“Corporate Social Responsibility in practice”
Abstract

Purpose – The purpose of this work is to examine the actual CSR situation in low wage countries of the textile industry and to identify obstacles and suggestions for improvements of the working conditions.

In order to achieve that approach, different sources and various articles, magazines, books and related websites are being researched to get a wide range of information and to avoid a partial reflection.

Furthermore an exemplary discussion of the CSR activities of two leading fashion retailers, Bestseller and H&M will be implemented by having a look on their company homepages as well as their current and previous annual reports and stated CSR activities. In addition, interviews with international operating NGO’s, fair trade unions and human right foundations will be conducted to receive widely independent information, deeper insights and critics concerning CSR and Human Development in the textile business. These interviews are of crucial importance for this work, since they provide widely independent assessments of the actual state of CSR implementation within the industry. By considering all the different information, this work provides ultimately indications for grievances and proposals for improvements in Human Development.

Methodology – Using a qualitative research strategy, this work begins with a definition of CSR and Human Development, which provides a necessary background knowledge to approach CSR in the textile business.

In order to get an idea of some of the industry wide activities and obstacles, this work contains an exemplary description of the CSR work of the two leading fashion retailers, Bestseller and H&M, using their company home pages as well as their current and previous annual reports and an outline of their reflection of the current stage of affairs regarding Human Development.

Based on the findings from the homepages of H&M and Bestseller and the companies’ claim, different researched articles and the latest accidents in the news, eleven different interview questions were developed, regarding the actual textile production situation in the RGM industry.

These questions are being used for semi-structured in-depth interviews with three different experts of the International Labour Organization, the German NGO Südwind Institute and the Confederation of the German Textile and Fashion Industry to get first hand information about the already achieved progress of the working conditions, as well as crucial driving forces and
challenges within the Human Development “sector” of CSR in low wage countries. By considering all the different information, this work finally reveals grievances in CSR and gives proposals for improving the working conditions of the textile factory workers in emerging countries.

**Findings** – The findings show the complexity and necessity of a controversy about CSR approaches in the textile and garment sector of developing countries. Recent accidents and different investigations by independent organizations are supporting the impression of an existing gap between the CSR policies of fashion companies on the one hand and the reality in the firms on the other hand. Different NGO's are complaining about insufficiently implemented approaches and Codes of fashion brands and retailers within the supply chain. This work provides different suggestions for improving the working conditions of the textile factory workers in emerging countries. Possible ways for a human friendlier textile production are for example the strengthening of trade unions and worker advocacies, the ensuring of a social dialogue and closer collaborations between all the different stakeholders within the industry - including the governments, as well as more legal bindings and stricter regulations.

**Research limitations/ implications** – The findings from this study are limited to the “sector” of Human Development and most of the results or hypotheses are not conclusively audited, due to the difficult validation. Additionally, the study is mainly focusing on the worker situation in selected low wage countries and does not provide global conclusions. Further research should aim to gain even further insights, for instance on a local company or local supplier level.

**Keywords:** CSR, Sustainability, Human Development, Human Rights, Working Conditions, H&M, Bestseller, Bangladesh.
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1. Introduction

CSR in practice is of growing importance for companies in general, but especially for textile companies. Factory fires, collapses in Bangladesh and Cambodia, slave and child labour in India and South America, inhumane working conditions and dumping wages in many developing countries, leading textile giants such as Inditex, Walmart or H&M have been repeatedly involved in negative headlines about violations of human rights within their supplier factories. With the turnover of global textile players growing yearly, the economical success is often accompanied by low employee wages, human rights violations and insufficient worker protection, as the latest and unfortunately repeating accidents in Bangladesh are demonstrating (Burckhardt, 2011).

On the other hand among customers environmental and social consciousness and the attention to entrepreneurial activities grows (Burckhardt, 2011). A growing awareness is visible, “that consumption is not divorced from production and not only an activity of exchange in the marketplace” (Jenkins, 2001).

Even though all big fashion companies are taking up the cause of fair trade and social and ecological commitment, the reality and implementation of many resolutions is leaving some questions unanswered. In the past, many company Codes have been “little more than general statements of business ethics with no indication of the way in which they are to be implemented” (Jenkins, 2001).

The latest media coverage concerning social human rights and CSR in the textile business arise different questions for the objective observer. Some questions may be: Are the business managements of textile and fashion brands putting profit before ethics? Is all the highlighting of Corporate Social Responsibility (CSR) activities just a hidden way of public relations for textile firms? Are terrible working conditions in supplier factories of leading textile companies the price for cheap fashion and assented and accepted, or are most of the firms simply not able to ensure that their suppliers follow their guidelines? Which role does CSR and human rights play for real for textile companies and how do the companies implement their approaches?

These questions are also influencing and inspiring the research of this work, without focussing on them, but bearing them in mind. Since the topic CSR and Human Development respectively social human rights in the textile industry is far too complex and extensive, this thesis is focusing on giving an overview of some of the relevant approaches and general issues concerning
Human Development of the Ready-Made Garment (RMG) industry. After giving an overview of CSR in general and a description of Human Development, which is a sub-area of CSR, follows a description of exemplary CSR strategies of two leading textile companies. These descriptions are going to be distinguished as “practical examples from the companies point of view”, since the communicated activities are difficult to verify. This study deals furthermore exemplary with the working conditions of the RMG sector in Bangladesh. Recently Bangladesh has moved into public focus, due to various reports about terrible working conditions and devastating accidents in Bangladesh’s textile industry. Bangladesh has become a very attractive country for many textile companies, as the working costs are the lowest in the world (Burckhardt, 2011). Main focus of this work has been laid on expert opinions of different NGO’s and trade unions published in various books, magazines and homepages of global textile players, complemented by in-depth interviews conducted with three different experts of the International Labour Organization, the German NGO Südwind Institute and the Confederation of the German Textile and Fashion Industry.

1.1 Defining CSR

In approaching this complex topic, it may be necessary to give first a short understanding of CSR. Corporate Social Responsibility or CSR is becoming more and more important for all kind of companies, whether they are small or large, global or national. But what is meant by CSR exactly? What is its purpose and how distinguishes CSR from social activities in general? There are many different definitions of CSR existing in the modern literature, McWilliams and Siegel (2001), define CSR as: “Situations where a company is going beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.

Companies have been established CSR activities with the purpose to transfer incorporating social characteristics into products and manufacturing processes (McWilliams, et al. 2006). These activities contain usually human resource management practices, like the promoting of employee empowerment, and are leading to a better environmental performance, and advanced community organizations (McWilliams, et al. 2006). Thus, CSR encompasses all social activities of a company including human rights issues, Human Development, as well as environmental protection (Killian, 2012). CSR is more than just charitable engagement or a fad of donating or investing for a good cause, CSR is “about trading responsibility and well, building a sustainable business, providing a good service or product
that is safe and useful and dealing responsibly with all the stakeholders of the firm” (Killian, 2012). Thus, CSR is addressing different stakeholders of a company, from the employees, to the customers or suppliers, as well as communities and Non-Governmental Organizations (NGO)’s etc. (Van Dijken, 2007).

CSR is closely linked with the business strategy of a company, therefore managers today have a growing interest in the impacts and consequences of CSR, especially those executives at multinational, multi-divisional companies (McWilliams, et al. 2006). “These corporate leaders are mindful of the fact that business norms and standards, regulatory frameworks, and stakeholder demand for CSR can vary substantially across nations, regions, and lines of business” (McWilliams, et al. 2006).

A successful and effective CSR is positing appropriate CSR strategies, and effective CSR activities are those who are aiming to improve both stakeholder relations and social welfare (Swaen & Lindgreen, 2010). In addition to that, good CSR has to fit for each individual business and the CSR management has to figure out the specific CSR issues and a way to engage with the different Stakeholders (Van Marrewijk, 2003).

Many companies also take the chance to improve the brand reputation by supporting a fair trade (McWilliams, et al. 2006). CSR strategies are also a way to strengthen the employee commitments, and more often today there is also a link between a Marketing and CSR strategy (McWilliams, et al. 2006). CSR has subsequently impact on all stakeholders of a company and “Corporate social responsibility holds greatest potential value as a source of competitive advantage to those firms who integrate CSR into their business models” (McWilliams, et al. 2006), (Collier & Esteban, 2007).

The concept of CSR is not a new invention because business has always had influence on an environmental, economical and social level (Dahlsrud, 2008). Every kind of business also always had been concerned with their stakeholders, customers, owners or governmental regulations (Dahlsrud, 2008). In the process of the globalization the demands and challenges for businesses are increasing rapidly (Dahlsrud, 2008). Different national laws and new stakeholders are changing the demands for business extensively. The new accompanying symptoms of social, environmental and economic impacts require an optimal decision-making (Dahlsrud, 2008). In order to master these challenges and to develop a successful business strategy, CSR management tools are needed (Dahlsrud, 2008).

Today corporate social activities are no longer side issues (Killian, 2012). Almost all larger companies are using different CSR approaches. The reasons are versatile and CSR strategies for many reasons are making
sense. Especially in the fashion sector where news about the working conditions in countries such as Bangladesh, China and India has led to a higher consciousness of ethical trade and CSR efforts (Burckhardt, 2011). By showing transparency and engagement fashion brands have the possibility to attract those customers who want to consume in a sustainable way. CSR-oriented firms try to establish and build shared values with their customers (Lacey & Kennett-Hensel, 2010). “Compliance with CSR requirements is not necessarily a basis for enhanced competitiveness and better market access, but a basic condition for market entry” (Lund-Thomsen, 2008).

1.2 Defining Human Development

The field of CSR and Human Development are interconnected, since CSR aims among other points to strengthen and respect human rights, which are in fact part of Human Development. Thus Human Development is a sub-area of CSR and includes the process of people’s freedom of choice, their capabilities and well-being. Part of Human Development is also social Human Rights, which are in turn focus of this work.

The 1990 Human Development Report (United Nations Development Programme, 1990.), published for the United Nations Development Programme (UNDP) provides under the chapter “Defining and measuring Human Development” a broad definition, which embraces many of the earlier approaches to Human Development. The report defines Human Development as “a process of enlarging people’s choices“ (United Nations Development Programme, 1990). In this understanding of Human Development, these choices can change over time and are not necessarily infinite. The three essential choices are for the people “to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living” (United Nations Development Programme, 1990). The essential choices are precondition for accessible opportunities and vary from “political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights” (United Nations Development Programme, 1990).

In the approach of the United Nations, Human development is moreover characterized by two sides: “the formation of human capabilities - such as improved health, knowledge and skills - and the use people make of their acquired capabilities - for leisure, productive purposes or being active in cultural, social and political affairs” (United Nations Development Programme, 1990). An unbalance of these two sides can lead to considerable human frustration (United Nations Development Programme, 1990).
Even though the expansion of income and wealth is an important part of Human Development, Human Development is not only the satisfaction of basic needs, it is a participatory and dynamic process, which focus must be people (United Nations Development Programme, 1990).

In context of this thesis it is important to highlight that the main focus of this work lays on the social worker rights and production conditions within the textile production process in low wage countries.

2. Problem description

Some of the world’s largest global players in the textile industry are outlining their numerous efforts in CSR by referring to their Codes of Conduct and social engagement in general.

It is known that the growing globalization is bringing several types of threats and problems, which are requiring a responsibility for a prospective and sustainable way of making business. This means that the expectations and challenges for large companies are growing and now all global operating textile companies are claiming to be aware of their Corporate Social Responsibility.

But how authentic are those attempts really and how much of the intended CSR strategies are implemented in reality?

The Human Development situation of low wage textile producing countries needs to be illuminated in order to understand the issues of the industry and to see how honest the propagated CSR initiatives of leading textile corporations are.

By investigating the recent developments and current stage of affairs in the Human Development “sector” of the textile industry, this work has the goal to explore how textile companies are dealing with Corporate Social Responsibility. By receiving a deeper insight into the problems and challenges of the branch, through interviews and the research of various sources, this work reveals grievances in the CSR work of multinational textile companies. Lately this study gives proposals for solutions in the results part of this work.

Even though there has been prior research about CSR in the textile industry, in the context of CSR within the Human Development meaningful literature seems to be very limited. There exist for instance two different dissertations,
which thematize CSR in the textile sector, but they are not illuminating the topic in the way this work is aiming for.

The thesis “Communicating CSR in the high street fashion industry: A discussion of CSR communication using Bestseller and H&M as examples”, by Lykke Borreskov Juulsen & Helle Knudsen is limited by considering only the communication aspect of CSR (Juulsen & Knudsen, 2010). Their work is an analysis of which CSR communication strategies and initiatives the companies make use of, and how they communicate their CSR efforts and to whom. The thesis does not research how far these strategies are being implemented. Juulsen & Knudsen just consider the homepages of Bestseller and H&M and they focus only on the homepages sections “About” and “Responsibilities” of Bestseller and on the H&M homepage on the sections “About H&M” and “Corporate responsibility”. Thus, their work is quiet narrow and does not allow wider conclusions.

Another thesis: “Attitudes to CSR - a study of a Swedish textile company’s influence on a supplier in China”, by Elinor Alm and Amanda Ekman, is investigating how a Swedish SME (a shoe brand) can take advantage of external auditors when implementing its Code of Conduct within the supply chain. The authors analyse attitudes and motives for its CSR activities and strive for a better understanding of the Swedish shoe brand, based in Gothenburg, an involved Swedish auditor and the Chinese factory that is producing the Company’s products (Ekman & Alm, 2012). Even though this work is also very interesting and informative, it is limited and not addressing CSR widespread.

3. Purpose of study

The purpose of this work is to examine the actual CSR situation in low wage countries of the textile industry and to identify obstacles and suggestions for improvements of the working conditions. By reflecting recent developments and the evaluation of different involved NGO’s and experts, this work aims to get insights into the branch as well as indices for existing issues. Various articles, books and homepages of NGO’s and textile giants are being researched in order to get a wide range of information and to avoid a partial reflection. That is also why a discussion of the CSR activities, stated on the company homepages and annual reports of the leading fashion retailers Bestseller and H&M and previous reports of them is being conducted. The CSR activities of two global players in Human Development from the
companies’ point of view and their reflection of the current stage of affairs are going to be outlined. In addition, interviews with international operating NGO’s, fair trade unions and human rights foundations will be conducted to receive widely independent information, deeper insights and critics concerning CSR and Human Development in the textile business. These interviews are of crucial importance for this work, since they provide widely independent assessments of the actual state of CSR implementation within the industry. By considering all the different information, this work provides ultimately indications for grievances and proposals for improvements.

4. Research question

How is the present CSR status in the textile industry and how can the working conditions in low wage textile producing countries be improved?

5. Literature review

The investigated literature consists mainly of management journal articles dealing with CSR and Human Development in general, the homepages of the two presented multinational clothing companies, numerous homepages and articles of NGO’s and different articles in trustful news magazines. In order to get a general and broad understanding of what CSR is, the research started with articles, which were giving a first idea of the definition of CSR and an insight of the importance and role of CSR and Human Development within companies. The following literature examples provide just a small extract of the investigated literature, but they might give a little insight.

The author Francisca van Dijken examined an analysis of CSR influences on stock values facilitated by the regulatory methods of the stock markets. The journal article begins with a definition of what CSR is and the emergence of CSR. This part was of the big interest, in order to understand and define CSR. Francisca van Dijken is in the following describing the differences of CSR and the relation to the industry as well as the correlation between CSR and firm strategies. In the article the author is critically reflecting also the different views of CSR and influences on the society, stakeholder approaches and shareholder value. For the analysis of CSR influences on
values and samples of firms with “value-generating CSR”, the author has chosen the “90 shares of the US Dow Jones Sustainability Index”. Several tests and comparisons of their return with relevant indexes for six and ten years were conducted. The results of the study were showing that “stocks from companies with “value-driven CSR” clearly outperformed the market and their peers over extensive periods of time, with reasonably low risk” (van Dijken, 2007).

The author Sheila Killian provides in this article (Killian, 2012), a general idea of CSR and its importance. She is describing and emphasizing the responsibility of firms to all their stakeholders. Killian is underlining the benefit of reporting and conducting CSR for the firms and society, but also growing challenges for businesses and especially small firms (Killian, 2012). Mrs. Killian is dealing in this article with eight common questions posed by small and medium enterprises, which she encountered during the research of her published book, “Corporate Social Responsibility: a Guide with Irish Experiences.” The author is showing CSR from different angles by executing the questions:

- Isn't CSR harder for small firms?
- What does CSR mean?
- Who are the stakeholders?
- Isn't CSR all about charity?
- What responsibilities do I need to look at?
- Are there standards for compliance?
- Is CSR reporting worth it reporting for small firms?
- How do I start?

Killian highlights in this article many important perspectives on CSR and its meaning for enterprises. She provides helpful answers to some fundamental questions and has given me a good insight into the topic.

In the article: “Corporate Social and Environment-related Governance Disclosure Practices in the Textile and Garment Industry: Evidence from a Developing Country” the authors Yousuf Kamal and Craig Deegan investigate social and environment-related governance disclosure practices by having a closer look at textile and garment companies operating within Bangladesh (Kamal & Deegan, 2013).

The authors have chosen Bangladesh as the study objective, since there has been limited prior research into the social disclosure practices or CSR-related disclosure practices within the Bangladeshi context. The second reason is the sensitivity of Bangladesh’s textile sector, since it is characterized by the
dependence on western principals and their expectations in terms of social performance.

Kamal and Deegan show with help of a content analysis a lack of the disclosure of governance information in comparison with general corporate social responsibility disclosures. For the analysis, the annual reports of the top five listed companies on the Dhaka Stock Exchange (DSE) on the basis of size (market capitalization) were selected.

Bangladesh’s textile companies intent by the disclosure of governance practices to maintain legitimacy and fulfill community expectations. The findings of Kamal’s and Deegan’s study suggest that the investigated governance disclosures are still not meeting the expectations of the international community. The study shows an increasing tendency of disclosure pertaining to social and environment-related governance information, but the disclosure of governance information lags behind CSR disclosures in general. Yousuf Kamal’s and Craig Deegan’s study has been just part of a broader study, which is investigating the internal governance practices of organizations in emerging countries, in which also interviews with powerful stakeholders including MNBs, NGOs and media will be conducted (Kamal & Deegan, 2013).

Lund-Thomsen, P. (2008) in his article is dealing with the global sourcing and Codes of Conduct debate. He is doing so by describing five myths of CSR, which continue to characterize the Codes of Conduct debate. Lund-Thomsen is using insights from fieldwork in the Pakistani sporting goods industry. The 5 myths Lund-Thomsen is clearing up are:

1. CSR is widespread in the Developing World
2. Engaging in CSR is the Key Challenge for Global Sourcing Companies and their Suppliers in the Developing World
3. If Developing Country Suppliers Comply with Codes of Conduct, They Will Improve Workers’ Conditions and Reduce Environmental Pollution
4. Auditing Helps Us Understand the Effects of Codes on Workers’ Conditions and the Environment
5. Exclusion of Non-complying Suppliers is an Effective Way of Securing Compliance with Codes and, in Turn, of Improving Workers’ Conditions and the Environment.

The author is giving subsequently five recommendations for more fruitful engagement in the Codes of Conduct debate. Lund-Thomsen’s proposals are:

1. A need to find more relevant ways of assessing the final impact of the
Codes of Conduct instead of assessing simply compliance with stated requirements.

2. Preventing unintended impacts of Codes by considering social, economic, environmental and linguistic contexts in which the Codes are being implemented.

3. Responsibility of the governments and international organizations, as well as a bottom-up approach instead of a top-down approach for the CSR implementation.

4. Global sourcing companies must engage in long term with their suppliers.

5. Incorporating local concerns and voices into the design process of the Codes.

Summing up the article is dealing critical with the impacts of Codes in the global sourcing process and giving points for further research and debate with the issue. Lund-Thomsen is reflecting the impact of Codes from a positive and negative side, which is contributing to a differentiated view.

The book “Mythos CSR: Unternehmensverantwortung und Regulierungslücken” has contributed to this work very important starting points and suggested improvements for CSR and Human Development in emerging countries within the textile industry. The author Gisela Burckhardt (2011), of the Clean Clothes Campaign is an expert of social human rights and co founder of Femnet e.V. She has fought for more than 20 years towards improving working conditions in the global garment industry. In the title “Mythos CSR: Unternehmensverantwortung und Regulierungslücken” Burckhardt is addressing the question of Corporate Responsibility between voluntary responsibility and regulated responsibility in global supply chains. In the beginning of her work, Burckhardt is giving different definitions of CSR on an European level and a German. The book was especially interesting to me, since Burckhardt is revealing gaps of the governmental state duty to protect in Germany and Europe and examines the effects of CSR measures of enterprises on working conditions in the production process. The topics of transparency and the reporting duties of companies are described in detail. After analysing the different irregularities and facts for bad working conditions, Burckhardt provides in the last chapter examples, ideas and claims for improvements for ensuring that corporations are attending their duty of care and governments their states duty to protect. Since Burckhardt has been for several decades active in fighting for human rights and with no doubt is an absolute expert, the literature provided a profound knowledge and sharpened a critical view on CSR and Human Development.

Thomas Laudal (2010) is aiming in his article to analyse the CSR potential of the international clothing business. He is doing so by focusing in his analysis
on a sector level and global economical level, not on a company level. Nevertheless, Laudal is beginning his study by providing an idea of what CSR, CSR potential in general and finally CSR potential in the clothing business is. His definition of CSR is the following: “Companies engage in CSR when they integrate social and environmental concerns in their business operations and thereby improve human well-being and fulfill or exceed requirements in international CSR standards” (Laudal, 2010). Laudal is assuming there is a high ‘CSR potential’ “when sector specific features indicate the risk of violating CSR” (Laudal, 2010). Laudal identified six features that indicate a high CSR potential. These features are:

- Labour-intensive production and traditional technology
- Large differences in general cost levels between source region and recipient region
- A buyers’ market
- Short deadline and low predictability in ordering procedures
- Low transparency
- Communication barriers

The features are consistent with general features of the global economy. Subsequently the study suggests the CSR strategy of a company can increase its social or environmental impact, but its impact on the CSR potential is limited, since these structural elements are causing the risks to not fulfill CSR standards. As a result of this study, the author is stating, that companies with a higher CSR potential than others have a higher responsibility for CSR if they want to follow international standards (Laudal, 2010). Thus, according to Laudal, clothing companies, which are operating in developing countries have a higher CSR potential than companies which are only operating in developed states. Laudal’s study demonstrated the advantage of identifying “the CSR potential of a particular sector as part of a preparation for studies at a company level” (Laudal, 2010). Laudal’s study was a helpful source, in order to get a broader understanding of the coherences of CSR activities and their final potential.

Of great value for this work was also the program paper: “Codes of Conduct: Self Regulation in a Global Economy” by Rhys Jenkins for the United Nations Research Institute for Social Development (UNRISD).

Jenkins deals in his work with the changes in corporate regulation and assesses their significance. He furthermore examines the drivers of the international growing use of corporate Codes of Conduct and “the different stakeholders and interest groups involved” (Jenkins, 2001). Jenkins focuses mainly on labour standards and Human Development in his work, while he is
approaching the topic Codes of Conduct by elaborating different stakeholders in relation to transnational corporate activities and discussing their attitudes toward Codes of Conduct.

He is evaluating Codes of Conduct by throwing up questions like: “Are Codes of Conduct part of a public relations exercise on the part of corporations keen to deflect criticism of their activities, or do they reflect a new form of stakeholder control over business that is more appropriate in a globalized economy?” and: “are Codes a realistic alternative to the traditional mechanisms of state regulation and trade union bargaining, or do they need to operate in conjunction with them?”

Jenkins is concluding his work by identifying limitations, benefits and dangers as well as underpinning the importance of different “strategies to ensure that Codes are complementary to government legislation and provide space for workers to organize” (Jenkins, 2001).

His elaboration and discussion of Codes of Conduct is very interesting and illuminates the work with Codes from many different angles.

An example for the investigated magazines is “test” by Stiftung Warentest (2010). Stiftung Warentest is an independent German consumer organization and foundation. The foundation investigates different kind of goods and services using scientific methods in independent institutions. Stiftung Warentest publishes their results in their publications such as their magazine “test” or on their homepage.

In the edition 08/2010 of “test“, Stiftung Warentest was conducting a CSR test in ten different countries, in order to investigate the working and production conditions of garment factories of the textile industry in countries like Bangladesh, India, Turkey or Portugal etc. The article is dealing with the limitations of seals in the textile industry as well as with problems in proofing bio cotton and minimum wages. In the period of February till July 2010, Stiftung Warentest investigated 20 providers of basic t-shirts. The investigation was based on 29 different criteria of social and ecological corporate responsibility. The companies received question papers and if they subscribed, experts visited their companies. Also the clothes and factories were investigated and workers interviewed. At the end the participating companies have been reviewed in terms of their CSR implication.

In order to receive information about the CSR activities with a focus on the sector of Human Development of the two Scandinavian fashion giants
Bestseller and H&M, the annual reports of 2011/2012 and their homepages have been researched. On the homepage http://www.bestseller.com/en/Sustainability of the Danish family-owned clothing company Bestseller are all the numerous CSR efforts of the company listed and detailed described and provide an overview about their different efforts. Also on the page http://about.hm.com/AboutSection/en/About.html, it is possible to find very detailed descriptions of the numerous different CSR approaches H&M is conducting. Since the focus of this thesis lays on human right issues and Human Development within CSR, only those approaches are being exposed, which, in a wider context, still belong to the human rights and Human Development sector.

Despite many other found and studied articles during this research, a major part of the investigated literature and other sources are the homepages and articles of Non Profit Organizations, trade unions and institutions like the International Labour Organization (ILO), Unicef, Fairtrade, CSR-Weltweit, Clean Clothes Campaign, Worker Rights Consortium or Better Work. The articles mentioned and more sources from related foundations and organizations, provide a first hand knowledge to understand the dynamics of the industry, its challenges and problems. The investigation of the various articles and magazines also formed many questions and critical thoughts, which are reflected in the conducted interviews with the mentioned NGO’s. This work is furthermore rounded down by expert interviews, which were providing first hand data and central points of this work.

6. Method

The research topic is being approached by a qualitative research strategy. “Qualitative research usually emphasizes words rather than quantification in the collection and analysis of data” (Bryman & Bell, 2011).

In order to get a general insight and background knowledge of CSR and Human Development, different articles and journals about CSR in general and human rights in the textile business are being researched.

Next follows an examination of the CSR approaches of 2 global textile companies. For that purpose the two Scandinavian Textile Companies H&M and Bestseller have been chosen, since both are leading fashion retailers in Europe and they are highlighting their numerous efforts and engagement in CSR. It is of course obvious, that it is impossible to draw a conclusion on a
whole industry by the example of two companies. Nevertheless, a discussion of the company homepages and annual reports will help to get an insight into which kind of CSR initiatives related to the working conditions in low wage countries are already implemented and to reflect the current stage of affairs. The example of the two companies is serving to illustrate industry wide CSR issues and obstacles, as well as the already achieved progress.

For different reasons it was decided not to conduct also Interviews with the fashion retailers Bestseller and H&M. One reason is that H&M is known for refusing interviews often. Moreover the homepages and sustainability reports, as well as annual reports of the mentioned companies are very informative and the productiveness of interviews with the companies to such a sensitive and delicate topic like their CSR approaches is questionable.

Since revealing literature about the complex topic “CSR in the fashion industry” is only rarely available, this work includes in-depth interviews with leading and international operating NGO’s, fair trade unions and human right foundations, to get independent information and to receive more precise data of the current status of the CSR conduction, as well as crucial driving forces and challenges within the industry.

Based on the findings from the company homepages and the companies’ claim, the different researched articles and the latest accidents in the news, eleven different interview questions regarding the actual textile production situation in the RGM industry arose. Following Kvale’s nine types of questioning, the questioning varied (Bryman & Bell, 2011).

More than 50 different institutions and organizations such as the International Labour Organization, Fairtrade, The Worker Rights Consortium, Fair Wage Network, Better Work, Ethical Trading Initiative or Südwind-Institut were contacted via email and phone. This approach has been chosen, since Data can be collected by electronic contact, according to Bryman and Bell, as well because of time and money restrictions (Bryman & Bell, 2011).

At the end three experts (A. Rossi, Dr. S. Ferenschild and Dr. C. Schäfer) of three different independent organizations agreed with a phone interview. These organizations are: The International Labour Organization, the German NGO Südwind Institute and the Confederation of the German Textile and Fashion Industry. In chapter 8.3 the experts and organizations are going to be described in detail, as well as the interview questions and the received answers.

For that procedure was from the two different interview types a semi-structured interviewing chosen, in order to stay more flexible during the
interview and being able to react to the interviewees on the phone and being able to adjust the asked questions and their order (Bryman & Bell, 2011).

The aim was to receive rich and detailed answers, by the conduction of eleven open answerable questions by phone (Skype) and email (Bryman & Bell, 2011). The phone interviews have been recorded and afterwards word for word transcribed.

Some other institutions answered the interview questions as far as possible by mail and contributed by their answers to a greater depth of supporting information by providing additional background knowledge.

Unfortunately most of the addressed institutions and organizations did not reply to the request, probably due to a lack of time and capacities, as some of the contacted organizations were stating. Many of the replying organizations agreed upon the importance and meaning of the investigative questions. Other institutions replied by referring to their homepages and stated they were not able to answer the interview questions as requested due to the complexity of the topic and limited time.

Nevertheless, the received answers of the conducted interviews contributed finally to a more profound and differentiated knowledge about the enforcement of CSR in the textile industry of low wage countries. The interviewed experts completed furthermore many facts and impressions received by previous investigations of different literature and numerous management journal articles and homepages. Moreover recent articles of NGO’s and important news magazines were investigated. By considering ultimately all the different collected information, this work identifies grievances in the CSR work of leading textile companies and provides finally proposals for improvements in Human Development topics of the involved factory workers.

The chosen method is limited though, since many processed information and answers are based on opinions and reports, which were not conclusively examinable in the field, due to a very difficult validation and the limitation of time and resources. Since human assessments are naturally underlying personal preferences and subjective perceptions, it is necessary to mention that the conducted interviews are not necessarily completely independent and 100 percent objective. Thus the validity and also reliability of this work is potentially conditioned. A locally conducted research is necessary to avoid any room for speculations the chosen method might leave.

The findings from this study are furthermore limited to the social responsibility within the Human Development “sector” and most of the results or
hypotheses are not conclusively audited, due to the difficult validation, the limitation of time and resources. However, the chosen method for this study provides in the end an outline of CSR and Human Development in the textile business, its obstacles, limitations and execution. It does so, by drawing an outline of the current state of affairs and it approaches the research question by gathering different perspectives on Human Development and the worker rights in garment producing low wage countries.

7. Communicated CSR activities of Bestseller and H&M

The following section provides an overview of several Human Development CSR activities of the two Scandinavian fashion companies Bestseller and H&M. It is the purpose to show issues and obstacles of their work by illustration industry wide problems and gaps of the CSR work by the example of these chosen two firms.

It is necessary to emphasize that the following information originate from the homepages and different reports (sustainability report, annual report) of the mentioned companies and hence they are not independent sources. It is simply not possible to validate the stated activities properly since such a validation would demand to visit these countries and factories. Furthermore it is questionable if interviews with the companies about the conduction of their Code of Conduct are more convincing than their claimed CSR measures on their homepages and annual reports. Instead, several independent trade unions and non-profit organizations were asked about their impression and opinions about the industry, as well as about the implementation of the CSR approaches of H&M and Bestseller. Their answers are integrated in the analysis part of this study and some of the points are also going to be revisited in the following conclusion at the end of this work.

7.1 Bestseller - Human Development Work

The 1975 founded Danish family owned clothing and accessory company is famous with brands like Jack & Jones, Junarose, Mamalicious, Name it, Vero Moda and Vila clothes etc. Bestseller does not own factories, but cooperates with selected suppliers primarily in China, India, Bangladesh, Turkey and Italy (Bestseller, 2013).
In 1995 Bestseller established the charitable organization Bestseller FUND to do humanitarian work and support different cultural initiatives in Denmark and abroad. The Fund has development projects in China, India and Africa “to secure a sustainable and socially equitable economic development in poor areas while at the same time preserving local cultural heritage” (Bestseller, 2013).

Since 730 factories worldwide are producing for Bestseller, the company states to be conscious about their responsibility and possible influence in general and on their suppliers.

Since 2002, Bestseller is working systematically with their Code of Conduct, which informs their employees, suppliers and other stakeholders about the expectations and demands for the working and environmental conditions within the supply chain and aims for more transparency in all stages of the supply chain.

Bestseller emphasizes, the Code of Conduct work is no guarantee, but it helps to contribute to improved conditions at the factories. In November 2012 Bestseller launched their first extensive Sustainability Report in which they are describing the challenges they are facing in the sustainability work and the achieved results.

Bestseller is stating that suppliers who understand the importance of operating in accordance with the guidelines of their Code of Conduct are favoured. Bestsellers work with the Code of Conduct has given them a detailed insight into the conditions at the factories and improved their ability to change the conditions, as a results the situation at the factories, and “vast improvements have been made – especially within health and safety” (Bestseller, 2013). Bestseller is reporting it is often faced with very complex problems, which “are deeply rooted in societal problems in the different regions and can generally not be solved overnight or by individual companies” (Bestseller, 2013). Therefore, Bestseller has realized the necessity to form a co-operation with other stakeholders, in order to achieve positive and lasting changes.

Bestseller is conducting routine audits at their suppliers’ factories around the world to examine, whether the supplier follows Bestseller’s Code of Conduct, and to identify areas in which the supplier needs to improve.

With help of the Better Suppliers Program selected suppliers are receiving a certain training, in order to “optimize their productivity, employee satisfaction, the communication between management and employees as well as training of the employees” (Bestseller, 2013). Purpose of that program is to help the
suppliers implementing the development plans, which have been made on the basis of the audits.

According Bestseller, the company spread booklets about workers’ rights, health and safety etc. to 50,000 workers in China and 12,000 workers in Turkey. They also have been put up posters at all their suppliers’ factories regarding the same issues.

Bestseller is coping with child labour in stating, that all the workers at the factories manufacturing products for Bestseller must have reached the age of 15 in accordance with the standards of the International Labour Organization.

Bestseller is stating to have participated in the establishment of the Danish Ethical Trading Initiative, a partnership between companies, trade unions, and NGOs. Bestseller is also member of the Better Cotton Initiative (BCI), a global cooperation for a more sustainable cotton production (Bestseller, 2013).

Bestseller has established sustainability teams in the production countries, which are guiding their suppliers to work in accordance with Bestseller Code of Conduct and to ensure good working conditions (Bestseller, 2013). In order to cope with the different local challenges and to receive feedback for necessary adjustments, Bestseller is collaborating with different stakeholder on a regional level.

As Bestseller is pointing out several initiatives since 2008, in order to increase the awareness of the rights and responsibilities of factory workers. Bestseller is declaring it has distributed thousands of booklets in regards to workers' rights, working hours, health and safety etc. to more than 50,000 workers in China and 12,000 workers in Turkey. Additional Bestseller has put up posters at all their suppliers' factories explaining their Code of Conduct.

Bestseller is reporting many improvements, “most visibly within the physical working conditions at the factories” (Bestseller, 2013).

One of the still ongoing challenges Bestseller is describing, is the “suppliers’ ability to comply with legal requirements on wages, benefits and working hours” (Bestseller, 2013).

Bestseller is stating to be aware of the complexity of that problem and addressing it by closer cooperating with their suppliers, in planning business and managing human resources.

Bestseller is highlighting the will “to stay with their suppliers and push the improvements in the right direction”, instead of a “cut and run” approach (Bestseller, 2013).

In terms of higher wages, Bestseller is underlining that they do not own any
factories and that they are not the only business partners for their suppliers, so their influence by increasing their payments is limited. Still Bestseller is stating to support higher wages in Bangladesh for example. Thus, Bestseller also participated, along with other global brands like H&M at writing a letter to the Bangladeshi Prime Minister, in order to plead for higher minimum wages.

7.2. H&M - Human Development Work

The Hennes & Mauritz AB encompasses six different independent brands – H&M, COS, Monki, Weekday, Cheap Monday and Other Stories. The H&M Group has a total of approximately 2,900 stores spread in 49 different countries and at the second largest fashion retailer in the world a special influence and responsibility (H&M, 2013).

H&M ‘s basic offer for its customers is “Fashion and quality at the best price” (H&M, 2013). Nevertheless, the company’s aspiration is to work in a sustainable and ethical correct way.

H&M’s corporate vision is: “All business operations shall be run in way that is economically, socially and environmentally sustainable” (H&M, 2013).

In order to fulfill that claim, H&M has established numerous CSR approaches.

Helena Helmersson, Head of Sustainability states on H&M’s homepage: “We can make a difference to hundreds of thousands of people working in our supply chain and to the environment and communities around us. We work hard to make this difference bigger every day” (H&M, 2013). Profit, growth and sustainable working, is according to her not contradictory. Improved working conditions and a leaner supply chain are more efficient and will give H&M “competitive advantages in the long run” (H&M, 2013).

In order to make the supply chain more sustainable, H&M established their Code of Conduct in 1997 and improved it in the following years continuously. The Code has eight sections, covering:

- Legal requirements
- A ban on child labour
- Health and safety
- Workers’ rights
- Housing conditions
- Environment
- Systems approach
- Monitoring and enforcement

The safety situation in Bangladeshi textile factories for instance, is a major issue as recent terrible accidents, like the “Rana Plaza” building collapse
have shown. According to H&M the creation of safe working places demands the involving of all stakeholders, such as the government, industry organizations, trade unions and other brands (H&M, 2013). For a higher awareness amongst the factory workers, H&M developed two training films, to distribute these films H&M additionally “teamed up with 18 other brands and employer associations in the sector, BGMEA and BKMEA”, to spread this training not only in their 200 supplier factories, but across the entire industry.

In 2011 H&M raised the lapsed fire-safety licenses with the Government of Bangladesh. In order to inspect electrical facilities in supplier factories, H&M worked together with different safety specialists and the Bangladeshi University of Engineering and Technology. To oppose “poor-quality materials, poor maintenance and a lack of proper electrician training”, H&M determined different actions, including “the introducing of stricter legislations and inspections” (H&M, 2013).

H&M states that a continuous working on the fire safety is inevitable. “The assessments have shown that a continued increase in awareness about fire safety is needed and we hope that the continuation of related training programs will help to address this issue with stronger impact” (H&M, 2013).

H&M claims that since 2008 more than 570,000 workers in Bangladesh have received a training about their rights covered by H&M’s Full Audit Programme, including: maternity leave, leave and documentation, abuse and grievances, health and safety, as well as overtime by short films. H&M wants to encourage “more suppliers to improve their own training of employees [...]” (H&M, 2013).

H&M is working together with different brands, as well as several local and national multi-stakeholder initiatives, such as the Fair Labour Association (FLA), the UN Global Compact, the Sustainable Apparel Coalition and a number of other global initiatives.

In order to address the issue of minimum wage levels and worker representatives, H&M is claiming to have taken several initiatives in the last years. H&M is considering “statutory minimum wages, sector standards and preferably collective agreements as the only possibility to achieve sustainable development of wages across an industrial sector” (H&M, 2013).

As written in H&M’s Code of Conduct, H&M is supporting the idea that salaries must ensure that the worker are having enough to live and to “support themselves and their families” (H&M, 2013).

In 2010, H&M together with some other companies contacted the government of Bangladesh with the “urgent request for reviews of the minimum wages and the establishment of mechanisms for yearly reviews” (H&M, 2013). Karl Johan Persson, CEO of H&M wrote in the same year
another letter to the Prime Minister of Bangladesh, underlining the “commitment to long-term relations with our Bangladeshi suppliers and the willingness to accept possible increases in costs” (H&M, 2013).

Even though the minimum wages in Bangladesh increased up to 81 percent since 2010, there are “systems for annual reviews of the minimum wages adjusting them to living costs” missing (H&M, 2013). CEO Persson met in September 2012 with Prime Minister Sheikh Hasina in Dhaka for a talk concerning “a further increase of the minimum wage and particular a development of annual wage reviews” for textile workers (H&M, 2013). Still further improvements are obviously necessary and H&M is claiming to “strengthen the social dialogue in their supplier factories and reward those that have trade union representation and functioning worker committees in place” (H&M, 2013).

Another effort of H&M is to create better working conditions in Bangladesh by supporting social development in the country (H&M, 2013). H&M states, that it wants to expand its efforts “to help strengthen worker's influence over their own situation and increase their skill levels while creating stability on the labour market” (H&M, 2013).

Even though, after 2010 the wage situation in Bangladesh improved after the efforts of H&M and other big apparel retailers, the wage issue of the clothing manufacturing industry is still a very complex challenge, which is demanding strong efforts from different stakeholders and companies, as well as ongoing dialogue. H&M has arranged in the last years the training of selected factories, “in the creation of workers' committees via democratic elections and in how these committees negotiate with management, in order to enable workers to improve their working conditions” (H&M, 2013).

Since the most workers of the garment industry in Bangladesh are women and exposed to violence or discrimination, H&M established a helpline together with suppliers and the TeleConsult Group.

8. Analysis

8.1. Exemplary assessment of CSR in textile business

The globalization of the markets has brought to many low-wage countries massive violations of human rights, social and environment standards (Burckhardt, 2011). Recent accidents and the latest news have shown major issues within the Human Development sector of textile producing low wage countries. This part of this thesis is dealing with the assessment of the data of the CSR efforts by exemplary two chosen textile players, as well as recent
developments and initiatives in the textile producing sector, followed by in-depth interviews with leading and international operating NGO’s, fair trade unions and human right foundations. The conducted interviews made a big contribution to this work, as it is important data and I am thankful for the extraordinary experience and interesting conversations with the interview partners.

By having a closer look and discussing the CSR efforts of the two presented textile companies Bestseller and H&M some important grievances and problems of CSR work also in general are visible. The example of the two multinational textile companies H&M and Bestseller has shown that there is already a high consciousness of the CSR responsibility of textile firms, as both companies highlight their big efforts in Human Development. Both firms seem to be engaged in running more and more different CSR approaches in the recent years. The Swedish fashion label H&M for instance is also known for their endeavour to produce green fashion and H&M is claiming to be a forerunner with a “leading role in the CSR sector of the fashion industry” (Tietz, et al. 2013).

**Codes of Conduct**

By having a look on the Code of Conduct the companies have established, many similarities in their CSR work are noticeable. Both Codes are based and following the Universal Declaration of Human Rights, key UN conventions and ILO conventions. And also content-related, the Codes are very similar. Both companies, H&M and Bestseller run several approaches to train and educate their suppliers and their employees in areas such as workers’ rights, health and safety. Making the workers aware of their rights is inevitable to provide the basis for the accomplishment of the Codes of Conduct. As Pruett distinguished: “Codes cannot be effective when workers are not aware that they exist, nor of the rights enshrined them, nor of the means available to exercise these rights” (Pruett, 2005).

Both firms, H&M and Bestseller are emphasizing in accordance with different human rights conventions, the right of all employees to “form or join associations of their own choosing, and to bargain collectively” (H&M, 2013).

But H&M and Bestseller do not state exactly how far the Codes are effective also for workers of their suppliers. It is a general problem of Codes that some groups of workers do not come under a Code. “This is often the case for homeworkers, who are not directly employed by suppliers. In agriculture too, some of the most marginal and vulnerable groups are not always covered by a Code of Conduct” (Jenkins, 2001).
Labour unions and worker rights

It is remarkable, why both companies (as countless others) are producing in China if they put value on the freedom of associations. Dr. Ferenschild clarified by the example of China, (where free trade unions do not exist, since all employee representations and trade unions have to belong to the Chinese trade union congress), the contradiction in the approach of fashion brands and retailers (Interview Ferenschild, 2013). In the case of China, is an independent representation of interests not possible, so it is as Ferenschild said, a good question why companies that have free associations and employee representations as conditions listed in their Codes, are still buying their products from countries like China (Interview Ferenschild, 2013). Research in China has shown a lack of true worker representations and real awareness. “External auditing conducted by the buyers becomes a management issue between the suppliers and the buyers only. In all the facilities researched, workers are not informed or involved in any sense. They are treated as objects to be inspected and questioned during the audit” (Pruett, 2005).

A general question is, if communicating the worker rights, including the right to join associations is sufficient enough, such as Bestseller does in the way of booklets or posters. If there is an anti-union climate and if the suppliers are sceptical regarding unions, the simple communication to join unions or association is probably not sufficient enough (Pruett, 2005). This issue is also demonstrated by practical examples of Duncan Pruett’s study from 2005, where an Indian factory worker, producing for small Indian garment factories stated: “Reality is the management does not want (a union) so we shall never have it. When some people tried in the past the whole system of recruitment in the factory changed, and we were thrown out as employees and taken in as employees of subcontractors. If we ever try now, we will be thrown out completely” (Pruett, 2005).

Even though many steps for improvements are already implemented and others in planning, blatant issues and human rights violations in the garment producing sector are obvious (Interview Ferenschild, 2013). Still the newspapers are reporting about low wages, overtime hours, forced labour or health and safety issues exemplary in Bangladesh, Cambodia, India or other cheap production countries.

Suppliers and the payment of living wages

It is conspicuous that both companies, H&M and Bestseller particularly emphasize that they do not own any factories, by underlining that, the
responsibility of factory check ups and human working conditions at the supplier factories is given away to a certain extent to the suppliers themselves. By doing so, the companies are losing their responsibility and the wage question is up to the suppliers. The trend of outsourcing manufacturing and responsibility, while focusing more on marketing and design processes is not very new though. The outsourcing in manufacturing started in the 1980s and is still expanding. Naomi Klein, author of the international bestseller “No Logo”, a critical book about the after-globalization movement, highlighted this tendency already 2000 in “No Logo”: “Transnational corporations, which control more than 33 percent of the world's productive assets, account for only 5 percent of the world's direct employment. And although the total assets of the world's one hundred largest corporations increased by 288 percent between 1990 and 1997, the number of people those corporations employed grew by less than 9 percent during that same period of tremendous growth” (Klein, 2000).

In an interview with “Der Spiegel”, a German weekly news magazine from the 08.07.2013, Karl-Johan Perssson, CEO of H&M, is pointing out, that higher wages in the factories of their suppliers are not helping when other fashion brands are producing in the same factory but paying less (Tietz, et al. 2013).

It is the same argumentation Bestseller is following on their homepage. Persson is additionally stating, that the only solution for higher wages is the cooperation of all the buyers of the supplier factories and a general accord on paying more. According to him, there are only 4 factories which are producing exclusively for H&M and there the wages are already higher. Persson has reason to claim a complete solution and indeed, the case of living wages in the RMG sector of developing countries is complex.

Considering H&M’s turnover of 16,3 billion Euro in 2012, it could be an idea to reward their suppliers as a bonus for fair wages, trusting the workers will profit from this step or increasing the pressure in general on their suppliers to pay their employees better. But of course, no one can guarantee that the factory owners would not put higher margins into their own pocket. This issue demonstrates the complexity of the problems in the branch and the difficulty of a long lasting improvement.

Another long lasting solution for improved working conditions and living wages is the empowering of the factory workers, by giving them a voice. Ph.D Arriana Rossi, Research and Policy Officer at the Better Work International Labour Office Geneva stated in an interview from the 05.08.2013 the importance “of social dialogue and the importance of building a capacity of local actors to be able to ultimately empower workers to bargain for themselves and for their conditions of work” (Interview Rossi, 2013).

Also Bestseller is stating as H&M in their Code of Conduct, that factory workers must receive at least the minimum wage: “We support the
implementation of higher wages in Bangladesh as we find that the statutory national minimum wage is too low” (Bestseller, 2013). But still the minimum wage in Bangladesh for instance is converted around 30 euro per month, just the half of the standard in Cambodia (Tietz, et al. 2013), (Al-Mahmood, S. 2013). The minimum wage is according to the organization “Asian Floor Wage” far away from a living wage, which would be around 120 euro a month (Tietz, et al. 2013).

The general wage situation in Asia is dramatically and well described by a press release of the ”Asian Floor Wage” from May 1, 2011: “The garment industry in Asia, which employs predominantly women workers, is renowned for poverty wages, excessive overtime and poor working conditions. The poverty level wages force workers to augment their income through other means (such as inhuman overtime) leading to stressful, broken lives. We expect a more thoughtful response from our government” (Asian Floor Wage, 2011).

H&M and Bestseller have been pleading many times, such as in the years 2010 or 2012, for higher minimum wages and contacted for this reason the Bangladeshi Prime Minister. Progress can be noted, since the minimum wage in Bangladesh has increased since 2010 up to 81% (H&M, 2013). Still the wages are far too low and mechanisms for an upward adjustment of wages to follow increasing living costs do not exist in Bangladesh.

Nevertheless the company efforts are simply insufficient, especially in view of the fact that the Clean Clothes Campaign has calculated that a t-shirt would cost just 12 cent more if the minimum wages in Bangladesh would be duplicated, since the labour costs are only three percent of the end-price (Tietz, et al. 2013).

Dr. Christoph Schäfer from the Confederation of the German Textile and Fashion Industry said in an interview, bad working conditions are partially the price for cheap fashion. When a company is selling an end product, like a t-shirt for three euro, money on all levels must have been saved before. Transport costs, costs for the shop personal or sales tax leave just a tiny amount for the production. In fact, the sewer or dyer, are bearing the costs (Interview Schäfer, 2013).

The companies have clearly economical reasons to let produce in countries such as Bangladesh, Cambodia, Turkey or China. And one of these reasons is without a doubt the low labour costs and not only as in the annual report from H&M in 2012 stated, the considerable skill and experience in these countries. Bestsellers and H&M's Codes of Conduct contain the claim, that the salary must enable the workers to support them-selves and their families, but newspapers and magazines are drawing an image of factory workers that
have to do many overtime hours in order to feed their families. Particularly often are the working conditions in Bangladesh at the pillory of the public opinion. 85% of the 3.5 million employees of the biggest profile sector of the country, the textile and garment industry, are women (Kamal & Deegan, 2013). Among those are repressions and Violations of human rights in Bangladesh, but also in many other developing countries unfortunately still daily routine (Pruett, 2005), (Asraf, H. 2012).

**Working conditions in the supply chain**

Both companies are emphasizing their efforts in improving the working conditions in the supply chain. For that approach, the two companies are having different collaborations with their suppliers and international operations, including third party audits and fire and building safety inspections. H&M interviewed also almost 10,000 workers in 2012 about their working conditions. It is not said though, what H&M was asking exactly, if these interviews were conducted directly at the workplaces and how anxiety-free the employees have been during them. Duncan Pruett for example noted in his study from 2005: “Among workers in the industry, there is a climate of fear surrounding discussing working conditions” (Pruett, 2005). The problematic nature of this approach illustrated Dr. Ferenschild, from Süwind e.V. in an interview with me. According to her companies should always interview factory workers away from the working place. “Audits with interviews make only sense, when they are safe and anonymous, so that supervisors and company managements do not influence the workers” (Interview Ferenschild, 2013).

Another general issue with factory audits is that most of the audits are pre-announced so that factory owners have the opportunity to obviate the factory conditions that are not in compliance with certain Codes of the purchaser for the auditing day (Lund Thomsen, 2008). An example for this procedure shows a quotation of a factory worker in north India, producing for different national companies like BCL, Sakia and RCC:

“The day when our factory is cleaned, many dustbins suddenly kept all over the factory, floor neatly swept, workers being given needle guards. It is a sign that auditors are going to come” (Pruett, 2005).

A lack of an independent monitoring is often a major limitation, since it is important to ensure that the Codes “are not just general statements of business principles, but actually regulations that get applied to the firms operations and those of its suppliers” (Jenkins, 2001).

Despite the partial efforts of global fashion players, like the two mentioned, the recent news about factory collapses, factory fires or inappropriate
working conditions in Bangladesh for example do not stop. The latest, most spectacular and most fatal accident was the Rana Plaza building crash on 24 April in Dhaka, with more than 1,120 dead workers, hundreds more injured and many others perished in different garment-factory fires over the past year (Anonymous 2013).

It is not a coincidence that Bangladesh is among the developing countries particularly often in the news. Bangladesh is known for its low labour costs and for having the lowest garment wages in the world. Bangladesh is even “the biggest exporter of clothing after Mainland China and Turkey, among developing countries” (Kamal & Deegan, 2013).

With the growing focus of the media on obvious grievances and bad workplace conditions though increased “the push for retailers to take a more responsible approach to sourcing or purchasing the brands they stock” (Anonymous 2013).

8.2 Recent initiatives and approaches

In response to the Rana Plaza collapse and the in recent time cumulative happened accidents, the “Accord on Fire and Building Safety Bangladesh” has been adopted on May 13. The “Accord on Fire and Building Safety”, is a commitment, following “the goal of a safe and sustainable Bangladeshi Ready-Made Garment (“RMG”) industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures” (International Labour Rights Forum, 2013).

The Accord demands independent safety inspections with public reports on all Bangladeshi suppliers used by the signatory companies, mandatory repairs and renovations, the obligation by brands to underwrite the costs of safety upgrades, and repercussions for suppliers that refuse to improve conditions including the termination of business. The accordance is signed by global unions and more than 80 fashion brands and retailers. The Accord is a five-year program, aiming to prevent horrible accidents like those in the past, by ensuring health and safety measures by independent inspections, mandatory repairs and renovations. Among the signers of the agreement are beside the two Scandinavian companies Bestseller and H&M, many other global operating fashion giants like Inditex, Benneton, Primark or Abercrombie & Fitch. Bestseller CSR and Communication director Mogens Werge commented the “Accord on Fire and Building Safety”: “The accord is a historic agreement, where the international trade unions and large parts of the textile industry works together to improve conditions in Bangladesh. However, the signature should never become a pretext for inaction – it
should be a starting signal for action” (Bestseller, 2013).

The International Labour Organization, together with other international programs is going to play a leading role by controlling and ensuring the implementation. The ILO has played also a lead role in identifying the root causes for the accident and in trying to find solutions and providing help for the injured victims. As a direct response to the disaster, “the ILO sent a high-level mission to Dhaka”, which organized a Joint Statement on May 4, signed by the “Government and employers’ and workers’ organizations, which set out a six-point response agenda” (Government of the People’s Republic of Bangladesh, 2013). The purpose of this Joint Statement was a commitment of the Bangladeshi government to arrange a set of improvements to the Labour Law, which the government implemented finally on the 15 July.

Another response to the accident was an assessment of the factories in the ready-made garment (RMG) sector for fire safety and structural integrity. In addition, the government was committed to recruit 200 additional inspectors in order to ensure that the “Department of the Chief Inspector of Factories and Establishments will have been upgraded to a Directorate with an annual regular budget allocation adequate to enable the recruitment of a minimum of 800 inspectors and the development of the infrastructure required for their proper functioning” (International Labour Rights Forum, 2013).

A further consequence was the suggestion to expand the already existing National Tripartite Action Plan on Fire Safety, which was signed after the Tazreen Fashions factory fire in Dhaka in November 2012 and provided the tripartite partners to work together for a National Tripartite Plan of Action on Fire Safety (Government of the People’s Republic of Bangladesh, 2013).

Progress was achieved by an agreement, made on July 25 “by the Government, employers and workers to integrate this plan and the Joint Statement to form a comprehensive National Tripartite Plan of Action on Fire Safety and Structural Integrity in the RMG sector” (International Labour Organization, 2013).

It is also in consideration to launch a Better Work Program for Bangladesh. “Better Work is a partnership program between the ILO and International Finance Corporation (IFC), which aims to improve both compliance with international labour standards and competitiveness in global supply chains” (International Labour Organization, 2013).

Next to the Bangladesh Safety Accord, the often criticized American retail giants Walmart and Gap signed “The Alliance for Bangladesh Worker Safety” together with 15 other North American apparel retailers and brands. The Alliance for Bangladesh Worker aims to inspect and set safety standards.
over the next 5 years, while the brands and companies retain the complete control of the inspections. This assignment has been criticized by some international organizations like the Clean Clothes Campaign or International Labour Rights Forum. The Assignment was criticized for being signed without any worker representatives and missing financial obligations for renovating or repairing the factories. Another big weakness of the “Alliance” is, that the brands and retailers control the factory inspections, so it “is the same self-regulatory approach brands and retailers have been using in Bangladesh for years, where thousands of workers have been killed” (Clean clothes campaign, 2010).

The labour rights organization Maquila Solidarity Network, is accusing Walmart, Gap and their followers to just “offer a program that mimics the Bangladesh Accord rhetorically, but that omits the features that make an agreement meaningful” (Maquila Solidary Network, 2013).

Another result of the big Rana Plaza factory collapse was the launching of a Sustainability Compact, between the EU, Bangladeshi Government and the ILO in July. The compact has the aim to improve the labour rights, working conditions and factory safety in Bangladesh’s garment sector. “It commits all the parties concerned to a number of time-bound actions, including reforming the Bangladesh Labour Law to strengthening workers’ rights; improving building and fire safety by June 2014 and recruiting 200 additional inspectors by the end of 2013” (ILO, 2013).

As a reaction to protests in Dhaka and the growing international pressure, the government of Bangladesh announced a review of the minimum wage for the garment sector. Textile minister Abdul Latif Siddiqui announced to set up a wage board to fix a new minimum wage for garment workers, who have fought and protested for better pay and working conditions in recent months. The minister promised: "In view of the current circumstances, the government has decided to review the minimum wage, and a wage board has been constituted with representatives of the government, the workers and the garment owners. The board will fix the minimum wage, which will be applicable from 1 May" (Al-Mahmood, S. 2013).

8.3 Interview questions & answers

Since the validation of a sufficient implementation of the communicated CSR activities of fashion brands is difficult and due to the complexity of the topic, meaningful literature rarely exists. Hence, additionally in-depth interviews with leading and international operating NGO’s, MSI’s, fair trade unions and human right foundations were conducted. This was in order to obtain a
deeper understanding of the different coherences and difficult determining factors for the various circumstances and influences within the industry and to find more data to develop starting points for responding to the research question. For the purpose of finding more starting points for answering the research question: “How is the present CSR status in the textile industry and how can the working conditions in low wage textile producing countries be improved?”, the phone interviews were conducted with three different organizations and the following persons behind them:

1. Arriana Rossi (PhD), research and policy officer for the ILO and IFC Better Work program, based in Geneva, Switzerland. Better Work is a partnership program of these 2 institutions with the aim of improving working conditions in global garments supply chains. (http://betterwork.org/global/)

2. Dr. Sabine Ferenschild, researcher for the German Südwind Institute. Südwind is a non-profit organization, fighting for economic, social and environmental justice around the world. Südwind is the provider of the “Institute for Economics and Ecumenism”, based in Siegburg near Bonn. (http://www.suedwind-institut.de/en/home/)

3. Dr. Christoph Schäfer (MBA), head of the Legal and Tax department at the Confederation of the German Textile and Fashion Industry in Berlin. The Confederation represents the industry in questions of economic policy and (as an employers’ federation) in social and pay-scale policy-making. (http://www.textil-mode.de)

1. Are the big companies in the textile industry following in general their CSR approaches?

The interview findings are drawing the picture that all multinational corporations are having own CSR politics and most of the key players in the branch have moved towards a multi-stakeholder approach (Interview Rossi, 2013).
And even though the Codes of many firms have been improved over the last years and many pilot projects have been started, CSR politics seem to have a better name than they deserve. Content wise are the different CSR approaches well equipped and the approaches are similar (Interview Ferenschild, 2013).
Obvious deficits are still visible in the implementation of the different approaches as the terrible but frequently occurrences in Far East are demonstrating.
2. Are bad working conditions in supplier factories of leading textile companies the price for cheap fashion? If yes, why?

From the perspective of Arianna Rossi from the Better Work program, “are decent working conditions and the respect of labour rights not only a precondition for having a sustainable business but it is actually a latter to achieve business success. Focusing on low labour costs as a competitive strategy is a very short-sided approach” (Interview Rossi, 2013).

The general tenor of the experts seems however, that bad working conditions are the price for cheap fashion. Rock-bottom prices are not possible without dumping and the violations of worker rights (Interview Ferenschild, 2013). Still it is important to mention that bad working conditions are not only occurring in the cheap fashion segments, but also at supplier factories of high-priced and high quality textile- and fashion brands and retailers (Interview Ferenschild, 2013).

3. Is the „Accord on Fire and Building Safety in Bangladesh“ commitment just a sham since concrete actions and a scale of penalties are missing?

All interviewed experts agree on the importance and meaning of the accord as a step into the right direction. Still the interviewees mentioned the problematic of voluntariness and a missing penalty catalogue (Interview Schäfer, 2013). Ferenschild for instance is criticizing that painful punishments for violations of the building safety in Bangladesh are still nonexistent. The national protective laws in Bangladesh should be improved and the implementation of the laws should be aggravatated controlled (Interview Ferenschild, 2013).

4. Are there other ways to prevent terrible accidents and inhuman working conditions in the textile producing countries like Bangladesh?

The general common sense is that all involved are responsible. It starts with the customers, which are requesting more and more cheap products, which the success of fashion discounters like Primark or KiK is underpinning. The concerned states are responsible to conduct factory check ups and for the compliance of all legislation (Interview Schäfer, 2013). But also the purchaser must keep their eyes open and must insist on the compliance of appropriate standards (Interview Schäfer, 2013).

Dr. Sabine Ferenschild from the Institut Südwind is pointing out the importance of the empowering of trade unions and employee representations, to keep up a steady dialogue.
Also Mrs. Rossi from Better Work is seeing the principle of social dialogue as the basic solution. “Workers and management should be able to find a common ground and workers should be empowered and protected to be able to negotiate with the management their conditions of work, including their safety and health regulations but also other issues related to compensation for example” (Interview Rossi, 2013).

5. Is there a way to ensure that sewers and other employees of the textile industry in developing countries are getting living wages?

All the interviewees consider the implementation of living wages as a very complex issue. Schäfer as well as Ferenschild are emphasizing the importance of local worker unions and representations as a basic condition. Strong employee representations will fight automatically for better wages (Interview Ferenschild, 2013; Interview Schäfer, 2013). Despite to local actions, Ferenschild is underlining the importance of building up awareness on a global level. According to her lies a big part of the power in the hands of the supply chain of multinational corporations and international trade union solidarities have to campaign for their colleagues. The Clean Clothes Campaign for example is taking influence on corporations and working for a consciousness raise of the public (Interview Ferenschild, 2013).

A. Rossi from the Better Work program is stating, that a focus on low labour costs as a competitive strategy is a very short-sided approach. “Decent working conditions and the respecting of labour rights is not only a precondition for having a sustainable business but is actually a latter to achieve business success” (Interview Rossi, 2013).

6. Why are not all free trade unions getting free access to all enterprises in garment producing countries?

The interview findings draw a picture of the complexity and brisance of the field. The freedom of association and the right to bargain collectively is one oft he ILO core labour standards. Arianna Rossi is reporting about existing resistance in different countries and industries. “The garment sector globally is definitely an industry that has a rather low unionization right to start with and in certain countries this right is not protected sufficiently, there is no question about it” (Interview Rossi, 2013).

According to Schäfer, is in many of the textile producing countries a trade union culture predominant, which is not aligned on a social partnership (Interview Schäfer, 2013).
Most factory workers do not know their rights and learn the meaning of worker rights violations in the daily factory routine. Ferenschild is underlining the importance of the right of assembly and representations of interest, as well as the freedom of association for the textile workers, in order to receive trainings and clarifications of their rights (Interview Fernschild, 2013).

7. Should be more commissions for occupational health and safety established?

Arriana Rossi from the Better Work program is explaining a lack of commissions for occupational health and safety established, with traditional tendency of the garment sector to develop in a rather unsafe situation. According to her, "it requires a very little start of capital and very little technology is involved in the assembly phase and as a result there is just the buyers towards certain type of labour force and certain type of formal and informal settings. In all countries in which Better Work is operating, is a requirement in the national law to have an occupational health and safety committee at the factory level. Better Work is assessing compliance for that approach” (Interview Rossi, 2013).

Also Dr. Ferenschild and Dr. Schäfer are considering worker representations or works councils as very meaningful measures, which are expedited now also within the “Accord on Fire and Building Safety in Bangladesh“ (Interview Ferenschild, 2013).

8. Why do many textile companies conduct inspections just randomly and with prior notice? Which sense do these inspections fulfill then?

The interview findings show an accord on the importance of unannounced audits, in order to receive a genuine impression of the conditions in garment factories. According to A. Rossi are own audits not as thorough as the ones of organizations like the Better Work program. Better Work for example is conduction thorough and unannounced assessments, by visiting factories and interviewing the managements, workers and trade unions (Interview Rossi, 2013). Whereas Dr. Christoph Schäfer from the Confederation of the German Textile and Fashion Industry is questioning third party audits as the panacea. According to Schäfer is a partnership between buyers and factories the precondition for a good and fair process. In order to receive an impression are regularly conducted own factory visits necessary (Interview Schäfer, 2013).

Ferenschild is underlining the importance of constantly repeating audits to escort the process. According to her is it also important to interview factory
workers only, “when they are safe and anonymous, so that supervisors and company managements do not influence their answers” (Interview Ferenschild, 2013).

9. What can institutions like the International Labour Organization, the EU and international trade unions do, if the governments of garment producing countries are not performing appropriate measures?

The interviewees emphasize the importance and indispensability of the mentioned institutions, even though their influence could be seen as limited, when reflecting the progress in the last 15 years, since there is still a there is a gap between the CSR politics of fashion companies on the one hand and the reality in the firms on the other hand (Interview Ferenschild, 2013). According to C. Schäfer are many countries going through a learning process, which takes often several years, until improvements are visible (Interview Schäfer, 2013). A way to take political influence, are trade barriers, as long as violations of human rights take place. These taxes could motivate the governments to take more effective measures (Interview Schäfer, 2013).

A. Rossi is underlining the role of a social dialogue on a factory-, national- and global level between the governments, worker organizations and trade unions. “A collaborative process and a continuous consultation with these three main stakeholders allow programs like Better Work and even the ILO as a whole to operate and to be effective” (Interview Rossi, 2013).

10. Which role does BESTSELLERS and H&M’s numerous CSR approaches play, are they credible?

The interviews led to the impression that the interviewees did not reply sufficiently to this question in order to avoid possible legal steps of the concerned two companies. It seems to be a delicate topic especially in the case of Better Work, since Better Work has a partnership with H&M. Arriana Rossi stated only that H&M “has been involved in the Better Work program from a very early stage and is a partner of Better Work in terms of subscribing to certain principles that the Better Work program identifies as key issues to be addressed from a buyer perspective in supply chains“ (Interview Rossi, 2013). According to her is Better Work „not in the position of making any statement, ranking or judgment on the value of their dedication to CSR” (Interview Rossi, 2013).

Ferenschild stated, to be not familiar with the reports about Bestsellers CSR work, whereas independent reports about the CSR implementation of H&M are showing grievances in supplier factories in Bangladesh for example.
These reports show a gap between H&M’s propagated CSR politics of CSR and the reality in the firms (Interview Ferenschild, 2013).

11. Do you think the situation and social dialogue in the industry in general and in Bangladesh increased in the last years for real?

Sabine Ferenschild enhanced that comprehensive improvements in general are in the industry not visible. Only individual cases and pilot projects are showing noticeable enhancements (Interview Ferenschild, 2013). Ferenschild is also underlining, that even the Better Work program in Cambodia (Better Factories) did not achieve a breakthrough in the last years as hoped in the implementation of work and social standards (Interview Ferenschild, 2013).

According to C. Schäfer, “are the discussions about social standards in the textile industry preparing a way to reach one day a reasonable standard” (Interview Schäfer, 2013). It is difficult to look back on long lasting developments in countries like Bangladesh, which are just since a few years interesting production locations. According to him, the media reports are not showing a positive development, but still there are numerous factories in developing countries with good working conditions, which are not in the media (Interview Schäfer, 2013). These improvements are results of the efforts in the last years.

A. Rossi is not referring to the situation in Bangladesh, since Better Work is not yet operating in the country. In all other Better Work countries, is according to her still a lot of work in progress (Interview Rossi, 2013).

9. Proposed solutions for improved working conditions based on the findings

In order to change and improve the working conditions and situation of many textile factories of developing countries there are numerous gaps and challenges to overcome on different levels. After considering the different sources and by analysing the conducted interviews, there will be some different approaches listed for a lasting change based on the used data. A list of all the political and economical solutions would of course exceed the scope of this work, thus the most salient points are being mentioned:
Effective governmental actions & trading rules

The interview findings as well as the analysis of the other investigated sources underpin the importance of governmental regulations and statutory provisions. The lack of governmental regulations in developing countries is one of the major issues, since the majority of the companies are not sustainable enough by themselves (Burckhardt, 2011; Interview Ferenschild, 2013). The case of Bangladesh is a very good example for what happens in an economy when the government fails to regulate externalities. (Interview Ferenschild, 2013)

An effective governmental measure could be the promotion of the rule of law, for example the support of establishing an independent legal system as well as the support of an efficient administrative system for the monitoring of social and environmental standards (Burckhardt, 2011).

Tougher sanctions for violations of laws and regulations for the company owners or requirements are necessary. Parental companies like H&M, Bestseller or Walmart must be brought to account for culpable violations of human rights of daughter companies (Burckhardt, 2011). Burckhardt is also demanding extraterritorial state duties to protect of the EU and their member states. She is demanding as well as Schäfer in the interview with me, that the EU builds up pressure on the customs level (Burckhardt, 2011; Interview Schäfer, 2013). In the case of Bangladesh trade barriers and a limitation of Bangladesh’s exemption from duty, as long as strong violations of human rights take place, are possible. Threatening taxes could motivate the government to take more effective measures (Interview Schäfer, 2013).

Lund-Thomsen is also calling on national governments and international organizations to provide “the expertise, resources and infrastructure necessary for developing country suppliers to meet their legal obligations” (Lund-Thomsen, 2008).

Establishment of an uniform social seal or certificate

A good solution would be the suggested idea of H&M CEO Karl-Johann Persson, to build up a social seal. Persson suggested in an interview with “Der Spiegel“, a seal or certificate, which ensures that the whole supply chain is complying social standards, comparable with the "Fairtrade"-seal of the food industry (Tietz, et al. 2013).

Despite already existing seals for clothes and garments, like the “Öko-Tex 100", which are mostly ensuring that used garments are free from hazardous substances, there are already certificates which are ensuring social
standards during the garment production process. The “Naturtextil-BEST-seal” for instance “reflects the standards for eco-friendly textiles developed by the International Association of Natural Textile Industry (IVN) since 1990 and reviews the entire textile production chain both in terms of ecological standards and in terms of social accountability” (IVN, 2013). The social standards of the seal are based on the core norms of the International Labour Organisation (ILO) (IVN, 2013).

**Stronger Monitoring**

Deeper and more frequent control through audits and a higher transparency in all parts of the supply chain of a fashion company are another way to improve and ensure the compliance with regulations and Codes. Accidents like the recent ones in Bangladesh or Cambodia will maybe never be 100% avoidable, but regularly conducted audits and factory check ups could reduce safety risks. If there are any abuses or suppliers are not following guidelines or the Codes of the buying company, a next audit should follow soon. As Dr. Ferenschild said, “it is important to keep it rolling and not to perform the next audit in three years” (Interview Ferenschild, 2013).

The audits and monitoring should additionally examine the workers’ welfare, “such as whether the wages received by the workers are sufficient to fulfill the workers’ basic daily needs such as the workers do not need to do overtime since the wages have already covered what they need to pay for food, housing, and putting their children to school” (Pruett, 2005).

Another problem connected with the audits is the fact that inspections are mostly random and conducted with prior notice. From Arriana Rossi ‘s perspective, it is recommended that fashion companies stop their own audits and agree instead to assessments of independent partnerships and organizations like Better Work. Better Work for instance carries out unannounced assessments, in which they interview the local management, workers and trade unions and they try to be as sorrow as possible (Interview Rossi, 2013). Own audits in connection with audits through independent partnership programs could provide maybe the best protection.

Rhys Jenkins from the United Nations Research Institute for Social Development mentioned already 2001 in his paper about Codes of Conduct: “The reluctance of many firms to include independent monitoring as an integral part of their Code of Conduct gives rise to some suspicion that they may be used as a public relations exercise rather than a genuine attempt at improving conditions and performance” (Jenkins, 2001).
In conclusion, a comprehensive “toolbox” approach is needed. Sufficient social auditing includes unannounced visits, interviews of workers outside of the workplace, skilled local experts and civil society organizations. (Pruett, 2005)

**Strengthening of trade unions and worker advocacies/ social dialogue**

According to Dr. Ferenschild is the Alpha and Omega within the system the strengthening of trade unions and worker advocacies. Strong worker advocacies are taking care of save working places and fair working conditions (Interview Ferenschild, 2013). More and stronger trade unions can represent the employee’s as a whole and play an important role in negotiations with the employers and their associations. This opinion shares also PhD Arriana Rossi, Research and Policy Officer at the Better Work International Labour Office:

“The negotiation of a living wage is based on the idea that workers have a voice that counts in the negotiation of their salary with vis-à-vis their management” (Interview Rossi, 2013). According to Mrs. Rossi, are improvements in the sector only possible, by a collaborative process, “a social dialogue, both at the factory, but also at the national and global level” (Interview Rossi, 2013).

In order to find out if a company is abiding by the terms of its own Code, “instant international communications and contact between different stakeholders, particularly NGOs and trade unions, can help reveal cases of violation” (Jenkins, 2001).

**Public pressure and costumer responsibility**

For a change of the awareness and change in the industry in terms of improved working conditions in textile factories of developing countries it is inevitable to keep the public interest high and establish a critical, social consciousness.

According to Richard Locke, deputy dean of M.I.T.’s Sloan School of Management, “our insatiable hunger for cheap clothing in constantly changing styles has created a race to the bottom in which brands perpetually push suppliers in Bangladesh, Cambodia and elsewhere for faster delivery and lower prices“ (Bajaj, V. 2013).
The consumer can take influence by being critical, reflecting his/her buying habits, purchasing simply less and looking for eco-fair clothes. Additionally, customers can request how the products are made. Certificates like the “Naturtextil-BEST” or the “Global Organic Textile Standard (GOTS)” can help to find fair produced products, as well as the online web and mobile app GoodGuide.com. This app can help consumers in making purchasing decisions, by providing “authoritative information about the health, environmental and social performance of products and companies” (Goodguide, 2013).

**Make the principals discharge their duties**

An improvement of the production conditions in low-wage countries demands the willingness of the textile companies to support improvements in a country in long term and the intention to stay in the country after the improvement has taken place and not transfer their production, even if it means higher expenses. In the past, many companies have threatened to move into a “cheaper country”, if raise in wages were implemented. As Kevin Thomas, Director of Advocacy at the Maquila Solidarity Network (MSN) said, is a general commitment by buyers and investors necessary, to support improvements in a country without fleeing to another country when improvements are made, necessary (Interview Kevin Thomas, Maquila Solidarity, 2013).

This point of Kevin Thomas is particularly interesting in light of the fact, that the RMG exports of Bangladesh increased industry wide after the labour costs in China have been soared in recent years (YNFX, 2010).

**10. Risks of CSR work with Codes of Conduct**

The importance of CSR work is reasonable and there is doubtless evidence for the benefits of Codes of Conduct. Also the author Lund-Thomson is highlighting the importance by emphasizing benefits “such as reduced overtime or fewer occupational health and safety hazards” (Lund-Thomsen, 2008). Nevertheless, several experts are warning for the risks of the work with Codes of Conduct. One of them is Peter Lund-Thomsen, which is providing a critical view on CSR, by revealing also possible risks that Codes of Conduct could actually do more harm than good in some contexts, “by worsen social and environmental conditions for workers and communities” (Lund-Thomsen, 2008).
Lund-Thomsen is pleading to contextualize the application of Codes of Conduct and “to incorporate the voices of suppliers, workers and communities in the design, implementation, monitoring and impact assessment of Codes in order to ensure a better fit between what the latter groups actually prioritize” (Lund-Thomsen, 2008). Otherwise, many Codes which are drawn up in western offices, seem unrealistic and naïve. Lund-Thomsen is criticizing some conditions of the Codes make little sense in a developing country context and create unintended consequences (Lund-Thomsen, 2008). For example is a limitation of working hours, taking workers the chance to reach a living wage by overtime, when they are not paid the official minimum wage (Lund-Thomsen, 2008).

The problem with Codes of Conduct is, that they are very slippery and not enforceable. As written in Naomi Klein’s “No Logo”, Codes in the past “were not drafted in cooperation with factory managers in response to the demands and needs of employees. Without exception, they were drafted by public-relations departments in cities like New York and San Francisco in the immediate aftermath of an embarrassing media investigation: Wal-Mart’s Code arrived after reports surfaced that its supplier factories in Bangladesh were using child labour; Disney’s Code was born of the Haitian revelation; Levi’s wrote its policy as an answer to prison labour scandals” (Klein, 2000). Still, revealed grievances of the labour conditions in developing countries of big textile firms are leading to new efforts and set-ups of new Codes by the involved companies.

Rhys Jenkins from the United Nations Research Institute for Social Development is furthermore warning for the danger of “Codes being seen as something more than they really are, and used to deflect criticism and reduce the demand for external regulation” (Jenkins, 2001).

According to him, Codes have led in some cases to a worsening of the situation of the involved ones. Codes can also have the tendency to undermine the position of trade unions in the workplace (Jenkins, 2001).

Instead, “they should be thought of as a process which facilitates stakeholder engagement, and which provides a platform for further advances in terms of improving the impact of big business on social and environmental conditions” (Jenkins, 2001).

Jenkins is underpinning the importance of developing “strategies to ensure that Codes are complementary to government legislation and provide space for workers to organize” (Jenkins, 2001). Multi-stakeholder Codes are more efficient and lead usually to better success, than unilaterally developed ones.

Furthermore Jenkins is highlighting, that Codes are not the ultimate solution
for the problems of the globalization of economic activity and that they should be seen instead, “as an area of political contestation” (Jenkins, 2001).

A major advantage of Codes of Conduct is the contribution for firms to "increasingly accept responsibility for the activities of their suppliers as well as their own subsidiaries" (Jenkins, 2001).

11. Conclusion

The findings of this work show the complexity and necessity of a controversy about CSR and Human Development approaches in the textile and garment sector of emerging countries. Recent accidents and different investigations by independent organizations are supporting the impression of an existing gap between the CSR politics of fashion companies on the one hand and the reality in the firms on the other hand. Different NGO’s criticize insufficiently implemented approaches and Codes of fashion brands and retailers within the supply chain. Poverty and weak governmental monitoring in developing countries remain an obstacle. Thus organizations like the ILO or the Clean Clothes Campaign are fighting since many years towards an improvement of the working conditions in the textile factories around the world and the empowering of the worker rights with modest results (Interview Ferenschild, 2013).

To refer to the research question of this thesis: This study provides an outline of the present CSR status in the textile industry and gives ideas how to improve many times inadequate working conditions in low wage textile producing countries.

A big issue in the industry seems to be that big fashion companies are operating in a complex system of contractors and subcontractors and as the reactions to the factory fires or building crashes like the Rana Plaza accidents have shown, many brands and retailers are dissociating from the production process when violations of human rights are being discovered.

Still, “a growing acceptance by textile companies of their responsibility for the activities of their suppliers as well as their own subsidiaries […] makes it more difficult for firms to externalize costs, whether social or environmental, and then claim that they themselves are behaving ethically or in an environmentally friendly way” (Jenkins, 2001).

The investigated sources suggest, as well as the data from the experts, that it takes more than a good CSR strategy just in theory, as the constantly recurring accidents and reports are showing. A real improvement of the
industry requires the will not to put profit before ethics for a corporation. The reasons for the fashion brands and retailers to produce in low wage countries is not the knowledge as the decisive factor, as Persson says, it is much more the dumping costs and the aim of increasing the profit (Tietz, et al. 2013). The CSR approaches of fashion companies seem to be the weaker factor in the struggling of the corporations to find a balance, between the pursuit of profit and a sustainable and social production.

The awareness of the public has urged companies principally to increase the communication of their CSR efforts, but the implementation in reality did not rise significantly (Burckhardt, 2011). Voluntary CSR measurements of enterprises are either insufficient or are bordering on “greenwashing”. Fact is, protective measures of international buyers like compliance certification, social audits, inspections by the buyer and Codes have proved to be ineffective (Burckhardt, 2011).

Thus effective governmental actions like tougher sanctions for violations of laws and more regulations or requirements are needed. But certain cultural barriers and deeply rooted societal differences in low wage textile producing countries demand also patience and longsighted initiatives. Industry-wide CSR approaches must be based on input from local stakeholders (Lund-Thomsen, 2008).

Different examples show social standards in the textile- and garment industry can be improved, when manufacturing firms see entrepreneurial advantages for them self (Burckhardt, 2011). It is necessary that also manufacturers realize a sustainable and effective CSR can be for instance a marketing instrument as well as a competitive advantage. Moreover a mandatory disclosure for corporations about the ecological, social and human right aspects of their business is still not in a sufficient measure achieved (Burckhardt, 2011).

A really big step for the textile sector in Bangladesh is the “Accord on Fire and Building Safety”, which is a major step into the right direction, as it is a legally binding agreement as the interviewees have confirmed. The interviewees are furthermore suggesting that only more frequent monitoring of garment producing factories alone will not solve the health, safety and workers’ rights issues there. International buyers should move their monitoring pattern away from the current top to bottom approach, to a bottom to top pattern of monitoring, involving local interest groups and workers (Pruett, 2005).

After considering all the different approaches and recent developments, a constant improvement of the working conditions in textile producing countries will only be possible if the workers get a voice in terms of strong labour
unions and if all the different stakeholders, the brands all collectively, the factory owners and the governments work together for a true improvement. The new accord is a big step to the right direction, but it does not address the very long working hours and low wages. Supply chain management issues, such as the shifting of inventory costs and risks down the chain and the global competition, which is forcing prices down, remain (Lund-Thomsen, 2008).

Dr. Sabine Ferenschild from the Institut Südwind reported in the last 15 years is almost no progress visible in the improvement of working conditions in low wage garment producing countries (Interview Ferenschild, 2013). Hence the high aspirations regarding the CSR work of textile corporations seem inaccessible due to a gap between the CSR politics on the one hand and the reality in the firms on the other hand. As mentioned, real improvement of the production conditions in low-wage countries demands the willingness of the textile companies to support improvements in a country in long term.

Also Arriana Rossi from the Better Work office is admitting that a lot of work has still to be done. “I can say that in all other Better Work countries it is definitely something that is still very much work in progress, and far from saying it is solved and everything is fixed, but there has been a clear commitment across the board to develop dialogue at a factory level and to engage also dialogue at the national and global levels” (Interview Rossi, 2013).

Summing up one can say it is still a long way to achieve better production conditions, fair wages and human working conditions. The rise of multi-stakeholder initiatives is a sign that companies are trying to improve, although most still have a long way to go (Pruett, 2005).

It is the duty of everyone of us to support a fair and ethical trade, as Frau Dr. Ferenschild underpinned in the interview with me: “If we don’t fight together for a perspective of these people and if we don’t take a stand, the bad working conditions will overhaul us also here” (Interview Ferenschild, 2013). According to her are the working conditions in industrialized countries getting worse, also because of the fruitless fight of international labour organizations for establishing better working conditions worldwide (Interview Ferenschild, 2013).

The findings of this work also support the view, that fighting for better working conditions and a fair trade remains also in the future a major challenge, but every single change and improvement of just one producer and its subcontractors can affect all the workers involved and influence other corporations.
Also the Canadian journalist Naomi Klein, states: “Eliminating the inequalities at the heart of free-market globalization seems a daunting task for most of us mortals. On the other hand, focusing on a Mike or a Shell and possibly changing the behaviour of one multinational can open an important door into this complicated and challenging political arena” (Klein, 2000).

To conclude, it is much to be hoped that the endeavour of creating better working conditions and the establishment of CSR within the textile industry will not stop to proceed, because fair and ethically sourced and produced fashion should never be out of fashion.

12. Limitations and Recommendations for Future Research

As this study has shown, CSR in the textile business is a very complex and complicated economic and socio-political topic, which consists of different sociological, political, ethical and ecological aspects. Thus, this work is more an outline and a further comprehensive research, perhaps on the basis of this study should take place. This work simply cannot raise a claim to completeness since the abundance of the different influencing factors is so wide, that a profound research work goes beyond the scope of this study. The findings from this study are limited to the social responsibility within Human Development and most of the results or hypotheses are not conclusively audited, due to the difficult validation, the limitation of time and resources. The financial and environmental aspects of CSR have been unstated in this study. Additionally, the study is mainly focusing on the worker situation in Asian low wage countries like Bangladesh and does not necessarily allow global conclusions. Further research should aim to gain even further insights, for instance on a local company or local supplier level.
References


Abbreviations

BGMEA - Bangladesh Garment Manufacturers and Exporters Association
BKMEA - Bangladesh Knitwear Manufacturers and Exporters Association
CSR - Corporate Social Responsibility
DSE - Dhaka Stock Exchange
EU - European Union
H&M - Hennes & Mauritz
ILO - International Labour Organization
MNC - Multi National Corporation
MSI - Multi-stakeholder Initiatives
NGO - Non-governmental Organization
RMG - Ready-made Garment
SME - Small and Medium sized Enterprises