similarly, the International Labour Organisation (ILO) convention states that employees should not work more than eight hours per day, while local law limits overtime to two hours per day. However, again, working hour violations are common to meet output targets. While, at first glance, these practices may appear to exploit the workforce, overtime is actually welcomed by many employees as the hourly rate is higher and provides an important income supplement. In fact, Supplier C's HR Manager was aware that employees often slow down towards the end of the week to ensure overtime is needed; and, if a company does not offer overtime, it risks losing its workforce to another factory. Hence, while some social reforms like sick pay are driven through by employees, others are held back. Supplier B's Deputy Managing Director explained that: *“Buyer XYZ [a major multinational retailer] only allows 8-hour shifts with 2 hours overtime per day. But it is not possible to conform to this standard in the peak season and workers want more overtime as they get double the*

basic rate. If we only gave the workers 48 hours of overtime per month, they would leave and go elsewhere.”

The above results in suppliers developing ‘work-arounds’ that allow them to mock comply with certain standards that are not amenable to the workforce. For example, Supplier D’s HR Manager referred to the “*charade*” whereby his factory holds a gold WRAP certificate – the highest possible rating for an initial audit – and has zero violations according to its SEDEX rating, yet frequently flaunts working hour regulations. Suppliers are beating the system in various ways, including – according to the HR managers of suppliers B and D – by maintaining two timesheets: one shown to buyers/auditors, which complies with regulations; and one used to pay workers, which reflects actual practice. It was claimed in suppliers B and D that not only do employees participate – knowing it is in their interests if they want to retain overtime – but that auditors and buyers are also sometimes aware of the charade. For example, Supplier B’s Deputy Managing Director stated that: *“Some customers understand the issue with overtime and do not ask to see how much overtime workers have done, or they will just check that workers have been paid fairly for their hours and were not forced to work. If, at the end of the year, they think you have done too much overtime, they will ask you to cut back but they won’t fail the factory ... But Buyer XYZ’s audits are carried out by third-party auditors who are not very understanding of this dilemma. So, we have to maintain two sets of records. The buyer and auditors are well aware of this but they turn a blind eye [as long it is hidden from them].”* There appears to be inertia on changes to overtime practices from all sides, as it would, for example, increase costs for both buyers and suppliers. Other mock compliance examples related to healthcare, and were presumably less supported by the workforce. Local law states that a full-time doctor and nurse should be employed in a factory with

>350 employees. Yet the HR Director and Compliance Manager of Supplier A admitted that medical staffs are only present on an audit day.

Some suppliers claimed that their buyers were not genuinely serious about social sustainability and were only interested in improving their reputation and avoiding bad publicity. It was also argued that if MNCs took greater interest in their tier two or three suppliers, then they would uncover more alarming social problems in their supply chains. One example from Supplier B's Deputy Managing Director involved the use of Uzbekistan cotton, which was banned in the US and EU following widespread reports that children and convicts were used to pick the cotton. Yet he believes that about 40% of cotton used in Bangladesh's RMG industry comes from Uzbekistan. He signs an agreement each year to confirm Uzbek cotton is not used but suspects his cotton supplier, which sources its cotton from a range of countries, buys from Uzbekistan, and that buyers are also aware that this is likely. Once cotton has been spun into thread, it is impossible to detect its origins. Both the examples on timesheets and Uzbek cotton imply that some buyers may ignore non-compliance providing it is not visible or cannot be traced to them, meaning they can deny knowledge of its existence if confronted.

All four suppliers found it difficult to fully adhere to codes of conduct based on the cultural and socio-economic conditions of developed countries. This included the idea of a nursery or childcare centre in the place of work. This is largely unheard of in Bangladesh – infants are typically cared for by another relative when their guardian is at work – but is stipulated as a requirement in buyer codes of conduct. Hence, suppliers must bear the cost, but the facility itself is only used when auditors are expected. This highlights the lack of alignment between the codes of conduct and the local context, which leads to further mock compliance. Supplier C's HR Manager

explained that: *“We have this facility and incur the cost just because buyers do not understand the reality of our country. This is a total waste of money.”* In fact, Buyer 2’s Head of Compliance was aware of this and acknowledged *“some suppliers create a day care centre just for the sake of compliance”*.

Finally, part of the reason why suppliers can circumvent aspects of codes of conduct is that corruption is rife, including, it was alleged, involving government officials. Supplier A’s Compliance Manager was scathing in his comments: *“The government labour agency comes to audit every 6 months, but mainly they come for money. They will see the violations, but if you bribe them they will go away and just ask you not to do it in the future.”* This lack of law enforcement is a major barrier to driving through social reform and was acknowledged by all four suppliers and by Buyer 2.

3.5.4 Summary of Barriers to Social Sustainability

From sections 3.5.2 and 3.5.3, it follows that the barriers to social sustainability in Bangladesh’s RMG industry include: pressure to reduce prices and buyer reluctance to share implementation costs; fraught relationships between actors, most prominently between suppliers and third-party auditors; suppliers covering up non-compliance (mock compliance); buyers ignoring violations, thereby failing to drive through genuine improvements; misalignment between codes of conduct and local culture; and, a lack of government support or law enforcement. Building on this, Section 3.6 explores how the barriers to social sustainability could be, and are being, overcome.

3.6 Enablers of Social Sustainability (RQ3)

A primary enabler of social sustainability identified by three suppliers and Buyer 2 was higher prices and larger orders for compliant factories to incentivise improvements. For example, with higher prices, the suppliers argued they would be able to give back more to society. But while Buyer 1's Supply Chain Manager agreed that larger orders could enable improvements, he argued that social sustainability must be evaluated alongside many other factors when awarding contracts – not only environmental sustainability, but factors like capacity availability and delivery performance: *“We must award orders according to capacity. And even if a supplier performs well in terms of compliance, we have to be sure that they can deliver.”*

One difficulty with social sustainability is that different buyers have different codes of conduct. It is therefore unsurprising that two suppliers suggested establishing a single RMG industry code of conduct. This would increase clarity over what a supplier should achieve, may lead to more consistent auditing, and make it easier for suppliers to win contracts from new buyers as there may not be the need for a new audit. Beyond industry-level uniformity, three suppliers argued that codes of conduct should reflect broader cultural and socio-economic conditions. For example, Supplier C's HR Manager stressed that buyers *“need to do a root cause analysis of why labour laws are violated in Bangladesh.”* Returning to the problem of child labour being diverted to other industries (from Section 3.5.2), Supplier B's Managing Director explained that: *“the garments industry is the most regulated industry in the country; we are shifting child labour to more dangerous professions, such as construction, which are not monitored and where workers do not get proper or timely wages”*. It was suggested that a solution more considerate of the local context would be to introduce age brackets for employees linked to the level of stress and potential hazard

they are exposed to, allowing children to earn an income in the RMG industry but in a safe way while also receiving an education from the supplier. Similarly, it was suggested that codes of conduct should not stipulate a nursery be available if local culture means employees would not use this service.

More generally, it was felt that there needs to be a shift from the auditing and monitoring of suppliers towards supplier development. Indeed, Buyer 2's Head of Compliance predicted that, in the future, "*buyers will shift from auditing to supplier development*" while Supplier C's HR Manager acknowledged that buyers are beginning to change their approach from "*policing duties*" to "*factory development*". Similarly, another enabler was support from buyers for education and training. It was also suggested that a culture of trust and openness should be fostered, whereby a supplier can go to a buyer when they are having difficulties with a particular improvement to obtain advice without feeling this will impact future orders. In fact, Buyer 2's Head of Compliance suggested that he would like to work with suppliers to solve their problems. For example, he realises that working-hour violations are common and cannot be stopped immediately but that, by working together, compliance could gradually be achieved. He explained: "*If suppliers are forced to hide, buyers can't help them rectify the process ... we encourage suppliers to show us the original timesheets, even if they are violating labour laws because then we can help them to address the issues.*" Buyer 2's open approach was appreciated by the factory compliance managers of suppliers C and D, both of which supply directly to Buyer 2. According to Supplier C's Compliance Manager, "*the requirement of [Buyer 2] is that you have to show the original documents, even if you are violating the labour law.*" But he also added: "*It is only recently that they have begun to understand the practical realities.*"

But while openness would be beneficial to bringing about gradual change, suppliers and buyers appear to accept that on audit day, when future orders are potentially at stake, the atmosphere changes and can be rather tense and adversarial – suppliers often revert to hiding violations, meaning auditors may revert to trying to find the faults they are hiding. Buyer 2’s Head of Compliance explained that: *“We try to work together with suppliers to solve problems. But on audit day, this does not always happen. For example, a factory tried to hide working hour violations during an audit and got a poor rating, which hampered its orders. But then when I called the supplier to the office for a meeting where the negative environment of the audit was not there ... he came with all his original records and I was able to show him where he made the mistake and how to rectify it.”*

Education and training, as suggested above, can be important not only for suppliers but for employees in the local offices of buyers as well, as noted by Buyer 1. While the headquarters of MNCs may be far removed from the local context in Bangladesh, their employees in Bangladesh will share many of the same cultural values and experience the same socio-economic conditions as the suppliers. Buyer 1’s Supply Chain Manager explained that its *“[local] compliance team goes to the UK head office or the India regional office for training ... sometimes people also come from abroad to train them. We are also sent guidelines on what we should follow and what our suppliers should follow, with examples of best practice.”*

The final enabler of social sustainability is law enforcement. Supplier B is the only supplier in our study located in the tightly regulated and enforced Export Processing Zone (EPZ) – an area where compliance must be high but, in return, duties are lower and customs intervene less, making import/export more straightforward – and has greater adherence to social standards than suppliers outside the zone. If labour

laws, for example, were more readily enforced in factories outside the EPZ then these suppliers would have to improve their social standards. Given that around 80% of the country's exports are from the RMG industry, there must surely be an incentive to ensuring the sector meets the expectations of global markets so the economy can continue to benefit from garment manufacture.

3.7 Discussion: Social Sustainability using the Transaction Cost Economics (TCE) Lens

This paper has included the 'ugly' side of social sustainability implementation, including, for example, evidence of mock compliance by suppliers, such as hiding violations, and unethical behaviour by buyers, such as turning a 'blind eye' to violations. These aspects can be interpreted as costs associated with buyer-supplier transactions and point to TCE, as introduced in Section 3.2.2.1, as a potentially useful theoretical lens for understanding implementation in developing country suppliers. Here, we use TCE and the three propositions from Grover and Malhotra (2003) to interpret our findings.

The first proposition from Grover and Malhotra (2003) states that transaction costs are higher under conditions of high asset specificity. An example of a human asset-specific investment in our context is when a buyer educates and trains a supplier's personnel in their code of conduct. This appears to be a common enabler of social sustainability implementation, as evident from Table II. But when a buyer makes such a human capital investment, it cannot be easily redeployed should the supply relationship be terminated. This may explain why buyers are often reluctant to make such investments and have, instead, often relied on monitoring and auditing. This, however, is argued to be a short term approach – such human capital

investments could actually decrease a buyer's future transaction costs. In terms of physical assets, social sustainability implementation relies, for example, on activities that are costly in the short term, like increasing aisle widths between machinists and providing fire safety equipment. But, again, such physical asset investments can be hugely beneficial in the long term, leading to larger customer orders, increased productivity and better employee retention rates. Unlike human assets, these do not appear highly specific investments, as buyer codes of conduct have similar basic requirements. This may explain why buyers are reluctant to share the costs of such initiatives (see Table II). Overall, our data partly supports Grover and Malhotra's (2003) first proposition: in this context, asset-specific investments mainly relate to human assets. Furthermore, although greater asset specificity may increase transaction costs in the short term, they could contribute to reducing costs in the longer term – this dimension is not captured in the proposition.

The second proposition from Grover and Malhotra (2003) states that bounded rationality and opportunism give rise, under conditions of high uncertainty, to higher transaction costs. Social sustainability implementation features environmental uncertainty because of ex-ante information asymmetry, i.e. an inability to ascertain upfront a supplier's true nature. Direct transaction costs are incurred by the buyer through the initial technical and social audits that support supplier selection, but the quality of the selection decision is bounded and the risk of future losses remains if an inappropriate supplier is chosen. In addition, behavioural uncertainty includes the ex-post costs of monitoring a supplier's social performance and of dealing with opportunistic supplier behaviour. This includes mock compliance, which, if leaked to the media, could result in significant damage to a buyer's reputation. Yet our data suggests that buyers are generally only concerned with their immediate suppliers and

not with the compliance of tier-two suppliers, while suppliers themselves may neglect to inform buyers that they are subcontracting work or fail to disclose details on their suppliers (like location). Beyond our data, in the case of the Rana Plaza building collapse and both the recent factory fires in Bangladesh, the major buyers – e.g. Benetton, Wal-Mart and Inditex – denied knowing their brands were being made in those factories (Bloomberg, 2012; New York Times, 2012). They blamed middlemen and suppliers for subcontracting to cheaper, non-compliant factories without their knowledge (BBC, 2013; Gaurdian, 2012). In conclusion, there appears to be full support for Grover and Malhotra's (2003) second proposition: social sustainability implementation is characterised by high levels of environmental and behavioural uncertainty as well as buyers' bounded rationality and supplier opportunism. This leads to high transaction costs, including monitoring and enforcement costs and indirect costs deriving from reputation damage.

Finally, the third proposition from Grover and Malhotra (2003) focuses on the choice of governance structure. It was suggested that, in general, low transaction costs favour market governance, while high transaction costs favour hierarchical governance. Indeed, our data suggests that a market form of governance is unsuitable due to the high levels of bounded rationality and opportunistic behaviour. Under a pure market governance scenario, a buyer's only supplier selection criterion would be passing the initial audit or conforming to a particular accepted ethical standard, e.g. WRAP. But this leaves a buyer vulnerable to the type of opportunistic behaviour we have described. Instead, a hierarchical governance structure could be more suitable for enforcing socially sustainable practices in developing country suppliers, given the high transaction costs. But an arms-length hierarchical approach was heavily criticised by the four suppliers, while buyers participating in supplier development have been

applauded. One of the criticisms of TCE has been that it underplays the impact that trust can have on offsetting the failures of formal contracts and controls (Grover and Malhotra, 2003). Meanwhile, our data suggested, for example, that Buyer 2 became more effective in terms of social sustainability implementation by gaining the trust of its suppliers. Overall, a combination of monitoring and trust building, actively developing and training suppliers, and taking the cultural context into account may be the most efficient way forward. In conclusion, our data partly supports Grover and Malhotra's (2003) final proposition. Social sustainability implementation is characterised by high transaction costs, which calls for vertically integrated forms of governance. But a genuine supplier development and capacity building approach is also needed and is fundamental to achieving a sustainable competitive advantage in the long term.

3.8 Conclusion

Many Multi-National Corporations (MNCs) are struggling with the social sustainability of their supply chains, particularly when sourcing from developing countries. There has been a need to investigate why some developing country suppliers are adopting socially sustainable practices and how the implementation process is both impeded and facilitated. Prior empirical studies have mainly been in the context of developed countries or focused on the buyer's perspective. In contrast, this paper has presented an exploratory study into social sustainability in the labour intensive Ready Made Garments (RMG) industry of Bangladesh, a developing country. It has combined the perspectives of buyers and suppliers, describing the ground realities of social sustainability. Our findings on the motivators, barriers and enablers of social sustainability are briefly summarised below, while the richness of

our data adds to understanding in the literature of the complexities of implementing social sustainability in developing countries. In addition, Transaction Cost Economics (TCE) theory has been used to interpret our findings, which were found to either fully or partially support three propositions on TCE from Grover and Malhotra (2003).

Some of our findings on the motivators, barriers and enablers simply support prior research, but a number of novel factors are also identified (see Table II). For example, we have indentified competition for skilled labour as an important motivator, which – to the best of our knowledge – has not been highlighted previously. The barriers to implementation are often present because codes of conduct do not reflect the local context of Bangladesh. Strictly adhering to the regulations could mean a supplier loses its skilled labour and that children are diverted to other more hazardous industries. Other novel barriers to full implementation relate to the auditing process itself, with friction particularly between suppliers and third-party auditors, mock compliance, and the curious case of buyers overlooking certain violations, suggesting they may be simply interested in market perceptions and not necessarily in genuinely improving supplier conditions. Finally, some of the enablers we have identified could also not be found in the literature, including: adopting a single, industry-wide code of conduct to improve consistency; and, considering the cultural and socio-economic conditions of the developing country during the implementation process.

3.8.1 Managerial Implications

The insights provided can help managers improve the social sustainability of their supply chains. For example, being aware of the key motivators, barriers and enablers may help managers promote good practice and predict the challenges they are likely to

face in improving the social sustainability of their supply chains, allowing them to be either avoided or overcome. Furthermore, part of our analysis using TCE highlighted the need for buyers to move beyond their immediate suppliers and incorporate second- and possibly third-tier suppliers in the implementation process. This would overcome some forms of opportunistic behaviour, like unauthorised subcontracting, and attenuate transaction costs. Without such steps, more tragedies like the recent building collapse and factory fires are inevitable and buyers will continue to leave themselves vulnerable to reputation damage.

3.8.2 Limitations and Future Research

This paper is based on studying four suppliers and two buyers. Further research is therefore required to determine whether there are other factors relevant to Bangladesh's RMG industry beyond those observed in this limited set of cases. This could involve studying more buyers and suppliers, but also a broader range of stakeholders, including third-party auditors, NGOs, trade associations, workers and government officials. For example, prior literature has indicated that NGOs can act as enablers of sustainability implementation (Maignan *et al.*, 2002; Walker and Jones, 2012), yet the suppliers in our study had a negative perception of the role played by NGOs. This is counter-intuitive and warrants further investigation. For example, perhaps there is a lack of communication between the two parties and a lack of trust, with NGOs seen as a potential threat to future contracts. Standards in second-tier suppliers, which are less visible and likely to lag further behind, could also be investigated. To obtain similarly rich and candid data to that presented here, it would again be important to win the trust and confidence of interviewees.

To add generality to the motivating factors, barriers and enablers identified, a survey of buyers and suppliers could also be conducted. Meanwhile, further motivation for implementation could be generated by quantifying the impact of social sustainability, e.g. via an event study analysis on the share price effects of both bad publicity and launching improvement programmes. Further work could also be conducted to assess the generality of our findings to other manufacturing industries and countries. We might find, for example, that other labour intensive manufacturing industries and countries with similar cultural values and socio-economic conditions face the same sorts of challenges to those identified in Bangladesh's RMG industry. But it may also be interesting to explore service contexts, which are also typically highly labour intensive but often feature higher levels of visibility and stronger interactions with consumers.

Finally, we have found TCE to be a useful theoretical lens, but future research could employ other established theories, e.g. stakeholder theory or institutional theory. The former could help to understand the dynamics between stakeholders and the roles they play in social sustainability implementation. The latter could be used to further investigate how internal and external isomorphic pressures influence the propagation of socially sustainable practices across supply chains.

Chapter 4 – Paper III:

"A Longitudinal Case Study of the Implementation of Socially Sustainable

Practices in the Apparel Industry of Bangladesh:

Institutional Pressures, Decoupling and Evolving Logics"

Under-review at the Journal of Operations Management

4(i) Background

In essence, Western apparel buying firms, in the past two decades have realised that it will not do them any good if they are the only organisation adopting socially sustainable practices in the supply chain, which led them to have a strong supplier focus by trying to implement their own or other third party social standards in their suppliers. In Paper II, this buyer-supplier relationship was investigated through a limited number of cases of 4 suppliers and 2 buyers. The costs associated with buyer-supplier transactions. e.g. mock compliance by suppliers (such as hiding violations) and unethical behaviour by buyers (such as turning a 'blind eye' to violations), pointed to Transaction Cost Economics (TCE), as a potentially useful theoretical lens for understanding implementation issues in developing country suppliers. The analysis provided insights as to what kind of governance mechanism is needed, given the high transaction costs and highlighted the need for buyers to move beyond their immediate suppliers and incorporate second and possibly third-tier suppliers in the implementation process.

During the course of this PhD (2011-14), the spate of disasters that occurred in Bangladeshi factories supplying apparel to Western buyers, including the Tazreen factory fire (Nov'12) and Rana Plaza building collapse (Apr'13), highlighted that practices were not being implemented in reality. Because of the unique access granted

to me through personal and business contacts in Bangladesh; I was able to take advantage of this opportunity to visit over a period of three years, these two major events highly relevant to my research. After the exploratory study, it was felt that a broader range of stakeholders needed to be examined to get a more comprehensive understanding of this disconnect between formal adoption of social sustainability practices and actual implementation. The premise of this study underlined that in order for effective implementation of socially sustainable practices, Western buyers and developing country suppliers need to extend their scope of activities towards actively considering the role of all institutional actors relevant to the industry, including workers, trade unions, NGOs and professional trade bodies. To achieve this objective, an inductive case study research was undertaken where the institutional theory constructs of institutional pressure, decoupling and institutional logic were used. This was in line with the proposal of authors such as Eisenhardt (1989); Voss *et al.* (2002) and Barrat *et al.* (2011), who suggest the use of a priori theoretical constructs to shape the initial research design of theory building case research. Institutional theory provided a set of useful constructs for making sense of the data involving multiple (more than two) actors, unlike TCE which mainly focuses on the direct and indirect costs of managing relationships between partners. Plus, institutional theory enabled us to understand how the forces that exist both within the buyer-supplier firms and the external environment were influencing implementation.

Initial versions of this paper have been presented at the 20th European Operations Management Association conference held in Dublin, Ireland (2013) and in the 21st European Operations Management Association conference held in Palermo, Italy (2014). The feedback from these conferences helped in fine-tuning the paper. Also, the paper has been informally reviewed by Dr. Zhaohui Wu (Associate

Professor of Supply Chain and Operations Management, Department: Global Business Analysis, Oregon State University, USA) and Professor Linda Hendry (Department of Management Science, Lancaster University Management School, Lancaster University, Lancaster, UK). Their suggestions and constructive comments contributed to improving the manuscript. We are targeting the *Journal of Operations Management* (JOM) with this paper. The choice of the journal means that the English is the US version and the formatting slightly different from Papers I and II (specific house-styles were followed in each case).

I am the first author of this paper. I travelled to Bangladesh three times to collect the data for this paper. The entire interview data was recorded, translated from Bengali to English and transcribed by me. The transcripts from each case were coded by me and analysed using QSR NVivo10. My co-authors carried out code agreement checks. All the sections of the paper were drafted and revised by me. My co-authors gave me guidance in all the stages and helped refine the arguments and make it more compact. Below, my co-authors of this paper have certified that they agree with my above claim as to my contribution in carrying out the research and preparing the paper for publication.



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**A Longitudinal Case Study of the Implementation of Socially Sustainable
Practices in the Apparel Industry of Bangladesh:
Institutional Pressures, Decoupling and Evolving Logics**

With Mark Stevenson and Marta Zorzini

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4(ii) Abstract

We investigate the implementation of socially sustainable practices in the Bangladeshi apparel industry using the institutional theory constructs of institutional pressure, decoupling and (economic and social) institutional logic. A longitudinal industry case study is conducted using data from 61 semi-structured interviews with a broad range of institutional actors, including fourteen supplier factories and seven major international buyers/retailers. Key institutional pressures exerted on buyers and suppliers to improve social standards are analyzed, while a decoupling phenomenon between formal compliance structures and the organizational practices employed by suppliers is observed. Although suppliers regularly pass audits, many hide violations, subcontract to non-compliant factories or conform for audit-day only. It is claimed buyers are sometimes complicit in this behavior. Data was collected in three phases punctuated by critical industry events – including the tragic Rana Plaza building collapse – allowing us to unpack how the economic and social logics evolve. Initially, many perceived social reform as a cost that conflicted with the economic logic; but some proactive firms realized the two logics could be complementary. Critical events contribute to a logic shift, particularly among buyers, e.g. leading to strict innovative

audits and collective action, meaning reluctant suppliers could no longer decouple. The work has implications for various actors, including Western buyers looking to improve the social sustainability of suppliers in a challenging developing country context. We develop six propositions on the implementation of socially sustainable practices and make a contribution to expanding institutional theory. We show that decoupling can be an inter-organizational response, particularly if the practice being diffused conflicts with the logic of multiple institutional actors.

Keywords: *Social sustainability; Supply chain; Apparel industry; Longitudinal case study; Institutional theory; Decoupling; Institutional logic.*

4.1 Introduction

On the 24th of April 2013, the Rana Plaza that housed five Bangladeshi apparel factories producing garments for Western brands like Primark and Benetton collapsed, killing 1,129 people (BBC, 2013; Gaurdian, 2013; Huffington Post, 2013a). This recent accident is the deadliest in the apparel industry's history and the deadliest in any industry for almost 30 years. The collapse followed shortly after several fires – including the Tazreen fire in November 2012 – at other Bangladeshi factories supplying the likes of Wal-Mart, SEARS, and Inditex, the world's largest clothing retailer (Bloomberg, 2012; New York Times, 2013). It has been suggested that poor working conditions and safety standards contributed to the large number of fatalities in these accidents (Wall Street Journal, 2012; Economist, 2013; Time, 2013). As a consequence, there has been significant global attention on the Bangladeshi apparel sector and on Western buyers sourcing from these factories. There is an expectation from multiple stakeholders that buyers should ensure not only the social sustainability of their own operations but also those of their supply chain partners, including suppliers in challenging developing country contexts thousands of miles away. This paper presents a longitudinal industry case study of the implementation of socially sustainable practices in the Bangladeshi apparel industry using data collected from a broad range of actors, including Western buyers, Bangladeshi suppliers, Non-Government Organizations (NGOs), trade bodies, workers and trade unions. We explore the pressures exerted on buyers and suppliers, the effectiveness of these pressures on the implementation of socially sustainable practices, and how attitudes towards being socially sustainable are evolving over time in response to critical industry events.

Social sustainability is concerned with the human side of sustainability, including human rights (e.g. child labour and freedom of association), health & safety (e.g. safe working conditions and training), and community (e.g. charitable, philanthropic initiatives). Being socially sustainable is a challenge for all firms (Carter and Rogers, 2008; Pagell and Wu, 2009; Klassen and Vereecke, 2012). Yet, research into the social side of sustainability lags behind the considerable literature on the environmental side (Carter and Rogers, 2008; Seuring and Müller, 2008a; Pagell and Wu, 2009; Pullman and Dillard, 2010; Reuter *et al.*, 2010; Sarkis *et al.*, 2010). Most social studies have been in the context of developed countries (Luken, 2006; Hussain *et al.*, 2012) despite the obvious relevance of this topic to developing countries, where the impact of businesses on the poor has been mixed (Dobers and Halme, 2009; Werner, 2009). The focus has also been on the buying firm's perspective of implementing socially sustainable practices, with few studies considering the supplier's perspective or that of any other stakeholder (Ehrgott *et al.*, 2011; Gimenez and Tachizawa, 2012). There is a need to extend the existing literature by focusing on developing countries and the perspectives of multiple actors, including suppliers, to develop a more complete understanding of the phenomenon of implementing socially sustainable practices.

The focus of our study is on the Bangladeshi apparel industry, but social failures are not a new concern for the apparel sector. For example, retailers like Wal-Mart and Nike were subjected to significant media scrutiny in the 1990s following several sweatshop scandals (Park and Lennon, 2006; Park-Poaps, 2010). Western firms have since invested greatly in their own social performance, developed codes of conduct, and pressurized suppliers into improving standards. But the recent Bangladeshi disasters show problems clearly remain and demonstrate the difficulties

of implementing socially sustainable practices across the supply chain. Indeed, several of the apparel factories highlighted in the recent disasters for their social failings were involved in the supply of major Western retailers (IndustriALL, 2013). For example, it is claimed the Tazreen factory had been assessed by third-party auditors and was an active member of the supply chain of several well-known international retailers at the time of the fire (New York Times, 2012). Yet post-fire investigations revealed the factory had no emergency exits and that the gates were locked from the outside (BBC, 2014). It was also claimed workers were poorly trained on extinguishing fires and evacuation procedures. In some instances, it was claimed that the supply arrangement was unbeknown to the buyer. For example, following media coverage of the Rana Plaza collapse and Tazreen fire, major buyers like Benetton and Wal-Mart initially denied knowing their brands were being made in these factories (Bloomberg, 2012; Huffington Post, 2013a; New York Times, 2013). One explanation for this is unauthorized subcontracting by approved suppliers. These examples of poor safety standards, a lack of training and unauthorized subcontracting suggest a disconnect between formal, audited procedures and the ground-level reality.

Against this backdrop, we argue that it becomes important to understand the institutional pressures placed on buyers and suppliers to be more socially sustainable and the effectiveness of these pressures in leading to the genuine implementation of socially sustainable practices. We also argue that it is important to view the implementation of socially sustainable practices as a longitudinal process that evolves with critical industry events and to examine implementation over time. Although the international media has focused on the Tazreen fire and Rana Plaza collapse, these are the latest in a long line of repeated social failures in Bangladesh alone. In fact, almost

2,000 Bangladeshi apparel workers have died in industrial incidents since 2005 (CNN, 2013).

In this paper, we adopt the institutional theory lens to examine our data and frame our arguments (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker, 1987; Eisenhardt, 1988). Institutional theory is an important lens for operations and supply chain management research (Ketokivi and Schroeder, 2004; Rogers *et al.*, 2007; Bhakoo and Choi, 2013). It has been used, for example, to unpack the drivers behind the adoption of business continuity planning procedures (Zsidisin *et al.*, 2005), RFID (Barratt and Choi, 2007), and internet-enabled supply chain management systems (Liu *et al.*, 2010). Most recently, Bhakoo and Choi (2013) used institutional theory to study the adoption of inter-organizational systems across multiple tiers of a healthcare supply chain. But its use in the sustainability literature is extremely limited (Zhu and Sarkis, 2007) and it does not appear to have been used to study the implementation of socially sustainable practices. As the implementation of socially sustainable practices is relatively uncharted territory, we adopt the approach of theory building (Eisenhardt, 1989; Yin, 2009; Barratt *et al.*, 2011).

In particular, we use the institutional theory constructs of institutional pressures (DiMaggio and Powell, 1983; Grewal and Dharwadkar, 2002), decoupling (Meyer and Rowan, 1977; Rogers *et al.*, 2007) and institutional logics (Friedland and Alford, 1991; Greenwood *et al.*, 2011). Institutional theory posits that there is variation at the beginning of the life cycle of organizational phenomena, but over time there is structuration and convergence of the field as firms adapt in order to gain legitimacy within the organization and the external environment (DiMaggio and Powell, 1983; Eisenhardt, 1988). This isomorphism occurs through mainly normative, coercive, and mimetic institutional pressures (DiMaggio and Powell, 1983; Grewal

and Dharwadkar, 2002). But institutional theorists have also acknowledged a decoupling phenomenon can occur whereby an organizational practice is only adopted symbolically (Meyer and Rowan, 1977; Rogers *et al.*, 2007; Boxenbaum and Jonsson, 2008). Hence, isomorphism may lead to the formal adoption of an organizational practice, like being socially sustainable, but not necessarily to its ground-level implementation. Finally, institutional logics are values, beliefs, and rules that provide a means of understanding the social world and prescribe guidelines on how to function in it in order to gain legitimacy from institutional actors (Greenwood *et al.*, 2011). Organizational fields typically encounter multiple logics that may be in competition if not in conflict (Friedland and Alford, 1991). We consider two institutional logics relevant to the implementation of social sustainability: (i) the economic logic, i.e. the desire to maximise profits; and, (ii) the social logic, i.e. the need to have high social standards. Longitudinal data from buyers and suppliers has been collected in three phases punctuated by critical industry events – including the Rana Plaza building collapse and Tazreen fire – allowing us to investigate how these two logics have evolved. Thus, we employ institutional theory during a period of environmental uncertainty (e.g. natural disasters, wars, or industrial accidents), as recently called for by Kauppi (2013). Our two research questions are as follows:

RQ1: How are institutional pressures influencing the implementation of socially sustainable practices in the Bangladeshi apparel industry and, despite the risks to reputation, legitimacy and business, why is there a decoupling effect between formal compliance and ground-level organizational practices?

RQ2: How are buyer & supplier institutional logics evolving over time in response to critical industry events, and how are they affecting the implementation of socially sustainable practices in the Bangladeshi apparel industry?

A key contribution of the paper is in providing an in-depth insight into the implementation of socially sustainable practices in a challenging developing country context. In addition, our analysis leads to six propositions on the implementation of socially sustainable practice; and we claim to make a contribution to the institutional theory literature. A brief literature review on institutional theory and its implications for our study is provided in Section 4.2. We draw on the social sustainability literature to identify the key institutional actors in the apparel sector, but for a full review of this body of work, see Hoejmose and Adrien-Kirby (2012) and Zorzini *et al.* (2014). The research method is then outlined in Section 4.3; findings relating to RQ1 are presented in Section 4.4; and Section 4.5 uses longitudinal data to address RQ2, leading to six propositions. Finally, a discussion and conclusion is provided in Section 4.6.

4.2 Literature Review

Institutional theory provides an overarching framework that explains how organizations gradually respond to a combination of pressures from actors within their institutional field by converging on a set of homogeneous business practices (DiMaggio and Powell, 1983; Grewal and Dharwadkar, 2002; Zsidisin *et al.*, 2005), which become the legitimate way to organize (Meyer and Rowan, 1977; Zucker, 1987). In Section 4.2.1, we define the three types of institutional pressure that influence isomorphism or homogenous responses and identify the apparel industry's key institutional actors. Section 4.2.2 focuses on decoupling behavior before Section

4.2.3 introduces the growing body of research on institutional logics. Finally, implications for our study are summarized in Section 4.2.4.

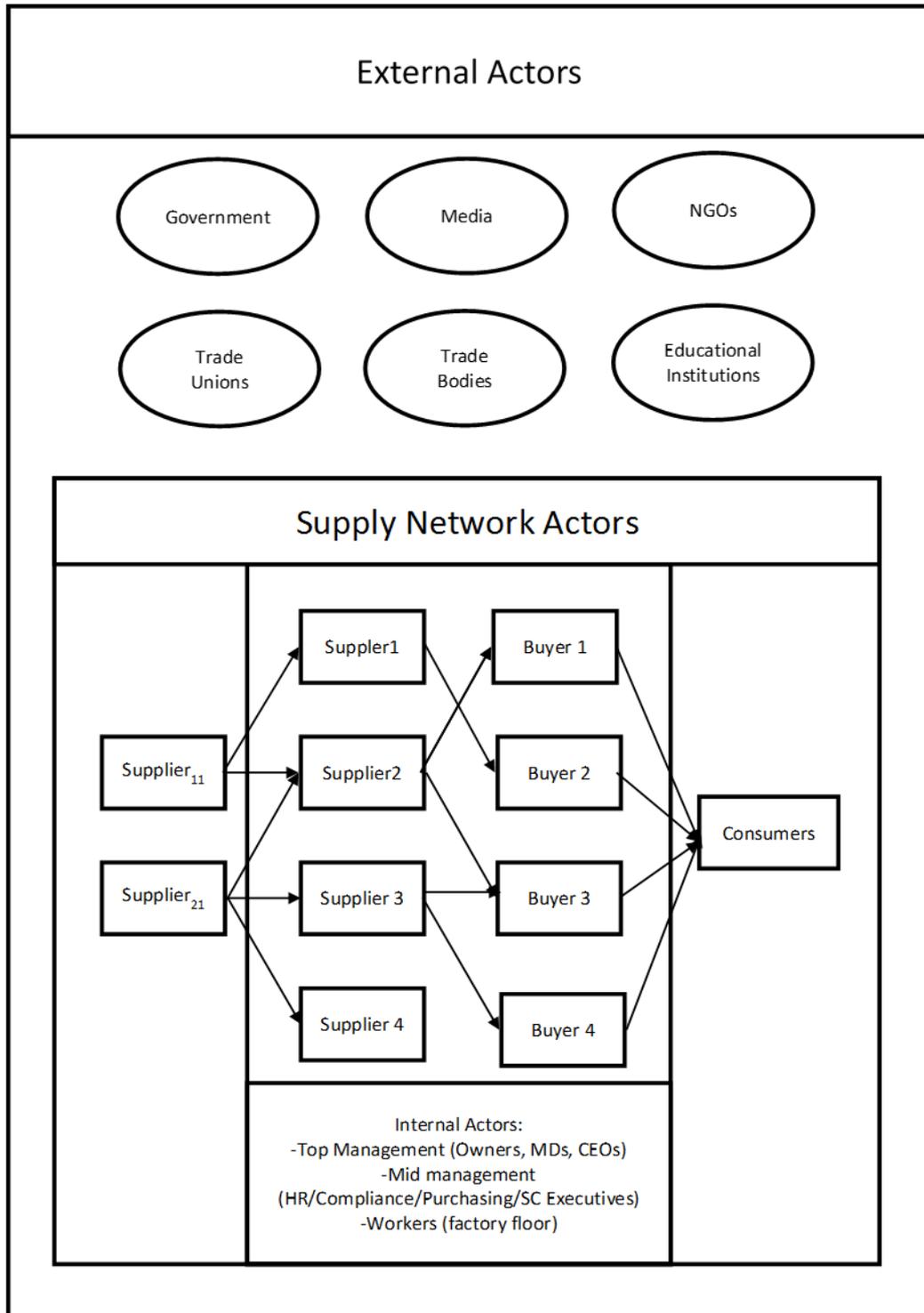
4.2.1 Institutional Pressures and Apparel Industry Actors Exerting Pressure

Isomorphism occurs through three types of pressure (Dimaggio and Powell, 1983; Grewal and Dharwadkar, 2002):

1. Coercive pressure, mainly exerted by powerful organizations within a network; it can also be cultural or societal.
2. Mimetic pressure, occurring when an organization, due to uncertainty, copies the actions of successful competitors.
3. Normative pressure, stemming from professionalization and disseminated via formal education and professional networks.

A wide range of institutional actors will influence what becomes the legitimate way to organize (Dimaggio and Powell, 1983; Eisenhardt, 1988; Hoffman, 2001; Scott, 2008). Scott (2008) argued that it is important to ascertain the institutional pressures actors exert in a given context and whether they reinforce or undermine one another. The key actors internal and external to the apparel supply network influencing the diffusion or implementation of socially sustainable practices are discussed below and summarized in Figure 1.

*Figure 1: Key Institutional Actors in the Apparel Industry
(Internal and External to the Supply Network)*



4.2.1.1 Institutional Actors within the Apparel Industry Supply Network

Buyer pressure is one of the most important factors influencing the implementation of social standards (Cox, 2004; Luken and Stares, 2005; Tencati *et al.*, 2008; Yu, 2008). When an organization is highly dependent on the constituent exerting pressure – as in the case of Bangladeshi apparel suppliers and their Western buyers – it is unlikely that the organization will resist the constituent’s demands (Oliver, 1991; Tsoi, 2010). Competition amongst suppliers can also be a major factor (Yu, 2008; Park-Poaps and Rees, 2010). This may help or hinder implementation, e.g. depending on whether social improvements are viewed as a cost or potential source of competitive advantage.

Internal actors to the focal firm can also play an important role, e.g. the attitudes of owners/managers (Baden *et al.*, 2009) and senior management (Walker and Jones, 2012). In addition, middle managers are well-placed to influence social sustainability efforts (Carter and Jennings, 2004; Delmas and Toffel, 2004; Ehrgott *et al.*, 2011). Less is known about how lower level, factory floor workers perceive and influence the process. Finally, consumers now demand that Western apparel brands ensure the social sustainability of their suppliers (Ehrgott *et al.*, 2011).

4.2.1.2 Institutional Actors External to the Supply Network

Governments can influence social conduct through regulations and laws (Lim and Phillips, 2008; Yu, 2008; Lee and Kim, 2009), but only if they are properly enforced (Delmas and Toffel, 2004; Fox, 2004). It has been suggested that, in less developed countries, there can be a tendency to bend the rules (Tsoi, 2010). Meanwhile, the media can act as a watchdog, monitoring and reporting on social failures (De Brito *et*

al., 2008; Park-Poaps and Rees, 2010). With the advancement of technology, the media is more influential than ever before.

It is suggested that NGOs play a positive role in pressurizing firms to be socially sustainable, e.g. through demonstrations and campaigns that focus public attention on particular social failures (Mamic, 2005; Tsoi, 2010; Ehergott *et al.*, 2011). Meanwhile, local and international trade unions can exercise their collective bargaining power to pressurize firms into improving conditions for workers (Lipschutz, 2004). The growth and institutionalization of professional networks is also having an effect (Hoffman, 2001; Campbell, 2007). For example, trade bodies place demands on their constituent members and educate them on social sustainability issues. Finally, educational institutions, including universities and professional training organizations help to establish norms (Dimaggio and Powell, 1983; Scott, 1987).

4.2.2 Decoupling

Some authors have found that institutional pressures do not always lead to diffusion (Bala and Venkatesh, 2007; Bhakoo and Choi, 2013). Instead, heterogeneous responses may occur, including compromise, avoidance, defiance and manipulation (Oliver, 1991). Meyer and Rowan (1977) suggested that an organization may respond to institutional pressures through superficial conformity. This decoupling point arises when adaptations to institutional pressures have uncertain efficiency consequences (Meyer and Rowan, 1977; Rogers *et al.*, 2007; Boxenbaum and Jonsson, 2008), contradict internal efficiency needs (Meyer and Rowan, 1977) or when practices do not reflect local circumstances or realities (Scott, 2008). The phenomenon of decoupling is a well-recognized organization-level response (Boxenbaum and

Jonsson, 2008), but more in-depth scrutiny is required into why firms decouple, what allows them to do so; and into the longer term implications of decoupling (Greenwood *et al.*, 2011). Meanwhile, Rogers *et al.* (2007) highlighted the need to develop an improved understanding of how to cope with decoupling phenomena.

4.2.3 Institutional Logics

Alford and Friedland (1985) were the first to coin the term institutional logics and later conceptualized it as a set of material practices and symbolic constructions that constitute an institutional order's organizing principles, which are available to organizations and individuals to elaborate (Friedland and Alford, 1991). Logics can exist at the field, organization or individual level (Greenwood *et al.*, 2011). Institutional fields typically face multiple logics that may complement, but can compete or conflict (Friedland and Alford, 1991; Thornton *et al.*, 2005; Lander *et al.*, 2013). For example, in university academic departments, the scientific logic (of open publication and pursuit of knowledge) and commercial logic (of exploiting research results) co-exist but promote different behaviors (Greenwood *et al.*, 2011). In the sustainability literature, Wu and Pagell (2011) investigated how organizations manage competing priorities between business and environmental goals. Without referring explicitly to logics, they examined how practitioners handle the strategic trade-off between short-term profitability and long-term environmental sustainability.

The literature on institutional logics suggests that institutional pressures may lead to heterogeneous rather than homogeneous responses if contending logics co-exist (Thornton and Ocasio, 2008). Hence, the presence of conflicting logics has been suggested as one explanation for decoupling (Meyer and Rowan, 1977). Indeed, Rogers *et al.* (2007) used institutional theory to research two competing views of

supplier development programs – the logics of rational efficiency and institutional symbolism – finding that decoupling occurs when there is direct conflict between the two. The literature also suggests that institutional logics can change over time, influenced by economic and social structural changes (Thornton and Ocasio, 1999). For example, certain critical events may cause a shift or de-legitimize pre-existing institutional logic structures (Thornton *et al.*, 2005), creating opportunities for the costs and benefits of institutional practices to be re-evaluated (Sine and David, 2003).

4.2.4 Implications for Socially Sustainable Practices in the Bangladeshi Apparel

Industry

We have briefly defined the three types of institutional pressures exerted in an institutional field that lead to isomorphism and the diffusion of organizational practices. We have also referred to the phenomenon of decoupling, whereby these institutional pressures do not always lead to diffusion. These are important constructs for investigating the pressures that contribute to the implementation of socially sustainable practices and understanding why the ground-level realities in suppliers may differ from audited practices. We have also referred to the construct of institutional logics, which is important to understanding how attitudes towards the implementation of socially sustainable practices are evolving over time in response to critical industry events. In the context of social sustainability, the two relevant logics are argued to be the economic and social logics. Institutional logics have been studied at the societal, field and industry level; but very little systematic attention has been paid to how individual organizations react to the multiplicity and incompatibility of logics (Greenwood *et al.*, 2011). Meanwhile, the studies by Rogers *et al.* (2007) and Wu and Pagell (2011) on competing logics/priorities used static data; and they did not

explore how logics/ priorities evolve over time. It is argued here to be important to investigate how logics interplay and evolve in buyer and supplier firms as events take place to influence the implementation of socially sustainable practices.

4.3 Methodology

4.3.1 Research Context: Apparel Sector of Bangladesh

Social conditions in the labor intensive apparel sector have been the subject of much public scrutiny (Emmelhainz and Adams, 1999; De Brito *et al.*, 2008; MacCarthy and Jayarathne, 2012). Bangladesh is one of the world's least developed countries with 31.5% of the population living in poverty on an income under \$2/day (World Bank, 2014). Yet its apparel sector is extremely financially successful. It had exports worth \$21.5 billion in 2012-13, second only to China (Mckinsey, 2011; BGMEA, 2014). In contrast, the industry's minimum wage of \$68/month is the lowest in the world (Wall Street Journal, 2013) and its social conditions have been heavily criticized. This is a rich and appropriate setting for exploring our research questions.

4.3.2 Research Design

We adopt an embedded single case study design of the Bangladeshi apparel industry (Eisenhardt, 1989; Yin, 2009). Within our single case, there are a large number of institutional actors representing embedded units. This allows us to combine organization- and industry-level analysis (Yin, 2009). The single (embedded) design is appropriate because the Bangladeshi apparel industry is a unique case that is revelatory in nature and because our study is longitudinal (Eisenhardt and Graebner, 2007; Yin, 2009). The latter offers the opportunity to observe sequential relationships

(Voss *et al.*, 2002) and the evolution of an organizational phenomenon first-hand (Pettigrew, 1990). The design also aids inductive theory building. First, a single case enables the creation of more complex theories as researchers can fit their theory to the many details of a particular case (Voss *et al.*, 2002; Yin, 2009). Second, an embedded design provides greater analytical power and can yield more robust, generalizable, and testable theory (Eisenhardt and Graebner, 2007). Finally, the longitudinal approach provides a dynamic dimension to theory building (Wacker, 1998).

In examining RQ1 – on the pressures leading to implementation and the factors causing decoupling – we link together the individual analyses of our multiple institutional actors. In doing so, the apparel industry becomes the composite unit of analysis. Few studies to date have conducted a composite analysis of a field-level effect (Kauppi, 2013). While investigating RQ2 – on evolving institutional logics – the unit of analysis is at the individual buyer and supplier organization level. Only a limited number of contributions have examined how individual organizations react to the multiplicity and incompatibility of logics (Greenwood *et al.*, 2011).

4.3.3 Data Collection

The primary mode of data collection has been interviews, supplemented by factory tours and secondary data, e.g. audit reports and news articles. Interviews were conducted in the following three phases:

- Phase I (December'11-April'12): Exploratory interviews on the motivations, barriers and enablers of social sustainability in 7 suppliers and the Bangladeshi buying houses of 2 Western retailers. This helped to focus subsequent rounds of data collection and highlighted the importance of incorporating other types of actors.

- Phase II (December'12-January'13): The Tazreen fire in November 2012 highlighted that socially sustainable practices were not being effectively implemented. This led us to focus on the pressures exerted by institutional actors and the decoupling factors (RQ1). The interview protocol from Phase I was refined to include more theory-related questions and further interviews were conducted in one supplier from Phase I plus 7 new suppliers and 5 new buyers. Interviews were also conducted in one local and one international Chamber of Commerce, an apparel trade body, two trade unions, and two NGOs. Finally, two Focus Group Discussions (FGDs) were conducted with apparel industry workers. FGD1 consisted of 12 workers from 10 different suppliers and FGD2 of 9 workers from 9 different suppliers. Their industry experience ranged from 1-16 years.
- Phase III (April'14-May'14): The Rana Plaza collapse in April 2013 provided us with a unique opportunity to study, over a period of two and a half years (2011-14), two major events highly relevant to our research. It led us to be opportunistic in terms of data collection and probe the emergent theme of evolving institutional logics (RQ2). Eisenhardt (1989) promoted this kind of controlled opportunism, especially if it leads to new theoretical insight. Four suppliers and four buyers previously interviewed at Phase I and/or Phase II were thus investigated to establish how their logics had evolved.

In total, 61 face-to-face semi-structured interviews were conducted across the majority of institutional actors identified in Section 4.2.1, as summarized in Table 1. All 14 suppliers export to Europe and North America while the 7 buyers are major North American and European brand retailers with 2013 apparel sales ranging from \$3bn to over \$20bn. Suitable interviewees were identified through personal contacts and referrals from a previous interviewee, ensuring participants were both accessible

and cooperative (Bryman and Bell, 2007; Malhotra and Birks, 2007). Time was spent building trust with the interviewees to enable ‘frank and open’ discussions, which would otherwise have been difficult given the sensitive nature of the topic. This was also aided by the first author and interviewer being a Bangladeshi native. Nonetheless, gaining access became progressively more difficult after each disaster as respondents became more reluctant to share information. The timing of our interviews in the suppliers and buyers relative to key industry events is summarized in Table 2 and will become relevant when addressing RQ2 in Section 4.5.

Company	Interviewee(s)	Size	Key Buyers/Suppliers Also Interviewed
Supplier 1*	Managing Director (MD); Executive Director; Director; HR & Compliance Manager	700 workers	Buyer 6
Supplier 2*	MD; Deputy MD (DMD); HR Manager	1,500 workers	Buyers 4 & 6
Supplier 3*	HR Manager; Compliance Manager	2,400 workers	Buyer 2 & 6
Supplier 4*	MD; COO; Compliance Manager	7,000 workers	Buyer 1, 2 & 6
Supplier 5*	Chairman; CEO; HR & Compliance Manager	1,400 workers	Buyer 1, 2, 3, 4 & 6
Supplier 6*	Director	700 workers	Buyer 4 & 5
Supplier 7*	Chairman; Director; HR Manager	3,000 workers	Buyer 5
Supplier 8*	DMD; Compliance Manager	5,000 workers	N/A
Supplier 9*	MD; Compliance Officer	1,000 workers	N/A
Supplier 10*	Head of Sustainability; Distribution Executive	17,000 workers	Buyer 1
Supplier 11*	Director	22,000 workers	Buyer 4 & 5
Supplier 12	CEO	26,700 workers	Buyer 4 & 6
Supplier 13	MD	5,200 workers	Buyer 2, 4 & 5
Supplier 14	Vice-Chairman	4,000 workers	Buyer 4 & 6
Buyer 1 (European)	Country Manager; Supply Chain Manager; Compliance Executive	>\$10 billion	Suppliers 4, 5 & 10
Buyer 2 (European)	Head of Compliance	\$5-10 billion	Suppliers 3, 4 & 5
Buyer 3 (North American)	Country Manager	\$3-5 billion	Supplier 5
Buyer 4	Logistics Manager; Sustainability	>\$20 billion	Suppliers 2, 6, 5, 11

(European)	Manager		& 12
Buyer 5 (European)	CSR Manager	>\$20 billion	Suppliers 6, 7 & 11
Buyer 6 (North American)	Sourcing Manager	>\$20 billion	Suppliers 1, 2, 3, 4, 5 & 12
Buyer 7 (European)	Corporate Sustainability Manager	\$3-5 billion	N/A
International Chamber	President	Unknown	N/A
Local Chamber	Director	426 member bodies	N/A
Apparel Trade Body	Vice President; Deputy Secretary	5,150 member factories	N/A
Trade Union 1	President; General Secretary	80,000 members	N/A
Trade Union 2	President; General Secretary; Organisational Secretary	11,000 members	N/A
Non- Government Organisation1 (NGO1)	Chairwoman; General Secretary; Operations Director	N/A	N/A
Non- Government Organisation2 (NGO2)	Manager	N/A	N/A
Worker Focus Group Discussion 1 (FGD1)	12 workers	N/A	N/A
Worker Focus Group Discussion 2 (FGD2)	9 workers	N/A	N/A

* Supplier factory site visited

Table 1: Profiles of Institutional Actors Studied

Company	Interviewee				PHASE I Pre Tazreen Fire Dec'11- Apr'12	PHASE II Post Tazreen Fire Dec'12- Jan'13	PHASE III Post Rana Plaza Apr- May'14
Supplier 1	Managing Director Executive Director HR & Director	<i>Multi-Fiber Arrangement (MFA) Expires – 1st Jan 2005</i>	<i>Spectrum Factory Collapse – 11th Apr 2005</i>	<i>Hameem Factory Fire – 14th Dec 2010</i>	✓		✓
Supplier 2	Managing Director Deputy Managing Director HR Manager				✓		✓
Supplier 3	Group HR Compliance				✓		
Supplier 4*	Managing Director Chief Operating Officer Compliance				✓		
Supplier 5	Chairman CEO HR &				✓		
Supplier 6	Director				✓		✓
Supplier 7	Chairman Director HR Manager				✓		✓
Supplier 8	Deputy Compliance						✓
Supplier 9	Managing Compliance						✓
Supplier 10*	Head of Distribution						✓
Supplier 11*	Director						✓
Supplier 12	CEO						✓
Supplier 13	MD						✓
Supplier 14	Vice-Chairman						✓
Buyer 1*	Country Manager Supply Chain Compliance			✓			
Buyer 2	Head of				✓		
Buyer 3*	Country Manager			✓	✓		
Buyer 4*	Logistics Sustainability			✓			
Buyer 5	CSR Manager			✓			
Buyer 6	Sourcing			✓	✓		
Buyer 7	Corporate			✓	✓		
Total Number of Interviewees				20	18	9	
Number of Suppliers Interviewed				7	8	4	
Number of Buyers Interviewed				2	5	4	

*Proactive early adopter of socially sustainable practices

Table 2: Timing of Interviews with Suppliers & Buyers Relative to Key Industry Events

4.3.4 Data Analysis

We have followed Miles and Huberman's (1994) analysis approach of data reduction, data display and conclusion drawing/verification. Transcripts from each case were coded and analyzed using QSR NVivo10, which helped to systematically organize the data, be reflective and transparent (Fielding and Lee, 1998; Bryman and Bell, 2007). Coding was based on the literature (e.g. institutional pressures) and derived inductively (e.g. decoupling factors). Two rounds of coding took place, as suggested by Miles and Huberman (1994). First, a descriptive, working set of codes was produced by the first author, allowing some initial themes to emerge. These were then discussed with the other authors and analyzed further to arrive at a more interpretive, second level of coding. For example, formal education was initially identified as a normative pressure leading to diffusion (level-one code 'NOR-EDU'). But as the analysis proceeded, accounts of normative pressure were seen interpretively as involving elements of education, training and awareness-building of owners, mid-management and workers. Therefore, the initial descriptive code was elaborated to distinguish between the education of workers ('NOR-EDU-WOR'), mid-management ('NOR-EDU-MNG') and owners ('NOR-EDU-OWN').

A key aspect of qualitative data analysis is removing doubt surrounding the reliability and validity of qualitatively-produced findings (Miles and Huberman, 1994). Hence, multiple steps have been undertaken to ensure reliability and validity, including data triangulation via site visits, document analysis and multiple interviews (Stake, 1995; Bryman, 2008; Yin, 2009). But it is important to be aware of potential biases when analyzing qualitative data. For example, since the Phase II & III interviews took place after critical events, there is the chance that interviewees gave 'knee-jerk' reactions, leading to biased data through retrospective sense-making by

image-conscious informants. But the risk of this is minimized as our data is from a range of highly knowledgeable institutional actors that viewed the focal phenomena from different perspectives (Eisenhardt and Graebner, 2007).

4.4 Findings: Pressures and Decoupling (RQ1)

4.4.1 Institutional Pressures Influencing Implementation of Socially Sustainable Practices

Here, we present our findings on the key institutional pressures influencing the implementation of socially sustainable practices based on data collected in phases I and II of the research. The discussion includes illustrative quotes from the interviews while further evidence is provided in tables 3-5. Institutional barriers to implementation particular to an emerging economy like Bangladesh are also highlighted.

4.4.1.1 Coercive Pressures (and Institutional Barriers)

The most significant coercive pressure is imposed by buyers who make reaching certain social standards an order qualifier for suppliers (Table 3, Row A). Most suppliers conceded that proactive social reform is rare and that improvements typically only occur due to buyer pressure. Coercive pressure on suppliers from other institutional actors, including the government, is less prominent and often ineffective. Although government officials inspect factories, it has been alleged they are often corrupt (Table 3, Row B). For example, Supplier 1's Compliance Manager recounted: "The government labor agency comes to audit every 6 months, but mainly they come for money. They see violations, but if you bribe them, they go away." While many

interviewees suggested the country's labor laws are reasonably strict, buyers take on responsibility for implementation because laws are not enforced. Meanwhile, workers from FGD1 claimed government policy is biased towards factory owners. Similarly, Trade Union 1's President explained: "Two thirds of parliament members are business people – they look after their own interests [rather than the welfare of workers]." Buyers exert the main coercive pressure and they themselves are influenced by Western consumers and the international media (Table 3, Row C & Row D). Unlike the international media, FGD1 workers claimed the Bangladeshi media is passive and "bought" by factory owners.

Trade unions are a further key institutional actor at the interface between workers, suppliers and buyers. Unionists played up their role and played down the role of buyers. Trade Union 2's President explained: "buyers have made a contribution, but they are not doing it willingly. These are the same buyers who have procured from Bangladesh for the last 20 years... they were forced to [improve social standards] when we started to disseminate the news [about poor standards] to international rights activist groups." When the focus groups were conducted, workers were required to obtain factory-owner permission before forming a factory-level union. Some workers disclosed that they had faced intimidation, lost their job or been forced to resign when they asked about unionization. None of the fourteen suppliers had an internal trade union but claimed this is because unions become 'politicized' (Table 3, Row E). Rather than looking after workers' welfare, buyers and suppliers claimed union leaders call unnecessary strikes and hold owners to ransom.

Most NGO pressure is normative (see Subsection 4.4.1.3), but the training and awareness they give to workers also contributes to coercive pressure on owners from within their factories (Table 3, Row F and Row G). Workers have some limited

bargaining power, even without unionization, because of a skilled labor shortage. This, combined with the education provided by NGOs, helps workers coerce factory owners into raising social standards. Meanwhile, similar to trade unions, suppliers claimed NGOs have hidden agendas and try to incite worker unrest for their own financial gain (Table 3, Row F). Supplier 3's HR Manager stated: "An NGO is blackmailing us for money, or else they will cause worker disturbance in our factory... They work for their own interests – if the factory shuts down, the workers are the losers". Yet, NGO1's Operations Director described how they are working with some buyers and suppliers – including Buyer 4 & Supplier 10 – to promote social sustainability, but admitted: "it has taken a lot of time and effort to build trust". Buyer 1's Compliance Executive also gave examples of working successively with NGOs to implement social sustainability programs, e.g. training disabled people and finding them employment in Buyer 1's suppliers, including Supplier 4.

Finally, there is coercive pressure from a Bangladeshi Apparel Trade Body (Table 3, Row H), which checks on issues like child labor and fire safety. Action is taken against non-compliant factories, with gross violations leading to loss of membership. But the Local Chamber of Commerce's Director noted that the trade body's surveillance resources are stretched due to the sector's size: 5,700 factories, including 3,000 members. Some actors were unenthusiastic about the trade body, viewing it as a powerful organization compromising on worker welfare to serve its fee-paying members' interests: the factory owners (Table 3, Row H).

4.4.1.2 Mimetic Pressures (and Institutional Barriers)

The most prominent mimetic pressures are on suppliers and relate to competition. Suppliers copy rival firms to compete for: (i) orders from buyers (Table 4, Row A);

and, (ii) the limited skilled labor force (Table 4, Row B). The Apparel Trade Body's Vice President explained: "The first competitive pressure is the fear of losing orders, and second is losing workers to neighboring factories ... The industry has a high rate of migration, exacerbated by the shortage in workers ... workers move because they get higher salaries and better facilities in a more socially compliant factory." But there is also negative pressure from poorly performing suppliers on compliant factories in a bid to avoid worker migration (Table 4, Row B). NGO1's Operations Director – who collaborated with Supplier 10 to implement a profit-sharing scheme for workers – explained: "Sometimes, a factory that wants to improve standards faces resistance from their less compliant neighbors who pressurize the proactive supplier not to give benefits since, if his neighbor implements such practices, then he will be forced to do the same."

4.4.1.3 Normative Pressures (and Institutional Barriers)

The level of education and awareness in the institutional field varies according to factors like age and hierarchical position, and this contributes to shaping attitudes towards social sustainability. Most Bangladeshi factories are family-run, where the first generation of owners had a low level of education. A second generation is now emerging with a higher level of education, often from international universities, and a different outlook towards social sustainability (Table 5, Row A). Trade Union 1's General Secretary explained: "The older businessmen don't want to give social benefits. But I have noticed that more educated businessmen are coming into the industry, and they are more willing to provide facilities."

Most mid-level managers in the suppliers have had no specialized education and learn through experience (Table 5, Row B). Hence, their attitude is often similar to that of the first-generation owners (Table 5, Row B). The education level is generally higher in the buyers interviewed, including among mid-level managers who receive internal training, either from the regional office, head office or from external consultants (Table 5, Row B).

At lower hierarchical levels, education is from NGOs who make workers aware of labor laws, health & safety protocols, and how to undertake collective bargaining (Table 5, Row C). Indeed, the workers from FGD1 and FGD2 admitted to being previously unaware of their rights. Some of the larger pioneering suppliers – like Supplier 10 – do now have separate departments that conduct worker orientation programs. But, according to FGD2 workers, this educates them on issues that are in the supplier's interest, e.g. minimum notice period, and not on, e.g. severance pay rights (Table 5, Row C).

Finally, the Apparel Trade Body serves to propagate normative rules about social sustainability (Table 5, Row D). It has a social compliance department and has collaborated with numerous buyers – including Buyer 4 and Buyer 6 – to make and distribute educational films for workers and management on fire safety. This initiative started before the Tazreen fire and was commended by workers, NGOs, suppliers and buyers alike.

Institutional Actor Exerting Pressure and/or Creating Barriers		Illustrative Quotes from Interviews
A. Buyers	Coercive Pressure	<ul style="list-style-type: none"> • The main pressure was from the buyers or else it never would have happened. The labor laws are there but not strictly implemented and you could circumvent them. (Supplier 1, MD) • I think it was forced by the buyers or else social compliance wouldn't have happened. Proactive social responsibility [by suppliers] is very negligible. (Supplier 1, Compliance Manager) • The [factory] owners are bothered only when there is pressure on them from the buyers. (Local Chamber of Commerce, President) • The government enforcement of law should be more. If the buyers' were not enforcing it, then no one would have adhered to the social standards. (Buyer 1, Compliance manager) • I believe it is because of pressure from the buyers. Proactiveness on the part of the suppliers is very rare. (Buyer 2, Compliance Manager) • The buyer is pressurizing the suppliers to follow the labor laws, but sometimes the suppliers violate these, for example by doing more overtime due to delivery pressure and tight lead times. (FGD1, Workers)
B. Government	Institutional Barriers	<p><u>Corruption & Lack of Enforcement by Government:</u></p> <ul style="list-style-type: none"> • The government does not know anything about this [social sustainability]. The role of the government is zero. (Supplier 11, Director) • I have seen many years ago with my own eyes that a government factory inspector came for an audit in a factory and he could have shut it down. But after getting a nominal bribe he filled up the sheet himself and went away happy. (Buyer 1, HR Manager) • The government is not enforcing the laws properly. (Buyer 7, Corporate Sustainability Manager) • If it is left to the government to implement social standards, it will never happen. (Supplier 5, HR Manager) • If the government enforced these laws strictly, then the buyers and the trade unions have no reason to get involved. The labor law in our country is very good. If only 70% of the law is implemented then we will not have these problems. (Trade Union 1, General Secretary)
C. Consumers	Coercive Pressure	<ul style="list-style-type: none"> • The buyers were forced by the Western consumers. When the consumers saw the bad conditions of Bangladeshi suppliers in the media, they got upset and went to picket in front of the stores. The buyers were very sensitive of their image and they decided that they could not afford this. So they in turn had to employ people, formed the compliance guidelines, transmitted the guidelines and implemented them. (Supplier 9, MD) • At the moment, the buyers have a great responsibility. They are being pressured by their consumers and [Western] government to give orders to only those factories that are socially compliant in terms of fire safety, health & safety, etc. (Apparel Trade Body, Vice-President) • ... the main pressure on them [buyers] to source responsibly came from the consumers, who are forcing the Western buyers to be accountable to them. The buyers are mainly doing this to uphold their goodwill and image. (Trade Union 2, President)
D. Media	Coercive Pressure	<ul style="list-style-type: none"> • The eyes of the world are on Bangladesh's garments sector as we [Bangladesh] are exporting more than \$20 billion worth of garments per year. We are pressurized by buyers [to improve] and they are pressured by the media [who influence public/customer perceptions]. (Supplier 2, DMD) • The buyer is concerned about reputational damage ... the media has highlighted the fact that how could Tazreen [the supplier] get orders from

		<p>buyers such as Wal-Mart even though they did not have many of the social compliance standards. As a result, Western consumers are more aware and they are demanding that buyers adhere to adequate social standards. They in turn are pressurizing us. (Supplier 7, Human Resource Manager)</p> <ul style="list-style-type: none"> • The buyers were under pressure from Western consumer groups, NGOs and the media regarding safety and security aspects of the workers and factories. This has now become a part of the norm of doing business. (Local Chamber of Commerce, President)
E. Trade Unions	Coercive Pressure	<ul style="list-style-type: none"> • The owners [suppliers] did not usually listen to our demands unless and until we forced them through movements. (Trade Union 1, General Secretary) • The pressure is more now because the buyers are feeling the heat from the Western labor organizations who are more vocal. (Supplier 12, CEO)
	Institutional Barriers	<p><u>Politicization of Trade Unions:</u></p> <ul style="list-style-type: none"> • The trade unions are used here for political gains and not for the betterment of the workers. (Buyer 3, Country Manager)
F. NGOs/Rights groups	Coercive Pressure	<ul style="list-style-type: none"> • The main problem is that workers don't know about their rights. We try to build their awareness. We form groups, try to motivate them and train them. We give them legal support and also negotiate with suppliers on their behalf. The donors give us funding. But they give only a small proportion for workers' rights, but they will give 20 times more to ... [the Apparel Trade Body] for skill development. (NGO1, General Secretary) • The NGOs are playing the main role in building awareness about social issues. (Local Chamber of Commerce, Director) • I believe that the NGOs have a positive role. They are creating the awareness and also providing training. (Buyer 2, Compliance Head) • We are working with an NGO to improve the healthcare of workers, thereby increasing the productivity of the suppliers. The NGO trains the workers, who are called peer educators, who in turn teach other workers about proper healthcare. (Buyer 7, Corporate Sustainability Manager)
	Institutional Barriers	<p><u>Negative Role and Distrust of NGOs:</u></p> <ul style="list-style-type: none"> • If my factory closes down now, 1500 workers will be out of a job. It will take at least 2 months for these workers to find jobs. (Supplier 2, DMD) • They [the NGOs] want to show that the owners are cheating the workers out of their rights and, if they can expose these, then they get more funds from abroad. (Supplier 7, Director) • The NGOs are very active in terms of instigating the workers. Overall, they have a negative role. (Supplier 8, Compliance Manager) • The NGOs did not play a part in compliance at all. I have not seen the NGOs play a major role in Bangladesh. Their ultimate motive is debatable. (Supplier 9, MD) • Till now, I have not seen a positive role for the NGOs. Their main goal is to take benefits from the suppliers, by filing cases against them. (Supplier 11, Director)
G. Workers	Coercive Pressure	<ul style="list-style-type: none"> • Five years ago, the workers didn't even know what is basic salary or overtime. Now they know everything. (Supplier 2, DMD) • The interesting part is that the workers nowadays are more aware of their rights. (Supplier 7, Director) • If we see that a neighboring factory is giving more benefits, we ask management to provide us with similar facilities. (FGD1, Workers)

H. Professional Trade bodies/ associations	Coercive Pressure	<ul style="list-style-type: none"> • [The Apparel Trade Body] plays a vital role here. It has brought the smaller non-compliant factories within a framework. There is a minimum compliance requirement that members have to adhere to. (Supplier 11, Director) • We are telling the buyers to be stricter. If the factory is not socially compliant, then they should not continue with them. We are now asking the buyers to go beyond usual compliance issues and check, for example, if the electrical wiring is OK or not. (Apparel Trade Body, Vice-President)
	Institutional Barriers	<p><u>Powerful Trade Bodies Driven by Self-interest:</u></p> <ul style="list-style-type: none"> • Honestly speaking, [the Apparel Trade Body] is the agent of the industry owners. They always look for the owners' benefit and care very little for the workers. I don't think they make enough contribution to the welfare of the workers. They could have compelled the suppliers for training and awareness-building. (Supplier 8, Administration & Compliance Manager) • In my mind, [the Apparel Trade Body] is the biggest hindrance sometimes. They are the ones who fight against the minimum wage all the time. (Buyer 3, Country Manager) • The role of the ... [Apparel Trade Body] is two-faced. When they talk to the media, they care about the workers. But when they go to the government for negotiations [about the minimum wage], their main objective is to give less to the workers. (Trade Union 1, General Secretary) • These trade bodies are very powerful and when we try to change the laws [to benefit the workers], these bodies influence the government in their favor. They have a control over the government. (Trade Union 1, President) • [The Apparel Trade Body] is more powerful than the government and they look after their own interests. (Trade Union 2, President)

Table 3: Further Evidence of Coercive Pressures and Related Institutional Barriers to the Implementation of Socially Sustainable Practices

Institutional Actor Exerting Pressure and/or Creating Barriers		Illustrative Quotes from Interviews
A. Competitors (and Competition for Orders)	Mimetic Pressure	<ul style="list-style-type: none"> • ... if a compliant supplier gets a good buyer, then the neighboring factory wants the same. That actually pushed a lot of suppliers into being compliant. (Supplier 9, MD) • There is a competitive pressure working. The first competitive pressure is the fear of losing orders. (Apparel Trade Body, Vice President)
B. Workers (and Competition for Workers)	Mimetic Pressure	<ul style="list-style-type: none"> • The market has changed tremendously in the last five years. Five years ago, there was an abundance of garments workers, but now there has been a massive increase in the number of factories. The social compliance issues are not something only from the buyers' side now. It is also a competitive pressure as other factories are doing them. If a factory now does not pay the workers a proper salary or give them the benefits that they are entitled to, then it will not get any workers as the demand for workers far exceeds the supply. (Supplier 2, DMD) • ... certainly, there is a competitive pressure between suppliers as there is a shortage of workers. (Trade Union1, President) • The better factories are providing better social conditions for workers. Why now would workers work in an unsafe factory giving them less wages and poorer working conditions, when there is a 30% shortfall of workers in the industry? Workers are now trying to find work in more socially compliant factories. So if a supplier provides better social standards, then they will automatically be able to attract and retain workers. (Buyer 5, CSR Manager)
	Institutional Barriers	<p><u>Negative Pressure on Proactive Suppliers from Competitors to be less Socially Sustainable:</u></p> <ul style="list-style-type: none"> • We don't want to do more than what the law requires [in terms of social compliance]. If we start doing more than our neighbors then it causes other disturbances. (Supplier 4, MD) • When we shared 5% of the profit with the workers, there were some problems with other suppliers who did not want us to do this. So we had to change its name to a lump-sum 'gift' from management to the workers. (Supplier 10, Head of Sustainability) • [Supplier 10] gives the most facilities to the workers in their area. As a result, they are getting good, skilled workers. They can choose the workers they want, while the other factories cannot get workers. Now their neighboring factories have become angry with them and are trying to create unrest in [Supplier 10]. (Trade Union1, General Secretary)

Table 4: Further Evidence of Mimetic Pressures and Related Institutional Barriers to the Implementation of Socially Sustainable Practices

Institutional Actor Exerting Pressure and/or Creating Barriers		Illustrative Quotes from Interviews	
Education, training and awareness building of:	A. Owners	Normative Pressure	<ul style="list-style-type: none"> • The owner’s educational background, international exposure and willingness plays a part. (Supplier 7, HR Manager) • The realization of the owners and their education level matters. (Buyer 7, Compliance Manager) • The education of owners makes a difference. (Local Chamber of Commerce, Director)
		Institutional Barriers	<p><u>Poor Education Level of First Generation Entrepreneurs:</u></p> <ul style="list-style-type: none"> • In this sector, very few people were well educated. But the second generation of entrepreneurs are better educated and many have gone abroad to get a Western education, which has played a role in taking their thinking forward. (Buyer 3, Country Manager).
	B. Mid-Management	Normative Pressure	<ul style="list-style-type: none"> • I have learned on the job. (Supplier 9, Compliance Officer) • Our compliance team goes to the UK head office or the India regional office to get training. Sometimes, people come from abroad to train them also. (Buyer 1, Supply Chain Manager) • We have frequent training from external consultants. (Buyer 4, Logistics Manager) • We have internal training in our headquarters four or five times a year. (Buyer 5, CSR Manager) • Our ethical sourcing department gives training to the floor supervisors and compliance officers. This includes fire safety and labor laws. (Buyer 6, Sourcing Manager)
		Institutional Barriers	<p><u>Poor Level of Formal Education of Mid-Level Managers:</u></p> <ul style="list-style-type: none"> • There is a lot of scope here for capacity building [of HR/Compliance personnel]. (Local Chamber of Commerce, Director) • Supervisors treat workers in the same way they have always been treated. They are not being made aware in order to change their mind-set. They have never even heard of Human Resource Management. (Trade Union 1, President) • There are two kinds of mid-management. One group has risen from the ranks. They have been unable to change themselves for the better. But in terms of HR or compliance managers, there are some educated people who are coming into the profession, but they don’t have labor-related education. They learn on the job. They should undertake some training regarding these issues. (Trade Union 2, President)
	C. Workers	Normative Pressure	<ul style="list-style-type: none"> • We have all received training from NGOs. We were told about our rights, which we didn’t know before. No one else educated us about our rights. (FGD1, Workers) • We train the workers on their rights, labor laws, health & safety, and build up general awareness. We are trying to build female leadership in the industry. We give them training on their responsibilities, which other NGOs don’t do – they mostly concentrate on the laws. (NGO1, Operations Director) • The owners are now giving us more of our rights because now they know that we are more aware. (FGD2, Workers)

		Institutional Barriers	<p><u>Lack of Training from Suppliers:</u></p> <ul style="list-style-type: none"> • In reality, the factories [suppliers] don't teach the workers about their rights. They give them some training on safety. (NGO1, General Secretary) • They [factory owners] will only inform us of things that are in their interests. (FGD2, Workers)
D. Professional Trade bodies/associations		Normative Pressure	<ul style="list-style-type: none"> • Our job is to develop the factories so that they can fulfil all their social responsibilities and give the workers' their due rights. (The Apparel Trade Body, Vice President) • Initially, [the Apparel Trade Body] had consultants who helped me understand compliance. From time to time, they arrange training for us. (Supplier 2, HR Manager) • The [Apparel Trade Body] gives training sessions. I have attended some of them. But this is in collaboration with the buyers. We were given some materials and posters, which we have shared in our factory to build awareness. (Supplier 7, HR Manager) • The compliance of the members becomes a responsibility of the ... [Apparel Trade Body]. (Supplier 9, MD) • The [Apparel Trade Body] is trying. They have a fire cell and a safety cell. They have a positive attitude to improving social conditions in the suppliers. (Buyer 7, Corporate Sustainability Manager)

Table 5: Further Evidence of Normative Pressures and Related Institutional Barriers to the Implementation of Socially Sustainable Practices

4.4.2 Decoupling Formal Compliance from Ground-Level Organizational Practices

4.4.2.1 Mock Compliance by Suppliers

The codes of conduct and third-party certifications buyers use to implement social standards in their supply chains mainly relate to employee wages & benefits, child & forced labor, workplace harassment, and working hours & conditions. Audits against these standards are usually scheduled but can be surprise visits. Our data includes instances where suppliers appear to adopt compliant practices but these are not routinely implemented on a daily basis. This ‘mock compliance’ behavior (Table 6, Row A) includes:

- Hiding violations: For example, maintaining multiple timesheets to hide working-hour violations. Fake, compliant timesheets are shown to inspectors while genuine timesheets are used by payroll. Suppliers claimed they cannot simultaneously limit overtime and meet tight lead times. They also claimed adhering to overtime limits would contribute to worker migration. Supplier 7’s Director explained: “when I capped overtime, I lost 20 to 30% of my workers [to competitors who were allowing more overtime so workers could increase their earnings]. So we made a deal with the workers: you can do more overtime but, when the buyer comes, you cannot tell them you do more than 2 hours.”
- Short term, superficial conformance: For example, complying for audit-day only. This includes only opening the required childcare center, having doctors on site, and supplying safety equipment & uniforms on audit day. Some buyers attempt surprise audits to stop this practice, but Trade Union 2’s President explained:

“suppliers bribe the auditor’s driver. The driver is instructed by the supplier to inform them when the auditors are coming for surprise visits. The corruption has reached such a level!”

- More blatant cheating: For example, suppliers taking auditors to their fully compliant factories before spreading orders over their other, non-compliant factories where they can produce more cheaply. Meanwhile, several suppliers and both FGDs referred to owners taking advantage of poorly educated workers, depriving them of their severance pay and maternity leave rights.

4.4.2.2 Buyer Complicity in Mock Compliance

Some interviewees suggested buyers are in fact complicit in mock compliance (Table 6, Row B). One example concerns working-hour violations, with suppliers claiming buyers ‘turn a blind-eye’. The Human Resource Managers of Suppliers 1 & 2 alleged some auditors are aware – but ignore – the fact that most Bangladeshi factories are open on Fridays despite it being a holiday. Indeed, interviewees from Buyers 2, 4 & 5 acknowledged knowing about working-hour violations. They claimed such violations cannot be completely eliminated and that it is better to work with suppliers on these issues than to penalize them, as the latter only leads to violations being hidden. Another example concerns cotton from Uzbekistan (Table 6, Row B). This cotton is banned due to the alleged use of children and convicts to pick the cotton, but it was claimed buyers are aware it is still being used.

4.4.2.3 The Dark Side of the Supply Chain

In our interviews, it was claimed intermediaries – that sometimes procure on a buyer’s behalf – contribute to decoupling as they often source from cheaper, non-compliant

suppliers to increase their profit share. Meanwhile, Supplier 7's Director disclosed why he subcontracts to non-compliant factories: "Sometimes, we get greedy and take on more orders than our capacity. We then have to outsource to less compliant factories who have lower overhead costs ... Some factories – by subcontracting work to other, smaller factories – keep their hands clean but dirty those of others." This is the darker side of the supply chain, where there is poor visibility and information asymmetry (Table 6, Row C).

Many buyers are aware that social sustainability needs diffusing further upstream. But the focus of audits is often exclusively on the immediate supplier. Those that have tried to evaluate tier-two suppliers have been obstructed. Indeed, Supplier 3's Human Resource Manager admitted: "we don't want them to go and check the compliance of our suppliers [second tier] as it will create extra complications."

4.4.2.4 Cultural & Socio-Economic Disparity with Western Standards

Codes of conduct are typically based on Western experiences and do not reflect the cultural and socio-economic environment of a developing country like Bangladesh (Table 6, Row D). This contributes to the decoupling phenomenon and results, for example, in audit-day charades involving the use of childcare centers, which are not culturally accepted; and in falsifying timesheets so suppliers can provide workers with higher rate overtime. But while it has been alleged buyers have ignored 'minor' violations, they will not compromise on child labor. This is undeniably the right course of action when examining the apparel industry in isolation, but the issue is more complex when Bangladesh is considered as a whole. Our data suggests child labor has been displaced from garment factories to other, less regulated and more

hazardous industries like construction. Supplier 2's Managing Director stated: "There is child labor in almost all other industries in Bangladesh. The children were not doing hard labor in garment factories, but now it has been banned, they are going into more dangerous professions, which are not monitored." Without a coordinated response – which is likely to require government involvement – it is questionable whether this aspect of a code of conduct actually reduces child exploitation. It has been alleged, however, that the government provides little support to social sustainability initiatives, perhaps due to its limited resources for law enforcement.

Decoupling Factors	Illustrative Quotes from Interviews
<p>A. Mock Compliance by Suppliers</p>	<ul style="list-style-type: none"> • Buyer XYZ [a major multinational retailer] only allows 8-hour shifts with 2 hours overtime per day. But it is not possible to conform to this standard in the peak season and workers want more overtime as they get double the basic rate. If we only gave the workers 48 hours of overtime per month, they would leave and go elsewhere. (Supplier 2, DMD) • We are working on Fridays though it is a weekly holiday according to the country law. Since we cannot show this to the buyers, we have to keep two sets of documents [timesheets]. (Supplier 3, HR Manager) • Before the audit they [factory owners] train us to say that we are doing only 2 hours of overtime, but in reality we are doing more. We go along with this, since it is economically beneficial to us. (FGD1, Workers) • They teach the workers the answers they want them to give to the auditors. For example, even if they are not getting the weekly holiday, they are taught to say that they are. (FGD1, Workers) • Before the audit, everything is made ‘tip-top’. When the buyer comes for audit, they [the supplier factory owners] phone us and ask us to bring our children in [to the child care centre]. We have to comply as we don’t want to lose our job. (FGD2, Workers) • Yes, we have a child care centre, but we actually don’t look after any babies. We ask the workers to bring in their babies on the day of the audit. (Supplier 9, Compliance Officer) • The doctor is only present when there is an audit but at other times he is not here. (Supplier 1, Compliance Manager) • We do a lot of things just for show. For example, only if there is an announced audit do we tell the workers responsible for firefighting and first aid to wear their uniforms and proper safety gear. (Supplier 8, Compliance Manager) • Since most workers are uneducated, they don’t even know what the figures say, we take advantage of that...for example, in the case of maternity leave and earned leave, we give them less than what they are entitled to...The buyers don’t go into too much depth and when we are cheating we make sure that we do a good job of it. (Supplier 2, HR Manager) • There are some large suppliers who might have 10 factories out of which only 2 are fully compliant. When the buyers come for audit, they take them to these [compliant] factories, but spread the work over the other 8 non-compliant factories. (Supplier 7, Director)
<p>B. Buyer Complicity in Mock Compliance</p>	<ul style="list-style-type: none"> • Some buyers don’t allow the factory to be open on Fridays, which is a public holiday. But the auditors who are living in this country know that most of the factories are open on Fridays, but they don’t say anything. They turn a blind eye and give excuses like lack of evidence. (Supplier 1, Compliance Manager) • Some customers, like ... [Buyer 4] understand the issue with overtime and do not ask to see how much overtime workers have done. They just check whether or not workers have been paid fairly for their hours and were not forced to work. If, at the end of the year, they think you have done too much overtime, they will ask you to cut back but they won’t fail the factory ... But ... [Buyer 6’s] audits are carried out by third-party auditors who are not very understanding of this dilemma. So, we have to maintain two sets of records. The buyer and auditors are well aware of this but they choose to ignore it. (Supplier 2, DMD) • Working-hour violations are the common violation of Bangladeshi suppliers. Because of tight delivery pressure, almost all factories in Bangladesh need to work more overtime than the limit specified. The buyers and third party auditors are aware of this. (Supplier 4, Compliance Manager) • The suppliers are falsifying documents. (Buyer 2, Head of Compliance) • It is a well-known fact that the suppliers will run the factory more than the buyer stipulated hours as they need to do it to meet delivery targets. Some buyers overlook these violations by saying that as long as you provide me with documentary evidence, I don’t care. But in fact they are teaching the suppliers to cheat. We, on the other hand, encourage the supplier to give us the real overtime figures and we see if this is within a tolerance level and if the workers are paid their dues.

	<p>(Buyer 5, CSR Manager)</p> <ul style="list-style-type: none"> • The reality is that the workers are paid very little ... It is also not realistic that the supplier will run his factory for only 60 hours in a 6 day week [8 hours/day, 6 days/week plus 2 hours overtime/day] because of delivery pressure. That is why we tell our suppliers that if you do overtime above the legal limit, then be transparent about it and pay the workers on time. (Buyer 7, Corporate Sustainability Responsibility Manager) • At the end of the year, they [buyers] ask for documents from me certifying I did not use Uzbek cotton. Of course, all the cotton that I am buying is not Uzbek, I buy Pakistani, Chinese, Indian and Brazilian as well. So I show them those documents ... they know that this is going on. (Supplier 2, DMD)
<p>C. The Dark Side of the Supply Chain</p>	<ul style="list-style-type: none"> • There are many discrepancies in the buying agents' [intermediaries] monitoring of social compliance standards. (Local Chamber of Commerce, Director) • We subcontract to other factories, but we don't ensure their compliance. We deal with a buying agent and not the direct buyer. The buying agent knows about this, but the auditor and main buyer does not. (Supplier 1, Compliance Manager) • The suppliers are taking on more orders than their capacity and then subcontracting the work to less compliant factories. We had a supplier who subcontracted to a sweatshop without telling us. This was exposed in the mainstream international media. (Buyer 5, CSR Manager) • There are 400 to 500 suppliers in the industry who are fully compliant... They are the ones who are mainly getting orders. But the key problem is that they are subcontracting this work out to other non-compliant factories. (Foreign Chamber of Commerce, President) • In the true sense, we cannot ensure the compliance of our suppliers. (Supplier 5, HR Manager)
<p>D. Cultural & Socio-Economic Disparity with Western Standards</p>	<ul style="list-style-type: none"> • Some of the conditions that buyers force on us through their codes are not culturally compatible. In our country, when the mother comes to work she will not bring her child with her, rather she will prefer leaving the child with her relatives. So this big room in the factory is not being utilized and the space is wasted. (Supplier 1, Managing Director). • The buyers have to understand our country and its culture. Just because you have a guideline and you could implement it in the West, you can't force us to replicate the same model here. The concept of a child care centre in Bangladesh is unheard of. I have a proper facility where the workers are welcome to bring their children but it is always empty. It is an extra cost but it is not being utilized. The buyers have to see the ground reality and understand our society. (Supplier 2, DMD) • The social norms in Bangladesh are different from Western norms. If we try to impose one on the other, it will not work. It is a very complex issue. (Buyer 5, CSR Manager) • The owners say that a worker does overtime when he [or she] is not able to meet his [or her] needs [financially]. The owners' give this excuse, but if they could meet their needs by working 8 hours, why would they want to work more? The workers in Bangladesh are treated as cheap labor and not respected. (Trade Union 1, President) • The child labor issue is a very delicate issue and I have grappled with it for a long time. To this day, I don't have a real answer. If you allow the children to work today, their children will also end up working. So, you need to build a society where this has to stop somewhere. And this is something in which we would like the Government to play a role - somehow schooling has to happen. (Buyer 3, Country Manager) • The government is under-resourced, especially the labour inspection facilities. The enforcement of social standards is not really the buyer's job. The buyer is having to take up the responsibility of implementation since the government is not enforcing the laws properly. (Buyer 7, Corporate Sustainability Manager) • The Chief Inspector of Factories is responsible for implementing the labor law, but all over Bangladesh he has only 44 inspectors. (Trade Union 2, President)

Table 6: Further Evidence of Factors Leading to Decoupling in the Apparel Industry in Bangladesh

4.5 Findings: Evolving Buyer & Supplier Logics with Industry Events (RQ2)

Implementing social sustainability in the Bangladeshi apparel sector involves attempting to elevate the social logic – and the need to improve social standards – in factories where decision making has been dictated by the economic logic of maximizing profits. Historically, the economic logic has dominated to such a degree that it has been to the detriment of social conditions. The two logics were seen by factory owners as being in conflict, i.e. improving social standards increases costs and reduces profits. Meanwhile, buyers were unprepared to share in the implementation costs, arguing it is a supplier's responsibility to reach certain minimum standards. This tension has contributed to the decoupling phenomenon earlier described. For example, mock compliance reduces implementation costs and allows more output to be produced using overtime. By overlooking minor violations, buyers receive products on time at minimal unit cost. But there is some evidence in our longitudinal data that the balance between these two logics is changing; and that they do not have to be in conflict. We now focus on the evolution of these two logics in the suppliers and buyers interviewed using historical sequencing of critical industry events using data from all three phases of the work (see Table 2). This leads to six propositions on the implementation of social sustainability.

4.5.1 The Multi-Fiber Arrangement (MFA) Period (1974-2005)

Bangladesh's export-oriented apparel industry emerged after the 1974 Multi-Fiber Arrangement (MFA), which set quotas on exports from low-cost, newly industrialized countries to protect apparel manufacturers in the U.S. and Europe (Kabeer and Mahmud, 2004). Bangladesh was initially outside this arrangement; hence, it grew rapidly, using an abundance of cheap labor (Huffington Post, 2013b). Its growth

meant quota restrictions were extended to Bangladesh in 1985 (Krishna and Tan, 1998). The Bangladeshi government allocated the export quota proportionally to suppliers around the country. The primary motive of buyers was to get the best price from suppliers who held a quota. Trade Union 1's President stated: "buyers came because they got cheap prices... They were never bothered about social issues or labor standards". The social logic was virtually non-existent.

The buyers' social logic began to grow in the 1990s following the Wal-Mart and Nike scandals, leading to the introduction of social codes of conduct and audits. But although a social logic started to emerge, it was not prominent and buyers were bound by the quota system. Buyer 4's Logistics Manager conceded: "The buyers bought from the supplier who had the quota irrespective of their social standards." The quota system undermined any coercive pressure the buyers could exert on suppliers who did not take codes of conduct seriously and made very large profits. Buyer 4's Logistics Manager stated: "While there was a quota system, owners were not willing to accept what buyers were telling them". Workers from both focus groups disclosed that, even into the early 2000s, they received nothing like the social benefits they do today.

4.5.2 Post MFA to Pre-Tazreen fire (2005-November 2012)

From 2005, buyers were no longer bound by the quota system. A number of major industry disasters also followed, including the Spectrum factory collapse, killing 64 people (April 2005) and the Hameem Group factory fire, killing 29 people (December 2010). These tragic events intensified pressure on buyers who were in turn able to exert greater coercive pressure on suppliers to improve conditions now the quota system had ended.

Two firm types appeared to emerge in this period. First, there were ‘reluctant adopters’ that did not see the case for social reform. These firms may improve standards when forced to, but were the firms most likely to mock-comply or be complicit in mock compliance. For example, some buyers were criticized for continuing to drive down prices and refusing to share the costs of social compliance. Some suppliers described how buyers wanted to source from compliant factories but pay non-compliant prices. If it came to choosing between compliance and price, for these buyers, cost continued to be king. Supplier 5’s CEO explained: “A compliant factory cannot compete on price with a non-compliant factory... buyers are still buying knowingly from non-compliant factories because of lower price.” Most suppliers were reluctant adopters; for example, Supplier 1’s Managing Director admitted: “In the beginning, no one understood the benefit of social compliance”. However, some reluctant adopters did begin to see the benefits of social sustainability once coerced into making improvements; but, for these firms, implementation was reactive.

Second, there was a minority of ‘proactive adopters’ that improved before the competition and gained some first-mover advantages. For these firms, arguably a heightened sense of social logic, or at least an understanding that social sustainability could be good for business, contributed to implementation. Supplier 4 and Buyer 1, for example, understood that the economic and social ideologies could complement each other in the long term. Supplier 4 found improving standards actually increased productivity via worker retention and reduced absenteeism. It also attracted like-minded buyers, including Buyer 1, who offered better prices to compliant factories. Buyer 1 had a clear goal of becoming the world’s most sustainable retailer. Its Compliance Executive explained how the two logics could be complementary for

suppliers: “Being compliant is expensive, but once you become a compliant factory there are added benefits in terms of getting increased orders and attracting buyers.” Buyer 1 had developed an internal sustainability culture through its own Sustainability Department and internal training program; it was also active in community projects, collaborating with various NGOs, donor agencies and suppliers. This created certain normative pressures on the implementation of social sustainability. It was also evident that the proactive suppliers were those with educated, second-generation owners. This discussion leads to our first two propositions:

***Proposition 1:** When the economic and social logics are perceived to be in conflict, and the economic logic dominates, firms have a higher propensity to decouple, reducing the likelihood of successfully implementing socially sustainable practices. In contrast, when the logics are perceived to be complementary – and firms accept short-term costs for long term economic gain – there is a lower propensity to decouple and a greater likelihood of successfully implementing socially sustainable practices.*

***Proposition 2:** Normative pressure via education and training can help to cause a logic shift and overcome any perceived conflict – heightening the social logic and reducing the dominance of the economic logic – and this can lower the propensity to decouple and improve the likelihood of successfully implementing socially sustainable practices.*

4.5.3 Post-Tazreen Fire to Rana Plaza Collapse (November 2012-April 2013)

Many interviewees felt the Tazreen fire happened because the factory’s owner had compromised on social conditions to maximize financial performance. After the fire,

the government and some international buyers began conducting in-depth electrical and fire safety audits, including surprise checks. Yet the government continued to struggle with limited resources, visiting many factories but spending little time at each one. The Apparel Trade Body also became more active in promoting social sustainability. But even after the fire, some suppliers continued to compromise on social standards for short-term financial gain. Supplier 8's Compliance Manager divulged: "The whole line becomes disrupted if we take workers out for training, it hampers our production. ... [Buyer 4] has made an educational video on workers' rights and safety... We have shown it to 50 workers, but we say we've shown it to 200 workers." Rather than raising standards, some reluctant suppliers responded to stricter enforcement by searching out alternative, unethical buyers; but these buyers were becoming fewer. The economic logic also continued to dominate in some buyers, particularly those competing on cost. For example, Buyer 6's Sourcing Manager stated: "If, by giving work to a highly compliant factory, the price increases from \$3 per unit to \$3.5 per unit, then as a buyer we cannot accept that." This focus on cost above all else appeared to be hindering implementation in their suppliers. Supplier 14's Vice-Chairman stated: "If the buyer gave us an extra \$0.5 per garment, we would invest it in compliance."

But, in most firms, this deadly event had contributed to a shift in logics. There was increasingly a sense that compliance was not enough. Buyer 4's Logistics Manager explained how the company: "used to check if there was excess overtime, if workers were being paid properly or if there was any forced or child labor... but now we believe these are the minimum requirements [and] we focus more on the suppliers' responsibility to society and their workers". They had also begun to address perceived tensions between the economic and social logics, e.g. by training suppliers on how to

increase productivity. In addition, they started adopting innovative auditing techniques, e.g. evaluating a suppliers' production capacity to determine whether they would need to subcontract, potentially to a non-compliant factory. Meanwhile, Buyer 3 required suppliers to undertake stringent fire safety and electrical audits using thermo-graphic cameras at a cost to the supplier of \$40,000-50,000. This went against the suppliers' economic logic, but Buyer 3's Country Manager explained how they combat this via creating a fair market, ordering in larger volumes, and commitment: "It becomes a minimum standard that all our suppliers must meet. So, in effect, you are competing with suppliers who have the same costs and everyone's quotes take these costs into account... We also do business with fewer suppliers now, thus making their orders more meaningful... And they know we are here for the long-run".

Compliant factories, particularly proactive, early adopters that had built their competitive strategy around social sustainability now began to be rewarded. Supplier 10 had the most heightened social logic in our sample, winning numerous awards and paying its workers 20% above the industry average. Supplier 10's Head of Sustainability described how being socially sustainable was improving the company's reputation and helping to attract more customers, including those focused more on quality than cost. Meanwhile, Supplier 11 demonstrated its commitment towards social sustainability by using a third party to conduct voluntary audits of its own facilities leading, e.g. to improved evacuation procedures. This discussion leads to two further propositions:

Proposition 3: Strict governance and innovative buyer auditing procedures reduce the propensity of suppliers to decouple via mock compliance, improving the likelihood of

successfully implementing socially sustainable practices. This may lead reluctant adopters to realize the complementarity between the economic and social logics.

Proposition 4: *Fair competition for suppliers, coupled with significant business volume for compliant factories, reduces the potential for conflicting institutional logics. This reduces the propensity to decouple and improves the likelihood of successfully implementing socially sustainable practices, even without cost sharing.*

4.5.4 Post-Rana Plaza Collapse (April 2013-)

After the Rana Plaza collapse, even reluctant buyers – like Buyer 2 & Buyer 6 – initiated both internal and supplier development programs and formed their own specialized audit teams. A new phenomenon also emerged: major collective action led by groups of buyers. Two groups in particular were formed. One consisted of over 160 mainly European buyers that now work together with global and local trade unions, supported by NGOs. The other brought together 26 North American apparel brands and trade associations. The two groups use similar standards to conduct fire, electrical and structural safety audits, while the European group pledged to contribute to the costs of improvements. All four suppliers interviewed after the Rana Plaza collapse fell under the governance of at least one of these groups. Buyers also made their audit reports publicly available, placing greater coercive pressure on suppliers and discouraging decoupling. Supplier 7's Director explained: "buyers are uploading reports to their websites... Before, any findings remained between the buyer and supplier, but now they are in the public domain."

Buyers interviewed felt that the social logic of suppliers had grown since Rana Plaza. Buyer 2's Compliance Manager stated: "Many suppliers have become more sincere after Rana Plaza." But in late and reluctant adopting suppliers, like Supplier 2 & Supplier 7, improving conditions appeared to be driven by a survival instinct or in pursuit of the economic agenda rather than out of genuine concern for worker welfare. Collective action meant the repercussions of failing an audit were severe: not just one, but a whole group of buyers would no longer source from a supplier. Factories that did not meet the standards were effectively being shut down. Supplier 2's Deputy Managing Director conceded: "These incidents [e.g. Rana Plaza] have been an eye-opener for me and other owners... Nevertheless, adhering to the new standards is a matter of survival. If you do not pass, either you lose the business or the worst case scenario is you are forced to shut down." Similarly, Supplier 7's Director explained: "We have no option but to make costly changes. It might cost us around \$350,000...The reason I am making these additional investments is not because workers have died in Rana Plaza, but because it is a requirement I have to fulfil." This leads to the following proposition:

Proposition 5: *Collective action, including horizontal collaboration between buyers, coupled with more visible audit-reporting reduces the propensity of suppliers to decouple and improves the likelihood of successfully implementing socially sustainable practices. It serves to make social and economic performance closely connected and complementary, which heightens the social logic even if the economic logic continues to dominate.*

Problems in the industry remain; for example, it is claimed that the commitments of the buyer groups are yet to be realized in full. European members pledged to share in the costs of implementation, but it has been alleged that some individual buyers have been reluctant to make good on this promise. The group member that puts the largest volume through a factory is expected to take the lead and share the costs, but this does not always happen. Supplier 6's Director explained: "Suppose I have 3 buyers signed up. The buyer that gives me the most orders becomes my 'lead brand'... After the audit, they will ask us for a timeline for completing the required changes. It is then our job to consult with the lead brand, who is supposed to help with the costs... But already my lead brand has sent me an email saying that it cannot take on so much responsibility." Until this promise is fulfilled, it has been suggested that only the largest suppliers with the most reserves to absorb the costs of raising standards will survive. In fact, Supplier 1 disclosed that they have decided to end their business because of their inability to cope with increased buyer requirements after Rana Plaza. Its Director stated: "only the big players who can bear the cost of increased compliance requirements will survive; smaller suppliers will shut down" This leads to our final proposition:

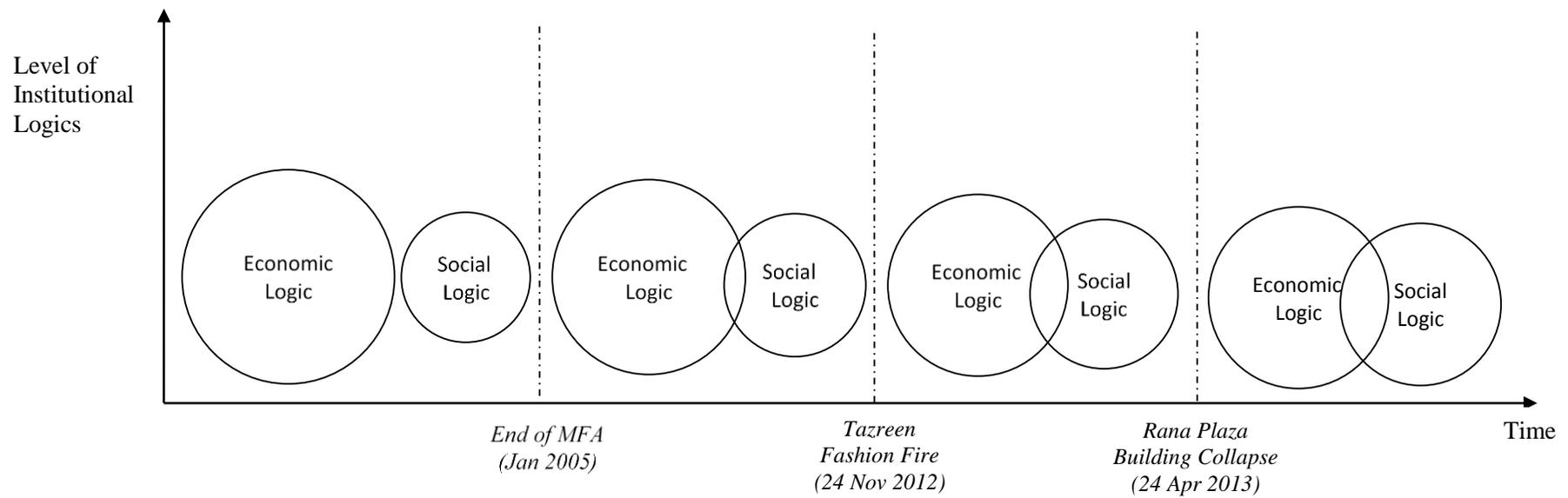
Proposition 6: *Buyers sharing in the supplier's costs of conformance – increasing their own short-term costs for long term gain – will further improve the implementation of socially sustainable practices. Without cost sharing, it may be the suppliers with the largest financial reserves to invest in compliance that are rewarded, not necessarily the suppliers with the most developed social logics.*

4.5.5 Summary

The evolving interplay between the economic and social logics is summarized in Figure 2. The size of the circles in the figure indicates the prominence of a logic while overlapping circles suggests complementarity in logics. Moving from left to right in the figure, we see that:

- During the MFA period, the economic logic dominated. Buyers sought low-cost orders; they had no prominent social agenda and only limited power to influence suppliers.
- When the arrangement ended, buyers could exert more influence over suppliers and a number of tragic events sharpened the focus on having socially sustainable practices. Two firm types emerged, including proactive adopters with a heightened sense of social logic.
- After the Tazreen fire, greater coercive pressure was exerted and suppliers found it increasingly difficult to decouple. Buyers promised to source from compliant factories only, to increase order volumes, and make a long-term commitment to sourcing from Bangladesh, meaning more suppliers could see the complementarity in logics.
- Following the Rana Plaza collapse, the social logic grew further. Collective action led by groups of buyers combined with the online publication of audit reports increased the repercussions of failing an audit. Social performance was increasingly seen as being congruent to economic performance.

Figure 2: Evolving Economic and Social Institutional Logics in the Bangladeshi Apparel Industry



4.6 Discussion and Conclusion

This paper has focused on the implementation of socially sustainable practices in the Bangladeshi apparel industry, which has been under a global spotlight in recent years due to major tragic industrial accidents linked to social failures. A longitudinal industry case study has been conducted using semi-structured interview data from key actors. Few studies to date have conducted such a composite analysis of a field-level effect (Kauppi, 2013), particularly in a developing country context where data collection can be difficult. Our research questions focused on understanding the key pressures exerted on buyers and suppliers, and the effectiveness of these pressures on the implementation of socially sustainable practices; and, exploring how attitudes towards being socially sustainable are evolving over time in response to critical industry events. Institutional theory has been used to frame and investigate our research questions, in particular by using the constructs of institutional pressures, decoupling, and institutional logics. We will now briefly elaborate on how our findings relate to the literature on institutional actors referred to in Section 4.2.1 of this paper before our contribution to theory, implications for practice and future research directions are outlined.

The main coercive pressure is exerted on suppliers by buyers via social audits against codes of conduct. Buyer pressure was similarly the most important driver of social reform in earlier studies by Luken and Stares (2005), Tencati *et al.* (2008), and Yu (2008). Yet the mixed role played by NGOs – perceived by buyers as an important collaborative partner but distrusted by suppliers – contrasts prior literature, which offers unanimous support for their role (Maignan *et al.*, 2002; Walker and Jones, 2012). Meanwhile, our findings on the coercive role played by government go beyond the existing literature (Lim and Phillips, 2008; Yu, 2008; Lee and Kim, 2009) by

highlighting how law enforcement can be undermined by alleged corruption and insufficient resources. This leaves scope for opportunism and means buyers currently take on the main responsibility. The main mimetic pressures are also felt by suppliers who must replicate the standards of rival firms to win orders and workers. While others have highlighted the role of competition in improving standards (Yu, 2008; Park-Poaps and Rees, 2010), we have also identified negative pressure on proactive suppliers to be less socially sustainable from unethical competitors. Finally, normative pressure largely builds through greater education and training. We offer a new insight here by highlighting differences between the level of education and training of first and second-generation factory owners, with knock-on effects for their approach to social sustainability.

We have also identified a decoupling of the formal compliance structures and practices apparently adopted by firms from the genuine implementation of socially sustainable practices. Further, we obtained an insight into the conditions that contribute to this phenomenon. Although many suppliers had successfully passed social audits, there was evidence of mock compliance, e.g. because the codes of conduct do not sufficiently reflect the socio-economic context of a developing country. It was also alleged that some buyers are complicit in mock compliance behavior, turning a blind eye to minor violations like excessive overtime, providing workers are willing and rewarded. Opportunistic behavior also contributed to decoupling, e.g. suppliers and intermediaries subcontracting orders to non-compliant factories without the buyers' knowledge. Such practices extend the supply chain and reduce visibility. They also increase the distance between the buyer and any non-compliant practices, which may be 'convenient' to the buyer should a social scandal emerge.

Finally, the interplay between the two key institutional logics in the context of social sustainability has been investigated. When the economic and social logics are viewed as conflicting, the economic logic generally wins and undermines the implementation of social sustainability. Firms may be unwilling to make social improvements that increase costs or even prioritize economic performance to the detriment of social conditions. When these two logics are viewed as complementary, the implementation of socially sustainable practices appears more likely to be successful. Some suppliers have found improvements lead to greater employee retention, reduced sickness, etc and that this actually increases productivity. The longitudinal nature of our data has meant we have been able to provide some insight into how the interplay between these two logics is evolving, linked to key industry events. Critical events contribute to a logic shift, particularly among buyers, e.g. leading to innovative auditing techniques and collective action, meaning reluctant suppliers can no longer decouple and the repercussions of failing an audit are greater.

4.6.1 Contribution to Theory

Institutional theory posits that institutional pressures can lead to isomorphism and the diffusion of an organizational practice (DiMaggio and Powell, 1983; Grewal and Dharwadkar, 2002), but that this process can become decoupled (Meyer and Rowan, 1977; Rogers *et al.*, 2007; Boxenbaum and Jonsson, 2008), including when adoption of the practice would lead to a conflict in institutional logics (Friedland and Alford, 1991; Greenwood *et al.*, 2011). This has been a useful theoretical framework for analyzing our empirical data on the implementation of socially sustainable practices,

but – in addition to developing six propositions on the implementation of socially sustainable practices – we also expand institutional theory in two ways (see Figure 3):

1. We have demonstrated that decoupling can be an inter-organizational response, particularly if the practice being diffused conflicts with the logic of multiple institutional actors. In contrast, prior literature implicitly assumes that decoupling is an organizational phenomenon. In our case study, mock compliance by suppliers who could not see the case for reform and complicity by low-cost seeking buyers both contributed to disconnect the formal adoption of socially sustainable practices from the ground-level reality. Other factors, like weak institutions and disparate socio-economic conditions and culture, also contribute to decoupling.

2. We have shown that, together with critical events, institutional pressures can contribute to an evolutionary shift in institutional logics, increasing the complementarity in logics and overcoming perceived conflict. This can serve to avoid or overcome decoupling and improve the diffusion of an organizational practice. In our case study, normative pressure via supplier development and a second generation of owners; and coercive pressure, including via innovative auditing techniques and collective action by groups of buyers, contributed to shifts in logics. The former may lead to proactive or voluntary changes in organizational practices and logics. The latter may force the hand of suppliers to change and, in doing so, lead them to realize the two logics can co-exist.

More generally, the use of institutional theory in the sustainability literature is extremely limited and previously restricted to the implementation of environmentally sustainable practices (Zhu and Sarkis, 2007; Zhu *et al.*, 2013). Our study also responds to recent calls for an improved understanding of how to cope with decoupling phenomena (Rogers *et al.*, 2007) and for the employment of institutional theory in times of environmental uncertainty (Kauppi, 2013). Finally, our use of the institutional logic construct (Thornton *et al.*, 2005; Meyer and Hammerschmid, 2006) is novel in the Operations Management literature.

4.6.2 Implications for Practice

Retailers are expected to ensure the social sustainability of their own operations and those of their global supply chain partners. When poor supply chain social standards are uncovered, they become intimately associated with a retailer's products and brand. Social sustainability therefore becomes an important aspect of global supplier selection and development. Buyers looking to improve the social sustainability of their supply chains need to use a combination of carrot and stick. Compliance as a strict order qualifier, rigorous audits, collective action by groups of buyers, and unscheduled audits have all been useful practices. But, equally, it is important to build mutually beneficial and trusting relationships with suppliers, to reward the most compliant factories, to share costs, and demonstrate a long-term commitment to sourcing from the region. It is also important to anticipate decoupling behavior by suppliers and consider how it can be avoided. This may involve revisiting a code of conduct itself and fostering a culture of openness, whereby suppliers that do not currently meet the standards do not hide violations but work with a buyer to reach compliance. It also becomes clear how important it is to extend the reach of governance and the

implementation of socially sustainable practices beyond the buyer-supplier dyad to a suppliers' suppliers and to intermediaries. Global sourcing managers also need to be aware of the inefficient institutional environments of developing countries like Bangladesh, be equipped to contend with the lack of resources and regulatory enforcement, and be prepared to invest in education and training, e.g. of mid-level managers and workers, if practices are to be successfully implemented. Education and training may help, for example, to overcome perceived conflict between the economic and social logics rather than this being triggered by another tragic industry event.

Other institutional actors must also play their part in improving conditions and reducing the risk of further tragedies. For example, we have highlighted the need for NGOs and trade unions to build trust with suppliers, for the industry's trade body to take on a more prominent role in disseminating information and driving change, and for government policy makers to invest more resources in ensuring labor laws can be enforced.

4.6.3 Limitations and Future Research

This study has focused entirely on institutional actors in Bangladesh. It could therefore be connected to end-consumers and to the retailers' headquarters in North America and Europe. The set of institutional actors studied in Bangladesh is also incomplete. In particular, the work could be extended to include tier-two suppliers, subcontractors, intermediaries and third-party auditors. Moreover, while our set of actors did include several third-party service providers, they could become the core focus of a future study. The mixed role played by NGOs in our data suggests an insightful strand of research could be to explore how multi-way collaborative partnerships, e.g. between buyers, suppliers and actors like NGOs, donor agencies and

trade bodies, can be successful in building capabilities and acting as a social multiplier.

Our study of institutional logics is confined to a broad, qualitative understanding of the economic and social logics of the buyers and suppliers. Given that each decision maker has their own logic and moral compass, the work could be extended to consider how institutional logics permeate at the organizational level and are interpreted by individuals. This might shed further light on why organizations within the same industry pursue different strategies despite experiencing similar institutional environments. Moreover, some of our data was collected at a sensitive time for the interviewees, which may have led to knee-jerk reactions. Although this has been considered, a follow-up study could also be conducted once more time has elapsed after the Rana Plaza tragedy. Events like the Rana Plaza collapse could also be the core focus of a further study, e.g. to explore in detail how it occurred as a means of reducing the risk of further social failures. Our study of logics could also be extended to consider how the economic and social logics combine with the environmental logic – the third element of the triple bottom line.

Although some of our findings may have resonance beyond the Bangladeshi apparel sector, work could also be conducted in other countries and industries. Extending the work to other countries would allow, for example, comparative studies to be conducted with the apparel sector of countries that are supposedly further ahead of Bangladesh in their social sustainability journey, e.g. China, and those that are likely to be behind, e.g. Cambodia. Meanwhile, other labor intensive and poorly regulated industries like call centers and software development that are often outsourced to countries like India and The Philippines, and booming industries like construction in The Middle East could also be studied. Regarding the latter, our data

has highlighted the problem of child labor being displaced from the apparel sector to construction while there is also currently significant media attention on the conditions of workers building football stadia in Qatar for the 2022 Soccer World Cup.

Part Three

Chapter 5 - Conclusion

5.1 Contributions to Knowledge

Managing change in suppliers is a challenging issue for many multinational firms, particularly in the context of complex global supply chains with distant suppliers. Moreover, today's dynamic business and socio-economic environment makes it more difficult to carry out effective supplier development. Firms also have to manage and maintain legitimacy perceptions among various stakeholders, while unique institutional environments present in emerging markets increase the challenge of sustaining supplier performance. This necessitates that multinational firms develop a more comprehensive range of supplier development capabilities, especially in the face of economic constraints and in unstable environments. However, there is a lack of understanding of how to manage organisational change, especially among distant suppliers based in developing countries with challenging institutional settings. One such organisational change management process that has become an area of growing interest for academics is the implementation of socially sustainable practices, mainly given that relatively little is known about the social issues in the context of O&SCM, especially on the supplier side in developing countries. In particular, the literature focusing on change management in terms of how multinational buying firms can develop supplier capabilities in order to enhance chain-wide social performance is extremely limited.

Although O&SCM scholars have broadened their focus to incorporate sustainability issues, previous research has emphasised more the environmental side compared to the social side. In the last five years, there have been four key papers that have explicitly examined the social sustainability implementation issue in a global

supply chain context. However, three out of four were from the developed country buyers' perspective. First, Awaysheh and Klassen (2010) conducted a survey of Canadian plant managers from the food, chemicals, and transportation equipment industries. They found that greater physical distance from the buyer and a lack of law enforcement lead to lower social sustainability implementation in suppliers, while better supply chain transparency can help mitigate these problems. Second, Klassen and Vereecke (2012) conducted case studies of five MNCs based in Europe to detail a series of linkages underlying the development and implementation of social issues in the supply chain. Third, Ehrgott *et al.* (2011) used survey data from the purchasing managers of U.S. and German corporations to test empirically how pressures from key stakeholders (customers, the government, and employees) determine the extent to which firms consider social aspects in the selection of emerging economy suppliers. Their findings suggested that mid-level supply managers play a major role in socially sustainable supplier selection, and that strong positive links exist between that selection and the investigated outcomes. Although these studies expanded prior research on social sustainability implementation in supply chains, the findings were exclusively from the point of view of developed country buyers.

Only Jiang (2009a) conducted an extensive study into Chinese suppliers, and discovered that even though code enforcement through buyer-to-supplier governance can minimise suppliers' opportunistic behaviour, it only encourages suppliers to do 'just enough' to avoid being caught, thereby failing to increase social sustainability in the long term. It further revealed that a hierarchical governance model, and a shift from threat towards collaboration, leads to better compliance. Nonetheless, Jiang (2009a) called for future research to incorporate both buyer and supplier views in order to enhance understanding of how to implement socially sustainable practices

effectively. It is also interesting to note that Awaysheh and Klassen (2010) called for more case studies in the area; Ehr Gott *et al.* (2011) called for additional research on developing country suppliers; and, finally, Klassen & Vereecke (2012) identified that an important aspect of future research is to explicitly capture the evolution of practices over time at the supply chain level. This thesis is a combined response to the calls from the key papers mentioned above and it has contributed to this emerging research area by taking a significant step forward in understanding the implementation of socially sustainable practices in the context of global supply chains.

Essentially, the thesis makes four novel contributions to the field. First, it focuses on social sustainability, which is an under-researched area in general. Second, it provides an insight into how the realities of managing change - in the form of implementing socially sustainable practices - in suppliers based in a developing country with challenging institutional environments evolve over time in relation to critical industry events. Third, it provides not only the Western buyers' perspective but also the view-points of multiple stakeholders. These stakeholders include, among others, developing country suppliers' and their marginalised workers, which are often neglected in the literature. And fourth, it uses Transaction Cost Economics (TCE) and Institutional Theory in the field of social sustainability, where theoretical lenses have thus far been used sparingly, to draw important managerial implications.

In this concluding chapter, the contributions to knowledge of the three individual papers to the O&SCM field are highlighted in general terms of managing change in distant developing country suppliers and, more specifically, in terms of implementing social sustainable practices. It has been argued in the Literature Review paper that, within the practical discipline of O&SCM, research should aim at informing managers; and that theory should result in a more thorough understanding

of the phenomena leading to implications for practice. Additionally, given the nature of the study, the research has potential to positively benefit society. Building on these principles, the managerial, theoretical and social implications of the overall study are also discussed. Finally, the research limitations and future research agenda are outlined. For ease of reference, the three papers from now on will be denoted as: the Literature Review – Paper I, the Exploratory Study – Paper II and the Longitudinal Study – Paper III.

5.1.1 Paper I – The Literature Review

There has been only one comprehensive literature review on supplier development (SD) - Ahmed and Hendry (2012), where the authors' main areas of focus were on supplier development activities, practices and success factors; direct or indirect supplier development; supplier development as a reactive or strategic process; and supplier development in a lean six sigma & SME context. However, even though the authors identified the need for more studies to establish the direct or indirect impact of SD activities on suppliers' cost, quality, delivery and production innovation, they failed to mention the links between supplier development and the social performance of the supply chain as being a research gap. Existing reviews that have addressed the social issues in a supply chain context are broad as they include both the social and environmental dimensions of sustainability (e.g. Carter and Rogers, 2008; Seuring and Müller, 2008b; Carter and Easton, 2011; Gimenez and Tachizawa, 2012; Hojmosse and Adrien-Kirby, 2012; Winter and Knemeyer, 2013). Given that the social side of sustainability is a growing topic area within the O&SCM literature, it was felt that an in-depth review that focuses exclusively on upstream social issues in the supply chain

was required, primarily to identify the key research themes and the research gaps that needed to be addressed in the future.

To this end, a systematic literature review of 157 papers that dealt with upstream social issues within the sustainability literature published in ABS (Association of Business Schools) listed journals from 1997-2013 was conducted in this paper in order to determine the state-of-the-art in Socially Responsible Sourcing (SRS) research and to evaluate the use of theory in this context. The articles were classified according to their research perspective, context, method and research topic areas. It identified the many different definitions used in the area and summarised the key components of socially responsible practice. In terms of definitions, a hierarchy of three terms was proposed, with the key term used here being SRS, which refers to the upstream supply chain and to social issues only; while 'Sustainable Sourcing' incorporates environmental issues; and 'Sustainable SCM' (SCCM) also adds the downstream supply chain.

This is the only review to date in the O&SCM literature that focuses exclusively on social issues, excluding environmental issues, thus allowing for a greater depth of discussion on social issues; and is unique in its detailed critical analysis of the use of theory. The findings from this review led to the identification of a number of topics in need of further research that are specific to the social sustainability field. One of the key research gaps was that there is a clear lack of empirical studies with an explicit focus on developing economies from a supplier's or, indeed, a multi-stakeholders' perspective. This is similar to what Ahmed and Hendry (2012) found in terms of the wider SD literature, i.e. predominantly the research had been from the buying firm perspective and there is a need to incorporate the perspective of the supplier firm. Also, it was found that further cross-national patterns

of implementing social standards needed to be investigated, specifically the implementation of Western-based codes and certifications into developing country suppliers, characterised by differing cultural and socio-economic values. Finally, the literature review revealed that the use of theory in the papers analysed is extremely limited.

With regards to the use of theory, the following typology was proposed - theory dressing, theory matching, theory suggesting/explaining and theory expansion; which showed, in ascending order, the effectiveness of the use of theory in social sustainability research. More precisely, the paper demonstrated how the depth of understanding of social sustainability increased as the depth of theory usage also increased. It was argued that theory dressing is not a recommended use given that it appears not to add significantly to the understanding of the phenomenon. The second use – theory matching – is a legitimate use for the justification of research rigour and thus aids in convincing the reader of the legitimacy of the conclusions, but again does not add much explanatory power in its own right. The third use – theory suggesting and explanation – makes a stronger contribution as this can have a major influence on the research findings and their interpretation; and/or contributes by strengthening the explanatory power associated with the research findings. However, the most powerful means of contributing to our understanding of the SRS phenomenon is when theory is used in the fourth way, i.e. theory expansion. That is when the theory itself is applied comprehensively, leading to new understanding of the phenomenon being studied and also to an expansion of the theory itself in the context of SRS. However, it was also suggested here that when a topic is in its infancy, and much exploratory research is being undertaken, theory is not needed to justify a research publication as it is not essential in order to bring a contribution to our knowledge of an area. On the contrary,

early exploratory empirical research can make a significant contribution, even if it is not theory-driven.

The research gaps identified in this paper are the building blocks of the subsequent empirical studies. Hence, from the ensuing discussion of the Exploratory Study and the Longitudinal Study it will become evident how these key gaps in the literature are addressed and contribute to our knowledge of social sustainability in the O&SCM field. Furthermore, the insights gained about the effective use of theory will be utilised to demonstrate to what extent the Exploratory Study and the Longitudinal Study have fulfilled these criteria.

5.1.2 Paper II - The Exploratory Study

It was established from the Literature Review that there is a need to investigate why some developing country suppliers are adopting socially sustainable practices and how the implementation process is both impeded and facilitated. Prior empirical studies have mainly been in the context of developed countries or focused on the buyer's perspective. In contrast, this paper presented an exploratory study into social sustainability in the labour intensive Ready Made Garments (RMG) industry of Bangladesh and combined the perspectives of buyers and suppliers.

In general, the findings largely support prior research but there are some exceptions. In terms of the motivational factors, many of the findings are consistent with those of other authors who highlighted the prominent role of stakeholder pressure (Beschoner and Müller, 2007; Tulder *et al.*, 2009). More specifically, pressure from buyers who make socially sustainable practices a pre-condition to obtaining orders was identified as the most important factor (Cox, 2004; Luken and Stares, 2005; Tencati *et al.*, 2008; Yu, 2008). Top management commitment has been found to be

key in successful supplier development programmes (Hines, 1994; Krause and Ellram, 1997; Krause, 1999) and sustainable supply chain management (Baden *et al.*, 2009; Walker and Jones, 2012). By investigating the other side of the coin, i.e. the supplier perspective, the data showed that the attitude of the owners of the supplying factories, shaped by their experience, education and professional background, plays a similarly important role in implementing social sustainability.

Legal requirements and greater law enforcement have been identified as being amongst the most important drivers of social sustainability implementation (Lim and Phillips, 2008; Yu, 2008; Lee and Kim, 2009). However, it was found that regulations by themselves can be ineffective unless they are monitored and enforced (Delmas and Toffel, 2004; Fox, 2004), which is further exacerbated by the fact that suppliers in less developed countries like Bangladesh have a tendency to resist such imposition by bending the rules (Tsoi, 2010). In addition, competition for skilled labour was identified as an important driver of improved conditions. To the best of our knowledge, this has not previously been highlighted in the literature. Finally, unlike earlier quality management efforts, where it became increasingly clear that these are self-financing through reductions in costs of non-quality (Cousins *et al.*, 2008), the financial impacts of social compliance have been difficult to gauge. This study shed some light on this issue by showing that even though social sustainability efforts might be initially costly for suppliers, they reap benefits in the form of better margins, larger orders, increased productivity and better retention rates in the long-run. Therefore, it was suggested that linking improvements in social standards to financial gains helps motivate implementation.

Some of the salient findings of the study in terms of barriers to being socially sustainable include: codes of conduct that do not reflect the local context of

Bangladesh and the suggestion that strictly adhering to the regulations could mean a supplier loses its skilled labour. It was found that low prices offered by buyers (Baden *et al.*, 2009; Walker and Jones, 2012) and the unwillingness of buyers to share the costs of implementation (Yu, 2008) are major barriers. It is usually the case that only when profits improve along with supplier performance does top management become convinced of the value of costly supplier development efforts (Handfield *et al.*, 2000).

Suppliers face a dilemma whereby if they improve conditions to comply with codes of conduct, they face costs; and if they fail to improve, they risk losing orders altogether (Luken and Stares, 2005). This, ultimately, leads to them attempting to cheat, e.g. via mock compliance. This form of resistance to change, where a firm appears to be implementing an organisational practice but is in actuality just carrying out superficial conformity, has been referred to in previous supplier development (Handfield *et al.*, 2000) and quality management (Soltani *et al.*, 2010) literature. Also, a similar concept has been put forth in relation to environmental sustainability – green washing (Walker *et al.*, 2008). This basically implies that firms sometimes do not change practice in reality but carry out an ‘eye-wash’ to show that their policies are environment friendly. Consistent with this, the findings from the Exploratory Study showed that buyers themselves overlooked certain violations, suggesting they may be simply interested in maintaining their image and not necessarily in genuinely improving suppliers’ social standards.

In addition, suppliers clearly found it difficult to fully implement Western-oriented codes of conduct. The standards are applied universally by multinational buyers and lack understanding of local culture (Walker and Jones, 2012), e.g. regarding childcare or overtime expectations. Similarly, there is the complex problem of child labour. In an ideal world, it would be halted altogether, but – given that it

exists – the codes of conduct appear to have a negative impact by diverting child labour into more hazardous, unregulated and poorly paid industries like the construction sector. Another barrier was the auditing process itself, with friction particularly between suppliers and third-party auditors.

Many of the enablers identified are similar to those in the sustainability literature, e.g. the diffusion of knowledge through increased training and support (Boyd *et al.*, 2007; Hall and Matos, 2010) and moving towards supplier development and collaboration rather than surveillance (Jorgensen and Knudsen, 2006; Porter and Kramer, 2006; Lim and Phillips, 2008; Walker and Jones, 2012). Additionally, these findings reiterate the claims of previous change management literature that regular internal training and education of supplier personnel (Kotter and Schlesinger, 1979; Krause *et al.*, 2000; Krause *et al.*, 2007) and collaboration (Hartley and Jones, 1997; Dyer and Singh, 1998; Krause, 1999; Soltani *et al.*, 2010) lead to better implementation through the transfer of knowledge and practices (Modi and Mabert, 2007).

An additional enabler that has emerged from this study is considering the cultural and socio-economic conditions of the country while designing codes of conduct. Previously it has been suggested that buyers need to understand the internal culture of distant suppliers (Handfield *et al.*, 2000), but this study highlighted that while developing the social capabilities of emerging economy suppliers, buyers need to adapt to the culture (e.g. the case of day-care centres) and economic conditions (e.g. the case of overtime) of the country. Finally, adopting a single, industry-wide code of conduct to improve consistency is an enabler which, to the best of our knowledge, was not mentioned in the literature before.

Aspects of the ‘ugly’ side of social sustainability implementation, including, for example, evidence of mock compliance by suppliers, such as hiding violations, and unethical behaviour by buyers, such as turning a ‘blind eye’ to violations can be interpreted as engaging in guileful self-interest and opportunistic behaviour. These are costs associated with buyer-supplier transactions and pointed to Transaction Cost Economics (TCE) as a potentially useful theoretical lens for understanding implementation in developing country suppliers. The key constructs of TCE - asset specificity, uncertainty, and governance mechanisms; and the three propositions from Grover and Malhotra (2003) for the O&SCM field, were used to interpret the findings.

It was found that greater asset specificity may increase transaction costs in the short term but contribute to reducing transaction costs in the longer term. An example of (human) asset-specific investment is when a buyer invests in training a supplier’s personnel about their code of conduct and social standards or invests in educating them about their rights, health and safety. This was identified as one of the most common enablers towards the implementation of social sustainability. The extant literature also indicates that buying firms can improve suppliers’ performance and capabilities by providing the supplier with equipment, technological support and investments (Monczka *et al.*, 1993; Bayo-Moriones *et al.*, 2010). However, when a buyer makes such an investment, it cannot be redeployed should the relationship with the focal supplier be terminated. Since the cost of providing training and education are asset-specific, the buyers are reluctant to make any significant investments in this regard and rely more on monitoring and auditing. This is consistent with the supplier development literature, which stresses that failure by buyers to commit financial capital and personnel resources is a major drawback (Handfield *et al.*, 2000). However, the case data suggested that this is a necessary investment because it can

significantly decrease a buyer's future transaction costs in the medium and long term since trained and educated suppliers will have a lower tendency to mock-comply. This claim is supported by Wagner (2011) and Li *et al.* (2012) who state that relation-specific investments, like the sharing of know-how and collaboration, are key contributors to the success of supplier development initiatives. Krause (1997) suggests that, for buying firms to make asset-specific investments justifiable, the added value or cost reduction must be more than if the buyer were to switch suppliers or vertically integrate. In the case of developing social capabilities, it seems the lack of direct involvement with suppliers may be due to buyers not seeing tangible economic benefits, as is the case in with other SD programs, e.g. green or quality (Forker *et al.*, 1997; Zhu *et al.*, 2005; Modi and Mabert, 2007; Yeung, 2008).

The analysis of the data using TCE demonstrated that the implementation of social sustainability is characterised by high levels of environmental and behavioural uncertainty as well as buyers' bounded rationality and supplier opportunism. This leads to high transaction costs while implementing socially responsible practices, including monitoring and enforcement costs and indirect costs deriving from reputation damage, which makes the market form of governance unsuitable. This is because, in a market form of governance, the buyer's only condition for choosing a supplier is that the supplier has to pass the initial audit or conform to a particular accepted ethical standard. In such circumstances, the buyers leave themselves vulnerable to the opportunistic behaviour of suppliers and the hierarchical form of governance seems to be more suitable for enforcing socially sustainable practices. Only a buyer who is powerful enough to control and monitor the social sustainability implementation process will be effective, while markets will fail because of their inability to measure, reward or punish behaviour. Nonetheless, an arm's length

approach to the implementation of social sustainability was criticised by most of the suppliers investigated in the study, and the suppliers themselves suggested that the buyers should invest more in training and education in order to overcome the management's inertia to change, gain trust, and align the goals of both parties. It was found that a hybrid form of governance is needed, where buyers control the implementation process by monitoring it thoroughly and also play an active role in developing and training their suppliers (Kotter and Schlesinger, 1979; Williamson, 2008).

According to the extant literature, most buyers favour the indirect method of developing suppliers' social sustainability capabilities through the enforcement of their own codes of conduct or third-party standards (Carter and Jennings, 2004; Lim and Phillips, 2008; Yu, 2008; Baden *et al.*, 2009; Ciliberti *et al.*, 2009; Tsoi, 2010). However, the findings of the Exploratory Study provide evidence that a more direct approach, e.g. using own auditors rather than third-party auditors, and supplier development is necessary for the successful implementation of social sustainability in developing country suppliers. These observations are aligned with those of prior research, which argued that direct supplier development plays a significant role in increasing supplier performance and capabilities as compared to indirect supplier development (Krause *et al.*, 2000; Wagner, 2006; Dou *et al.*, 2014).

5.1.3 Paper III - The Longitudinal Study

In this paper, the implementation of socially sustainable practices in the Bangladeshi apparel industry was investigated using the institutional theory constructs of institutional pressure (DiMaggio and Powell, 1983; Grewal and Dharwadkar, 2002), decoupling (Meyer and Rowan, 1977; Rogers *et al.*, 2007) and institutional logics

(Friedland and Alford, 1991; Greenwood *et al.*, 2011). A longitudinal industry case study was conducted using data from 61 semi-structured interviews with a broad range of institutional actors, including fourteen supplier factories and seven major international buyers/retailers. The research questions focused on understanding the key pressures exerted on buyers and suppliers, and the effectiveness of these pressures on the implementation of socially sustainable practices; and, on exploring how attitudes towards being socially sustainable are evolving over time in response to critical industry events.

First, in terms of the institutional pressures influencing the diffusion of socially sustainable practices in the Bangladeshi apparel industry, some of the findings supported prior research, but a number of novel factors were also identified. Also, the findings demonstrated that emerging markets like Bangladesh have certain economic, social, and political institutional characteristics that give rise to unique challenges to the implementation of socially sustainable practices. For example, similar to previous studies, it was found that buyer coercive pressure is the most important motivating factor for developing country suppliers (Kotter and Schlesinger, 1979; Luken and Stares, 2005; Tencati *et al.*, 2008; Yu, 2008). Both the positive and the negative role of Non-Government Organisations (NGOs) was also identified, which to the best of our knowledge has not been highlighted previously in the literature. On the one hand, the data suggested NGOs are viewed by buyers as being an important collaborative partner. On the other hand, they are viewed by suppliers as playing a predominantly negative role, holding suppliers to ransom by threatening to incite worker unrest. This contrasts with the existing literature, where NGOs appear to be unanimously considered important proponents of sustainability (Maignan *et al.*, 2002; Walker and Jones, 2012).

Legal requirements and greater law enforcement (Lim and Phillips, 2008; Yu, 2008; Lee and Kim, 2009) have been identified previously as important drivers of social sustainability. In contrast, the analysis showed that, in the case of the Bangladeshi apparel industry, the lack of law enforcement due to alleged widespread corruption of government inspectors, coupled with the government's limited resources are acting as institutional barriers. This is analogous to Mersha's (1997) findings on the quality improvement efforts in Sub-Saharan Africa. Consistent with previous studies, it was found that greater competition among suppliers (Yu, 2008; Park-Poaps and Rees, 2010) means suppliers face pressure to mimic other firms to win orders and retain skilled workers. But it was discovered that there is also a negative pressure on proactive suppliers to be less socially sustainable from unethical competitors.

Finally, the study established a novel and emergent form of normative pressure coming from a more educated, second generation of entrepreneurs and owner-managers, which is having a positive influence on attitudes towards social sustainability in the industry. This develops the concept of top management commitment in supplier development studies (Monczka *et al.*, 1993; Hines, 1994; Handfield *et al.*, 2000) by showing how, over time, normative pressure in the form of a second generation of educated owners/managers is leading to better implementation of socially sustainable practices in developing country suppliers. It can be argued that this will be the case in many other developing countries following a similar economic growth trajectory to Bangladesh - one of the Next-11 emerging markets (Goldman-Sachs, 2013).

Second, four core decoupling factors were identified, which shed light on why some buyers and suppliers were only pretending to adopt socially sustainable practices; and, as a result, causing persistent social failures. The decoupling factors

include mock compliance by suppliers, buyer complicity in mock compliance, the use of unauthorized sub-contractors by suppliers and buyer intermediaries (the ‘dark side’ of the supply chain), and cultural & socio-economic disparity with Western standards.

Lastly, by mapping the evolution of institutional logics through critical industry events, propositions on how firms should decrease decoupling and facilitate the implementation of socially sustainable practices were offered. The data exhibited that when the economic and social logics were viewed as conflicting, the economic logic generally won and undermined the implementation of social sustainability. Firms were unwilling to make social improvements that increased costs and prioritised economic performance to the detriment of social conditions. Whereas, when these two logics were viewed as complementary, the implementation of socially sustainable practices appeared more likely to be successful. For example, some suppliers found that the implementation of socially sustainable practices led to greater employee retention and reduced sickness, thereby increasing productivity. In fact, there was a minority of ‘proactive adopters’ that improved before the competition and gained some first-mover advantages. For these firms, arguably a heightened sense of social logic, or at least an understanding that social sustainability could be good for business, contributed to implementation. These observations are aligned with those of prior research, for example Dou *et al.*'s (2014) finding that highly motivated suppliers enhance the chances of successfully implementing green supplier development programs.

The longitudinal nature of the data meant that the study was able to provide some insight into how the interplay between these two logics was evolving, linked to key industry events. This paper thus adds to the empirical work carried out in relation to the management of the emergent change process (Bamford and Forrester, 2003). It

was found that critical events contributed to a logic shift, particularly among buyers, e.g. leading to collective action, and the formation of internal and supplier development programs – thereby making it difficult for reluctant suppliers to decouple. Buyers began to address perceived tensions between the economic and social logics, such as by training suppliers on how to increase productivity. In addition, they started adopting innovative auditing techniques, e.g. evaluating a suppliers' production capacity to determine whether they would need to subcontract (potentially to a non-compliant factory). They also adopted techniques that have been identified in prior studies as essential for successful supplier development, such as purchasing a relatively large proportion of a supplier's annual capacity (Krause and Ellram, 1997; Cousins *et al.*, 2008), demonstrating long-term commitment (Hartley and Choi, 1996; Li *et al.*, 2012), offering repeat business and increasing the number of orders (Handfield *et al.*, 2000).

5.2 Managerial implications

The Literature Review was the first paper in this series. Even though the paper's main focus was towards an academic and theoretical understanding of the upstream social sustainability phenomena, the thematic analysis presented will enable managers to think about this issue from a wider perspective and the empirical studies referred to may help them gain insight into real-life opportunities, constraints and solutions. The key research findings relevant to managers highlight that: (a) organisational and individual social sustainability values should be aligned; (b) there is a need to develop formal tools to assess social risks; (c) reporting as a transparency tool when compared to standards and codes of conduct is rather ineffective, though the latter also has many inherent problems and issues to overcome; and (d) appropriate performance metrics

that reflect the social impacts on stakeholders beyond the immediate supply chain need to be developed. These observations, if taken into account, will facilitate the better management of social sustainability issues in the upstream supply chain.

The insights provided in the second paper - the Exploratory Study - on the key motivators, barriers and enablers may help managers promote good practice and predict the challenges they are likely to face in implementing social sustainability in their developing country suppliers. For example, by prioritising the tackling of the 'ugly' side of implementation, like the hiding of violations by suppliers and the misalignment between Western codes of conduct and local culture, managers in Multi-National Corporations (MNCs) can improve the social sustainability performance of their supply chains and reduce the risks of social failures. Furthermore, the analysis using Transaction Cost Economics highlighted the need for buyers to move beyond their immediate suppliers and incorporate second, and possibly third-tier suppliers in the implementation process. This would overcome some forms of opportunistic behaviour, like unauthorised subcontracting, and decrease transaction costs. Also, it is proposed that in order to implement socially sustainable practices in developing country suppliers, where transaction costs are high, Western buyers should adopt a hybrid form of supply chain governance. The findings suggest that managers from Western buying firms can more effectively implement social sustainability by adopting a hierarchical governance structure with strict monitoring while simultaneously developing the social capabilities of their suppliers through education and training.

The last paper – the Longitudinal Study - widened the implications for managers by providing them with guidance on how to manage multiple stakeholders and how to deal with certain developing country institutional barriers. By

understanding the nature of institutional pressures exerted by, and the barriers posed by, relevant institutional actors; managers will be able to improve the social sustainability of their supply chains. For example, by being aware of the inefficient institutional environments of emerging markets, managers from MNCs will be better equipped to contend with the lack of resources and regulatory enforcement of the developing country governments; and understand that because of the poor education level of their suppliers' mid-level managers and workers, they will have to employ more resources in education and training to facilitate diffusion. Indeed, weak institutional infrastructure represents one of the most severe challenges for businesses operating in developing countries.

In the Longitudinal Study, it was exposed that even though developing country suppliers regularly pass audits, one of the key causes of social failure in the apparel supply chain was unauthorised subcontracting to non-compliant factories by the suppliers or the buyers' intermediate buying agents. Indeed, several major Western buyers have denied knowing their brands were being made in factories involved in recent disasters (Bloomberg, 2012; New York Times, 2012) and blamed intermediaries and suppliers for subcontracting to cheaper, non-compliant factories without their knowledge (Guardian, 2012; BBC, 2013; Huffington Post, 2013). These unauthorised sub-contracting factories are referred to as the 'dark side' of the supply chain and represent an addition to the conventional list of supply chain stakeholders in the context of social sustainability implementation. Therefore, when sourcing from developing countries, developed country managers need to be aware that this potential 'dark side' of the supply chain - characterised by poor visibility - can hamper their implementation efforts.

The findings of the Longitudinal Study suggest that through innovative auditing techniques, stricter governance mechanisms, collective stakeholder action, more transparent audit reporting, creating a level playing field for suppliers, and incentivising suppliers through consistent order volumes can reduce the propensity of suppliers to decouple; thereby improving the likelihood of successful implementation. Consequently, the study offers fresh insights into how institutional changes caused by critical events, like the Rana Plaza collapse, shape and influence global supply chain management strategies in emerging markets with unique institutional conditions. Finally, the data demonstrated that suppliers who adopt a proactive stance regarding the implementation of socially sustainable practices - indicated by their heightened social logic - can enjoy economic benefits in the form of increased productivity, better prices and increased orders. This finding should encourage managers from developing country suppliers to mimic (benchmark) these best practices with the aim of gaining competitive advantage.

5.3 Theoretical implications

The Literature Review paper was the first of its kind in the O&SCM field, which presented a state-of-the-art of the upstream social sustainability issues, by integrating a comprehensive range of areas. The conceptual model of SSCM proposed by Carter and Rogers (2008) was employed as a starting point for the classification framework, but this was extended to build a model that focuses on the social dimension. The model by Carter and Rogers (2008) proposed that four facets are needed to support sustainability: strategy; organisational culture; risk management; and, transparency. However, given the breadth of coverage of the Carter and Rogers (2008) model, it was not found to have the depth of categorisation that this review required, especially in

the areas of transparency and performance. For example, three potential ways to achieve transparency were identified and, accordingly, the reviewed papers were divided into three distinct areas of analysis - reporting, standards and codes of conduct. Additionally, performance was mentioned only implicitly in Carter and Rogers (2008), while in the Literature Review paper it was considered as a separate area of study. Performance was further split into: the relationship between practices and performance; and performance metrics. Thus, this framework of classification adapted Carter and Rogers's (2008) seminal SSCM model and extended it into eight categories specific to the management of social issues in upstream suppliers (see Figure 1).

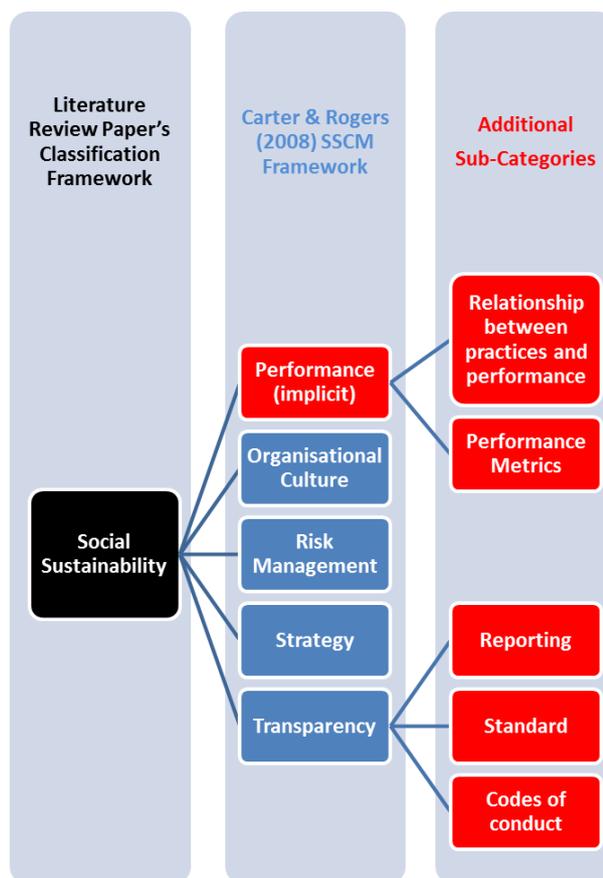


Figure 1: Social Sustainability Classification Framework

The Literature Review paper, through a critical and detailed analysis of how theory has been used in the extant literature to study social sustainability issues, also proposed a typology of how theory should be used effectively, as depicted in Table I below:

	Typology	Description
Strongest use of Theory ↑ Paper III Paper II ↓ Weakest use of Theory	Theory Expansion	Theory itself is applied in a detailed manner, leading to new understanding of the phenomenon being studied and also to an expansion of the theory itself .
	Theory Suggesting and Explanation	Deductive research: Theory-driven and hence can have a strong influence on the research findings and their interpretation. Inductive research: Contributes by strengthening the explanatory power associated with the research findings.
	Theory Matching	Adds external validity to the research findings by illustrating that the findings reported in the research paper have features in common with pre-existing theories.
	Theory Dressing	Simple mention of a theory without further expansion of its application to the research findings

Table I: Classification of Papers based on use of Theory

By utilising this framework, I will now discuss how theory was used in Paper II: The Exploratory Study and in Paper III: The Longitudinal Study to understand the phenomena of interest, and how it has contributed to knowledge in the field of O&SCM.

Two different but pertinent theoretical lenses have been adopted in the two empirical papers, which helped to gain deeper insights into the phenomena of social

sustainability implementation in global supply chains. First, in the Exploratory Study, three key propositions on TCE for the O&SCM field by Grover and Malhotra (2003) were used to interpret the findings. Although, at first glance, it might seem that the Exploratory Study simply used existing TCE constructs and relationships to understand an O&SCM problem, in reality it made unique theoretical contributions specific to the understanding of social sustainability implementation in a supply chain context. For example, the first proposition from Grover and Malhotra (2003) states that transaction costs are higher under conditions of high asset specificity. The data from the study partly supported Grover and Malhotra's (2003) first proposition, but was also able to capture a new dimension. The study showed that greater asset specificity may increase transaction costs in the short term, but they could also contribute to reducing costs in the longer term. In the context of social sustainability implementation, when a buyer educates and trains a supplier's personnel in their code of conduct, it appears to be an asset-specific investment because it cannot be easily redeployed should the supply relationship be terminated. This explained why some buyers are reluctant to make such investments and instead rely on monitoring and auditing. However, the analysis illustrated that the education and training of suppliers is a common enabler of social sustainability implementation, and thus it was argued that such human capital investments will decrease a buyer's future transaction costs.

Similarly, the data partially supported Grover and Malhotra's (2003) final proposition: that low transaction costs favour market governance while high transaction costs favour hierarchical governance. The data demonstrated that social sustainability implementation is characterised by high transaction costs due to the high levels of bounded rationality and opportunistic behaviour, which renders useless the market form of governance and, according to TCE, vertically integrated forms of

governance would be more suitable. But the findings showed that an arms-length hierarchical approach is heavily criticised by the suppliers, while buyers become more effective in terms of social sustainability implementation by promoting trust and developing the capabilities of its suppliers. In both of the above examples, the criteria for 'theory suggesting and explanation' was met (Table I), i.e. the use of TCE suggested explanations for the results. But it also went over and beyond that by using the constructs of TCE in detail to conclude that a combination of monitoring, trust-building and actively developing suppliers is needed for effective implementation. In effect, the analysis of the data using the TCE lens not only contributed to the better understanding of the phenomena but also provided novel managerial insights.

The Exploratory Study paper, for the first time, used TCE explicitly to empirically study social sustainability in a supply chain context by examining the implementation issues from both the Western buyers' and the developing country suppliers' perspectives. In the Literature Review (see Table VI: Theoretical Lenses Identified in the Reviewed Papers in Chapter 2, Paper I), it was found that TCE has been used sparingly to study social issues in the supply chain. For example, Harwood & Humby (2008) simply mentioned TCE without further expansion of its application to the research findings and was classified as '*theory dressing*'. Pagell *et al.* (2010) used TCE to explain short-term SSCM purchasing behaviour, but the use of TCE was not detailed and not focused solely on social issues but considered all three dimensions of sustainability.

The strongest use of TCE was by Jiang (2009a), who made detailed use of the bounded rationality, opportunism, and asset specificity constructs to develop and justify a conceptual model and a series of hypotheses to explain how governance relationships lead to developing country suppliers complying with supplier codes of

conducts imposed on them by Western buying organisations. The model was then tested through structural equation modelling using data from both complying and non-complying suppliers. Jiang (2009a) found that non-compliance is often caused by the buyers themselves who, for example, execute audits leaving suppliers with an unrealistic set of 'problems' to solve, offering no assistance in carrying out the improvements. He suggested that developed country buyers should engage with developing country suppliers and jointly try to improve implementation. Similar to the findings of the Exploratory Study, Jiang (2009a) concluded that market governance will not be enough alone and a more collaborative peer-to-peer approach is necessary for successful implementation. But a limitation of this finding is that it was only based on supplier perceptions, unlike the Exploratory Study which investigated the dyadic relationship. The Exploratory Study was thus able to offer more valuable insights by showing empirically how buyers who were developing the social capabilities of their suppliers through education and training and building trust through more open auditing techniques was able to overcome the barriers to implementation. More specifically, the case data demonstrated that such a move towards supplier development rather than auditing by Buyer 2 was working, since this approach's effectiveness was supported and appreciated by the factory compliance managers of suppliers C and D, both of which supplied directly to Buyer 2. Therefore, this study complemented and built upon Jiang's (2009a) work by capturing the dynamics of the dyad and presenting in detail the motivations, barriers and enablers of implementing socially sustainable practices in developing country suppliers. For these reasons, the Exploratory Study is claimed to be a form of 'theory expansion' (Table I).

Second, the Longitudinal Study used the institutional theory lens to analyse the empirical data from multiple institutional actors on the implementation of socially

sustainable practices. In the domain of SSCM, institutional theory has been used to examine empirically the adaptation of environmentally sustainable practices and their impact on performance (Zhu and Sarkis, 2007, Zhu *et al.*, 2013), but it does not appear to have been used to study the implementation of socially sustainable practices (see Table VI: Theoretical Lenses Identified in the Reviewed Papers in Chapter 2, Paper I). This study filled this void in the literature by using the institutional theory constructs of institutional pressure, decoupling, and institutional logic to analyse the data and derive many important managerial implications. The theoretical lens added significant explanatory power and exhibited how, by applying theory effectively, researchers can highlight relevant and topical O&SCM problems like the implementation of social sustainability in a complex global context and move beyond standardised prescriptions in order to provide more specific propositions that offer comprehensive solutions to practical managerial concerns.

The study also extended institutional theory in two ways: (a) by demonstrating that decoupling can be an inter-organisational response and not always an intra-organisational phenomenon, particularly if the practice being diffused conflicts with the logic of multiple institutional actors, e.g. mock compliance by suppliers who could not see the case for reform and complicity by low-cost seeking buyers both contributed to decoupling; and, (b) by highlighting that, together with critical events, institutional pressures can contribute to an evolutionary shift in institutional logics, increasing the complementarity in logics and overcoming perceived conflict, e.g. normative pressure via supplier development and a second-generation of owners; and coercive pressure, including via innovative auditing techniques and collective action by groups of buyers, that contributed to shifts in logics. Therefore, it is argued that the use of the institutional theory lens in Paper III results in a stronger case of ‘*theory*

expansion', as compared to the use of TCE in Paper II (see Table 1 and Figure 2, Chapter 2), because not only is there a greater depth of understanding of the phenomena, but the theory itself is applied extensively and '*expanded*'. Lastly, what makes this study stand out is that it is able to incorporate the perspectives of multiple institutional actors, which inevitably will provide more practical insightful implications for a wider range of stakeholders, including Western apparel buying firms, their suppliers, the government, trade bodies, etc.

Overall, this PhD thesis responds to the calls from O&SCM scholars to study the implementation of socially sustainable SCM practices using organisational theories (Moxham and Kauppi, 2014); particularly, to use institutional theory to examine the relationships between institutional pressures and the strengths of economic and social variants in uncertain environments (Kauppi, 2013); and to better understand the social context of O&SCM strategies including how to cope with decoupling phenomena (Rogers *et al.*, 2007). The study provided a combination of valuable descriptive insights derived through the undertaking of rigorous exploratory inductive empirical research and used theory to draw strong conclusions, including a set of propositions. The findings were not only consistent with the theoretical lenses used, indicating external validity (Barratt *et al.*, 2011), but also expanded upon them.

In a recent study, Carter *et al.* (2015) highlight the opportunities to develop and refine the dimensions of the supply chain, including its visible horizon, i.e. the part of the supply chain of which the focal agent has sufficient knowledge. This study gave insights into how not just traditional second-tier suppliers but also unauthorised sub-contractors are beyond the visible horizon of focal firms in the apparel supply chain and ways in which they can be effectively managed. It also responds to the call of Carter *et al.* (2015) to investigate the relationship between the structure of the

supply chain and high profile, difficult to predict, rare events. One of the major reasons for the recent critical social failures in Bangladesh was that Western buyers were unaware that their clothes were being made in non-compliant factories, where they had no control over the social standards. The buyers alleged that this was commissioned without their knowledge by profit-seeking non-conforming intermediaries and suppliers. Finally, among good theory building practices is the advancing of theory by proposing new constructs (Choi and Wacker, 2011). It can be argued that this PhD research was able to advance the existing body of literature by highlighting through empirical evidence constructs like ‘mock compliance’ by suppliers, the ‘dark side’ of the supply chain, and ‘economic and social institutional logics’ relevant to the implementation of social sustainability. Thus, it is hoped that this thesis will serve as a good foundation for future researchers to develop the field further and provide a broader potential for rich new research.

5.4 Social implications

Another novel aspect of this study is that it has some significant social implications. For MNCs, being socially sustainable entails being responsible for the supply chain-wide social wellbeing of employees and the wider community. This study highlighted the social impacts of strategies adopted by Western firms in developing countries by showing that the trade-offs in sustainability are not always between the dimensions of the triple bottom line, i.e. economic *vs.* social/environmental or social *vs.* environmental. The findings demonstrated that trade-offs can be within a dimension as well, e.g. social *vs.* social. A case in point is the removal of child labour from apparel suppliers. This has simply diverted the child labour to other, less regulated and more hazardous industries like construction. Informed by this study, relevant stakeholders

like buyers, suppliers, NGOs and trade bodies can understand such challenges and devise socially sustainable strategies that will lead to the long-term benefit of vulnerable workers and contribute to the economic development of emerging countries. Therefore, this study is not only practically important for managers but also of social importance to multiple stakeholders, including workers, as better social performance will directly lead to an increase in their standard of living.

Social benefits can also be derived from this study by disseminating the findings to the wider academic community and thereby building up public awareness both about the pitfalls of social sustainability implementation and how to overcome them. This should create pressure on MNCs to better manage their emerging economy suppliers and reduce the risks of tragic social failures like the Rana Plaza collapse. Lastly, from the findings on the institutional pressures, institutional barriers and the interplay of institutional logics shaping behaviour in firms; policy makers can make more educated decisions and formulate more appropriate regulations.

5.5 Limitations and Future Research

This thesis is an initial step that responds to the demand for more empirical research on the social aspect of sustainability with an explicit focus on developing economies from a multi-stakeholder's and especially a supplier's perspective. The findings and implications of the empirical work, i.e. the Exploratory Study and Longitudinal Study, are based on case research. It was felt that the major advantages of case research are: (a) the depth of the information that can be collected, especially in exploratory studies where the phenomena is not well understood (Eisenhardt, 1989; Meredith, 1998); (b) the flexibility of access to supply chains at various levels (Seuring, 2008); and (c) the ability to gather rich data using a variety of data gathering techniques, including

interviews, observation and document analysis, which allows for cross-validation (Yin, 2009). In particular, the case study method proved to be very useful in obtaining rich and candid data. Not only did this help in understanding the phenomena better, it also was a major factor in getting the Exploratory Study published in the International Journal of Operations & Production Management's special issue on Sustainable Operations Management, as was evident from the reviewers' positive comments.

It is nonetheless acknowledged that a major concern with case research is the extent to which the conclusions can be broadly generalised. However, it is believed that since a large number of buyers and suppliers were examined along with other relevant stakeholders, and the primary interview data were supported by multiple sources of secondary data (e.g. firms' codes of conduct, audit reports and news articles), the results will be fairly indicative of labour-intensive firms operating in developing countries with a similar institutional environment to Bangladesh and on a similar trajectory of growth. Therefore, it would be interesting to see to what degree the findings can be extended to other labour-intensive industries situated in developing countries with disparate socio-economic and cultural conditions to the West. For example, the social sustainability implementation in the supply chains of high-tech firms like Apple, Dell, HP, Nintendo and Sony, who have come under public scrutiny after the suicides of workers in one of their main suppliers – Foxconn, in China (Reuters, 2010), can be investigated. Other labour-intensive industries based in developing countries could also be studied. For instance, Qatar has come under international criticism over appalling working conditions for migrants, boosted by construction ahead of the 2022 football world cup. There have been report of exploitation, including unpaid wages, illegal salary deductions, crowded and unsanitary labour camps, unsafe working conditions and forced labour (Human Rights

Watch, 2012). In fact, between 2012 and 2013, 964 migrant workers from Nepal, India and Bangladesh have been reported to have died in Qatar, out of which 246 died from "sudden cardiac death", 35 due to falls and 28 committed suicide (Guardian, 2014).

There is also a lot of scope for extending this line of work in the service sector. Indeed, not a single study in the service sector in a developing country context was identified in the Literature Review. This highlights a need to study the social implications of Western firms outsourcing services to emerging markets; especially in the call centre, software development and medical transcription industries in countries such as India, China and the Philippines. These industries provide an appropriate research context as they are often poorly regulated, have long working hours and there is intense pressure on performance in terms of efficiency. There is a dearth of studies on how Western firms manage social standards when they outsource services to developing countries and, therefore, it is an important area of future research.

Additionally, the thesis can provide an initial framework for future quantitative studies. For example, the propositions derived from the Longitudinal Study could be operationalised into hypotheses and a large scale survey carried out in order to examine how and to what extent institutional pressures and logics influence the implementation of social sustainability in different industries.

Alternative approaches to undertaking the research were considered during the course of the PhD. For example, I was interested in conducting a survey of Bangladeshi suppliers in order to add generality and test the relationships between the motivating factors, barriers and enablers identified in the Exploratory Study. I spoke with the General Secretary of the Apparel Trade Body about this idea. As the Apparel Trade Body has around 5,000 members, I thought it would be the right organisation to

approach for access. But the General Secretary advised me against this. He told me that his experience was that the Bangladeshi apparel suppliers rarely reply to emails, and the response rate would be too low. Therefore, it was decided that such a quantitative study would not be feasible. After the exploratory study, it was felt that a broader range of stakeholders needed to be examined to get a more comprehensive understanding of the disconnect between formal adoption of social sustainability practices and actual implementation. The fire at Tazreen Fashion in 2012 and the Rana Plaza collapse in 2013 led to opportunistic data collection during the Longitudinal Study. The emergent theme of evolving institutional logics was then subsequently explored. This kind of controlled opportunism led to new theoretical insights (Eisenhardt, 1989) and the longitudinal approach provided a dynamic dimension to theory building (Wacker, 1998).

The Literature Review employed the systematic literature review methodology, as described by authors such as Tranfield *et al.* (2003) and Denyer and Tranfield (2009). Although it has many advantages e.g. it is replicable, transparent, minimises bias and uses a comprehensive quality criteria, there are number of issues with using such a method that needs to be taken into account. For example, it was found that other relevant articles were being cited in the reviewed papers, which were not being captured in the key word search. To overcome this limitation, the mechanical systematic literature review process was supplemented organically by including other papers that were cited in the articles identified and judged to be pertinent (see Chapter 2, Section 2.2.1).

It is worth noting that even though such an extensive literature review was carried out, it was not sufficient for the entire thesis. The nature of the design of search terms in the systematic literature review did not encompass literatures from

related areas of O&SCM that have been researched in the past, and which have a potential bearing on the central motivating research question of the thesis, i.e. ‘How are socially sustainable practices implemented in complex global supply chains?’ This would have been a major limitation, if I had not carried out a wider literature review in Chapter 1, Section 1.1.1 covering relevant studies on change management, supplier development, quality management and environmental sustainability. By outlining the key ideas from these literatures, it was possible to draw lessons from the parallel insights vis-à-vis the central motivating concern of how change can be brought about in distant suppliers situated in countries with challenging institutional settings, given the additional context of complex global dynamic 21st century supply chains. As is evident from Chapter 5, Section 5.1 - where the contributions to knowledge were discussed - this allowed for many additional and important insights to be drawn from the findings.

I will now use the Literature Review’s broad classification framework of: *strategy, organisational culture, risk management, transparency* and *performance* to highlight further research agendas. In general, the development and implementation of a firm’s social sustainability *strategy* needs to be further investigated, especially the role of other stakeholders involved in the process. For example, the counter-intuitive finding about the mixed role of NGOs suggests that a challenging strand of future research is the exploration of how buyer and supplier firms can collaborate with external stakeholders like NGOs, donor agencies or trade bodies to develop strategies for implementation.

There needs to be more research into the inter-play between *organisational culture* and individual beliefs. For example, the use of institutional logics in the Longitudinal Study was confined to a broad understanding of the economic and social

logics of the buyer and supplier firms. Given that each decision maker has their own logic and moral compass, the work could be extended to consider how institutional logics permeate at the organisational level and are interpreted by individuals. This might shed further light on why organisations within the same industry pursue different strategies despite experiencing similar institutional environments. Also, a worthwhile avenue for further research might be to use the relatively recent organisational learning theory of absorptive capacity (Zahra and George, 2002) to explain how effective organisational learning processes identify, disseminate and integrate relevant external and internal knowledge; and thus influence the implementation of socially sustainable practices in increasingly turbulent business environments. Lastly, since this thesis has focused entirely on institutional actors based in Bangladesh, it should be extended to the retailers' headquarters in North America and Europe as there is a need to find out what special issues arise in cross-border relationships; for instance, how cultural differences impact day-to-day interactions and longer term supply chain social *performance*.

The area of *risk management*, seems to have been neglected – in the Literature Review, only 8 out of 157 of the reviewed papers focus explicitly on risk management issues. This is despite the relevance of *risk management* to the study of social sustainability, especially since social failures like the Rana Plaza collapse can be devastating for the organisations in question and often society at large. Therefore, there is a need to study how risk events occur and develop formal tools/models that can be adopted to avoid future social failures in emerging markets.

Transparency implies that on top of making social issues visible to stakeholders, it should also engage and use stakeholder feedback to improve supply chain *performance*. As the set of institutional actors studied in the Bangladeshi

apparel industry was not exhaustive, the work on the *transparency* issues of social sustainability implementation could be extended. The role of those actors residing in, or related to, the ‘dark side’ of the supply chain; mainly comprising of unauthorised subcontractors, tier-two suppliers and buyers’ intermediaries needs to be explored. Furthermore, the less than constructive part played by third-party service providers, such as auditors, have been stressed by the suppliers in our findings. In fact, confrontational relationships between developing country suppliers and third party auditors were mentioned as a major barrier to the implementation process of social sustainability. Nevertheless, little is known about the role of these third party auditors, and future studies could focus on whether or not monitoring could be effectively outsourced to such service providers. If so, it becomes imperative to understand the characteristics of the successful ‘buying firm’-‘service provider’-‘supplier’ triadic relationship and its implication for both short and long-term social *performance*. Further motivation for implementation could be generated by quantifying the impact of social *performance* on economic *performance*. For example, at the macro-level it can be via an event study analysis on the share price effects of events leading to both good (e.g. launching of social improvement programmes) and bad (e.g. sweatshop scandals/industry disasters) publicity; or at a micro-level it can be case studies of suppliers participating in social standard improvement programmes (e.g. SA8000, ISO 24000) and the effect on their bottom line.

Finally, there have been multiple calls from O&SCM scholars to develop the field’s own theoretical bases (Ketchen and Hult, 2007; Carter, 2011; Choi and Wacker, 2011; Carter *et al.*, 2015). The trend has been to borrow theories from other disciplines such as economics (e.g. TCE), management (e.g. the resource-based view) and also inter-disciplinary theories (e.g. Complex Adaptive Systems) (Choi *et al.*,

2001; Carter, 2011; Choi and Wacker, 2011). One possible explanation for this might be because the field is in a relatively early stage of development, when compared with other management disciplines (Carter, 2011). There have been attempts to utilise other theories to develop our understanding of why some supply chains excel (Soltani *et al.*, 2010). For example, Ketchen and Hult (2007) describe how nine key theoretical perspectives (transaction cost economics, agency theory, resource dependence theory, institutional theory, game theory, network theory, social capital theory, strategic choice, and the resource-based view) help to distinguish traditional supply chains from best value supply chains. The authors conclude that TCE lends itself well to supply chain management research because it centres on the make or buy decision. Similarly, Carter *et al.* (2015) take a network perspective and use the complex adaptive systems lens to introduce the foundational premises surrounding the theoretical conceptualisation of the structure and the boundaries of the supply chain.

Choi and Wacker (2011) suggests that while developing O&SCM theory in the future, authors should not only build on existing theoretical perspectives but they should also advance the existing body of literature by proposing new constructs that can have a wider appeal. However, it must be acknowledged that it is not possible for every supply chain management scholar to develop a substantive new theory (Carter, 2011). It seems that there is still a long way to go before the O&SCM discipline fully matures and its own theories are established. This is even more so for topics within O&SCM that are in their infancy. For example, the findings from the Literature Review showed that there was no clear link between the topics studied and the theoretical lenses used. It was argued that this is because of the nascent stage of the social sustainability research field, where a variety of topics were often considered using the same theory (see Table VI, section 2.5).

In this PhD, TCE and institutional theory were used and found to be valuable in answering the research questions, as has been discussed previously. An avenue of further research might be to study more broadly the effectiveness or otherwise of the use of theories from other disciplines in answering O&SCM questions. Theory can be defined as an ordered set of assertions about general behaviour that can be widely applied in different environments (Wacker, 1998). According to Van de Ven (1989, p. 486) - "Good theory is practical precisely because it advances knowledge in a scientific discipline, guides research toward crucial questions, and enlightens the profession of management: holds throughout a significantly extensive range of specific instances." This resonates with the claim of pragmatists that knowledge exists in the form of theories, which are tools that help us understand reality better, but does not capture universal truths. From the perspective of Pragmatism, theories are judged in terms of their utility i.e. how useful is the theory to existing practice and when used against other contexts. Therefore, I feel that researchers in the O&SCM field should continue to use existing 'grand' theories that have stood the test of time in order to answer important research questions, as well as aim to develop their own theories. Assertions that the new theory can be extended to other contexts will come later on. If it is a 'good' theory (Van de Ven, 1989), it will eventually be warranted through its transferability in different situations by other researchers, leading to greater faith that it can be applied and confidently acted upon in the future.

5.6 Final Reflection

One of the highlights of this research was how the richness of the data added to understanding the complexities of implementing socially sustainable practices in global supply chains; and how the results derived credibility and validity from

investigating multiple actors' perspectives. This revealed two important points that future O&SCM researchers can utilise.

First, it has to be admitted that it is significantly more difficult accessing data in developing countries than in developed countries, and, as a result, a myriad of important information about the upstream supply chain of Western firms remains largely hidden. It is evident that since I am a native of Bangladesh, and because unique access was granted to me through personal and business contacts, I was able to gain the trust of the interviewees and enable more 'frank and open' discussions, which would otherwise have been problematic, given the delicate and controversial nature of the topic. It also has to be acknowledged that if it were foreign researchers conducting the data collection - even if they gained access - it would have been infinitely more difficult for them to get the same level of rich and candid responses, as they are not aware of the customs and the language. Thus, Western academics will need to prepare more innovative ways to access these essential but challenging data. Rather than just producing one-sided research based on Western firms, they need to collaborate with researchers from developing countries, be it PhD students or International colleagues. Another way forward would be to take up roles as visiting lecturers in the educational institutions of these emerging nations, in order to build contacts, understand the culture and gain trust. This will help drive the field forward by producing more in-depth, empirically based ground breaking studies.

Secondly, the study reaffirmed that there is a need for research in the field to move beyond the traditional supply chain framework and expand it to include all those institutional actors from whom the firm derives legitimacy to do business. For example, a buyer who has always focused only on suppliers is not likely to perceive salience of other institutional actors in the context of social sustainability, because it

lacks corresponding channels of communication to pick up on their existence and expectations. Similarly, in the case of suppliers whose only consideration is meeting the requirements, i.e. passing the audit of the buyer, the same can be said. Therefore, I believe that the field is at a turning point and future researchers will have to shift their focus beyond North American and European clusters with the aim to capture the global effect and extend their definition of the supply chain to include salient stakeholders while studying social sustainability.

To conclude, this PhD has been a very personal journey; more so, as I am from Bangladesh and it greatly saddened me to witness these disasters in an industry which is the most vital organ to our economy. However, it gave me a chance to study something that is not only academically interesting and practically important, but also will hopefully have ramifications for society for a very long time. Even though I could claim to be at the 'cutting edge' of social sustainability research, I believe its real worth will be realised only when it brings genuinely positive change to the lives of the people of Bangladesh - especially the workers. Therefore, in the spirit of 'sustainability', it is my desire to benefit future generations by disseminating the findings from my research, not only through academic channels, but also through mainstream and social media; in order to raise awareness and create conversations amongst the general public on social sustainability issues in the global supply chain area of business.

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APPENDIX A – PHASE I INTERVIEW GUIDE

First Stage

- Gain Informed Consent
- Establish rapport
- Inform participant about research topic

Participant Name

Participant Position in company

Experience

Company profile:

- Product type and stage of production
- Number of employees
- Turnover
- Years in production

Key Buyers

Key responsibilities

Second Stage

Supplier Interview questions

Q. Tell me about your thoughts and efforts on making your business more socially sustainable? Probe:

1. Have you heard of the terms social responsibility/sustainability? What do they mean to you?
2. Can you mention any social initiatives that you have undertaken proactively?
3. If yes, what were the main motivations?

Q. What are the problems of implementing social sustainability standards?

Role of buyers:

1. What are the social standard requirements of the buyers?
 - Probe: compliance to code codes, third party certification?
2. Is it a pre-condition to get orders?
3. What and how many buyer's codes of conduct do you have to adhere to?
4. Does your buyer have a local compliance department?
5. How would you define your relationship with your buyer/buyers/main buyers?
 - Probe: trust, collaboration, arm's length, transactional etc.
6. What are the incentives, e.g. price assurances, which buyers provide to pursue social sustainability?
7. What can buyers do to help you become more socially sustainable?
8. What is the relative importance of environmental vs. social issues to the company and to customers?

Q. How is the implementation process?

1. Can you describe the audit process?
 - Probe: Who conducts it? Buyer or third party? Is the audit process known in advance? Is it the process effective or robust?
2. What is the attitude of the owner/CEO/MD towards social sustainability?
3. Do you have trained personnel to deal with social issues e.g. a compliance manager?
4. Was implementation expensive or cost neutral?
5. Did it make you more or less competitive? If more, what were the productive gains?

- Probe: Has it improved recruitment, retention or motivation?
6. Does the buyer/government provide you with any incentives?
 7. Do the buyers ask you to ensure the compliance of your suppliers?
 - Probe: Do you have control over your suppliers (2nd-3rd tier)?
 8. Do you live up to the standards when the auditors/customers are not monitoring?
 9. Do you provide managers with training about social sustainability?
 10. Is any education and training provided to make workers aware of their rights?

Barriers:

1. What are the obstacles to implementation?
2. What are the risks?
3. What is the level of Government enforcement of law?

Enablers:

1. What do you think will help in motivating firms to be more socially sustainable?
2. What do you think will help firms in implementation?
3. What benefits have you seen come from such efforts?
4. What can the government, NGO and buyers do?

Buyer Interview Questions

Q. Tell me about your thoughts and efforts on making your business more socially sustainable? Probe:

1. Have you heard of the terms social responsibility/sustainability? What do they mean to you?
2. What is your social sustainability strategy?
3. What are the main motivations?
4. Importance of environmental vs. social issues to your company.
5. What kind of internal environmental/social standards do you have?
6. How is sustainability diffused into your SC?

Q. How is the implementation process?

1. Is it a pre-condition to get orders?
2. What are the most important features?
3. What are the tools for implementing social sustainability?
4. Do you have your own codes of conduct (CoC) or use third party standards e.g. ISO, SA, WRAP?
 - Probe: If own CoC then why? Why not use WRAP, SA etc?
5. Do you have a dedicated compliance or sustainability department? Who implements it?
6. Can you describe the audit process?
 - Probe: Who conducts it? The buyer or third party? Is the audit process known in advance? And, if so, why do you not use surprise visits?
7. Do you have a supplier rating system?
8. What would you do if you found a supplier was non-compliant?

- Probe:
 - Do you penalise the suppliers for violations?
 - Do you try to develop & improve the supplier?
 - Do end the relationship, or turn a blind eye?
7. How would you define your relationships with your suppliers?
 - Probe: trust, collaboration, arm's length, transactional etc.
 8. How do you collaborate with your suppliers?
 9. Do you run workshops, lead supply chain improvement programs, etc.?
 10. What is the attitude of the owner/CEO/MD towards sustainability?
 11. Do you have control over your 2nd-3rd tier suppliers? How?
 12. Is there any collaboration between buyers and government or NGOs?

Barriers:

1. What kind of problems with implementation do you face? Can you give some examples?
2. Has there been any case of compliance for the sake of compliance?
 - Probe: Overlooking of certain criteria?
3. Issues between developed/developing country standards
 - Probe: How well do they fit? How can it be made better?
4. What are the risks of not implementing social sustainability?
5. What is the level of Government enforcement of law?
6. Any problems faced regarding local culture?

Enablers:

1. What do you think will help in motivating firms to be socially sustainable?
2. What do you think will help firms in implementation?
3. What benefits have you seen come from such efforts?
4. What can the government, NGOs do? Does the government provide you with any incentives?
5. What are the economic impact of implementing social sustainability on you and your suppliers?
6. Do you give the suppliers any incentives or price assurances to pursue sustainability?

APPENDIX B – PHASE II INTERVIEW GUIDE

Coercive isomorphism

1. What is the role of buyer pressure?
 - Probe:
 - Are there any difference between local buying houses and foreign buyers HQ?
 - Are suppliers more likely to comply with larger buyers CoCs (bargaining powers)?

2. What is the role of government?
 - Probe:
 - Regulation/policy
 - Enforcement
 - Encouragement, training, subsidies
 - How has it changed from 2000?

3. What is the role of the western consumers?
 - Probe:
 - How would you describe their pressure?
 - Do you feel any difference in consumer pressures in different regions/markets?

4. What is the role of media pressure?

5. How has the pressure from industrial professional groups/trade bodies leading to promoting of socially sustainable practices?
6. What is the role of NGO in the adoption of socially sustainable practices?
7. What is the role of trade unions in the adoption of socially sustainable practices?
8. Does the role of economic condition of the country play a role in the adoption of socially sustainable practices?
9. Does cultural or societal pressure play a role in the adoption of social sustainability practices?
10. What is the role of the export market in terms of government regulations?
11. How have coercive pressures evolved?

Mimetic processes

1. To what extent do suppliers adopt socially sustainable practices due to competitive pressure to get orders/ buyers?
2. Does uncertainty of workers leads to adoption of socially sustainable practices?
3. Does a larger labour force lead to higher the level of adoption of socially sustainable practices?
4. Are the constant audits leading suppliers to be more socially sustainable practices (habitualisation)?
5. Does higher competitive pressure make you bench mark in adopting socially sustainable practices?

6. How have mimetic pressures evolved?

Normative pressures

1. How do the academic credentials of managers and HR personnel play a role in adoption of socially sustainable practices?
2. How do the academic credentials and previous experience of owners play a role in adoption of socially sustainable practices?
3. Did the development of specialised educational institutions play a role in promoting socially sustainable practices?
4. What is the role of professional trade bodies/associations?
5. How did the availability of professional training from buyers/auditors, Trade bodies, NGOs, donor agencies play a role?
7. How have normative pressures evolved?

APPENDIX C – PHASE III INTERVIEW GUIDE

Q. How did the emphasis on taking care of the society (social logic) as compared to maximizing profits/reducing costs (economic logic) change after Rana Plaza collapse:

1. How has the industry changed after the Rana Plaza collapse? Did the social sustainability requirements increase? Did the costs of implementation increase?
2. How did it affect your implementation efforts?
 - Probe:
 - How is the increased cost of compliance affecting you?
 - Suppliers: How is the stricter conditions of the buyers affecting you?
3. Is taking care of the society relatively more important now? What is the dominating motivation for carrying out improvements i.e. is it economic or social?
4. Has the attitude towards implementing socially sustainable practices evolved?
 - Probe:
 - Are the buyers now willing to share the costs of compliance?
 - Are the suppliers more willing to make the changes/improvements?
5. Are there any evidences of a decrease in the trade-off between the social and the economic agenda? Please provide examples.