



# Master's degree thesis

**LOG950 Logistics**

**Social Responsibility Practice towards the Sustainable  
Development of Supply Chain Management: A  
Comparative Case Study of Textile Manufacturing in  
Bangladesh and Pakistan**

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## **Preface**

This thesis is our final work of a two-year Master of Science in Logistics program at Molde University College and is written between January and September 2020.

We would like to thank all the people who helped and contributed to this research. We want to give a special thanks to my supervisor Antonina Tsvetkova, for sharing her knowledge, giving us guidance and encouraging us throughout the process of writing this thesis.

We would like to express our gratitude to friends, fellow students, and family for motivation and support during our studies.

*Molde, September, 2020*

*Fahad Bin Khalid  
Riffat Dinam*

## **Abstract**

Previous researches on sustainable Supply Chain Management has mostly emphasized the economic and environmental aspects of sustainability paying less attention to the social aspects which plays a vital role in overall sustainable development of any business. This significant gap in the literature is the motivation of this study. Supply chain management within the textile industry plays a vital role in developing social responsibility practices. This study aims to explore how social responsibility practices in SCM have been developed in the textile industry in Bangladesh and Pakistan. To reach this purpose we focus on two research questions: How have social responsibility practices evolved in SCM of textile industries in Pakistan and Bangladesh? And How do social responsibility practices contribute to sustainable development of SCM in textile industries in Pakistan and Bangladesh?

The master's thesis presents two empirical cases of SCM of textile industries in both countries – Bangladesh and Pakistan. Both cases reveal how supply chains of the textile industry play a significant role in the enhancement of social sustainability and social responsibility practices. The textile industry in both countries presents a conflict of interest between business organizations and governmental policies that cause some challenges in further sustainable development.

The data collection is based on personal observations and experiences of the two authors, as well as different archival material including websites of textile companies and reports etc. Collected data are interpreted through the social institutional perspective as theoretical lenses of social responsibility practices in the development of sustainable SCM and institutional perspectives.

In Bangladesh, the international customers compelled the focal company to develop social responsibility practices in order to improve the working conditions in the local factories and thereby increase product quality and reduce environmental pollution. In Pakistan, the governmental pressure results in extending the focal company's supply chain in the remote areas and gain of competitive advantage with additional profits. Findings have been compared from both empirical cases presented independently. The development of social responsibility practices was only possible after the satisfaction of economic aspect for the companies. This study emphasizes that it is possible to make practices more sustainable only by finding a balance between three aspects of sustainability.

More empirical case studies on social responsibility practices in sustainable SCM in different contexts are suggested to make deeper insight into all the three aspects of sustainability. The findings of this master thesis can be extended through utilization of data from other contexts which can explore social responsibility practices in SCM of any business. We suggest more studies about how textile companies operate in complex institutional environments and overcome different institutional factors when implementing social responsibility practices.

## **Acknowledgement**

We are profoundly grateful to our supervisor, Associate professor Antonina Tsvetkova (faculty of Logistics), Molde University College; whose continuous guidance and stimulating suggestions encouraged and helped us all the time of writing this master thesis. Firstly, we would like to give our gratitude to her since this corona pandemic situation she has been very kind to us and supported us wholeheartedly to complete this master thesis. We gratefully acknowledge the kindness and necessary suggestions of Berit Irene Helgheim, Associate Professor (Faculty of Logistics), Molde University College. We would like to thank the university and library staff and all our friends.

We would also like to thank each other for all the support and assistance for writing this thesis. Last but not the least, we would like to thank our family members for their love, encouragement and support during this master thesis.

Thanks.



## **Terms and Definitions**

**SCM** : *Supply chain management is the integration of key business processes from end-user through original suppliers, that provides products, services, and information that add value for customers and other stakeholders (Lambert,1998, p.1).*

**Sustainability**: Solving today's needs without compromising the ability of future generations to fulfil their personal preconditions (Blandine Ageron 2012).

**Sustainable SCM** : *Sustainable SCM is the management of material, information and capital flows as well as cooperation among companies along the supply chain while integrating goals from all three dimensions of sustainable development, i.e., economic, environmental and social, which are derived from customer and stakeholder requirements (Seuring, 2008, p.1700).*

**Social responsibility** : Social responsibility implies the measurement of organizational behavior and performance that follow mostly on its economic desirability but taking the mass people and overall consumers, and more specifically local communities into account at the same time (Carter and Jennings 2002).

## **List of Abbreviations**

**SCM** : Supply chain management  
**NGO** : Non Governmental Organization  
**MNCs** : Multi National Corporations

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## **1.0 Introduction**

The introduction chapter contains a brief overview of this study. We start with the background for the selected topic. Thereafter we present the overall purpose and research questions. The introduction chapter ends with the structure of our master's thesis.

### **1.1. Background for the Research**

The majority of scholars have come to a consensus that Supply Chain Management (SCM) includes coordination and integration, cooperation among chain members, and finally the delivery of materials to the final customer. At the same time, there are still conflicts among researchers about rapidly changing conceptualizations of defining SCM (Mentzer, 2001).

According to Christopher (1992), a supply chain is:

*“the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services delivered to the ultimate consumer”* (p.13)

One of the definitions of SCM has been suggested by Larson (1998) that SCM is

*“The coordination of activities, within and between vertically linked firms, for the purpose of serving end customers at a profit”* (p.2).

The intersection between SCM and sustainability is a significant step ahead from recent examinations of the environment and social issues (Corbett, 2003).

The sustainable development of SCM has paid increasing attention in the literature for the last two decades. The concept of sustainability has become broadly known since the announcement of the Brundtland-report in 1987, which stated Sustainable Development *“that meets the needs of the present without compromising the capability of future generations to meet their own needs”* (Widok 2009). Sustainability identifies the co-ordination of ecological, social, and economic systems.

The majority of the extant literature on sustainable supply chains has primarily focused on issues of how to make SCM more environmentally friendly through the minimization of environmental impact and fuel consumption in order to improve economic performance. Sustainable SCM has mostly recognized as a strategic tool of purchasing and supply operations both to achieve the company's long-term performance and to address sustainability issues within business aptitudes (Jeremy Hall 2010). Some companies are trying to practice sustainable SCM to raise ecological benefits from product design, raw material selection and

reusing, improving economic and environmental performances to achieve sustainability in the supply chain (Luthra 2011).

While a great number of studies have been done in the areas of environmental aspects and policy, finance, product engineering and supplier relationships, there are still fundamental issues that make the achievement of sustainable development of SCM challengeable. It relates to the fact that sustainability encompasses not only the environmental and economic dimensions but also the social impact of supply chain operations. The adjusting of the three equal magnitudes – economic, environmental, and social – has been recognized as critical in settling on the executive's decisions and organizations' enactment to keep sustainability in SCM (Jonathan D.Linton, 2007).

The aspects of social responsibility in sustainable SCM are a critical enabler in creating social and economic change because they offer new ways to address sustainable development. Social responsibility practices are the coordinated system of interaction and interdependence practices in the management that create social impact on people and society with vital internal and external stakeholders. It can be practiced by creating, developing, and delivering a paramount utilization of social and ethical code of conduct (Awan, 2018). The intention of making SCM socially responsible has been to attain business value that usually includes customers, partners, and society. A socially responsible supply chain can develop a pragmatic and fair growth for the future generation (Awan, 2018). Several researchers have emphasized that if supply chain managers accept the concept of social responsibility practice along with economic decision making, positive results can be found in making SCM practices more sustainable (Tsvetkova, 2020).

Although previous studies on SCM have contributed a lot to the knowledge about issues and potential outcomes of sustainable SCM, there is still a significant gap in the literature regarding the social aspect of sustainability in SCM. Without taking into account the social aspect it causes concern in developing existing SCM practices in a sustainable way (Meixell 2015; Tsvetkova, 2020). Further, several studies have shown that when organizations take social responsibility practices both their operation and in the supply chain networks in which they operate, the existing practices change (Tsvetkova, 2020).

## 1.2. Overall Purpose and Research Questions

Being motivated by the shortcomings described above, this study aims *to explore how social responsibility practices in SCM have been developed in the textile industry in Bangladesh and Pakistan.*

When conducting the investigation in this master's thesis, we find out the reasons for the evolvement and development of socially sustainable practices in SCM of textile industries in Pakistan and Bangladesh. Further, we try to reveal if social responsibility practices have been taken into consideration during the implementation of new business strategies and policies, or these social practices have been pushed by economic and environmental factors related to the textile industry in both countries.

To reach the overall purpose we focus on *two research questions* as follows:

***1: How have social responsibility practices evolved in SCM of textile industries in Pakistan and Bangladesh?***

***2: How do social responsibility practices contribute to sustainable development of SCM in textile industries in Pakistan and Bangladesh?***

The master's thesis presents two empirical cases of SCM of textile industries in both countries – Bangladesh and Pakistan. Both cases reveal how supply chains of the textile industry play a significant role in the enhancement of social sustainability and social responsibility practices. The textile industry in both countries presents a conflict of interest between business organizations and governmental policies that cause some challenges in further sustainable development.

Pakistan and Bangladesh have a vast number of remote areas where transportation of textiles and other necessary goods to survive is pretty complicated which makes this study more interesting to find out that how these transportation systems and supply chains are able to provide services enhancing the social sustainability at the same time.

In the process of the investigation in the master's thesis, we explore social responsibility practices of textile manufacturing firms located in different empirical contexts to find out whether there are any differences in their practices and how these various practices lead to social sustainability. This research presents a comparative study of social sustainability and its impact on practicing in every stage of a supply chain which is concerned with the human side of sustainability.

Social institutional theory was applied as theoretical lenses. There have been many excellent reviews of applying institutional theory in the last few years (W. R. Scott 2001). Institutional theory, analyzing the reasons for isomorphism inside organizations, gives an elective perspective to the selection of methodologies and practices in operational management in supply chains (Kauppi 2013).

### **1.3. Outline of the Thesis**

This master thesis consists of six chapters in total:

Chapter 1 presents the introduction in which background of research, Overall Purpose and Outline of master's thesis are included.

Chapter 2 describes the theoretical framework in which we discuss the theoretical perspective of the research.

Chapter 3 includes the Research method, Research design, Data collection and Data Analysis.

Chapter 4 provides in depth information about the case contexts for this master's thesis.

Chapter 5 consist of discussion about the data collected.

Chapter 6 entails the conclusion which includes implications for theory and implications for practice.

Chapter 7 entails the Limitations and further research suggestions.

## **2.0. Theoretical Framework**

This chapter presents the literature review of previous studies on sustainability, sustainable SCM, social aspects of sustainability, and social responsibility practices. Thereby, this chapter provides state-of-the-art knowledge that helps reveal a theoretical gap to be contributed by this master thesis. Also, this chapter presents social institutional theory as theoretical lenses that can bring new perspectives to the research phenomenon.

### **2.1. Sustainability**

Sustainability is often defined as "solving today's needs without compromising the ability of future generations to fulfil their personal preconditions" (Blandine Ageron 2012). Sustainability encompasses three dimensions - economic, environmental and social. A genuinely sustainable business needs to take the financial, ecological and social components of sustainability into account (Hadi Badri Ahmadi 2017). Sustainability is a way to effectively meet existing social, economic and ecological needs without weighing on its ability to solve its own problems in the future, and this capability benefits from the most widely acceptable supportability results. Sustainable development is the coordination between human well-being and recognized reliability.

Whiteman (2013) has pointed out that in the case of general management, sustainability is considered a different tactic used by the management to deal with certain financial, public, and environmental issues. It is assumed that sustainability relates to certain aims and composite interdependencies present among different groups in society. In management common tactics are used which involves environmental issues faced by the society, directing impartiality, enhancing employment opportunities with the use of proper rules and regulations (Sabini, 2019).

Martens (2016) has pointed out that sustainable development through three aspects - economic, environmental and social – makes companies adopt innovative and contemporary techniques. This has been largely emphasized in the literature, however, further examination is needed to implement new practices and invent different tools to make industries more sustainable (Carvalho and Cole 2011). Several scholars have asserted that in developed economies, sustainability is considered as an important component in industries. While in the case of developing economies, economic progress is more important as compared to

sustainability in industries. For the economic progress of developing economies there originates an increase in demand for industries. Nevertheless, in meeting these demands the matters related to environmental sustainability have been neglected (Chang et al., 2016).

Sustainability involves that organizations preserve social and environmental goodness through restructuring the business policies. In the literature, there are some disputes that the integration of all three aspects of sustainability has limitations in choice according to their impacts on the organisation. However, some researchers have claimed that the objective of the business is to reconfigure substantial elements, human resources, evidence, and economic resources in a way that economic reserves that move out of the organization are greater than those who enter it (Norris, 2006).

## **2.2. Sustainable Supply Chain Management**

SCM has acquired a great deal of consideration from practitioners and researchers. SCM plays a great role in providing competitive advantages for supply chain partners.

Supply chain (SC) is an information system for manufacturers, distributors, supplier networks, customers, retailers, activities, resources, and services and / or products for transportation from manufacturer to customer. All SC members are working together to achieve this goal. (Towill, 1992).

SCM has been defined as management of business functions and relationships internally within the firm with immediate suppliers, first and second tier supplier and customers along the supply chain (Harland, 1996).

New and Payne (1995) have defined SCM as the chain connecting each component of the manufacturing and supply process from raw materials through to the end-user, encompassing several hierarchical limits. They explained that SCM begins from the transportation and logistics literature which emphasizes the significance of physical distribution and integrated logistics. Logistics is an important function of business that helps to develop strategic SCM. Baatz (1995) further extends SCM to include recycling or re-use.

Lambert (1998, p.1) has identified SCM as

*“the integration of key business processes from end-user through original suppliers, that provides products, services, and information that add value for customers and other stakeholders”.*



According to Farley (1997), SCM focuses on firms' processes, technology, and ability in utilizing their suppliers to enhance competitive advantage, and the synchronization of the manufacturing, logistics, and materials management functions within an organization. Suppliers performance increases when business organizations in the value chain are integrated and act as a single united entity, the overall performance is enhanced throughout the system (Tan, 2001).

There is an increasing amount of research in the area of sustainability and its implementation in SCM (Bommel, 2011). Sustainability in SCM is very crucial for the success of the business.

Sustainable SCM has been defined as

*“the management of material, information and capital flows as well as cooperation among companies along the supply chain while integrating goals from all three dimensions of sustainable development, i.e., economic, environmental and social, which are derived from customer and stakeholder requirements”* (Seuring, 2008, p.1700).

A number of studies regarding sustainability in SC and critical issues on this subject indicates the significance of evaluating SCM sustainability. Linton (2007) has argued that SCM strategies should be broadened by practicing sustainability because it is important to move forward to the general issues that exist at the intersection of sustainability, environmental management and supply chain. According to this point of view, Seuring & Muller (Seuring 2008) have further stated that all three aspects of sustainability should be taken into account in making SCM more sustainable. Moreover, risk management and supplier management have to be included in sustainable SCM. Sustainable SCM needs more cooperation among the associated companies to make it operational and to achieve sustainable performance. Basic SCM components are information systems and technologies, transportation, warehousing, logistics and common SCM themes include environmental purchasing, manufacturing, R&D and distribution. It has become an important concern for organizations to take environmental and social issues into account to reach a sustainable strategy in the SCM (Srivastava, 2007).

In turn, Carter and Rogers (2008, p.368) have defined sustainable SCM as

*“the strategic, transparent integration and achievement of an organization’s social, environmental and economic goals in the systemic coordination of key inter-organizational business processes for improving the long-term economic performance of the individual and its supply chain”*.

For the last two decades, there has been significant concern in how organizations consider sustainability in their SC which has been expressed as *“SCM that incorporates the triple bottom line of sustainability. Sustainable SCM means that organizations are held responsible for the environmental and social performance of their suppliers”* (Walker, 2012, p.15).

Anjali (2010) has stated that specific environmental performance criteria should be implemented by the supply chain partners. According to Chunguang (2010), sustainability of an organization is important to incorporate sustainable SCM. Social and environmental factors need to be integrated into the performance criteria for the management of the whole supply chain. It has been also argued that sustainable SCM is structured on the TBL perception and the incorporation of its three aspects - environmental, social and economic into the supply chain (Craig and Carter, 2008). (Elkington, 1998) suggests that sustainable practice has to be responsible for the social wellbeing of employees, the wide community, and the natural environment. Also, Craig (2011) has argued for the necessity for the concurrent examination of all three aspects of sustainability. At the same time, Blandine (2012) has assumed that supply chain sustainability relies on sustainable supply management considering even manufacturing has become more of a service where several resources are merchandised as commodities.

Pressure from government, customers and stakeholders influence organizations to adequately implement sustainability in their SCM strategies (Nawrocka 2008). These pressures only result in sustainable supply and production if all individual firms act as a whole supply chain entity and initiate to develop important internal resources to implement sustainable SCM practices (Bowen, 2001). Organizations embracing more holistic ideas that drive profitability and socio-environmental advantages at the same time equally decrease their exposure to reputational harm from association with unethical suppliers just as risks identified with the scarcity of resources, which could disturb production. For instance, leading organizations source from sustainable providers and conduct audits of their facilities and procedures to guarantee rigid wellbeing and safety standards are set up. Actualizing these prescribed procedures starts in the planning stage (White, 2015).

Sustainable SC is an active network of companies performing activities in a specific value and it includes relationships between suppliers, manufacturers, and customers (Svensson 2012). These companies have economic, environmental, and social strategies in order to create a positive image for stakeholders (Brown, 2006). In this case, SC managers are in charge of operational decisions and therefore they are the key player of sustainable operation

in a company which eventually impact the society and the environment (Craig, 2011). SCM operations play an important role in corporate sustainability and responsibility strategies (Hope, 2007). Focal companies of the supply chain might take responsibility for the environmental and social performance of their suppliers. Thus, they can play an important role in reducing supply chain risk factors through supplier management systems (Deniz Köksal 2017)

The majority of the extant literature on sustainable SCM can be portrayed as large scale assumptions as they take a more organizational and strategic instead of individual and behavioural point of view. Winter (2013) has investigated how both concepts of sustainability and SCM have been examined in the literature and have found out that most researchers focus only on separate components of sustainability but not study all the three aspects as a whole. It seems there is a lack of knowledge of how all the three aspects of sustainability work in synergy in real practice.

Current research in this field has almost neglected to investigate all sustainable aspects - economic, social, and environmental - mostly as a result of a hypothetical distortion for profit maximization and economically constructive practices (Pagell, 2014). This has been supported by Köksal (2017) that if a firm strives for the sustainable development of its business practices, it should extend all three aspects in its whole supply chain. This makes managers implement new practices and adopt activities that contribute not only to the improvement of economic performance, but also the social and environmental aspects which are also beneficial for both the business and society.

The lack of focus on micro-level issues in sustainable SCM may mainly be because of the reality the field is developing and cannot be yet viewed as mature. Another conceivable clarification may be the nearby connection between SCM and sustainable SCM. Numerous articles in sustainable SCM have emerged from a progressively operational and SCM practice, which is also described by the prevalence of macro approaches. Regardless, the interest for social SCM has grown throughout the years, as appeared for example in the articles by (Harland, 1996) and (Tokar, 2010), and this may be an indication that a comparable progression is probably going to occur in sustainable SCM (Touboulic, 2015).

Previous research in the area of SCM has mostly focused on environmental issues and the number of them is still growing; however, very few studies have emphasized the social aspect of sustainability (Stevenson and Peterson, 2015). The appearance of sustainability as a new economic paradigm changed the behavior of firms and made them appreciate the necessity of preserving the environment, the safety and welfare of current and future generations (Dubey,

2017). However, there is a research gap in terms of business policies, strategies, and specific issues in developing countries towards sustainability. Fast urbanization in developing countries and rising living standards bring related problems and threats to sustainability that may not be considered in a worldwide business situation (Qian, 2015). Perotti (2012) believes that the social, environmental, and economic aspects are interrelated with each other and characterized by the same drivers, enablers, and barriers within a supply chain. However, they can have variances in practices of different industries. In the textile and apparel sector, the use of intense labour and outsourcing of materials and products from developing nations generally with high exploitation is common. It creates scarcity regarding the transparency of suppliers, which directly influences the social aspect (Köksal, 2017).

### **2.3. Social aspect of Sustainability**

It has been identified that the three dimensions of sustainability need to be balanced which is very crucial in decision making in management in order to achieve sustainability in supply chain operations to reach companies' performance goal. Although previous investigations are considering the development of sustainable SCM and concentrate on its issues and possibilities, there is still a significant drawback in the literature concerning the social aspect of sustainability in SCM. In fact, there are escalation of articles regarding environmental dimension has recently more than tripled (Gurtu 2015). A number of scholars focused that the social aspect has acknowledged a very limited consideration (Mani 2016) which has created difficulty in determining advances in sustainable SCM practices (Davidson 2011)

Some previous research has explained that social aspect of sustainability plays an indirect role in developing the quality of life through reducing environmental impact (Mansouri 2015). However, few researchers have pointed out the gap and stressed the importance of implementing social responsibility practices by SCM (Carter and Jennings 2002).

Social sustainability is the ability of a number of persons to establish a configuration to meet the needs of their current founders and support upcoming groups to maintain a strong society. Compared with economic and environmental sustainability, individuals are less aware of the word social sustainability. The general meaning of social sustainability is the capability of a social structure like a state to achieve different levels of social welfare indefinitely. This level should be combined with Homosapiens' goal, which is to advance the standard of living and individual happiness for generations. Social manageability involves personal rights, labour

privileges, and commercial governance. People combine ideas of various societies and basic personal rights (Annapoorani, 2017).

Sustainable development is another state of mind, and it is also another kind of thinking, which requires us to conduct unexpected research on things. World thinking is not exactly the same as thinking based on our current thinking and meeting basic human needs (such as equality, flexibility, and posture). We can produce a vision of a method of survival. Sustainability is at the individual level because it evaluates human behaviour with the vision of reforming those who refuse a reasonable future (Walker et al. 2014). At the point when purchasers see comparative items from various organizations with a similar cost and quality, they purchase the products of a firm that has a socially responsible reputation (Arli 2010).

The concept of "social sustainability" can include different notions like social value, ability to live, value of happiness, group development, social investment, social support, personal rights, working privileges, creating space, social obligations, social equality, social skills, collective adaptability, and artificial setting. Social sustainability empowers other sustainability activities and ignoring this dimension can have a seriously hostile effect across supply chains (Ahmadi, 2017). Bakhoun has found that 'contractual stakeholders influence' as the most important driver of social sustainability. Social obligations combine sustainability with specific issues such as asset use, pollution, buyer welfare, human rights, welfare and security, moderation, and quality of goods. Social obligation is the cognitive driving force that maintains human well-being and well-being while preserving ecological abilities (Bakhoun, 2011).

The shift from mainly environmental concerns towards a more sustainable point of view infers the incorporation of social aspect into reflection. This can make more noteworthy administrative challenges because of the intricacy of including a wide range of stakeholders with different intensions, objectives and demands which can interpret differently in the similar circumstances (Matos 2007).

Decision-makers prepare themselves to discourse the main aspects of sustainability. They also enhance their struggle in order to consider the influence of environmental condition. Though till lately, the aspect regarding sustainability in terms of social aspect has not been definite. Debate on this aspect is gaining consideration in literature. As, it highlighted governmental problems instead of the cultural and moral implications of choices (Li 2016). It was observed that developing economies utilize their ecological reserves for the economic progress of the country. The description focuses on the problems faced by developing economies who are mostly depend on their natural resources. It represents that developing economies concentrate

on the financial growth of the country at the cost of environment and social development (Farhad 2019).

Further, Ali (2009) has found that most sectors of industrial business, particularly with environmental problems, adapt the idea of sustainable development but for social and financial progress it is barely acceptable. In these sectors, less importance is given for the development of the industrial business itself. Many developed and emerging economies show their interest in the growth and development of industrial business. More studies on how sustainability can be achieved in industrial businesses are needed. It was observed that developing economies utilize their ecological reserves for the economic progress of the country because their economies are dependent from the extraction of natural resources. It has been found that developing economies concentrate on the financial growth of the country at the cost of environmental and social development.

Over the past several years, media has exposed issues related to working conditions, safety violations, and low wages in the textile industry. Many multinational corporations (MNCs) like Gap, Primark, Walmart, H&M, ZARA, aBenetton, TopShop, Lindex and other clothing brands and retailers of developed countries who are the buyers of developing countries' suppliers like Bangladesh and Pakistan, have got attention in the media for social sustainability issues. MNCs play an important role as they are the centre of the supply chain which covers both supply and customer sides. MNCs are also the focal firms that design the products. Being buyers, they have direct control over the 1st tier suppliers and they also have direct customer access (Farhad, 2019). The MNCs have visibility with customers and other stakeholders also keep an eye on their activities (Seuring, 2008).

## **2.4. Social Responsibility**

Some studies have recognized social responsibility as part of the social aspect of sustainability (Tsvetkova 2020). Generally, social responsibility implies the measurement of organizational behavior and performance that follow mostly on its economic desirability but taking the mass people and overall consumers, and more specifically local communities into account at the same time (Carter and Jennings 2002). Previous studies have generally centered around the insight of conceptual frameworks that not only integrates independent notions like environment, morals, working conditions, human rights, security issues and charity but also considers the external pressures from regulations and stakeholders (Miao 2012). Social responsibility is an ethical activity that helps to sustain the equilibrium between

the environment and economy by developing facilities for society. It has a huge impact on business (Koenig.P. Poncet 2019). Purchasing decisions and social issues related to supplier behavior, ethical and safety conditions have been focused in many researches on social responsibility in SCM where the researchers have emphasized supplier relationships as a challenge towards social sustainability (Ciliberti 2008).

With the help of increased knowledge in Social responsibility and sustainable supply chains it has become of interest to enhance and enlighten the societies with more in depth concern among socially responsible activities and businesses. This being a fact that concept of Social responsibility in businesses was not common in earlier decades when enough information was not available leaving impression that businesses do not affect social systems. However, today we realize that businesses affect significantly to social systems and their responsible actions contribute continuously towards enhanced societies and business environments (Davis 1967).

(Kogg 2009) demonstrate that companies react to expectations regarding social issues in the supply chain in a series of diverse ways. Some of which shows how they address social problems in the supply chain that involved direct interaction with relevant actors in the supply chain, motivating and empowering change and of inter-organizational control. Some studies identified the code of conduct as common indicator for the implementation of social responsibility in supply chains. Some of the social issues like global warming, sustainability issues and political patterns are mostly associated with textile and apparel industry It can be practiced by creating, developing and delivering a paramount utilization of social and ethical code of conduct.

Social responsibility practices impact in a significant way business organizations, mainly in textile supply chain is a significant requirement throughout the supply chain in order to obtain sustainability in the global market. Previous researches show that environmental sustainability is very crucial for social responsibility implementation especially for manufacturing sites of textile companies where occupational health and safety and working conditions are ignored. In Bangladesh, textile manufacturers are now getting pressure from global market to maintain and practice social responsibility (Poncet 2019).

Assuring sustainable development through good communal social responsibility presents organizations with a challenge, especially in developing countries. The government, civil society and the business sector play significant role in achieving responsibility in sustainable

development (Naeem, 2009). Social responsibility has been recognized as part of the social aspect of sustainability. The idea of social responsibility also admits the significance of the social feature of sustainability. There exists a robust association between sustainability and social responsibility. Certain social responsibility explanations contain suggestions to moral attitude about environment, economy and nation (Castka, 2008).

There is a gap in many studies regarding the potential impact of contextual aspects like location of the company or facility, legislations, rules and regulations, local community. Development and implementation of sustainable strategies depend on the interaction between the supply chain and the context or the external environment. Designing and Implementing strategy need to be changed according to the change of the context which results in change in links between all supply chain members together with local communities (Tsvetkova 2018). According to Lawrence and Suddaby (Lawrence 2006), a number of cases show that firms are concerned with the contextual pressures and integrate new SCM practices and own behavioral standards. Mostly the developed countries practice social responsibility in organizational level whereas in developing nations social responsibility and social issues are really at the critical stage of their development. As a result, the local communities and workers or the residents of developing countries need to push business associations to consolidate social responsibilities in business policies.

Winsdor (2006) asserts that social expectations are actually social obligations that companies need to include in their financial indications. Social responsibility often requires that an organization should meet not only its financial needs but also how it influences the people, clients and local societies. Though, much of the research has focused on theoretical assumptions that link independent concepts such as the ecological, moral, working environment, personal rights, security problems and philanthropy (Carter and Jennings, 2002). Researchers have suggested that social sustainability should be viewed as a moral agreement for individual existence and future progress, which must be "implemented in a mutually inclusive and prudent manner". Due to supplier abuse, including ethical and security requirements, most social responsibility research in supply chain management focuses on procurement decisions and social issues, thereby emphasizing supplier relationships for social sustainability. Another subject of social sustainable development includes individual rights, working environment and job security (Quarshire, 2016).



Poor working conditions are also the concern of social responsibility which includes risky activities to gain profits. Critical conditions of roads which are used to transport large amounts of products in remote areas. Drivers risk their lives to fulfil their jobs and to deliver the final products to the end customer. Road infrastructure in developing countries like Pakistan are very poor specially in the northern part where usually accidents happen on the daily basis. Long working hours without breaks and inadequate salaries are also included in ignorance of social responsibility practices. Several researchers have pointed out that in current eras, in industrial and emerging economies, the utilization of chemical substances in production and manufacturing procedures has greatly increased. The production, storage, transportation and disposal of chemicals can cause major professional and environmental problems (Jeswiet 2005). Electricity exposes workers to serious and extensive occupational hazards; in practice, all employees are exposed to electrical energy when performing their daily work, and workers of various job categories are powered off. Most of the employees are uninformed of the electrical dangers in the work location, which make them further susceptible to electric shock hazards. Noise or high temperature can also cause certain health problems. Noise-induced earshot damage is a common outcome in people working in loud factories (Longinos 2017).

High temperatures can be risky and might make employees prone to other circumstances. It might not be possible to dressed with protecting clothes in a hot environment, and as a result may face other dangers. Inadequate judgement and underreporting of industrial illness direct people to believe that these are minor problems. When members unite, share common goals and operate as a unified group, they hope to be with the group, support their goals, and complete their tasks, the impact on organizational processes and outcomes. On the one hand, the commitment of the members to the company reduces the disagreements between the company and the agency costs, thereby exhibiting socially responsible behaviour. On the other hand, the commitment of the member to the company means that the member has a stronger joint ownership and group identity; this can help the company achieve free labour, foreign currency loans and equity investment, and increase the company's strategic flexibility to respond to the strategy (Zhou 2014).

Social aspects are not related with a single organisation. It relates with fair opportunities and involvement of the community. Understanding and pursuing of social responsibility becomes a major challenge for all supply chain members from suppliers, manufacturers, customers to

society or local communities. However, evidences show that little attention has been paid to understand how SCM can be involved in the needs of society or local communities through practicing social responsibility in every stage of the chain (Pagell 2014).

## **2.5. Social Responsibility Practices in the textile industry**

Baden (2009) has asserted that socially sustainable practices involve observing suppliers' socially sustainable procedures and applying social management structures with suppliers. It is important to ensure that suppliers comply with wellbeing and protection requirements and supplier control measures like health and safety, involuntary labour, or work habits.

It has been extensively considered that a supply chain is known to be sustainable when it's all three dimensions economic, environmental and social are well balanced (senge & Castedt 2001). In this background, social responsibility practices have been of huge importance towards drawing attention from governments, industries and academy (Waddock 2004). Socially responsible practices are becoming significantly important in the contribution of making textile industries more sustainable as the awareness is increasing rapidly around the globe. Textile companies are putting efforts in developing socially responsible practices to improve society as well as their businesses. Brands and producers within the textile sector are developing effective and exciting socially responsible programs in order to compete in international markets. In doing so companies textile industries experience several benefits such as enhanced business image, increased brand recognition globally and to attract more and better qualified personnel (Textile 2018).

Well designed and implicated socially responsible practices in textile industries enable companies to save operational costs in long term, experience more effective growth and enhanced financial performance. Effective socially responsible practices impact textile businesses as a whole such as at global and societal levels. "Implementation of socially responsible practices is no longer a choice- it's an essential component of a modern textile company" (Textile 2018).

Recently, textile fashion industries are more concerned about the brand image which has led them to involve in promoting social responsibility campaigns through different media platforms and other ways. Customers and shareholders prioritise brands that are socially

responsible. A global social responsibility study in 2015 presented that around 90% of consumers would refuse a firm which is not performing social responsibilities and 91% of consumers around the world expect organisations to perform responsibly regarding a wide range of social and environmental issues. Sustainable fashion is a crucial topic and socially responsible practices are thus highly essential tool to measure the performance of the supply chains of textile industry. It is important to communicate with the supply chain members of a fashion textile industry and know how ethically they are operating their business. Social responsibility practices promote a positive brand image and build long term relationships with all customers and stakeholders (Moschetti 2019).

Textile industry is known as one of the world's most polluting industries creating sustainability issues. As a result, sustainable supply chain is becoming a key priority to implement in many textile companies. Companies are incorporating various approaches to gain sustainability in the supply chain and social responsibility is one of the typical approaches that is crucial for enhancing sustainability in the business in this sector. The complex global production and pressure for cost and lead time create more challenges for its complex supply chains. From the manufacturing to finished garments stage this industry has to face significant negative environmental and social impacts such as air and water pollution, exploitation of labour specifically if the production is outsourced from developing nations (Ben Shen 2017). Global environmental changes have a significant influence on the institutional setting of developing countries indicating new direction towards accountability and transparency. Eventually, it pressurises people in power think about social and environmental impact in order to make their policies. Evidences show that accounting standard setters and safety regulators are gradually being socially responsible and considering social and environmental issues to establish business strategies (Clarkson PM 2008).

In developing countries social responsibility plays vital role by addressing many long-term challenges like poverty, corruption, violence, gender discrimination, inefficient power system and distribution system. Socially responsible practices undertake enforcement of many intellectual property rights, inadequate transport and agricultural infrastructure, limited non-agricultural employment opportunities, quality education and rural people accommodation (Mugiati 2016). Farid (Farid et.al 2009) identified that in textile industries of developed countries mainly have customer pressure which trigger them to perform responsibilities regarding social and environmental issues. Whereas, in developing countries the community

comes first, then they give importance to the stakeholders followed by the environment and lastly the consumer. Customers were not found as important as stakeholders in creating pressures for social and environmental development.

Owners-managers of the textile industry in developing countries usually take social responsibility and consider this an important aspect of their business. In this regard, initially increased costs, lack of information and lack of awareness of sustainability are considered as the major difficulties. These problems prevent managers of textile industry from turning their positive attitude into action. There is evidence that selfishness is closely related to the low ethical standards of developing countries and the negative view of social responsibility. Owners-managers of textile industry in developing economies regard employee benefit and social progress as the two main significant factors of social responsibility and pay slight attention to environmental problems. In fact, many people do not regard the environment as a problem, nor do they realize how their activities affect the environment. It should also be noted that developing countries' views on social responsibility are severely affected by weak socioeconomic and regulatory environments, and lack of government support. Therefore, in order to understand the meaning of the term "social responsibility" by owner managers, we must understand their business status and the unique challenges and obstacles they face when implementing social responsibility (U. A. Awan 2018).

According to Dickson et al. (2009), Social responsibility in the textile industry covers not only the social issues but also environmental challenges. The main social concerns in this sector include *'forced labor, low wages, excessive hours of work, discrimination, health and safety hazards, psychological and physical abuse, lack of awareness of workers' rights, and lack of worker representation for negotiations with management'* (p. 6). In recent years social responsibility practice related issues in the supply chain of textile industry have forced organisations to adopt and execute many initiatives and business models like corporate codes of conduct, monitoring production facilities and providing workers right to negotiate (Dickson 2009). Multinational corporations have less understanding into context-dependent social issues while the suppliers have a better insight of the social needs of the workers and their community. MNCs which have host firms in the context have contextual knowledge to find the social development needs of the workers and community (Roberts 2010)

Some authors recommended future studies regarding internal and external influences of social and environmental practices (Connell 2013). According to Connell (2013), further research should explore more on overcoming consumer challenges and barriers in terms of socially and environmentally responsible behaviours including the use of normative social influences. In this industry purchasing behaviour is a complex issue which triggers additional influential factors in sustainable apparel purchasing behaviour standards and measurements.

## **2.6. Social Institutional perspective**

Scott (2008) has defined institutions as follows:

*“Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.”*

Structures of institutions are shaped by regulative, normative and cultural-cognitive elements. DiMaggio and Powel (DiMaggio 1983) define an organizational field as: *“By organizational field, we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products”*. The virtue of this unit of analysis is that it directs our attention in SCM to the totality of relevant actors. Institutional theory offers important insights of adopting tools and practices within SCM and by implementing this theory in business practices can enhance the legitimacy of an organisation. Organisational legitimacy can be defined as the acceptance of organisation by its external environment that consequently results in institutional isomorphism. Isomorphism is defined as the similarity of a focal company to other organizations in a defined business setting (DiMaggio 1983).

Institutional theory analyses the cause and effect of isomorphism inside a firm and gives a way to select process and practices in operational management in supply chains (Kauppi 2013). Researchers have found evidence that indicates operation managers frequently experience pressures to function efficiently and pressures to demonstrate whether different institutional demands are met (Keith W. Rogers 2007). According to Cai (Shaohan Cai 2010), the impact of institutional pressures on the behaviour of the supply chain members is largely unexplored in spite of taking institutional setting as a critical factor in the development of an organisation. Moxham (Claire Moxham 2014) has utilised social variant of institutional theory particularly mimicking and isomorphism illustrating from (DiMaggio 1983), motivated

by the challenges of legitimacy. Legitimacy is a key driving force in fair business and socially responsible SCM strategies.

Institutional isomorphism has three mechanisms within the social variant such as coercive isomorphism, mimetic isomorphism and normative isomorphism.

Coercive isomorphism deals with both formal and informal pressures applied on organizations by other organizations upon which they are dependent and by expectations from the society (DiMaggio 1983). In many cases, stakeholders can impose coercive pressure towards the firm (Simpson 2012). When a company is strong, it can perform a coercion to serve its own interest by making the partners adopt its favourable operational practices (Liu 2010).

Mimetic isomorphism comes from uncertainty which inspires mimicking of successful strategies Zsidisin (Zsidisin 2005) and it is usual within business groups to withstand legitimacy. To maintain ethical SCM across the world, organisations face various uncertainties. Coercive and mimetic pressures results in adaptation of practices, but institutional philosophers also speculated that it does not always lead to efficiencies (Miemczyk 2008).

Normative pressures originated from professionalization. It appears from the professional standards and norms commonly found in professional employees (Combs 2009). Professional employee involved in trade organisations creates these pressures for organisations (Ugrin 2009). Fairtrade International have the power to change this by playing active role in getting involved with industry and trying to incorporate the fair trade values as norms in SCM (Claire Moxham 2014). Rajdeep Grewal (Rajdeep Grewal 2002) believed that it is essential for the managers to identify institutional processes and their impact in order to understand the consequences of the institutional environment in terms of opportunities and constraints.

Worldwide dynamic changes have had a significant influence on the institutional setting of many developing countries. These changes demonstrate a new trend regarding responsibility and transparency. This phenomenon has created a pressure on individuals to think about the social and ecological effect of their policies (Farid Ahammad Sobhani 2009). Clarkson (Clarkson PM 2008) showed that there is proof which indicates that standard setters and securities controllers are more aware of the worth of being socially and environmentally responsible. Stakeholders, who are a part of the entire corporate framework also have expectations. Such developments definitely force organizations to consider social dimension

in their business practices, including developing countries, especially as they are unveiled to stakeholders to depict an appropriate picture as per their expectations. Stakeholder theory clarifies which group is more important and relevant to the company and why the organization is more attentive to a specific group than to others. It has been investigated that by changing the level of determination stakeholder hypothesis helps us to understand firm's responses through social activities (Belal 2008). Belal (Belal 2008) studied that, this perspective has been adopted in order to understand corporate motivations for social responsibility practices in developing country like Bangladesh by distinguishing different stakeholder groups within Bangladeshi society and exploring their association with the organisations.

Jepperson (Jepperson 1991) explains that one of the major aspects of sustainable supply chain management is that it depends on the inter-organizational area affected and influenced by the communication and incorporation among different organizations throughout the supply chain. There are researches, which has used the idea of "institutional goal" to consider the causes of behavioural diversity among different actors. Therefore, the expectations created by the institution define the legal and appropriate actions of the organization, that is, suitable behaviours and constitute the logic, guidelines, regulations and behaviours that are accepted (Oliver 1998). It affects the organization's decision-making methods. A number of previous researches show that corporate logic can be evolved over time, or it may be a different logic at any time. It creates conflicts and competitions among organizations markets, professions, communities, etc. in the supply chain. They should deal with different social level. These levels are related to unique corporate logic. Every goal explains a series of behavioural models to motivate social assets and organize corporate and business situation. In the supply chain, it could be said that organizations are encouraged to consider more sustainable by creating condition for the new goal that aims to change, participate, or reinforce other main goal such as market and financial logic (M. L. Sayed 2017).

Walker (Walker et al. 2014) have established a typology which classifies the internal and external enablers and barriers to sustainable supply chain management. Internal enablers deal with the top management assurance to sustainability whereas the external one deal with the stakeholders. Internal barriers can be cost reductions strategies and barriers like lack of training and monitoring etc. External barriers come from the customers or a competitive environment. Gimenez (Gimenez 2012) classified sustainability practices by two approaches, i.e. assessment and collaboration that can be accomplished by internal and

external enablers.

Social institutional theory in SCM is an area, which is recently growing specially if the focus is on sustainability (Sarkis 2011). Previous studies that use institutional theory has mainly focused on organisations. However, some of them has explored a supply chain that involves multiple organisations. This theory has been extensively used in studies of environmental management in organisations (Bansal 2005). Institutional theory explains the reasons of practising any chosen activity which may not give an economic return. (DiMaggio 1983)

International labour practice standards, socially responsible purchasing and interlink between social and environmental auditing are the three major streams of social issues that has been studied. Nine areas are mainly examined for international supply chains operations which include child labour, transportation systems, health and safety, freedom of supplier association and collective bargaining, discrimination, punitive practices, working hours, reimbursement and related management systems. A relevant standard ISO 26000 has been developed and is anticipated to work with environment management standard ISO 14001 (Castka 2008).

Socially responsible purchasing based on codes of conduct must be followed during buyer-supplier interactions (Carter and Jennings 2002). In their research they have comprehensively proposed a multi-dimensional index to execute socially responsible purchasing, comprising environment, diversity, safety, human rights, and charity. These are the main streams toward supplier socially responsible practices. During the period of designing, developing and reformation, the supply chain managers have to take challenges to advance themselves into the market which cannot be done without social practices into both the upstream and downstream portions of supply chain. Moreover, social practices for suppliers do not develop in isolation, but instead must be connected with, and take into account, the nature of both the upstream and downstream portions of the supply chain. There are three dimensions regarding the supply chain structure that is of significant importance on tools, systems and programs that are used in social issues with suppliers: transparency, dependency and distance (Van Donk 2010).

Concerns regarding social responsibility have been developed during the last two decades in both business press and political side. However, it has gained little attention in the literature in order to know why or why not organisations act in socially responsible ways. (H. & Buhr 2004). Most studies emphasized on the connection between social responsibility and



financial performance. (Walsh 2003). Campbell (CAMPBELL 2007) explored a broad set of institutional conditions in which socially responsible behaviour is likely to occur.

In some investigations, scholars have contended that the tendency toward socially responsible behaviour in organisations varies across nations (Ralston 2002). The relative political economy literature is helpful in such manner since it has a long convention of looking at how political and economic establishments fluctuate cross-nationally and influence financial action. The institutional analysis is valuable since institutionalists comprehend that institutions beyond the market are important to guarantee that organisations are responsive to the interests of social actors adjacent to themselves in today's economy (W. R. Scott 2003). Galaskiewicz (Galaskiewicz 1991) indicated that corporations will in general act in socially responsible ways if normative or cultural institutions are set up that make the best possible arrangement of motivating forces for such behaviour. For example, when companies or their managers belong to a business committed to charity giving, these enterprises are bound to participate in philanthropy.

Handy (Handy 2003) proposes that the most appropriate approach to get firms to carry on in socially responsible ways is to persuade their managers. Organisations are more likely to perform in socially responsible ways when they meet strong state rule, collective industrial self-regulation, NGOs and other self-regulating organisations that are observing them and a normative institutional environment inspires socially responsible behaviour. Furthermore, socially responsible behavior affect firms which belong to industrial links and involve in institutionalized interchange with stakeholders.

### **3.0. Research Method**

This chapter starts with a discussion of our philosophical position for the research design of this master thesis where we discussed the two major philosophical models i.e. positivism and social interpretivism. We chose a qualitative and comparative single case study approach based on the explorative and descriptive nature of our research to answer the two research questions set out in the introduction. The data collection was followed by the research design which was divided into two subsections- primary and secondary data collection. The primary data collection had been mostly done by the authors' personal observations and experiences in the case contexts which is followed by the secondary data collection. Lastly, we analyzed the primary and secondary data collected through this investigation.

#### **3.1. Philosophical Position**

The philosophical position is the prime factor in the research design. There are two major opposite philosophical paradigms as positivism and social interpretivism. Positivism believes that existence of reality is independent of humans. Our senses cannot resolve it and it is administered by enduring laws (Adil Abdul Rehman 2016). In contrast, Interpretivism is a "response to the over-dominance of positivism" (Grix, 2004, p. 82). Interpretivism denies to the concept of positivism that the existence of reality is separate of human senses (Adil Abdul Rehman 2016). It refuses "to adopt any permanent, unvarying (or foundational) standards by which truth can be universally known" (Guba & Lincoln, 2005, p. 204).

Investigation of this master thesis is based on lenses of social interpretivism. The current situation of SCM in both contexts is briefly discussed and how these supply chains are managed in respective contexts have been the focus of this research. The main goal has been to analyse the implementation of social responsibility practices in supply chain strategies and challenges that these industries have been facing in the process of implication of socially responsible practices in their competitive strategies.

#### **3.2. Research Design**

This master's thesis presents a qualitative research design which is more useful for the deep understanding of a specific problem. (Flanagan 2013) claims that the qualitative approach is suitable to conduct an in depth and descriptive research in order to understand the several

dimensions of the given problem being analyzed. This approach is linked with elements of reality that cannot be empirically numerated and focuses on the explanation of the dynamics of social relations. Qualitative approach of research was helpful for us considering the descriptive nature of our research as Maxwell explains “that qualitative research works with the universe of meanings, motives, aspirations, beliefs, values and attitudes, which corresponds to a deeper space of relationships, processes and phenomenon that cannot be reduced to the operationalization of variables” (Maxwell 2013).

This master’s thesis was written in both an explorative and descriptive manner. The exploratory way of our research design was helpful for understanding how social responsible practices are being recognized globally and are impacting the global supply chain in textile sectors. The descriptive way allowed us to study and analyze how sustainable practices and socially responsible activities are evolved and developed in textile industries in Bangladesh and Pakistan.

This master’s thesis applied a single case-study approach about the social responsibility practices in SCM within the textile industry in Bangladesh and Pakistan. How these two different contexts consider the importance of socially responsible practices and how they evolve their strategies in order to compete in international markets. We chose these cases for our research because these developing countries and their textile sectors are quite known around the world for producing good quality textiles and circulating them to western countries brands at the same time these countries are involved in activities which not only contradict with human rights but also harm the societies locally and internationally.

For us it was important to learn how the existing practice changed under the influence of governments, conflicts of interests of businesses, society and working labor. It was of significant importance to learn how they are aware of the fact that socially responsible practices not only benefit societies but also enable businesses to improve their financial productivity.

The case study approach helped us to learn the phenomenon in real practice it helped us to understand the contextual settings and internal processes that take place while an in depth research between different contexts in conducted. Yin 2003 defines the case study approach in the following two citations:

“A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real life context, especially when the boundaries between the phenomenon and context are not clearly evident”.

“The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points and as one result relies on multiple sources of evidence with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis” (Yin 2003) (p.13.).

The study about these two cases in context of Social responsibility is of significant importance and has crucial impact for societies and businesses in different forms, which is the reason of conducting this study. Current prevailing societies are complex and inter dependent to each other whereas this was not the case in earlier centuries. For example, a business entity in Pakistan or Bangladesh would not have made any impact to a business or any activity somewhere else on the globe. In today’s era, this is so common that businesses are coordinated and connected with each other through technology, communications etc. and impact the international markets neglecting the geographical factor.

Increased level of technological advancements and awareness is influencing societies to be less willing to risk nature and seek to conserve their cultures. Societies and individuals emphasize on responsible actions from businesses and individuals because huge stakes are at risk according to social responsibilities.

This study should be regarded as exploratory and descriptive investigation since it targets to explore the social sustainable practices in Bangladesh and Pakistan textile Industries. Textile industries are chosen because these industries in respective countries carry huge significance in overall economy. Since social responsibility in sustainable supply chains is an emerging topic globally so exploratory approach is the most suitable one (Mani 2016).

### **3.3. Data Collection**

#### **3.3.1. Primary data**

##### ***Interviews***

To collect primary data, we planned to ask the managers of the selected companies for appointments to conduct telephone interview or provide them a semi-structured interview guide through email. We prepared an interview guide and sent to our potential respondents from the respective companies. However, due to corona pandemic we were unable to conduct any direct interviews since we could not reach them. Offices were closed and our potential respondents refused to provide their answers by email. Although this was the limitation for our data collection but at the same time both the authors are born and brought up in these concerned contexts. Therefore, our primary data that has been acquired is based on personal observations by the authors of this master thesis. Primary data was indirectly collected through personal observations during working experience of both authors in the period from 2014 to 2016.

##### ***Personal observations and experience***

Personal observations provide real insight into face-to-face situation which helps better understanding the contexts of the case. It also helps in brainstorming and analyzing the case contexts and situations what authors have observed directly or indirectly (Ghauri 2001).

We as researchers reflect upon our own personal experience of work within the textile industry in Pakistan and Bangladesh. Thus, we were the observers and also the textile industry practitioners. Professional practice was full of problem setting and problem solving. It made it possible to recognize the phenomenon as social responsibility practices in SCM. Personal observations mean the collection of data that is mostly intuitive, tacit, unconscious. So, we used personal observations in our research as ‘reflection-in-action’.

Personal observations were the only way to collect accurate data for our study. They enabled us as researchers to investigate the nonverbal expression of feelings, monitor who interacts with whom, inspect how communications took place and how much time it needed to perform various activities (Schmuck 1997). This method also allowed inspecting events that our potential respondents could not share with us. We observed situations directly rather than listen to the explanations by others. As highlighted by deMunck (1998), personal observations allow researchers to analyze backstage culture and acquire a detailed description of the

activities and it enables them to avail opportunities for witnessing and participating in unannounced events. Further, participant observations helped us to increase the validity of the research because they contributed to a better understanding of our two contexts (DeWalt, 2002).

**Author 1:**

The first author worked as an admin and HR executive in a multinational textile company which is representative company of a wellknown Polish textile company from 2015 to 2016. During her working period, she was involved in working with the merchandising, quality control and compliance department. She observed their supply chain, suppliers, manufacturers, and buyers. She observed that the Polish buyer tried to implement the right standard through auditing the factories. The focal company does not have own factories, but they focused on precise work and they used to have good relationships with the factories and suppliers. The first author experienced two audits with the Polish buyer in the factories and suppliers' offices. She observed that the Polish auditor was very strict and sincere in his work and tried to take every little information in detail from all the departments of their office and the factories and suppliers he visited. Most of the time he found information gap and lack in synchronization in their operations in the whole supply chain. The audit results showed that most of the Bangladeshi textile offices, specially, the local factories were not maintaining the right standard in the workplace and were not compliant with the quality required in every stage of their work. As a host company, the focal company used to face lot of issues in managing supplier and buyer relation. While working with the country manager of the focal company, she observed issues raised in terms of synchronization of the work and relationship among all the parties. She noticed that cultural difference created problems in supplier and buyer relationship which caused many misunderstanding in the overall business. They usually conduct some more audits like social audits in their supply chain in Bangladesh. The buyers used to give pressure to undertake social responsibility practices in the manufacturing factories. However, most of their practices concerned with the environmental side and workers' safety issues.

**Author 2:**

We used the working experience of the second author that was mostly related to the development of social responsibility practices in Pakistan. The second author worked in a textile company for almost 6 months which is responsible to produce textile products in all

over Pakistan. The author observed that the focal company faced a number of challenges after the rise of social responsible practices in Pakistan because of huge competition. The focal company had to develop and implement social responsibility practices in order to compete and to maintain its position in the current market. It was unable to achieve the confidence of their labor which resulted in strikes and conflicts with the labor union. When the focal company was eventually able to settle down with the needs of the labor union. The government played a huge role in asking for taxes to provide better service to the community. Therefore, the focal company had to settle that which they did. But after all the settlements and compensations made by the company, the skilled workers and high-level labor were not paid well according to the labor laws and hence resulted in complications. The orders were received in the usual manner from the buyers which the concerned company was unable to deliver because of prevailing conflicts.

The second author also observed a situation when the government asked the company's directors to support remote areas after the incident of an earthquake in Pakistan in 2005. This incident revealed a huge drawback of Pakistan's transportation strategies to provide remote areas that suffered a lot. To support remote areas, the company implemented a new strategy that was based on providing sufficient products to the remote areas as well as to the regular buyers. This strategy resulted in huge profits for the company and influenced the managing directors to take action to provide in remote areas as well. After that natural disaster, the company has been developing and implementing social responsibility practices in order to serve the remote areas which are considered to be an important region of sales.

### **3.3.2. Secondary Data**

Most of the secondary data was acquired from the internet websites of textile companies in Bangladesh and Pakistan. Secondary data was used in order to relate this study with theoretical assumptions by previous research and prove their theories and its relevance to the case.

Mertler (2002) indicates that even though the idea of secondary data collection is relatively uncommon for academic purposes, it can be a very useful, time-saving, and convenient substitute for the traditional way of data collection. Data collection from webs was cost and time saving ensuring a short time frame. The Internet allowed us as researchers to access huge amounts of diverse and authentic data.

The major advantages of collecting secondary data for this master thesis included easy

collection, inexpensive process, and unlimited data that we gathered in a short time period due to the Corona pandemic. As secondary data, we used official statistics, reports, administrative records and accounts reports. Our primary data form personal observations were supported by secondary data. We as researchers had access to a large, diverse and distinctive data set.

### **3.4. Data Analysis**

In this master's thesis we have only analyzed secondary data due to unavailability of primary data as the thesis was conducted during corona pandemic and organizations in the concerned contexts were unable to provide us with the answers of interview questions. Data of these two empirical cases was collected through journal articles, internet websites and information found in online reports and was compared between the two contexts of Bangladesh and Pakistan.

In the analysis we have compared that how the social practices evolved in these two contexts and forces that influenced the textile industries of Bangladesh and Pakistan to develop social responsible practices and how do social responsibility practices contribute to sustainable development of SCM in textile industries in Pakistan and Bangladesh. Through peer reviewed articles and various sources of secondary data we have analyzed the circumstances of textile industries in Bangladesh and Pakistan and conducted comparison of the history of two contexts. How the historical position, policies and current situations impact the development and implication of social responsible practices has also been analyzed.



## **4.0. Case Presentation**

This chapter provides a comprehensive overview of the textile industries of the two countries Bangladesh and Pakistan. This chapter is divided into two case contexts: Case A (Bangladesh) and Case B (Pakistan). It is described how SCM is organized in these contexts, what are the challenges in the supply chain of the textile industry in Bangladesh and Pakistan faced before and are still being faced. The core of the chapter is the social responsibility practices in SCM of the textile industry of both countries, which explains how social responsibility practices have been evolved and developed into these contexts and how important it is to include social responsibility practices in the supply chain of their industries to achieve business goals.

### **4.1. Case A**

#### **4.1.1 Textile industry in Bangladesh**

The location of Bangladesh looks like a bridge between the evolving markets of South Asia and quick developing markets of South East Asia. Although Bangladesh has political instability, poor infrastructure, corruption, inadequate energy supply and slow execution of economic modifications, it has made several improvements in terms of some developing indicators like economic growth rate, poverty reduction, population regulation, infant mortality and literacy (Velde 2008).

The textile industry has played a significant role for a long time in this country. The “Made in Bangladesh” tag became a prestigious brand across the world from the 1980s. This industry has made a crucial contribution to rebuilding this country after its independence by increasing its economy (Hassan, Dhaka Tribune 2014). Currently, the Ready-Made-Garments (RMG) industry is the single biggest exporter for Bangladesh which accounts for 81% of the total earnings of the country (Hassan, Dhaka Tribune 2014).

Bangladesh is facing problems due to corruption, unplanned (rapid) industrial development, its unique geographical location and high population density. Global climate change also affects the country’s infrastructure that results in significant challenges for transportation and developing supply chains. Several empirical studies have identified a number of social issues ,

including high poverty level, labor unrest, child labor, gender discrimination in terms of labour and payment, and labor right violence, women workers' health and harassment issues (Ref.). These social issues cause negative reactions in society like strikes and political conflicts (Md. Mazedul Islam 2013).

The poor population of this country is mainly engaged in the textile and garments sectors where women are the key workers in the factories. Therefore, the textile sector is known to be the only largest employer of women in Bangladesh (Md. Uzzal Hossain 2016).

It is worth noting that the textile industry has historically been one of the largest consumers of such a resource as water from local reservoirs. Water is very important for chemical dying processes in textile factories. However, these factories pollute water and air with the enormous use of chemical components (Md. Mazedul Islam 2013).

The development of textile industry can be constant by improving the SCM since textile industry has huge economic importance in the economy of Bangladesh. To be more competitive with international companies the Bangladeshi textile industry has recently started to develop manufacturing high-quality and low-cost products within short lead time and to meet health, social and environmental compliances. However, it has faced serious challenges in the domestic and foreign competitive markets. Some companies follow simple management modes of import of materials and export of finished products and some other especially the production management follows vertical integration. The textile industry of Bangladesh has some vertical integration because of the low production of raw materials which prompts import them from other countries which results in long lead times. Therefore, textile industry in this country is less active. It does not apply innovative technologies that makes it less competitive in the international market. The textile industry of Bangladesh is still growing and facing massive challenges, principally because the country does not produce enough of the raw materials necessary, unfavourable trade policies, and inadequate incentives for expansion (Md. Mazedul Islam 2013).

The high unpredictable demand for garment products creates major issues in inventory management in the textile industry of Bangladesh. Bangladeshi textile factories generally face challenges of overstocking which leads to the obsolescence of the products. Textile industry in Bangladesh is still lack in computer-aided manufacturing, high-speed sewing machines and modern pressing machines with a wide range of internet and automation processes like inspection and material handling is very low. (Smita Rani Debnath 2017). They have a lack of

awareness of upcoming technologies, media communications and IT obstacles and unfavorable energy supplies. Shortcomings in full package production and fast replenishments associated with modern and reliable telecommunications infrastructure, which is facing problems (Chowdhury 2015).

Bangladesh's textile industry generally fails to implement long-term collaborative relationships. Suppliers are involved in quality development, supply planning and transactional performance, particularly in finished product level. There is a lack of transparent relationships between the supply chain partners due to not sharing information, risks and rewards properly. It creates a major barrier due to a lack of top management's support (Smita Rani Debnath 2017).

Political instability is an ordinary incident in Bangladesh. Strikes and violations are very frequent which influences on profitability. Sometimes production gets hindered because of Labour unity in the production lines. Misunderstanding takes place due to cultural differences. (Chowdhury 2015)

#### **4.1.2. SCM of the Textile Industry in Bangladesh**

SCM became a new paradigm for the Bangladesh textile industry. Managing and scheming the supply chain of this industry is one of the fundamentals for international business and export. Historically, the premediated necessities of Bangladesh textile business along with the distinctiveness of its challenges as well as global critique and competitions have developed SCM a new paradigm for this industry. Generally, SCM is increasingly multifaceted and in the textile sector it is more complicated due to having characteristics of global supply chain (Saiful Islam Tanvir 2013).

Generally, the supply chain of textile industry of Bangladesh consists of supplier, manufacturer, final customer and service provider and these all stages of the whole chain are decentralized. There are two types of customers i.e. domestic and export. The logistics and distribution centres assist them to deliver to end-customers (Md. Uzzal Hossain 2016).

Relationship and commitment of different suppliers, services of banks, ports, customs and transportation and documentation are all connected and it is difficult to maintain effective coordination among the supply chain partners. Besides this challenge, when it comes to

global supply chain, crossing borders face general obstructions to intercontinental tariffs, nontariff obstructions, switch over rates etc. Borders give some obstacles in transportation services, which are common for textile sector in Bangladesh. Others challenge include, delayed and wrong product supply, delayed approval, changes after confirmation or after starting production, fabrics quality test, missing of products during transportation (Md. Uzzal Hossain 2016).

SCM deals with customer satisfaction regarding manufacturing and service, which are the main factors for the textile industry in Bangladesh. It faces different challenges regarding procurements of raw materials, work-in-process inventory and finished products from the source of origin to the source of consumption within the textile business (Md. Uzzal Hossain 2016).

The textile industry in Bangladesh represents a larger trend in the globalization of production methods into complex global supply chains. The international buyers become more interested in buying sustainable products and products from those companies which are practicing sustainability in their business operations (Shah Walayat and Kabeer. 2012). The BGMEA (Bangladesh Garment Manufacturer and Exporters Association) representatives has addressed that there is no way to avoid social responsibility practices of the SCM in the textile industry of Bangladesh to increase competitiveness in sustainability. They believe that social and environmental performance in textile industry can be improved by responding the international market pressure and a collaboration effort with the stakeholders and international buyers (Islam 2014).

### **4.1.3 Focal Company in Bangladesh**

The focal company is a well-known multinational company in Bangladesh, headquartered in Poland. The Polish headquarter company (the Polish buyer) has six popular brands in the European market and retail stores in 18 countries serving three continents. The focal company plays a key role as the service provider who deals with taking orders from the Polish buyer. They have a number of suppliers from textile factories. They are responsible for supplier and manufacturer selection. They select and monitor the quality of the products from factories and suppliers and then deliver the finished products to their buyers. Earlier, local factories in Bangladesh were connected directly with the buyer. Since 2014, the focal

company has monitored them. The Polish buyer thus deals with all the suppliers and local factories through the focal company. Therefore, they frequently audit the local factories and suppliers with the focal company to supervise and monitor their suppliers and manufacturers in order to check if the local factories are maintaining the standard of working conditions and employee rights. However, the working conditions at the local factories in Bangladesh are still poor and inappropriate. This happens because they are more concerned about their economic profit rather than the working conditions and other social issues related to their workers.

#### **4.1.4 SCM and Challenges of Focal Company in Bangladesh**

The focal company's supply chain is part of a global supply chain. It includes different actors such as the Polish buyer, local buyers, local and international suppliers of garments raw materials and other accessories, local factories, both the local and international distributors, international suppliers and the focal company itself as a service provider. The focal company is following some rules and regulations of the buyers in Poland to operate their supply chain in an appropriate way. In order to perform an efficient business, this company is following a Quick response concept which assumes the use of advanced technologies in factories and in the whole distribution system. To maintain the regular lead time and to be more competitive the focal company is trying to focus on their supply chain operations through collaboration and information sharing with all the local suppliers to the buyers. They have started using advanced technology and information system among manufacturers, suppliers and distributors to respond more quickly to both the local and international buyers. For international delivery they use DHL service and send almost all of their shipment by air. For this purpose, they get a satisfactory budget from the Polish buyer and factory manufacturers also contribute to shipping for both the local and international markets. For local buyers which comprise the other textile companies and some clothing retail companies.

The Polish buyer makes a strong pressure on the focal company's activities and makes it to focus on product quality and be customer-oriented more. The Buyer's behaviour can be explained by the fact that they suspect that local factories and local suppliers operate in an inappropriate way they would like. Most of the production facilities and the suppliers are not following the standards for compliance. They just show they are performing well

enough to maintain the quality of the products as well as the working conditions of the workers during the audits. However, they do not follow the standards in normal days and follow this only when the auditors come to visit them.

The Polish buyer wants to provide proper training to the workers of the factories with the help of the NGOs (Non-Governmental Organizations). However, the local suppliers do not agree with it because they are not interested in increasing the number of working hours for trainings. Also, the suppliers hesitate that this activity can interrupt the production time. Moreover, the HR team of the suppliers misuses these training initiatives by faking the attendance of the workers. As a result, the buyer of the focal company wants to strengthen the 'follow up' process for peer-to-peer trainings, through the focal company which is actually suppliers' responsibility to facilitate. Therefore, the focal company is always in a dilemma due to several reasons concerned with buyer and supplier conflicts. Ignorance of many suppliers causes huge problems in production, quality control and assurance department. This conflict of interest between buyers and suppliers affects SCM of the focal company.

The overall transportation infrastructure of Bangladesh is still very underdeveloped which affects the whole supply chain of the focal company. Local distribution is undeveloped due to weak transportation infrastructure of the country especially poor quality of roads and the highways that are connected to the remote areas. The Polish buyer faces transportation problems during their visit to factories and local suppliers' offices because the focal company is in Dhaka which is a busy city with a overpopulation and remains always extensively blocked due to traffic. Most of the people do not maintain traffic rules and regulations. Moreover, political unrest always creates massive problems in the transport system inside Dhaka and from the Dhaka office to the factories which are mostly far from the office.

It takes very long time to reach a production facilities as well as seaports. During the rainy season the focal company faces more challenges regarding their transport system.. The reckless drivers cause traffic problems and accidents in the highways. Moreover, there are some local security issues in the highways.

The local accessories suppliers are not responsive at all. It takes much more time when the local factories import fabrics from China, Indonesia and India. Most of the suppliers are still unaware of so many regulations as well as advanced technologies that they should use in order to reduce the lead time. The focal company faces a number of issues related to export

and import in the customs section both in the airport and seaport. In the seaport, there is always a delay as it is the only big seaport of the country. The sea port does not have enough space for the containers and they become stuck there for long time result in delayed delivery. The cargos and trucks are also getting stuck due to damaged roadways and traffic jam. As a result, the whole distribution management gets pressure from buyers and the local factories at the same time. Therefore, the focal company has taken some good initiatives to implement such as social welfare for the workers in the local factories. However, the Polish headquarter still do not have a satisfactory budget for the Bangladesh office and its employees. Due to a lack of finance for this type of initiatives, the supply chain of the focal company faces challenges from local factories.

The focal company has obstacles in maintaining delivery time for most of the orders due to several issues like the usual garments suppliers, labor conflict and strikes for other political issues blocking the roadways, sometimes natural disasters e.g. flood & cyclone which is common every year in this country, inadequate electricity in the factories and products rejection or late approval by the QC causing delay in the entire supply chain.

#### **4.1.5 Social Responsibility Practices by the Focal Company**

Several challenges have led the top management of the focal company to take effective decisions in order to improve their supply chain enactment. Social issues which are the reasons for the development of the social development practices in the supply chain of the focal company include unhealthy and adverse working conditions in the manufacturing facilities, strikes by the factory workers for their rights, transportation problems, selfish nature and ignorance of the suppliers and factory owners. Most of the local factory owners think that it is normal to give less wage to the workers, increasing working hours without extra wage is very normal for them, they do not care how and to what extent garments female workers and their children are facing problems related to their health, transportation system, security issues or long work hours or any hostile working conditions.

However, environmental pollution caused by the local factories and production sites of the local suppliers has got attention by the Polish buyer to compel the focal company to take initiatives for practicing social responsibility in their supply chain activities. Initially, they mostly focused on the environmental factors after their overall revenues. There is still gap in

community social development.

Eventually, the focal company has taken numerous collective actions related to social sustainability issues. Social issues regarding the workers payment, working conditions and transportation system, gender discriminations and so on have pushed them to develop broad supplier labour regulations. Some devastating events in some local factories has influenced the focal company to take the responsibility of the wokers and their working conditions in the local factories. Hence, social responsibility practice has come to the picture in terms of compliance, fire safety, building integrity and other working conditions. The Polish buyer is now serious about the compliance issues which show their obligations to social responsibility policies and procedures. They have established in-house compliance department of the focal company which is managed by the senior management. It ensures the corrective measures of the issues that appear as bottle neck by following the standards. However, there is still gaps and therefore, it is required for this company to make the work places and working conditions and environment more compatible with the relevant Bangladeshi laws in order to create a social sustainability There is still gaps in proper and continuous monitoring and arrangements of social audits in the supply chain of the focal company.

When the Polish buyer are supporting, the suppliers are not following the rules and they keep faking on their activities violating the standard and this directly affect the quality of the products and lead times as well. As a result, the focal company become inactive in such situations due to supplier empowerment. They are trying to make stable relationship with the local and international suppliers and push them to implement the code of conduct made by the headquarter. They have plans to have vertical integration with two suppliers depending on their relations and quality performance.

## **4.2 Case B**

### **4.2.1. Textile industry in Pakistan**

The textile industry is historically the largest industry in Pakistan. Pakistan is the 4th major producer and 3rd largest consumer of cotton globally, according to APTMA (2009-2012). Pakistan has a number of textile factories widespread in the whole country. There are large and small scale factories in almost all regions but the hub of textile industries is in Karachi. Geographical location of Pakistan is favorable for international trade as it shares northern



border with China, eastern border shares to India, western border with Afghanistan and Iran and southwestern border to the Arabian Sea (Shah Walayat and Kabeer. 2012).

Pakistan is one of the major producers of cotton in the world. Pakistan textile industry produces narrow range of products most of which are directed to the low profit segments of the global markets. Priority towards the development of the textile industry is given by the full use of neglected resources of cotton. Textile industry in Pakistan mainly include large-scale sector which are organized and well operated as well as small-scale producers (Ahmed 2008). Exports are mostly dependent on clothing industry because it has been an essential source of employment and foreign currency earnings for the last several decades (Ghani A. 2006).

Textile and garment companies differ a lot in the stages of their development since this business is globally scattered and operate in different environments. As a result, the company development level within its competitive factors are pretty diverse according to different regions which in turn play a vital role in governing the working culture of the organization. Companies in Pakistan do not follow the government regulations regarding corruption, tax payments, labor and employment practices etc. In this situation, efforts should be made for the companies to implement regulations appropriately. Few publishing houses were supporting the issue of social responsibility activities in the country but they were pressed down by the shareholders. Shareholders believed that organizations should only be focused on economic development and profit maximization (World Bank 2015).

The law implemented in Pakistan states that social and economic well-being of people apart from their religions and cultures is prioritized through the social responsible activities by the industrial sector in Pakistan. Corporate governance reforms were further imposed by security and exchange commission Pakistan (SECP 2012). These policies comprised of social responsible practices obligations for businesses in the country. Several studies show that social responsibility practices do not pursue a specific spectrum of activities in Asian countries like Pakistan and Bangladesh. This results in investigation for the reason that why social responsibility practices are different in specific countries with similar economic conditions.

Another problem in Pakistan is that government officials lack motivation, resources and ability to administer textile sector. Government perceives that it may impact negatively to

foreign direct investment if they increase regulations and strictness over the industry which results in overload of economic and social development in Pakistan (Graham 2006).

Companies try to implement appropriate supply chain structure depending on the historical development of the business culture, existing skills, strengths and technological resources that can impact the products and services delivered to the end customers. Concept of social responsibility practices in business policies is still growing in the textile industry in Pakistan and has tremendous potential to compete in global markets (Majid Khan 2013). Currently, the organizations produce a wide range of products and services for global markets as they started to collaborate globally and integrate their activities along the supply chain network which help them to coordinate and share market information and risks (C.M. Harland 2001).

#### **4.2.2. SCM of the textile industry in Pakistan**

SCM of the textile industry is expanding as a result of growing trends of clothing and fashion. Different strategies of planning, outsourcing and distribution networks of supply chain are being improved to gain competitive advantage for companies. It builds up company's profitability, market share and most of all customer satisfaction is enhanced (Sahay 2003). Effective SCM strategies play important role in the delivery of garments from factory to the end customer as it directly effects the total cost and lead time. SCM is a significantly improving factor in Pakistani textile companies (Ghani A. 2006). Technological advancements, sourcing policies and logistic facilities are critical to successfully achieve consumer attention and to deal with rapidly changing markets (Hayat 2012).

Pakistan did not develop its strategies and upgradation of its domestic textile and clothing industry due to which the country was not able to incline its share in the international market. Most of the companies in developed countries are now emphasizing on the enhancement of their strategy and relying their operations on SCM in order to be competitive (Nabila Noor 2013). It is evident that Pakistan textile industry is not able to respond to demands based on shorter lead times and to act in high responsive manner which is expected by majority of customers in textile sector (Pathan 2013). Double digit inflation causing decline in textile production have resulted in high unemployment level which in turn negatively impact the society as it is related with the life of people of the nation (Aftab A. Khan 2010).

Presently, textile industry in Pakistan is trying to be responsive by creating short-run orders furnished with advanced planning and decision making systems within its supply chain. However, companies still do not emphasize utilizing useful tools such as demand forecasting, planning inventory and production control that help in rapid decision making (Hayat 2012). Although it is clear that geographical location is one of the most important drawbacks of long lead times for exporting to international markets, technological advancement can decrease this gap for explicit customer segments. Therefore, a time-based performance of the system is required to address the issues like poor logistics, less utilization of advanced technology regarding planning and controls and less integrated information and communication in the supply chains (Pathan 2013).

### **4.2.3. Focal Company in Pakistan**

The focal company initially started to operate in 1998 in Karachi, Pakistan. The company is one of the largest producers of textile products all over Pakistan and abroad. It is a privately owned company. The focal company's operations include apparel and garments, fiber, fabrics, yarn and home textiles. Focal company built area of over 1 million square feet for advanced equipment. Due to this new construction the focal company has the capacity to fulfill small, medium and large scale orders. Focal company is one of the few vertically integrated operations in Pakistan. Most of the company's processes are vertically integrated which helps to monitor the quality. Local buyers can find the product in local markets conveniently. Focal company is able to maintain their brand image and market growth as they monitor the quality in every step of the process. A large number of local suppliers collaborate with the company in order to maintain quality and delivery time of the product. Once final product is ready to wrap around, it is taken to one of company's various distribution centers. By creating a retail network where each shop is specialized to suit a certain type of customer. Focal company focuses on satisfying each customer via ease of access and the widest ranges. The focal company has distribution centers throughout Pakistan via a distribution network of independent retail outlets and fabric stores. Through a vast network of dealers, whole sellers and retailers end product reaches over 200 outlets nationwide. There is a large number of local buyers who can access the product in local

markets.

#### **4.2.4. SCM of focal company in Pakistan**

After 2000s, Pakistan was facing huge energy crisis and other certain economic challenges. Due to this the focal company faced a downfall but still managed to operate and maintain their operations to provide the local market. The company was not able to pursue their operations in international markets due to the limited resources. After a couple of years eventually improving situation inside the country positively impacted the focal company's operations and production routines. In 2005, Pakistan went through a natural disaster. Many of the retails, distributions, production houses and factories could not survive and vanished from the market. Especially the north of Pakistan which is based on highly remote areas was affected significantly. The focal company on the other hand was improving their position in the market because of the distant location of factories from origin of earthquake. Factories and production houses were not impacted by the natural disaster and continued their operations. At the time focal company was developing their technology in factories with growing trade and productions. Some of the international buyers had started to buy from the focal company. The focal company was facing a challenge of arrangement and allocation of investments. The textile factories consist of heavy machinery and such investments need planning to be allocated wisely. The focal company was able to gather and allocate investments from last couple of years. Improved image in the market and growing trade graphs of the focal company drew attention of authorities. Few textile industries in Karachi including focal company were notified by the government to take initiatives to provide in remote areas. Government pressurized the focal company after the earthquake disaster to develop strategies and provide textile products in extremely remote areas. This resulted in a large hustle as the company had just started to gain its position back in the market after the energy crisis in the country. Board members and managers of the focal company started to give attention to Supply Chain Management in order to provide their products in extremely remote areas.

After collaborating and having a couple of meetings with other acting companies. It was decided to initiate the development of SCM strategies. The focal company enhanced and modified their SCM strategies in order to provide textile products in extremely remote areas. At first it was complicated for the company to develop a whole new transportation system. The focal company made contracts with already operating companies in those remote areas

and outsourced their services in order to get their products delivered. Eventually new SCM strategy proved to be beneficial. The focal company had a significant increase in demand and supply in remote areas. This influenced the managers to expand the company's operations and set up a transportation system which allowed them to provide their products in remote areas as well as the regions which were badly affected by the earthquake. Since then the focal company has kept a large share of market by providing in remote areas.

As a result of providing their products in extremely remote areas the focal company is considered to be involved in social responsible practices as well which helped them to enhance their image in international market as well. Now that the focal company is providing their textile products in all over the country and also in abroad it is considered as a benchmark for small scale textile factories. The focal company has been doing it since after the earthquake so it has made a strong association with the customer base in remote areas and is continuously striving to provide as better as possible which makes it difficult for other competitors to compete. Small scale factories and other competitors have been making efforts to develop such SCM strategies which can allow them to provide in remote areas of Pakistan.

#### **4.2.5. Challenges in SCM of the focal company in Pakistan**

Pakistani textile industry has lately been equipped with advanced manufacturing technologies introduced by Germany, USA, Switzerland, UK, China and Japan so it is considered to be strong in SCM. The government is responsible to launch trainings for improving skills of manufacturing operators, efficiency of processes and productivity. Though integration is increased at certain levels with technology and communications but research and development for new product systems seek improvement (Hussain 2012).

The focal company still lacks in production and inventory planning systems despite of having latest computerized manufacturing machines. However, the workshop was dangerous for workers without safety equipment, respirators or ear plugs. As a result of these events, focal company faced a number of challenges.

In recent years, textile industries have been experiencing increasing problems with social sustainability, especially after fatal events in the supplier regions of Pakistan. For example, a fire broke out in a textile factory in Pakistan in 2012, and at least 254 workers died due to insufficient security arrangements (U. A. Awan 2018). Focal company face these difficulties

due to slow socioeconomic developments, infrastructure deficiencies and understanding of these issues.

The focal company in Pakistan experienced one of the hardest periods for the recent decade. Internal issues affected Pakistan's textile industry badly. Most of the company's planning was done by illiterate and less educated persons holding the position of managers due to assumed cost saving reasons by administrators. Indeed, less importance was given to SCM issue on practical grounds. As a result, the stake of warehousing was also at disturbed.

The significant expense of production resulting from the rise in energy costs has been the essential driver of worry for the business. Currency depreciation during crisis has essentially raised the cost of imported inputs which has eventually affected the SCM in the company. Focal company was confronting significant production costs because of a few factors like the rise in electricity tariff, high interest rate, energy crisis, expanding cost of resources, political instability. These factors have an impact on its complex supply chain from production to distribution to the last mile delivery.

#### **4.2.6. Social Responsibility Practices in SCM of textile industry in Pakistan**

Pakistan being self-sufficient in raw cotton is beneficial for textile industry of the country. The textile industry in Pakistan evolved towards social responsibility practices after the issue of extensive child labor in (Sialkot, Pakistan) was mentioned frequently in international discussions (A. W. Awan 2012). This issue resulted in the growth of national and international institutions in Pakistan, mostly which were engaged in awareness of Social responsibility practices. Despite the fact that different institutions such as United Nations Industrial Development Organization (UNIDO), United Nations Development Program (UNDP), International Labor Organization (ILO) etc. are engaged in social responsible practices and their impact on community related to social responsibility practices is still few (Mohammad Sohail Yunis 2017).

Social responsibility in Pakistan is significantly growing as firms are becoming more focused for their contribution in social conflicts in South Asia. Peter in his study he argues that the problems which can be fixed by companies are not only management failures. In fact, they must be considered as a result of internal conflicts which rise when global political and economic authorities influence local contexts (Thomson 2004). Pakistan is a developing

country and despite of several complications the country is struggling to make an impact globally regarding social responsibilities in industrial sector. Lately the country has been facing several issues like fragile economy, political instability, social turbulence and insufficient regulatory infrastructure. In past several years, implication of social responsibility practices is considerably given importance in Pakistan within Academia, businesses and non-governmental organizations (S. & Ehsan 2012).

Gradually increasing awareness of social responsibility practices in Pakistan textile industry can be represented by two reasons. First, Increase in international trade, growing globalization and information sharing around the world has resulted for organizations to enhance transparency, accountability and firm operations. Customers, NGOs, Media and other stakeholders including society desire organizations to be socially responsible and accomplish their ethical commitments for the society (Smith 2003). As the markets are becoming more competitive and the companies essentially focus on their image in the market, maintaining the company's reputation and brand image have become significantly important. Now that the companies may be facing huge penalties by consumers and other stake holders for the activities that are not socially responsible. Second, in the past the government was responsible for enhancing the social well-being of community. But the society and its needs are rapidly changing which the government is not able to find solutions for increasing social problems. Hence government is unable to arrange sufficient resources to find solutions for those growing social needs which result in participation of private sector industries to deal with sustainability challenges (Smith 2003).

However, growing awareness of this concept and pressure endorsed by the stakeholders, companies have started to include social responsibility practices in their policies (M.A. Naeem and R. Welford 2009). Pakistan is struggling to enhance their economic condition by increasing exports in international markets. One of the key factor is the implication of social responsibility practices according to requirements of other international markets. In Pakistan it is complicated to implement social responsibility practices adequately because of lenient laws of labor and environment (A. Safi and M. Ramay 2013). Pakistani textile industry has been involved in various social responsibility practices but still proper regulations and appropriate mechanisms are not followed in most local textile factories. Implication of these social responsibility practices in Pakistani textile industry is new to the business sector due to which they are unable to imply these practices in to their operations.

#### **4.2.7. Social responsibility practices by the focal company in Pakistan**

The focal company in Pakistan collaborates with a large number of suppliers and processes. Spinning, weaving, yarn dying, finishing, cutting and stitching, retail and distribution are included in the supply chain. The focal company produce final product and deliver it to distributions and warehouses. Several company owned logistic vehicles are involved in the process. After the earthquake in 2005 and governmental pressure, the focal company initiated development of social responsibility practices. Although other textile companies in Pakistan tried to implement some new initiatives, especially after one famous brand faced downfall over the campaign of their poor social responsible practices. The focal company started to develop social responsibility practices in supply chains since the earthquake in 2005.

The focal company took initiative after the pressure by government to deliver the product in remote areas. The focal company was motivated because of huge demand in remote areas and gaining competitive edge. The government was able to put pressure on the focal company by being the biggest customer of the company in remote areas. Government of Pakistan was responsible to provide the necessities to victims of natural disaster in remote areas. Pressure by the government and opportunity to gain competitive edge resulted in development of SCM strategy by the focal company. New strategy was developed keeping the recent natural disaster in account and prioritized providing sufficient textile products to extremely remote areas in Pakistan.

The new strategy also includes to increase allowances for employees who work at local factories and are engaged in transporting products. This helped the company to avoid any strikes or complaints from the workers. Despite of all these policies the company also focused on environmental factors such as wastes of producing huge amounts of textiles used to infect surroundings. This caused their own local employees being sick and not working to their potential. The focal company developed and implemented social responsibility practices, quality control and waste control system and implemented so that the wastes of production can be taken care of and not harm the society as it used to before. Employers and workers of the company started getting health allowances which attracted more skilled labor to the company.



Focal company was encouraged to develop social responsibility practices as they had already existing demand of the product in remote areas. Government played a vital role to influence focal company in taking initiative of providing their product in remote areas. When company developed a new strategy and started working on it further, it faced growth in demand. significant increase in market share, enhanced image of the brand and gaining competitive edge through logistic network and good quality was one of the results of developing and implementing well designed social responsibility practices for the focal company.

## **5. Discussion**

This chapter of the master thesis starts with the qualitative analysis and comparison of the empirical findings of the two single case studies of Bangladesh and Pakistan. In this section, we compare SCM practices, challenges and outcomes of developing social responsibility practices by the two focal companies in both cases - Bangladesh and Pakistan. In this chapter we show how our findings answer our two research questions. The empirical findings are discussed according to our theoretical framework and linking the existing literature in order to find similarities and differences of some theoretical assumptions with the actual practices in the two different cases.

### **5.1. Evolvement of social responsibility practices in SCM of the textile industry in Bangladesh and Pakistan**

Case A presents social responsibility practices in SCM of the textile industry in Bangladesh. The supply chain practice of the focal company includes transportation of finished products manufactured at the local factories. The focal company in Bangladesh is a part of the global supply chain. The focal company is an intermediate between the three different actors including Polish buyer, local factories and local suppliers. The responsibility of the focal company is monitoring the work in the local factories. They are also responsible for developing relationships and interactions between the local factories, suppliers and the Polish buyer. After performing some consecutive audits, the Polish buyer noticed that the working conditions in local factories are very poor; long hour working shifts and low level of wages. This causes physical and mental inability of the workers and this affects the quality of textile products. The environment in the local factories is not appropriate which is an important reason for bad quality of the textile products. The Polish buyer was concerned that this could also affect the manufacturing of textile products in an inappropriate way and due to the quality of the products they can lose their valuable international customers. Therefore, the Polish buyer pressed the focal company to take initiatives for social responsibility practices to improve both the working conditions in the local factories and natural environment. Being the main contractual customer for the local factories, the Polish buyer was able to influence their behaviour and operations. These initiatives have improved working conditions in local

factories and has affected the quality of the finished textile products. The Polish buyer has also received some extra benefits because it could extend customer network. Moreover, they have not only ensured worker satisfaction but also improved the natural environment in the local communities. Although it was not possible to attain all three aspects of sustainability at the same time, however, by taking stepwise initiatives and audit strategies, the focal company has managed to improve all the three aspects of sustainability.

Case B represents the development of social responsibility practices in the textile industry of Pakistan. The findings in Case B have revealed that natural disaster and government were drivers to make changes in SCM practices. The government pressed several private companies to help people in remote areas. The focal company was not satisfied by governmental pressure because of extra investments and responsibilities while not getting extra profits at the beginning but focal company found that new practice seems to extend customer network and can be an extra benefit to the company. After this realization the company has decided to provide their product in remote areas.

The focal company had to modify their SCM practice. This resulted in the development of new practice by the focal company which supported local communities. Focal company also took initiative to reduce environmental pollution. Thereby implementation of new SCM strategy allowed the focal company to gain competitive advantage and additional profits by providing their products in remote areas.

**Table 1** provides the overview of empirical findings related to Case A and Case B. The findings of this comparative case study indicate some similarities and differences of both cases in two different contexts.

**Table 1** Overview of empirical findings

	<b>Case A (Bangladesh)</b>	<b>Case B (Pakistan)</b>
<b><i>Focal Company Activities</i></b>	Monitoring local factories, distribution of finished products.	Manufacturing textile products and providing customers with them inside the country.

<b><i>SCM Practice</i></b>	Part of global supply chains and includes a number of multiple actors like local and international suppliers and factories.	Transportation of Textile Products.
<b><i>Challenges</i></b>	Supplier ignorance of the technological requirements provided by the focal company and in developing working condition, conflict of interest between the local factories, the suppliers and the buyer, underdeveloped transport infrastructure and natural conditions(floods, poor conditions of roads).	Short time for the implementation of new SC practice. Necessity of huge investments and amount of resources.
<b><i>Previous Social Practices</i></b>	Poor working conditions, hard work, no overtime payments and environmental pollution.	Low wage rates, Product delivery only in bigger cities, Low level of social responsibility.
<b><i>Drivers for developing new practices</i></b>	Audits by the focal company with Polish buyers in the local textile factories and supplier companies, Pressure from the Polish Buyer	Pressure from Government and natural disaster.
<b><i>Development of social responsibility practices</i></b>	Improving working conditions and labor rights in the local factories, reduction of environmental pollution by local factories.	Extending SC to remote areas. Increasing transportation network. Reducing environmental pollution. Providing support for focal company's employees.
<b><i>Outcomes</i></b>	Higher quality of textile products, better working conditions, extending customer network,	Gaining additional profits. Reducing environmental pollution.

	worker satisfaction, fewer worker protests, better relationships between local suppliers, local factories and the Polish headquarter	Competitive advantage and extending customer network.
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## **5.2. Contribution of social responsibility practices to sustainable development of SCM in the textile industry in Bangladesh and Pakistan**

The development of social responsibility practices contributes similarly to the sustainable development in SCM of the textile industries in both countries. Literature shows that developing countries are focused on economic progress at the cost of environment and social development. In both cases, the companies in Bangladesh and Pakistan first focused on satisfying the economic aspect. Due to different institutional pressures, they started developing social responsibility practices because they realized that they could gain extra benefits. During the implementation of social responsibility practices, they realized it is not enough to satisfy the economic aspect to reach commercial purposes, and they took initiatives to reduce environmental pollution. In case A, it was to improve the working conditions in the local factories. In case B, it was to develop an appropriate system for factory wastes, which used to pollute the community.

We have revealed the findings of both cases are consistent with the theoretical assumptions provided by Köksal (2017). We have found in Case A that the focal company faced a number of social and environmental challenges due to lack of supplier transparency and exploitation of rules and regulations as most of the local suppliers and local factories give importance to the economic aspects even with the cost of pollution and labor rights. Köksal (2017) explained the same in his research which we have revealed in real practice. In case B, the findings show that, in real practice when the focal company started making additional profits and enhanced brand image after developing and implementing a new SCM strategy they also initiated to develop environmental strategies to get an improved performance of the company. This finding supports the study by Köksal (2017) in which he explains that when a company strives to develop sustainable development in its business practices, it should keep

into account all three aspects in the whole supply chain. As it contributes significantly to the overall performance of the company as well as to the whole supply chain.

Our findings are consistent with the findings provided by (Tsvetkova, 2020) although the empirical contexts are different. Tsvetkova has found the same issue that social aspect is possible to develop only after the satisfaction of economic aspect of sustainability because companies mainly focus on gaining profits.

In our study we have applied a social institutional perspective as theoretical lenses. Both empirical cases allowed us to disclose different institutional forces that pushed companies to elaborate and implement new social responsibility practices into their SCM. Case A shows that the focal company in Bangladesh has a coercive isomorphism since they get pressure from the Polish buyer upon which they are fully dependent. They are responsible to make possible social responsibility practice implementation in the factories which means they are strong and can perform coercion to serve their own interest by making their suppliers adopt favourable operational practices. This pressure from the Polish Buyer can be defined as inter-organizational control within the supply chain. This finding of case A supports Kogg's (2009) and Koenig.P. Poncet's (2019) theoretical assumptions where Kogg (2009) discussed about direct interaction between every supply chain actors and inter-organizational control and Koenig.P. Poncet (2019) explained that the international buyer can influence the MNCs to develop social responsibility practices. This pressure can also be defined as mimetic pressure by the global supply chain and global market since the focal company has to withstand legitimacy by the Polish buyer.

Case B supports the explanation of DiMaggio (1983) in which he explains that the coercive isomorphism can be the pressures from both formal and informal organizations on which a company is dependent. In Pakistan, the focal company was influenced by governmental authorities and state. Due to the governmental pressure the focal company had to develop and implement the new strategy which focused on providing their products to extremely remote areas after the natural disaster in 2005. The focal company in case B was pressurized by the government which resulted in the development of their SCM strategies and hence achieving sustainability in their operations. The government tried to find business support for people in the remote areas. This finding supports the research by Koenig.P. Poncet (2019) and Nawrocka (2008) where they explained that pressure from government, customers and stakeholders influence the companies to adequately implement sustainability in their SCM

strategies. In our study, we have seen in real practice, the focal company has experienced additional profits and developed their own interest in developing social and environmental strategies further.

Our findings in case B agrees with the statement given by Srivastava (2007) where he mentioned that it has become essential for organizations to take social and environmental issues into account in order to reach a sustainable strategy in SCM in real practice. In case B, we have revealed that when focal company developed their SCM taking into account the social and environmental factors, it was more sustainable and more beneficial for the company as they increased their customer network and gained competitive advantage at the same time.

Several studies show that social responsibility practices do not pursue a specific spectrum of activities in Asian countries like Pakistan and Bangladesh (Waheed 2005). According to Baden (2009), suppliers have to comply with social wellbeing like working conditions of the workers. The findings from case A have shown that when the local factories executed the proper working conditions they have got better quality products.

Our findings for case A are consistent with the theoretical statement of Roberts (2010) since the focal company is a multinational company (MNC), which works as a host company of the Polish buyer. The focal company has better understanding about the context and its social issues which became reasons to persuade and pressurize their supplier to adopt necessary social responsibility practice. Further, we can agree with the theoretical assumption provided by White (2015) where he has mentioned that leading organizations conduct audits of their facilities to guarantee safety standards are set up which we have found in case A, as the focal company took the responsibility to monitor the local factories to ensure safety standards and assure quality products.

The findings from Case B have further shown that the implementation of new social responsibility practices in SCM can allow companies to make their SC operations more innovative. Also, the focal company's practices became quite effective because focal company extended customer network in the domestic market. When the company started to provide in remote areas they made additional profits but despite of that they formed alliances with other companies and gained competitive advantage. Other competitors are not able to gain that advantage because most of the logistic companies that are able to provide in

extremely remote areas are in alliance with the focal company. This finding is consistent with the theoretical assumptions by Martens (2016) that when companies develop through three aspects – economic, environmental and social, they happen to adopt innovative and unique techniques. Towill (1992) explains that SCM plays a significant role in providing competitive advantage for Supply Chain partners which is exactly what happened in the case of focal company in Pakistan.

In his research Naeem (2009) explains that the government plays significant role in achieving responsibility in sustainable development which supports the situation in Case B where government has been the main driver of initiating the sustainable development in SCM strategies of the focal company. After developing the social responsibility practices in their SCM strategy the focal company in Pakistan experienced enhanced brand image and appreciation from stakeholders such as buyers in other countries, government authorities and especially the consumers in remote areas. Moschetti (2019) in his research explained that social responsibility practices promote a positive brand image and build long term relationship with all customers and stakeholders.

Dickson et al. (2009) explain that social responsibility in the textile industry covers not only the social issues but also environmental challenges and the new strategy developed by the focal company in Pakistan supports this explanation as they developed social responsibility practices but ultimately it effected the environment and influenced them to develop environmental strategy afterwards.

Surprisingly our findings from both cases have revealed that development of social responsibility practices was possible only after the satisfaction of the economic aspect. Focal companies in both countries became interested in developing social responsibility practices after they recognized that its possible to gain extra benefits. While in the literature researchers focus on developing all three aspects of sustainability and find a balance between them. Some previous studies focus only on environmental and economic aspect of sustainability. In our case it has been revealed that it was only possible to develop all three aspects of sustainability after satisfying the economic aspect.



## **6.0. Conclusions**

### **6.1. Implications for theory**

This master thesis aims to explore how social responsibility practices in SCM have been developed in the textile industry in Bangladesh and Pakistan. During this investigation, we have revealed how social responsibility practices have evolved in the textile industries of Bangladesh and Pakistan and how social responsibility practices contribute to sustainable development of SCM in the textile industry in Bangladesh and Pakistan. This master thesis provides a deeper insight in the development of social aspect of sustainability.

Both focal companies focused to develop social responsibility practices due to different institutional factors and pressures. The development of social responsibility practices was only possible after the satisfaction of economic aspect for the companies. At the same time the development of social responsibility practice was only possible after the satisfaction of economic aspect. The environmental aspect was developed during the implementation of new SCM practice because the companies realized it is more beneficial for them in a global perspective. This study emphasizes that it is possible to make practices more sustainable only by finding a balance between three aspects of sustainability.

### **6.2. Implications for practice**

This masters thesis provides deeper insights for managers from textile industries who are engaged in global supply chains and put efforts in order to enhance the quality of their products and services. This study provides better knowledge for employers about how to develop practices under different pressures. This empirical study guides the managers in their efforts to foster their human capital by adopting social responsibility practice in the business. This study allows supply chain managers to know that how to implement new practices and how to collaborate with other actors of supply chain in order to balance all three aspects of sustainability in their business processes.

## **7.0. Limitations and Future Research Suggestions**

Due to the corona pandemic since February 2020, it was impossible to conduct interviews. At the same time we used multiple sources for collecting data from archival materials, personal observations and working experience of both authors. The findings suggest more studies regarding institutional perspectives in implementation of social responsibility practices and how companies operate their supply chains in complex institutional environment focusing on all the three aspects of sustainability.

We suggest more empirical studies about the development of social responsibility practices in other contexts to compare how social responsibility practices evolve and contribute to make SCM more sustainable in both developing and developed countries. More studies are suggested in social responsibility practices related to worker satisfaction and working conditions including environmental aspect since little attention has been given in the literature to the relationship between the social aspects and environmental aspects.

It was a challenge to compare both cases because the drivers of the development of social responsibility practices were different due to various contextual and institutional factors. Further comparative case studies could provide deeper insights into all the three aspects of sustainability within different business activities.

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