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► **To cite this version:**

Thi Lan Anh Nguyen, Thi Le Hoa Vo. CORPORATE SOCIAL RESPONSIBILITY IN THE VIETNAMESE T&A SUPPLY CHAIN: AN INVESTIGATION OF PRACTICES. *journal of Trade science*, 2023, 11 (1), pp.74-88. hal-04120927

**HAL Id: hal-04120927**

**<https://hal.science/hal-04120927v1>**

Submitted on 7 Jun 2023

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**Corporate Social Responsibility in the Vietnamese Textile and Apparel Supply  
Chain: An investigation of practices**

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# Corporate Social Responsibility in the Vietnamese T&A Supply Chain: An investigation of practices

## Abstract

Despite receiving increasing attention from academic scholars, there has yet to be a review study on the topic of Corporate Social Responsibility (CSR) practices in the textile and apparel (T&A) supply chains. To establish the field further, the purpose of this paper is twofold. First, it offers a literature review on CSR practices in supply chains and the core concerns of CSR in the textile and apparel supply chain to allow the mapping of practices. Second, it provides a conceptual framework to summarize the research in this field. Using review methodology, we reveal that labour and environmental issues are two outstanding CSR subjects and have received a lot of attention and requirements from buyers and other stakeholders in the textile and apparel industries. Other socially related aspects and the integration of the three dimensions of sustainability are still neglected. The study's findings provide implications for academic scholars, policymakers, start-up owners, entrepreneurs, and practitioners.

*Keywords:* Corporate Social Responsibility; CSR practices; textile and apparel industry; Vietnamese T&A supply chain.

## 1. Introduction

Corporate Social Responsibility (CSR) is a concept that has been emerging in the literature for decades. In the context of current globalization, CSR standards are required in business as a part of the rules of the game in the world economy. Firstly, introduced in the 1950s by Bowen (1953), the concept of CSR has been present in Vietnam since 2002 (Tran and Jeppesen, 2016). Several studies have examined CSR practices from the perspective of SMEs (Ciliberti et al., 2008) to multinational corporations (MNCs) (Amaeshi et al., 2008), with applications in various industries (Maloni and Brown, 2006; Chi, 2011). Indeed, Maloni and Brown (2006) proposed a comprehensive framework for the food industry's supply chain CSR activities. Chi (2011) examined the development, achievements, and challenges of CSR implementation in the Chinese apparel industry in order to highlight the role of CSR in ensuring a sustainable global apparel supply chain (SC). According to Perry et al. (2015), with complex buyer-driven global production networks and a labor-intensive manufacturing process, the apparel industry has become a focal point for debates on CSR.

In recent years, the textile and apparel (T&A) industries have been increasingly scrutinized because of public concern regarding the use of sweatshops in the production of goods and also because of the environmental pollution at all points in their SCs. Perry and Towers (2009) reported that a Manchester-based knitwear supplier SME and its subcontractor were revealed to be paying illegal employees less than the UK minimum wage. In another BBC media exposé on Primark in the same year, a discount retailer with over 180 stores, terminated contracts with three Indian suppliers in 2009 after it was revealed that child homeworkers were being recruited to perform intricate embroidery and sequin work. In 2008, fashion chain Zara forced the closure of one of its suppliers' factories in Bangladesh after a BBC programme found evidence that its staff were being ill-treated [1]. In addition, as stated by Marie Oldopp (2015), the specialties of the global T&A industries, including various production steps such as (yarn – weaving – knitting – dyeing – finishing – garment) with high usage of chemicals, pesticides, and water impact environmental pollution.

Furthermore, as a result of globalization, multinational firms are increasingly relocating their T&A production to developing countries in order to take advantage of lower labor costs to avoid negative environmental consequences, with Vietnam being one of their preferred destinations. In recent years, Vietnam has emerged as one of the world's leading exporters of textiles, ranking 4<sup>th</sup> among apparel exporting countries worldwide in 2020. As a result, Vietnam's T&A companies are under high pressure from foreign partners to comply with the provisions on CSR because most companies produce in the form of export outsourcing. The products which are exported into the world market need to meet some standards such as the environment (ISO, 14000); the International Labour Organization (ILO); and COCs required by importers. Therefore, companies attach great importance to CSR practices, not only for employees, but also for their customers and other stakeholders. However, due to numerous challenges in terms of financing, awareness, and legality, the implementation of CSR by Vietnamese enterprises is still restricted.

Despite the fact that several studies have conceptualized or empirically examined CSR in the Vietnamese T&A industry (Hoang and Jones, 2012; Nguyen et al., 2021), no studies have yet comprehensively identified and illustrated companies' practices under the banner of CSR as well as indicated associated challenges that companies face when engaging in CSR issues. Hence, our research will try to fill this gap.

In this research, we attempt to conduct a comprehensive review of both industry and academic literature on CSR practices in the T&A SC. Our empirical work on CSR practices and challenges for CSR implementation in the T&A sectors mostly involves case study evidence and expert consultations.

The paper starts with a review of some discussions about CSR practices in the SC, leading to some core concerns about CSR in the T&A SC. The Vietnamese T&A SC is presented, followed by an explanation of how companies implement CSR in the Vietnamese T&A SC, dealing with CSR challenges. The final section provides a brief summary, including the implications for government officials, industrial practitioners, and academic researchers.

## **2. Summary of related literature and conceptual framework**

### ***2.1. CSR practices in the supply chain***

The European Commission (2001) defines CSR as “a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis.” “The triple bottom line” by Rogers and Hudson (2011) also says that a company that wants to grow more sustainably needs to pay attention to environmental and social performance. In a SC context, Carter and Jennings (2004) assert that CSR consists of activities surrounding the areas of diversity, the environment, safety, human rights, and philanthropy. Driven by consumer and stakeholder pressure, constructing a socially responsible SC has increasingly been considered as an important business strategy because of its benefits, such as increasing trust with customers, reducing the risk of negative media attention, promoting innovation and collaboration with SC members, and improving profitability in turn. It especially benefits companies which operate mainly relying on outsourcing because they can meet the Western buyers’ requirements (Hoejmose and Adrien-Kirby, 2012).

Hence, CSR issues represent a new challenge to businesses and, if effectively managed, could result in a competitive advantage for all SC members (McWilliams et al., 2006). Several studies have considered the factors that affect the supplier’s CSR adoption, among which Gold et al. (2010) emphasize the key role of collaboration in achieving sustainability goals. Porteous et al. (2015) found that a buying firm’s incentives and penalties can positively improve the social and environmental performance of suppliers. Sancha et al. (2016) concluded that in order to achieve a socially responsible SC, both supplier assessment and collaboration with suppliers are required. In Huang et al. (2019), supplier monitoring, supplier assistance, and SC partnership can work together to achieve SME suppliers’ superior CSR performance.

Globalization presents opportunities for expanding markets and increasing sales for companies, but the social and environmental impacts of outsourcing to low-cost countries must also be considered. It has been suggested that if a company desires to attain a certain level of sustainability, it should extend the three sustainability dimensions—environmental, social, and economic—to every link in its supply chain.

Therefore, the SC literature has addressed the problem of incentivizing CSR activities, focusing mainly on ways the focal buyer should use to force the suppliers to implement CSR, such as placing pressure (Carter and Jennings, 2004) or developing codes of conduct - COCs (Andersen and Skjoett-Larsen, 2009). COCs have long been seen as the most common means of implementing, ensuring, and extending CSR activities in SCs (Hoejmosse and Adrien-Kirby, 2012). According to studies, the main drivers for companies to implement COCs are stakeholder pressure (Del Pilar Quiroz Galvan et al., 2021) and the risk of a damaged reputation (Turcotte et al., 2007; Stekelorum et al., 2018). To date, codes have been extensively used in the garment, footwear, and many other industries.

However, Ciliberti et al. (2011) suggested that not every company deploys the implementation of CSR in its SCs as some, especially small and medium-sized enterprises (SMEs), lack the necessary power. Lee and Kim (2009) showed that suppliers may be unable to implement CSR successfully due to a lack of social responsibility consciousness as well as limited resources and competencies. Ciliberti et al. (2008) pointed out the difficulties experienced by SMEs when transferring CSR to suppliers that operate in developing countries, such as lack of information, skills, cultural differences, geographical distance, and low interest by consumers in CSR. And by studying cases, Ciliberti et al. (2011) illustrated how COC (i.e., SA 8000) can help to solve the principal-agent problem in the SC between chain directors and partners. Multinational companies consider CSR as an important criterion when selecting their local suppliers (Baskaran et al., 2011). Companies have two strategies to manage CSR activities along the SC, including compliance with requirements and capacity building.

### ***2.3. Core concerns of CSR in the textile and apparel supply chain***

The T&A chain is long, fragmented and with many links among the different production processes (Bubicz et al., 2021). Globalization and sustainability-related challenges have put many pressures on social and ecological standards in the T&A industry towards emerging and developing countries because of geographical shifts in production sites. Sustainability practices affect all stages of the SC. Focal firms circulate this pressure and pass on requirements in the SC to their suppliers and sub-suppliers (Warasthe et al., 2020). Freise and Seuring (2015) show that the main drivers for companies to manage environmental and social risks are pressures and incentives from stakeholders, particularly NGOs meanwhile legal requirements are only weak drivers. Besides, several studies identify the challenges and barriers of CSR implementation in the T&A industry and examine the subjects that are sensitive in terms of CSR activities in this industry (Perry and Towers, 2013; Oelze, 2017; Köksal et al., 2017). Below, we will look at the core concerns of CSR practices in the T&A SC.

### *Labor issues*

As the industry involves the low-technology and a great deal of labor-intensive work (Perry and Towers, 2009), garment manufacturing is negatively associated with human rights, wages, and labor standards, particularly in the context of subcontracting (Emmelhainz and Adams, 1999; Barendt et al., 2005; Ma et al., 2016). In addition, skill development and training for workers are also great concerns for garment companies. The UK clothing sector reports a grave lack of skilled staff, recruitment difficulties, and skills gaps (gaps between the skills of existing employees and the skills needed) that impact on firms' performance (Winterton and Winterton, 2002). Low wages and bad images of the industry are the causes of the companies' shortage of qualified personnel (RIMAS Working Papers, 2011) [1]. For those reasons, many international labor standards were born to mitigate social risks within the chain, such as the UN Global Compact (2005), the Council on Economic Priorities Accreditation Agency's (SA8000) and the ILO.

Freise and Seuring (2015) stated that the management of social risk within the clothing industry includes practices such as conducting a code of conduct or similar standard such as SA 8000, social audits at suppliers, offering incentives for suppliers if they engage in social responsible conduct, cooperating with multi-tiers towards improving social (working) conditions along the SC, or having policies in place for taking action if social misconduct (at suppliers) is documented. Köksal et al. (2017) conduct a literature review and propose a conceptual framework that integrates the latest findings on socially related practices. The results indicate that governmental pressures aren't the main drivers of reaching social goals in the T&A industries. Indeed, specific social risk management practices, such as the SA8000 or code of conduct, have become imperative and common, but it seems that they are misused instrumentally, rather than being really helpful for workers. They also argue that T&A companies need to collaborate with suppliers to reduce social risks. Bubicz et al. (2021) carried out a qualitative analysis of social sustainability in the apparel industry. They demonstrate that social sustainability is part of strategic goals as expressed in policies and commitments, and several actions have been developed along the SC with the collaboration of external stakeholders to promote human rights, labor conditions, social development, and product responsibility.

Moreover, by quickly scanning previous literature reviews, it can easily be observed that despite the growing number of papers, research papers tend to focus on economic and environmental issues in sustainable SC management, and the social dimension has not been treated yet in the same way, although it is a prominent situation in the T&A industries, thus there is a call for more specific research in the field.

## *The environment*

The fashion industry is spotted as the second largest polluter in the world, just after the oil industry<sup>1</sup>: Therefore, implementing CSR seems to be an obvious response to this industry's dramatic environmental challenges. Muthu (2014) presents a roadmap to a sustainable T&A SC. In his book, he presents the environmental impacts of the textile industry and its assessment through life cycle assessment, as well as the consumer engagement levels in environmentally sustainable clothing consumption through knowledge, attitudes, and behavior. Seeing that consumers buying clothing are more aware of hazardous substances in textiles than of social conditions in the SC, companies try to apply measures to reduce environmental risks such as specifying environmental criteria of products, setting a list of restricted substances as part of the product design specifications for sourced materials, using environmentally certified materials, testing material samples towards being environmentally sound, conducting environmental audits at suppliers, and having policies if environmental misconduct at suppliers is documented (Freise and Seuring, 2015). With the help of life cycle assessment methodology, Nieminen et al. (2007) concluded that it is important to identify the most polluting stages of textile processing in order to focus the development of new technologies correctly towards zero emissions in textile processing. The environmentally responsible SCs were included in several studies. Guo et al. (2017) present a systematic hierarchy of green supplier evaluation criteria for apparel manufacturing based on the triple bottom line principle. Islam et al. (2020) through a systematic literature review on environmentally sustainable practices in T&A industries illustrate the diversity and complexities of environmental practices in this sector that require strategic and proactive actions across operations and life cycle stages, and collaboration among manufacturers, buying firms and other multi-level stakeholders. Gimenez and Tachizawa (2012) also conduct a systematic literature review on governance structures with the goal of extending sustainability to suppliers, concluding that both supplier assessment and collaboration improve environmental performance. Some enablers of these practices are identified as well. Moreover, in the T&A industries, disposable products under the fast fashion has become a trend and, at the same time, imposes high pressure on the environment, Bouzon and Govindan (2015) suggested reverse logistics (RL) as a sustainable SC practice for this industry and identified the most important drivers for RL development. Cuc and Vidovic (2011) also proposed that recycling of textile waste can achieve environmental sustainability as well as economic and social benefits. Use of sustainable technologies in product and process stages plays

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<sup>1</sup> <https://www.sustainyourstyle.org/old-environmental-impacts>



a significant role in reducing environmental impact. De Oliveira Neto et al. (2019) show that the replacement of old equipment by CP adoption in the industry can gain economic and environmental performance. However, the lack of available technology for recycling is still a big challenge.

### *Consumer issues*

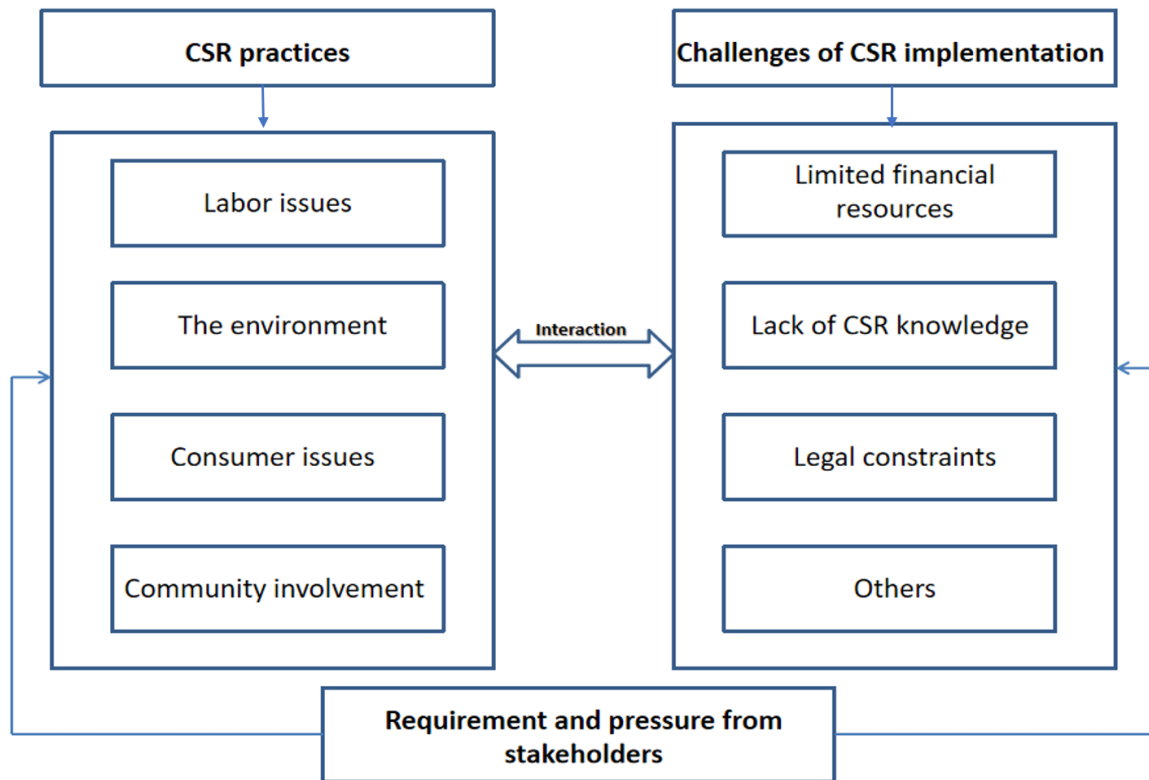
In today's competitive market, the demand for quality is emerging as the most critical factor for firms to survive. This necessitates companies conducting ongoing research and innovation in order to improve product quality. When examining the CSR practices of the Turkish textile company quoted on the Istanbul Stock Exchange, Gunay and Gunay (2009) pointed out the company's efforts to have certificates for qualified products such as ISO 9000 and OEKO-TEX 100 (textiles tested for harmful substances) to meet the customers' satisfaction. Additionally, garment companies realize that eco-friendly/socially responsible products and eco-labels are good opportunities for product differentiation/niche market strategies, since they can gain competitive advantages over competitors' products (RIMAS Working Papers (2011). Ha-Brookshire and Norum (2011) investigate consumers' willingness to pay a premium for socially responsible products.

### *Community involvement*

Community involvement refers to activities conducted by firms to support and help solve community problems. It includes community involvement; education and culture; employment creation and skills development; technology development and access; wealth and income creation; health and social investment (ISO 26000). Firstly, it is an undeniable fact that apparel manufacturing has a huge potential for creating jobs, direct and indirect (Natsuda et al., 2010), particularly for the poor and women<sup>2</sup>. This contributes significantly to the economic development of the community. Besides that, some of the most common examples of CSR activities in terms of this subject, especially in SMEs, are charitable donations to local causes; sponsorship of local events and organizations; support for local schools and colleges; environmental initiatives; support of arts and health programs; educational and housing initiatives for the economically disadvantaged; and generous/innovative giving.

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<sup>2</sup> <https://www.worldbank.org/en/news/press-release/2016/04/28/apparel-manufacturing-has-potential-to-create-1point2-million-new-jobs-world-bank-report> and [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_007911/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_007911/lang--en/index.htm)



*Figure 1: Framework of CSR practices in the T&A supply chain*

Based on the abovementioned studies, the authors draft the conceptual framework for the study at hand (see Figure 1).

### **3. Research methodology**

We utilize a systematic literature approach as a research method to accomplish our research goal of surveying the literature on CSR practices in supply chains, particularly in the T&A sector. Fink, A. (1998) defined “A literature review is a systematic, explicit and reproducible design for identifying, evaluating, and interpreting the existing body of recorded documents”. Literature reviews play an important role as a foundation for all types of research. This makes it hard to keep up with state-of-the-art and to be at the forefront of research, as well as to assess the collective evidence in a particular area of business research (Snyder, H., 2019). A result of a literature search may be used as background or context for a primary research project.

Conducting a review of literature aims at two objectives: first, summarizing and synthesizing existing research by identifying patterns, methods, and relevant issues; second, mapping a conceptual framework of the field (Seuring, S., & Müller, M., 2008).

Articles were found on Google Scholar using several keywords, including “CSR practices”, in “apparel/textile/fashion industry”, “social and environmental responsibility”, “CSR T&A supply chain”, “reverse logistics”. In order to achieve a comprehensive coverage of relevant papers for inclusion, logical operators (such as OR,

AND), and synonyms of CSR practices were also used. Following that, we carefully read the titles, abstracts, and search contents of articles. To facilitate data management, selected articles were saved in Notion management software.

Beside of an extensive literature review of industrial, and academic publications, we also have personal communications with the officials from government agencies, industrial associations, and senior executives from the T&A companies in Vietnam to enrich the knowledge of the topic. The case study's data comes from publicly available sources such as company websites, internet articles, and newspapers.

### **3. Vietnamese textile and apparel supply chain**

Vietnam is now one of the world's top five textile and garment exporting countries. T&A are key economic sectors, with export turnover ranking second in the country after crude oil and a GDP contribution ranging from 10% to 15%, attracting a large number of labor forces, especially female workers. The workforce in this sector accounts for over 20% of the industrial area and nearly 5% of the total national workforce. According to the VTA Association, by the end of 2018, Vietnam had 6,000 T&A enterprises, the majority of which were SMEs.

The main export markets of Vietnam include the USA, the EU, Japan, and Korea. However, most companies export under the brand name of which they conduct outsourcing, such as Zara, Mango, Gap, C & A, and CK. In addition, the VTA industry is still dependent mostly on imported raw materials (70–80%). Domestic supply of materials has not met the demand in terms of quantity and especially quality for exporting orders. This shows that the VTA-SC still has many shortcomings, together with the weakness in the production of raw and auxiliary materials, which have affected the development of the VTA, especially in the face of opportunities from FTAs (Free Trade Agreements). Vietnam will become a global garment sourcing destination. Yet, VTA companies will face lots of challenges because of compliance with the rules of origin, labour standards, the rigorous requirements of social responsibility, eco-labelling, and environmental protection from buyers. With continued liberalization of world trade, inter-country competition among low-wage manufacturers will almost certainly become more fiercely.

Although the application of e-commerce in the SC will improve the business performance of the members as well as the entire SC, the effectiveness of the application of e-commerce has not yet been achieved and is highly dependent on the financial condition of enterprises. According to the survey, in the 6 levels of e-commerce application, it can be seen that the vast majority of enterprises in Vietnam's T&A industry only stop at levels 3–4. Despite the fact that, in recent years, enterprises in Vietnam's textile and garment industry have prioritized infrastructure investment and

the application of information technology to management activities in order to ensure uniformity, stability, and security in business operations.

The SC plays a very important role in creating competitiveness in this industry. A T&A SC is usually large in scale, and the members of the chain have close relationships with each other. Each member of the SC has a certain role in the process of creating products that meet consumer requirements. To improve the quality of the SC, the garment companies often focus on constructing and strengthening the distribution network, building brands, and increasing cooperation in the sector while boosting the production method of cross-linked chains to gradually upgrade the chain from outsourcing to OEM/FOB (Original Equipment Manufacturing), ODM (Original Design Manufacturing), and OBM (Original Brand Manufacturing).

The following figure will show the position of VTA companies in the global value chain.

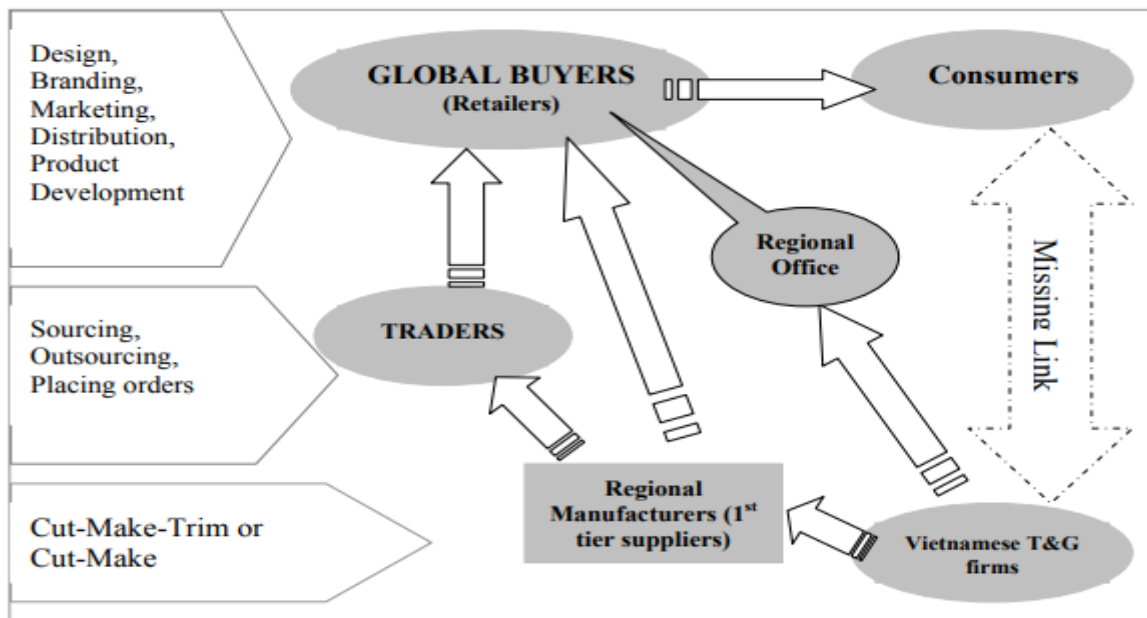


Figure 2: Vietnam' T&A firms in the global value chain (Van and Huong, 2005)

The apparel SCs encompass all activities ranging from apparel design and material sourcing to manufacturing, distribution, and retail (Wallace et al., 2012). From Figure 2, it is clear that Vietnam is currently engaged in the lowest-value-added process, namely "cut–make–trim" with a simple outworks production method; very few companies have direct contracts with retailers, and the others have to provide products through representative offices in Vietnam of well-known brands. Therefore, they lack direct links with consumers. Design, branding, marketing, distribution, and product development belong to buyers (retailers). The distance makes it more difficult for firms to respond swiftly to the changing needs of global buyers. They simply follow the instructions of their contractors.

#### **4. CSR practices in the Vietnamese textile and apparel supply chain**

As is the case of Vietnamese T&A companies in the global value chain, most companies must comply with the COCs required by importers when it comes to CSR activities. SA8000 (worker working conditions), WRAP (Worldwide Responsible Accredited Production), and ISO 14000 are some of the related standards that companies are using.

##### *Labour issues*

With regard to this subject, Vietnamese T&A companies issued the following regulations: (1) Paying wages for employees must be at least equal to the regional minimum wage. (2) Employees work seven days a week with at least one day off to allow for labor capacity reproduction (no shift, overtime). (3) Employees must be fully compensated for social insurance. (4) Payments to employees must be made in accordance with the company's prescribed date (no later than for any reason). (5) Every three or six months, fire prevention and fighting training courses must be organized. (6) Employees should be checked for health at least twice a year.

Thai Son S.P Sewing Factory has been working in the Vietnamese T&A industry for more than 30 years. They are very serious about CSR activities. The companies' clients are from the US, Canada, Russia, Europe, and Australia. They hence follow the rules of SA 8000 and BSCI (Business Social Compliance Initiative). They only hire workers who are at least 16 years old, as Vietnamese law prohibits children under the age of 15 from working. Workers are not compelled to work overtime; if they do, it is to supplement their pay. The maximum amount of overtime a worker can work in a year is 300 hours. Workers can complain directly to the office manager and vice director or by letter box at private places with no supervision. All emergency exits and all fire distinguishers are available at all times. All electric systems inside the factory must be safe. They are checked periodically by SA8000 staff, and no electricity is available inside the factory after they stop working.

Phong Phu International JSC (PPJ)-one of the companies creating a good working environment in an industrial style, recognizes that the primary concern of the importers is not product quality or pricing, but rather the working conditions of the workers, their health and environmental issues. Furthermore, the garment industry has a high labor intensity; workers' health often deteriorates, and they may usually only work for 10-15 years. For these reasons, PPJ developed strategies for continual human resource development, which they believe is the foundation of success. The company is equipped with a modern clinic that serves the health care needs of over 4,600 employees. Garment 10 Corporation Joint Stock Company cares for employees by building houses, kindergartens, and providing rent and child care assistance. However, due to the characteristics of this sector, it is not always convenient to produce and deliver on time

as contracted, hence the shift and overtime still occur in most of the garment companies. Furthermore, even if workers' labor productivity falls short of the requirements, employers must still pay the entire wage.

### *The environment*

Most Vietnamese T&A companies simply follow compliance with environmental laws, such as discharge of wastewater into water sources after treatment; sign a commitment to environmental protection; assess the environmental impact of emissions, wastewater, dust, noise, and vibration; save energy at the plants; and manage and treat common and hazardous waste. Companies that export know that the ISO 14000 standard will serve as a green passport to the global market as part of the WTO integration process, and they are motivated to comply with it.

The Garment 10 Corporation Joint Stock Company is a member of Vinatex. The corporation's products are mainly exported to the US, Japan, and EU markets. In 2003, the corporation was granted an ISO 14000 certificate for environmental standard compliance. The corporation has established an Environmental Management Board to design management regulations, action plans, and measures to protect the environment. For the implementation and monitoring of the environment, the corporation has fully complied with and implemented the provisions of the law on environmental protection, such as the Environmental Impact Assessment Report, the Permit for discharge into water sources, the register of hazardous waste source owners; contracts with functional units that collect and treat common wastes as well as hazardous wastes to ensure employees have the best working environment; coordinated with competent functional units to conduct environmental monitoring twice a year and test results to meet Vietnamese and international standards. In particular, to implement the policy of saving energy, the corporation has invested in new technologies and equipment to reduce pollution, such as replacing traditional light bulbs with energy-saving ones and installing steam fans instead of air conditioners.

According to the data obtained from the official website of Thanh Cong Textile Garment– Investment–Trading Joint Stock Company (TCG), TCG oriented its image towards environmental friendliness. The company promotes the use of ecologically friendly products, encourages all employees to reuse in the manufacturing process, and raises environmental awareness among all employees through environmental training. They strictly monitor the manufacturing process to ensure that environmental requirements are not broken. With the Ministry of Industry's consent, TCG has invested in a wastewater treatment system with a total investment value of up to \$30 billion. Furthermore, all incinerators that serve production processes such as weaving, dyeing, and garment manufacturing are fitted with fume and dust treatment equipment. TCG

continues to develop production techniques while implementing initiatives to reduce negative environmental implications. In the long run, the company plans to relocate a number of factories to the industry's industrial park, which will not affect the surrounding residential neighborhood. In the near future, the company will continue to invest in and implement projects to upgrade wastewater and flue gas treatment systems in order to achieve more stability. Hanoi Textile and Garment Joint Stock Corporation (HANOSIMEX) engages in the “*Greening the textile chain*” program to address their environmental obligations with each product. To reduce soil and water pollution, the company modified the whole SC of yarn-weaving-dyeing-and-finishing. As a result, they received the WRAP certification, which is a crucial "laissez-passer" that allows their clothing to be present in any country. However, the overall execution of this subject by businesses is still focused on meeting the needs of customers. Many companies are reluctant to invest just to have the certificate because they understand that the costs spent are meaningless and they are not strictly enforced to conduct it. The recycling activities have not been carried out. Facing the effects of climate change, in order to reduce the amount of waste. VINATEX and HANOSIMEX build a complete supply chain from yarn - weaving - dyeing - sewing exclusively for recycled products.

#### *Consumer issues*

According to the report by VCCI (Vietnam Chamber of Commerce and Industry)<sup>3</sup>, to meet customer expectations, the Vietnamese T&A companies conduct regular assessments of the health and safety effects of their products on the wellbeing of customers through a quality control system in order to identify restricted substances used in the products. They strive to obtain qualified products certificates, for example, ISO 9001 for this sector, as a commitment to product quality for consumers. Companies also conduct surveys/or inquiries to determine customer satisfaction. Furthermore, they actively provide clear and accurate information on their products, services, and activities to customers, suppliers, and local communities through proper product labeling. Garment manufacturers are improving the manufacturing of "*clean fabrics*." The entire process has been enhanced, from yarn to weaving to coloring and finishing. This is a strategy of product differentiation to advance the company's competitiveness—competition via the SC.

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<sup>3</sup> VCCI (2010). *Survey of the Business Office of Sustainable Development of the Chamber of Commerce and Industry of Vietnam*, <http://csr-vietnam.eu/index.php?id=8>

Nonetheless, despite corporations' CSR efforts, consumer knowledge of CSR is low. They are still more concerned with pricing than quality or other societal parameters.

*Community involvement*

As reported by VCCI, the companies' awareness level for community involvement is the lowest. Among 400 companies surveyed, around one-fourth (25.8%) of all respondents considered that the company offering training opportunities to people from local communities was not less important. Likewise, open dialogue with the local community on sensitive issues was also considered important by over one-fifth of the companies. Furthermore, a lack of information and knowledge about CSR contributes to companies' low awareness of community involvement. Many garment firms simply regard this work as charitable contributions. TCG, for example, annually awards scholarships to workers' children who are facing adversity. VINATEX organizes donations to aid victims of natural catastrophes, as well as cultural and sporting activities. In comparison to other CSR topics, community involvement policies in this company have not been adopted throughout the SC; correspondingly, companies should be mindful of the potential implications.

**5. Challenges of CSR implementation in the Vietnamese textile and apparel supply chain**

Prior to joining the WTO, textiles and garments exported to the EU, US, and Japanese markets faced trade barriers, mostly tariffs. After joining the WTO, some technical barriers were added to protect some industries and consumers in the importing country (called non-tariff barriers), without which adopting CSR initiatives in this industry is challenging (Table 1).

Table 1: Main challenges of CSR implementation in the T&A SC

<b>Challenges/Barriers</b>	<b>Descriptions</b>
Limited financial resources	Implementing CSR activities generates huge costs.
Lack of knowledge of CSR	Awareness/Understanding of managers and consumers of CSR is still low and incorrect.
Legal constraints	The legal framework and the punishment for braking laws has not been improved and enough strict.
The geographical distance	The distance causes the managers to be unable to control working conditions of workers and to communicate with them.
Overtime	An increase in the working time of employees to ensure the pace of delivery and their increased income.



The first and foremost reason that hinders T&A companies from participating in CSR is the associated costs. To achieve the CSR requirements demanded by buyers, companies must invest large amounts of money, as well as time and human resources. This is particularly challenging for SMEs. According to a recent survey conducted by the ERC (Employment Relations Research Centre), nearly 50% of brands, particularly big brands, said that they only buy goods from large factories with 1,000 or more employees, because they believe that small factories do not meet quality standards and social responsibility. For SMEs, the problem of profit is often placed on the top and they give priority to requirements of reproduction, as Fassin (2005) once emphasized: “*Business is not bad, it is just difficult – and in difficult times, the first goal of a business is to survive.*”

As can be seen in Table 1, one of the major challenges is a lack of knowledge. Due to the inadequate perception and incorrect understanding of CSR, T&A companies' CSR implementation is still passive and coping, mostly focusing on exportin. They nearly seem to be attempting to achieve short-term goals and profits. CSR, on the other hand, frequently implies short-term costs that pay off in the long run. Furthermore, consumer awareness of CSR is a main consideration. Consumers in developed countries are more likely to consider how a company manufactures a shirt, how it impacts the environment, and whether it employs child labor when purchasing a shirt, and they may boycott that company's products. Meanwhile, in developing countries, consumers are more concerned with price than quality or other societal factors.

The geographical distance between the parent firm and its suppliers is another barrier to making the T&A industry more responsible. Due to the distance, focal firms are unable to supervise the production conditions of their suppliers. As a result, the COCs were applied throughout the SC. However, it is difficult for T&A companies to comply with CSR because each importer has their own set of criteria. When faced with various inspection systems, different corporations' evaluations; many contradictory regulations, spending, human resources, and time; and regularly taking corrective actions, key suppliers may find it easier to find solutions, whereas smaller companies with capital constraints may find it more difficult to work independently with CSR involvement.

Overtime is a particular difficulty for T&A companies. Many companies have complained that if employees' working time is not increased, they will be unable to maintain the pace of delivery and meet the needs of employees in order to increase income, despite the fact that one of the strict criteria of CSR is that employees' working time be adhered to as prescribed. Also relevant to this issue, most T&A companies in developing countries claim that their profits are dependent mostly on cheap labor, making labor policy implementation nearly impossible. If CSR is carried out, it is solely for the purpose of dealing with the ordering partners.

Last but not least, the legal framework in developing countries has not been improved. For example, the Vietnamese government has issued several laws relating to CSR, such as the law of labor protection; the law of consumer protection in 2010; and the law of environmental protection in 2014. However, the penalties for breaking the law are not strict. Due to a lack of regulations and standards, companies often regard these as "charitable contributions" or simply a marketing gimmick to attract customers and increase performance and sales.

## **6. Conclusion**

This paper conducts an investigation of supply chain CSR practices with application in the Vietnam's T&A industry. Findings reveals that, not surprisingly, labour and environmental issues are two outstanding CSR subjects and have received a lot of attention and requirements from buyers and other stakeholders in this industry. In terms of human rights and labour practices, wages, health, working conditions, child labour, and overtime are noticeable. In terms of the environment, T&A companies are increasingly interested in using environmentally certified materials, investing in new technologies and equipment to reduce pollution, and recycling. Despite great CSR commitments and efforts, there's still a gap between what companies say and what companies do. We also indicate challenges and barriers that companies are facing in implementing CSR in the T&A SC, including standardization and requirements, necessary power (financial, human resources, and time), and awareness.

### *Theoretical contribution*

To the best of the author's knowledge, the study mapped a broader picture of CSR practices in Vietnamese T&A SC, which could help academics further explore, understand, and address a wider range of CSR involvement in this sector.

### *Managerial implications*

The study provides guidance for managers and practitioners to develop businesses sustainably towards the implementation of CSR in the T&A industry. At the same time, policymakers in developing countries may be prompted to enact policies that encourage businesses to implement CSR more effectively, as well as more appropriate and effective legal frameworks.

### *Limitations and future research agenda*

Findings are mostly drawn from published articles to highlight the contribution of scholarly study to the knowledge base on CSR practices in T&A industries. If we could do a survey of the topic from industrial experts, practitioners, SC managers, and related stakeholders, it would be more practical and provide further valuable implications.

More empirical research is needed in developing countries to guide the T&A industries in effective CSR implementation. Moreover, longitudinal research, additional modeling, case studies, validation of the mapping results, the development of a roadmap, and examination of the applicability of the proposed conceptual framework for the T&A industries might be interesting future research avenues. Using various approaches such as system dynamics, game theory and optimization methods could also provide relevant insights.

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