Corporate Social Sustainability in the Fashion Industry – A Comparative Study in Developed and Developing Countries.

Executive Summary

Corporate social responsibility (CSR) encompasses various concepts, including societal interactions, workforce obligations, and public disclosure of CSR information. This study examines CSR activities, internal and external pressures, and factors influencing them, enriching the literature on CSR. This research aims to understand the corporate social responsibility (CSR) approach of fashion companies operating in developing and developed countries, and the factors driving the differences. These discrepancies are driven by the company's approach toward human rights and working conditions, environmental impact, animal cruelty, supplier social audit, and similar aspects. The research design is Primary Qualitative research, using interviews and non-numeric data to gather insights from operational managers of textile companies in Pakistan. Thematic analysis is used to examine qualitative data, identifying patterns and trends. Ethical considerations include informed consent, confidentiality, respect for participants, and appropriate methods for data collection and analysis. The study is based on qualitative data and aims to provide insights into the differences in CSR approaches in developed and developing countries. However, a quantitative data set could provide more statistical answers to some of the questions.

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Chapter One - Introduction

The term "corporate social responsibility" (CSR) refers to a wide range of concepts, including how companies interact with society, their obligations to their workforce, and how they make CSR information publicly available [1]. However, because CSR is so ambiguous and wide, scholars are unable to agree on a single definition or set of guiding principles. CSR is the voluntary incorporation of environmental and social issues into company operations and stakeholder relations.

In fashion industry, CSR is necessary to define the responsible actions and policies that are implemented in an effort to control undesirable effects on the environment. This is because fashion industry is one of the most resources demanding industry and implementation of CSR is helpful for reducing impacts on the environment such as water consumption, emission of chemicals, and production of wastes [2]. In addition, CSR in fashion also depicts the labor force side and stakeholder relations. In order to avoid this, the responsible fashion brands are practicing fair decisions making use of the ethical practices in the fashion industry [3]. CSR in fashion entails promoting charity, mitigating the risks of social causes, and aiding positive environmental and social for local communities. The inclusion of CSR also brings sustainability in the brands that make efforts in CSR and considered beneficial in terms of building reputation, customer loyalty and the improvement of the society and environment.

Although they are somewhat rare, CSR comparison studies do exist. After comparing CSR website reporting across seven Asian nations, Chapple and Moon (2005) concluded that there are not many notable differences in CSR across these nations, perhaps as a result of differences in the local business systems [4]. When comparing

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[1] Fernando and Lawrence, "CSR Practices: A Comparison between a Developed and a Developing Country."
[2] Thorisdottir, Thorey S., and Lara Johannsdottir. "Corporate social responsibility influencing sustainability within the fashion industry. A systematic review." *Sustainability* 12, no. 21 (2020): 9167.
[3] Feng, Penglan, and Cindy Sing-bik Ngai. "Doing more on the corporate sustainability front: A longitudinal analysis of CSR reporting of global fashion companies." *Sustainability* 12, no. 6 (2020): 2477.
[4] Chapple and Moon, "Corporate Social Responsibility (CSR) in Asia."

CSR practices across the UK and Germany, Parizek and Evangelinos (2021) find some differences and some similarities between the scenarios [5].

Golob and Bartlett's (2007) study looks at how two nations on different sides of the globe handle difficulties related to CSR reporting. They discovered that most CSR reporting in both nations is voluntary and influenced by social and commercial forces [6]. Local cultural differences can be seen in CSR reporting; for example, Slovenian reporting is driven by employee, community, and environmental issues, whilst Australian reporting is impacted by product, management, and financial factors.

In this research study, the overall scope of CSR activities (social and environmental), internal and external pressures to improve social and environmental conditions, and the forces that drive and restrict CSR activity are all examined and compared. The possible causes of these variations and parallels are also discussed in this study. Finally, by providing a comparative analysis of CSR practices between developed and developing countries, this study enriches the body of literature on CSR.

1.1 Background

The level of development and cultural variances among countries play a major role in the variations in corporate social responsibility (CSR) activities. Although a lot of research has been done on global CSR disparities, little is known about CSR frameworks, indexes, and standards for developed and developing nations [7]. Due to the benefits of sustainability reporting, the number of sustainability reports has increased dramatically globally. This has made it possible to study global CSR trends and, through regional segmentation, uncover social and environmental issues that a particular locality's CSR is addressing. Prior research has concentrated on comparing particular parts of the world or analysing reports at the national level [8].

On the other hand, corporate social responsibility (CSR) offers a host of intangible benefits, including enhanced market standing, contented employees and customers,

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[5] Parizek and Evangelinos, "Corporate Social Responsibility Strategies and Accountability in the UK and Germany: Disclosure of Lesbian, Gay, Bisexual and Transgender Issues in Sustainability Reports."
[6] Golob and Bartlett, "Communicating about Corporate Social Responsibility: A Comparative Study of CSR Reporting in Australia and Slovenia."
[7] Bhatia and Makkar, "CSR Disclosure in Developing and Developed Countries: A Comparative Study."
[8] Kvasničková Stanislavská et al., "Sustainability Reports: Differences between Developing and Developed Countries."

government backing, expansion, and sustainability [9]. To develop long-term sustainable value, organisations are now managing relationships with essential stakeholders. Sustainable production and consumption are significant problems of the twenty-first century. Fosu et al. (2024) have also mentioned, that high stakeholder interest in social and environmental issues is the driving force behind corporate social responsibility (CSR) programmes, which is crucial for preserving competitiveness [10]. Since a company's success in social responsibility influences its value and intangible assets, sustainability reports are becoming a common feature of corporate reporting.

According to KPMG reports, "there has been a 68% increase in the number of N100 companies—roughly 80% of the top 100 companies in 52 countries and jurisdictions—publishing sustainability reports since 1993" [11]. Sustainability reports show a business's dedication to taking social and environmental issues into account. This has a favourable effect on consumers' perceptions of a business's reputation, financial success, and organisational appeal for potential employees, market value, and equity.

When it comes to CSR initiatives, developed countries with more advanced legal frameworks and consumer awareness tend to have more intricate initiatives that include environmental sustainability, employee welfare, and community engagement [12]. Large companies in these areas usually devote a significant number of resources to corporate social responsibility (CSR), not just as a way to improve their brand image but also as a sincere attempt to promote societal well-being. Carroll (1991) and other researchers' research indicates that these businesses see corporate social responsibility (CSR) as essential to their long-term success, with advantages ranging from increased brand loyalty to better financial performance [13][14].

While the state of CSR in developing countries is paradoxical. In regions with inadequate governmental control and socioeconomic issues, some multinational

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[9] Pfajfar et al., "Value of Corporate Social Responsibility for Multiple Stakeholders and Social Impact – Relationship Marketing Perspective."

[10] Fosu et al., "Do Environmental CSR Practices Promote Corporate Social Performance? The Mediating Role of Green Innovation and Corporate Image."

[11] "Big Shifts, Small Steps: Survey of Sustainability Reporting 2022."

[12] Polat, "Corporate Social Responsibility: Interaction between Multinational Companies and Development Countries."

[13] Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders."

[14] Štreimikienė and Ahmed, "CORPORATE SOCIAL RESPONSIBILITY AND BRAND MANAGEMENT: EVIDENCE FROM CARROLL'S PYRAMID AND TRIPLE BOTTOM LINE APPROACHES."

corporations (MNCs) pursue a more minimalist approach to corporate social responsibility (CSR). Referred to as "CSR washing" or "CSR hypocrisy," this issue entails flimsy CSR gestures meant to placate stakeholders instead of bringing about meaningful social change [15]. These kinds of actions are frequently condemned for being opportunistic and taking advantage of the general lack of openness and accountability in many underdeveloped nations.

Furthermore, research by Blowfield and Frynas (2005) emphasises the conflict that exists in developing nations between the drive for profit maximisation and CSR initiatives [16]. Even though multinational corporations (MNCs) may promote corporate social responsibility (CSR) discourse worldwide, their main goal in these markets is frequently financial gain. As a result, there are times when profit-driven actions override or compromise CSR initiatives.

1.2 Aims and Objectives

This research aims to learn about the dynamics of fashion companies that are operating in various developing and developed countries, however their CSR policies vary according to the regions. The major objectives are:

- To learn about the CSR approach of companies in developing and developed countries
- To understand the reasons that can change the CSR policies and their implementation.
- To investigate the underlying factors that drive the variation in CSR approach in developing and developed countries

1.3 Research Question

This research is based on the following research question:

"Does the corporate social responsibility (CSR) approach of major brands exhibit significant differences between developed and developing countries, and if so, what are the underlying factors driving these discrepancies?"

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[15] Jamali and Mirshak, "Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context."

[16] BLOWFIELD and FRYNAS, "Editorial Setting New Agendas: Critical Perspectives on Corporate Social Responsibility in the Developing World."

Chapter Two- Literature Review

Corporate governance and the introduction of CSR and codes of conduct have been positive steps, but they have not addressed the labour protection gap for vulnerable workers in Asia. At the macro level, global institutions under the United Nations have called on companies to adopt the Global Compact. Still, many firms are unwilling to sign agreements that may lead to corporate lawsuits [17]. More rigorous global governance is required to transition businesses from the stakeholder model to the ethical practices paradigm. Businesses frequently accuse the government of not upholding appropriate labour laws, therefore to safeguard and empower employees, state governments must take a more active role in the privatisation of employment laws.

The fashion industry's promotion of corporate social responsibility (CSR) by corporations has made it harder to bridge the gap between consumers, low-paid workers in developing nations, and "poor" workers by normalising them as weak.
 The competitive nature of the industry pushes labour costs to a minimum, affecting supply chains, small family businesses, and workers. According to research by the International Labour Organisation, developed countries, where big companies have widely implemented codes of conduct, have seen a rise in the use of Corporate Social Responsibility (CSR) initiatives [18]. These codes of conduct, which cover topics like community involvement, labour rights, and environmental sustainability, specify the moral and responsible behaviour that businesses should exhibit.

2.1 The Role of CSR in Global MNEs

Through Corporate Social Responsibility (CSR) programmes, multinational enterprises (MNEs) are expected to play a leading role in improving the socio-economic and environmental situations in developing nations. To address issues of poverty, governance, and human rights in developing nations, numerous multinational enterprises (MNEs) have started, funded, and carried out community development

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[17] Crinis, "Corporate Social Responsibility, Human Rights and Clothing Workers in Bangladesh and Malaysia."
[18] Gond et al., "How Corporate Social Responsibility and Sustainable Development Functions Impact the Workplace: A Review of the Literature."

programmes [19]. They have also formed partnerships with reputable multilateral and bilateral development agencies and offered their support to several global initiatives. The efficiency and capacity of MNEs' current CSR strategies to achieve sustainable development, however, have come under scrutiny.

There has not been much empirical research on MNEs' CSR practices, especially in developing and emerging economies, or whether their CSR plans in these nations are consistent with their global commitment to sustainable development. By examining the CSR activities of a few prominent multinational corporations in developing countries, this study seeks to close the gap. Global MNEs, particularly those operating in developing nations, could benefit from the knowledge obtained from this study in designing suitable CSR tools and strategies to solve socio-economic and environmental challenges [20].

The idea that companies should participate in corporate social responsibility (CSR) to support sustainable development is gaining momentum and making sense from an economic standpoint. Due to the potential benefits of CSR investments for increased economic performance, companies of all sizes should include CSR into their operations. It is widely acknowledged that CSR plays a significant role in the development of sustainable businesses.

All private sector businesses, regardless of size, are now reporting their social and environmental performance and incorporating corporate social responsibility (CSR) into their business operations and strategies. MNEs have been at the forefront of the global CSR movement, in part because of the widely accepted "Bottom of the Pyramid" or later "Base of the Pyramid (BOP)" theories, which contend that big companies may create a profitable business model that benefits all parties involved [21].

The World Council for Sustainable Development (WBCSD) has noted that businesses that address the world's major challenges, such as poverty, climate change, resource

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[19] Ullah et al., "Multinational Corporations and Human Rights Violations in Emerging Economies: Does Commitment to Social and Environmental Responsibility Matter?"
[20] Pisani et al., "How Global Is International CSR Research? Insights and Recommendations from a Systematic Review."
[21] "Corporate Social Responsibility in the Fashion Industry."

depletion, globalisation, and demographic shifts, will be the leading global companies of 2020 [22]. Business stakeholders have extended their support to such efforts. Developing countries have long been the main players in addressing issues of poverty, health, and education in underdeveloped nations; nevertheless, they have also come to recognise the logic of BOP and encouraged the involvement and leadership of the private sector in the development process, particularly that of MNEs. Several well-known organisations, like the United Nations and the World Bank, have worked to encourage corporate social responsibility (CSR) among private-sector businesses in developing nations.

2.2 Common Practices in Global Fashion Brands

A significant component of contemporary consumer behaviour is corporate social responsibility (CSR), as many customers, especially millennials, expect firms to have a good influence in addition to a positive image. Because 91% of consumers expect businesses to responsibly handle social and environmental concerns and 90% of consumers would boycott a firm if it adopted unethical business methods, brands are increasingly marketing their CSR efforts across various media platforms [23].

The well-known apparel company Adidas has made a big deal out of its CSR initiatives, working with other companies and nonprofits to lessen its total effect. The Adidas by Stella McCartney line and the alliance with Parley for the Oceans are two of the most well-known partnerships [24]. While the Parley partnership creates things using recovered plastics from the ocean, the partnership concentrates on producing minimal waste and repurposing excess fabric. Both partnerships have received extensive media coverage and have improved the company's reputation.

Another illustration is the denim company, which based its corporate social responsibility campaign on a distinctive fabric and the city of Los Angeles. The CEO selected an environmentally friendly fabric that needed 50% less water and chemical processing than conventional cloth, and the company promoted it extensively during

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[22] Arnold, "Planet Building: A Case Study of Corporate Sustainability for a Globalized World."

[23] Moschetti, "Corporate Social Responsibility in the Fashion Industry | PRLab: Student-Staffed Public Relations Agency."

[24] Murfree and Police, "Adidas × Parley: An Exploration of Corporate Social Responsibility and the Global Plastic Crisis."

California's drought. The company developed a social media campaign and was highlighted in several fashion magazines, which increased consumer satisfaction.

Communication specialists are essential in promoting and disseminating knowledge about corporate social responsibility. Brands can clearly demonstrate to stakeholders what they're doing and the benefits of their efforts in the digital age. Social media transparency is a great method for firms to promote their ideas and distribute news. Social media is a very effective medium for promoting corporate social responsibility (CSR), as it enables PR professionals to bring people together and build a sizable following.

Luxury fashion labels have come under fire for allegedly endangering the environment, especially when it comes to using leather and fur from endangered and rare animals. Greenpeace, for instance, has filed thousands of complaints against Timberland because it may source from wildlife traders. Toxic chemicals are also needed for the production process, which exacerbates environmental issues.

Fast fashion retailers such as Topshop, Zara, and H&M have come under fire for their excessive clothes disposal, bad labour practices, and environmental damage [25]. Both the average annual apparel purchase per person and the rate of carbon dioxide emissions grew by 60% in 2015. It has been discovered that functional brands, including Nike, Adidas, and Puma, have inadequate social responsibility and product safety management, with organotin discovered in their clothing providing a major risk to human health. Gender discrimination and sexual harassment have also been reported   at   Nike.

Although a company's sustainability performance can be better understood by stakeholders with the aid of CSR disclosure, it is imperative that brands comprehend customer expectations and make business decisions that will benefit manufacturers as well as brands. Even with their large profit margins, luxury fashion manufacturers don't seem to be as passionate about CSR. Brands that want to increase their CSR commitment should think about what consumers expect from them and make decisions about operations that will help manufacturers as well as brands.

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[25] Chan et al., "Corporate Social Responsibility (CSR) in Fashion Supply Chains: A Multi-Methodological Study."

The garment business is a major global industry that has a lot of negative effects on the environment and society, such as child labour, unfavourable working conditions, excessive water use, and trash buildup. The increasing need for eco-friendly products has led to a reevaluation of manufacturing, portfolio, and communication strategies by manufacturers. This study intends to investigate the opportunities and risks of implementing these changes, as well as the difficulties experienced by fashion companies when attempting to integrate eco-innovation into their marketing strategy.

At $3.5 trillion USD in valuation, the worldwide apparel market represents 2% of the global gross domestic product. The worth of apparel for males is $402 billion USD, compared to $621 billion USD for women [26]. 40 million people work in the textile business globally, and most of them are employed in developing Asian nations. In 2015, 64% of apparel exports were from China, Bangladesh, Vietnam, India, and Cambodia.

The fashion industry places a high value on corporate social responsibility (CSR) because of its detrimental consequences on society and the environment. The two main issues are low salaries and unfavourable working conditions in the nations of production, as well as pollution and chemical-related environmental harm. The bulk of those working in the fashion industry are employed in the nations where the clothing is produced, primarily due to the cheap salaries in these nations.

Poor working conditions, underpayment, lengthy workdays, abuse, child labour, and a lack of social or health insurance are examples of CSR violations in these nations. During its whole production chain, the garment industry uses a lot of chemicals and pesticides, uses a lot of water to produce cotton, and emits a lot of CO_{2s} during transportation. All of these factors have an influence on the environment [27]. Wastewater containing hazardous materials is released during the dyeing, washing, printing, and finishing processes used on textiles.

[26] "Global Fashion Industry Statistics."
[27] Cleff et al., "Corporate Social Responsibility in the Fashion Industry: How Eco-Innovations Can Lead to a (More) Sustainable Business Model in the Fashion Industry."

The issue is made worse by the growing manufacturing scale since "fast fashion" drives up demand while cutting down on customer wear time by providing stylish clothes at a low cost. Successful CSR initiatives depend on transparency, with corporate social responsibility norms and codes of conduct mandating that businesses provide a specific volume of information. These days, "commercially sensitive information" is disclosed to the public, such as the locations of manufacturing facilities, supplier identities, material waste percentages, and working conditions.

The fashion industry is becoming more transparent thanks to the efforts of the European Union, which has proposed that businesses should reveal their supplier chain's human rights abuses and expose their value chain. However, there are no binding legislative requirements for openness, so businesses are free to decide what information they choose to make public.

This may cause businesses to downplay their negative effects while highlighting their favourable ones, which would undermine consumer trust in sustainable goods. As a result, tackling the detrimental consequences of the garment industry on society and the environment, as well as integrating eco-innovation into marketing tactics, provides formidable difficulties for the sector. Through the implementation of these principles, the industry can strive towards achieving greater environmental responsibility and sustainability.

Technopak Advisors projects that by 2021, India—the world's largest manufacturer of textiles and apparel—will have amassed $223 billion in revenue. Through net foreign exchange revenues and the creation of direct and indirect jobs, the industry supports the national economy. By 2020, it is anticipated that the domestic textile and apparel (T&A) sector would have grown from Rs. 3.27 lakh crore ($70 billion) to Rs. 10.32 lakh crore ($220 billion). By 2020, the domestic garment retail market is anticipated to grow to a value of Rs. 4.70 lakh crore [28].

Following the 2008–2009 recession, the global textile and apparel trade is rebounding, with India having the ability to boost its export percentage from 4.5% to 8% of global commerce, reaching $80 billion by 2020. Due to growing sourcing shifts from

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[28] Alam et al., "International Textile Value Chain (ITVC) Expo."

developed to developing Asia and India's advantages over China as a viable choice for international purchasers, the country has seen a significant increase in exports. By 2020, to capitalise on the potential market created by the industry's growth, investments throughout the textile supply chain will be necessary.

Researchers have studied CSR practices in the textile industry, focusing on supplier selection and environmentally oriented business practices. They found that suppliers must implement proper policies and procedures to prevent discrimination, abuse of human rights, child labour, long working hours, unfair competition, and pollution. They also believe that a competitive advantage can be achieved through environmental-oriented business practices.

A study by Susan Young in 2012 examined audit reports from 669 apparel firms across 38 countries, examining the effect of institutional and firm-level attributes on firms' CSR behaviour. The study found that it is important to consider the individual firm's environment and attributes before framing a CSR strategy. The apparel industry plays a crucial role in India's economic development and globally, as it generates employment and revenue. To live up to its name, CSR management should incorporate workers' demands and contest structural power imbalances and the dominant neoliberal order.

2.3 Impact of CSR on Fashion Brands in Developed Countries

Several factors, such as growing public awareness and desire for moral and responsible business activities, have contributed to the emergence of corporate social responsibility (CSR) practices in developed countries. For many years, CSR activities have been integral parts of organisational initiatives in Italy. For example, A study indicated that in Italy, corporate social responsibility initiatives improved a company's bottom line [29]. Furthermore, corporate sustainability systems—which evaluate company performance based on sustainability—have emerged in Italy. Growing public awareness of and desire for moral and responsible company activities could be one reason for the rise of CSR practices in advanced economies like Italy.

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[29] Pfajfar et al., "Value of Corporate Social Responsibility for Multiple Stakeholders and Social Impact – Relationship Marketing Perspective."

There are several reasons for the widespread adoption of CSR initiatives. For instance, since 2011, Benetton Group and the Fair Wear Foundation (FWF) have collaborated to guarantee fair labour practices through the supply chain [30]. Benetton's Code of Conduct provides minimal ethical standards and guidelines for its suppliers. The Code of Conduct established by Benetton delineates moral guidelines for its suppliers, encompassing minimum salaries, work hours, and worker safety. Additionally, they have a specialised group in charge of keeping an eye on compliance and handling any problems.

Prada has used lean manufacturing, recycling, and upcycling as some of its waste reduction tactics [31]. Through programmes in social development, education, and handicraft, they have also aided the local populations. In addition to aggressively seeking out talent from a variety of backgrounds and advocating for fair opportunities for all staff members, Prada supports diversity and inclusion training. Regarding environmental and social responsibility, Salvatore Ferragamo has stringent criteria for its suppliers that address topics including community involvement, fair salaries, animal welfare, labour standards, and environmental protection [32]. In several nations where they do business, they have implemented a minimum wage policy that goes above and above what is required by law.

Thus, growing public awareness of and demand for moral and responsible company practices might be linked to the emergence of CSR practices in industrialised nations like Italy [33]. Businesses that have actively embraced CSR programmes include Salvatore Ferragamo, Prada, and the Benetton Group. These companies show how important it is for their operations to uphold ethical standards and take environmental and social responsibility.

2.4 CSR of Fashion Brands in Developing Countries

However, a report published by Global Rights Compliance and Labour Behind the Label has revealed the growing mistreatment of garment workers in developing nations. It shows that factories employed by major global fashion brands frequently flout minimum wage laws, impose unreasonably long work hours, disregard health and

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[30] Kashyap, "Fashion's Next Trend."
[31] Langenheim, "A Scrap of Difference: Why Fashion Offcuts Don't Need to End up in Landfill."
[32] Iannone and Izzo, "Salvatore Ferragamo: An Italian Heritage Brand and Its Museum."
[33] Perrini, Pogutz, and Tencati, "Corporate Social Responsibility In Italy: State of The Art."

safety hazards, and refuse to pay workers' families when they are killed or injured [34]. Unsecure contracts, obligatory unpaid overtime, and illegally low compensation are all results of worker positions becoming more informal.

Workers at the bottom of supply chains are being struck the hardest by mass inflation in Pakistan, where rates are expected to reach 36% in April 2023. This is causing their purchasing power to erode and their already difficult living conditions to worsen [35]. To lower risks and save expenses, factory owners are abusing their workforce by hiring them in less official methods. Employees are moving to piece-rate contracts, which mean they only get paid for the work they do. This means they are working longer hours and getting less money. At the factories under investigation, it is discovered that health and safety infractions are widespread, and auditing frequently falls short of detecting infractions and warning signs.

Despite saying they utilise social auditing to verify standards, fashion giants "Inditex (Zara), GAP, Adidas, Asda, H&M, M&S, Puma, Levi's, Primark, and Boohoo" were all discovered to be procured from suppliers listed in the report [36]. It highlights the urgent need for brands to stop this exploitation and ensure the people who make their clothes are paid enough to live with dignity.

According to recent research by Clean Clothes Campaign, companies such as "Bestseller, H&M, C&A, and Zara" are impeding the International Accord for Health and Safety in the Textile and Garment Industry's growth in Pakistan [37]. Ten years following the Ali Enterprises fire in Baldia town, Karachi, multiple safety violations claimed the lives of over 250 textile workers. Pakistani garment and textile workers are still working in the same dangerous conditions that resulted in this horrifying accident ten years ago because there is no legally binding agreement between clothing brands and labour unions to protect worker safety.

Advocacy organisations like the Clean Clothes Campaign have banded together globally to highlight the persistent safety concerns in Pakistani factories and to openly

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[34] "PRESS RELEASE: NEW REPORT ON LABOUR RIGHTS IN PAKISTAN EXPOSES GROSS FAILINGS IN THE GLOBAL FASHION INDUSTRY."

[35] Hill, "New Report on Labour Rights in Pakistan Exposes Gross Failings in the Global Fashion Industry."

[36] Parveen, "HANGING ON BY A THREAD Garment Worker Rights amidst Rising Costs and Wage Violations in Pakistan."

[37] "Deadly Safety Hazards in Pakistani Factories Supplying H&M, C&A, Bestseller, and Zara."

denounce companies such as Bestseller, H&M, C&A, and Zara for deliberately postponing the Accord's expansion in order to safeguard worker safety [38]. The investigation sheds light on the horrifying safety violations that take place in Pakistani workplaces, including gas leaks at an H&M facility, explosions, exposure to electrical discharge and hazardous materials, and blocked exits.

Senior staff members of the Accord have advised that a programme be started in Pakistan, but brand representatives on the Steering Committee—including H&M, C&A, Inditex (Zara), and Bestseller—have declined to endorse the initiative alongside their labour counterparts [39]. The campaign urges these brands to begin independent factory inspections of Pakistan as soon as the Accord is expanded, and it also demands that they stop postponing the process within the Accord Steering Committee.

H&M, C&A, Bestseller, and Inditex, according to Nasir Mansoor, General Secretary of the National Trade Union Federation, will gladly profit from the labour of Pakistani garment workers, but these companies never put their employees' safety first. For labourers in Pakistan, accord discussions are serious business; lives are on the line. These companies have to commit to extending the Accord beyond 2023 and to Pakistan immediately.

According to Saeeda Khatoon of the Ali Enterprises Factory Fire Affectees' Association [40], there have been more than 30 major safety accidents in Pakistani textile and apparel factories in the last 18 months alone, resulting in over a dozen fatalities and numerous injuries. The extent of safety violations in factories is unknown, according to Ineke Zeldenrust of the Clean Clothes Campaign. If brands would stop impeding progress and consent to the International Accord's implementation of independent factory inspections in Pakistan, they could begin to comprehend the necessary factory renovations and repairs to safeguard worker safety.

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38 Remington, "Pakistan: Brands Incl. H&M, C&A, Bestseller & Inditex Accused of 'obstructing' the International Accord's Expansion to Pakistan - Business & Human Rights Resource Centre."
39 Chua, "Sourcing Journal."
40 Chávez, "Eight Years after the Ali Enterprises Factory Fire in Pakistan, Victims and Their Families Are Still Fighting for Justice."

Chapter Three - Methodology

The diversity of the research topic has empowered this study to explore various aspects of CSR approaches in different countries. The major focus of this research was to highlight the contradictions that exist in developed and developing countries. Companies existing in these countries have been under great scrutiny for their contradictory activities. This qualitative research has highlighted those aspects using the following methodology:

3.1 Research Design

This research adopts a qualitative research approach (check and cite Creswell for details or similar source on qualitative research design) by collecting primary data, rather than relying on secondary data from databases or publications. It aims to produce new knowledge and answer previously unanswered questions, setting it apart from secondary research [41]. Therefore, interviews were used as a research type. It is a practical method for gathering data from a participant or small groups of people. Interviewing experts in their fields of study is another way that researchers might obtain their viewpoints. It gathers in-depth information and helps the researcher to build a perspective regarding an industry.

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[41] Bouchrika, "Https://Research.Com/Research/Primary-Research-vs-Secondary-Research."
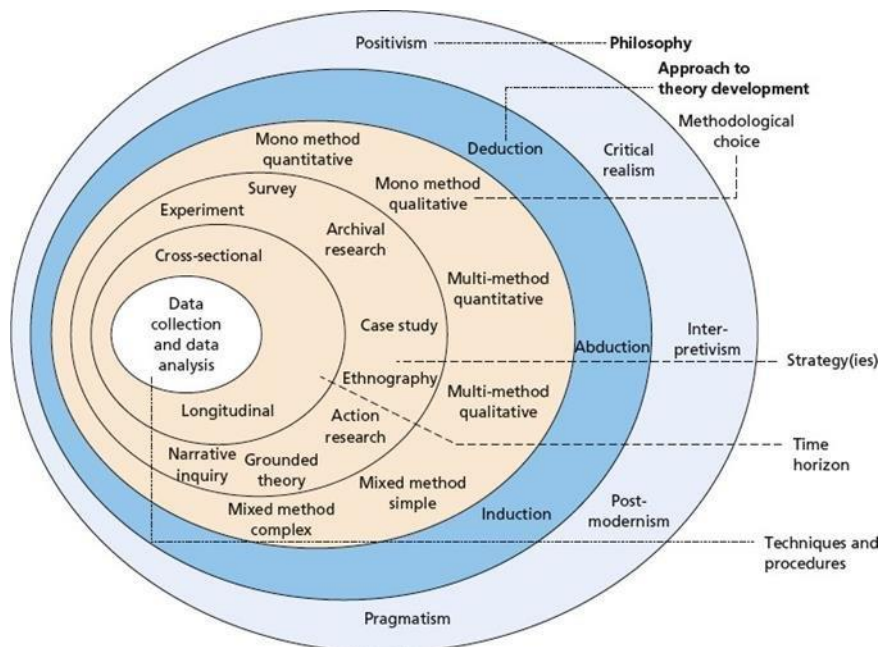
3.2 Sampling

For this research, a purposive sampling technique is used to collect data. Since it is ensured that participants must have relevant experience and knowledge of CSR implementation in the fashion industry. This technique keeps the samples diverse and unique which helps in increasing the reliability of research (Campbell et al., 2020). Therefore, the researcher selected two companies from Pakistan i.e. Interloop Apparel and Cotton Web Limited of Pakistan. The reason behind the selection of these companies is that both companies are focusing on implementing CSR in business initiatives. Moreover, participants for the sample will share critical aspects of CSR in the fashion industry.

3.3 Data Collection

This research gathered non-numeric data to gain deeper insights into the target group's behaviours, attitudes, and motivations. Our target audience was the operational managers of textile companies in Pakistan. The interviewee positions were Management Trainee Officer (MTO) from Interloop Limited and Marketing Executive from Cotton Web Limited. The interview length and details are given in the Appendix. They were focused based on their involvement in implementing the CSR approach in their companies. Two in-depth interviews were conducted. It has been chosen to explore a topic from various perspectives and to capture participants' opinions and feelings. One of the popular qualitative data collection techniques for obtaining information is conducting face-to-face interviews [42]. Open-ended questions can be asked most comfortably in casual, conversational interviews since they offer rich context and a comprehensive understanding of participants' beliefs, experiences, and behaviour. Follow-up questions can also be included in the format to collect further information and close any information gaps.

3.3 Data Analysis

In this research, thematic analysis has been chosen as it is used to examine qualitative data, such as views, feelings, and thoughts. It makes it possible for researchers to find overarching themes in a variety of qualitative sources, including academic research, online pages, social media, diaries, blog entries, interview transcripts, publications, and audio and video files. Interview transcripts are analysed to access the differences

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[42] Houston, "Qualitative Data-Collection Methods."

between CSR policies of fashion industry in the developed and developing countries. To find patterns across the full corpus, the data is analysed collectively, which is why it is becoming more and more popular in this sector.

This technique is open and accountable, allowing others to trace reasoning and assess the validity of findings. This transparency also allows for the replication of findings, leading to a richer, more robust body of knowledge [43]. The thematic analysis makes it easy to identify patterns and spot trends, helping to see the bigger picture by grouping similar ideas and experiences into distinct themes. It also helps in comparing and contrasting data, revealing unique perspectives and experiences of different segments within your target audience.

3.4 Ethical Consideration

This study has undertaken Qualitative research as it is a valuable tool for understanding human behaviour, experiences, and perspectives in various fields. However, it requires ethical considerations to ensure it is conducted respectfully, fairly, and responsibly. This research has followed the following ethical considerations:

- **Informed consent:** The researcher has ensured participants are fully informed about the purpose, procedures, risks, benefits, and data usage. Written consent has been obtained and their participation is voluntary.
- **Confidentiality and privacy:** The researcher has protected the participant information and responses using pseudonyms or secure data storage.
- **Respect for participants**: It is crucial, as researchers must be sensitive to their needs, values, and beliefs, and avoid imposing their own biases. This research study has stayed mindful of power dynamics and has avoided overburdening participants with lengthy or intrusive data collection methods.
- **Data collection and analysis:** The researcher has ensured appropriate methods and avoided manipulation or alteration.

The researcher has considered the potential impact of their findings on policy and practice, informed evidence-based decision-making, and communicated results clearly to stakeholders, policymakers, and the public.

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43 Dechalert, "10 Advantages & Challenges of Thematic Analysis."

3.5 Research Limitation

This research is based on the qualitative data. It aimed to focus on people's opinions, observations, and their perspectives regarding the contradiction in the CSR approach in developed and developing countries. However, it can be further explained through a quantitative data set as it could answer some of the questions more statistically.

Chapter Four – Results and Discussion

This section of the research demonstrates the results found from the in-depth interview. Considering the sensitivity of the topic, only two interviews were conducted. The participants qualified for the research because of their experience in implementing CSR initiatives in textile companies that are exporting cotton, fabrics, apparel, and leather goods to famous global brands. The following themes were identified from the data collected.

Themes	
1	Textile Companies in Pakistan complying with global CSR frameworks
2	Effectiveness of companies in communicating its CSR initiatives
3	Ethical sourcing and labor practices in the company's supply chain in Pakistan's Textile Industry
4	Positive contributions to the local community through the company's CSR initiatives
5	Textile Companies Contradicting Global CSR Policies

Theme 1: Textile Companies in Pakistan complying with global CSR frameworks

In the first interview, the participant was playing the role of Management Trainee Officer (MTO) in a well-known apparel company exporting their products to major global brands. She stated,

"Our company has been a top exporter of Pakistan since 2001 and their major products are activewear, denim and apparel. Interloop Limited has 15,000 employees per plant. I'm looking after the Adidas brand, my dealings are fabrications material, and CSR and my focus area is cotton base and synthetic developments. If they're using Polyester, it will be recycled polyester and if they're using cotton, it will be BCI-certified cotton."

Upon asking about the CSR approaches in their company, she mentioned

"In the case of Adidas, we are working on knitwear apparel and activewear. We are also researching denim because Adidas demands that we bring environmentally friendly fibres and fabrics for denim which are plant-based, when the research is complete, we will also start the production of the denim part of Adidas which I believe will start next year. Apart from Adidas, Interloop is also giving services to Target (their biggest customer), H&M, Hugo Boss, Bestseller, Walmart, C&A and many more."

She displayed a positive outlook on the company mentioning,

"This company does not promote child labour, individuals younger than 18 cannot be hired in Interloop at any level of the supply chain. Interloop does not allow forced labour and slavery. Even though Interloop does not encourage politics the employees have personal affiliation to certain political parties, it does not affect their employee status.

So far as the wages, benefits and compensations are concerned, they get increments and bonuses every June/July which are adequate. The wages are according to industrial standards. The company cannot force its employees to work overtime except when it is a grave emergency and they pay over-timers as per law. If they call employees on public holidays such as Eid, they pay per law which is double the salary. Above all, the company makes sure that they deal with both males and females based on equality. "

The other participant in the interview had a rather different opinion. He also belonged to a company that was dealing with Banana Republic USA, New Yorker (German), GAS, Stooker, Levis, Kiabi, Guess, Next and others. He stated,

"I wasn't informed right away at the time of hiring but I learned from the environment. After 3-4 months in the company, I found out about the protocols and CSR policies of the company. Fresher could not know such things; it took me one year to fully understand and adjust to the company's compliance policies.

It is the job of the compliance department in every company to implement and maintain the CSR policies in a company. Their core responsibility is to fulfil the requirements of the brands within the company and to make sure the compliance policies regarding the workers and staff on both document and on-ground. "

As per the research by Zaighum et al. [44], what workers expect from their employers in terms of health and safety, living wages, benefits, recreational opportunities, rest periods, and flexible work schedules affects their level of pleasure and contentment. Nevertheless, the organization's current employee-related CSR procedures fall short of expectations and don't have a monitoring system in place. Few big companies have complete CSR strategies, according to the findings, which support research on CSR in Pakistan. The report also draws attention to unsafe and unhygienic conditions in Pakistan's textile industry.

The analysis of employees' perceptions and the current situation of employee-related CSR was successful thanks to the qualitative case study design. The dissatisfaction of workers with their safety and physiological requirements impedes their advancement towards self-actualization and self-esteem. The study demonstrates that companies that practise socially responsible behaviour build a favourable impression in the eyes of their staff and encourage good attitudes that are linked to improved performance.

Proper living wages, health and safety, work-life balance, training and development, equal opportunities, childcare and recreational facilities, and overall employee wellness are the main key challenges in developing economies like Pakistan. According to the study, formalised training is necessary to adequately educate managers and employees on the concept, and a dedicated management team should oversee and carry out the implementation of a comprehensive CSR policy [45].

Theme 2: Effectiveness of companies in communicating its CSR initiatives
This theme brought many aspects under its umbrella, as it also showed their overall culture and work ethic. One of the participants mentioned,

"It is been one year and 3 months since I joined Interloop, before that I used to work at Adidas. Interloop emphasizes a lot on human rights and makes sure no human rights violations and rights breaches happen in this company. Secondly, at the time

44 Zaighum, Ahmad, and Kaur, "Workers' Perceptions of CSR Practices: Analysis of a Textile Organization in Pakistan."
45 Sheppard, "Work-Life Balance Programs to Improve Employee Performance."

of hiring, we were introduced to MR (Management Representative), each plant has a separate MR, who oversees all the issues including harassment, as you know sexual harassment prevails in our country, we were insured that a male/female faces any kind of verbal or physical harassment, they should inform MR so the matter can be dealt with.

MR is directly connected to the HR head, and the team make sure the perpetrator gets punished most properly while maintaining the honour of the one making the complaint by keeping secrecy. Also, the company takes serious measures against the people who are proven guilty after the investigation. Our company won the A&G Performance Award 2022 in the People Category at the Adidas Brand Leadership Summit 2022. This was our fourth consecutive recognition from Adidas in the People and Sustainability category."

On the other hand, the other participant had a different observation. He stated,

"Whenever a brand agrees to do business with CWL, their concerned member from the CSR department/Quality Control Department plans a meeting and give us an orientation about their requirements in compliance and CSR policies e.g. Levi's core demand was the workforce must have 40% females in every department (from design, assemble, stitch, packaging etc) in all white/blue collar jobs. Our HR had this pressure from the company and they hired females for all the departments depending on the vacancies.

Secondly, almost all brands require the company to provide annual/six-month bonuses and increments to the employees. The brand has also a zero-tolerance policy against forced labour and hiring of workers under the age of 18. If the worker is working overtime, the manufacturer must pay them according to the extra working hours. Levis also demands that there is no water waste so the manufacturer must have water treatment plants in their premises."

The other participant also mentioned,

"Interloop has ensured there is no communication gap within the company, brands and workers and they make sure all the workers, from tailors to CEO, must know his/rights, EHS policies, environmental requirements, minimum wages and benefits etc.

Interloop has also digitalized the system with their app called ''I-Loop'', website, newsletters, magazines, indian magazine named ''Fashion Network''.

CSR research in Pakistan has been ongoing for over a decade, with Ray (2000) being the first to study child labor in the country [46]. The study discovered a negative association between child education and poverty in Peru, but a positive relationship between child labour and family income in Pakistan. In a survey on natural disasters and corporate social responsibility (CSR) in Pakistan, the Sustainable Development Policy Institute (SDPI) discovered that companies' social reactions were more reactive than proactive. They were not internalised in Pakistan; instead, their involvement was limited to public-private partnerships.

MNCs like "Reebok, SAGA Sports, Unilever Pakistan, and The Engro group" have pronounced CSR practices in areas such as child labor, health, education, and the environment. Lund-Thomsen et al. (2004) proposed that corporate social and environmental responsibility (CSER) shortcomings should be placed in local and international political and economic contexts [47]. He suggested using global value chain analysis to understand the harm to the local environment and the mental and physical   health   of   locals.

Hussain-Khaliq (2004) examined child labor issues in the football industry in Pakistan, using a case study approach to understand the role of SAGA sports and the International Labour Organization (ILO) in eliminating child labor [48]. The study captured issues like "value of export lead social consciousness" and "child labour," as well as employee rights and social investment. In conclusion, while child labor might have been stopped in the football industry, it may have been moved to other local industries still employing child labor due to a lack of awareness in other local industries within Pakistan.

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[46] Ray, "Child Labor, Child Schooling, and Their Interaction with Adult Labor: Empirical Evidence for Peru and Pakistan."

[47] Lund-Thomsen et al., "Labour in Global Value Chains: Work Conditions in Football Manufacturing in China, India and Pakistan."

[48] Hussain-Khaliq, "Eliminating Child Labour from the Sialkot Soccer Ball Industry."

Theme 3: Ethical sourcing and labor practices in the company's supply chain in Pakistan's Textile Industry

This theme sheds light on child labor and issues in the company's supply chain concerning CSR approaches. One of our participants mentioned,

"We have started Adidas in synthetic material and the yarns that we use in the production are polyester yarns. The polyester used in Adidas is recycled polyester which is not produced in Pakistan. That polyester is recycled and produced from ocean plastic waste and we source it from China and Vietnam. Adidas has a strict policy that we can only source recycled polyester from designated suppliers. If we chose the supplier ourselves, they should be ''OEKO TEX'' certified, follow labour laws of their country and should not be involved in child labour.

Target and Bestseller are also very strict in terms of child labour, discrimination and uneven working hours, workers must not be involved for more than 60 hours per week and they must be given at least 24 hours of rest period after their shift. If the company is calling workers for 7 days consecutively, they are obliged to give extra holiday to them on the 8th day.

Regenerative Cotton Farming with REEDS (Rural Education and Economic Development Society) is an initiative for sustainable cotton farming (Also known as Better Cotton Initiative (BCI) and supporting farmers, working on soil fertility, reducing carbon footprint and adopting sustainable and resilient farming systems and produce high quality and ethical cotton (child labor and slavery is not involved in the production). In this initiative, more than 1000 farmers are involved with Interloop working on 5000 acres of land."

The other participant added,

"For labour practices, the workers cannot be retained after 5.30 and if they are working overtime they are required to be paid right away. Since the economy of Pakistan is challenging and most of the people have to work two jobs or have a side hustle to survive, stopping workers after 5.30 would be unethical because they will not have time for other work, as a result, they'll skip work, that would pressure the company with more work and expensive choices (e.g. if the workers do not prepare the shipment on time, the company would have to opt for air cargo than shipping

which is more expensive than the water shipping causing more financial load on the company.)

In the second scenario, the workers will leave the organization and work somewhere else which will affect the retention ratio of the company and ultimately affect the company's reputation. Today, the brand's priority for the fabric and trims (buttons, labels etc) used in their apparel and clothes is ''OEKO TEX'' certification. If your company has OEKO TEX certification, the brands will be more comfortable working with you. If the consumer claims an issue, the matter will be taken to OEKO TEX, neither the brand, nor the manufacturer. Even the suppliers for fabric and trims must have the same certification otherwise they won't be considered for business.

Moreover, the cotton used must be BCI cotton because Chinese cotton is banned worldwide. The US brands can return the entire shipment if they detect even 1% of Chinese cotton in the apparel and manufacturers can face the consequences. So, we demand our suppliers to provide an entire process flow and history of the fabric production and sources and check if the material lies on brand standards or not. Regarding polyester, most of the brand's demand 100% cotton but there are some garments which require polyester but none of our customer brands have asked for plant-based polyester so we use normal plastic polyester.''

Pakistan's safety report published by Labor Rights in 2019 elaborated that several years after over 250 workers died in Pakistan due to factory failures, little progress has been made for the millions of textile and garment workers. Despite international initiatives, there are significant gaps that leave worker organizations outside the proposed solutions and no meaningful commitment from brands. The GIZ and ILO programs focus on strengthening labour inspectorates and standards, but progress is slow due to the fragmented regulatory system and the lack of national law [49].

The Labor Assurance Bureau (LABS) does not incorporate any meaningful role for worker organizations and its transparency is only for its member companies. Brands and retailers sourcing clothing and textiles from Pakistan need to heed Pakistan's labor movement's calls to support the formation of a legally-binding agreement between apparel brands and local and global unions and labor rights groups to make

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[49] Clean Clothes Campaign et al., "Pakistan's Garment Workers Need Safety Accord."

workplaces safe. This agreement must draw upon lessons from the Accord on Fire and Building Safety in Bangladesh, which emphasizes transparency, enforcement, commercial obligations, and worker participation.

Pakistan's national and provincial governments should take steps to enhance compliance in factories not covered by the labor-brand accord, focusing efforts on those factories not supplying members of the accord. Governments in countries that headquarter major garment brands and retailers can end unaccountable self-monitoring by major actors in the garment industry by implementing mandatory human rights due diligence legislation and holding social auditing firms liable for faulty audits.

Theme 4: Positive contributions to the local community through the company's CSR initiatives

Upon asking about Pakistan's textile industry's contribution to the local community, one of the participants stated,

"Our company has partnered with National Textile University in Faisalabad, a US-based company called Dinner Service NY, for recycling industrial waste and Adidas, Puma and Nike have started an initiative to make garments and hosiery from banana fiber. The mission behind this initiative is to eradicate plastic-based fibers and the use of dangerous dyes on synthetic fibre as they end up in river banks and cause pollution, while plant-based fibers are easily dyed and we do not require toxic chemicals for the dying.

Within our company, the brands conduct seminars to communicate the CSR policies. The banana fiber was developed by our students who were doing their Masters and PhD from NTU. Interloop provides full scholarship support to its student employees so they do research without any hindrance. When these students come out with groundbreaking ideas, these ideas are discussed in Interloop through seminars. Above all, all the plants are using solar energy with 600 MHz electricity."

The participant was further inquired about how their company engage with and contribute to the local community. She mentioned,

"Adidas has a project called ''Prime Green" in which the company recycles ocean plastic waste and turns it into tracksuits. Most brands involve us in the decision-making process, our Environment, Health and Safety Department and Compliance

Departments overlook the brand's pitch of CSR Implementation and what Pakistani law says about such implementation.

All the brands demand that all the factories of our company should have a "water treatment plant" so that none of the water waste from production, dying or finishing, leaves the premises of the factory and enters the natural water resources. It must be recycled and reused within. Alliance Water Stewardship, water governance and sustainable water balance practices and monitor water quality. This AWS has recently been implemented on Interloop Lahore and has also been audited and will now be implemented on other plants in Faisalabad. "

The other participant shared their experience,

"Our company is situated within the city in a populated area, so the communities living in the surroundings have got a job near their homes and they can reach home within 5-10 minutes. They don't have to travel too far for income."

To get a more in-depth perspective, the researcher inquired about the involvement of local stakeholders in decision-making processes. The response was,

"Since it's a time of fast fashion, more garments are being produced and processed, now imagine if we wash 100 pieces of clothes in a washing machine, it will consume water that is 4 times the actual weight of those clothes. In plants, millions of clothes are being produced, dyed and washed and imagine how much water is being consumed in a single textile unit.

If the companies would consume this much water, there would be a shortfall of consumable water in the community. To control this, water treatment plants within the factory are mandatory. Secondly, for dyes, department workers are given training and knowledge about levels of dyes. Level-1 dyes are not recommended to use because they can be hazardous for human skin, and cause rashes, ich and allergies. For level 2, a certain percentage can be used but again many preventive measures need to be taken before using those dyes.

Level-3 dyes do not contain any kinds of hazardous chemicals and can be used with complete trust. At the time of purchasing from the suppliers, these levels are tested and if the dyes fall in the category of level 3, we offer business to that supplier. For decision-making, our compliance departments make sure the brand policies are

followed according to the law of Pakistan, if the policies contradict our Pakistani law, we communicate that clause with the brand and that's changed or modified accordingly, or eradicated."

The Pakistan Centre of Philanthropy (PCP) carried out a survey in 2005 regarding the charitable endeavours of Pakistan's publicly traded corporations. According to the survey, donations account for the majority of philanthropic activity, with 64% of businesses engaging in social development. The main contributions to society came from humanitarian or faith-based relationships [50]. Some justifications for these charitable endeavours were enhanced public perception, tax advantages, and marketing advantages. A 2006 follow-up survey report revealed a considerable rise in charitable giving. Corporate philanthropy is mostly concentrated on health and education, but it still lacks adequate organisation and documentation.

Theme 5: Textile Companies Contradicting Global CSR Policies

For the last theme, one of our participants had a very elaborate response. She mentioned,

"Being an ex-employee of Adidas and MTO in another company, I can vouch that Adidas has been very strict and transparent when it comes to its CSR Policies implementation. If Adidas finds out that the supplier is not complying with the CSR policies, they impose heavy fines and ultimately end the contract with the company. All the employees in Interloop are taken to EHS, Compliance and Policies Department to get familiarized with the brand's CSR Policies, secondly, the information is pasted on the walls in both Urdu and English all around Interloop as a constant reminder for both management and workers. Even minimum wages are mentioned there.

Adidas conducts third-party audits after every 5-6 months, they also self-monitor the suppliers and then share reports. Each time, the auditors are from different companies and they come unannounced so the suppliers can't hide anything. Interloop always prepares itself every week for the audits to maintain transparency."

The other participant had a relatively contradicting point of view, as he stated

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50 Yunis, Durrani, and Khan, "Corporate Social Responsibility (CSR) in Pakistan: A Critique of the Literature and Future Research Agenda."

"Yes it happens, I would give you an instance, Like I mentioned to you earlier Levis has the requirement of 40% female hiring, what cotton web limited did was they showed the company on paper that we hired women but on the ground, the female hiring was just 10% because brands do not come into the factory and check and only rely on paper.

Secondly, CWL is famous for dodging the annual bonus, now the bonuses are supposed to be at least 50% of the salary but last year around Eid we only got 5% of bonuses which was nothing. Mostly, brands only rely on documentation and they don't study the in-house environment. Most of the brands conduct third-party audits but since most of the documents are forged the brands do not get false images. In some cases, if the auditors find some issues, the company can bribe them and resolve them under the table."

In developing countries such as Pakistan, the textile industry is an important sector for exports, employment generation, and national economies. The estimated value of the worldwide textile market in 2021 is USD 993.6 billion, with a 4.0% compound annual growth rate (CAGR) predicted for the market [51]. With China leading the world in textile exports, Asia Pacific has the largest market share in the textile industry. Pakistan exports 2% of the world's textiles. Nonetheless, compared to September of last year, Pakistan's textile exports decreased by 5% in the first quarter of FY23.

Using renewable energy, producing eco-friendly goods, recycling, composting, ethical sourcing, sustainable supply chain management, employee welfare, upholding corporate environmental and social responsibility, and sustainability reporting are some of these practices. The Net Zero Pakistan initiative, which aims to achieve Pakistan's net zero carbon by 2050, is one example of the Sustainable Business Practices that Pakistani textile companies are constantly working to adopt [52]. Additionally, the industry is actively participating in international conventions and forums like the Accord on Fire and Building Safety and the Better Work Programme.

Textile companies are more responsive to regulatory issues and engage in voluntary environmental programs, regulatory pressure has a favourable effect on their efforts

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[51] Sattar and Urooj, "Sustainable Business Practices in Textile Sector of Pakistan."
[52] Sattar and Akhtar, "Net Zero and Pakistan's Energy System: No More Business as Usual."

to manage the environment. Such companies need to use sustainable business practices to compete in today's global marketplace [53]. Competitive pressures drive businesses to differentiate their products, boost production, and persuade them to embrace environmental management techniques. Pakistani textile firms are also influenced by market competition to enhance their environmental performance, as green business practices that uphold environmental standards help businesses stay competitive.

To improve environmental performance, Pakistani textile firms develop long-term contractual relationships with suppliers, contractors, and agencies with proven credentials in waste recycling. These actions help firms expand into new market niches, grow their local and international businesses, and maintain their competitiveness, leading to increased market share.

The impact of foreign buyers on sustainable business practices is positive, as market pressure encourages commitment to environmental protection and investment in environmental management practices. Pakistani textile firms comply with international standards like GOTS and BCI, allowing them to export organic fabrics with a single certification[54]. However, several factors impede textile firms from adopting sustainable practices, including administrative attitudes, lack of internal environmental expertise, skilled human resources, and communication gaps.

Chapter Five – Discussion of results

In a nutshell. organizational hurdles include the lack of appropriate benchmarking tools, government information, and financial resources. Pakistani textile companies are just beginning to incorporate sustainable business practices, and addressing internal issues could significantly advance sustainability. Corporate social responsibility (CSR) activities vary significantly based on development and cultural differences among countries. Research on global CSR disparities is limited, but sustainability reporting has increased globally, allowing for the study of trends and regional segmentation. CSR offers intangible benefits such as enhanced market standing, contented employees and customers, government backing, expansion, and sustainability. High stakeholder interest in social and environmental issues drives CSR

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53 Bhandari et al., "Barriers to Sustainable Sourcing in the Apparel and Fashion Luxury Industry."
54 Husain et al., "Textile Dynamics in Pakistan: Unraveling the Threads of Production, Consumption, and Global Competitiveness."

programs, which are crucial for preserving competitiveness. Sustainability reports show a company's dedication to social and environmental issues, positively impacting consumer perceptions, financial success, and organizational appeal.

Developed countries with advanced legal frameworks and consumer awareness tend to have more complex CSR initiatives, including environmental sustainability, employee welfare, and community engagement. Large companies in these areas view CSR as essential for long-term success, benefiting from increased brand loyalty and better financial performance. Developing countries face paradoxical CSR, with some multinational corporations pursuing a minimalist approach, known as "CSR washing" or "CSR hypocrisy," aiming to placate stakeholders instead of promoting meaningful social change. Profit-driven actions often override or compromise CSR initiatives in these markets.

Corporate governance and the introduction of Corporate Social Responsibility (CSR) and codes of conduct have been positive steps, but they have not addressed the labor protection gap for vulnerable workers in Asia. Global institutions under the United Nations have called on companies to adopt the Global Compact, but many firms are not willing to sign agreements that may lead to corporate lawsuits. Global governance needs to be more rigorous, guiding companies from the stakeholder model to an ethical practices model. Corporations often blame the state for not enforcing proper labour standards, and there is a need to increase state government activity regarding the privatisation of labour codes to protect and empower workers. Bridging the gap between the fashion industry, consumers, and low-paid workers in developing countries has become more difficult as corporations promote CSR, normalizing "poor" workers and normalizing them as weak.

Corporate social responsibility (CSR) is a crucial aspect of consumer behavior, with 91% of consumers expecting businesses to responsibly handle social and environmental concerns. Brands are increasingly marketing their CSR efforts across various media platforms, such as Adidas, Parley for the Oceans, and denim companies like Adidas by Stella McCartney. Communication specialists play a crucial role in promoting and disseminating knowledge about CSR, and social media transparency is an effective medium for distributing news. Luxury fashion labels have

faced criticism for allegedly endangering the environment, using leather and fur from endangered animals, and using toxic chemicals in production. Fast fashion retailers like Topshop, Zara, and H&M have faced criticism for excessive clothes disposal, bad labor practices, and environmental damage. Functional brands like Nike, Adidas, and Puma have also been found to have inadequate social responsibility and product safety management. To increase their CSR commitment, brands must understand customer expectations and make business decisions that benefit both manufacturers and brands.

Corporate social responsibility (CSR) activities vary significantly based on development and cultural differences among countries. Research on global CSR disparities is limited, but sustainability reporting has increased globally, allowing for study of trends and regional segmentation. CSR offers intangible benefits such as enhanced market standing, contented employees and customers, government backing, expansion, and sustainability. High stakeholder interest in social and environmental issues drives CSR programs, which are crucial for preserving competitiveness. Sustainability reports show a company's dedication to social and environmental issues, positively impacting consumer perceptions, financial success, and organizational appeal.

Developed countries with advanced legal frameworks and consumer awareness tend to have more complex CSR initiatives, including environmental sustainability, employee welfare, and community engagement. Large companies in these areas view CSR as essential for long-term success, benefiting from increased brand loyalty and better financial performance. While, developing countries face paradoxical CSR, with some multinational corporations pursuing a minimalist approach, known as "CSR washing" or "CSR hypocrisy," aiming to placate stakeholders instead of promoting meaningful social change. Profit-driven actions often override or compromise CSR initiatives in these markets.

To improve sustainability, regulatory authorities should play a more significant role, businesses should integrate a sustainable enterprise, and training should incorporate knowledge of sustainable practices. The initial cost of compliance, uncertain policy changes, weak enforcement, and low knowledge reduce manufacturers' acceptance, necessitating cost regulation. Government assistance, such as subsidized loans and

credits, is crucial for small and mid-sized enterprises to adopt environmental measures. Strengthening national and regional legislation can help businesses adopt proactive environmental policies and commit to more extensive environmental practices.

Implications for theory and practice

CSR policies are critical to implement because these policies measure the sustainability aspect in the fashion industry. The implication of CSR theory is critical to address the industrial perspectives related to brand productivity and performance of the fashion industry. Different fashion retailers such as Zara, and H&M have faced criticism for excessive clothes disposal, bad labour practices, and environmental damage. Therefore, implication of CSR initiatives is considered critical for measuring the authentic decision making and commitment of brands. CSR commitment increase brand performance and help the companies that it is crucial to understand customer expectations and make business decisions that benefit both manufacturers and brands.

Recommendations for Future Research

This research includes qualitative data to address the CSR initiatives followed by the fashion industries in developing and developed countries. There is no critical discussion available related to quantitative aspects that can explain the link between the research variables. However, no information regarding the statistical research relationship was addressed. It is necessary to include statistical analysis regarding the CSR initiatives and sustainable policies followed by the fashion industries in developed and developing countries. Therefore, for future research, it is recommended to include a mixed research design both qualitative and quantitative to review the different aspects of CSR policies in the fashion industry.

Conclusion

To conclude, it is stated that corporate social responsibility (CSR) is a crucial aspect of business. Therefore, fast fashion retailers are trying to adopt different CSR policies to improve business sustainability. Companies are facing criticism for excessive clothes disposal, bad labor practices, and environmental damage. This also influence of commitment of brands that are based on development and cultural differences among countries. CSR offers intangible benefits such as enhanced market standing,

contented employees and customers, government backing, expansion, and sustainability. The inclusion of CSR policies are considered essential for long-term success, benefiting from increased brand loyalty and better financial performance. It also increase company commitment towards improved performance in terms of environmental sustainability.

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Appendix
Interview with Interloop Limited

1. **How long you been associated with the company and what have was the initial CSR framework shared with you? Are you familiar with the company's CSR initiatives?**

My name is Mehak Fatima and I'm currently working in Interloop Apparel as a Management Trainee Officer (MTO). I'm looking after Adidas brand, my dealings are fabrications material, and CSR and my focus area is cotton base and synthetic developments. Interloop is a top exporter of Pakistan since 2001 and their major products are activewear, denim and apparel. Interloop Limited has 15,000 employees per plant. If they're using Polyester, it will be recycled polyester and if they're using cotton, it will be BCI-certified cotton.

In case of Adidas, we are working on knitwear apparel and active wear. We are also researching denim because adidas demands that we bring environmentally friendly fibres and fabrics for denim which are plant-based, when the research will be complete, we will also start the production of denim part of Adidas which I believe will start next year. Apart from Adidas, Interloop is also giving services to Target (their biggest customer), H&M, Hugo Boss, Bestseller, Walmart, C&A and many more.

Interloop does not promote child labour, individuals younger than 18 cannot be hired in Interloop at any level of supply chain. Interloop does not allow forced labour and slavery. Even though Interloop doesnt encourage politics but the employees have personal affiliation to certain political parties, it does not affect their employee status.

So far as the wages, benefits and compensations are concerned, they get increments and bonuses every june/july which are adequate. The wages are according to industrial standards. The company cant force its employees for working over-time except when its a grave emergency and they pay over-timers as per law. If they call employees on public holidays such as eid, they pay per law which is double the salary.

Interloop makes sure that they deal both males and females on the basis of equality. All the team on same grade have same pay scale, for example I'm in manager line so all the managers of all departments have similar pay slabs.

2. How well does the company live up to its CSR policy?

It's been one year 3 months since I've joined Interloop, before that I used to work in Adidas. Interloop emphasizes alot on human rights, then make sure no human rights violation and rights breach happen under Interloop. Secondly at the time of hiring, we were introduced to MR (Management Representative), each plant has a separate MR, who overseas all the issues including harassment, as you know sexual harassment prevails in our country, we were insured that a male/female faces any kind of verbal or physical harassment, he/she should inform MR so the matter can be dealt with. MR is directly connected to HR head, and the team make sure the perpetrator gets punished in the most suitable way while maintaining the honour of the one making complaint by keeping secrecy. Also the company takes serious measures against the people who are proven guilty after the investigation.

Interloop won the A&G Performance Award 2022 in the People Category at the adidas Brand Leadership Summit 2022. This was our forth consecutive recognition from adidas in the People and Sustainability category.

5. How does the company communicate its CSR initiatives to you?

Interloop has ensured there is no communication gap within the company, brands and workers and they make sure all the workers, from tailors to CEO, must know his rights, EHS policies, environmental requirements, minimum wages and benefits etc.

Interloop has also digitalized the system with their app called ''I-Loop'', website, newsletters, magazines, Indian magazine named ''Fashion Network''.

6. What guidelines does the company have regarding ethical sourcing and labor practices in your supply chain?

We have started Adidas in synthetic material and the yarns that we use in the production are polyester yarns. The polyester used in Adidas is recycles polyester which is not produced in Pakistan. That polyester is basically

recycled and produced from ocean plastic waste and we source it from China and Vietnam.

 Adidas has a strict policy that we can only source the recycled polyester from designated suppliers. If we chose the supplier ourselves, they should be ''OEKO TEX'' certified, follow labour laws of their coutry and should not be involved in child labour.

Target and Bestseller are also very strict in terms of child labour, discrimination and uneven working hours, workers must not be involved for more than 60 hours per week and they must be given at least 24 hours rest period after shift. If the company is calling workers for 7 days consecutively, they are obliged to give extra holiday to them on the 8th day.

Regenerative Cotton Farming with REEDS (Rural Education and Economic Development Society) is an initiative for sustainable cotton farming (Also known as Better Cotton Initaitive BCI) and supporting farmers, work on soil fertility, reduce carbon footprint and adopt sustainable and resilient farming systems and produce high quality and ethical cotton (child labour and slavery is not involved in the production). In this initiative, more than 1000 farmers are involved with Interloop working in 5000 acres of land.

3.   **Has the company made positive contributions to the local community through its CSR initiatives? If yes, can you recall any instances?**

Interloop has partnered with National Textile University in Faisalabad, US-based company called Dinner Service NY, for recycling of industrial waste and Adidas, Puma and Nike has stared an initiative to make garments and hosiery from banana fibre. The mission behind this initiative is to eradicate the plastic based fibres and use of dangerous dyes on synthetic fibre as they end up in river banks and cause pollution, while plant-based fibres are easily dyed and we dont require toxic chemicals for the dying.

Within Interloop, the brands conduct seminars to communicate the CSR policies. The banana fibre was developed by Interloop students who were doing Masters and PhD from NTU. Interloop provides full scholarship support to its student employees so they do research without any hindrance. When

these students come out with ground breaking ideas, these ideas are discussed in Interloop through seminars.

Target Corporation recognised Interloop for the 2017 'Partnership Award' for Responsible Sourcing (partnering with Better Cotton Initiative; moving to sustainable cotton) and Community Development (supporting 19 schools; educating more than 2,600 students and 120 young women for bachelor's degrees through education scholarship fund).

All the plants are using solar energy with 600 MWz electricity.

4. **How does the company engage with and contribute to the local community? To what extent does the company involve local stakeholders in decision-making processes?**

Adidas has a project called ''Prime Green'' in which the company recycles the ocean plastic waste and turn it into track suits.

Most brands involve Interloop in decision-making process, our Environment, Health and Safety Department and Compliance Departments overlook the brands pitch of CSR Implementation and what Pakistani law says about such implementation.

All the brands demand that all the factories of Interloop should have a ''water treatment plant'' so that none of water waste from production, dying or finishing, leaves the premises of the factory and enter the natural water resources. It must be recycled and reused within.

Alliance Water Stewardship, water governance and sustainable water balance practices and monitor water quality. This AWS has recently been implemented on Interloop Lahore and also been audited and will now be implemented on other plants in Faisalabad.

7. **Do you believe the company's CSR efforts positively impact its long-term financial performance?**

Sustainability is becoming a vital of our survival. Not just for our buiness but also for sustaining in market. All the brands are adamant about the

implementation of CSR, so if we ignore sustainability, there is going to be no future for Interloop.

Interloop is taking through platinum lead. Brands across the world reach out Interloop and they have recently started office in UK.

8. Have you witnessed any instances where the company seemed to contradict its CSR policy?

Being an ex-employee of Adidas and MTO in Interloop, I can vouch that Adidas has been very strict and transparent when it comes to its CSR Policies implementation. If Adidas finds out that the supplier is not complying to the CSR policies, they impose heavy fines and ultimately end the contract with the company.

All the employees in Interloop are taken to EHS, Compliance and Policies Department to get familiarized with the brands CSR Policies, secondly the information is pasted on the walls in both Urdu and English all around Interloop as a constant reminder for both management and workers. Even minimum wages are mentioned there.

9. What are there mechanisms in place to monitor and address any CSR issues within the supply chain? Does the company regularly communicate its CSR progress and achievements to stakeholders?

Adidas conducts third-party audits after every 5-6 months, they also self-monitor the suppliers and then share reports. Each time, the auditors are from different companies and they come unannounced so the suppliers can't hide anything. Interloop always prepares itself every week for the audits to maintain transparency.

<div align="center">

Interview with Cotton Web Limited

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1. **Company Introduction**
   My name is Shah Rukh and I recently left Cotton Web Limited and joined Nishat Apparel three months back. I worked in CWL for seven years. I started as an Executive in Marketing department and at the time of leaving, I was

Senior Deputy Manager. The CWL deals with Banana Republic USA, Newyorker (German), GAS, Stooker, Levis, Kiabi, Guess, Next and others.

2. **How long have you been associated with the company and what was the initial CSR framework shared with you? Are you familiar with the company's CSR initiatives?**

I wasn't informed right away at the time of hiring but I learned from the environment. After 3-4 months in the company I found out about the protocols and CSR policies of the company. Fresher cant know such things, it took me one year to fully understand and adjust with CWL compliance policies.

Basically its the job of the compliance department in every company to implement and maintain the CSR policies in a company. Their core responsibility is to fullfill the requirements of the brands within the company, to make sure the compliance policies regarding the workers and staff on both document and on-ground.

3. **How does the company communicate its CSR initiatives to you?**

Whenever a brand agrees to do business with CWL, their concerned member from CSR department/Quality Control Department plans a meeting and give us an orientation about their requirements in compliance and CSR policies e.g. Levis core demand was the work force must have 40% females in every department (from design, assemble, stitch, packaging etc) in all white/blue collar jobs. Our HR had this pressure from the company and they hired females for all the departments depending on the vacancies.

Secondly, almost all brands require the company to provide annual/ six months bonuses and incrrements to the employees. The brand has also zero tolerance policy against forced labour and hiring of workers under age of 18. If the worker is working overtime, the manufacturer must pay them according to the extra working hours.

Levis also demands that there is no water waste so the manufacturer must have water treatment plants in their premises.

4. **How well does the company live up to its CSR policy?**

As far as the Levis guidelines are concerned, all the CSR policies are strictly implemented. Females are hired according to the brand's demand, water treatment plant is also functioning, No workers can stay within the factory after 5.30, CWL focuses rigorously on the hiring so no one under 18 is hired and put to work forcefully, they must show their CNIC.

Regarding annual bonuses, they are often delayed for 2-3 months but ultimately paid. In Cotton Web Limited, workers are paid their wages via provident fund which is not effective for labour retention.

5. **What guidelines does the company have regarding ethical sourcing and labor practices in your supply chain?**

For labour practices, the workers cannot be retained after 5.30 and if they are working over-time they are required to be paid right away. Since the economy of Pakistan is challenging and most of the people have to work two jobs or have a side hustle to survive, stopping workers after 5.30 would be unethical because they wont have time for other work, as a result either they'll skip work, that would pressure the company with more work and expensive choices (e.g. if the workers dont prepare the shipment on time, the company would have to opt for air cargo than shipping which is more expensive than the water shipping causing more financial load on the company.)

In the second scenario, the workers will leave the organization and work somewhere else which will affect the retention ratio of the company and ultimately affect the company's reputation.

Today, the brands first priority for the fabric and trims (buttons, labels etc) used in their apparel and clothes is ''OEKO TEX'' certification. If your company has OEKO TEX certification, the brands will be more comfortable to work with you. If the consumer claims an issue, the matter will be taken to OEKO TEX, neither the brand, not the manufacturer. Even the suppliers for fabric and trims must have the same certification otherwise they wont be considered for business.

Moreover, the cotton used must be BCI cotton because chinese cotton is banned worldwide. The US brands can return the entire shipment if they detect even 1% of Chinese cotton in the apparel and manufacturers can face the consequences. So we demand our suppliers to provide an entire process flow and history of the fabric production and sources and check if the material lies on brands standards or not.

Regarding polyester, most of the brands demand 100% cotton but there are some garments which require polyester but None of our customer brands have asked for plant-based polyester so we use normal plastic polyester.

6. **Has the company made positive contributions to the local community through its CSR initiatives? If yes, can you recall any instances?**
Cotton web limited is situated within city in a populated area, so the communities living in the surroundings have got a job near their homes and they can reach home within 5-10 minutes. They dont have to travel too far for income.

7. **Dont you think a plant/factory being in the middle of city can be dangerous for evironment?**
Let me tell you a textile secret, the reason why most of the textile industries are located in Asia is because the authorities in these countries dont look upon such guidelines about pollution. They dont consider what kinds of fumes and chemicals are released in the environment when garments are produced and these chemicals contribute largely to the air pollution.

Unfortunately, we dont have systems and technology to control these releases of chemicals and gases into the environment of city. Infact within the factory, the plant in which workers spray $KMnO_4$ (which is a major step for garment washing) on the garments are not given heavy duty PPE kits for protecting them from inhaling those dangerous chemical but rather a simple mask. Sadly, so far, the brands have also overlooked these shortcomings.

8. **How does the company engage with and contribute to the local community? To what extent does the company involve local stakeholders in decision-making processes?**

Since its a time fast fashion, more garments are being produced and processed, now imagine if we wash 100 pieces of clothes in a washing machine, it will consume water that is 4 times the actual weight of those clothes. In a plants, millions of clothes are being produced, dyed and washed and imagine how much water is being consumed in a single textile unit. If the companies would consume this much water, there would be a shortfall of consumable water in the community. To control this, water treatment plants within the factory are mandatory.

Secondly, for dyes, department workers are given training and knowledge about levels of dyes. Level-1 dyes are not recommended to use because they can be hazardous for human skin, cause rashes, ich and allergies. For level-2, a certain percentage can be used but again many preventive measures are needed to be taken before using those dyes. Level-3 dyes do not contain any kinds of hazardous chemicals and can be used with complete trust. At the time of purchasing from the suppliers, these levels are tested and if the dyes fall in the category of level-3, cotton web gives business to that supplier.

For decision-making, our compliance departments makes sure the brands policies are followed according to the law of Pakistan, if the policies contradict with our Pakistani law, we communicate that clause with the brand and thats changed or modified accordingly, or eradicated.

9. **Do you believe the company's CSR efforts positively impact its long-term financial performance?**

As far as Pakistani community is concerned, the customers dont care about the sustainability because of a high level of poverty and ignorance.

But when we look at the brands, their priority of requirement is the achieving green consumption and thats the pressure the brands have. Even when I was working with Banana republic, the fabric and labels must be ''green'' which indicates in west, sustainability is profitable. E.g. In Bangladesh you can find 3

dress shirts in only 1000 rs, and people blindly buy them because their priority is not quality or sustainability but the cheaper prices.

10. **Have you witnessed any instances where the company seemed to contradict its CSR policy?**

Yes it happens, I would give you an instance, Like I mentioned you earlier Levis has the requirement of 40% female hiring, what cotton web limited did was they showed the company on paper that we hired women but on ground the female hiring was just 10% because brands do not come into the factory and check and only rely on paper.

Secondly, CWL is famous for dodging the annual bonus, now the bonuses are supposed to be atleast 50% of the salary but last year around eid we only got 5% of bonuses which was nothing.

11. **What are there mechanisms in place to monitor and address any CSR issues within the supply chain? Does the company regularly communicate its CSR progress and achievements to stakeholders?**

Mostly, brands only rely on documentation and they dont study the inhouse environment. Most of the brands conduct third-party audits but since most of the documents are forged and the brands do not get false image. In some case, if the auditors find some issues, the company can bribe them and resolve it under the table.

12. **Are there any areas where you feel the company could improve its communication or implementation of its CSR policy?**

Company should develop a portal which should be available for all workers, from white collars to labour. On that portal, every individual would identify the issues they're facing without declaring their identity to avoid getting victimized from politics and risk of losing the job. The complaince team must monitor what issues our employees are facing on a grassroot level.

This can help the company to reduce the employee turnover ratio, the environment can improve, the tiring process of rehiring and retraining can be avoided, the reputation of company can also increase in the eyes of brands.

The brands can also monitor the situation of the company through that portal and know the opinions of the workers via local surveys/ comments etc and then pressurize the company to improve the situation and threaten the company, if the needs are not meet, they can revoke the business.