

Social Responsibility in Apparel Supply Chains

Exploring drivers, enablers, and barriers in Vietnam and Indonesia

zur Erlangung des Doktorgrades Dr. rer. pol.

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For my beloved parents

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List of Abbreviations

BSCI	Business Social Compliance Initiative
CAP	Corrective Action Plan
CCC	Clean Clothes Campaign
CM	Contract Manufacturer (local subcontractor Tier 2)
CoC	Code of Conduct
CSR	Corporate Social Responsibility
DKI Jakarta	Daerah Khusus Ibukota Jakarta (special region in Jakarta, Indonesia)
ETI	Ethical Trade Initiative
FLA	Fair Labor Organization
FWF	Fear Wear Foundation
MAXQDA	Max qualitative data analysis
MNC	Multinational Corporation
MSI	Multi-stakeholder Initiative
NGO	Non-governmental organization
SA8000	Social Accountability 8000 Standard
SCM	Supply Chain Management
SRM	Social Risk Management
SSCM	Sustainable Supply Chain Management
TBL	Triple Bottom Line
US	United States
WCED	World Commission on Economic Development
WRAP	Worldwide Responsible Apparel Production

Abstract

Despite the slowly growing presence of SSCM related research and given the prominent social issues in the apparel industry, in-depth research on the spot that concentrates particularly on developing country suppliers is highly critical to provide further grounding and fuel the debate.

As a result three qualitative Research Studies on social SSCM have been conducted that explore (1) the drivers, enablers, and barriers to social SSCM in apparel supply chains based on the current state of literature, (2) the role that an apparel sourcing agent plays for the implementation of social management strategies in case apparel retailers opt for a mediated sourcing strategy, (3) threats to social compliance strategies in apparel buyer-supplier relationships. A distinctive highlight of the dissertation at hand is the investigation of multiple apparel supply chain actors incorporating the views of a global apparel retailer in Europe and multiple suppliers in Vietnam and Indonesia.

More specifically, the dissertation presents a coherent investigation starting with the depiction of a conceptual framework for social management strategies as a means for social risk management (SRM), exclusively aiming at the apparel industry. In accordance to the identified research gaps and suggested research directions from the conceptual framework, the role of the apparel sourcing agent for social management strategies was analysed by conducting a multiple case study approach with evidence from Vietnam and Europe, ultimately suggesting ten propositions. Whereas a further multiple case study data collection in Vietnam, Indonesia and Europe allowed for the investigation of buyer-supplier relationships with regards to social compliance strategies by using core tenets of agency theory to interpret the findings and outline ten propositions. Based on the development of a conceptual framework on social SSCM in the apparel industry, the formulation of related 20 propositions with evidence from crucial developing (apparel sourcing) countries, and the application of agency theory which has been declared as a shortfall in this context, this thesis contributes with further grounding to SSCM theory and substantially contributes to the debate by addressing numerous research gaps.

Findings indicate that apparel retailers adopt SRM to their supply chains that typically include collaboration, assessment, and reporting strategies. While collaboration is a major antecedent to generate trust and transparency between supply chain partners, the assessment practice ensures social performance measures of apparel suppliers. Usually the achievements of collaboration and assessment practices become part of the CSR reports that conveys transparency to stakeholders in order to gain credibility, legitimacy and protect their brand

image. However, these practices have become subject to scrutiny, as there is evidence that apparel supply chain actors are likely to use SRM practices instrumentally to mitigate social risk pressures derived from e.g. non-governmental organizations (NGOs) or media. Consequently, the findings suggest that the most dominant driving factor for SRM implementation is due to pressure from stakeholders that act as watchdogs and are able to substantially harm a brand's image. In this regard, for effective SRM in apparel supply chains, a high degree of a firm's internal orientation and commitment towards social responsibility of any apparel supply chain actor is the most critical enabling precondition. A significant barrier to SRM was detected at the apparel supplier stage, as suppliers not only face pressures deriving from their buyers but do also create self-induced obstacles in improving their social performance for the sake of profit maximization. Moreover, the findings clearly confirm that there is an ongoing lack regarding the social dimension in SSCM disciplines and little research that investigates predominantly the view of apparel suppliers in developing countries.

Based on the evidence from the first Research Study, there have not only been gaps detected, but also promising research avenues. As such, a highly neglected supply chain actor, the apparel sourcing agent located in Vietnam, was approached in the second Research Study. Findings reveal that an internal sustainability oriented sourcing agent can play a critical role as an enabler for the implementation and effectiveness of social management strategies typically initiated by apparel retailers. The social sustainability roles assumed by an internal sustainability oriented sourcing agent are: supplier developer and coordinator, gatekeeper and safeguard, cultural broker and social risk manager, all of which substantially facilitate the implementation of social management strategies.

As the conceptual framework in Research Study 1 revealed obstacles to SRM and the researcher observed various challenges to social management strategies during data collection in Research Study 2, the third Research Study takes another direction focusing exclusively on barriers. Consequently, further evidence from Vietnamese and Indonesian cases was collected with the primary aim to understand failures to international social accountability standards, which is yet the most prevalent tool for managing social issues in apparel supply chains. By the application of the agency theory lens, the results of this third study clearly demonstrates the defective nature of an apparel supply chain setting that is governed by substantial goal conflicts amongst supply chain actors. As a logical result, opportunistic behaviour emerges and translates into non-compliance and violations against respective codes of international social standards, threatens the implementation of social management strategies. Findings show that apparel retailers

perform hidden characteristics and hidden intentions, whereas sourcing agents and Tier 1 suppliers are likely to perform hidden characteristics, hidden intentions, and hidden actions all with the predominant aim to meet their economic self-interest (*homo oeconomicus*).

A. SUMMARY OF THE DISSERTATION

1 Introduction

Fashion can be defined as “*the way in which our clothes reflect and communicate our individual vision within society, linking us to time and space [...] something that always changes, while its meaning remains unaltered*” (Gardetti & Torres, 2013, p. 6).

Over the last decades, the global fashion apparel industry transformed dramatically. During the 1980s low cost mass production of standardized styles was ruling the industry and consumers preferred basic apparel rather than frequently changing styles. Fashion apparel retailers primarily followed the seasonal fashion calendar considering spring/summer and autumn/winter collections. Based on this, the life cycle for fashion apparel was dictated by four stages: adoption by fashion leaders, increase of market acceptance, mass conformity (maturity), and lastly the decline and disappearance of fashion. Nevertheless, in the 1990s consumers started to become more and more fashion-conscious resulting in higher demand for frequently changing styles at lower costs (Bhardwaj & Fairhurst, 2010; Masson, Iosif, MacKerron, & Fernie, 2007; Perry & Towers, 2013). As a consequence, specialty apparel retailers proliferated (G. Gereffi & Memedovic, 2003) by adding affordable and smaller collections to the traditional season oriented fashion calendar. With the redefined fashion calendar, apparel products are now better classified according to its fashion degree indicating much shorter life-cycles (Perry & Towers, 2013; Teucke & Scholz-Reiter, 2014):

- basic products (less fashionable, little variation in style and utility oriented, high demand predictability with usually long life-cycles)
- seasonal fashion products (driven by seasonal exchange with greater variation in style, low demand predictability with short life-cycles of 12-25 weeks)
- high-fashion products (driven by actual fashion trends with high degree of variation in style, very low demand predictability with very short life-cycles of six to ten weeks or less)

Today, the fashion apparel industry has become one of the biggest consumer industries. The industry employs around 60-75 million people worldwide and generates 1.5 trillion € in annual apparel and footwear revenues underlining its significant contribution to global economic development (Eder-Hansen et al., 2017; Stotz & Kane, 2015). According to latest reports, this trend seems to grow further, as it is estimated that in 2030 around 8.5 billion people will require clothing, which results in a global rise of overall apparel consumption by 63% (Eder-Hansen et

al., 2017). While this development may seem economically viable at first sight one needs to consider the deteriorated price development over time. Although the price of clothing rose by 3% between 1996 and 2012, consumer prices in general increased by about 60%, which implicates a notable decline by 36% of the price of clothing relative to the European consumer consumption basket (Sajn, 2019). Moreover, the rise of disposable income over the last years and the constant desire for cheap fashion apparel products substantially fuelled overconsumption indicating that consumers purchase more than they need reflecting the current “throw-away” culture among fashion apparel consumers (Bhardwaj & Fairhurst, 2010; Birtwistle & Moore, 2007). This especially becomes critical bearing in mind the constantly rising world population and the scarce resources on the planet, hence placing the emphasis on sustainability (Thomsen, 2013). In this regard, the debate about future aspects and developments is inevitable and the World Commission on Economic Development defines sustainability as the “*development that meets the needs of the present without compromising the ability of future generations to meet their needs*” (WCED, 1987, p. 8). Yet, the fundamental characteristics of the volatile fashion apparel industry have been described to be in contradiction with the concept of sustainability, which indeed considers a long-term perspective (Gardetti & Torres, 2013).

The fashion apparel value chain includes multiple supply chain actors such as textile raw material suppliers, textile manufacturers, apparel manufacturers, subcontractors, full service sourcing agents (vendors), retailer sourcing offices, retailers, and consumers usually spread across different countries (Perry, 2013). As such, the extremely resource-intensive and processing and manufacturing stages include various actions such as fibre production, spinning, dyeing, weaving, cutting, sewing finishing, transportation, causing substantial environmental and social footprints (Julian Allwood, Ellebæk Laursen, Malvido de Rodríguez, & Bocken, 2006; Eder-Hansen et al., 2017; Gardetti & Torres, 2013; Kozłowski, Bardecki, & Searcy, 2012). According to latest reports the water consumption of the fashion apparel industry is estimated 79 billion cubic meters and expected to rise by 50% by 2030 (Eder-Hansen et al., 2017). Here the use of water is primarily used for cotton cultivation, but also high amounts of water are used for the entire process from fibre production all the way up to finishing (Gardetti & Torres, 2013). Additionally, cotton cultivation requires a large space of forested land that threatens agricultural production dramatically considering the overpopulation in the near future. Further, the heavy use of chemicals in fertilizers during cotton production is a major environmental destructor. Moreover, primarily caused by the processing stages of textiles and apparel, carbon emissions are likely to increase approximately to 2.8 billion tons and fashion

waste is projected to reach 148 million tons by 2030 (Eder-Hansen et al., 2017). In view of the fashion apparel's life cycle coupled with the "throw-away" culture of consumers, the environmental impact does not stop there. The apparel's use phase by consumers is one of the most overlooked, although enormous amounts of energy and water consumption for cleaning and maintenance is consumed and garments are predominantly disposed in landfills subsequently (Eder-Hansen et al., 2017; Fletcher, 2014; Gardetti & Torres, 2013; Kozlowski et al., 2012).

On the other hand, as the fashion apparel industry is characterized by aggressive price competition, short-life cycles, high volatility, low predictability, and high impulse buying behaviours (Christopher, Lowson, & Peck, 2004), a trend towards vertical disintegration of the supply chain in combination with low-cost and much short lead times have emerged (Perry, 2013). In this regard, latest reports identify that a much faster pace is observable as prominent retailers such as ASOS or Zara accelerated the time from design to shelf within 5-6 weeks in order to keep up with the speed, which has been fuelled further through e-commerce (State of Fashion, 2018). In fact, this development spurred the "race to bottom" and creates considerable social problems across the global apparel supply chain (J Allwood, Laursen, Russell, Malvido de Rodriguez, & Bocken, 2008; Appelbaum, Bonacich, & Quan, 2005; Ashby, Smith, & Shand, 2013; Gardetti & Torres, 2013).

For example, unacceptable working conditions in terms of health and safety, low wages, child labour, or the use harmful chemicals in developing country factories are few of the social problems (Annamma, Sherry, Venkatesh, Wang, & Chan, 2012; Baskaran, Nachiappan, & Rahman, 2012; Blackburn, 2009; Emmelhainz & Adams, 1999; Gardetti & Torres, 2013; Huq, Zorzini, & Stevenson, 2014; Miller & Williams, 2009). This so called "sweatshop" conditions within the apparel industry received considerable attention over the last years (Emmelhainz & Adams, 1999; Neu, Rahaman, & Everett, 2014; Powell, 2014), hence increasing scrutiny by various stakeholders. Therefore, governments, NGOs, media, politics, consumers and academia started to discuss the concept of sustainability and hold companies accountable for the social harm they cause in their global supply chains (Andersen & Skjoett Larsen, 2009; Marsha Ann Dickson, Loker, & Eckman, 2009; Meixell & Luoma, 2015). This in turn encouraged apparel firms to consider and engage with corporate social responsibility (CSR) by the setting up divisions, executive positions, and full-time positions in order to facilitate their commitment towards a social responsible way of manufacturing and distributing their products (Ciliberti, Pontrandolfo, & Scozzi, 2008; Marsha Ann Dickson et al., 2009; Muthu, 2015). According to

the Commission of the European Communities (2011, p. 1), CSR is defined as: “*The responsibility of enterprises for their impacts on society [...] have a process in place to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close cooperation with their stakeholders*”.

In light of the apparel industry characteristics and the yet contrasting sustainability debate which prompts increased public scrutiny, it is vital to shed light on the CSR activities undertaken by apparel retailers. Therefore, the study at hand provides a deeper understanding by exclusively exploring drivers, enablers, and barriers to social responsibility in apparel supply chains and incorporates the view of multiple suppliers from Vietnam and Indonesia. The following sections 1.1 and 1.2 briefly discuss the managerial as well as theoretical relevance of the research. Based on this, section 1.3 presents the research questions. The final section 1.4 depicts the structure of the dissertation at hand and outlines the ultimate approach to answer the research questions.

1.1 Managerial Relevance

With the rapid globalization over the last decades, the apparel industry has faced a dramatic shift. The short product life cycles, time compressions, as well as outsourcing of production activities shift the competitive determinants on the development of effective and agile supply chain management strategies (Andersen & Skjoett Larsen, 2009; Ashby et al., 2013; Boström & Micheletti, 2016; Bruce, Daly, & Towers, 2004; Gary Gereffi, 1999; Gold, Seuring, & Beske, 2010; Kunz, Karpova, & Garner, 2016; Perry & Towers, 2013). Given this development, apparel supply chains typically involve a large number of supply chain actors reflecting a complex, globally fragmented, and dynamic supply chain structure (Bruce et al., 2004; Kunz et al., 2016; Mamic, 2005; Masson et al., 2007; Perry, 2013; Perry & Towers, 2013). For example, the prominent apparel retailer H&M works with over 1,600 factories worldwide (H&M - Sustainability Report, 2017) indicating the tremendous global dispersion of its supply chain. In fact, “*There is not a standard path for the cotton produced in one country, spun in another, dyed and processed in a different one and converted into a garment in a factory far away from the store*” (Eder-Hansen et al., 2017, p. 8).

Accordingly, the apparel supply chain has been declared as typically buyer-driven implying that large retailers, marketers and branded manufacturers with direct relationships to the end-customers are the decisive orchestrators for the set-up of decentralized supply chains primarily located in low-wage developing countries (Alhassan, 2014; G. Gereffi & Memedovic, 2003).

However, the complex and geographically dispersed apparel supply chain considerably restrains the visibility and control over suppliers particularly when considering the heavy use of lower tier suppliers such as subcontractors (Mares, 2010; Perry & Towers, 2013). Moreover, with this movement, upstream supply chain actors are affected dramatically, especially in terms of downward price, lead-time and quality pressures deriving from apparel retailers (Bhardwaj & Fairhurst, 2010; Bruce et al., 2004; Jiang, 2009; Masson et al., 2007; Perry & Towers, 2013). Based on this, apparel brands and retailers like Marks and Spencer, J.C. Penney, Primark, H&M, Zara, Nike or Gap Inc. face significantly high social sustainability supply chain risks along their supply chains that causes considerable threats to brand reputation (Freise & Seuring, 2015; Giannakis & Papadopoulos, 2016; Mares, 2010; Turker & Altuntas, 2014). This especially becomes true, when sweatshop working conditions or even factory collapses are highlighted in media or academia (Anuradha, 2017; Buchanan, 2017; Crinis, 2010; Emmelhainz & Adams, 1999; Howard, 2015; Locke, Qin, & Brause, 2007; Lusher, 2016; Manik, Yardley, & Greenhouse, 2013; Neu et al., 2014; O'Connor, 2014). In light of the rising awareness and scrutiny from stakeholders including media, non-government organizations (NGOs), governments, consumers and academics, it is an imperative for apparel retailers to approach the integration of the sustainability concept to supply chain management (SCM) strategies (Ashby et al., 2013; Brammer, Hoejmose, & Millington, 2011; de Abreu, 2014; Freise & Seuring, 2015; Meixell & Luoma, 2015; Turker & Altuntas, 2014). More specifically, as proposed by Dickson and Eckman (2006), socially responsible apparel business involves the interplay of social orientation, social business philosophy and the desire for outcomes that positively affects the world and its people. While social orientation includes the impact on the environment and its people of apparel production and consumption by integrating stakeholder concerns, social philosophy suggests that ethics and profitability need to be in balance, which is achieved through accountability-based business decisions and strategies (Marsha A. Dickson & Eckman, 2006). Additionally, the integration of socially responsible activities in apparel supply chains can indeed help to boost the economic performance of apparel retailers (Carter & Rogers, 2008).

In order to gain competitive advantage and to avoid external and internal social risks that can threaten corporate reputation, apparel retailers accept CSR (de Abreu, 2014; Hoejmose, Roehrich, & Grosvold, 2014; Marsha A. Dickson, 2015; Perry & Towers, 2013) by adopting communication, compliance, and supplier development practices to their supply chains (Ciliberti et al., 2008; Yawar & Seuring, 2015) as a means of effective SRM (Carter & Rogers, 2008; Freise & Seuring, 2015; Hajmohammad & Vachon, 2016; Klassen & Vereecke, 2012;

Tate, Ellram, & Kirchoff, 2010; Turker & Altuntas, 2014). For example, compliance practices have significantly proliferated over the past years and typically include the use of codes of conducts (CoC`s) or international social accountability standards (in the following referred to as social standards) by setting social sustainability guidelines for upstream supply chain partners (Andersen & Skjoett Larsen, 2009; de Abreu, 2014; Locke, Amengual, & Mangla, 2009; Mares, 2010; Perry & Towers, 2013; Sinkovics, Sinkovics, & Hoque, 2016; Yawar & Seuring, 2015). Based on the codes in social standards, the social performance is evaluated and verified by conducting social audits and monitoring practices (Marsha Ann Dickson et al., 2009; Gilbert, Rasche, & Waddock, 2011; Gualandris, Klassen, Vachon, & Kalchschmidt, 2015; Hoang & Jones, 2012; Locke et al., 2009; Locke, Qin, et al., 2007; Mamic, 2005; Meier, 2013; Müller, dos Santos, & Seuring, 2009; O'Rourke, 2003, 2006). As such, CoC`s and social standards provide opportunities to embrace social responsibility when manufacturing garments overseas and offers enhanced transparency through the communication of social commitment and accountability to stakeholders via established CSR reports (Awayshe & Klassen, 2010; Egels-Zandén, Hulthén, & Wulff, 2015; Flynn, 2009; Freise & Seuring, 2015; Giannakis & Papadopoulos, 2016; Hajmohammad & Vachon, 2016; Kozłowski, Searcy, & Bardecki, 2015; Meixell & Luoma, 2015; Sinkovics et al., 2016; Tate et al., 2010; Turker & Altuntas, 2014).

Despite the CSR efforts that are in place, the apparel industry is still heavily involved in social injustices (Better Work Indonesia, 2017; Better Work Vietnam, 2017; Clean Clothes Campaign, n.d.; FWF, 2015, 2018; Sinkovics et al., 2016). For example, important apparel sourcing countries for Europe and the US (United States) such as Indonesia or Vietnam are predominantly involved in social problems concerning freedom of association, excessive overtime, compensation and the right to living wages, working conditions, and health and safety (Better Work Vietnam, 2017; FWF, 2015, 2018). Precarious working conditions in the apparel industry can even lead to death as latest incidents claimed hundreds of lives in garment factories. For instance, in 2012 a fire in a Pakistani factory killed 262 workers due to locked emergency exits and blocked windows, although the factory had passed an independent third party audit for SA8000 (Social Accountability 8000) certification a few weeks earlier (Walsh & Greenhouse, 2012). Another alarming incident is the Rana Plaza disaster in 2013 (Hira & Benson-Rea, 2017) of which two of five factories were audited by independent auditing companies against the BSCI (Business Social Compliance Initiative) (Ballard, 2016; Terwindt & Saage-Maass, 2016). In this regard, Pedersen and Andersen (2006) explain that a successful implementation of social codes into globally dispersed supply chains can only be ensured when there is active commitment of all supply chain actors involved. Moreover, they argue that social

codes are not only exposed to different geographic, cultural, and institutional settings, but are also unclear and insufficiently monitored what consequently results in non-compliance issues (Pedersen & Andersen, 2006).

Yet, the complexity and length of globally dispersed apparel supply chains involving multiple (lower tier) suppliers in developing countries, the respective higher costs for social responsibility, the missing commitment and communication between supply chain actors, is a highly challenging setting for managers (Seuring & Müller, 2008). Freise and Seuring (2015) argue that apparel supply chain managers are not aware by the implied sustainability risks although being pressured significantly by stakeholders and it seems that economic performance is favoured over social and environmental performance (Freise & Seuring, 2015). In fact, these conditions clearly present key difficulties for successful CSR implementation as some researchers discuss (Freise & Seuring, 2015; Grimm, Hofstetter, & Sarkis, 2016; Hoang & Jones, 2012; Huq, Zorzini, et al., 2014; Labowitz & Baumann-Pauly, 2014; Lueg, Pedersen, & Clemmensen, 2015; Mares, 2010; Schaltegger & Burritt, 2014; Tencati, Russo, & Quaglia, 2008).

Considering the growing demand towards social issues, the increasing risks apparel retailers face (Turker & Altuntas, 2014), and the yet insufficient managerial capabilities for the implementation of social sustainability (Huq, Chowdhury, & Klassen, 2016; Meixell & Luoma, 2015), there is an urgent call for further investigation that presents valuable managerial implications to drive and guide a more successful integration of social sustainability in supply chain management.

1.2 Theoretical Relevance

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

In line with this definition, the thesis at hand is clearly positioned within the field of SSCM. Based on previous literature on SSCM, specific research gaps are highlighted in the following, which the study at hand seeks to address.

Latest literature reviews on sustainable supply chain management (SSCM) clearly point at the ongoing lack of social sustainability related research (Carter & Rogers, 2008; Nakamba, Chan, & Sharmina, 2017; Quarshie, Salmi, & Leuschner, 2015; Seuring & Müller, 2008; Zorzini, Hendry, Huq, & Stevenson, 2015). So far, the environmental and economic dimensions have been emphasized predominantly and received most attention in SSCM literature (Brandenburg & Rebs, 2015; Nakamba et al., 2017; Seuring & Müller, 2008). Despite the growing interest for research on social SSCM over the last years, it is still considered to be in an infant stage and offers plenty of research avenues to fuel the SSCM debate (Brandenburg & Rebs, 2015; Miemczyk, Johnsen, & Macquet, 2012; Nakamba et al., 2017; Seuring & Müller, 2008; Yawar & Seuring, 2015). For instance, based on a systematic literature review of 142 articles, Yawar and Seuring (2015) found that modelling papers and literature reviews on social SSCM are still scant, what has been further confirmed by other researchers in the field (Ahi & Searcy, 2015; Brandenburg & Rebs, 2015; Quarshie et al., 2015).

A widely used conceptualization for SSCM related research serving as a promising starting point is that of Seuring and Müller (2008), which is highly supportive to approach and understand the emerging sustainability issues in supply chains that involves stakeholders, focal companies, and multi-tier suppliers. Based on pressures and incentives that primarily derive from stakeholders, focal companies are urged to assume the strategy of supplier management for risks and performance (in this study referred to as SRM) which comprises risk avoidance (e.g. social risks), the evaluation of suppliers (e.g. social standards), and the performance of the supply chain (e.g. minimum social performance set by social standards) (Seuring & Müller, 2008). However, little is known about the integration of such SRM practices as e.g. Freise and Seuring (2015) implicate that researchers should conduct data collection in Asia, where most of the apparel factories are located in order to provide insights of manager perceptions towards risk management for sustainable supply chains (Freise & Seuring, 2015). Accordingly, SSCM researchers point at the specific need for qualitative research to better understand the implementation of social sustainability into complex and globally dispersed supply chains (Ehrgott, Reimann, Kaufmann, & Carter, 2011; Gimenez & Tachizawa, 2012; Huq et al., 2016; Quarshie et al., 2015; Zorzini et al., 2015). For example, in a review of 157 articles addressing social responsible sourcing, Zorzini et al., (2015) explicitly point at the necessity for social SSCM research that includes the developing country suppliers' perspectives, as most of the previous research done analysed buyers' perspectives from developed countries. In this respect, Yawar and Seuring (2015) suggest that research needs to pay attention on the exploration of social SSCM strategies and its impact on suppliers that are located in developing countries.

More specifically, they conclude that SSCM scholars should pay attention on social compliance strategies such as social standards, audits, and monitoring practices (Yawar & Seuring, 2015). Additionally, Quarshie et al., (2015) support by emphasizing the importance for evaluating the content, impact, limits and legitimacy that social codes and standards entail in global supply chains. A good exemplary research paper is the exploratory case study of Huq et al., (2014), who analysed key motivators, barriers and enablers for social sustainability implementation of developing country garment suppliers and suggest further investigation of social standards and their effectiveness on second-tier suppliers such as subcontractors. In fact, SSCM literature neglected the role of sourcing intermediaries such as apparel sourcing agents (Adida, Bakshi, & DeMiguel, 2014; Belavina & Girotra, 2010; Cook & Kozar, 2017; Fung, Chen, & Yip, 2007; Neu et al., 2014; Popp, 2000) and lower tier suppliers in developing countries (Grimm et al., 2016; Huq, Zorzini, et al., 2014; Nakamba et al., 2017; Wilhelm, Blome, Bhakoo, & Paulraj, 2016). For example, Fung et al., (2007, p. 174) explicitly outline that further research is needed to explore *“how the business operations of the intermediary can enable its suppliers and customers to capture value by taking advantage of service and problem-solving capabilities it offers”*. Therefore, further evidence is needed especially from a highly dynamic and globally dispersed supply chain setting such as the apparel industry, which in particular considers the suppliers' perspectives (Huq, Zorzini, et al., 2014; Zorzini et al., 2015).

Further, the use of theories is highly suggested within the field of SSCM in order to provide deeper understanding of buyer-supplier relationships in multi-tier supply chains (Fayezi, O'Loughlin, & Zutshi, 2012; M. Tachizawa & Yew Wong, 2014; Quarshie et al., 2015; Touboulic & Walker, 2015; Zorzini et al., 2015). In this respect, Touboulic and Walker (2015) reviewed 308 articles with an exclusive observation of theories in use in SSCM research. Although Fayezi et al., (2012) recognize agency theory to be a suitable and promising lens for studying supply chain management relations, there is a striking shortfall of its application in SSCM related research as shown lately by Toubolic and Walker (2015). In a systematic review of 109 journal articles, Nakamba et al., (2017) reveal that the use of a theoretical lens for social sustainability is limited and explicitly mention that agency theory is beneficial in order to better understand the implementation of social standards in multi-tier supply chains that involves first- and lower tier suppliers. Finally, they recommend the exploration of challenges that developing country supply chain actors face (Nakamba et al., 2017). For example, the application of agency theory can support managerial decision-making and the formulation of strategies by explaining how e.g. goal conflicts, information asymmetries, and risk perceptions among globally

dispersed supply chain actors emerge that hinder effective social sustainability implementation (Delbufalo, 2018; Pedersen & Andersen, 2006).

Revisiting the abovementioned arguments for aiming at sustainability issues in apparel supply chains, and by considering its managerial as well as theoretical relevance, the thesis at hand strives to address three overarching objectives in order to contribute to the ongoing research gaps in SSCM literature and drive urgent change towards a more socially responsible apparel industry:

- First, to provide a comprehensive map for social SSCM that exclusively addresses the apparel industry. Previous literature reviews on SSCM commonly provide a cross-sectoral point of view, and thus their findings as well as implications suggest broad conclusions, although each industry has its own characteristics. To the best of the author's knowledge and to that date, no other study applied (or extended) dominant SSCM concepts for mapping barriers, enablers, and drivers to social sustainability in apparel supply chains.
- Second, to fuel the SSCM literature with novel evidence from developing countries and multi-tier apparel supplier perspectives and thereby illuminate the role of sourcing intermediaries for social sustainability implementation.
- Third, to use agency theory in order to highlight, explain and interpret the implementation of social standards in buyer-supplier relationships of multi-tier apparel supply chain networks.

Therefore, three articles (in the following running text referred to as Research Studies) have been written, of which two are published in peer-review journals, whereas one article has been submitted for publication previously.

- **Article 1 (*published*)**
Köksal, D.; Strähle, J.; Müller, M.; Freise, M. Social Sustainable Supply Chain Management in the Textile and Apparel Industry - A Literature Review. Sustainability 2017, 9, 100. <https://doi.org/10.3390/su9010100>
- **Article 2 (*published*)**
Köksal, D.; Strähle, J.; Müller, M. Social Sustainability in Apparel Supply Chains - The Role of the Sourcing Intermediary in a Developing Country. Sustainability 2018, 10, 1039. <https://doi.org/10.3390/su10041039>
- **Article 3 (*status: under review*)**

Köksal D. Social Sustainability in Apparel Supply Chains - Understanding failures to Social Standards in Vietnam and Indonesia using Agency Theory *forthcoming in the Special Issue "Responsible Supply Chain and Social Sustainability: Sustainability Accounting and Management Research and Practice" of the Sustainability Accounting, Management and Policy Journal 2019.*

1.3 Research Questions

Based on the objectives derived from the managerial and theoretical relevance discussions, the overarching primary questions of the dissertation at hand are:

- *Why and how is social SSCM embedded in global apparel supply chains?*
- *What are challenges to social SSCM in global apparel supply chains?*

In order to address the outlined primary research questions above, eight subordinate research questions derived accordingly addressed within the scope of the three respective Research Studies. Hence, Research Study 1 gives an overview of the actual status of the literature by answering the following three subordinate research questions (*RQ 1-3*):

- 1. How can socially related research in the textile and apparel industry be integrated to the dominant conceptualizations of SSCM and what are the striking drivers, enablers, and barriers?*
- 2. Is there a particular need in the textile and apparel industry to consider the supplier perspective in developing countries?*
- 3. What are potential areas for future development of socially related research in SSCM?*

Following the outlined research avenues given in Research Study 1, Research Study 2 aims to dig deeper into the assisting and enabling factors for social management strategies by scrutinizing the role of a Vietnamese apparel sourcing intermediary through addressing the following three research questions (*RQ 4-6*):

- 4. Why are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*
- 5. How are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*
- 6. How do apparel supply chain actors perceive the role of the apparel sourcing intermediary for the implementation of social management strategies?*

Lastly, in respect of Research Study 1 combined with the frequent confrontation of potential barriers to social management strategies during data collection in Vietnam (Research Study 2), Research Study 3 carefully examines challenges to social compliance strategies. Consequently, it takes a more holistic view and complements the apparel supply chain by involving Vietnamese and Indonesian apparel suppliers, thus provides evidence from multiple supply chain actors that present up to four stages. Hence, the following research questions have been developed for Research Study 3 (RQ 7-8):

7. *Why are social standards in global apparel supply chains prone to violations?*
8. *How are opportunistic behaviours performed by apparel supply chain actors impeding successful social standard implementation and hence result in non-compliance issues?*

In sum, the outlined research questions provide significant theoretical and managerial contributions. First, by applying dominant SSCM conceptualizations to the apparel industry, the resulting conceptual framework for social SSCM offers a beneficial and useful map for SSCM researchers that are interested in or struggle with the research of social issues along apparel supply chains. More specifically, the framework can be used as a guideline by academics for understanding the social issues caused in apparel supply chains as well as external and internal factors that assist, motivate, and hinder supply chain actors in the achievement of successful social SSCM. Moreover, the research questions help to organize prominent social management strategies such as assessment, collaboration, and reporting activities (as part of an apparel retailer's SRM) that affect the social performance of apparel suppliers. Furthermore, evidence from real-life contexts on the understudied phenomena of social SSCM in a highly complex and dynamic supply chain setting is collected what ultimately sheds light on the view of multi-tier developing country suppliers. As such, the research questions allow for novel insights and contributions to the critical role of sourcing intermediaries played in the implementation of social SSCM that can be helpful for managers towards a more socially oriented set-up of their supply chains. Lastly, the empirical insights clearly depict the defective nature of the current apparel supply chain settings that might support managers in revising their sourcing strategies.

1.4 Structure of the Thesis

As depicted in Figure 1, the present research is divided into three parts (A, B, and C). Part A is organized in five chapters providing the introduction, conceptual and theoretical background, methodology, key findings and discussion, and conclusions of the three Research Studies.

Chapter 1 introduces to the research topic and the background by giving a short overview of the fashion apparel industry, its development over time and future prospects while confronting the definitions of sustainability and CSR. Moreover, this chapter outlines the managerial and academic relevance and presents the respective research questions of the dissertation at hand.

Chapter 2 outlines the conceptual and theoretical background by presenting the current state of relevant literature. First, section 2.1 defines SCM and outlines its relevance in the apparel industry by depicting the typical apparel supply chain and introducing to potential threats to social sustainability concerns. The subsequent section 2.2 provides a brief understanding of the emergence and development of SSCM, whereas the subsequent section 2.3 focus on the predominantly discussed underlying strategies for implementing social sustainability into global apparel supply chains. Finally, section 2.4 presents the theoretical lens (agency theory) and its applicability for the investigation of compliance strategies in the apparel industry. Hence, core tenets of agency theory discussed and linked to social compliance strategies in apparel supply chains.

Based on the conceptual and theoretical discussion, Chapter 3 presents the methodology of the dissertation at hand. First, section 3.1 depicts the overall research framework by illustrating an overview on the coherence and nexus of the three Research Studies. This is followed by brief introductions of the methods used in each Research Study (sections 3.2, 3.3, 3.4), as the detailed descriptions can be found in part B of the dissertation, where each Research Study is presented separately.

Chapter 4 presents the key findings of the research papers. First, section 4.1 discusses the most prominent drivers, enablers and barriers for social SSCM in apparel supply chains. The next section 4.2 concentrates exclusively on the roles of a Vietnamese apparel sourcing agent as an enabler for the implementation of social SSCM by presenting ten novel propositions to the debate. Finally, section 4.3 focus on the barriers and outlines further ten propositions that discuss opportunistic behaviours performed by apparel supply chain actors threatening and impeding social SSCM implementation through compliance strategies.

The final Chapter 5 provides conclusions and discusses the managerial and theoretical contributions (sections 5.1 and 5.2). Lastly, limitations of the Research Studies as well as future research avenues are offered.

Part B presents the three full Research Studies and Part C contains the respective Appendices.

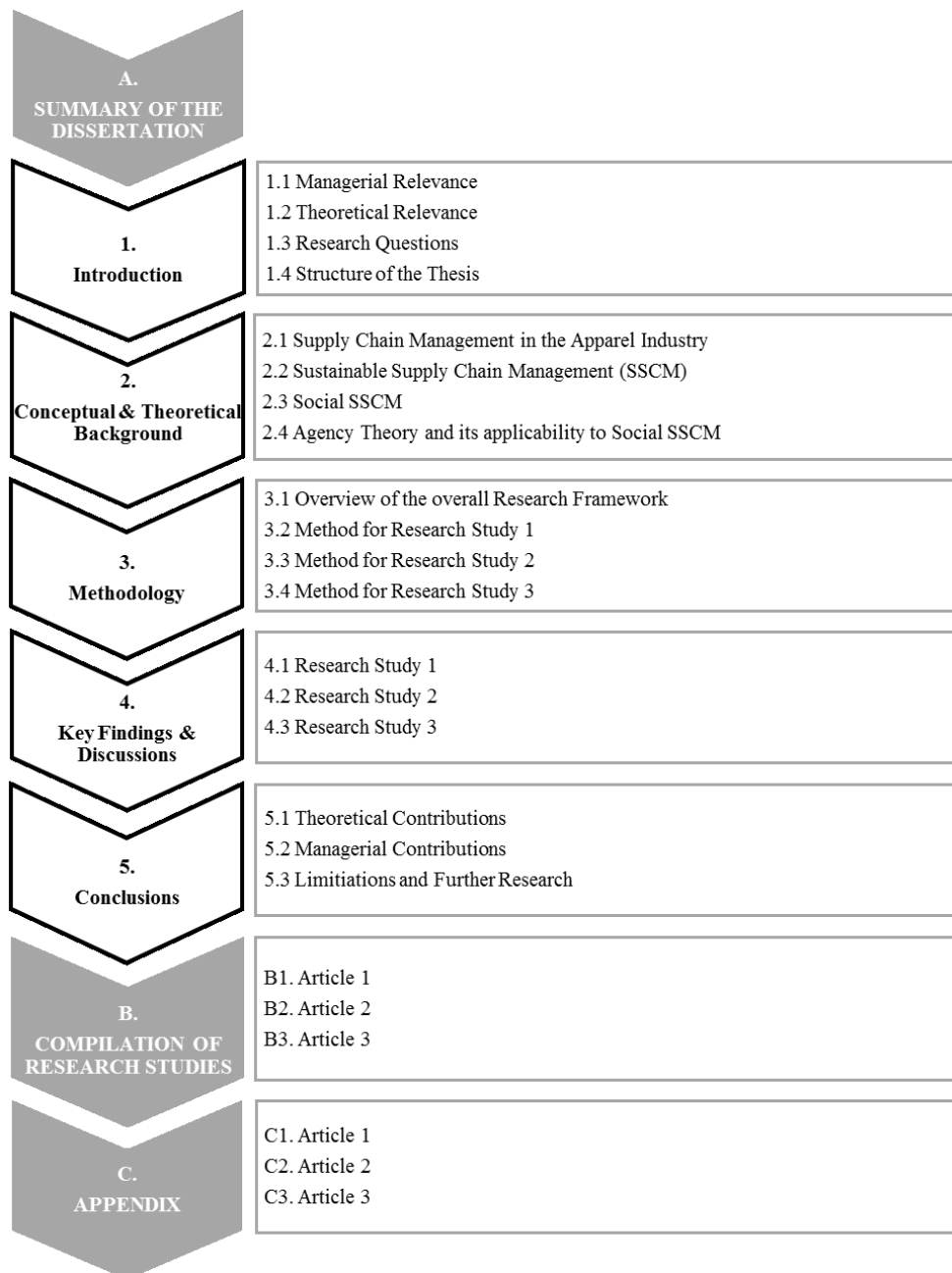


Figure 1. Structure of the Dissertation

2 Conceptual and Theoretical Background

The following sections present the conceptual and theoretical background by considering the respective state of literature. The first section 2.1 shortly introduces into SCM and depicts the apparel supply chain as the field of application. Thereby, section 2.2 shortly outlines the intersection of CSR and SCM and emphasizes the underlying predominant social management strategies in SSCM. The next section dives deeper and depicts the current state of literature on how apparel supply chains tackle social sustainability by using social compliance strategies (section 2.3). Finally, section 2.4 discusses the core tenets of agency theory and its applicability

for investigating the use of social standards in buyer-supplier relationships of apparel supply chains.

2.1 Supply Chain Management in the Apparel Industry

As SSCM is a broader concept, it is supportive to define the fundamental concept of SCM and introduce the typical apparel supply chain first, before the more specific SSCM discipline will be presented in the following sections.

The literature on global sourcing gained increasing attention during the early seventies when the advantages of offshore production have been realized, particularly in terms of costs as the most dominant driving factor (Ferne, Maniatakis, & Moore, 2009). During the nineties the discussion on global sourcing strategies developed further as academics sought to better understand why multinational corporations (MNCs) engage in international sourcing activities (Jia, Lamming, Sartor, Orzes, & Nassimbeni, 2014). As summarized by Jia et al., (2014), the primary reasons for outsourcing and offshoring activities are: lower prices, access to locally unavailable products, technologies, and scarce resources, higher quality, increase of supplier base, and the opportunities to develop a foreign market. This has led to different integration levels of sourcing ultimately resulting in global sourcing strategies that involves worldwide geographically fragmented locations (Ferne et al., 2009). Therefore, the operationalization of global supply chain networks comprising multi-tier suppliers (first- and lower tier suppliers) is a highly challenging task (Lambert & Cooper, 2000) and needs strategic management actions calling for the need of SCM in order to achieve purely economic objectives: lower costs, increased customer value and satisfaction, and finally competitive advantage (Ashby et al., 2013; Lambert & Cooper, 2000; Mentzer et al., 2001).

Many definitions have been provided since SCM faced rising importance during the early 1990s (Svensson, 2007). In this respect, researchers identify three degrees of supply chain complexity i.e., direct supply chain, extended supply chain and ultimate supply chain (Mentzer et al., 2001). Within each degree, the supply chain actors engage in upstream and downstream activities such as the flows of products, services, information, or finances. A direct supply chain is the simplest form including a focal company, a supplier (Tier 1), and a customer. Whereas the extended supply chain involves suppliers (Tier 2) of the immediate supplier (Tier 1) and the customers of the immediate customer of a focal company. The ultimate supply chain is the most complex including every supply chain actor from the ultimate supplier (Tierⁿ) to the ultimate customer, whilst all represent active members of the upstream and downstream supply chain. As such, in

order to control and coordinate upstream and downstream activities, supply chain management actions such as information sharing, shared risks and rewards, cooperation, or the creation of long-term relationships are, among others, critical and necessary in which trust and commitment between the supply chain actors play vital roles (Mentzer et al., 2001). Ultimately, Mentzer et al. (2001, p. 18) define SCM as *“the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole”*.

In fact, effective SCM is a prerequisite in the apparel industry. The literature introduces several approaches for apparel retailers such as lean, agile or quick response supply chain management (Bergvall-Forsberg & Towers, 2007; Bruce et al., 2004; Christopher et al., 2004; Masson et al., 2007) depending on the product nature (e.g. basics vs fashion goods, predictable demand vs. volatile demand, long vs. short product life cycle etc.). Usually, in order to address the volatile market, short product lifecycles, high product variety apparel retailers use a combination of both, lean and agile management systems (Bruce et al., 2004). Thereby, in order to achieve price, quality and lead-time objectives simultaneously, the apparel supply chain typically results in highly fragmented, complex and long supply chains structures with many production stages and upstream supply chain actors usually located in low-cost developing countries (Bruce et al., 2004; Doyle, Morgan, & Moore, 2006; Masson et al., 2007; Miller & Williams, 2009; Perry & Towers, 2013).

In practice, apparel retailers approach their outsourcing and offshoring activities in three ways: through direct sourcing from suppliers, through sourcing intermediaries, or via sourcing hubs (Fernie et al., 2009; Perry, 2013). The simplest way of sourcing directly from suppliers is through the headquarters of an apparel retailer who are in direct contact with their suppliers and hence obtain better control over the manufacturing process. Moreover apparel retailers set up subsidiaries in the respective sourcing countries, so called sourcing hubs/offices or international purchasing offices (Fernie et al., 2009; Jia et al., 2014; Sartor, Orzes, Nassimbeni, Jia, & Lamming, 2014). Lastly, apparel retailers usually employ (import or export) sourcing intermediaries, also typically referred to as e.g. sourcing agents or full-service vendors (Belavina & Girotra, 2010; Cook & Kozar, 2017; Masson et al., 2007; Perry, 2013; Popp, 2000), who usually bridge apparel retailers in developed countries and manufacturers in developing countries. Few researchers investigated advantages of using apparel sourcing agents who arguably add the most value with their expertise and knowledge over the products, the local

market, and the supplier base and hence are able to find best prices and lead times by creating a competitive supplier base. Additionally sourcing agents have been found to act as potential risk managers (Masson et al., 2007; Mette Vedel & Chris Ellegaard, 2013; Popp, 2000). More specifically, common services that apparel sourcing agents perform on behalf of the buyer include e.g. product development and design, sourcing activities, supplier search, assessment and selection, supplier relationship management, supplier monitoring, product and process quality controls, the management of shipping and distribution, and mediation of cultural and spatial distance (Ferne et al., 2009; Mette Vedel & Chris Ellegaard, 2013). A prime example is the Hong Kong based Li & Fung Ltd. sourcing agent, as one of the biggest and most prominent intermediary mediating sourcing activities for global apparel brands and retailers (Ross, Patterson, Yadegari, & Wegemer, 2014).

Typically, prominent European apparel retailers adopt a mix of each of the three presented ways to source their garments, which is exemplary illustrated in Figure 2 depicting a typical multi-tier apparel supply chain by considering leading apparel export countries in Asia (WTO, 2018).

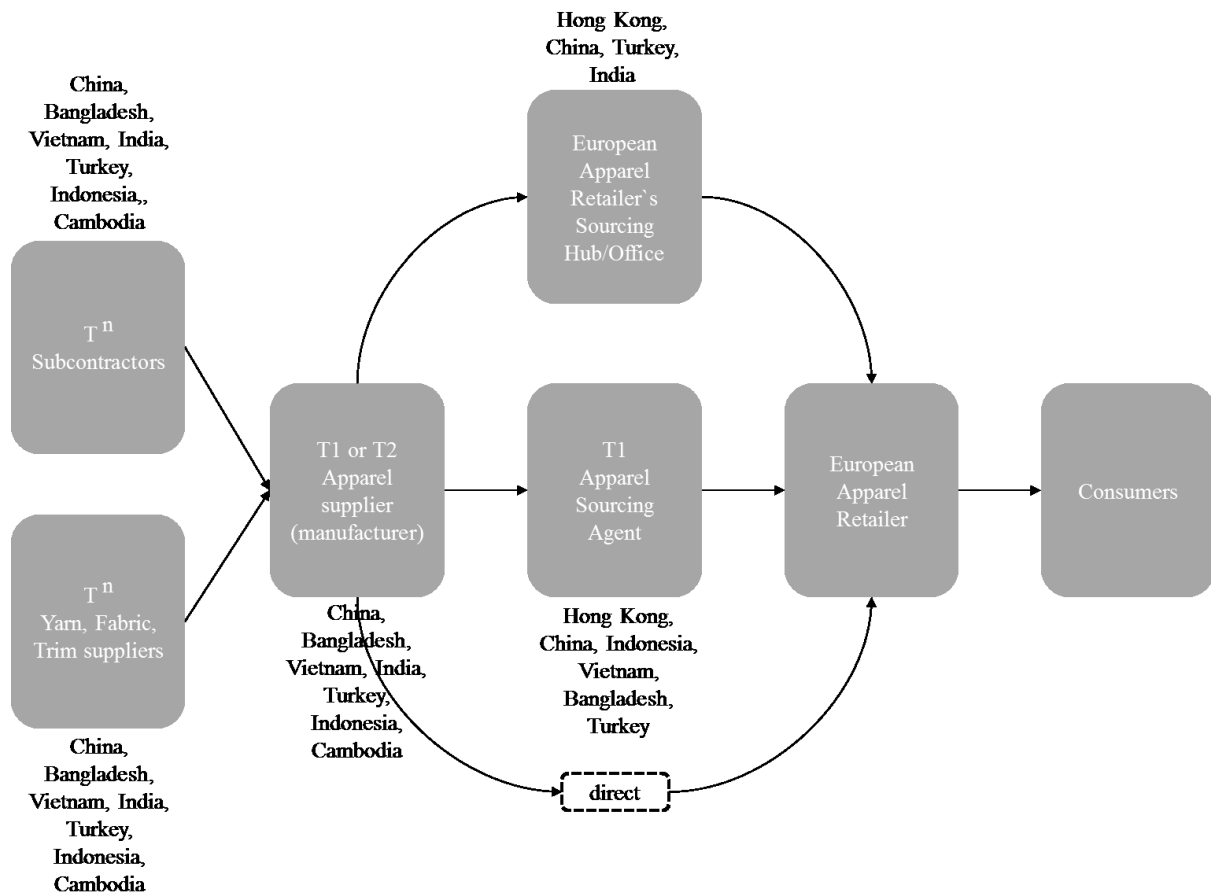


Figure 2. Simplified multi-tier apparel supply chain network based on Perry (2013) and Fernie et al. (2009)

However, the management of numerous suppliers and sub-suppliers (multi-tier T^n) in globally dispersed locations is extremely difficult (Fernie et al., 2009) entailing e.g. various internal and external risks such as supply, process, demand, and control risks (Christopher & Peck, 2004; Mette Vedel & Chris Ellegaard, 2013; Punniyamoorthy, Thamaraiselvan, & Manikandan, 2013; Zsidisin & Smith, 2005). Apart from the abovementioned typical supply chain risks, the rising demand on environmental and social responsibility as outlined earlier in the introduction section adds sustainability related risks on the SCM agenda (Andersen & Skjoett Larsen, 2009; Foerstl, Reuter, Hartmann, & Blome, 2010; Giannakis & Papadopoulos, 2016). In light of the globally dispersed apparel supply chain network the intense involvement of lower-tier suppliers in apparel supply chains makes it complicated to manage environmental and social issues because the buying firms face a lack of information and have less impact on lower-tier suppliers as researchers argue (Andersen & Skjoett Larsen, 2009; M. Tachizawa & Yew Wong, 2014). Additionally, lower-tier suppliers are considered being less responsive for social and environmental issues and have weak relationships with the downstream supply chain (M. Tachizawa & Yew Wong, 2014). Masson et al. (2007) supports that due to the complex and long supply chains there is a substantial lack of visibility as they indicate that apparel retailers

might even not know the suppliers who manufacture their garments what can induce considerable social risks such as the use of child labour (Giannakis & Papadopoulos, 2016; Masson et al., 2007).

As such, social issues are likely to occur within apparel supply chains (outlined in the introduction section and explained more in detail in Research Study 1 (section 4.1) of the dissertation at hand). Hence, there is an urgent need to understand how to integrate and manage social sustainability issues in supply chains to SCM.

2.2 Sustainable Supply Chain Management (SSCM)

Svensson (2007) outlines that the integration of economic, ecological and social aspects of business practices and theory to SCM will result in SSCM (Ashby et al., 2013; Svensson, 2007). Hence, it is noteworthy that SSCM demands a broader perspective of SCM. One concept that concisely shaped the literature on sustainability and its operationalisation is the assessment of a firm's performance under the umbrella of the triple bottom line (TBL), which recommends the simultaneous commitment to environmental, social, and economic dimensions (Elkington, 1998). In light of the above, several researchers used the TBL concept to discuss the integration of sustainability into SCM and therefore various definitions for SSCM emerged over time.

One widely used definition for SSCM is that of Seuring and Müller (2008, p. 1700) which has been outlined earlier in section 1.2. Their conceptual framework proposes triggers for sustainable supply chain management that drives a focal company for the adoption of two strategies: supplier management for risks and performance, and supply chain management for sustainable products (Seuring & Müller, 2008). Given the objectives of the research at hand, the author concentrates on the triggers and the management for risk and performance, only. Triggers for SSCM implementation are explained through pressures and incentives that primarily derive from stakeholders comprising e.g. customers, governments, NGOs or media (Park-Poaps & Rees, 2010). This view is different to the traditional SCM literature, as SSCM considers stakeholders as another significant supply chain actor (Brandenburg & Rebs, 2015; Seuring & Müller, 2008). The systematic literature review of Brammer et al. (2011) supports that managing sustainability risks and reputation, meeting consumer demands and stakeholder pressures, or gaining competitive advantages are among the primary motivations for focal companies to approach SSCM (Brammer et al., 2011; Seuring & Müller, 2008). However, there are notable barriers for efficient and effective SSCM such as higher costs, coordination complexity and insufficient or missing communication in the supply chain (Seuring & Müller,

2008). Therefore, supplier evaluation requires specific governance mechanisms and supply chain management capabilities (Gimenez & Tachizawa, 2012; Gold et al., 2010). In this respect, Ashby et al., (2013) argue that SCM tenets offer great potential to translate sustainability theory into practice in order to achieve effective SSCM.

Based on the pressures and incentives, a focal company will consider the adoption of supplier management for risks and performance, hence integrate management systems such as the SA8000 or CoC's and complement this further with monitoring, evaluation, reporting, and sanctions as supportive means. The preferred outcome translates into the avoidance and mitigation of environmental, social, and economic risks (Freise & Seuring, 2015), as well as enhancing the economic, social and environmental performance of the chain by creating win-win situations, addressing trade-offs or assuring minimum sustainability performance (Seuring & Müller, 2008). In a best practice analysis, Pagell and Wu (2009) further confirm that various traditional SCM practices are crucial for achieving sustainability goals in supply chains. This includes collaboration with suppliers, supplier certification based on sustainability criteria, and supplier development. Moreover they realize transparency through information sharing to be a novel practice for achieving sustainable supply chains (Pagell & Wu, 2009). Another significant study is that of Carter and Rogers (2008, p. 368), who define SSCM as *“the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key interorganizational business processes for improving the long-term economic performance of the individual company and its supply chains”*. Based on this definition, they propose a conceptual framework, which is shaped by four facets, namely risk management, transparency, strategy, and culture (Carter & Rogers, 2008). Moreover, by building on earlier research that discuss definitions for SSCM, Ahi and Searcy (2013, p. 339) summarize various perspectives and ultimately propose that SSCM is the *“creation of coordinated supply chains through the voluntary integration of economic, environmental, and social considerations with key inter-organizational business systems designed to efficiently and effectively manage the material, information, and capital flows associated with the procurement, production, and distribution of products or services in order to meet stakeholder requirements and improve the profitability, competitiveness, and resilience of the organization over the short- and long-term”*.

As such, the fundament for the next sections is set, concentrating on the more specific but young and widely unexplored research discipline i.e., the social dimension in SSCM and its respective social management strategies.

2.3 Social SSCM

Considering the abovementioned theory building efforts for SSCM, it is crucial take note of the more specific studies on social responsibility in SCM. By revisiting the definition on CSR stated by the Commission of the European Communities (2011, p. 1), the focus of the CSR concept implies the interaction between business and larger society and refers to the voluntary activities of a company that are concerned with environmental and social issues (Andersen & Skjoett Larsen, 2009). However, as Carter and Jennings (2002) mention, there is not a consistent definition of CSR that offers a robust framework for researchers. It is noteworthy that the CSR concept is still usually mentioned interchangeably with social responsibility (Andersen & Skjoett Larsen, 2009; Hutchins & Sutherland, 2008; Yawar & Seuring, 2015). Scholars argue that nowadays CSR encompasses the entire supply chain (Andersen & Skjoett Larsen, 2009), hence deals with moral, ethical, and social ramifications in supplier countries of global business operations (Perry & Towers, 2013). As this research arena is in its early stages, only few definitions on social sustainability in SCM research have been provided to date (Nakamba et al., 2017). One comprehensive definition is offered by Klassen and Vereecke (2012, p. 105) who state that social sustainability encompasses *“three levels of stakeholders (who), focusing on the evolving set of social concerns for which the firm has influence in the supply chain (which issues), and involving management capabilities that respond to these concerns by mitigating risk or enhancing customer value (how)”*.

In terms of the *“who”*, they introduce three levels of stakeholders: internal (e.g. within a firms own operations such as management and workforce), inter-firm (e.g. supply chain actors such as suppliers) and external (e.g. NGOs, government, media) that pressure companies to tackle social concerns (Klassen & Vereecke, 2012; Meixell & Luoma, 2015). In the context of the apparel industry, Freise and Seuring (2015) found that particularly NGOs are exerting pressures on apparel retailers to manage social risks. For the *“which issues”* question the social performance measures are of specific interest. In their systematic literature review on social supply chain management, Nakamba (2017) split social performance measures into four categories i.e. performance metrics, outcomes, drivers, and trade-offs. In this respect, Yawar and Seuring (2015) identify labour conditions (low wages and excessive working hours), child labour, human rights, health and safety, minority development, disabled/marginalised people inclusion, and gender as important metrics for social performance (Brammer et al., 2011; Yawar & Seuring, 2015). Performance outcomes specifically focus on positive and negative effect of social sustainability on the economic performance. For example, social sustainability can

increase the productivity in manufacturing facilities positively affecting the economic performance (Huq, Zorzini, et al., 2014). Performance drivers concentrate on supply chain drivers and initiatives influencing social performance. For instance, researchers found that supplier development strategies induce better working conditions at supplier's manufacturing facilities (Sancha, Gimenez, Sierra, & Kazeminia, 2015). Lastly, trade-offs address the costs for social sustainability versus social performance measures (Nakamba et al., 2017). Considering the "how", several social management strategies are discussed in literature presented more precisely in the following.

According to Yawar and Seuring (2015) the intersection of CSR and SCM research results in the adoption for social management strategies which comprise communication, supplier development, and compliance strategies that ultimately have an impact on social performance outcomes as ways of addressing social issues in supply chains.

The *communication strategy* includes the adoption CSR reports and labelling of products in order to communicate social responsibility to internal and external stakeholder of a firm (Flynn, 2009; Kozlowski et al., 2015; Park-Poaps & Rees, 2010; Tate et al., 2010). For example, Fliess et al., (2007) report that effective communication strategies such as certifications and labelling, corporate reports, consumer guides and corporate marketing play an important role in engaging sustainability conscious consumers and enhance the awareness of a firm's CSR activities (Fliess, Hyung-Jong Lee, Dubreuil, & Agatiello, 2007). As such, the communication strategy has been determined as an effective tool for conveying social efforts and commitment transparently to stakeholders which is key for improving brand value, the management of risk, advance the relationship with suppliers, and increase market share (Flynn, 2009; Mamic, 2005; Tate et al., 2010).

Furthermore, literature on SSCM discusses the *supplier development strategy* initiated by a buying company in order to develop the capacities of its suppliers in managing social issues (Sancha et al., 2015). Other researchers report that the adoption of supplier development practices reduces supplier sustainability risks and positively impact on sustainability related operational performance (Foerstl et al., 2010). Considering Yawar and Seuring (2015), the underlying practices suggest direct and indirect supplier development strategies. In the former trainings and educational approaches as well as financial and technical investments can help to increase the awareness, enhance the social management capabilities and ultimately the economic performance of the respective supplier in the chain. On the other hand, indirect supplier development makes use of supplier evaluation and informal auditing practices to assess

and verify the actual social status of the suppliers (Yawar & Seuring, 2015). Sancha et al. (2015) affirm that supplier development practices through auditing and directly working with suppliers, leads to a better social performance (compliance) of the suppliers however not on the buyer's economic performance (Sancha et al., 2015). In this context, researchers argue that supplier development strategies are antecedents for close collaborations and long-term partnerships that will foster trust and commitment and thus key drivers for improving the social sustainability performance of suppliers (Carter & Jennings, 2002; Seuring & Gold, 2013; Vachon & Klassen, 2008). Gimenez and Tachizawa (2012) highlight in their literature review that the interplay of both supplier collaboration and assessment is crucial for achieving socially responsible supply chains and note that relying on assessment only is not sufficient. Finally, they offer a framework that integrates internal (e.g. social commitment) and external enablers for the realization of collaboration and assessment that ultimately affect the performance of the three dimensions of TBL (Gimenez & Tachizawa, 2012).

This directs the focus on the adoption of a *compliance strategy* which involves the implementation of CoC's and social standards complemented further by social monitoring and auditing practices for measuring the social performance of suppliers against the respective codes and standards required by the buying company (Mamic, 2004, 2005; Müller et al., 2009). Turker and Altuntas (2014, p. 847) explicitly outline that "*compliance, monitoring and auditing are the main component of current SSCM to avoid risks, improve supply chain performance and set clear criteria for suppliers*". Zorzini et al., (2015) further signify that the use of CoC and social standards are essential for achieving transparency, thus related and part of the communication strategy of a company. As such, the apparel industry dominantly adopts private social standards such as WRAP, BSCI or SA8000 (Kim, 2013; Mariëtte van Huijstee, 2010; Pruett, 2005). Because these social standards accredit independent third-party organizations to audit, monitor and verify compliance with the standard's codes they are considered more credible and legitimate aiding at a firm's reputation and accountability (Behnam & MacLean, 2011; Gilbert et al., 2011; Mamic, 2004; Merk, 2007; Sartor, Orzes, Di Mauro, Ebrahimpour, & Nassimbeni, 2016). For instance, Stigzelius and Merk-Herbert (2009) explored the implementation of SA8000 in Indian garment factories and found that the adoption offer opportunities to enhance the reputation of the supplier firm and therefore increase orders. In general, social audits are either, announced (supplier gets notified about exact date of audit), or semi-announced (supplier gets notified about a specific time period e.g. 4 weeks, in which audit will be conducted) or completely unannounced (surprise audits without any communication or notification of the supplier in advance) (BSCI, 2018), depending on the specific social standard

process requirements. Social audits typically comprise (a) physical observations of the production sites (departments and machinery), (b) verification of documents (e.g. payrolls, working hours, birth certificates) and (c) interviews with company employees (workers and managers) to verify and support audit results (Amrou Awaysheh & Robert D. Klassen, 2010; Mamic, 2004; Mariëtte van Huijstee, 2010). In case of non-compliance issues detected against a social standard's codes during the audit, the auditors develop a report that involves possible corrective and preventive actions. Based on this, the responsible factory manager (usually compliance managers) and the auditors discuss a specific time frame to take corrective actions and report the required steps accordingly with a corrective action plan (CAP), which is followed by a re-audit (follow-up audit) to check conformity with the agreed actions for improvements (Ascoly & Zeldenrust, 2003; Mamic, 2004, 2005; Mariëtte van Huijstee, 2010). In order to achieve compliance with social standards, five main supplier practices are suggested that retailers should make use of (Brammer et al., 2011; Grimm et al., 2016): supplier evaluation and selection (e.g. Baskaran et al., 2012), supplier communication (e.g. Mamic, 2005), supplier auditing (e.g. Huq et al., 2016), supplier development (e.g. Sancha et al., 2015), and (5) supplier monitoring (e.g. Boström, 2015). However, according to Locke et al., (2009) the above mentioned traditional compliance strategies seem not to be sufficient and should be complemented by a more commitment oriented strategy in which apparel buyers and suppliers engage in joint problem solving, information sharing, and trust which builds on learning, capacity building, incentives, and mutual respect (Locke et al., 2009).

The outlined strategies above point at the substantial challenges managers usually face when approaching SSCM as it seems that none of the social management strategies presented will effectively work in its own right (Gimenez & Tachizawa, 2012; Yawar & Seuring, 2015). For example, Ciliberti et al., (2009) report that the SA8000 standard supports supplier coordination and improves transparency between immediate supply chain members, however not with Tier 2 and Tier 3 suppliers. Hence, whatever social management strategy is in place, the nature of the supply chain needs to be considered attentively. In spite of the presence of collaboration practices, Awayshe and Klassen (2010) clearly state that trust between a focal company and its suppliers might be good, but verification of the supplier's social performance is better, which only can be assessed through social audits. As a matter of fact, the importance of social auditing increases the longer and more complex the supply chain is, because trust is likely to decline in multi-tier supply chains as the number of further supply chain actors between the buying company and the supplier grows (Awayshe & Klassen, 2010). Yet, codes and standards in global supply chains are exposed to many risks due to geographic, economic, legal, cultural,

and political distance between the supply chain actors (Pedersen & Andersen, 2006). This is especially true for the apparel industry, as social auditing and monitoring at multiple factories in globally dispersed and complex supply chains is difficult (Grimm et al., 2016; Hoang & Jones, 2012; Labowitz & Baumann-Pauly, 2014; Lueg et al., 2015; Schaltegger & Burritt, 2014). Further, the implementation of social standards imply increasing costs for apparel suppliers (Huq, Zorzini, et al., 2014; Jiang, 2009; Stigzelius & Mark-Herbert, 2009) and the rising tendency of buyer-driven characteristics in apparel supply chains is a major obstacle to achieve social performance goals (Perry & Towers, 2013).

Although social governance mechanisms and strategies are existent, they do not present the full scope for addressing social issues and are insufficient, as researchers in the field criticise that the vast majority of existing research investigated developed countries and buying firms rather than developing country suppliers (Huq, Zorzini, et al., 2014; Nakamba et al., 2017; Quarshie et al., 2015; Zorzini et al., 2015). For example, Nakamba et al., (2017) suggest further analysis on the effectiveness of social standards in developing countries. So far, there is little understanding on the practicability of such management strategies in globally dispersed multi-tier supply chains as in the apparel industry (Ashby et al., 2013; M. Tachizawa & Yew Wong, 2014). Thereby questions arise how social responsibility in supply chains can be effectively managed in light of the distinctive apparel industry characteristics and the typical supply chain structure that involves multiple developing country suppliers (Perry & Towers, 2013).

Summarizing the above arguments and by referring to the existing lack of empirical evidence from developing country suppliers (section 1.2), the next section presents agency theory as an applicable lens to examine and interpret buyer-supplier relationships and their behavior towards the implementation of social standards.

2.4 Agency Theory and its applicability to Social SSCM

Agency theory intends to study relationships “*in which one party (acting as principal) delegates work to another party (the agent), who performs the work*” (Eisenhardt, 1989a, p. 58). In an agency relationship the contract is of core interest which determines that the agent performs some required services on the behalf of the principal, whereas the principal commits to compensate the agent accordingly (Bergen, Dutta, & Walker Jr., 1992; Jensen & Meckling, 1976; Perrow, 1986). Here it is argued that the most efficient contract (behaviour-based vs outcome based) will be sought by the principal, thus usually considers the perspective of the principal in agency models (Bergen et al., 1992). Consequently the primary focus of agency

theory is in the formulation of the most promising and effective contract that governs the principal-agent relationship because opportunistic behaviour (agency problems) are expected to emerge which are the result of three underlying assumptions i.e., goal conflicts, information asymmetries, and different risk attitudes (Arrow, 1984; Bergen et al., 1992; Eisenhardt, 1989a; Jensen & Meckling, 1976).

The resulting agency problems are briefly explained in the following (Arnold Picot Christine Bortenlanger, 1997; Hess, 1999; Saam, 2007; Spremann, 1990; Steinle, Schiele, & Ernst, 2014; Welge & Eulerich, 2014; Wiese & Toporowski, 2013):

- *Hidden characteristics (pre-contractual, ex ante)*: may arise because the principal has incomplete information on the agent's capabilities and qualification. This translates into an agency problem, as the principal is not able to gather complete information on the expertise or characteristics before contracting to approve whether the agent is able to do the job accordingly and in the best interest of the principal. The argument here is that the agent may misrepresent its capabilities, skills, or qualification causing the adverse selection problem as described in the predominant literature (Bergen et al., 1992; Eisenhardt, 1989a; Saam, 2007).
- *Hidden action (post-contractual, ex post)*: addresses problems of information imbalances that occur after contracting. This is due to the principal's limitation to monitor and evaluate the agent's efforts. Although, the principal may be able to evaluate the outcome produced by the agent, the principal is not able to assess whether the best effort possible was invested by the agent to fulfil the contract. This limitation gives open space to possible invisible opportunistic behaviour performed by the agent which becomes apparent in the lack of effort, the ability to shirk with guile or in other words to cheat, mainly attributed to the self-interested behaviour assumption (Bergen et al., 1992; Perrow, 1986). This translates into moral hazard (Bergen et al., 1992; Hess, 1999).
- *Hidden intentions (pre-contractual, ex ante)*: the principal is not able to predict before contracting whether the agent may have the intention to act opportunistically during the contract period. In this regard, the principal is confronted with hold-up problems. The hold-up problem explains that the principal may have made specific irrevocable investments supporting the relationship. However, distinctly visible unfair practices performed by the agent during the contract will corrupt these investments, while leaving the principal dependent

on the agent to fulfil the contract (Arnold Picot Christine Bortenlanger, 1997; Hess, 1999; Saam, 2007; Spremann, 1990; Steinle et al., 2014; Welge & Eulerich, 2014; Wiese & Toporowski, 2013). This is another antecedent causing moral hazard (Steinle et al., 2014).

- *Hidden information or hidden knowledge (post-contractual, ex post)*: although the principal is might able to monitor the actions performed by the agent during the contract, the principal is not able to evaluate these actions due to lack of professional information or knowledge. It is assumed that the agent owns specific expertise that the principal do not hold, in form of professional or process knowledge to produce a certain service or good, thus leaves the agent with space for opportunistic behaviour (Hess, 1999; Saam, 2007; Spremann, 1990; Welge & Eulerich, 2014). In other words the “*principal cannot check whether the agent has used his or her information in the way that best serves the principal's interest*” (Arrow, 1984, p. 5), causing moral hazard (Hess, 1999; Welge & Eulerich, 2014).

Therefore, the formulation of an appropriate compensation contract is vital to minimize or reduce goal conflicts and information asymmetries (Whipple & Roh, 2010) by e.g. considering behaviour-based versus outcome-based contracts (Bergen et al., 1992; Eisenhardt, 1989a). In an outcome-based contract the principal will reward the agent according to the actual performance outcome and offers incentives to motivate the agent in pursuing the principal`s goals thus reducing goal conflicts (e.g. commissions) (Bergen et al., 1992; Eisenhardt, 1989a; Fayezi et al., 2012; Jensen & Meckling, 1976). In behaviour-based contracts the principal invests in monitoring systems in order to collect information on the agent`s behaviour to minimize or reduce information asymmetries, i.e. the possibility of moral hazard and reward the agent based on his behaviour (e.g. salaries) (Bergen et al., 1992; Eisenhardt, 1989b; Fayezi et al., 2012; Saam, 2007; Whipple & Roh, 2010). Here, it is argued that the “*expected behaviour will lead to the expected outcome*” (Delbufalo, 2018, p. 36).

Nevertheless, both contract types are per se incomplete (Delbufalo, 2018; Hendry, 2002; Spremann, 1990) and tied to agency costs (Bergen et al., 1992), such as time and costs for measuring behaviour or outcome (Eisenhardt, 1989a; Shapiro, 2005). Besides the suggested contract types and despite the typically suggested solutions to mitigate information asymmetries, i.e. screening, signalling, and self-selection (Bergen et al., 1992; Saam, 2007), additional actions such as safeguards have been suggested as complementary means. Safeguards include information monitoring systems, rewards and sanctions, and reputation effects as supportive mechanisms in dealing with information asymmetries and goal conflicts

(Delbufalo, 2018; Delbufalo & Bastl, 2018; Pedersen & Andersen, 2006; Spremann, 1990). However, as learned earlier, these additional safeguards entail rising (agency) costs (Shapiro, 2005), although arguments support that a principal seeks to reduce agency costs that emerge by specifying, rewarding and monitoring the agent's behaviour, whereas the agent works towards maximising rewards and decreasing the principal's monitoring (Delbufalo, 2018; Fayezi et al., 2012).

In light of the above, agency theory is indeed a promising theoretical lens to investigate the apparel buyer-supplier relationships as it *“identifies behavioural change by supply chain actors and sheds light on activities involving principal and agent, self-interest, risk aversion, lack of trust, goal conflict and imperfect policy implementation”* (Fayezi et al., 2012, p. 564). Moreover, extant literature clearly demonstrate the explanatory power of agency theory in supply chain management disciplines (Halldórsson, Kotzab, & Hsuan, 2015), especially for the analysis of cooperative efforts and the implementation of social standards (Ciliberti, de Haan, de Groot, & Pontrandolfo, 2011; Delbufalo, 2018; Delbufalo & Bastl, 2018; Fayezi et al., 2012; Pedersen & Andersen, 2006; Wiese & Toporowski, 2013).

When applying agency theory to social SSCM, the buyer is considered as the principal whereas the supplier is considered as the agent (Delbufalo, 2018). More specifically, with regard to social compliance strategies in apparel supply chains, international social standards such as BSCI, SA800 or WRAP contain elements of both, behaviour-based and outcome-based contracts (Delbufalo & Bastl, 2018). Consequently, when contracting for order placement, the buyer (principal) expects social compliance by the supplier (agent) with required social standards. As such, given that agents act non-compliant with the buyer's required social standard, opportunistic behaviour is the logical inference (Delbufalo, 2018). For example, Pedersen and Andersen (2006) argue that social codes are prone to opportunism due to (agency) costs and time incurred, what usually drives suppliers to violate standards to gain financial benefits.

In sum, the rationale behind opportunistic behaviour that may arise in an apparel supply chain setting is that goal conflicts, information asymmetries, and different attitudes towards risk will govern the effectiveness for social standard implementation. Yet, there is a limited number of studies adopting agency theory for the investigation of social compliance implementation in the apparel industry context (Aßländer, Roloff, & Nayır, 2016; Ciliberti et al., 2011), thus calls for further research in order to illuminate key management barriers concerning roles, positions, and

responsibilities (Halldórsson et al., 2015) towards the management of social issues in apparel supply chains.

3 Methodology of the Exploratory Research Studies

Based on the previously outlined research objectives, Chapter 2 depicts the overall research framework and subsequently introduces the research designs and methods chosen for the Research Studies 1-3.

3.1 Overview of the overall Research Framework

As outlined earlier in section 1.2, this study follows suggestions of researchers in the field of SSCM, briefly summarized in the following.

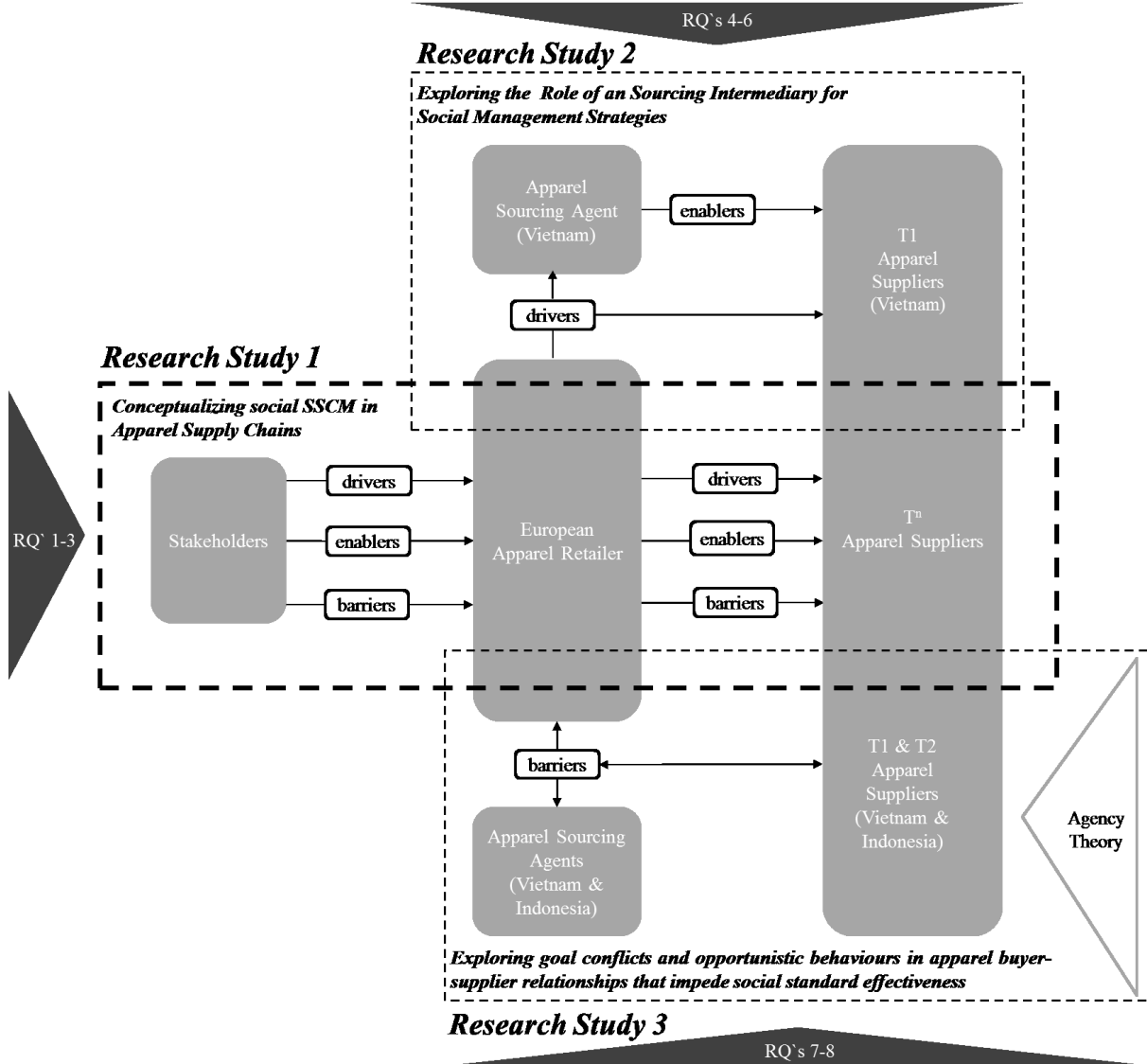
First and highly striking is that SSCM academics such as Seuring and Müller (2008) highlight the critical lack of research regarding the social dimension in SSCM. More specifically, researchers e.g. Zorzini et al., (2015) and Huq et al. (2016) outline the importance of empirical evidence from developing countries that fuel the social SSCM debate. Moreover, research on mediated sourcing strategies through sourcing agents lacks considerably (Cook & Kozar, 2017; Fung et al., 2007; Masson et al., 2007; Perry & Towers, 2013; Purvis, Naim, & Towill, 2013). Further, researchers point at the shortfall of the suppliers and sub-suppliers view (Grimm et al., 2016; Huq, Zorzini, et al., 2014; Zorzini et al., 2015). Other researchers highlight the need for SSCM research to consider the application of agency theory which is highly useful to explain buyer-supplier relationships for the implementation sustainability practices (Fayezi et al., 2012; Nakamba et al., 2017; Pedersen & Andersen, 2006; Touboulic & Walker, 2015).

In sum, all of the aforementioned examples indicate that the particular field of social SSCM research is still in an early stage. This explicitly calls for further exploration and it seems useful to consider a content-analysis based systematic literature review (Seuring & Gold, 2012), followed by multiple case studies that primarily cover why and how questions in order to extend and build theory and shed more light to the social dimension in SSCM research (Eisenhardt, 1989b; Ridder, 2016; Yin, 2014). Ultimately, three exploratory Research Studies have been conducted in order to address the two overarching primary research questions of this dissertation:

- *Why and how is social SSCM embedded in global apparel supply chains?*
- *What are challenges to social SSCM in global apparel supply chains?*

Figure 3 illustrates the simplified overall research framework for social SSCM in apparel supply chains. It integrates the three cohesive Research Studies and depicts how they are related to each other. It is important to note in Figure 3, that that each square (dashed lines) presents a Research Study with its respective research questions and primary research objective. Research Study 1 is the starting point and heart of the overall research journey, followed by Research Study 2 and 3 that enrich the framework with empirical data from the field.

Figure 3. Overall Research Framework of the Dissertation



More specifically, Research Study 1 seeks to provide the state-of-the-art of social SSCM research that in particular addresses the textile and apparel industry and conceptualizes drivers, enablers, and barriers to social SSCM in the apparel supply chain (RQ1). It is primarily based on the ideas of Seuring and Müller (2008) illustrating the most important supply chain actors

in SSCM i.e., stakeholders, European apparel retailer(s) (focal company), and multi-tier (Tⁿ) apparel suppliers. Strikingly, many researchers of the SSCM discipline make use of a typology of drivers, and/or enablers, and/or barriers in order to structure and arrange their findings (Diabat, Kannan, & Mathiyazhagan, 2014; Gimenez & Tachizawa, 2012; Helen Walker & Neil Jones, 2012; Mani, Agrawal, & Sharma, 2015; Oelze, 2017; Quarshie et al., 2015). Therefore, it seems beneficial to depict SSCM by using a typology approach as e.g. Walker and Jones (2012) found that stakeholder involvement is a key enabler whereas cost reduction efforts of a company is a key barrier to SSCM implementation. Based on this supply chain constellation, the first study screens the current state of literature for indications on social issues in the textile/apparel industry and disseminates its content to the deductively derived research framework. As such, the focus lies on the assessment, collaboration, and reporting practices usually introduced by apparel retailers (focal company) to manage social risks and improve the social performance of apparel suppliers. In this regard, a careful examination of each of the supply chain actor is given by paying attention to the factors and relations that assist, motivate, and impede the implementation, realisation, and achievement of social SSCM in the global apparel supply chain. Thereby, the resulting refined conceptual framework extends the dominant SSCM conceptualizations with inductive findings and finally reveals research gaps that offer potential research directions (*RQ2 and RQ3*).

Given the suggestions for further research derived from Research Study 1, Research Study 2 contributes to the conceptual map by adding a further critical apparel supply chain actor, the so far highly neglected independent apparel sourcing intermediary (in this study referred to as apparel sourcing agent). First, it investigates the driving factors for Vietnamese suppliers i.e., the independent sourcing intermediary and the garment factories in its supplier base to implement social management strategies (*RQ4*) and subsequently explores the enabling roles assumed by the apparel sourcing intermediary for the implementation of social compliance, supplier development and communication strategies (*RQ5 and RQ6*).

Research Study 3 aids to the overall research framework by the exploration of buyer-supplier relationships in apparel supply chains with a particular focus on the implementation of social standards at Vietnamese and Indonesian suppliers. For this reason, the Research Study employs agency theory in order to explain why social standards are prone to failures in typical global apparel supply chains by depicting its defective nature (*RQ7*) followed by analyses of how opportunistic behaviour is performed by apparel supply chain actors that translate into social standard non-compliance issues and violations (*RQ8*).

It is important to note here, that the field study locations for Research Study 2 and 3 were primarily based in Vietnam and, respectively, Indonesia. Both are ranked in the Top 10 of the largest exporters for apparel in the world in 2017 (European Commission, 2017; WTO, 2018) and their largest markets are U.S., Japan and Europe (FWF, 2015, 2018).

Vietnam presents a top sourcing destination for apparel in Asia as it is ranked fourth by apparel export value in the list of the largest apparel exporters in the world. Hence it is one of Vietnam's largest industries and a critical contributor to its economic growth, employing over 2,5 million people with over 4000 enterprises located primarily in the north-east and red-river delta area (Better Work Vietnam, 2017; FWF, 2015). The political reliability, stability, as well as its tariff advantages over other Asian countries makes Vietnam attractive for western apparel retailers (European Commission, 2017). The Vietnamese apparel sector is primarily shaped by cut-and-make manufacturers, as raw materials usually need to be imported to the country for further processing. The major production expertise is in sewing followed by weaving/knitting (Better Work Vietnam, 2017). The currently predominant social problems comprise excessive overtime and compensation issues (Better Work Vietnam, 2017; FWF, 2015). The garment industry in Indonesia is a significant contributor to the economy and hence the sector is predominantly supported by the Indonesian government in order to boost its textile and apparel exports. The apparel sector in Indonesia is characterized by covering a full supply chain from spinning to finished garments and produces a wide range of apparel product categories varying from low to high added value products (European Commission, 2017). Although specific technical fabrics might be imported, all other materials are available within the country. In 2013 the garment sector employed about 2 million workers (Better Work Indonesia, 2017). There are over 2.200 medium to large sized garment manufacturers primarily located in DKI Jakarta, East, Central and West Java provinces, whereas the West Java province accounts for around 55 percent of the overall Indonesian garment output and investments continue to boost new factories especially in West and Central Java (Better Work Indonesia, 2017). According to the latest report of FWF (Fear Wear Foundation) major social issues faced in Indonesian garment factories are freedom of association, working hours and conditions, health and safety, and the right to a living wage (FWF, 2018).

Thereby, Vietnam and Indonesia represent ideal research locations to investigate the outlined research questions of Research Study 2 and 3 contributing substantially to existing research gaps. The next sections (3.2, 3.3, and 3.4) present the research design and methodology for each of the three Research Studies more detailed.

3.2 Method for Research Study 1

The primary objective of Research Study 1 is to present a conceptual framework using a typology of barriers, drivers, and enablers for the implementation of SRM in the textile and apparel supply chains to reveal potential research avenues and contribute to the SSCM discipline. To achieve this objective, a thorough literature review followed by a qualitative content analysis of the extant literature was conducted.

As such, dominant SSCM models are identified and discussed to present an a priori framework that guides the content analysis. Thereby the focus has been set on pressures and incentives for SSCM primarily based on the ideas of Seuring & Müller (2008). These pressures and incentives for the implementation of SSCM activities usually derive from stakeholders and exerted to the suppliers by the affected focal companies. Further, the concept of pressures and incentives have been further categorized into enablers, drivers, and barriers following Gimenez & Tachizawa (2012) and Walker & Jones (2012) aiding to enhanced comprehensibility of the a priori framework.

In order to ensure methodological rigor and quality by addressing reliability and validity issues the authors predominantly followed guidelines proposed by Seuring and Gold (2012) and Mayring (2000, 2008) to approach extant literature by the following phases: material collection, descriptive analysis, category selection, and material evaluation. In the first phase, the aim is to define and delimitate the material according to the research objective. During the second phase only publications have been considered for further analysis that (a) are peer-reviewed, written in the English language, and published from 2005 to 2016, (b) have a clear link to the textile and apparel industry, (c) evaluate sustainability issues, but with a clear link to socially related aspects, (d) focus on at least one supply chain actor within the apparel supply chain

Based on the first and second phase 45 papers are identified and the subsequent descriptive analysis of the relevant papers was conducted to offer information on (a) the distribution of the papers over a predefined time-period, (b) supply chain actors and the respective country's level of development that the paper addressed, (c) research methods used.

Next, in the category selection phase, a two-step process is suitable for the analysis. As such, the presented conceptual framework that derived from the literature review offers a priori dimensions and categories (Table B1 - 1 of Research Study 1) for the analysis of the content of the respective 45 papers. As the deductive categories are theory-based and clearly defined,

transparency and objectivity of the research process is given and increases coding reliability. However, further unexpected categories that emerged during the analysis were integrated to the analytical framework (inductive approach). Reliability was ensured by directing a second researcher to the analysis of the papers (Seuring & Gold, 2012).

Ultimately, in the material evaluation phase, all 45 journal papers have been analysed in their verbal and formal content against the suggested categories and dimensions of the a priori conceptual framework Mayring (2000, 2008). In that regard, the professional computer-assisted software MaxQDA (Max - Qualitative Data Analysis) was employed. Based on the combination of descriptive statistics and qualitative content analysis, the study offers detailed insights, allows for the development of a refined conceptual framework for social SSCM that particularly addresses the textile and apparel industry and finally highlights potential research avenues.

3.3 Method for Research Study 2

In light of the present shortcomings on research concerning the apparel sourcing agent and social sustainability, Research Study 2 follows the primary objective to investigate the role played by an apparel sourcing agent in Vietnam in managing and implementing social sustainability within its supplier base. Therefore, Research Study 2 conducts a multiple case study method (Eisenhardt, 1989b; Yin, 2009, 2014) as it is highly useful for theory building approaches (Eisenhardt & Graebner, 2007; Ridder, 2016; Voss, Tsiriktsis, & Frohlich, 2002) and allows the analysis of a contemporary phenomenon in a real-life situation in which the researcher has no control over behavioural events (Eisenhardt, 1989b; Yin, 2014). Moreover scholars explicitly mention that multiple case studies are able to find convincing and robust evidence and guarantee a deep exploration of new and not well understood phenomena (Eisenhardt & Graebner, 2007; Koulikoff-Souvion & Harrison, 2005; Ridder, 2016). As such, when building theory from case studies, case selection using replication logic is suggested (Voss et al., 2002) and the case companies were selected so, that each predict similar results e.g., literal replication (Yin, 2009, 2014). In order to address research quality and ensure rigor during the overall research process the researcher conducted a five-stage research process (Stuart, McCutcheon, Handfield, McLachlin, & Samson, 2002): research question, instrument development, data gathering, data analysis, and dissemination.

Accordingly, the researcher first examined relevant literature, linked theory on apparel sourcing intermediaries to social sustainability in supply chains in which contradictions and research gaps are highlighted. Hence, research questions have been formulated and initiated the

acquisition phase for finding proper cases. Consequently, Research Study 2 sought exclusively for apparel intermediaries and found access to an apparel sourcing agent based in Vietnam who was the gateway to further companies by offering the opportunity to contact, visit and interview a part of its supplier base. In sum and according to predefined specific criteria, the multiple case study comprise five companies i.e. a Vietnamese sourcing agent and four apparel factories that are part of the supplier base located in Vietnam. Moreover, a further critical case was added i.e., a prominent global apparel retailer who is a customer to all of the Vietnamese suppliers subject to Research Study 2 and hence complements the apparel supply chain by presenting evidence from four supply chain stages (detailed case company profiles of Research Study 2 can be extracted from Part C of the Dissertation). In accordance with the research objective and the outlined research questions, the unit of analysis is the apparel sourcing agent.

The primary modes of data collection were semi-structured interviews with eight key senior managers to the topic. This collection was further supplemented with pictures and notes on the spot as well as multiple sources of secondary data i.e. detailed company profiles, current social compliance status, audit documents and reports, corrective action plans, companies' own social compliance checklists, historical sustainability documentations, social compliance presentations for trainings and education, and websites.

As proposed by academics, within-case and cross- case analysis was performed (Eisenhardt, 1989b; Voss et al., 2002). Additionally Research Study 2 took further suggestions for data analysis into account (Cope, 2005; Ponelis, 2015; Stuart et al., 2002; Voss et al., 2002). For the identification of the roles assumed by the sourcing agent in managing and implementing social sustainability, the collected data was coded according to the suggested dimensions and categories that derive from the a priori developed framework (Figure 1 in Research Study 2), often referred to as first-cycle coding (Cope, 2005; Eisenhardt, 1989b; Ridder, 2016). In a next step, the coded data needs to be compiled, organized, reorganized, and abstracted, which was accomplished by using the professional qualitative data analysis software MaxQDA. The use of MaxQDA further ensures sophisticated inspection of the categories by revealing potential relationships and supporting in synthesizing the categories (Ridder, 2016). Despite this deductive approach guided by theory suggested dimensions and categories deriving from the literature, also inductive findings that derive from the collected data itself were incorporated to the analysis (Mayring, 2000; Ridder, 2016). Thereby, it was intended to aid the development of novel propositions that emphasize the role of the apparel sourcing agent in managing and implementing social sustainability in global apparel supply chains.

3.4 Method for Research Study 3

Given the consistent lack of empirical evidence from developing countries and the neglected focus on first- and lower tier suppliers (subcontractors), Research Study 3 takes a closer look on threats and failures to international social standards that are predominantly used in apparel supply chains (*RQ7 and RQ8*). In addition to that, the author came across potential challenges for the implementation of social management strategies indicated by the cases in Research Study 2. Therefore the present study adopts a qualitative multiple case study approach (Eisenhardt & Graebner, 2007; Ridder, 2016; Yin, 2009). Moreover the findings are interpreted with the agency theory lens which is a promising organisational theory for SSCM related research (Delbufalo, 2018; Fayezi et al., 2012; Touboulic & Walker, 2015; Zorzini et al., 2015), thus strengthening the explanatory power of the findings in buyer-supplier relationships that are governed by goal conflicts, different risk attitudes, and information asymmetries.

Therefore, Research Study 3 incorporates the view of Vietnamese and Indonesian suppliers and, as a distinctive feature, involves an Indonesian non-export subcontractor. In sum, the multiple cases represent a comprehensive apparel supply chain that incorporates a prominent European apparel retailer (focal company), five Vietnamese and seven Indonesian apparel suppliers resulting in a four-stage apparel supply chain in which supply chain actors differ in their business model, size, and supply chain position. The distinctive feature of this Research Study is not only the incorporation of the views from developing country Tier 1 suppliers, but also the inclusion of the perspectives of one local CM (subcontractor, Tier 2). Finally, it is noteworthy that a direct relationship from one supply chain actor to another direct supply chain actor is given, which is of high importance to study their interaction from an agency theory lens and supports triangulation.

Data was collected in Europe, Vietnam and Indonesia during March 2017 to May 2018. A total of 13 face-to-face semi-structured interviews with key informants to the topic were conducted. In addition, site visits in all case companies allowed the researcher to make intensive observation, take pictures, videos and notes. Furthermore multiple sources of sensitive secondary data relevant to the research objective was collected and supports triangulation (Seuring, 2008; Voss et al., 2002; Yin, 2009) which involves: detailed company profiles, third-party social audit reports, respective corrective action plans, social audit self-assessment checklists (including initial audit checklist performed by sourcing agents), case company policies and code of conduct.

While Research Study 3 aims to develop theory by the formulation of propositions, case studies are suitable (Eisenhardt & Graebner, 2007; Ridder, 2016; Seuring, 2005; Voss et al., 2002). Accordingly, a literature review on social SSCM (emphasizing compliance strategies and social standards) and agency theory (considering core tenets e.g. goal conflicts and opportunistic behaviour) provides the a priori developed theoretical framework which guided data collection in the field (can be extracted from the main thematic categories in Table B3 of Research Study 3). Hence, the outlined a priori constructs deriving from the literature guide data collection and analysis deductively and allows to extend and develop theory with inductive findings (Koulikoff-Souvion & Harrison, 2005; Ridder, 2016; Voss et al., 2002). In order to ensure the quality of the overall research process the present study developed a case study protocol (McCarthy & Golicic, 2005; Ridder, 2016; Yin, 2009) and follows the five-stage research process suggested by Stuart et al., (2002). It is important to note here, that it is not the major aim to test agency theory, but rather to use its tenets to interpret the findings.

Data was analysed using a thematic qualitative text analysis process and considering a two-step analysis approach by performing within-case and a subsequent cross-case analysis (Eisenhardt, 1989b; Kuckartz, 2014; Ridder, 2016; Voss et al., 2002). In order to ensure rigor during data analysis the professional computer-assisted software MaxQDA was employed and used for interpreting and reporting matrices and code relations (Kuckartz, 2014). Moreover quality of the research was enhanced considering dedicated tests offered by Yin (2009) and by involving a second coder to the coding process (Kuckartz, 2014; Seuring & Gold, 2012). Consequently the semi-structured interviews and all additional text information and observations were analysed by first utilizing a first-cycle coding approach according to the predefined deductive dimensions and categories (main thematic categories in Table B3 - 1 of Research Study 3) derived from the a priori theoretical framework (Kuckartz, 2014; Ridder, 2016). In a subsequent step, the thematic categories were selected one by one for further differentiation by creating sub-categories i.e. novel findings that emerged from the data itself were included to the analysis process (inductive category construction). Hence data was compiled, organized, reorganized, and abstracted to finally explore relationships and achieve a final synthesis of the categories (Kuckartz, 2014; Ridder, 2016). Ultimately, this approach aids to the statement of novel propositions in order to explain why and how social standard non-compliance issues and violations in apparel supply chains are likely to occur.

4 Key Findings and Discussion of the Exploratory Research Studies

Given the relevance and objectives of the dissertation at hand, its respective conceptual and theoretical positioning, and the overall research framework that illustrates the coherence of the three Research Studies, this chapter presents and briefly discusses the key findings of the three exploratory Research Studies (sections 4.1 – 4.3). The full extent of the three Research Studies can be obtained in in Part B of the Dissertation at hand.

4.1 Research Study 1

This study conceptualizes social SSCM in the context of the apparel industry, by enlightening apparel retailers' social risk management (SRM) practices facilitated through collaboration, assessment and reporting activities with the ultimate aim to mitigate stakeholder risks and improve supplier's social performance (Freise & Seuring, 2015; Gimenez & Tachizawa, 2012; Kozlowski et al., 2015; Seuring & Müller, 2008). It is noteworthy that only 45 socially related papers with a clear link to the textile and apparel industry have been detected, confirming the scarcity and young stage of social SSCM research. Nevertheless, there is a significant contribution of the Research Study as it develops a comprehensive map that concentrates only on the apparel industry (Brandenburg & Rebs, 2015) and thereby extends the existing dominant SSCM frameworks by depicting inductively developed drivers, enablers, and barriers to SRM. To the best of the author's knowledge, no other study conceptualized social SSCM that particularly aims at the apparel industry and its management of social risks. Thereby, the framework can be used as a general guide for social SSCM research by offering research directions that help to further expand socially related SSCM literature. Moreover, managers of the apparel industry can extract critical strategies for the integration of CSR into their business or learn about the interrelation of different CSR practices as well as threats and obstacles to its effectiveness.

More specifically, the framework reveals that within the apparel industry, *social performance* metrics are predominantly addressed by improving a supplier's performance for (1) human rights i.e. the formation of unions, (2) unfair wages, (3) excessive working times, (4) child/forced labour, (5) unhealthy/dangerous working conditions, and (5) discrimination. For the achievement of a supplier's improved social performance, *collaboration practices* in the apparel industry suggest the development of trust, commitment, and long-term partnerships. In this regard, collaboration needs to consider a combination of both, compliance oriented and commitment oriented relationships between CSR buyers and suppliers (Locke et al., 2009).

Moreover, offering cost sharing activities, incentives, better prices and eliminating pressures on too short lead-times are critical to foster a social sustainable supply chain. Major *assessment practices* in the apparel industry include physical inspections such as first- and third party audits, external monitoring and certification schemes, use of third party monitors, and respective corrective action plans (CAP) according to the social audit results (Mamic, 2005). Ultimately, the abovementioned collaboration and assessment efforts become part of respective *reporting activities*. Reporting, as a means to mitigate social risks deriving from stakeholders, is primarily tackled with an apparel retailer's CSR report published on websites for external use. Reports for internal use usually aim at suppliers to e.g. show internal audit results and may create and internally publish a supplier ranking system based on supplier's compliance level. Most importantly, reporting efforts are critical to ensure transparency and legitimacy that mitigates reputation loss, educate and engage consumers, and implies awareness building aims (Kozlowski et al., 2015; Mamic, 2005; Tate et al., 2010).

However, it is important to learn what *motivates, assists, or hinders* a company in practicing the outlined SRM practices. In this regard, stakeholder pressures are the primary risks playing the most significant role in driving apparel retailers to implement SRM practices. For the apparel industry, media, NGOs such as the Clean Clothes Campaign (CCC) and multi-stakeholder initiatives (MSIs) act as watchdogs who target apparel retailers. Prominent MSIs in the apparel industry are the Social Accountability 8000 (SA8000), the Fair Labour Association (FLA), Worldwide Responsible Apparel Production (WRAP), Ethical Trade Initiative (ETI) and the Fair Wear Foundation (FWF) (O'Rourke, 2006). Consequently, in order to address stakeholder scrutiny and threats, apparel retailers become members of MSIs in order to gain legitimacy and enhance their brand image. Another significant finding of the study is that MSIs are not only certifying and monitoring entities. The proactive collaboration of apparel retailers or suppliers with MSIs provides additional opportunities such as access to trainings, valuable CSR tools, advices or documents. Thus MSIs act not only as drivers for companies, but also as important enablers as they are able to assist apparel retailers or suppliers in their collaboration, assessment, and reporting efforts (O'Rourke, 2006).

However, in the same breath, MSIs can be too corporate driven and hence audit reports of e.g. the FLA can fail in detecting the right to form unions, strike, and bargain collectively as they are considered as substantial threats for the running business of retailers (Anner, 2012). Moreover, the MSI suggested codes of conduct are limited in their improvements and have uneven impact on the supplier's social performance and have been found to offer low levels of

transparency (Egels-Zandén & Lindholm, 2015; O'Rourke, 2006). Further, code implementation, auditing, and monitoring practices present a financial risk for both, the apparel retailers and suppliers translating to further barriers for SRM. In light of the downward price, lead-time, and quality pressures, it is increasingly paradox and difficult for suppliers to pursue their economic interest whilst complying with the cost intensive multiple codes and standards required by different apparel retailers (Perry & Towers, 2013). Consequently, suppliers are likely to keep double books and perform mock compliance during audits (Huq, Zorzini, et al., 2014). In addition the study found that the cultural background of a developing countries' society, as well as its socio-economic and political situation are antecedents for the lack of education and awareness of factory workers towards social concerns (Huq, Zorzini, et al., 2014; Perry & Towers, 2013; Zorzini et al., 2015). Finally, it has been found that the government is a weak driver for SRM adoption, as the common apparel sourcing countries are very likely poisoned with high corruption rates, bribery and low levels of legal enforcement (Huq, Zorzini, et al., 2014; Yu, 2008).

For the suppliers, the most critical drivers derive from apparel retailers who pass on pressures to their suppliers to be compliant with local, national, and international laws, hence additionally insist on the adoption of international private social standards and the commitment of the retailer's own CoC. Moreover, improved working conditions in factories may attract skilled labour, decreases labour turnover and increases productivity in the facilities (Perry & Towers, 2013). Thus, a socially certified supplier is able to enhance its image, differentiate itself in the market, improve its own operational performance in order to strengthen its competitive situation, and win large orders by important apparel retailers (Stigzelius & Mark-Herbert, 2009).

Nevertheless, findings of the study suggest that the most significant enabler is the internal orientation of an apparel retailer towards social sustainability concerns suggesting proactivity, rather than being reactive to e.g. stakeholder concerns. As such, study highlights that the precondition for effective implementation of SRM practices is an apparel retailer's or supplier's internal commitment and orientation towards social responsibility, no matter how triggered or motivated a company is to practice SRM (Freise & Seuring, 2015). In other words, an apparel retailer's or supplier's organisational culture and core values need to be shaped by fair labour management principles for any internal alignment or action (Park-Poaps & Rees, 2010; Zorzini et al., 2015).

In sum, the study confirms that the apparel sector is highly problematic, as the supply chain is globally fragmented involving multiple suppliers located in different developing countries and thus lacks transparency, especially when lower tiers are involved. It turns out that governmental pressures seem not to be important drivers of reaching social goals in the apparel industry (Freise & Seuring, 2015). In fact, specific social risk management practices such as social standard adoption are imperative and widely used, but yet misused instrumentally, rather than being really helpful for workers. Paradoxically, these specific practices can even cause pressure, as suppliers are forced to comply with social standards or CoC, while simultaneously trying to reduce costs for the sake of their economic interest. It seems that, as long as focal companies in the supply chain are not truly social sustainability oriented and merely focus on profit maximization, CSR practices come to nothing and move in a vicious circle.

Another important contribution of the study is that it reveals research gaps and outlines research avenues. Thereby, as outlined earlier, the low quantity of paper samples (45) for content analysis confirms the lack of socially related studies in SSCM. Further empirical research is critical to shed light on the non-transparent apparel supply chain and thus propose more representative propositions. In short, key research avenues that derive from the content analysis involve the following:

Although researchers in the field analyze drivers, enablers and barriers concerning each supply chain actor (stakeholders, apparel retailers and suppliers), they commonly provide evidence from a buyer's perspective i.e., developed countries. Empirical evidence from developing countries remains highly neglected. It seems that researchers in the field have difficulties in finding access to developing country suppliers and thus more research is needed that incorporates the suppliers perspective (Grimm et al., 2016; Nakamba et al., 2017; Perry & Towers, 2013; Zorzini et al., 2015). For example, the question arises whether social management strategies can successfully coexist considering the apparel industry's characteristics. Consistent with previous literature reviews, codes and standards need to be further investigated in terms of their effectiveness in developing countries (Nakamba et al., 2017; Quarshie et al., 2015; Zorzini et al., 2015). More specifically, as evidence from developing country apparel suppliers falls too short, in-depth interviews with factory managers in order to gain new insights and fuel the SSCM debate is critical (e.g. Huq, Zorzini, et al., 2014). Additionally, it is striking that no paper could be found that integrates sourcing intermediaries such as apparel sourcing agencies or vendors into the SSCM debate, although they are a predominantly used and vital in apparel supply chains (Cook & Kozar, 2017; Fung

et al., 2007; Masson et al., 2007; Popp, 2000). Further, in order to provide solutions or at least opportunities for a more successful implementation of social management strategies, best practice case studies should be considered to learn from commendable companies that successfully implement CSR activities (Goworek, 2011). Another salient research gap is the narrow findings of a focal company's enablers. Yet, proactivity based on the internal orientation of a company seems to be the only concise assisting factor that emerges internally at focal companies. Researchers may find further assisting factors by going more into detail and focusing on enablers at each SSCM actor.

Briefly, the developed framework of this study provides further grounds to the SSCM field, however throws up many questions just as it answers. Although some academics propose social management strategies and point at respective drivers, enablers and barriers, its practicability to multi-tier supply chains spread in developing countries is insufficiently investigated. Therefore, exploratory studies can contribute substantially to further complete the proposed map especially by shedding light on the suppliers' perspectives located in developing countries.

4.2 Research Study 2

The second Research Study is, to the best of the author's knowledge, the first that examines sustainability related roles assumed by sourcing intermediaries for an apparel retailer's management of social issues.

First, this study depicts comprehensively why Vietnamese suppliers, including a sourcing intermediary (i.e. independent sourcing agent) and Tier 1 factories, are motivated to embrace social responsibility. Stakeholder pressures on apparel retailers result in the requirement for minimum social performance that is compliance with an international social standard. Consequently, suppliers adopt the required social standards in order to gain business eligibility, legitimacy and reliability in the apparel industry. However, the primary reasons for suppliers to invest monetary resources on social responsibility are purely economic, seeking for big order placements and long-term contracts. Governmental pressures on Vietnamese suppliers were perceived high due to strict regulations on minimum requirements and lately more frequent visits from legal auditors what seems contradictory to earlier research (Freise & Seuring, 2015; Hoang & Jones, 2012; Huq, Zorzini, et al., 2014; Park-Poaps & Rees, 2010). However, this is not because the Vietnamese government is intrinsically motivated to put emphasis on social responsibility in their apparel sourcing market, but was attributable to the Rana Plaza incident which caused stakeholder pressures on apparel sourcing countries and the chance for Vietnam

to boost its exports for textiles and apparel as a result of the imminent trade war between the US and China (apparelresources, 2017; bloomberg, 2017; Khanh, 2018). This indicates that the today`s interrelated global economies and respective political decisions on trade relations indeed do can have significant effects on social compliance in apparel sourcing countries such as quotas (Appelbaum et al., 2005). Still, concerning the Vietnamese government, it needs to be noted that bribery acts and mock compliance are not seldom cases as managers at suppliers reveal.

Investigating the above motivation factors was particularly helpful not only to understand triggers, but also to dig deep into the buyer-supplier interaction and to understand how the actors manage social sustainability. Based on the learnings from Vietnam, the study sheds light on the critical expertise and capabilities of apparel sourcing agents in developing countries by the formulation of four social sustainability roles: social sustainability supplier developer and coordinator (*P1-2*), social sustainability gatekeeper and safeguard (*P3-7*), social sustainability cultural broker (*P8*), and social sustainability risk manager (*P9-10*). These assumed social sustainability roles resulted in the development of ten research propositions that substantially support, assist and facilitate the implementation of social management strategies (*P1-10* in Figure 4):

P1: Due to its supplier developer role the social sustainability oriented sourcing intermediary significantly enables the implementation of social sustainability in alignment with apparel retailers' required social MSI standards and certifications.

P2: As a result of its supplier development strategies, the social sustainability oriented sourcing intermediary is able to perform the coordinator role, which develops trustful and collaborative relationships with its supplier base and consequently with apparel retailers.

P3: The social sustainability oriented sourcing intermediary is the most critical facilitator in communicating social requirements to the respective apparel supply chain actors.

P4: The social sustainability oriented sourcing intermediary is the most critical facilitator in communicating actual social sustainability status of factories to apparel retailers.

P5: Apparel retailers pass on social responsibility, thus transferring social management strategies to intermediaries when sourcing from developing countries.

P6: The social sustainability oriented sourcing intermediary acts a social sustainability safeguard for apparel retailers by presenting a socially responsible supplier base or at least high potential socially responsible factories.

P7: The social sustainability oriented sourcing intermediary acts as a significant enabler for developing country apparel factories to achieve business eligibility and visibility based on apparel markets' social sustainability requirements.

P8: The social sustainability oriented sourcing intermediary significantly reduces cultural tension between western retailers and developing country factories and ultimately enhances supplier development and communication strategies within the apparel supply chain.

P9: Due to its gatekeeping and safeguarding role, the social sustainability oriented sourcing intermediary assumes high social management risks.

P10: The social sustainability oriented sourcing intermediary assumes high risk in securing and developing capabilities of the apparel factories, which can leave them once a factory finds business maturity and is visible to the markets, thus contracting directly with apparel retailers.

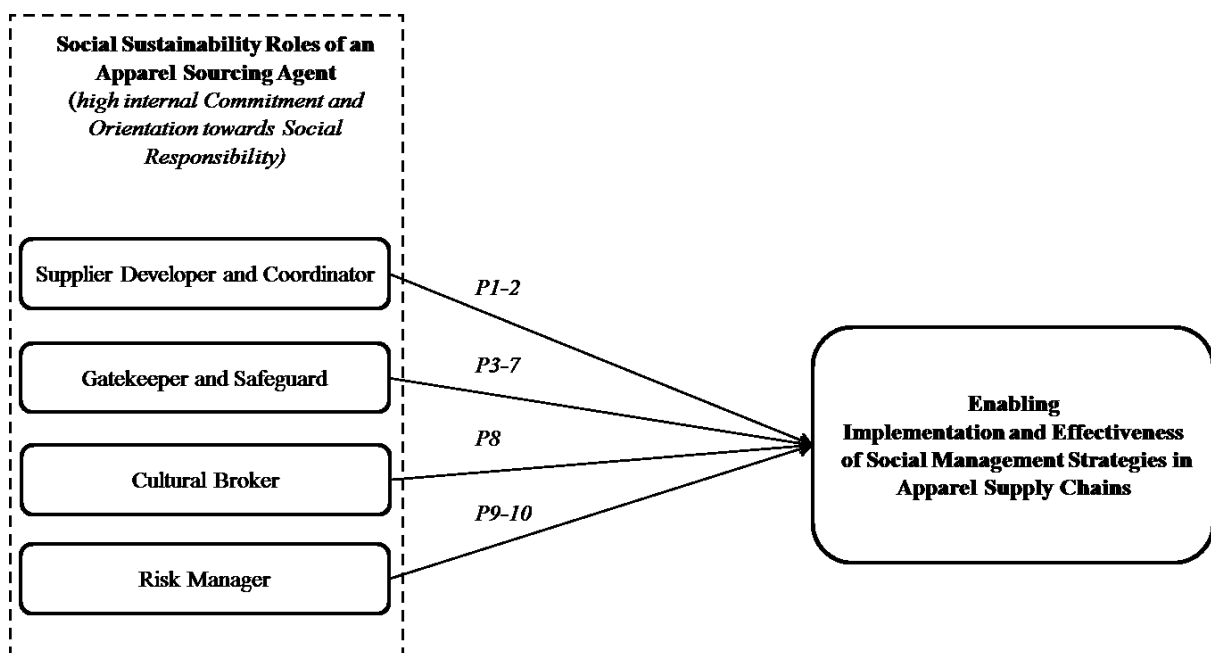


Figure 4. Social Sustainability Roles assumed by a Vietnamese Apparel Sourcing Agent

Each of the sourcing agent's social sustainability roles outlined above enormously benefit from its spatial proximity to the factories, but more importantly, from the cultural sensitivity in understanding both, the Western and Asian cultures. The *cultural broker* role is especially important considering earlier research which report spatial, linguistic, and cultural distance to

be key obstacles for supplier development strategies and social sustainability implementation (Auchter, 2015; Awayshe & Klassen, 2010; Busse, 2016; Ciliberti et al., 2011, 2008; Grimm et al., 2016; Pedersen & Andersen, 2006). Yet, a sourcing agent is capable of leveraging spatial, cultural and linguistic distance in contrast to a direct retailer-factory relationship.

Next, it turns out that the sourcing agent's *supplier developing and coordinating roles* are critical for establishing trustful and collaborative relationships to all of its factories in its supply base. The relevance of this role is further empowered considering the literature which underlines that establishing trustful collaborative relationships will lead to an increased adoption of social compliance strategies and support the social sustainability process within the apparel supply chain significantly (Gimenez & Tachizawa, 2012; Locke et al., 2009; Perry & Towers, 2013; Sancha et al., 2015; Yawar & Seuring, 2015). Consequently, collaborative partnerships evoke trust and commitment between the supply chain partners and have significant effects on the improvement of CSR related activities and the willingness of suppliers' to conform with social responsibility requirements (Carter & Jennings, 2002; Gimenez & Tachizawa, 2012; Huq et al., 2016; Locke, Kochan, Romis, & Qin, 2007; Oelze, 2017). In fact, the study shows that an apparel sourcing agent is capable of educating and convincing factories through direct and indirect supplier development to be socially compliant. Based on this, the mediating sourcing agent is able to assume the coordination role, which enables trust and collaboration. In other words, the support and visibility to the market a factory gains through an apparel sourcing agent builds up trust between the two actors, which ultimately results in collaborative partnerships. Ultimately, the supplier developer and coordinator roles not only increase a supplier's awareness towards social sustainability but also develops transparency among supply chain partners.

Moreover, potential issues that arise in the buyer-supplier relationship include the lack of knowledge regarding sustainability issues, which has been declared to be a major barrier in establishing a collaborative relationship between apparel buyers and suppliers (Oelze, 2017). Therefore, this study shows that a sourcing agent can leverage communication issues between apparel retailers and factories, especially by successfully channeling social sustainability information, such as educating about the actual requirements or informing on the reports and documents available to the respective supply chain actors. Through the workshops and trainings that apparel retailers may provide for sourcing agents, a platform of knowledge exchange for social sustainability can be established. Subsequently, the knowledge and critical information collected by the sourcing agent can be passed on to factories in its supply base, again via

workshops and training, but also through frequent meetings with factory managers on the spot. In addition to that, a sourcing agent informs apparel retailers via documents and reports especially about the actual state of the social sustainability status of the factories they contract with. Thereby trust can be strengthened significantly especially through an sourcing agent`s initial audits, monitoring activities, development of compliance status documents of factories, backing the factories during third party audits, providing corrective action plan support to the factories, and finally transparent communication with the factories (Locke, Qin, et al., 2007; Turker & Altuntas, 2014). Consequently, a sourcing agent is able to close knowledge gaps and can act as a *gatekeeper and safeguard* who filters only socially compliant or at least high potential factories to its customers, i.e. apparel retailers.

Finally, in light of its gatekeeping and safeguarding role the sourcing agent assumes risks whenever violations or social issues appear in its supplier base. For example, typical production risks will be transferred to the sourcing agent via written contracts. In the case of failing the contract requirements a financial penalty is incurred based on retailer allegations (Mette Vedel & Chris Ellegaard, 2013; Neu et al., 2014). In this regard, the findings indicate that social management strategies traditionally performed by apparel retailers will be transferred to the sourcing agent and with it the responsibility to ensure a socially sustainable supply chain. Thus, in the context of social sustainability, the sourcing agent takes over additional social risk by the committing to the required CoC and social standard requirements from the apparel retailers. One highly interesting finding in this case is, despite the dependency of Vietnamese factories` to find business with western retailers through sourcing agents, there is an obvious reluctance to contract with them, because factories seek predominantly direct business with western apparel retailers. This is attributable to the cut in profits when contracting with a sourcing agent (Belavina & Girotra, 2010; Masson et al., 2007; Mette Vedel & Chris Ellegaard, 2013). Hence, this turns out to be a potential risk for the sourcing agent, because once factories are upgraded, have found maturity in ensuring social compliance, and are well connected with western retailers, they could have the chance to dismiss the partnership with the sourcing agent for realizing better prices. As such, the sourcing agent assumes high risks in form of investments to a factory, especially considering its transaction costs for supplier development strategies, potential investments for social sustainability improvements into new factories to fulfil future orders (Choi & Krause, 2006; Vachon & Klassen, 2008). Thus, by taking the apparel retailers` point of view, a sourcing agent acts as a *social risk manager*.

In sum, the study shows that a socially oriented sourcing agent not only adds value with its traditional primary services for achieving better prices, quality and lead times on behalf of apparel retailers (Belavina & Girotra, 2010; Cook & Kozar, 2017; Fung et al., 2007; Masson et al., 2007; Neu et al., 2014), but also can act as a social sustainability manager. This is a highly crucial and novel contribution to the SSCM debate. Moreover, the study demonstrates how the assumed social sustainability roles of an apparel sourcing agent can prosper trust and transparency among the supply chain actors (Yawar & Seuring, 2015) what fosters the implementation and effectiveness of social management strategies. In this regard, this study one more time points at the critical precondition that an apparel sourcing agent needs to show high degrees of internal commitment and orientation towards social responsibility. Finally, the study confirms that social management strategies are not mutually exclusive, but rather cohesive (Gimenez & Tachizawa, 2012; Yawar & Seuring, 2015) what is highly important to bear in mind when firms approach CSR.

Overall, the contribution is threefold as this study explores the role of the sourcing intermediary (i.e. independent sourcing agent), with evidence from a developing country and from more than one sustainable supply chain actor including three stages of the supply chain i.e., a western apparel retailer, a sourcing intermediary, and multiple suppliers. Therefore, it substantially contributes to existing SSCM research and offers valuable guidelines and advices for managers of apparel retailers, sourcing agents, and suppliers.

4.3 Research Study 3

The purpose of this paper is to explore why dominant international social standards (i.e. BSCI, WRAP, or SA8000) used in the apparel industry are prone to non-compliance and how related opportunistic behaviours performed by apparel supply chain actors can be described.

By adopting the agency theory lens, the empirical findings of this study clearly reveal the defective nature of apparel supply chains that is governed by substantial goal conflicts between buyers and suppliers. Based on the evidence collected from Vietnamese and Indonesian apparel factories (Tier 1 and Tier 2 suppliers) and one prominent European apparel retailer, the study highlights the substantial goal conflict potential in a typical apparel supply chain (Table C3 - 3).

Thereby, one distinctive feature of this study is the emphasis of the combination of (1) self-interest, (2) perceived social sustainability risks, (3) social standard compliance uncertainty, (4)

social standard responsibility risk acceptance, (5) social standard implementation costs and the use (or absence) of (6) safeguards that apparel supply chain actors assume. These antecedents ultimately determine the degree of goal conflicts between the supply chain actors that in turn interferes social standard implementation and compliance in apparel supply chains. In fact, from a sustainability point of view, this adds novel characteristics to the typical apparel supply chain that can be highly useful to evaluate the CSR potential in complex supply chains and ultimately understand their interrelationships and effects.

Generally, the analyses indicate that the perceived social sustainability risks in case of social irresponsibility is significantly high for apparel retailers, sourcing agents, and Tier 1 factories, but not for the local Contract Manufacturer (CM, subcontractor, Tier 2). Given the fact that the apparel retailer sets the basic economic conditions in the supply chain, order winners are primarily determined through downward price, lead-time and quality pressures, but in the same run by social standard certification requirements that entail high costs especially for suppliers. Additionally, each supply chain actor of the apparel supply chain is highly driven by its economic self-interest anchored within this paradox. Moreover, the study clearly identifies that social standard implementation in Vietnamese and Indonesian apparel supply chains is exposed to high outcome uncertainty due to supply chain risks that will deteriorate social standard compliance. Particularly, exogenous effects such as culture and low governmental enforcement, raw material delays, local and international market competition but also significantly often internal effects such as managerial capabilities and characteristics and flawed production processes have been found as major supply chain risks. Based on this, it turns out that the apparel retailer and the CM (subcontractor, Tier 2) show both low degrees of social risk acceptance i.e., the willingness to accept the risk for ensuring implementation and compliance of social standards in apparel supply chains, although social standard compliance uncertainty (due to external and internal supply risk sources) may affect its success. Whereas, sourcing agents and Tier 1 suppliers assume high degrees for accepting social risks. In addition to that, the incurred social standard implementation and compliance costs in combination with the absence of price premiums, cost sharing activities and order continuity ultimately aids to a defective and conflictual apparel buyer-supplier relationship.

Consequently, supply chain actors are motivated to behave opportunistically what translates into violations of social standards and thus threatens CSR efforts substantially. Therefore, ten propositions have been formulated that identify opportunistic behaviours performed by the

apparel retailer (*P1, P1a, P1b*), apparel sourcing agents (*P2, P2a, P2b*), and Tier 1 suppliers (*P3, P3a, P3b, P3c*) towards social standard implementation and effectiveness (Figure 5):

P1: When risk acceptance for social standard implementation and compliance is low, the apparel retailer is likely to perform hidden characteristics, as its buying/sourcing managers misrepresent their capabilities to calculate adequate seasonal and short-seasonal product orders ex-ante

P1a: When economic self-interest is high and risk acceptance for social standard implementation and compliance is low, the apparel retailer is likely to perform hidden intentions by calculating inadequate order quantities (ex-ante) and placing unexpected orders (ex-post) at factories (Tier 1).

P1b: When economic self-interest is high, risk acceptance for social standard implementation and compliance is low and assumed social standard costs are low, the apparel retailer is likely to perform hidden intentions by promising cost sharing for social standard implementation to Tier 1 factories ex-ante, but is not going to keep the promise ex-post.

P2: When economic self-interest and the risk acceptance for social standard implementation and compliance is high, the apparel sourcing agent is likely to perform hidden characteristics and hidden intentions by accepting orders based on price and lead-time pressures (ex-ante), that will unavoidably lead to visible subcontracting activities to local CM's (ex-post).

P2a: When economic self-interest, risk acceptance for social standard implementation and compliance and assumed social standard costs are high, the apparel sourcing agent tends to perform hidden actions by accepting orders based on price and lead-time pressures that will lead to subcontracting activities to local CM's without the apparel retailer's permission.

P2b: When economic self-interest and risk acceptance for social standard implementation and compliance is high, the apparel sourcing agent is likely to perform hidden actions in order to create lead-time buffers by withholding or modifying information to retailers and factories (Tier 1).

P3: When economic self-interest and risk acceptance for social standard implementation and compliance is high, the Tier 1 apparel factory misrepresents its capability (ex-ante) to meet the price and lead-times of buyers without compromising on social standards.

P3a: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory performs hidden intentions as they categorically prefer (ex-ante) to opt for overtime or subcontracting to local non-export CM's, rather than taking the option of air-freights or discount claims (ex-post) that can be imposed by buyers in case of potential lead-time delays.

P3b: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory tends to perform hidden actions by neglecting social performance monitoring of their CM's.

P3c: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory is likely to perform hidden actions by cheating with double books and mock or symbolic compliance practices

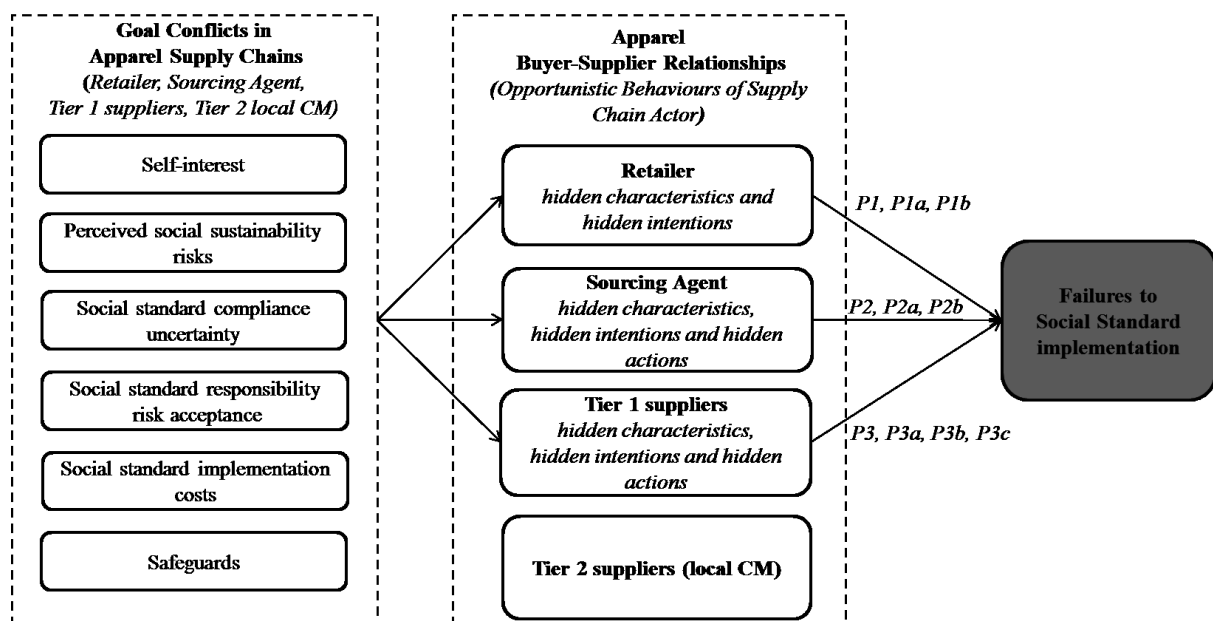


Figure 5. Goal Conflicts and Opportunistic Behaviours in Vietnamese and Indonesian Apparel Supply Chains impeding Social Standard implementation and effectiveness.

In sum, apparel retailers have been found to perform hidden characteristics and hidden intentions, whereas sourcing agents and Tier 1 factories are performers of hidden characteristics, hidden intentions, and hidden actions. In this regard, the most common and frequent social standard violations include overtimes, health and safety, compensation/wages and benefits, trainings for production workers, subcontractor social audits and monitoring, double books and mock compliance.

A highly interesting finding is that within this research context no opportunistic behaviour could be detected at the CM (subcontractor, Tier 2). This is due to the fact that local non-export CM's are primarily focusing on the local market and hold no export-license, especially to avoid price, lead-time and social standard implementation and compliance risks (no risk acceptance). Therefore, they underlie merely local law labour regulations but do not have direct obligations towards international social standards (Mares, 2010). Interestingly, all supply chain actors (apparel retailer – Tier 2 supplier) are aware that subcontracting business is a highly critical threat to social standards and responsibility. Those factories that hold a social standard certification neglect social audits and monitoring at CM's due to costs and time incurred but also because there is little chance to enforce a social standard's principles at non-export CM factories as sourcing agents or Tier 1 factories are heavily dependent on their services to meet price and lead-time objectives. Although at the very first sight it might seem that subcontractors in apparel supply chains are the ones cheating or shirking towards social responsibility, they are rather a huge part of the symptom. Another interesting finding is how culturally underpinned mind-set of factory workers (who are ironically the primary target of any social standard) impedes compliance with private social standards (Auchter, 2015; Perry & Towers, 2013; Zorzini et al., 2015). For instance, factory workers are proactively seeking for overtime in order to achieve higher salaries and pressure to leave the factory for another that grants higher overtime rates (Sartor et al., 2016), what is contradicting to prior research (Huq, Zorzini, et al., 2014).

By adopting agency theory and focusing on multi-tier supply chain actors from developing countries, this study reveals new insights to the social sustainability discipline and serves as a promising starting point to reconsider and scrutinize the currently available social sustainability practice. If complex globally dispersed supply chains are naturally governed by goal conflicts and opportunistic behaviour of supply chain actors, the question arises what SSCM related compliances practices, such as social certification, monitoring, and auditing per se can achieve for social sustainability improvements. For example, the vast majority of the Vietnamese and Indonesian suppliers signify their reluctance to contract with sourcing agents or almost every single case factory admit that they can easily prepare their facility for upcoming announced and semi-announced audits indicating mock and symbolic compliance. Based on this study's findings, it seems that requiring international social standards are part of the problem and put further negative pressure on upstream supply chain actors, as long as suppliers are not incentivized with proper safeguards. In such a defective supply chain setting, social standards are ultimately prone to opportunistic behaviours and even cause considerable pressures on

suppliers that urge them to keep double books or perform mock compliance during social audits, what is contradicting to earlier research (Ciliberti, de Groot, de Haan, & Pontrandolfo, 2009; Ciliberti et al., 2011). Additionally, social standards are not capable and insufficient in considering internal and external supply risks such as sourcing managers of apparel retailers who calculate inadequate order quantities, or a supplier's national cultural mind-set, flawed production capacity planning, raw-material delays, and low governmental enforcement or local and international market competition at the supplier country. For example, the study presents an understudied challenge as factory workers in Vietnam and Indonesia proactively seeking for overtime in order to achieve higher salaries and pressure to leave the factory for another that allows excessive overtime rates (Sartor et al., 2016), what is contradicting to earlier findings in the same research context (Huq, Zorzini, et al., 2014). Moreover, factory workers are not willing to accept western-based codes due to their culturally underpinned mind-set and comfort reasons at work (Auchter, 2015; Perry & Towers, 2013), especially concerning health and safety issues such as wearing safety shoes, gloves and masks, or blocking exit doors (Huq et al., 2014).

The study contributes to the SCM debate in many ways as it explores the interactions and relationships of four apparel supply chain actors located in Europe, Vietnam, and Indonesia and uncovers many shortcomings. Based on the theoretical contribution outlined in form of propositions, researchers are now able to better specify their focus when investigating social sustainability in supply chains. Managers need to rethink their current CSR strategies and can use the propositions to set new social sustainability criteria to their strategic and operative agenda that will help to mitigate or avoid opportunistic behaviours in their supply chains.

5 Conclusion

Recall the primary overarching research questions of the dissertation at hand:

- *Why and how is social SSCM embedded in global apparel supply chains?*
- *What are challenges to social SSCM in global apparel supply chains?*

In order to address the above research questions, the three underlying Research Studies investigate drivers, enablers and barriers to social sustainability in apparel supply chains. By doing so, it contributes to a better understanding of how firms can manage social sustainability in apparel supply chains. Overall, the three Research Studies depict that the apparel retailers implement social management strategies primarily based on stakeholder pressures. In this regard, NGOs are perceived as watchdogs and due to their disclosing efforts, ethical violations

will spread immediately across (social) media leading to significant reputation losses that cause economic risks. The Research Studies further indicate that apparel suppliers from developing countries are “followers” and simply adopt any requirement demanded by major apparel retailers to win orders and be able to run their business. This can be a blessing or a curse at the same time, depending on the buyer’s requirements. Yet, within the buyer-driven apparel industry, multinational apparel retailers are the orchestrators for setting up the supply chain and its conditions, however offer contracts under paradox conditions i.e. downward price, lead time, and quality pressures and compliance with social requirements, thus exerting significant pressures upstream the supply chain.

As a result, apparel supply chains typically adopt preferably compliance and communication strategies for the management of social issues that include the adoption of international private social standards, social audits, social monitoring, and social reporting activities initiated by apparel retailers. Although these strategies might work for mitigating risks, they are highly limited in their power to improve social concerns in developing country factories considering the defective apparel supply chain as the third Research Study clearly shows. Especially apparel retailers need to rethink their perspectives on CSR, particularly when requiring private social standard implementation and compliance from their supply chain partners. If complex globally dispersed supply chains are naturally infected with goal conflicts between supply chain actors, the question arises what compliances strategies per se can achieve for social sustainability improvements. According to the evidence given, it seems that the requirement and adoption of social standards are part of the problem, because yet upstream supply chain actors are additionally pressured, rather than incentivized with price premiums, monetary support or continuous orders. In fact, this ultimately leads to opportunistic behaviours accompanied by mutual distrust and opacity weakening compliance strategies substantially and translates into social standard violations typically concerning overtimes, health and safety, compensation/wages and benefits, trainings for production workers, subcontractor social audits and monitoring accompanied with double books and mock compliance activities. This in combination with low governmental enforcement in Vietnam and Indonesia highlights the charade on compliance strategies and the respective improvement of social issues in apparel supply chains. In fact, suppliers in developing countries confirm that social standards are majorly perceived as instrumental tools. Furthermore, the second and third Research Study point out that the supplier development strategy is highly neglected by apparel retailers, thus shifting the responsibility and with it the risk for ensuring social compliance to upstream supply chain actors, fueling the barriers for CSR effectiveness. One reasonable explanation is that the

supplier developing strategy is more resource intensive in terms of costs and time (Sancha et al., 2015) compared to compliance and communication strategies, particularly when bearing in mind highly complex supply chain structures that include hundreds or thousands of suppliers tracing back to the economic self-interest of apparel retailers.

Based on Research Study 1 and 2 it turns out that the internal orientation and commitment of an apparel retailer towards social responsibility is the most critical prerequisite to CSR implementation, effectiveness and finally communication, offering chances and opportunities for an integrative approach of achieving profits on a more socially responsible way. While Research Study 1 proposes the importance of a collaborative buyer-supplier relationship, Research Study 2 particularly confirms with evidence from the field that the supplier development strategy is an inevitable catalyst for ensuring trust, commitment, and long-term partnerships, thereby aiding on effective CSR implementation. As such, the Research Studies emphasize that compliance, communication, and supplier development strategies are cohesive and do little on their own (Gimenez & Tachizawa, 2012; Yawar & Seuring, 2015). Moreover, developing a trustful partnership with a socially oriented apparel sourcing agent offers many opportunities to overcome some of the present obstacles for implementing social management strategies. In fact, Research Study 2 is a good demonstrative case revealing chances for apparel retailers for setting up their supply chains through socially oriented sourcing agents, especially for small and medium-sized enterprises that do not possess the resources to manage their sourcing activities directly with suppliers. Moreover, the three Research Studies emphasize how important specific incentive systems are to foster social sustainability. Additionally, the first Research Study argues that a close collaboration and social dialogue with NGOs such as the Clean Clothes Campaign (CCC) or FWF can help to facilitate social management strategies and should be taken as a chance for gaining credibility and legitimacy (Meixell & Luoma, 2015; Pruett, 2005).

Given the massive challenges outlined in Research Study 1 and 3, it seems that apparel retailers do have an obvious lack in understanding that the TBL suggests an integrative model in which sustainability is anchored in the intersection of the three dimensions. Therefore, it is not surprising that the barriers to social sustainability are predominant in this dissertation. Yet, the three Research Studies ascertain that apparel retailers and brands approach social, environmental, and economic dimensions parallel and next to each other, rather than integrative. More specifically, during the entire research project it turned out that apparel retailers are yet not capable of integrating the social dimension into their economic objectives

and hence, it is not surprising that social responsibility is perceived to be conflictive for the yet most critical criteria to run business: maximizing profits.

A good practical example summarizing the contrasting arguments above, is the contemporary issue on the Accord on Fire and Building Safety in Bangladesh (The Accord, n.d.). The medial pressures on apparel retailers that took place after the Rana Plaza incident was threatening the reputation of many global MNCs and apparel retailers such as H&M, PVH, American Eagle, LC Waikiki, KiK, Esprit, Hugo Boss, Otto Group, Benetton, Mango immediately took action by committing to the legally binding MSI initiative (CCC, n.d.; The Accord, n.d.). However, the Accord is an actual case that demonstrates the dilemma within defective apparel supply chains dispersed in developing countries and particularly emphasizes the importance of collaboration efforts between apparel brands, suppliers and the government to make social sustainability effective. In fact, the Accord suffers not only from the low governmental enforcement and reluctance for its continuation, but also from apparel brands who still squeeze prices and lead times while requiring the maintenance of the Accord and apparel factories that are urged to invest time and money for remediation activities (Bain, 2018; van Elven, 2019).

To sum up, the three Research Studies show that apparel retailers, sourcing agents, and Tier 1 suppliers approach social responsibility under compulsion, not because they want to. This conclusive statement determines the success of social management strategies significantly. As long as apparel retailers operate within the boundaries of economic self-interest (*homo oeconomicus*), there is little chance for any CSR effort or social management strategies. As such, systemic change is a must to urge a social responsible transition of the apparel industry in which apparel retailers, as well as media and consumers do play the most vital roles (Haug & Busch, 2016). Therefore, driving the internal orientation and philosophy of apparel retailers towards social responsibility and anchoring sustainability into education will be the primary antecedents for transition towards a more ethical apparel industry.

5.1 Theoretical Contributions

Based on the theoretical relevance outlined in the introduction chapter earlier in this study, a number of new insights have been presented that contribute to the development of social SSCM related research. Although earlier literature reviews spotlighted the negligence of the social dimension in SSCM related research years ago, current research provide evidence that it still lags far behind and needs to be addressed more focused. It seems that many researchers struggle in the determination of research directions for social sustainability in global supply chains. In

this context, it is indeed challenging to ensure that the research proposal is accessible and actionable, as e.g. suppliers in developing countries seem to be more cautious and restrained in their willingness to share sensitive information about their social responsibility and respective activities. Nevertheless, this dissertation contributes with beneficial guidance for SSCM researchers.

By combining the ideas of previous researchers and categorizing pressures and incentives as well as hindering factors into enablers, drivers, and barriers, the developed conceptual framework in Research Study 1 adds on the comprehensibility and helps to develop the field of SSCM further by applying the current state of knowledge to a highly problematic sector, the apparel industry. This approach further confirms that the findings of cross-sectoral literature reviews are not necessarily informative for specific industries, as they possess distinctive characteristics (e.g. apparel industry), however, highly useful to make use of the theories offered. In this context, it explores and organizes collaboration, assessment and reporting practices as a means for managing social risks in apparel supply chains and reveals potential research directions. The developed conceptual framework indeed serves as a beneficial starting point to explore the feasibility for the implementation and effectiveness of social management strategies and hence subsequent Research Studies are able to find guidance to provide novel insights and further grounding.

As such, Research Study 2 explored the capabilities and roles that an independent sourcing agent located in Vietnam is able to assume for the practicability of social management strategies initiated by apparel retailers. These roles comprise supplier developer and coordinator, gatekeeper and safeguard, cultural broker, and social risk manager showing that social sustainability in apparel supply chains demands specific skills. In this regard, the findings point at the critical value of supplier development strategies and reveal chances and opportunities for embracing social responsibility in complex supply chains. Lastly, the third Research Study dived deeper into barriers by capturing the views of a prominent global apparel retailer, Vietnamese and Indonesian sourcing agents as well as suppliers including Tier 1 suppliers and a Tier 2 subcontractor (local CM). Yet, obstacles and challenges predominantly govern the management of social responsibility in global apparel supply chains and needs to be addressed by scholars more attentively.

In a nutshell, the present dissertation contributes to the SSCM discipline in the following ways:

First, the three Research Studies fuel the neglected social dimension in SSCM research (Carter & Rogers, 2008; Nakamba et al., 2017; Quarshie et al., 2015; Seuring & Müller, 2008; Yawar & Seuring, 2015; Zorzini et al., 2015). It is important to note again, that this study provides empirical evidence that the prevalent social management strategies are cohesive and interdependent and should be analyzed holistically to generate more robust implications (Yawar & Seuring, 2015).

Second, research 2 and 3 provide further grounding on SSCM related research by incorporating the views of multi-tier suppliers in developing countries and hence following the urgent call of academics in the field (Grimm et al., 2016; Huq, Zorzini, et al., 2014; Nakamba et al., 2017; Wilhelm et al., 2016; Zorzini et al., 2015). By doing so, the Research Studies shed light to the understudied role of apparel sourcing agents (Adida et al., 2014; Belavina & Girotra, 2010; Cook & Kozar, 2017; Fung et al., 2007; Neu et al., 2014; Popp, 2000; Wilhelm et al., 2016), with a special focus on their capabilities for facilitating social management strategies as explicitly highlighted in the second Research Study. In the same run, both Research Studies address the call for further investigation of social standards in developing countries, especially with regards to lower tiers (Grimm et al., 2016; Nakamba et al., 2017). Moreover, the Research Studies offer new knowledge to various gaps outlined by recent researchers on social responsible sourcing, what will be discussed more detailed during the next sections. For instance, the Research Studies provide suggestions for the integration of sourcing decisions and social standards with evidence from developing countries (Zorzini et al., 2015). Additionally, Research Study 2 and 3 demonstrate exemplary studies that are highly beneficial for researchers in the field to find guidance on how to approach Tier 1 and 2 developing country suppliers for data collection. Consequently, the highly neglected supplier view in SSCM research can be augmented more focused in future.

Third, Research Study 3 contributes by demonstrating the use of a theoretical lens in SSCM related research in order to provide deeper understanding of buyer-supplier relationships in multi-tier supply chains (Brammer et al., 2011; Fayezi et al., 2012; M. Tachizawa & Yew Wong, 2014; Quarshie et al., 2015; Touboulic & Walker, 2015; Zorzini et al., 2015). In this regard, the third Research Study addresses the explicit suggestion for adopting agency theory to better explore and understand the challenges for implementing social standards in multi-tier supply chains that involves first- and lower tier suppliers (Delbufalo, 2018; Nakamba et al., 2017; Wilhelm et al., 2016). In fact, the application of agency theory tenets revealed novel insights that are highly valuable to the SSCM debate (Nakamba et al., 2017). As such, social

compliance strategies in buyer-supplier relationships have been illuminated considering pre- and post-contractual opportunistic behaviours and additionally an approach on how to analyse relations and interactions beyond dyadic supply chain settings is presented. More specifically, this research shows that goal conflicts, information asymmetries, and different risk attitudes between apparel supply chain actors deserve careful attention when investigating social management strategies. Without overcoming these fundamental defects, social responsibility in the apparel industry will remain a farce.

5.2 Managerial Contributions

In light of the increasing awareness and growing pressures exerted by stakeholders, managers of apparel retailers need to build up stronger social SSCM capabilities in order to embrace CSR more effectively. In fact, *“managers may decide which cost is more important to bear: the cost of implementing these practices or the cost of their suppliers acting unethically”* (Sancha et al., 2015).

Therefore, the developed framework in Research Study 1 offer managers good guidance to bear in mind what practices need to be considered and develop SSCM in their firms. The numerous articles have been integrated and presented provide managers with tangible and feasible practices on how real-world apparel retailers are already implementing social SSCM.

Next, the outlined propositions in Research Study 3 (*P1 – P3c*) may help practitioners to understand their responsibility for the success of any social management strategy and can be confronted with the limitations of international social standards to trigger the development of novel approaches to social responsibility. Therefore, it is highly suggested that CSR departments of any company should play a more vital role in the formulation of contract conditions in buyer-supplier relations. For example, to facilitate a more promising implementation of social standards in apparel supply chains, CSR departments need to be empowered by awarding a more integrative role in sourcing decisions. Furthermore, as the apparel industry is still not able to predict market demands adequately (Perry & Towers, 2013; Purvis et al., 2013) opportunistic behaviours upstream the supply chain is yet a natural result. In light of the abovementioned, the further development of international social standards e.g. by including new metrics such as the assessment of buying practices or the evaluation of capacity planning at factories is necessary. Further, buyers in the apparel industry are encouraged to revise their incentive structures for socially responsibility upstream the supply chains. In particular, managers need to bear in mind that price premiums, cost-sharing activities,

and continuous orders are critical to foster social standard adoption and compliance in apparel supply chains.

Moreover, it is highly suggested that apparel sourcing agents should not place their priority only delivering the best price, quality, and lead time possible, but also as the findings suggest, need to incorporate social responsibility into their overall strategy. In fact, apparel retailers perceive social compliance of their suppliers according to required social standards or CoC as the mandatory minimum performance before orders will be placed. Therefore, building up a multinational compliance management team (CSR division) that is familiar with both the local as well as the western culture and language is critical for developing country apparel sourcing agents, in order to develop specific capabilities for assuming the outlined social sustainability roles (*PI-10*) and hence increase its competitiveness through differentiation. The more information is revealed about the social sustainability capabilities of apparel sourcing agents, the better will be apparel retailers informed for a more efficient implementation and coordination of their social management strategies in the supply chain. As such, this dissertation helps also what social sustainability roles apparel retailers can expect from sourcing agents in case they approach mediated sourcing strategies. Most importantly, the outlined propositions of this study can be used by decision makers in the apparel industry as a guideline, especially those who still face problems with social sustainability implementation or seek for support during the sourcing agent selection process in developing countries. In fact, developing a trustful partnership to an internal socially oriented sourcing agent can save costs, time, and reduce information asymmetries. Further, the employment of a sourcing agent who builds up its supplier base according to its social orientation and values is more efficient compared to a direct sourcing strategy, which requires redundant efforts. From the apparel suppliers' view, contracting with a socially oriented sourcing agent is not only the gate to big orders from apparel retailers, but rather provides the chance to upgrade its own facility and operations concerning social responsibility. This ultimately makes the factory more competitive and increases the longevity of its business through an enhanced image and reputation in the apparel sourcing market.

Once apparel retailers' strategic management puts emphasis on an internal social orientation, the critical task is the employment of those managers who are capable for the realization. For example, Research Study 3 highlights the importance of skilled CSR managers. In this regard, it is inevitable to be capable of strong communication and negotiation skills that CSR managers need to bring in. Most importantly, the propositions in Research Study 2 can also serve as a

guide to crosscheck the abilities that a CSR manager should possess. In the same run, one could ask where to find those skilled CSR personnel that understand both, the apparel industry specific characteristics and the integration of ethical concerns?

Therefore, more emphasis needs to be placed on sustainability issues in wider education (Kagawa, 2007; Kearins & Springett, 2003; Shambu, 2015). It can be reasonably assumed, that current students of economic science or to be more specific, in fashion management disciplines, are the managers or entrepreneurs of tomorrow. Consequently, the integration of sustainability into curriculum is crucial, not only to raise awareness and sensitize for sustainability issues in business, but also to educate what sustainability management strategies exist and how they can be effectively managed, extended and revised. In this regard, the conceptual framework developed in Research Study 1 is highly supportive for educational purposes by offering a comprehensible and accessible map, especially to convey and discuss sustainability relevant topics in global apparel supply chains. This will further increase self-confidence to set up and justify profitable strategies whilst taking into account environmental and social issues and further enhances the assertiveness during negotiations with e.g. other divisions within a company. However, a prerequisite for the successful integration of CSR into economic objectives is the top managers' delegation of higher decisive power to the CSR managers in the sourcing decision-making processes. This also requires that CSR managers need to be an integrative part of other divisions within a company. Therefore, one suggestion for managers in the apparel industry is the rethinking of the sourcing division, which could be renamed to social purchasing or sustainable sourcing division, encompassing environmental and social responsibility into the decision-making processes (Zorzini et al., 2015). This further asks for new incentive system for an apparel retailer's sourcing division and should imperatively include sustainability aspects. For example, yet an apparel sourcing manager's performance is primarily evaluated based on price, lead-time and quality criteria. However, the overall performance criteria might be extended with a social point system (e.g. overtime issues caused by the decision) to incentivize social responsible sourcing decisions (Zorzini et al., 2015). This mandatorily requires closer collaboration and interaction of CSR and sourcing managers of apparel retailers, as well as merchandisers and production planners of the developing country suppliers, hence can be highly effective for mitigating opportunistic behaviours performed by apparel supply chain actors.

5.3 Limitations and Further Research

Considering the content analysis based literature review in the first Research Study, the major limitation stems from difficulty or even impossibility of identifying and reading all existent articles that concern the tremendous field of CSR and SCM. As such, one shortcoming is the setup of clear boundaries for material collection. For example, the selection of keywords limit the inclusion and consideration of other potentially relevant articles. Therefore, in order to enrich the quality of the framework, further research streams, journals and articles in other languages, but also academic books, reports on corporate sustainability and websites need to be considered. More specifically, the proposed framework in Research Study 1 needs to be improved, revised and complemented with further research that integrates to the dimensions and categories provided. Therefore, exploratory case studies such as Research Study 2 and 3 can contribute substantially to further complete the proposed map especially by shedding light on the suppliers' perspectives located in developing countries. Furthermore, future researchers can use this framework to study environmental issues in apparel supply chains, and extend the social version with environmental management strategies to provide a more holistic picture on SSCM in the apparel industry. As such, the more researchers integrate environmental and social insights into the map, the more sufficient and informative it will be in future. Lastly, product-specific aspects (Seuring & Müller, 2008) haven't been addressed in this dissertation. This is another promising research direction to complement the framework.

Furthermore, although the use of a multiple case research design (Research Study 2 and 3) is particularly useful to study questions of "why" and "how" and provides many advantages of rich and detailed understanding of a contemporary phenomenon within its real-life context (Ridder, 2016; Yin, 2009), there are several limitations that need to be taken into account.

According to that, the respective samples of the multiple case studies are limited to specific locations and numbers of cases. Consequently, this study is limited in its representativeness and hence does not allow generalizing to other western apparel retailers and developing country sourcing agents and suppliers. Moreover, as different industries and countries possess different characteristics in their supply chains, the findings of the dissertation at hand are not applicable to other sectors and further important apparel sourcing countries such as India, Bangladesh, Cambodia or Turkey. Therefore, more research is necessary that investigates apparel supply chain actors located in different countries, but also various industries in order to generate further ground that strengthens the generalizability of the presented findings. For example, only the

managers of the respective case companies were interviewed, which might generate biased conclusions due to subjectivity. Based on this, researchers should implicitly study further views on intermediaries and there is a necessity to include the perceptions of NGOs, third party auditors, factory workers and local CM's (subcontractors) (Huq, Zorzini, et al., 2014) to fuel the findings of this dissertation and illuminating further drivers, enablers, and barriers. For example, what role do third party auditors play and what are their perceptions? Do they act as enablers or barriers in the implementation process? In this dissertation there are indices that third party auditors are suspect as they mostly have very good relationships to factory managers what threatens objectivity during auditing or seek extremely targeted for violations in order to make re-audits necessary and earn more money (Huq et al., 2016; Huq, Zorzini, et al., 2014). Another surprising finding was that production workers do purposely seek for overtime and willingly opt for factories that grant comfortable working conditions and higher overtime hours what is contradicting to prior research (Huq, Zorzini, et al., 2014). Yet, it remains unclear whether this is attributable to cultural aspects or merely to the intention to earn money as the minimum wages are not sufficient. This paradox further pushes suppliers to violate social standard requirements in order to keep their skilled workers, thus warrants further investigation. In addition, future research is required to test the 20 propositions derived from this dissertation and to expand generalizability by e.g. conducting confirmatory and quantitative methods.

Moreover, as agency theory is commonly used to analyze the interactions of dyadic relationships, this study however adopts the theoretical lens in a tetradic supply chain setting. Based on the theoretical contribution outlined in form of propositions, researchers are now able to better specify their focus when investigating social sustainability in supply chains. Nevertheless, further researchers should approach the use of agency theory in SSCM disciplines with caution, as it is very challenging to investigate inter-relations in complex multi-tier supply chains. Therefore, dominant theoretical lenses need to be developed and expanded for the explicit assessment of multi-tier supply chain relations (M. Tachizawa & Yew Wong, 2014; Mena, Humphries, & Choi, 2013; Wilhelm et al., 2016). In addition future research can employ further useful theoretical lenses to assess the dynamics and interactions from various angles such as stakeholder theory, transaction cost economics theory, or institutional theory (Touboullic & Walker, 2015; Zorzini et al., 2015). Given the implications in section 5.1 and 5.2, social sustainability standards call for further investigation and expansion with regards to their content. This is another crucial research avenue in order to provide suggestions for social standard development through novel codes and criteria that need to be integrated to overcome the yet prevalent goal conflicts in buyer-supplier relationships. In this regard a promising

approach for a more effective management of social issues is the consideration of the apparel retailer's social responsibility into code formulation. For example, the sourcing decisions or outlined incentive structures such as price premiums, cost sharing activities and order continuity may be incorporated into social standards and hence calls for research to study its feasibility (Zorzini et al., 2015). Additionally the question arises, how social standards should be adjusted for ensuring that subcontractors (local CM's) can be encompassed through rigorous social audits and monitoring. Finally, although many studies have been conducted in developing countries that primarily focus on the buyers view, it is crucial to redirect the focus on the interaction and relationship between an apparel retailer's CSR department and other relevant divisions within the company. This has been neglected by many researchers and offers valuable insights to develop SSCM further.

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B. COMPILATION OF THE THREE ARTICLES

The subsequent sections present the three Articles (Research Studies) that form this Dissertation and have been briefly introduced and discussed in Part A. The following Part B comprises the three articles in their full extent:

- **Article 1 (*published*)**

Köksal, D.; Strähle, J.; Müller, M.; Freise, M. Social Sustainable Supply Chain Management in the Textile and Apparel Industry - A Literature Review. *Sustainability* 2017, 9, 100; <https://doi.org/10.3390/su9010100>

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- **Article 2 (*published*)**

Köksal, D.; Strähle, J.; Müller, M. Social Sustainability in Apparel Supply Chains - The Role of the Sourcing Intermediary in a Developing Country. *Sustainability* 2018, 10, 1039; <https://doi.org/10.3390/su10041039>

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- **Article 3 (*status: under review*)**

Köksal D. Social Sustainability in Apparel Supply Chains - Understanding failures to Social Standards in Vietnam and Indonesia using Agency Theory *forthcoming in the Special Issue "Responsible Supply Chain and Social Sustainability: Sustainability Accounting and Management Research and Practice" of the Sustainability Accounting, Management and Policy Journal 2019.*

B1. Article 1

Social Sustainable Supply Chain Management in the Textile and Apparel Industry – A Literature Review

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Abstract

So far, a vast amount of studies on sustainability in supply chain management have been conducted by academics over the last decade. Nevertheless, socially related aspects are still neglected in the related discussion. The primary motivation of the present literature review has arisen from this shortcoming, thus the key purpose of this study is to enrich the discussion by providing a state-of-the-art, focusing exclusively on social issues in sustainable supply chain management (SSCM) by considering the textile/apparel sector as the field of application. The authors conduct a literature review, including content analysis which covers 45 articles published in English peer-reviewed journals, and proposes a comprehensive map which integrates the latest findings on socially related practices in the textile/apparel industry with the dominant conceptualization in order to reveal potential research areas in the field. The results show an ongoing lack of investigation regarding the social dimension of the triple bottom line in SSCM. Findings indicate that a company's internal orientation is the main assisting factor in sustainable supply chain management practices. Further, supplier collaboration and assessment can be interpreted as an offer for suppliers deriving from stakeholders and a focal company's management of social risk. Nevertheless, suppliers do also face or even create huge barriers in improving their social performance. This calls for more empirical research and qualitative or quantitative survey methods, especially at the supplier level located in developing countries.

Keywords: sustainable supply chain management; social sustainability; textile/apparel industry

1.1 Introduction

As textile/apparel supply chains are becoming increasingly global (Bruce, Daly, & Towers, 2004), the rising level of outsourcing to developing countries has placed increasing focus on sustainability (Diabat, Kannan, & Mathiyazhagan, 2014; Freise & Seuring, 2015; Perry & Towers, 2013; Strähle & Köksal, 2015; Vachon & Klassen, 2008; Zorzini, Hendry, Huq, & Stevenson, 2015). Therefore, the need to understand how to integrate sustainability into globally fragmented supply chains is highly important (Freise & Seuring, 2015).

In fact, there has been rising concern about sustainable supply chain management (SSCM) in general over the last years among both managers and academics. Obviously, this can be seen by the number of papers published but also by the daily news and the increasing corporate social responsibility (CSR) efforts of textile/apparel companies. In academic communities, a very popular screening is the concept of the triple bottom line (TBL), which has been developed by Elkington (1998). Many years later, as the sustainability debate began to emerge, Carter and Rogers (2008) concisely discussed sustainable supply chain management by building on the TBL concept and its integration of the three dimensions (environmental, social, and economic) into the supply chain. Based on this, when a company aims to achieve at least a minimum level of sustainability, it has been suggested that it extends all three components of the TBL to every link in its supply chain (Ahi & Searcy, 2015; Alhaddi, 2015; Beske, Land, & Seuring, 2014; Carter & Rogers, 2008; Dyllick & Hockerts, 2002; Elkington, 1998; Gimenez, Sierra, & Rodon, 2012; Sancha, Gimenez, Sierra, & Kazemina, 2015; Seuring, 2013). Seuring and Müller (2008) expanded the area of sustainable supply chain management research significantly by taking goals from all three dimensions of the TBL into account, which are mainly triggered by pressures and incentives of external demands such as governments, customers, and other stakeholders. In line with the external pressures, the term “risk” has attracted increasing attention and has been summarized in the literature review of Seuring and Müller (2008) as a normative strategy, so called supplier management for risk and performance. This, to put it simply, describes an SSCM strategy by focal companies to counteract supply chain disruptions by the implementation of supplier management systems such as environmental and social standards, e.g., ISO14001 and SA8000.

Although the major research stream did not investigate all three dimensions simultaneously in one study (Hassini, Surti, & Searcy, 2012; Seuring, 2013), it is, according to Zorzini et al. (2015), generally accepted that the social, environmental, and economic dimensions of the TBL

are complementary and connected to each other, and have some common drivers, enablers, and barriers (Gimenez & Tachizawa, 2012; Seuring & Müller, 2008; Walker & Jones, 2012) within a supply chain. Nevertheless, there might be differences on the relevance of one dimension in specific industries. For instance, the textile and apparel sector, which is acknowledged for its labor intensiveness and its outsourcing activities to developing countries with usually high corruption rates (Dicken, 2007). As a consequence, this shows a clear deficit regarding, e.g., transparency of suppliers, and thus directs the focus more importantly on the social dimension. Moreover, despite the growing number of papers, the latest literature reviews reveal that there is still a clear deficit regarding social issues in sustainable supply chain management research and thus there is a call for more specific research in the field (Brandenburg & Rebs, 2015; Seuring & Müller, 2008; Tajbakhsh & Hassini, 2015; Zorzini et al., 2015). In fact, the recent study of Freise and Seuring (2015) identified that the management of social risk within the apparel industry includes practices such as conducting code of conduct and social audits, cooperating with multi-tiers, or offering incentives to suppliers (Freise & Seuring, 2015). Common examples of social risks within the textile/apparel supply chain include child labor or extensive working hours and can be mitigated by applying social risk management practices (Freise & Seuring, 2015; Giannakis & Papadopoulos, 2016). Furthermore, by quickly scanning previous literature reviews, it can easily be observed that research papers tend to focus on environmental issues in sustainable supply chain management (SSCM), spread over various industries (Quarshie, Salmi, & Leuschner, 2015). This tendency has also been supported by Zorzini et al. (2015) who conducted, to the best of the author's knowledge, the latest literature review regarding social issues in SSCM so far. For the period 1997–2013, Zorzini et al. (2015) reviewed a total of 157 papers, focusing only on the social dimension of responsible sourcing, which has been declared as an important aspect of the broader SSCM agenda. Based on their research applied in multiple industries, one significant finding emerged, and outlines that there is a specific need to consider the supplier perspective in developing countries. Hence, the paper at hand extends the period of review than that of Zorzini et al. (2015), but also focuses differently on one specific industry, i.e., the textiles/apparel industry solely, and integrates dominant SSCM knowledge into the debate. This should help gain a more detailed insight into the field, with the purpose to discuss potential expansion areas to trigger socially related research in sustainable supply chain management. More specifically, this paper aims to answer three questions:

RQ1: How can socially related research in the textile/apparel industry be integrated to the dominant conceptualizations of SSCM and what are the striking drivers, enablers, and barriers for the implementation of social risk management practices?

RQ2: Is there a particular need in the textiles and apparel industry to consider the supplier perspective in developing countries, as Zorzini et al. (2015) discussed?

RQ3: What are potential areas for future development of socially related research in SSCM?

By conducting a literature review including content analysis on the social dimension of SSCM within the textiles/apparel sector, the authors subscribe to both academics and professionals. The paper at hand summarizes what is known so far and suggests further research areas in socially related SSCM research for academics. Furthermore, this paper offers managerial guidelines by pointing out the importance of social aspects regarding the CSR practices of an apparel company.

The second section (1.2) provides a brief summary of recent SSCM-related literature reviews, including a presentation of a conceptual framework and the characteristics of the apparel industry to justify the study at hand. The third section (1.3) describes the methodology used to identify the papers for the content analysis. In Section 4 (1.4), the review results are presented. Key research findings are then discussed in Section 5 (1.5), by adapting the conceptual framework provided in the literature review. Finally, this paper ends with conclusions in Section 6 (1.6).

1.2 Summary of Related Literature and Conceptual Framework

1.2.1 Sustainable Supply Chain Management

So far, research already clearly distinguished SSCM from conventional supply chain management (SCM) (Seuring, 2013). To understand the debate of SSCM, one definition of Seuring and Müller (2008, p. 1700) is provided. “*Sustainable SCM is the management of material, information and capital flows as well as cooperation among companies along the supply chain while integrating goals from all three dimensions of sustainable development, i.e., economic, environmental and social, which are derived from customer and stakeholder requirements*”. Within the sustainable supply chain there are three important actors, which are the focal company, suppliers, and stakeholder groups (Seuring, 2013). While focal companies play a key role in SCM, and cooperation with suppliers to fulfil customer needs is essential, the

stakeholders play a more crucial role, according to the above-mentioned definition and in contrast to conventional SCM (Seuring, 2013; Seuring & Müller, 2008).

As already stated in the introduction section, a proliferation of literature reviews regarding SSCM can be found. Generally, it can be observed that many studies investigate SCM issues under the umbrella of the TBL concept (Brandenburg & Rebs, 2015; Carter & Rogers, 2008; Seuring & Müller, 2008) to develop and offer conceptual frameworks for further research, i.e., theory building in the field.

Carter and Rogers (2008) conceptualized the discipline of SSCM based on the TBL and four supporting aspects of sustainability: risk management, transparency, strategy, and culture. Seuring & Müller (2008) expanded the area of sustainable supply chain management research significantly by taking goals from all three dimensions of the TBL into account, but integrating pressures and incentives of external demands, such as governments, customers, and other stakeholders, into their framework. The conceptual model of Seuring and Müller (2008) suggests that the focal company usually passes pressures, deriving from external demands such as NGOs (non-governmental organizations), on to suppliers, in order to counteract the problematic issues by implementing strategies, i.e., supplier management for risk and performance and supply chain management for sustainable products. Furthermore, with their review of 191 papers on SSCM, they address the limitation of the studies and revealed that social aspects are often neglected in sustainable development (Seuring & Müller, 2008). Due to its accessibility, the model of Seuring and Müller (2008) emerges as an appropriate conceptualization, which serves as the fundament for the framework of this study and its related purpose. In order to draw a straightforward and comprehensive framework for the paper at hand, it turns out to be the most appropriate and applicable model. It depicts clearly all three actors of the supply chain and integrates pressures and incentives, rather than other conceptualizations in the field of SSCM, which are more specific, modelling only a part of the supply chain or not integrating pressures and incentives (e.g., Beske et al., 2014; Brandenburg & Rebs, 2015; Gimenez & Tachizawa, 2012; Perry & Towers, 2013; Quarshie et al., 2015; Tajbakhsh & Hassini, 2015; Touboulic & Walker, 2015).

During the debate on the operationalization of TBL in the supply chain, the term supply chain risk management has gained increased attention (Carter & Rogers, 2008; Freise & Seuring, 2015). As risk can be understood as an effect that prevents companies from achieving their targets (Bagozzi & Yi, 1988), it can be transferred to the sustainability debate. These risks include environmental, social, and economic dimensions, unlike the traditional supply chain

risks. As defined by Carter and Rogers (2008, p. 366), sustainable supply chain risk management is “*the ability of a firm to understand and manage its economic, environmental, and social risks in the supply chain*”. In this regard, risk management practices include standards, e.g., corporate codes of conduct, certifications, e.g., ISO 14001 or SA8000, individual monitoring, e.g., audits, to track and trace suppliers, and pressure group management, which deals with the effort to present a positive image to stakeholders, e.g., collaboration with NGOs or implementation of visible and transparent CSR efforts (Beske et al., 2014; Freise & Seuring, 2015; Koplin, Seuring, & Mesterharm, 2007; Tate, Ellram, & Kirchoff, 2010). Corporate social and environmental strategies can be described as the responsibility to take action in order to maintain ethical and environmental norms of a society in which a company is active (Carroll, 1979). Accordingly, and in line with other studies, conducting CSR reports provides the opportunity to signal and communicate positive social and environmental contributions to stakeholders in a transparent way (Norman & MacDonald, 2004; Tate et al., 2010). But still, it seems difficult to argue that such CSR reports of apparel companies are generally providing stakeholders with detailed and comprehensive information about the supply chain. Additionally, in this context, it is interesting to note the prior paper of Seuring (2013), who reviewed existing modelling approaches for SSCM. He found that papers including CSR in their title are more likely to model environmental issues and ignore social impacts, and thus are misused by researchers. Furthermore, he calls for more detailed evaluation of social impacts before being integrated into the present multi-objective modelling approaches (Seuring, 2013). Based on the abovementioned studies, the authors are able to draft the conceptual framework for the study at hand (see Figure B1 - 1), which is further extended with the findings and ideas of other relevant papers discussed in the following.

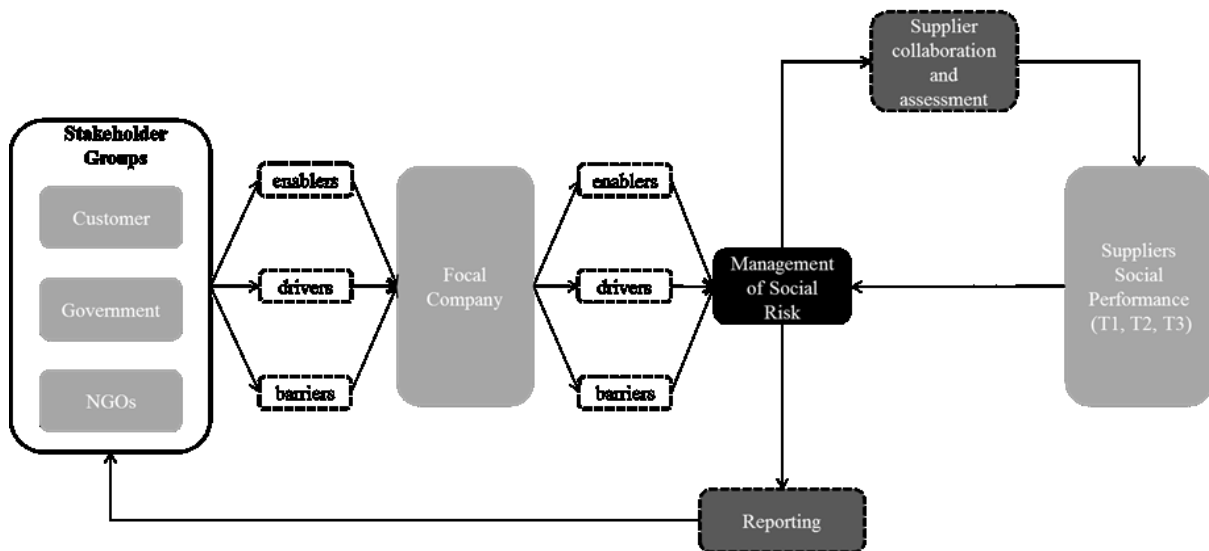


Figure B1 - 1. Conceptual framework of social risk management-related drivers, enablers, and barriers based on literature review.

Walker and Jones (2012) developed a typology that is beneficial in understanding and classifying internal and external enablers and barriers to SSCM. On the basis of the literature review in their paper, the researchers identified varieties of barriers and enablers to SSCM. Internal enablers can include, e.g., top management commitment to sustainability. On the other hand, external enablers can derive from stakeholders. With regard to internal barriers to SSCM, it has been highlighted that cost reduction strategies and obstacles such as the lack of training and monitoring, are evident. External barriers include, e.g., consumers' demand for low product prices or a competitive environment (Walker & Jones, 2012). Gimenez and Tachizawa (2012) recommend distinguishing between enablers and drivers. Hence, drivers are initiating and motivating factors in implementing SSCM practices. By contrast, enablers are factors that assist companies in the realization and achievement of SSCM practices (Gimenez & Tachizawa, 2012). This view has been considered in Figure B1 - 1. According to the offered model by Gimenez and Tachizawa (2012), the classification of sustainability practices can be explained by two approaches, assessment and collaboration, which are driven by internal and external enablers (Tate et al., 2010). As stated by Tate et al. (2010), assessment is any activity related to the evaluation of suppliers, such as audits, whereas collaboration refers to training and supporting suppliers within a supply chain. It seems logical to subordinate the two approaches to sustainable risk management. In line with the findings of Freise and Seuring (2015), it has been found that both assessment and collaboration have a positive impact on environmental and social performance (Gimenez & Tachizawa, 2012). Moreover, other forerunning researchers (Carter, 2004; Carter & Jennings, 2002a, 2002b; Carter & Rogers, 2008) in socially related

research found that increased involvement by purchasing managers in socially responsible activities leads to an enhanced supplier performance (Carter & Jennings, 2002b).

Here, the focus is on the social dimension of the supply chain, and the literature review of Tajbakhsh & Hassini (2015) revealed that social sustainability measures have received scant attention so far (Tajbakhsh & Hassini, 2015). This also has been highlighted by Zorzini et al. (2015), as they found in their literature review that further research is required for measuring social sustainability. Nevertheless, classifications of socially sustainable measures can be found, and generally speaking, performance measurement is the effort to quantify a company's task by its efficiency and effectiveness (Andy Neely et al., 2000; Hutchins & Sutherland, 2008; Norman & MacDonald, 2004; Tajbakhsh & Hassini, 2015). Giannakis & Papadopoulos (2016) identified socially related risks in supply chains and provided definitions and practices on how to respond to the risks, i.e., child/forced labor, discrimination, unhealthy/dangerous working environment, inhuman treatment/harassment, unfair wages, unethical treatment of animals, and excessive working time. Based on these constructs and the suggested indicators, which are depicted later in Table B1 - 1, the social performance of a focal company or a supplier can be measured.

Brandenburg and Rebs (2015) recently investigated 185 literature reviews and revealed that there is still a need to integrate pressures and incentives of external stakeholders into the debate about SSCM, as well as integrating sustainable supplier management or sustainable risk into SSCM models (Brandenburg & Rebs, 2015), following the approach of Seuring and Müller (2008). In other words, the integration of pressures and incentives of external stakeholders or the formalization of sustainable supplier management and sustainability risks are identified as future research perspectives (Brandenburg & Rebs, 2015). Additionally, consistent with other reviews (Gimenez & Tachizawa, 2012; Martínez-Jurado & Moyano-Fuentes, 2014; Quarshie et al., 2015; Seuring, 2013; Tajbakhsh & Hassini, 2015; Touboulic & Walker, 2015), their findings support the view that social aspects have been neglected by researchers in the SCM discipline (Brandenburg & Rebs, 2015).

Nevertheless, there are some notable studies dealing more specifically with the social dimension (Matthias Ehr Gott, Felix Reimann, Lutz Kaufmann, & Craig Carter, 2011). Mani et al. (2015) recently described major social issues in the manufacturing supply chain in India. Among others, the most striking social issues are child labor, bonded labor, education, and wages (Mani et al., 2015). Awaysheh and Klassen (2010) explored the integration of social issues in the management of supply chains. They summarized four dimensions of supplier

socially responsible practices: supplier human rights, supplier labor practices, supplier codes of conduct, and supplier social audits. Additionally, their findings emphasize that an increasing number of tiers in a supply chain will increase the use of supplier labor practices, codes of conduct, and social audits (Amrou Awaysheh & Robert D. Klassen, 2010). While Awaysheh and Klassen (2010) treat suppliers as key stakeholders, this study decouples suppliers from that view to make modelling more sufficient (see Figure B1 - 1). Respectively, Zorzini et al. (2015) determined the state-of-the-art in socially responsible sourcing. One key finding of their literature review suggests that there is a particular need to include the supplier perspective in developing countries in the present discussion (Zorzini et al., 2015). Although few recent reviews on the social dimension of SSCM are currently available, further research in this field is needed, especially in a specific, labor-intensive sector such as the textile and apparel industry.

1.2.2 The Apparel Industry as the Field of Application

Changes in consumer lifestyle and the demand for trendy products have put pressure on the existing supply chain formats, and as the twenty-first century has arrived, well-known retailers like Zara and H&M have shifted the focus towards fast response to ever permanently changing trends and consumer demand (Christopher, Lawson, & Peck, 2004). Today's apparel consumers expect constant change, so new products have to be available on a frequent basis. These facts automatically lead to increased pressure on apparel retailers to achieve lower costs and shorter lead times, resulting in poor labour standards in the supply chain (Masson, Iosif, MacKerron, & Fernie, 2007; Perry & Towers, 2013). As a consequence, apparel supply chains are becoming increasingly global (Bruce et al., 2004; de Brito, Carbone, & Blanquart, 2008), and the rising level of outsourcing to developing countries (Bergvall-Forsberg & Towers, 2007) has emphasized the focus on sustainability (Freise & Seuring, 2015; Huq, Stevenson, & Zorzini, 2014; Perry & Towers, 2013; Sancha et al., 2015; Strähle & Köksal, 2015; Vachon & Klassen, 2008).

As already mentioned above, apparel trends change frequently, and to the contrary, sustainability is connected to a long-term perspective (Gardetti, 2013). This discrepancy appears to have huge negative environmental and social impacts on the apparel supply chain. Typically, the apparel supply chain involves a large number of partners and is relatively long (Jones, 2008). The use of water, energy, and chemicals in the manufacturing process, as well as the generation of waste and pollution in the production and transport processes of textiles and apparel, are major contributors to environmental damage. On the other side, unacceptable

working conditions in developing countries, i.e., child labour the use of harmful chemicals, safety issues in factories, forced labor, and low wages are a few of the social concerns (Ashby, Smith, & Shand, 2013; Blackburn, 2009; Dicken, 2007; Gardetti, 2013; Perry & Towers, 2013) which are bridging the link to social risks an apparel company may face in its supply chain.

According to Beard (2008, p. 448), “*the difficulty [within the fashion industry] is to see how all the suppliers of the individual components can be ethically secured and accounted for, together with the labor used to manufacture the garment, its transport from factory to retail outlet, and ultimately the garment’s aftercare and disposal*”. In simplified terms, with its global reach, apparel supply chains appear to be increasingly complex, globally dispersed and highly dynamic (Dicken, 2007; Freise & Seuring, 2015; Perry & Towers, 2013; Seuring & Müller, 2008; Wiengarten, Pagell, & Fynes, 2012). Hence, lack of transparency within the apparel supply chain is a consequence (Christopher et al., 2004; Pookulangara & Shephard, 2013; Vaccaro & Patiño Echeverri, 2010). Therefore, being aware and implementing sustainable practices to their supply chains become inevitable practices for apparel companies, especially when considering the unfavourable publicity and lasting damage to the apparel brand (Howard, 2015; Manik, Yardley, & Greenhouse, 2013; O’Connor, 2014; Strähle & Köksal, 2015). Based on this, apparel companies face a huge pressure, deriving from stakeholders, such as NGOs, customers, buyers, media, trade associations, and government (Freise & Seuring, 2015; Huq et al., 2014; Seuring & Müller, 2008) when violating environmental and/or social aspects within their supply chain. Ergo, companies need to adopt environmental and social risk management in their supply chains, simultaneously providing the link to the above-mentioned literature on SSCM. This has also been highlighted by academics and researchers who point out how environmental and social risks management can be extended to suppliers and subsequently be measured (Boström, 2015; Freise & Seuring, 2015; Gimenez & Tachizawa, 2012). According to that, the SA8000 standard (Ciliberti, de Groot, de Haan, & Pontrandolfo, 2009) or code of conduct (Egels-Zandén & Lindholm, 2015) can be implemented by focal companies in order to ensure work safety and conditions, health, or the right to establish unions. Subsequently, social audits are executed, which can also be conducted by third parties (Freise & Seuring, 2015). Again, the apparel sector is problematic as the supply chain is globally fragmented with many suppliers located in different (developing) countries and thus lacks transparency.

1.3 Methodology

To answer the research questions of this study, the authors conduct content analysis, which is an appropriate tool to assess relevant journal publications in order to analyse the verbal and formal content (Mayring, 2008). Furthermore, it has been declared as an effective tool to conduct systematic literature reviews in a transparent way in order to provide insight to the research area (Seuring & Gold, 2012). Moreover, the content analysis method has been described by Seuring & Gold (2012), with a more specific view on SCM. Based on the idea of Mayring (2008) and their analysis, they provide guidelines for conducting content analysis, which is in turn the foundation for the paper at hand. In the following, the authors discuss the four suggested stages in conducting content analysis based on Mayring (2008), i.e., material collection, descriptive analysis, category selection, and material evaluation, but extend the process with the suggestions of Seuring & Gold (2012). The proposed stages by Mayring (2008) ensure validity as well as reliability and have been conducted successfully by other researchers of the field for similar objectives (Beske et al., 2014; Brandenburg & Rebs, 2015; Seuring & Gold, 2012; Seuring & Müller, 2008). Additionally, in terms of validity and reliability, the content analysis research can be enhanced with the involvement of one more researcher during data search and analysis (Duriau, Reger, & Pfarrer, 2007).

In the first stage, the aim is to define and delimitate the material according to the topic of the present paper. The paper at hand examines related publications in major electronic databases, namely, Elsevier (sciencedirect.com), Sage (sagepub.com), Wiley (wiley.com), Emerald (emeraldinsight.com), and Springer (springerlink.com) by using the library service of Ebsco (ebSCO.com). The technique of keyword search has been recommended, especially when encompassing a specific topic that is present in various academic disciplines (Seuring & Gold, 2012). The keywords for the search process first arose from frequently used terms of related literature in the field. Subsequently, keywords were chosen by brainstorming of the researchers and were then extended with a snowball effect deriving from further literature. Finally, the following keywords were conducted during search: “clothing/apparel/textile”; “supply chain”; “supplier” “CSR”, “social*”; “social risk”; “social sustainability”; “sustain*”; “supplier collaboration”; “supplier assessment”, “ethic*”; “sweatshop”; “code of conduct”; “SA8000”. One should note that “*” was used at the end of three keywords to cover a broader range of possible papers, because many studies make use of sometimes slightly different keywords for the same concept. Due to the fact that extensive literature reviews in the research area of SSCM grew significantly during the last decade (e.g. Seuring & Müller, 2008; Zorzini et al., 2015) and

hence give insight to earlier papers, with a clear indication that socially related papers lack, the authors decided to focus on articles published between 2005 and 2016, with the expectation that socially related articles have increased to date. The alternation of the keywords resulted in a total of 1228 articles. Subsequently, duplicated results were deleted and a quick review of irrelevant papers resulted in 124 articles. This was especially the case for papers dealing merely with environmental or economic dimensions. The next validation step was a careful abstract and conclusion analysis, and only publications which matched to the following criteria have been considered for further analysis:

- The papers are peer-reviewed, written in the English language, and published from 2005 to 2016.
- The research paper has a clear link to the textile/apparel industry.
- The paper evaluates sustainability issues, but with a clear link to socially related aspects.
- The paper focuses on at least one actor within the sustainable supply chain, i.e., stakeholder, focal company, and supplier.

In this regard, sustainable product-bounded research has not been considered. Moreover, papers that appeared with a defining character, such as the study of Dickson and Eckman (2006), are excluded from the sample (Dickson & Eckman, 2006). Based on the above criteria and the inclusion of other papers that were cited in relevant articles, the resulting sample of papers comprised 45 manuscripts. A complete list of all reviewed papers is attached to the Appendix (C1 - Table 1) of the paper at hand.

The next stage is descriptive analysis and offers information at a glance about the relevant articles by depicting the distribution over the time period. Furthermore, this stage shows the focus of each research paper by considering the SSCM actors being revealed, the country's level of development which the paper aimed at, and the related method researchers used to collect data.

In the category selection phase, the researcher needs to consider inductive and deductive category selection methods. Seuring & Gold (2012) recommend a two-step process, which seems suitable for the paper at hand. As the paper at hand is conceptual in nature, the SSCM framework offers dimensions and categories which are based on the earlier literature review. This is related to a deductive approach and ensures construct validity. Nevertheless, further unexpected categories can emerge during the analysis of papers and are hence subsequently integrated into the existing analytical framework. More precisely, the authors inductively

refined the categories during the coding process to extend and optimize the framework (Table B1 - 2, during discussion section). Reliability was ensured by directing a second researcher to the analysis of the papers.

Table B1 - 1 summarizes the deductive categories which derived from the conceptual framework (see Figure B1 - 1) during the literature review. The structural dimensions in Table B1 - 1 portrays the three important actors of a sustainable supply chain (Seuring, 2013). The focus has been set on pressures and incentives for SSCM based on the idea of Seuring & Müller (2008). These pressures and incentives have been categorized in enablers, drivers, and barriers, according to Gimenez & Tachizawa (2012) and Walker & Jones (2012), which first of all derive from stakeholders, and are then being passed on to the suppliers by the affected focal companies. The typical approach to deal with those external risks are being managed by focal companies in their effort to implement social risk management (Freise & Seuring, 2015). Each actor of the sustainable supply chain can perceive pressures and incentives differently, and based on this, they assumably differ in their enablers, drivers, and barriers for a successful implementation of social risk management within the whole supply chain. This will be explored by effectively integrating the respective findings of the sample papers into the framework.

The last stage is material evaluation. Here, the combination of descriptive statistics as well as content analysis is expected to provide detailed insight to the research field in order to generate a comprehensive map and to answer the research questions (*RQ1*, *RQ2*, *RQ3*) of the study. The research sample of 45 papers was analyzed and text passages are coded in compliance with the suggested categories of the framework. In that regard, the professional software MAXQDA (www.maxqda.com) has been conducted for qualitative data analysis. As the deductive categories are theory-based and have been clearly defined, transparency and objectivity of the research process is given and increases coding reliability. During the whole process the results have been discussed with other researchers, which is beneficial in increasing internal validity. If it was appropriate, one paper could fit in multiple categories. The results are presented and discussed in the following section.

Table B1 - 1. Categories and their description based on literature review

Category	Description
<i>Stakeholders (external)</i>	
Enablers	external factors that assist the focal companies in the realization and achievement of SSCM practices.
Drivers	external factors that initiate and motivate focal companies in implementing SSCM practices.
Barriers	external factors that hinder focal companies in the implementation, realization and achievement of SSCM practices.
<i>Focal company (internal)</i>	
Enablers	internal factors that assist the focal companies in the realization and achievement of SSCM practices.
Drivers	internal factors that initiate and motivate focal companies in implementing SSCM practices.
Barriers	internal factors that hinder focal companies in the implementation, realization and achievement of SSCM practices.
Management of Social Risk	
▪ supplier assessment	any activity by the focal company related to the evaluation of suppliers such as audits.
▪ supplier collaboration	any activity by the focal company which refers to train and support suppliers.
▪ reporting	efforts of the focal company which signal and communicate positive sustainability contributions to stakeholders in a transparent and visible way in order to mitigate reputation loss.
<i>Suppliers (Tier 1, Tier 2, etc.)</i>	
Social performance	activities or indicators that affect positively or negatively diversity, excessive working time, unethical treatment of animals, child/forced labour, discrimination, unhealthy/dangerous working environment and right to associate

1.4 Results

1.4.1 Descriptive Analysis

The dispersion of the publications show a vague trend. While it was expected that the sample covers a small amount of papers it can be ascertained that the most papers were published in 2015. One attempt to explain this increase since 2009 is to associate those numbers to the review papers of previous authors dealing with SSCM aspects. As the literature review of this paper reveals, there are a great number of reviews available which highlighted the neglected social dimension of research papers. Moreover, between 2013 and 2015, the textile/apparel industry faced many issues, such as the Rana Plaza accident, which could be comprehended as a trigger for researchers to deal with social issues. Indeed, as this paper is written at the beginning of 2016, only one paper emerged, and thus it remains to be seen whether further papers are following (Figure B1 - 2). Regarding the appearance in journals, the leading one is the “Journal of Business Ethics” with six papers. Four papers appeared in the “International Journal of

Production Economics”. The rest of the papers are dispersed across other journals with a maximum appearance of two papers per journal.

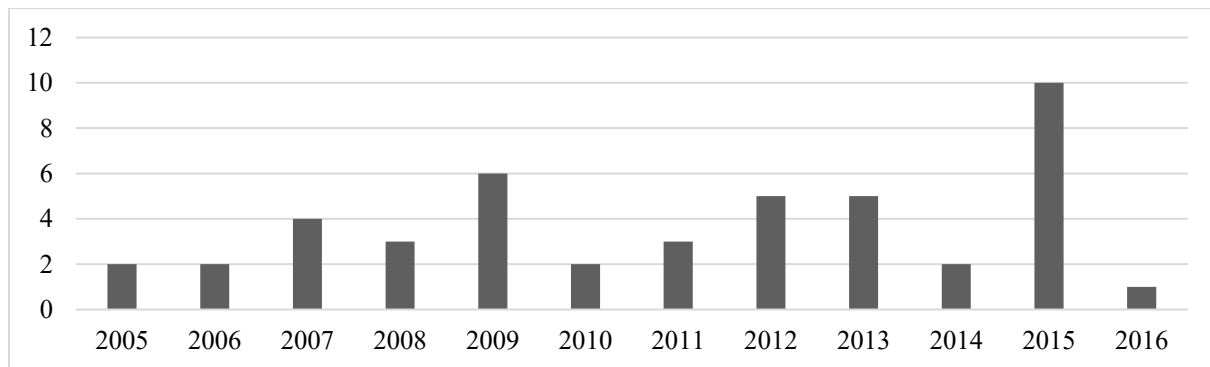


Figure B1 - 2. Time distribution of analysed papers. Columns: Distribution of papers over time. Solid line: Number of papers (N = 45)

The following, Figure (B1 – 3), differentiates the sample papers based on the SSCM actors that are mainly addressed. Moreover, it shows the country’s level of development which the paper primarily addresses, thus stating where the research sample of each study was located during the applied research method (e.g., survey on managers located in developed countries vs. survey on managers located in developing countries), and however, where the initial data for analysis has its origins, e.g., the study of Egels-Zandén and Lindholm (2015). They analysed the factory audits conducted by the Fair Wear Foundation; however, the majority of suppliers are located in developing countries. Thus, the authors consider this as “research focus on developing countries”. It is important to note, that in some studies, it is not identifiable where, e.g., survey managers are located, hence referred to as “without relation to industry grade”. Notwithstanding, according to *RQI*, the main interesting data is whether the paper focuses on developing countries or not and hence is automatically categorized to “research focus on developed countries or without relation to industry grade”, once it fails. Suppliers as SSCM actors have been researched often by scholars (23). Unsurprisingly here, the proportion of developing countries being addressed is strikingly noticeable. Focal companies are another attractive research object across all the papers (24). Also, it is no surprise that here the proportion of developed countries being addressed are mostly evident. This can be referred to the fact that multi-national corporations of the textile/apparel industry are primarily located in western countries and thus the researchers have much easier access to data. Studying focal companies alone (10) and papers evaluating focal companies and suppliers (10) in one paper seems to be an attractive choice.

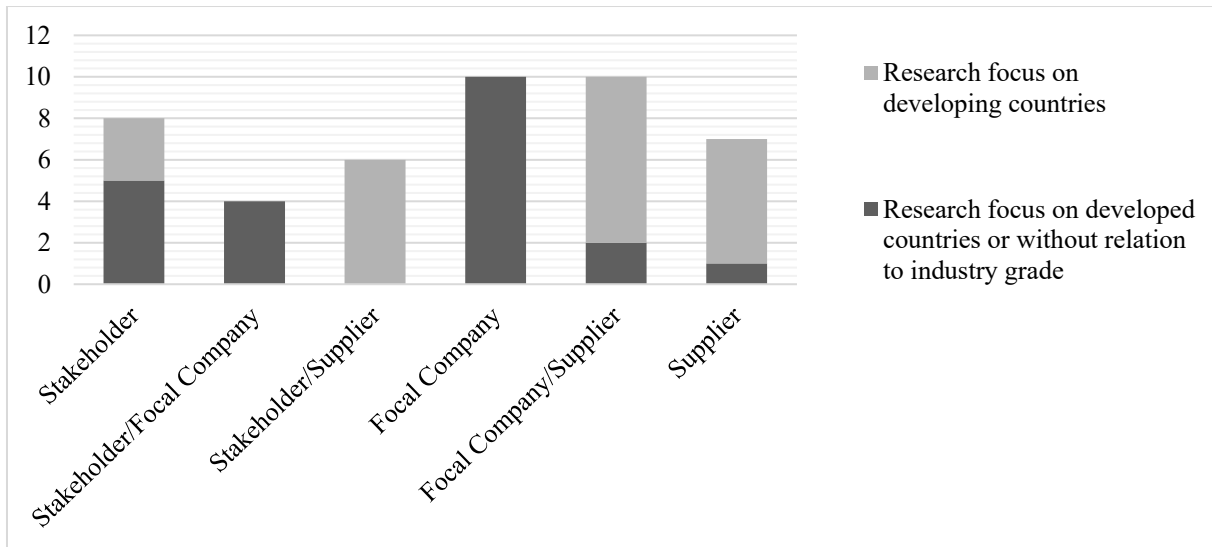


Figure B1 - 3. SSCM actors mainly researched in the papers and related proportion of the focus on the country's level of development. Columns: SSCM actor focus of research. Solid line: Number of papers (N = 45).

Lastly, Figure B1 - 4 emphasizes the research method used by the authors of each article. It is important to note that the majority of the case studies generally include interviews or questionnaires but need to be distinguished from an explicit survey method. A case study usually entails the detailed and intensive analysis of a single case (organization, location, person, and event) and lacks of generalizability. Differently, survey research consists of collecting data predominantly by questionnaire or by interviews on more than one case (Bryman & Bell, 2007). While reviews in the field are scant (3), conducting case studies (23), and surveys (19) are prominent. Case studies paid more attention to developing countries (14). Vice versa, surveys are increasingly conducted by researchers in developed countries (12).

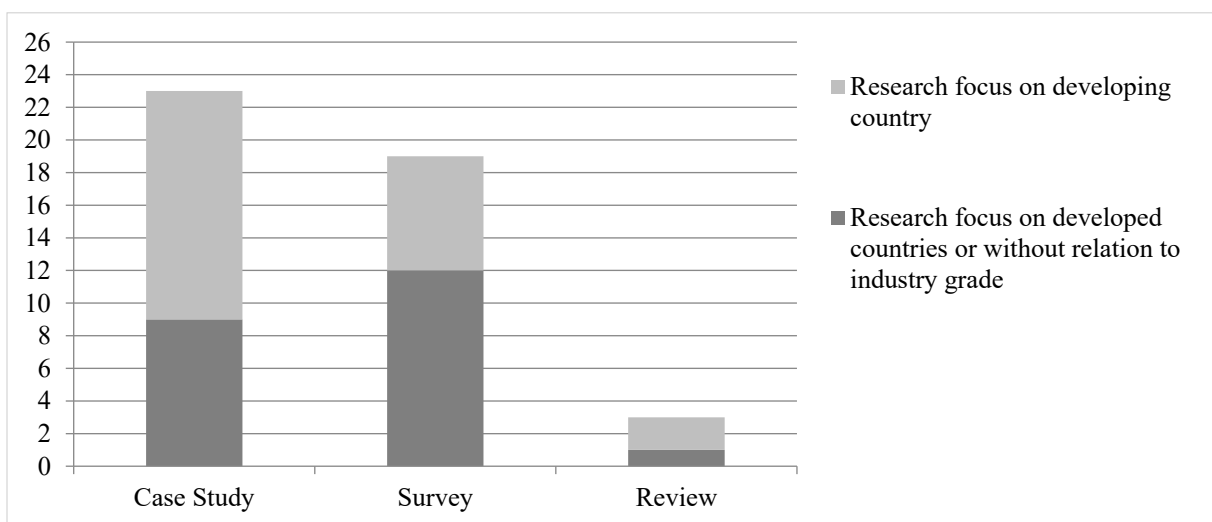


Figure B1 - 4. Research methods conducted by researchers and related proportion of the focus on the country's level of development. Columns: Research method used by paper. Solid line: Number of papers (N = 45).

1.4.2 Content Analysis

This section presents the findings of the content analysis of 45 papers, integrates their content, and outlines the refined framework with the inclusion of the inductive categories and subcategories. It is important to note that each paper of the sample can be relevant to one or more categories. In order to ensure transparency, the authors provide a list of the sample papers with their related categorization in the Appendixes (C1 – Table 1-4).

1.4.2.1 Stakeholders

The stakeholder dimension has been mentioned by 34 papers of the sample, regardless of its SCM actor focus. At least each of the papers state pressures that derive from NGOs or other stakeholders. Most of these papers address drivers (27), closely followed by papers which deal with enablers (16), and barriers (16).

Drivers

Generally, papers deal with the evaluation of stakeholder groups as to their effectiveness regarding socially responsible management. Predominantly, papers evaluated industry peers (14) such as non-governmental organizations (NGOs), including multi-stakeholder initiatives (MSI), and activist campaigns (e.g. Park-Poaps & Rees, 2010). To sum up, scholars constantly state that NGOs can act as watchdogs and are targeting the focal companies, which motivates them to implement social risk management practices (17) (Lueg, Pedersen, & Clemmensen, 2015).

MSIs include a variety of stakeholders, such as focal companies, NGOs, government, and others, with the aim to identify and improve human rights abuses in the supply chains of the apparel industry (Milne, Dickson, & Keene, 2013). They provide more legitimacy than entirely corporate controlled practices (e.g., codes of conduct) and protect against negative disclosures. Researchers highlight the crucial role of MSIs, as supplier companies can improve their credibility with a membership status (Anner, 2012; Huq et al., 2014; Locke, Kochan, Romis, & Qin, 2007; Posthuma & Bignami, 2014). Generally, MSIs impose their own codes of conduct, which are mainly based on the ILO standards (International Labour Organization) (O'Rourke, 2006). MSIs which enjoyed the attention of scholars are the Clean Cloth Campaign (CCC), the Social Accountability 8000 (SA8000), the Fair Labour Association (FLA), and the Fair Wear Foundation (FWF) (Egels-Zandén & Lindholm, 2015; Locke, Amengual, & Mangla, 2009; Merk, 2009; O'Rourke, 2006; Stigzelius & Mark-Herbert, 2009). Although some studies describe the important role of unions in improving labor standards (Anner, 2012; Burchielli,

Delaney, Tate, & Coventry, 2009; Egels-Zandén & Hyllman, 2006; Hale & Wills, 2007; Miller & Williams, 2009), no further study has been found that clearly analyzed the unions' influences on SSCM. Also, public or governmental regulations as drivers have found scant attention since 2005. Only five studies have been identified (de Brito et al., 2008; Freise & Seuring, 2015; Jiang, Talluri, & Yao, 2012; Park-Poaps & Rees, 2010; Posthuma & Bignami, 2014). Regarding media pressures, one study discusses predominantly the powerful impact of the media and its threats on companies' public image and financial well-being (Park-Poaps & Rees, 2010). Hence, negative media exposure drives companies to be socially responsible, as 19 papers of the sample mention (Freise & Seuring, 2015; Park-Poaps & Rees, 2010; Perry & Towers, 2013; Yu, 2008). Further, it is striking that only two studies focused on the consumer perspective (Gupta & Hodges, 2012; Park-Poaps & Rees, 2010). Both of the studies emphasized the increasing consumer consciousness. Nevertheless, researchers are mainly in accordance with the general view that consumers' rising concerns and interest in sweatshop issues is what affects a company's reputation (Carrigan, Moraes, & McEachern, 2013; Iwanow, McEachern, & Jeffrey, 2005; Shaw, Hogg, Wilson, Shui, & Hassan, 2006; Towers, Perry, & Chen, 2013).

Enablers

Articles describe cases where partnerships and the joint collaboration of stakeholders and companies can be beneficial in governing social issues within the supply chain (Ansett, 2007; Auchter, 2015; Egels-Zandén & Hyllman, 2006; Krueger, 2008). These collaborations lead to supportive actions and can act as consultants for companies which are, for instance, in financial conflict in implementing social practices in their supply chain or are not familiar with social responsibility practices (Ansett, 2007; Milne et al., 2013). Milne et al. (2013) further discuss how the FLA provides its members with training, tools, and other valuable resources to improve a company's responsible sustainable supply chain management and hence its CSR efforts. Nonetheless, each MSI has its own focus in its codes and audits and rarely covers all socially related aspects that can occur within a supply chain (Egels-Zandén & Lindholm, 2015). In that regard, collaborations between stakeholders can also result in industry-wide codes of conduct which provide uniform guidance and enable companies to implement social responsibility management based on governmental laws and regulations (Krueger, 2008). Auchter (2015) recently advocated that industry-wide codes are easier to implement by industry members. Overall, 15 articles investigate assisting factors of stakeholders, although many of them do not have a distinct focus in finding out enablers.

Barriers

One significant barrier is the consumer himself, as four papers document (Carrigan et al., 2013; Iwanow et al., 2005; Shaw et al., 2006; Towers et al., 2013). Despite the fact that consumers show increasing awareness regarding socially responsible-produced apparel, papers report that price, quality, and style are the dominant motivating factors when purchasing clothes (Gupta & Hodges, 2012; Iwanow et al., 2005; Shaw et al., 2006). Eight papers point at governmental barriers and that legal requirements are only weak drivers of social risk management (Freise & Seuring, 2015; Hoang & Jones, 2012; Park-Poaps & Rees, 2010). It appears that governmental issues are likely to be present in developing countries, such as China and India, where regulatory systems are not sufficient enough and there is a lack of commitment to ILO standards (Auchter, 2015; Jiang et al., 2012; Yu, 2008). Another major barrier stemming from governments is corruption (Huq et al., 2014; Stigzelius & Mark-Herbert, 2009). However, not only governments can be corrupt, and one paper states that NGOs also ask for money, otherwise they threaten suppliers with workforce unrest (Huq et al., 2014). With regard to MSIs, a plethora of problems are counted by several researchers. Anner (2012) revealed that initiatives such as the FLA are too much corporate driven and thus the audit reports of the FLA fail in detecting the right to form unions, strike, and bargain collectively (Anner, 2012; O'Rourke, 2006). In this regard, companies that engage NGOs try to switch their function from watchdogs to partners and bypass local laws and unions (O'Rourke, 2006). Moreover, the MSI-suggested codes of conduct, such as that of the FWF (Fair Wear Foundation), are limited in their improvements and support the general view of the code's uneven impact (Egels-Zandén & Lindholm, 2015). O'Rourke (2006) reported on codes and audits of MSIs and stated that they can be counterproductive for workers as they can cause job losses, reduce wages for workers due to the cut of overtime, and even cause punishment of workers who are complaining to auditors. Another criticism is that some MSIs, such as the WRAP (Worldwide Responsible Apparel Production), have a low level of transparency. Further critics state that audits are inefficient due to the fact that they are pre-announced and not frequently conducted. Corresponding to that, Egels-Zandén & Lindholm (2015) summarize the audits of the FWF as "flawed" processes.

1.4.2.2 Focal Company

It is not surprising that focal companies have been addressed by 42 papers of the sample, again, regardless of each paper's main research focus, as pointed out in Figure 6. Drivers for the implementation of social risk management found widespread attention by researchers, as 21 papers deal with this category. Another 18 papers mention barriers and 12 papers state enablers.

Drivers

In order to deal with stakeholder risks, companies strive to mitigate external pressures (Freise & Seuring, 2015) and to protect the corporate image by implementing social risk management. Thirteen papers mention this and examples include pressures such as negative media exposure, consumer boycotts, and activist campaigns, or, in general, stakeholder scrutiny. For a more detailed insight, one can consider stakeholder drivers in the earlier section. Ergo, focal companies formulate codes of conduct or become members of MSI groups to gain legitimacy and enhance their brand image (Carrigan et al., 2013; Dargusch & Ward, 2010; Krueger, 2008; Locke, Kochan, et al., 2007; MacCarthy & Jayarathne, 2012). Another six papers paid attention to a focal company's opportunity of differentiation and, thus, enhanced competitiveness through the implementation of social risk management practices (Carrigan et al., 2013; Curwen, Park, & Sarkar, 2013; Stigzelius & Mark-Herbert, 2009). In that regard, McCarthy and Jayarathne (2012) indicate the potential of retailers to become more competitive in the market, not only to be a fashion leader but also to consider becoming an ethical leader. One further factor that initiates a focal company to implement social risk management practices throughout its supply chain is to improve its operational performance and productivity, such as quality, cost, labor turnover, and delivery issues, as employees feel more motivated to work for a socially responsible corporation (Sancha et al., 2015).

Enablers

The greatest factor that assist focal companies in the realization of SSCM practices is the company orientation, and is mentioned by eleven papers (Curwen et al., 2013; Freise & Seuring, 2015; Locke et al., 2009; Milne et al., 2013). Park-Poaps and Rees (2010, p. 308) summarize the internal orientation as an “*organizational culture in which the organizational core values address principles of fair labour management and the values are reflected on the company's internal alignments and actions*”. It is suggested that CSR practices can be much more effective when embedded to a company's “ethos and practice” and merely implementing codes of conduct is not enough (Carrigan et al., 2013; Goworek, 2011; Mamic, 2005). One resulting positive effect can be the reconsideration of the sourcing policies of the buying companies in the form of avoiding orders in countries with poor labor records and exaggerated production deadlines and lead times, as the reader will note later in the supplier barrier section of this paper. Svensson (2009) further concludes that companies should strive to be proactive rather than reactive in their dedication to ethical concerns, which links again to the internal orientation of a company (Svensson, 2009). With that, it seems that small and medium-sized enterprise (SMEs) do have an advantage in asserting CSR practices through their supply chain as they

usually source from a smaller supplier base, which makes it easier to create, e.g., long-term partnerships (Dargusch & Ward, 2010; Milne et al., 2013).

Barriers

Among barriers that hinder focal companies in the achievement of SSCM practices, one prominent factor is the critical implementation of codes of conduct, with seven papers mentioning this (de Brito et al., 2008; Egels-Zandén & Lindholm, 2015; Merk, 2009). The paradox is that, as companies in the dynamic clothing industry strive to be competitive in price, quality, and lead times, they simultaneously expect their suppliers to be compliant with codes. This behavior is truly not motivating suppliers to comply with a focal company's codes and is attributable to the lack of incentives (e.g., increasing orders or financial support) that focal companies should offer their suppliers for ensuring better working conditions (Locke et al., 2009). In that regard, it becomes apparent that focal companies perceive financial risks. Another study describes that investing in supervision as well as evaluation of implemented codes of conduct are omitted by the case company due to their high costs, which is, of course, contradictory to the aim of maximizing profits (Lueg et al., 2015). The impetus to maximize profit leads to unfavorable buying practices, resulting in unfair wages for factory workers (Locke et al., 2009; Yu, 2008). Sancha et al. (2015) nail it down in their conclusion, "*managers may decide which cost is more important to bear: the cost of implementing these practices or the cost of their suppliers acting unethically*". This can also be related to a company's resources, not only in monetary terms, but also in its capacities to handle complex and time-consuming tasks, such as code implementation, monitoring, certification, or even communication to all its suppliers (Börjeson, Gilek, & Karlsson, 2015; Dargusch & Ward, 2010). When it comes to auditing processes only one study was found, criticizing the traditional compliance models as not rigorous enough due to lack of time. In this manner, it seems that ignorance becomes evident. Once a company has already sold the sample, which is provided by the suppliers to its customers, the auditors would not dare to threaten the production by detecting code violations. In sum, although suppliers are not compliant with codes, the focal company is still doing business with them (Locke et al., 2009). Six papers of the sample highlight instrumental reasons for the implementation of CSR practices. Companies are using codes as a marketing device (Lueg et al., 2015), and the lack of workers' participation in code compliance programs advertisements for a company, which may use them as a tool to merely mitigating external risks (e.g., negative media pressures), rather than supporting workers' interests (Merk, 2009). Further critics support that codes of conduct are weakening governmental and union intervention and

do not improve labor conditions, but rather are used for public relations (Jiang et al., 2012; Locke, Kochan, et al., 2007; Locke, Qin, & Brause, 2007; O'Rourke, 2006). Lastly a complex supply chain will hinder a successful SSCM adoption. Once an apparel company is not able to establish its wholly owned supply chain, multilevel contracts with various vendors and subcontractors are signed and, in fact, this is not a rare case, especially in the textile/apparel industry. Thus, it becomes more and more complicated for a focal company to hold control, implement codes to further tiers (T1,T2,T3, etc.), and monitor the entire supply chain (Hoang & Jones, 2012; Lueg et al., 2015). This is highly problematic, as one interviewed manager claims that vendors are playing a bad game and prepare their subcontractors for upcoming audits in order to ensure that the focal companies do not stop buying the vendor's products (Hoang & Jones, 2012).

Management of Social Risk

So far, scholars report on sustainable risk management practices in various ways. Social risk management, as indicated by Freise & Seuring (2015), includes responsible social risk managers, activity with NGOs, use of codes of conduct or similar standards, social audits, offering incentives for compliant suppliers, cooperation with business partners beyond first tier suppliers, and policies in place for taking action if social misconduct is documented. Thus, social risk management, which is a part of the broader concept of sustainable supply chain management (Seuring & Müller, 2008), has been described under different terms, such as social supplier development (Sancha et al., 2015) or corporate social responsibility (Anner, 2012; Baskaran, Nachiappan, & Rahman, 2011; Burchielli et al., 2009; Dargusch & Ward, 2010; Goworek, 2011; Towers et al., 2013). It is important to note that all these different terms generally imply the same practices a company can conduct to be socially responsible. Furthermore, researchers are generally in accordance that social risk management practices will lead to a positive outcome in stimulating the driving factors of a focal company, discussed in earlier sections, and improve the supplier's social performance (Sancha et al., 2015). A total of 40 papers, regardless of their actor focus and use of terminology, describe practices a company can follow in order to be socially responsible and are presented in the following. In general, as Egels-Zanden & Lindholm (2015) recently support, the implementation of codes of conduct and other standards is the most common practice and has an overall positive impact on the suppliers' social performance, but one should note that this still remains limited (as described earlier).

Supplier Collaboration and Assessment

In the supplier collaboration category, the aim is to organize the paper samples which deal with social risk management practices a focal company can follow in order to cope with its driving factors, and a huge sample of 29 papers discuss it. Accordingly, two possibilities of compliance relationships can be distinguished. The first one is a commitment relationship with their suppliers and the second is a compliance relationship, which is obviously the more inadvisable and distrustful type (Ansett, 2007; Goworek, 2011; Locke et al., 2009; Locke, Qin, et al., 2007). Table B1 - 2 depicts the dominant results of the coding process.

Table B1 - 2. Supplier collaboration practices and related (sample) references.

Supplier Collaboration Practices	Example	Key Sample Paper(s)
commitment vs. compliance relationship	<i>commitment</i> : analyzing and correcting root causes of social issues, joint problem solving, mentoring, coaching, learning, capacity building, positive incentives. <i>compliance</i> : rules or standards focus, policing, inspections, "us vs them", repeated audits, pressures from above, negative incentives.	Locke et al. (2009)
building up relationship, collaboration, and training	development of trust, commitment and collaboration relationships improve CSR performance. E.g., training can be beneficial in preventing and mitigating child labour and unhealthy working conditions.	Perry & Towers (2013); Locke et al. (2009); Locke, Qin, et al. (2007); Goworek (2011); Giannakis & Papadopoulos (2016); Milne et al. (2013)
cost sharing	e.g., financial support for training programs or to take over costs for infrastructure improvements, e.g., fire extinguishers.	Mamic (Mamic, 2005); Yu (2008)
decrease profit margins and lead times	e.g., to finance worker wages of supplier and thus reduce necessity of overtime work.	Hoang & Jones (2012); Miller & Williams (2009)
offer incentives	e.g., offer larger orders or long-term contracts for compliant suppliers.	Huq et al. (2014)
invest in corporate compliance teams	e.g., establish educated field personnel who are in close contact with suppliers in order to enhance communication, provide training, and transfer of know-how.	Mamic (2005); Locke et al. (2009); Milne et al. (2013); Ansett, (2007); Sancha et al. (2015); Huq et al. (2014); Locke, Qin, et al. (2007); Lueg et al. (2015)

In short, a focal company's efforts to implement successfully SSCM practices in its supply chain is to support its suppliers with a commitment strategy, which consequently leads to an advantageous relationship and trust between the two actors, and hence to improved compliance performance and competitiveness of the supplier (Börjeson et al., 2015; Locke et al., 2009; Park-Poaps & Rees, 2010). Lastly, a focal company may seek stakeholder support by engaging with MSIs. These initiatives and their assisting factors are emphasized earlier, but should be considered also as a practice that a focal company can make use of by building up partnerships

which can be beneficial in formulating codes and learning from the NGOs' expertise in encouraging compliance (Ansett, 2007; Milne et al., 2013).

It becomes evident that supplier collaboration, e.g., use of codes of conduct and assessment are complementary and cohesive practices. Thus, it is not surprising that many papers mentioned during the supplier collaboration topic above are also dealing with, or at least mentioning, supplier evaluation practices, which play a crucial role in ensuring positive labor-oriented outcomes (Hoang & Jones, 2012; Lueg et al., 2015; Park-Poaps & Rees, 2010; Sancha et al., 2015). Once a company introduces codes to its suppliers, the expected positive impact needs to be monitored, evaluated, and, if necessary, corrected by the focal companies, and 20 papers discuss this (Locke, Qin, et al., 2007; Mamic, 2005) (Table B1 - 3).

Table B1 - 3. Supplier assessment practices and related (sample) references.

Supplier Assessment Practices	Example	Key Sample Paper(s)
audits	Generally, include a physical inspection, i.e., a walk through, a documentation inspection, and interviews with workers.	Mamic (2005); Milne et al. (2013); Locke, Qin, et al. (2007); Locke, Kochan, et al. (2007)
external monitoring and certification	conducted by MSIs (e.g. SAI, WRAP, FLA, ETI, FWF). They have their own codes of conduct, which are largely driven by ILO core standards.	O'Rourke (2006); Stigzelius & Mark-Herbert (2009); Anner (2012); Ansett (2007); Egels-Zanden & Lindholm (2015); Svensson (2009); Iwanow et al. (2005); Locke et al. (2009); Milne et al. (2013); Locke, Qin, et al. (2007)
third party monitoring/ independent monitoring	accredited external organizations, including large accounting firms, professional service firms, quality testing firms, and small non-profit organizations to monitor compliance with codes.	Ansett (2007); O'Rourke (2006); Locke, Kochan, et al. (2007); Milne et al. (2013); MacCarthy and Jayarathne (2012)
corrective action plans (CAP) and remediation	agreement between the supplier and the auditor on the results of an audit and includes recommendations that should be changed within a specific time frame.	Mamic (2005); Milne et al. (2013); Anner (2012)

Locke, Qin, et al. (2007) analyzed the corporate audit of Nike and found that variations in working conditions can be the result of country effects, factory characteristics, and the relationship between Nike and its suppliers. Consequently, while some suppliers are compliant with Nike's code of conduct, others face problems with wages, working hours, and health and safety. The implications of their study are clear and point out that monitoring alone is not sufficient in improving working conditions (Locke, Kochan, et al., 2007). Therefore, a very crucial part of the monitoring process is to develop corrective action plans in order to realize

improvements of the supplier performance. A practical example of the remediation process is further given by Milne et al. (Milne et al., 2013). Third party audits conducted by MSIs are likely to evaluate the internal monitoring systems of the focal company on their effectiveness, and increases negative attention of the NGOs when retailers do not engage with independent audits (Ansett, 2007; Iwanow et al., 2005; Locke, Kochan, et al., 2007). Indeed, the benefits of such external certifications and independent audits, such as the SA8000, are improving the supplier social performance and mitigate stakeholder risks of being linked with human rights violations (Stigzelius & Mark-Herbert, 2009). Nevertheless, audits also receive plenty of criticism, as researchers point at the different foci an MSI's code of conduct and monitoring systems may have, and are thus likely to neglect some specific social aspects (Anner, 2012; Egels-Zandén & Lindholm, 2015). According to Mamic (2005), who provided deep insights into the auditing methodology, supplier audits can be announced or unannounced. This provides another criticism, that suppliers can prepare their facilities for upcoming audits which have been announced prior. Three other studies describe audits in Brazil, China, and Bangladesh, but more from the suppliers perspective (Huq et al., 2014; Jiang et al., 2012; Posthuma & Bignami, 2014).

Reporting

Again, once codes of conduct are implemented and assessed, a focal company should consider reporting the positive outcomes and making them public. Seventeen papers mention the significance of CSR reports, but only a few papers focused exclusively on the evaluation of a textile/apparel company's reporting efforts (Table B1 - 4).

Table B1 - 4. Reporting and related (sample) references.

Reporting	Example	Key Sample Paper(s)
CSR/ Sustainability Reports	Include the use of codes of conduct and their content, memberships in external initiatives, (unannounced) audits, corrective action plans in case of non-compliance, and supplier ranking systems. In addition, financial and product information.	Kozlowski et al. (2015); Mamic (2005)
internal use of reports	Report aims at suppliers. Can include supplier rankings assessed by focal companies based on the social compliance performance in order to trigger and incentivize suppliers with, e.g., increased orders or long-term contracts for compliant suppliers.	Mamic (2005); Kozlowski et al. (2015); O'Rourke (2006); Huq et al. (2014)
external use of reports	Report aims and accomplishments to stakeholders. Focal companies can publish names of suppliers and related audit results.	Mamic (2005); Kozlowski et al. (2015); O'Rourke (2006); Lueg et al. (2015); Bhaduri & Ha-Brookshire (2015); Iwanow et al. (2005)
transparency	To present a positive image and enhance credibility in order to mitigate external (stakeholders) pressures. Also, to be proactive in their efforts to ensure a socially responsible supply chain.	Mamic (2005); Kozlowski et al. (2015); Svensson (2009); O'Rourke (2006); Lueg et al. (2015); Bhaduri & Ha-Brookshire (2015); Ansett (2007); Iwanow et al. (2005);
educate and increase awareness	Through reporting, a company may educate and increase awareness of consumers to gain trust, not only about social issues, but also that ethical responsible clothing can be stylish.	Gupta & Hodges (2012); Goworek (2011); Bhaduri & Ha-Brookshire (2015)

One proposition of Svensson (2009) suggests that focal companies should oblige the stakeholders with reality, without stating, in case of violations, unreasonable excuses. He further claims that hiding the truth will provoke stakeholders (Svensson, 2009). By this, Nike is an exemplary case, as they provide a considered marketing platform for suppliers. Thus, suppliers demand to be audited by Nike to get a place on the Nike's trusted supplier list in order to attract more business (Lueg et al., 2015). Iwanow et al. (Iwanow et al., 2005) state that increased transparency can enable ethically driven consumers to purchase their goods, and even if not, a focal company would be morally questionable when they do not expose their CSR efforts. Another type of informing stakeholders about a company's CSR efforts is through labelling products to be transparent at the point of purchase. This has been suggested as a quick and easy tool to educate consumers about sweatshop-free products and avoids time consuming information search tasks (Shaw et al., 2006).

1.4.2.3 Suppliers

A huge number of the 31 papers refer to the supplier dimension, regardless of the papers' actor focus. Predominantly, they are statements about the social performance of a supplier, with 22

papers. The second most-addressed categories are the barriers (20), followed by a number of enablers (17), and a slightly smaller number of papers which dealt with the drivers category (14). While social performance derived deductively from the literature review, the driving, enabling, and hindering categories derived inductively during the content analysis. Thus, a supplier, whether it is a Tier 1, Tier 2, or lower Tier supplier, also faces motivating, initiating, assisting, and hindering factors in the implementation of social risk management practices, which is usually being required by the focal companies.

Drivers

As this study revealed earlier, focal companies face huge pressures to be socially responsible. Hence the usual case is that these buyers pass on pressures to their suppliers to be compliant with local, national, and international laws, as well as labor standards and a company's code of conduct. This has been mentioned by nine papers (MacCarthy & Jayarathne, 2012; Milne et al., 2013; O'Rourke, 2006). Stigzelius and Mark-Herbert (2009) interviewed factory managers in India and found that the implementation of the SA8000 standard is strongly required by western buying firms. Huq et al. (2014) supports this by highlighting the dominant buyer pressure and their efforts to make social compliance mandatory for suppliers in Bangladesh. They further report how one supplier failed to secure orders from a big British retailer due to its non-compliance with the retailer's code of conduct. Perry and Towers (Perry & Towers, 2013) state that suppliers in Sri Lanka also face buyers who are demanding CSR implementation more and more, rather than asking for capacities and quality. Consequently, a supplying company can attract important retailers with being socially responsible in order to remain competitive in the market (Huq et al., 2014). However, not only retailers are attracted, but also suppliers strive to be attractive for other reasons. In the study of Huq et al. (2014, p. 622), one supplier managing director stated that they *"have a tremendous shortage of workers. If we are not socially compliant, the workers won't come to our factory. Competition to get workers amongst the factories is forcing us to be compliant"*. Thus, improved working condition in factories may attract better workers, decreases labor turnover and increases productivity (Perry, Wood, & Fernie, 2015). Other benefits to the operational performance include the time and money savings through the implementation of SA8000, as most of the code of conduct requirements from various buyers are covered (Stigzelius & Mark-Herbert, 2009). Another five papers support that social sustainability increases competitiveness based on the operational improvements (Huq et al., 2014; Krueger, 2008; Locke, Kochan, et al., 2007; Perry & Towers, 2013; Sancha et al., 2015). In sum, ten papers are in accordance that a certified supplier can

enhance its image, differentiate itself in the market, improve its own operational performance in order to strengthen its competitive situation, and win large orders by important apparel retailers. This can especially be an advantage for suppliers who are in huge price and quality competition with other local suppliers, and, of course, also with a large number of suppliers from countries like China, India, and Bangladesh (Perry et al., 2015). Moreover, a supplier which is certified by a recognized stakeholder initiative (O'Rourke, 2006) is also able to improve its bargaining power and can build up long-term relationships with buyers in order to increase orders or bargain higher prices (Huq et al., 2014).

Enablers

Of course, in this category, the most crucial assistance a supplier can receive is that of the buyers' or stakeholders' collaboration and assessment efforts. In the course of satisfying the motives for social compliance, one dominant assisting factor from the supplier's point of view is the company's internal orientation. This is not surprising, as it is also a present and important factor for the focal company. Four papers mention this, and report how ethic responsibility of factory managers is the base for being socially compliant (Dargusch & Ward, 2010; Huq et al., 2014; MacCarthy & Jayarathne, 2012; Towers et al., 2013). The study of Perry and Towers (2013) shows how Sri Lankan suppliers switched from producing fast fashion to basic garments, which enabled the managers to forecast more accurately (avoiding under/overbuying) and reduce price pressures, since they were able to integrate the buyers to these processes and jointly improve efficiency. Thus, a supplier's orientation towards CSR commitment is a crucial enabler to close relationships that can allow collaboration efforts of buyers, and has been found to increase the supplier's operational performance in terms of reduced uncertainty and lead time, which consequently decreases negative impacts of buyers and ensures that a supplier can maintain being socially compliant (Perry & Towers, 2013). To counter the buyer-driven textile/apparel supply chain, suppliers from the same town or country may work together to come to a more powerful position in order to get rid of cannibalistic price competition, which affects, in turn, working conditions and wages (Jiang et al., 2012). Also, the development of one uniform code of conduct among suppliers, including all requirements of various buyers, can be helpful to increase clarity and ease the compliance process (Huq et al., 2014). Furthermore, a supplier who is internally CSR-oriented opens the door to receiving support from MSIs or other initiatives, as learned earlier (Huq et al., 2014; O'Rourke, 2006).

Barriers

Fourteen papers clearly emphasize the hindering factors towards code implementation of suppliers. Egels-Zanden and Lindholm (2015) discuss the conflicting views on the impact of codes and Perry and Towers (2013) point at the difficulties of code implementation in the highly competitive, dispersed, and complex nature of the apparel industry. Merk (2009) states criticisms that codes are tending to be managerial instruments and workers are ignored and not included in the development process of codes. Further researchers describe the confusion among suppliers due to the lack of uniformity across codes of conduct. Hence, the suppliers are endeavoring to comply with different codes of different buyers (Huq et al., 2014; Locke, Kochan, et al., 2007; Locke, Qin, et al., 2007). Additionally, as this is the same case for focal companies, implementing social responsibility through codes definitely raises costs for factories (Jiang et al., 2012; Sancha et al., 2015; Stigzelius & Mark-Herbert, 2009; Yu, 2008). According to Stigzelius and Mark-Herbert (2009), the implementation of SA8000 includes, among other obstacles, paying higher wages, investments in facilities, and costs for audits. The usual effect is then to increase the product prices to balance these costs. Contradicting the buyer's sourcing practices remains the same, and, combined with their avoidance of providing financial help, this causes forlorn situations for suppliers, which are in turn forced to violate social aspects such as excessive working times, lower wages, or unhealthy working conditions, even when they are willing to improve (Baskaran et al., 2011; Huq et al., 2014; Jiang et al., 2012; Locke, Kochan, et al., 2007; Miller & Williams, 2009; Perry et al., 2015; Stigzelius & Mark-Herbert, 2009; Yu, 2008). Baskaran et al. (2011) detected a trend which shows that the more aggressive a factory is towards child labor and working hours, the better the financial performance seems to be. Hoang and Jones (2012) support this economic interest of suppliers in Vietnam, and states that they obviously pursue getting as many orders as possible from buyers but in turn force their workers to overtime work. Researchers also emphasize communication and comprehension issues of code implementation, as suppliers' workers lack education, thus making trainings ineffective (Stigzelius & Mark-Herbert, 2009).

Further, out of the above-mentioned fourteen, six papers stress auditing processes. In the course of pursuing economic benefits, third-party auditors also seem to be disruptive when they monitor suppliers. One supplier claims that third party auditors are seeking to submit an unfavorable report in order to secure a second visit and with it a second fee (Huq et al., 2014). Also, the employment of unskilled auditors, such as recent graduates without experience and language skills, seems to be a usual case (Locke, Qin, et al., 2007). Nonetheless, suppliers seem

to know how to act on this, and, with their effort to be compliant and avoiding further costs, mock compliance is not a seldom case, especially when audits are preannounced. Researchers report on this by referring to faked documents (faked ID cards to conceal child work), cheating on working hours, preparing workers for interviews, unlocking emergency exits, etc. (Auchter, 2015; Hoang & Jones, 2012; Huq et al., 2014; Locke et al., 2009; Mamic, 2005).

Another striking factor is that workers of manufacturing companies do not have trust in unions, especially in developing countries, as six papers report. As Anner (2012, p. 633) concludes, “*Strong unions that are empowered to organize strikes are perceived to be disruptive to supply chains and thus debilitating to corporate control*”. Manufacturing managers react very sensitively when unions get loud or protest, and, as a consequence, threaten their workers with job losses or a cut in salary. This explains the fear of workers to unveil reality during interviews with auditors (Burchielli et al., 2009; Hoang & Jones, 2012; Locke et al., 2009). Yu (2008) and Hoang and Jones (2012) further mention the low power of unions, regardless of whether it is a trade union or a corporate union.

This points at another big obstacle, which is the manufacturing workers’ lack of awareness about labor rights (Huq et al., 2014; Merk, 2009; Stigzelius & Mark-Herbert, 2009). There are various indicators for awareness issues, and researchers, such as Auchter (2015), refer this back to a country’s society that a supplier is located in. While western countries usually consider child work as wrong, some Asian countries assess child work as normal. In other words, the cultural background of a society as well as the socio-economic and political situation of a country needs to be noted (Auchter, 2015; Huq et al., 2014). In this regard, it can be observed that a misalignment between code of conducts and the local culture can occur, which in turn may lead to further mock compliance issues (Auchter, 2015; Hoang & Jones, 2012; Huq et al., 2014)

Social Performance

Several attempts at evaluating the supplier’s social performance can be observed in the paper sample (22), although only a few applied methods to analyze supplier performance with an explicit focus. Both qualitative and quantitative approaches have been conducted. For instance, based on the literature, Baskaran et al. (2012) provide social criteria such as discrimination, abuse of human rights, child labor, long working hours, and society/unfair competition for the scientific evaluation of 63 suppliers and categorized them into three groups based on the results. Sancha et al. (2015) recently assessed suppliers’ social performance in Spain quantitatively

from a broad view. Based on multiple factory audits of 43 garment factories, Egels-Zanden and Lindholm (2015) classified social performance according to forced labor, discrimination, child labor, freedom of association, wages, working times, health and safety, and employment relationship criteria. Moreover, Locke et al. (2007) conducted the same method and evaluated suppliers of Nike based on their audits (Locke, Kochan, et al., 2007). Including the papers of other researchers, some criteria (categories) which derived deductively from the literature could be served. The following paper integration in Table B1 - 5 is based on its related core analysis and includes both improved as well as poor detections of the underlying category. It is not satisfactory if one paper merely states in its literature review that poor working conditions are evident. At least 22 papers give insights to one or more indicator, although not every paper has the clear aim to measure supplier social performance.

Table B1 - 5. Supplier's social performance indicators and related articles.

Suppliers' Social Performance Indicator	Frequency of Papers	Key Sample Paper(s)
Human Rights/Rights to associate with groups or unions	10	Anner (2012); Baskaran et al. (2012); Egels-Zanden & Lindholm (2015); Merk (2009); Hoang & Jones (2012); Huq et al. (2014); Locke, Kochan, et al. (2007), Burchielli et al. (2009), Giannakis & Papadopoulos (2016), MacCarthy & Jayarathne (2012)
Unfair wages	10	Yu (2008); Miller & Williams (2009); Huq et al. (2014); Auchter (2015); Burchielli et al. (2009); Perry et al. (2015); MacCarthy & Jayarathne (2012); Jiang et al. (2012), Locke, Qin, et al. (2007), Anner (2012)
Excessive working times	8	Baskaran et al. (2012); Locke et al. (2009); Hoang & Jones (2012); Locke, Kochan, et al. (2007); MacCarthy & Jayarathne (2012); Jiang et al. (2012); Locke, Qin, et al. (2007), Anner (2012)
Child/forced labour	7	Auchter (2015); Iwanow et al. (2005); Huq et al. (2014); Baskaran et al. (2011, 2012), MacCarthy & Jayarathne (2012), Yu (2008)
Unhealthy/dangerous working environment	4	Locke et al. (2009); Huq et al. (2014); Anner (2012); MacCarthy & Jayarathne (2012)
Discrimination	3	Egels-Zanden & Lindholm (2015); Baskaran et al. (2011, 2012)
Diversity	0	-
Treatment of animals	0	-

One of the most investigated categories is human rights/rights to associate with groups or unions, which derived inductively during the analysis (Baskaran et al., 2012). It makes sense to

present the inhuman treatment/harassment category, which derived deductively (Giannakis & Papadopoulos, 2016) in line, because this includes the violation of human rights. For instance, Hoang and Jones (2012) report how code of conduct audits helped a supplier's workers to go to the toilet freely, rather than applying for a toilet card in advance. From the authors' point of view, this is a typical violation of human dignity. Therefore, the researcher of this paper combines these two categories into human rights as an umbrella indicator. Nevertheless, this integration seems to be subjectivity driven in nature. The different definitions of the researchers regarding social performance indicators makes the integration very complex.

1.5 Discussion

1.5.1 Research Question 1

One critical point is the still prominent call for socially related research in SSCM. While this gap has been determined already in previous literature reviews (Seuring & Müller, 2008; Zorzini et al., 2015) very clearly, it seems that academics struggled in finding socially related SSCM research areas or face other obstacles. Moreover, previous reviews usually have a cross-sectoral point of view, and thus their findings as well as implications suggest broad conclusions. In order to answer the three research questions of this study, the authors reviewed first the literature on SSCM to develop a conceptual framework, which consists of the major actors of the sustainable supply chain and its related barriers, drivers, and enablers for the implementation of social risk management. Therefore, the paper at hand reveals potential research areas in the relevant field in order to make socially related SSCM more comprehensive and hence attractive and accessible.

It is striking that there is a lack of such conceptualizations in textile and apparel-specific journals, although each industry has its own characteristics. The only research found, which conceptualized the supplier's perspective in the textile/apparel industry and taking the social dimension into account, is that of Perry and Towers (2013). High consistency regarding their identified inhibitors and drivers can be found (Perry & Towers, 2013). However, not only are modelling approaches still rare in textile and apparel-oriented streams, there also is a lack of socially related research in general. An output of only 45 relevant papers that deal with social aspects, seem to be very low for the textile/apparel sector, as social issues are constantly emphasized over many years by academics and the media.

The objective of this study was achieved by integrating and organizing strictly the content of socially related papers in leading journals of the field with a clear link to the textile/apparel industry. Figure 8 depicts the revised conceptual framework including its refinements, which inductively emerged during the previous analysis section. A complementing list of all papers and their affiliation to the related categories is provided in Appendixes (C1 – Table 1-4). As the refined model shows, a supplier's social performance is not merely dependent on the driving and enabling forces of a focal company, as former models outline (deductive framework), but it is also highly dependent on its own internal orientation and motivating factors. Nevertheless, suppliers also face, or even self-induce, huge barriers in improving their social performance. Further, the authors learned that sustainably oriented managers of supplying factories can be proactive and engage in collaboration and assessment activities directly with stakeholders such as MSIs to obtain certifications such as SA8000, and enhance, e.g., their competitiveness, bargaining power with buyers, and operational performance. Thus, the dominantly discussed category, supplier collaboration and assessment, can be interpreted as an offer for suppliers deriving from stakeholders and a focal company's management of social risk. The acceptance is then heavily dependent on the enablers, drivers, and barriers from the suppliers' point of view. This view has been neglected in other conceptual models, which consider every three actors of the SSCM, and highly contributes to the comprehensiveness of sustainable supply chain management in the textile/apparel industry.

Generally, a rise in number of articles, which deal with supplier management systems, such as codes of conduct or SA8000, can be noted (Hoang & Jones, 2012; Stigzelius & Mark-Herbert, 2009; Yu, 2008), although one needs to keep in mind the relatively small paper sample. This again, points to the rise in number of articles, which deal explicitly with MSIs (see also Table B1 - 3).

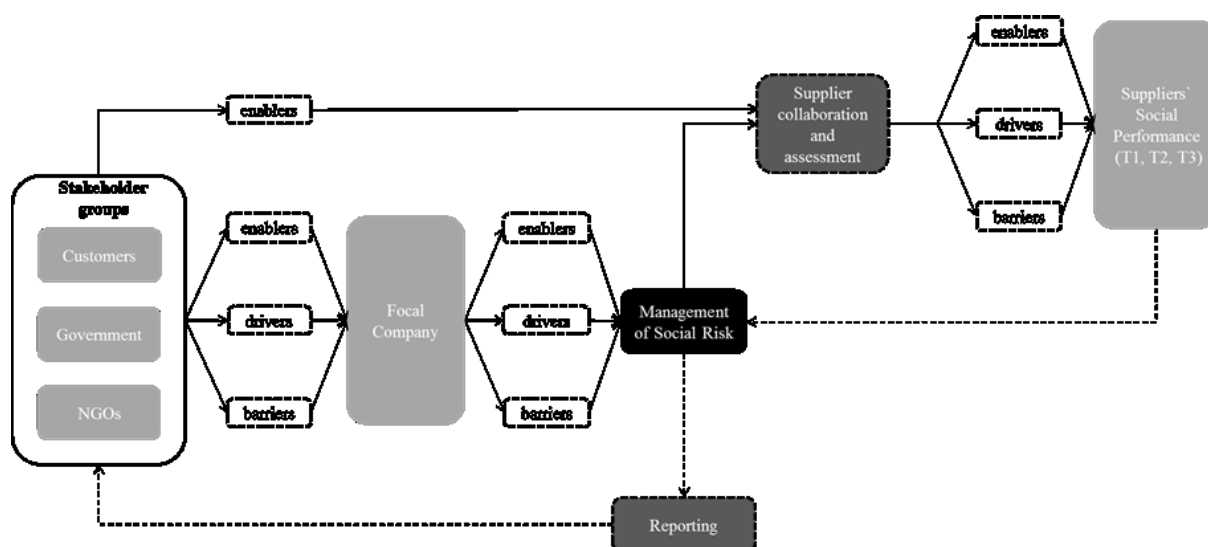


Figure B1 - 5. Refined conceptual framework for social risk management in the textile/apparel supply chain after findings of the study

Enablers

A company's (focal or supplier) internal orientation is one of the main assisting factors for sustainable supply chain management practices. Coherence to previous studies in the field can be found, as Beske et al. (2014) applied to the food industry and critically analyzed the literature regarding SSCM. They found also that their paper sample placed high importance on a company's proactive commitment to SSCM. Further, they highlight similar risk management practices and point at the significance of collaboration efforts (Beske et al., 2014). This seems to be reasonable, because both of the industries are dynamic in nature. From the stakeholder's perspective, MSIs are increasingly analyzed and discussed by researchers. They play a crucial role in assisting companies (focal or supplier) in their collaboration, assessment, and reporting efforts.

Drivers

Generally, papers identified NGOs and media as watchdogs and reported that they are targeting focal companies. Contradictory to the findings of Seuring and Müller (2008), governmental pressures seem not to be one of the major stakeholder drivers for the implementation of social risk management practices. At least, not for the textile/apparel industry, as revealed during the analysis. Focal companies strive to mitigate these external risks and formulate codes of conduct, or become members of MSI groups to gain legitimacy and enhance their brand image. Consequently, focal companies put pressure on their suppliers to be compliant with their codes. However, not only aforementioned factors drive companies (focal and supplier) to implement

social risk practices, but also they can be extrinsically motivated to be more competitive, e.g., through differentiation strategies.

Barriers

Predominantly and paradoxically, MSIs initiate many barriers. Moreover, governments hinder social responsibility through corruption and lack of commitment to ILO standards, especially in developing countries. Consumer demands still focus on price, quality, and style. Code implementation and monitoring are perceived as a financial risk for both the focal company and supplier. To fulfil consumer needs and maximize profits, focal companies typically engage with a long and dispersed supply chain, making use of unfavorable buying practices and avoiding investments to support suppliers. While requiring their suppliers to be compliant, they readily ignore code violence. At the same time, suppliers also seek profit maximization and strive to ensure the lowest prices and on-time delivery. To avoid further costs, mock compliance is not a rare practice. Further barriers from the suppliers view, i.e., lack of awareness of workers, no trust in unions, communication and comprehension issues, and misalignment between codes and local culture are identified. Studies summarize that the implementation of CSR practices are merely instrumental.

Lastly, it is important to emphasize that a specific category of one SSCM actor can be interrelated to the category of another SSCM actor. For instance, motivating factors for a focal company can trigger barriers for suppliers.

1.5.2 Research Question 2

Considering the findings of the descriptive analysis, it becomes evident that, generally, in the textile and apparel sector, the suppliers' perspective from developing countries is not neglected, as postulated. According to Figure 6, almost half of the paper sample (23) covering developing countries and, except for two papers, almost every paper gives insights into the suppliers' perspective regarding social issues. Many papers indicate that, just by their paper title (Baskaran et al., 2011, 2012; Huq et al., 2014; Jiang et al., 2012; Stigzelius & Mark-Herbert, 2009). Hence, this study reveals that a broad perspective, i.e., analyzing multiple industries in one paper (Zorzini et al., 2015), can hardly make rigorous suggestions about one specific industry. However, this study reveals, in Figure 7, that survey-based papers in developing countries are neglected, with only seven papers. This partly supports the findings of Zorzini et al. (2015), as case studies found high attention in developing countries, with 14 papers. Although the paper

sample was not rich, regarding one further suggestion of Zorzini et al. (2015), this study also organized societal views on code implementation into the framework, as well as multi-stakeholder perspectives.

1.5.3 Research Question 3

Overall, it is clear that the low volume of paper samples (45) points at the lack of socially related studies in the field. This definitely calls for more empirical studies, whether employing qualitative or quantitative surveys methods. However, by having a close look on the main categories (enablers, drivers, and barriers) it is striking that every actor has been served by a great amount of papers. Thirty papers were integrated to supplier categories (30), thirty-four papers of the sample were implemented to stakeholder categories (34), and forty-two papers served focal company categories (42). This result stems from the method used by the researchers during analysis and coding of the paper at hand. In general, regardless of the methodological and primary research focus, the authors analyzed the entire paper (not only the result section) to find factors that fit into the categories. By digging deeper and taking the subcategories into account, the following research propositions for future development of socially related research in SSCM emerge.

The clothing and textile industry is very complex in nature. Future research should concentrate more on the current state of suppliers in developing countries, especially on lower tiers, as only one study is identified (Baskaran et al., 2012).

- Investigate lower tiers of the supply chain, but also there is a specific need in considering sourcing agencies and vendors for analysis. In-depth exploratory research can help to find out more drivers, enablers, and barriers (Huq et al., 2014).

Social performance classifications received less attention. This supports the findings of Tajbakhsh & Hassini (2015) and refers back to the fact that there is a specific need in measuring the impacts of social risk management at the supplier level (Tajbakhsh & Hassini, 2015; Zorzini et al., 2015). In that regard, one trend can be observed as researchers conduct case study methods and analyze audits of MSIs or focal companies, which is an opportunity to measure social performance in the supply chain (Anner, 2012; Egels-Zandén & Hyllman, 2006; Locke, Kochan, et al., 2007).

- Clarifying indicators for social performance measures. There are many different attempts but equal terminology includes sometimes different definitions. Subsequently conducting quantitative studies in developing countries will provide a more representative picture.

There is a need in considering cultural and socio-economic aspects, especially in developing countries. While some studies detect such barriers for code implementation at the supplier level, they still neglect to find out solutions to overcome these obstacles.

- Consistent with the findings of Zorzini et al. (2015), it appears that due to cultural differences misalignments between Western codes and their implementation in developing countries can be present (Auchter, 2015; Huq et al., 2014). This still needs to be investigated further.
- Best practice case studies can be conducted to learn from commendable companies e.g., Goworek (2011).

Further, while social risk management practices are mentioned often by academics, it seems that reporting still offers empirical research opportunities.

- One method is to analyze CSR reports of well-known apparel retailers (Kozlowski et al., 2015; Svensson, 2009). Another interesting direction is to consider social media publications. Moreover, studies should analyze their impact on stakeholders.

Another salient research gap is the narrow findings of a focal company's enablers. Proactivity due to internal orientation seems to be the only concise assisting factor, which emerges internally at focal companies. Researchers may find further assisting factors by going more into detail and specifically focusing on enablers at each SSCM actor. Externally, there is much effort on MSIs, but governmental (e.g., offering incentives) and consumers receive less attention.

- Gimenez and Tachizawa (2012) suggest, among others, senior or top management support, availability of resources, strategic role of purchasing function, and appropriate measurement systems. Further, exploratory studies should be undertaken at governments to understand their drivers, enablers, and barriers, as only a few studies have been found explicitly focusing on this actor.

To sum up, as it can be extracted in Figure 7, the adoption of case study methods is prominent, but lacks representativeness for the whole industry. Therefore, existing measurement constructs can be extended or enhanced by conducting in-depth interviews with factory managers in order to gain new insights. Consequently, quantitative questionnaires can be developed and

distributed to suppliers to generate more representative outcomes. Lastly, in SSCM, suppliers (T1, T2, T3, etc.) are the last actors of the upstream supply chain and whenever social issues are discussed it is about a manufacturing company's improved or deteriorated social performance which determines the effectiveness of social risk management. Thus, it is suggested that the main concentration of future research should be at the supplier level in order to outline more sophisticated managerial and academic implications.

1.6 Conclusions

The major contribution of this paper is highlighted in the discussion section and, to the best of the researcher's knowledge, no other paper offers a conceptual framework which is specifically developed for the textile/apparel industry, covering all three actors of SSCM and the related drivers, enablers, and barriers in the implementation of social risk management. So far, many literature reviews have been found, but different researchers use different terms and terminology in SSCM, which may lead to confusion, even though the underlying practices implicate the same activities. Moreover, just a few academics cover all three actors in one study. Bringing the ideas of previous researchers together and categorizing pressures and incentives as well as hindering factors into enablers, drivers, and barriers, the offered framework provides comprehensibility and helps to develop the field further. Academics are now able to enrich this framework with their findings and can make use of the presented dimensions and categories. Future researchers should also consider that this framework can easily be conducted for environmental issues, such as the extension with environmental risk management. This framework proposes a base frame and the more researchers integrate environmental or social papers into the model, the more sufficient and informative it will be in future. Furthermore, product-specific aspects are neglected. This is another enriching direction to complement the framework, and one researcher could apply Seuring and Müller's (2008) second strategy "SCM for sustainable products", which is, besides reporting, another way to satisfy ethical customers or even other stakeholders. The revised framework of the study not only serves academics, as the findings can give direction to an enhanced realization of social risk management. This can be extracted by the barriers, enablers, and drivers outlined in the framework. For instance, the study points at the significance of cooperation with suppliers. A long-term relationship between the focal company and the supplier will be beneficial for both. This can be ensured with investments, training, and cost-sharing activities. Moreover, it seems that apparel companies are not aware that suppliers need support, rather than merely insisting on compliance. It can be concluded that managers should be proactively engaged in SSCM, rather than solely reacting

to stakeholder pressure after violations and by using social risk management practices instrumentally. Nonetheless, this paper has its limitations. It is obvious that the sample papers found during the material collection may not be sufficient. The outcome of the material collection is limited through applying keyword search and the confined access to journals and library services. Therefore, in order to enrich the quality of the framework, other research streams and journals should be considered. With regard to the coding process, another limitation to the research arises, as Seuring and Müller (2008, p. 1706) outline that in conceptual research *“the knowledge, experience and mindset of the researcher or research group have a strong impact on the results”*.

Based on the outcome of this study, the authors can conclude and confirm that the textile/apparel sector is problematic, as the supply chain is globally fragmented, with many suppliers located in different (likely in developing) countries and thus lacks transparency, especially when lower tiers are involved. This, presumably, derives from the consumers at first, who act as barriers when seeking low prices and a flooded wardrobe of frequently changing styles. Second, it turns out that governmental pressures seem not to be the main drivers of reaching social goals in the textile/apparel industry. 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. Paradoxically, these specific practices can even cause pressure, as suppliers are forced to comply, while simultaneously trying to reduce costs in order to stay competitive and gain orders. It seems that, as long as focal companies in the supply chain are not sustainability oriented and companies providing the ultimate value focus merely on profit maximization, sustainable risk management practices come to nothing and move in a vicious circle. Still, research in this very specific area is needed, as this study shows that especially representative survey-based papers are still lacking in the social dimension. This seems to be key too shedding light on the non-transparent textile/apparel supply chain and to making more representative propositions.

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B2. Article 2

Social Sustainability in Apparel Supply Chains – The Role of the Sourcing Intermediary in a Developing Country

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Abstract

After considering significant literature on sustainable supply chain management (SSCM), it is evident that research has neglected the social dimension and still lacks in highlighting the role of sourcing intermediaries in supply chains. The apparel supply chain has increased enormously in length and complexity, driving apparel retailers to employ sourcing intermediaries who manage their sourcing activities with suppliers from developing countries overseas. Thus, the purpose of this study is to enrich existing findings on SSCM by exploring the management of social sustainability when sourcing intermediaries are in between the focal company and the respective developing country factories. More specifically, this study aims to understand the role of apparel sourcing intermediaries for the implementation of social management strategies based on the perception of multiple supply chain actors. Qualitative data was collected through semi-structured interviews conducted in Vietnam and Europe. Ultimately ten propositions are presented, all explicitly concentrating on the apparel intermediary's role as a significant enabler for social sustainability in apparel supply chains. The roles are social sustainability, supplier developer and coordinator, gatekeeper and safeguard, cultural broker, and social risk manager. The social sustainability roles assumed by the apparel sourcing intermediary offer great opportunities to both apparel retailers and developing country factories.

Keywords: SSCM; supply chain management; sourcing intermediary; social sustainability; apparel/clothing industry; developing country; suppliers

2.1 Introduction

Today's apparel consumers expect constant change and new products have to be available on a frequent basis. These facts lead to increased pressure on apparel retailers to achieve lower costs and shorter lead times (Masson, Iosif, MacKerron, & Fernie, 2007). Therefore the apparel industry has faced a dramatic shift as western apparel retailers began to source their products increasingly from developing countries who offered a competitive advantage with lower labor costs (Ashby, Smith, & Shand, 2013; Kunz, Karpova, & Garner, 2016). In other words, with its global reach and as competitive pressures increase the shift to low-cost developing country suppliers (Bergvall-Forsberg & Towers, 2007; Cammett, 2006; Cook & Kozar, 2017; Jia, Lamming, Sartor, Orzes, & Nassimbeni, 2014a; Masson et al., 2007) leads to increasingly complex, globally dispersed and highly dynamic apparel supply chains (Allwood, 2006; Ashby et al., 2013; Cattermole, 2016; Christopher, Lawson, & Peck, 2004; Cook & Kozar, 2017; Dicken, 2007; Freise & Seuring, 2015; Mamic, 2005; Perry & Towers, 2013; Purvis, Naim, & Towill, 2013; Seuring & Müller, 2008) and emphasizes the focus on sustainability. This race to the bottom typically results in a contradiction to the concept of sustainability, defined as the *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"* by the Brundtland Report of the World Commission on Environment and Development (WCED) (WCED, 1987). It becomes specifically clear when considering the definition stated by The European Commission that CSR (Corporate Social Responsibility) is *"the responsibility of enterprises for their impacts on society"* (European Commission, 2012). The literature on the social dimension in SSCM (sustainable supply chain management) has developed over the last few years, but still remains an insufficiently explored field (Nakamba, Chan, & Sharmina, 2017). Indeed, during the TBL (Triple Bottom Line) debate (Carter & Rogers, 2008; Elkington, 1998), the environmental dimension came to the forefront and gained much attention by academics (Liu, Bai, Liu, & Wei, 2017; Seuring & Müller, 2008). This becomes clear by screening significant literature reviews on sustainable supply chain management. In fact, the environmental dimension appears to be predominantly researched, including current research trends in sustainable green supply chain management (Singh & Trivedi, 2016), energy efficiency and environmental sustainability initiatives (Centobelli, Cerchione, & Esposito, 2018), and circular economies (Masi, Day, & Godsell, 2017). Although there is rising concern toward social issues, the ongoing lack has been underlined explicitly by the latest reviews on social SSCM (Köksal, Strähle, Müller, & Freise, 2017; Yawar & Seuring, 2015; Zorzini, Hendry, Huq, & Stevenson, 2015). This shortcoming calls for socially related

research, especially in the apparel industry. The nature of the buyer-driven apparel industry has been described by academics (Egels-Zandén & Lindholm, 2015; Gereffi, 1999; Jiang, Talluri, & Yao, 2012; Perry & Towers, 2013; Perry, Wood, & Fernie, 2015) and observe that is characterized by downward price pressures, negative buying practices with regard to costs, speed and flexibility, and supply chain complexity (Cammett, 2006; Christopher et al., 2004; Jiang et al., 2012; Masson et al., 2007; Neu, Rahaman, & Everett, 2014; Perry & Towers, 2013). It is agreed that these attributes cause social issues throughout the supply chain (Baskaran, Nachiappan, & Rahman, 2012; Egels-Zandén & Lindholm, 2015; Freise & Seuring, 2015; Gardetti, 2013; Huq, Stevenson, & Zorzini, 2014; Köksal et al., 2017; Locke, Amengual, & Mangla, 2009; Neu et al., 2014; Perry & Towers, 2013; Yu, 2008). In fact, many risks have been detected, contributing to forlorn social situations in the apparel supply chain that lead to poor working conditions such as sweatshops (Crisis, 2010; Powell, 2014), child labor (Baskaran et al., 2012; Locke, Kochan, Romis, & Qin, 2007; Merk, 2009), and even factory collapses like the Rana Plaza building in Bangladesh (Anuradha, 2017; Crisis, 2010; Howard, 2015; Huq, Chowdhury, & Klassen, 2016; Lusher, 2016; Manik, Yardley, & Greenhouse, 2013; Mayer & Sorrel, 2016; O'Connor, 2014; Powell, 2014). Therefore, apparel retailers are increasingly in the spotlight and the subject of harsh media criticism and are under growing pressure from external stakeholders like consumers, governments, and NGOs (Freise & Seuring, 2015; Huq et al., 2016, 2014; Köksal et al., 2017; Seuring & Müller, 2008). As a consequence, apparel retailers implement social management strategies (Huq et al., 2016; Köksal et al., 2017; Yawar & Seuring, 2015) in order to tackle social issues in their supply chain and to respond to and mitigate external risks (Freise & Seuring, 2015; Seuring & Müller, 2008), especially when the unfavorable publicity will cause lasting damage to the apparel brand (Howard, 2015; Manik et al., 2013; O'Connor, 2014; Strähle & Köksal, 2015).

In general, apparel retailers have two basic options for sourcing products from developing countries i.e., direct sourcing, mediated sourcing, or a combination of both (Belavina & Girotra, 2010). In fact, these circumstances pushed apparel intermediaries into the foreground, facilitating the management of globally dispersed value chains that generate remarkable competitive advantages for apparel retailers to achieve the best prices, quality, and lead times possible (Adida, Bakshi, & DeMiguel, 2014; Belavina & Girotra, 2010; Dyer & Ha-Brookshire, 2008; Fung, Chen, & Yip, 2007; Gupta & Dasgupta, 2014; Purvis et al., 2013; Yang & Babich, 2015). Nonetheless, independent sourcing intermediaries are another actor in the apparel supply chain (Adida et al., 2014; Fung et al., 2007; Purvis et al., 2013) and researchers point out the increasing difficulties in implementing sustainable supply chain management strategies the

longer a supply chain becomes (Amrou Awaysheh & Robert D. Klassen, 2010; Perry & Towers, 2013). Consequently, the need to understand how to integrate social sustainability with globally fragmented supply chains is a critical task (Freise & Seuring, 2015; Köksal et al., 2017; Zorzini et al., 2015). Specific questions arise, such as how apparel retailers control and perform social management strategies (Huq et al., 2016; Köksal et al., 2017; Yawar & Seuring, 2015; Zorzini et al., 2015) once independent sourcing intermediaries exist in between the factory and the focal company. Moreover, to the best of the authors' knowledge, this study is the first of its kind to explore the role of the sourcing intermediary for the implementation of social sustainability to the apparel supply chain based on the view from three supply chain actors i.e., the apparel retailer, sourcing intermediary, and factories. To date no other study was found investigating the apparel supply chain with an exclusive focus on the intermediary and its role for social sustainability, thus contributing to the SSCM debate with novel, inductive findings to trigger socially related research in sustainable supply chain management and open new avenues of research.

Accordingly, this study attempts to extend existing sustainable supply chain frameworks with new insights and viewpoints while tackling the ongoing lack and widely neglected area regarding the investigation of apparel intermediaries, social sustainability, and research in developing countries. Ultimately this leads to the question of why and how are Vietnamese apparel suppliers sourcing intermediaries and how are the factories tackling social issues? How do apparel supply chain actors perceive the role of the apparel sourcing intermediary for the implementation of social management strategies?

By conducting semi-structured interviews with an apparel sourcing intermediary, one of its customers (a western apparel retailer), and four of its respective suppliers, the authors contribute to both academic and professional discourse. Thus, the paper at hand learns from industry professionals and extends existing conceptual models on socially related SSCM with a new actor, the sourcing intermediary. Furthermore, this study offers valuable managerial guidelines by highlighting the importance of the social dimension in apparel supply chains and gives valuable advice on the effective management of the CSR practices of an apparel company.

Section 1.2 provides a brief summary of recent SSCM related literature reviews, including the presentation of a theoretical framework and the characteristics of the apparel industry to justify the study at hand and thus its guiding research questions. The third section (1.3) describes the methodology used to explore the research questions and presents the companies used as case studies. In Section 1.4, the results are presented. In Section 1.5, key research findings are

discussed by outlining ten propositions. Finally, this paper ends with conclusions that include both academic as well as managerial implications (section 1.6).

2.2 Literature Review

2.2.1 Management of Social Sustainability in Apparel Supply Chains

As outlined in the introduction, the latest literature reviews reveal that the social dimension of the TBL still lag behind environmental considerations (Liu et al., 2017). Nevertheless, recent review papers on social supply chain management (Köksal et al., 2017; Nakamba et al., 2017; Yawar & Seuring, 2015; Zorzini et al., 2015) can be viewed as substantial starting points to trigger socially related research, offering theoretical and conceptual frameworks that point at specific research gaps.

Köksal et al. (2017) reviewed papers that specifically dealt with the textile/apparel industry and offered a beneficial conceptual framework to understand related drivers, enablers, and barriers for the implementation of social risk management practices in textile/apparel supply chains. While social risk management practices include collaboration and assessment (see also Grimm (2016)), and reporting on the activities of a focal company, they also help to mitigate external risks and stakeholder pressures such as negative press in the media and improve social performance in the supply chain (Köksal et al., 2017). Yawar & Seuring (2015) classify responsible supply chain actions with three underlying strategies: communication, compliance, and supplier development. By considering all three actors of SSCM, their findings clearly emphasize the importance of a company's internal orientation towards sustainability (both, focal company, or supplier) and hence its implementation of social risk management practices. Moreover, it has been underlined that cooperation and long-term relationships between focal companies and suppliers is key in the implementation of social responsibility (Köksal et al., 2017). Yawar & Seuring (2015) further affirm that the successful management of social issues in supply chains demands trust and commitment, which require collaboration and supplier development strategies to ensure social improvements in supply chains. Huq et al. (2016) use different terminology and declare that monitoring, collaboration and innovation are the necessary social management capabilities of a company. Zorzini et al. (2015) use the literature on socially responsible sourcing to suggest that it is necessary to classify areas of interest such as strategy, organizational culture, risk management, transparency, and how they impact upon performance. Among other findings, the importance of transparency has been emphasized and research gaps in all five areas are provided. For instance, the implementation process still

remains insufficiently investigated and in terms of transparency one should consider incorporating western-based codes and certifications into developing country supply chains (Zorzini et al., 2015). Huq et al. (2016) observe that future research directions should concentrate on countries such as Vietnam and that there is a need for an inductive theory in this specific field (Huq et al., 2016). In sum, socially oriented literature reviews highlight the significance of considering the supplier perspective in future research, especially in developing countries (Köksal et al., 2017; Nakamba et al., 2017; Yawar & Seuring, 2015; Zorzini et al., 2015).

2.2.1.1 Social Sustainability Issues in the Apparel Industry

Mainly based on the International Labor Organization (ILO) and United Nations organizations, Yawar & Seuring (2015) summarized the social issues that usually appear in supply chains. These include labor conditions, child labor, human rights, health and safety, minority development, disabled/marginalized people inclusion, and gender. While these social issues provide general conclusions, the apparel industry faces major challenges specifically concerning labor conditions which include low wages, overtime work and the formation of unions, but also child labor and health and safety due to its buyer driven characteristics (Anner, 2012; Auchter, 2015; Baskaran et al., 2012; Egels-Zandén & Lindholm, 2015; Hoang & Jones, 2012; Köksal et al., 2017; Locke, Kochan, et al., 2007; Merk, 2009; Yu, 2008). In fact, the buying practices of apparel retailers are one of the major contributors to the forlorn situations in apparel factories and the contradiction is clear. The demand for shorter lead times, higher quality products, and cost pressures cause social problems, however, apparel retailers still insist on compliance with standards or codes that cannot be managed by factory managers (Egels-Zandén & Lindholm, 2015). This paradox leads to negative socially responsible outcomes (Egels-Zandén & Lindholm, 2015; Huq et al., 2014). Baskaran et al. (2012) identified child labor and long working hours as primary violations by investigating 63 textile and clothing suppliers located in India. Yu (2008) shows how a well-known footwear retailer constantly seeks low prices, and this applies huge pressure on their suppliers as it is impossible to achieve a competitive advantage to ensure orders and simultaneously maintain compliance with acceptable working conditions (Jiang et al., 2012; Oelze, 2017; Yu, 2008). Oelze (2017) further observes that the intrinsic motivation of textile suppliers to be sustainability oriented is often missing but also mentions that governmental regulations, lack of knowledge, and competitive pressures are hindering factors (Oelze, 2017). In this regard Huq et al. (2014) report how the buyers' behavior leads to negative outcomes, forcing suppliers in Bangladesh to engage with mock compliance to cover overtime work. Further, Locke et al. (2007) compared two Mexican

garment suppliers to Nike and found how a distrustful, arms-length relationship merely based on compliance with less frequent and more formal communication between the retailer and the supplier resulted in the payment of low wages and overtime work at the factory (Locke, Kochan, et al., 2007). Anner (2012) coded the audit reports of the Fair Labor Association (FLA) between 2002 and 2009 and found evidence that, in Vietnam, health and safety, wage and overtime work were primarily detected during audits (Anner, 2012). Moreover, Baskaran et al. (2011) reported that suppliers in India were facing issues with overtime work due to unpredictable orders from the retailers. Stigzelius & Mark Herbert (2009) support this finding with their discussion that apparel retailers put higher pressure on suppliers to offer lower prices and reduced lead times (Cammett, 2006; Christopher et al., 2004; Neu et al., 2014) in order to conform to the frequently changing fashion market (Stigzelius & Mark-Herbert, 2009). In their paper, they note that apparel buyers are not willing to pay more for the products, even if a supplier is compliant with the Social Accountability International Standard (SA8000), which increase accreditation costs for the supplier and result in further expense (Stigzelius & Mark-Herbert, 2009). Jiang et al. (2012) concludes that the textile and apparel industry is buyer-driven and leads to cannibalistic competition among suppliers in China. From the suppliers view, another fact is that corruption, especially in developing countries, is evident (Jiang et al., 2012). Suppliers can circumvent penalties with briberies paid to government labor agents (Huq et al., 2014). During interviews with garment supplier workers in Vietnam, one worker stated that they are taught what to say to auditors. Hoang and Jones (2012) summarize that workers support their companies by cheating the auditors, and this is a result of the pressure that buyers place on the suppliers and the threat of order cancellation. Very striking are the reports of academics who observe that the socially responsible practices proposed by western retailers are merely launched for instrumental reasons (Huq et al., 2014; Köksal et al., 2017; Yu, 2008). Media also stresses this fact, as even the Ethical Trading Initiative (ETI) was recently negatively spotlighted (Anuradha, 2017).

2.2.1.2 Social Management Strategies

As a consequence, apparel retailers conduct social management strategies (Yawar & Seuring, 2015), social risk management practices (Köksal et al., 2017), or build up their social management capabilities (Huq et al., 2016) in order to respond to and mitigate external risks. As different researchers use different terms in SSCM literature, this can lead to confusion, however, one needs to note that these abovementioned three terms comprise similar underlying actions to ensure social responsibility (Köksal et al., 2017).

In response to the possible social issues emerging in apparel supply chains, focal companies (apparel retailers) typically launch compliance strategies, which include codes of conduct and standards, auditing and monitoring (Egels-Zandén & Lindholm, 2015; Hoang & Jones, 2012; Huq et al., 2014; Iwanow, McEachern, & Jeffrey, 2005; Locke, Kochan, et al., 2007; Mamic, 2005; Merk, 2009; Yawar & Seuring, 2015). These regulations ultimately cover social and environmental standards throughout the supply chain and are considered as mandatory for suppliers to commit to and gain orders from retailers (Ansett, 2007). With regards to social issues in the apparel industry, Huq et al. (2014) identified employee wages and benefits, child and forced labor, workplace harassment, and working hours and conditions as key aspects of codes of conduct (Huq et al., 2014). Although codes of conduct gained much criticism, especially to be instrumentally used (Egels-Zandén & Lindholm, 2015; Hoang & Jones, 2012; Huq et al., 2014; Locke, Qin, et al., 2007; Lueg, Pedersen, & Clemmensen, 2015; Merk, 2009), they still remain the most commonly used practice by apparel retailers (Dargusch & Ward, 2010; Egels-Zandén & Lindholm, 2015; Yawar & Seuring, 2015). Nevertheless, from the apparel retailers' point of view, it becomes increasingly difficult to monitor, hold control, and implement codes of conduct in all factories, including further tiers such as subcontractors, within the entirety of their supply chain (Amrou Awaysheh & Robert D. Klassen, 2010; Hoang & Jones, 2012; Lueg et al., 2015). As the buyer-driven characteristics in the apparel supply chain increase, codes of conduct will be inefficient and force suppliers to non-compliance (Egels-Zandén & Lindholm, 2015; Köksal et al., 2017). Once apparel retailers engage in codes and standards, it subsequently results in the assessment of the suppliers' social performance based on the apparel retailers' codes of conduct or other standards developed through multi-stakeholder initiatives (MSIs), which play a significant role in the apparel industry and are employed by apparel retailers to increase their credibility and legitimacy (Ciliberti, de Groot, de Haan, & Pontrandolfo, 2009; Freise & Seuring, 2015; Köksal et al., 2017; Mamic, 2005; Milne, Dickson, & Keene, 2013; O'Rourke, 2006; Stigzelius & Mark-Herbert, 2009; Yawar & Seuring, 2015), and also to reach the reputational protection as summarized by Anner (2012). Mostly, such multi-stakeholder initiatives usually establish their own codes based on ILO standards and have their own monitoring systems, which are generally conducted by external organizations regarded as third party monitors/auditors, in addition to the first- and second party monitors/auditors (Grimm, 2016). In this regard, O'Rourke (2006) specifically evaluated the leading multi-stakeholder initiatives in the apparel industry such as the Worldwide Responsible Accredited Production (WRAP), Social Accountability International (SAI here referred to as SA8000), Ethical Trading Initiative (ETI), Fair Wear Foundation (FWF), and Worker Rights

Consortium (WRC), and their respective codes. Overall, positive evidence of the implementation of SA8000 can be found in the papers of Ciliberti et al. (2009; 2011), who propose that, besides improving the social circumstances in a factory, the initiatives also reduce information asymmetries between supply chain partners and hence decreases overall coordination costs (Ciliberti et al., 2009, 2011). Moreover, Stigzelius and Mark-Herbert (2009) discuss how the SA8000 results in benefits to factories as they will enhance the corporate image and decrease labor turnover. What results is confidence, competitiveness, and differentiation with the aim to gain orders from retailers with an ethical awareness profile. However, obstacles to the adoption of SA8000 become evident, as there is a lack of support from retailers, especially in sharing in the costs of auditing and certification (Stigzelius & Mark-Herbert, 2009). Using evidence from the clothing industry in Bangladesh, Huq et al. (2016) provide a framework for audit and compliance capabilities. First, they differ between supplier-arranged audits (suppliers who employ standards and the respective codes from MSIs, such as SA8000, WRAP or the Business Social Compliance Initiative (BSCI)) to subsequently become certified by third-party auditors and buyer-directed audits, who base their audits on the clothing retailers' codes of conduct and then either are assessed again by third-party auditors or the clothing retailers' internal auditors (second party audit (Grimm, 2016)). Each stream has led to different results in supplier compliance. The buyer-directed approach with internal auditors leads to positive outcomes at the supplier level, such as training and education for workers, and substantive dialogue between clothing retailers and suppliers that result in improved supplier compliance. The third-party auditing, which can be a part of buyer-directed audits or supplier-arranged audits, has been described as merely being symbolic and generally end up in mock compliance (Huq et al., 2016). However, this seems contradictory to the abovementioned findings of Ciliberti et al. (2009, 2011). In sum, monitoring and auditing are performance measurement strategies that check for conformity with required codes and standards as required by the retailers (Grimm, 2016; Yawar & Seuring, 2015).

Finally, compliance strategies are not merely operationalized but also documented, reported and communicated (Köksal et al., 2017; Yawar & Seuring, 2015). Yawar and Seuring (2015) propose communication strategies as another substantial socially responsible supply chain action. These include activities such as corporate reporting, also termed sustainability reporting or corporate responsibility documents and labelling (Yawar & Seuring, 2015). Typically, research on reporting and labelling sustainability in the apparel industry is dedicated to a focal company's CSR operations to disclose and inform external stakeholders. Hence, it is intended to mitigate risks by enabling transparency, accountability and credibility, but also to educate

customers and increase awareness (Ansett, 2007; Bhaduri & Ha-Brookshire, 2011; Burchielli, Delaney, Tate, & Coventry, 2009; Iwanow et al., 2005, 2005; Köksal et al., 2017; Kozłowski, Searcy, & Bardecki, 2015; Lueg et al., 2015; Mamic, 2005; Shaw, Hogg, Wilson, Shui, & Hassan, 2006). Nevertheless, studies that deal with the evaluation of apparel companies' reports are helpful to learn about the internal use of reports (Mamic, 2005; Turker & Altuntas, 2014). This is more suitable to the aim of the paper at hand, as the researchers investigate the relationship between an apparel sourcing intermediary and its supplier base, deviating full focus on public disclosure to external stakeholders such as end-consumers, media, or non-governmental organizations. Therefore, the communication strategy suggested by Yawar and Seuring (2015) is adapted for the purpose of the study at hand and extended with other researchers' ideas. According to Turker and Altuntas (2014), the communication between buyers and suppliers is an essential key in building the trustful, long-term relationships mentioned earlier. Based on a content analysis of a well-known fast-fashion company's reports, they summarize communication methods and highlight their importance in SSCM, but also note that cross-cultural perspectives need to be considered by firms when communicated to suppliers (Turker & Altuntas, 2014). This view is also supported by Zorzini et al. (2015), who state that transparency (to stakeholders) is ensured through reporting, codes of conduct and ethical standards (MSI accreditation), and they underline the need to incorporate cross cultural views. In fact, although finding evidence from other sectors, Busse et al. (2016) note that spatial distance, linguistic distance, and cultural distance all significantly affect communication efforts between actors and hence affect supplier development for sustainability. Similarly, but noteworthy in this regard, Awayshe and Klassen (2010) investigated the organizational, cultural and geographical distance of socially responsible practices. It turns out that the distance problematic especially affects communication efforts, such as the documentation of social audits and compliance. For example, a study by Ciliberti et al. (2011) on SA8000 reveals that buyers need to rely on local institutions, such as NGOs, to be additionally safeguarded, especially when western-based codes are required but may be hindered by geographic and cultural distance. In other words, as distance is increased, supply chain actors need to make sure that western-based codes are comprehensive in their meaning and application (Ciliberti et al., 2011). Further, Mamic (2005) reports that codes of conduct are a substantial part of supplier development whereby corrective action plans (CAP) play a central role. Once any audit has been conducted, for example in achieving MSI accreditation by a third party auditor (Milne et al., 2013), a remediation system (CAP) is developed if violations according to the required standard have been detected (Mamic, 2005). In this regard, Milne et al. (2013) depict the process

of how an apparel retailer addressed the obligations for accreditation by the FLA in its supply chain (Milne et al., 2013). Ciliberti et al. (2008) outline the accreditation for SA8000, based on five apparel companies as case studies. They further reveal that companies face huge barriers with the integration of CSR in developing countries, especially due to the communication gaps and lack of information that derive from cultural and linguistic distance (Ciliberti et al., 2008). Lastly, the lack of knowledge regarding sustainability issues in the buyer-supplier relationship has been found to be a hindering factor for collaboration efforts between the two actors (Oelze, 2017).

In this context, Yawar and Seuring (2015) point to the significance of collaborative and long-term partnerships between the actors of a supply chain, because this ultimately leads to an enhanced adoption of socially responsible actions and supports the implementation of codes and standards throughout the apparel supply chain (Gimenez & Tachizawa, 2012; Hoang & Jones, 2012; Locke et al., 2009; Locke, Kochan, et al., 2007; Oelze, 2017; Perry & Towers, 2013; Yawar & Seuring, 2015). Accordingly, such collaborative relationships or interchangeably used long-term relationships can be established through direct and indirect supplier development strategies (Sancha, Gimenez, Sierra, & Kazemina, 2015; Yawar & Seuring, 2015). Based on the explanation given by Huq et al. (2016, p. 30) collaboration “*involves skills, processes and practices that improve a firm's coordination with its suppliers, consumers and other stakeholders to jointly improve social outcomes*”. While direct supplier development strategies like training and education initiated by the buyer will support suppliers in handling social issues (Huq et al., 2014), financial and technical investments at the supplier level will enhance their capabilities in managing social issues. On the other hand, indirect supplier development strategies, such as supplier evaluation and informal auditing, initiated by the buyer will have encouraging effects on the supplier to facilitate social sustainability (Yawar & Seuring, 2015). In fact, providing training has been found to be effective; Ansett (2007) shows how an apparel company was able to improve wages in its supply chain and provide benefits for factory managers and workers (Ansett, 2007). Based on a survey, Sancha et al. (2015) found a positive relationship between supplier development practices and the supplier's social performance, for example in human rights and child labor employment at the supplier level (Sancha et al., 2015). Perry and Towers (2013) underline the importance of long-term partnerships between buyers and suppliers, accompanied by trust and commitment in order to cut costs (Yawar & Seuring, 2015) and improve CSR performance. They mention how suppliers who collaborate with buyers can reduce uncertainty and lead times, which consequently positively affects suppliers in coping with orders and to conform with social sustainability

requirements (Perry & Towers, 2013). Carter and Jennings (2002) discuss how trust in the buyer-supplier relationship triggers the willingness of buyers to provide help and support to suppliers and jointly solve problems once they emerge (Carter & Jennings, 2002). Based on the investigation of a well-known apparel retailer, Locke et al. (2007) picture that frequent visits and open communication between a buyer and its supplier brings trust and a greater working relationship between the actors. In that regard, Locke et al. (2009) show that a commitment-oriented approach between buyers and suppliers is complementary to the traditional compliance-oriented approach, which enhances labor conditions in the supply chain. Drivers for embracing commitment relationships are mutual benefits, such as learning, capacity building, positive incentives, and respect. The underlying approach to a commitment-oriented strategy is to uncover, analyze, and correct root causes for non-compliance. They further emphasize related mechanisms, such as joint problem solving, information sharing, trust and reciprocity, and characterize the dynamics of mentoring and coaching (Locke et al., 2009). Finally, Grimm (2016) outlines 14 critical success factors for the implementation of sustainability standards among suppliers and sub-suppliers (subcontractors). Among others, trust between focal firms, suppliers and sub-suppliers is a striking factor for establishing strategic supply chain partnerships, but also geographical and cultural distance are mentioned as important. Further Grimm et al. (2016) stresses that code and standards implementation are hindered due to a lack of transparency and missing contracts with suppliers and sub-suppliers and their unwillingness to commit and be involved with one another. They suggest that focal firms should be engaged with direct supplier involvement, which in turn increases trust and maintains an awareness of sustainable responsibility (Grimm, 2016; Grimm et al., 2016).

In sum, it seems that there is a sequential process in developing collaborative relationships, thus companies should first engage with supplier development strategies where trust and commitment are obviously critical antecedents (Carter & Jennings, 2002; Yawar & Seuring, 2015). It is important to note that each social management strategy is not exclusive and thus not necessarily independent from each other. Ultimately, the strategies support the implementation and assessment of codes and standards to ensure social responsibility across the supply chain (Yawar & Seuring, 2015).

While the perspectives described above do not explicitly integrate sourcing intermediaries, conclusions, especially for the apparel industry, fall too short, therefore calling for a more detailed study on apparel sourcing intermediaries to investigate how the adoption and

implementation of social management strategies in the supply chain (Nakamba et al., 2017) may change or be facilitated, which leads to the following two research questions:

***RQ1:** Why are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*

***RQ2:** How are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*

The next section explains how the underlying theory of social sustainability supply chain management can be linked to the role of the apparel sourcing intermediary by specifying the current gap and justifying the third research question of the study.

2.2.2 Linking Sourcing Intermediaries in Apparel Supply Chains to Social Sustainability

As learned earlier in this paper, apparel retailers shifted production to international low-cost suppliers and this increases complexity in the management and control of the supply chain (Adida et al., 2014; Masson et al., 2007; Purvis et al., 2013). The primary motives to engage in global supply chains is cost reduction and speed (Masson et al., 2007; Purvis et al., 2013), but further significant drivers can be found in the paper of Jia et al. (2014a), such as access to scarce raw materials. Logically, it is not surprising that the outsourcing strategies of apparel retailers result in a complex and intertwined supply chain. In this regard, Perry and Towers (2013) critically point at the exchange of information and the importance of the relationship between all actors within the complex and extended nature of the apparel supply chain (Perry & Towers, 2013). Consequently, besides direct sourcing structures where apparel retailers directly deal with factories, apparel retailers can set up a mediated sourcing structure i.e., where a third party intermediary is in between and consolidates the demand of one or more apparel retailers and sources the garments for each of them from its supplier base (Belavina & Girotra, 2010). In other words, apparel retailers set up different methods in the form of strategic global management departments or subsidiaries in foreign countries, which act as international purchasing offices (IPOs) (Jia et al., 2014a; Marco Sartor, Guido Orzes, Guido Nassimbeni, Fu Jia, & Richard Lamming, 2015; Sartor, Orzes, Nassimbeni, Jia, & Lamming, 2014) or employ third party (external) sourcing intermediaries such as full service providers and agents (Adida et al., 2014; Belavina & Girotra, 2010; Cook & Kozar, 2017; Fung et al., 2007; Masson et al., 2007; Neu et al., 2014; Purvis et al., 2013) who will support focal companies with the management of globally dispersed suppliers to overcome common barriers and find

opportunities in their global purchasing strategy. Interestingly, not many papers can be found investigating the role of intermediaries in the apparel industry (Cook & Kozar, 2017; Masson et al., 2007; Neu et al., 2014; Popp, 2000; Purvis et al., 2013) and it is very striking that research still shows a lack in dealing with the role of apparel intermediaries in terms of the management of a sustainable supply chain.

Basically, sourcing intermediaries can manage sourcing, supplier quality control, shipping management and distribution tasks for apparel retailers (Kunz et al., 2016; Purvis et al., 2013). Interchangeably as defined by Jia et al. (2014b) an intermediary ISO (international sourcing office) may include the use of a third party trading company by a focal company. In their case study, they focus on IPOs, defined as an intra-organizational unit (a part of the buying company), differentiate five types of IPOs and highlight their integration to a focal company based on their roles and activities. The role theory in their study comprise the following routine roles of IPOs: gatekeeper, negotiator, coordinator, supplier's advocate, supplier developer, cultural broker, internal advisor, and other supports. Further, they made distinctions based on the strategic roles carried out by the five types of IPOs: supply policy maker, network structuring agent/network orchestra, innovator, and knowledge broker. Finally, they propose that more research is needed, especially at the intermediary ISO stage (Jia et al., 2014b; Sartor et al., 2014). Although their conclusions are with reference to other industries rather than the apparel sector and focus on IPOs, they are highly supportive in understanding why focal companies hire intermediaries in their supply chains.

Another detailed picture about the key responsibilities and interplay with the focus on apparel supply chain actors, i.e., of retailers, sourcing intermediaries and factories, is provided in the study of Neu et al. (2014). In general, apparel retailers seek out intermediaries to find advantages in managing the rising complexity of their supply chains, especially in collaboration and communication concerns (Masson et al., 2007). The high volatility of the respective apparel sourcing countries and their communications turn out to be a major problem when dealing directly with manufacturers located in foreign countries. This primarily evolves due to cultural, linguistic, and industry structure reasons (Popp, 2000). Despite geographical and cultural distances between retailers and their overseas suppliers, Popp (2000) illustrates how the use of intermediaries improves supply chain performance by lowering information costs, economies of scale and scope, and creating a value adding effect (Popp, 2000). These value adding effects can be described as orchestrating and coordinating networks by managing the capabilities of the information and material flows of the sourcing intermediary (Masson et al., 2007). Based

on a case-study with two UK fashion retailers, Purvis et al. (2013) further confirms that, especially for mid- and high-fashion items that are produced globally, the use of intermediaries is highly beneficial. Major reasons include high flexibility (see also Cook and Kozar (2017)) and independent global sourcing in an increasingly complex global supply chain, which is reflected by financial, managerial and technical knowledge of intermediaries in the local environment of the suppliers' countries. This expertise helps to organize a dispersed production structure and enhances lead times, enables lower costs for supplier search, as well as negotiation with suppliers, and monitoring costs (Cook & Kozar, 2017; Purvis et al., 2013). Indeed, Cook and Kozar (2017) discuss the competitive advantages of employing sourcing intermediaries who effectively manage cost and pricing strategies in order to save money for apparel retailers. In their study, they reveal that sourcing intermediaries enable cost reductions by finding the factory with the lowest price, which leads to a highly competitive situation between factories but consequently supports a race to the bottom. One common way conducted by the intermediary is the organization of competitive auctions (Masson et al., 2007; Neu et al., 2014). As a result, from the retailer's perspective, the use of intermediaries will also decrease fixed costs in the development of an apparel supply chain and increase flexibility (Cook & Kozar, 2017). According to Masson et al. (2007) they act as network coordinators, manage information and material flows and network orchestrators or coordinators (Masson et al., 2007). In other words, intermediaries act as hubs who bring all actors in the supply chain together to manage effectively their linkage and expertise. Noteworthy are the findings from Zhang et al. (2011), who use the term boundary-spanners and show how agents within the food and automotive industry generate trust between the actors through an agent's strategic communication and professional knowledge. Moreover, as Purvis et al. (2013) affirm, intermediaries enhance visibility to retailers further up the supply chain and also provide opportunities to local suppliers who engage new markets. On the contrary, slow-fashion items (basics such as white t-shirts) with high volumes are sourced globally in low cost countries, but without intermediaries, as apparel retailers prefer to source directly by building up-close and stable relationships (Purvis et al., 2013). Conflicting with the findings of Zhang et al. (2011), this would lead to the conclusion that the use of intermediaries will be a hindering factor in establishing collaborative and trustful relationships between retailers and factories. Indeed, as learned earlier in this paper, close relationships and collaboration efforts act as major contributors to improving social responsibility, yet the sourcing intermediary seems to be an obstacle (Masson et al., 2007). In the paper by Masson et al. (2007), the analyzed retailers showed little to no evidence of a relationship to the garment manufacturers. They point at the significantly high dependency of

western retailers on intermediaries who are located in low-cost countries. This causes high risk, as many of the retailers in their study are not even aware of which suppliers manufactured their products, which leads to a lack of control and transparency, thus leaving them vulnerable to child labor scandals (Masson et al., 2007). Furthermore, Neu et al. (2014) discuss how risks based on the buyer-driven requirements provided to the intermediaries are passed along via written contracts. In case of failing, (on time delivery) high financial penalties can be alleged by the retailers (Neu et al., 2014). This pressure of course will then be put onto the suppliers to manufacture the goods on time, which inevitably leads to social issues such as overtime work. In this regard, Köksal et al. (2017) clearly point at the barriers in the implementation of social sustainability in apparel supply chains. For instance, to conform to the buyer requirements, multilevel contracts with various vendors and subcontractors are signed, which raises the complexity and in fact, this is not a seldom case, especially in the apparel industry (Ansett, 2007; Köksal et al., 2017; Popp, 2000). Interestingly, Awaysheh and Klassen (2010) discuss that trust and communication between buyers and suppliers will suffer the longer a supply chain becomes and as a result counterproductive to communication, supplier development, and compliance strategies. Finally, they suggest that future studies should elaborate on collaboration and supply chain length to better understand each factor (Amrou Awaysheh & Robert D. Klassen, 2010).

As a consequence, with the aim to circumvent uncertainty by the length of a supply chain, apparel retailers should consider socially responsible practices (compliance strategies), such as the use of third party audits that will certify factories based on MSI standards, which is a common way to gain legitimacy, safety, and mitigate stakeholder pressure (Köksal et al., 2017; Mamic, 2005; O'Rourke, 2006). Still, these standards turn out to be problematic, as evidence from Vietnamese managers shows that sourcing intermediaries prepare their subcontractors for upcoming audits in order to ensure that the focal companies do not stop buying the vendor's products (Hoang & Jones, 2012). This of course is attributable to the likelihood of corruption and mock compliance in a developing country's factories as the researchers reveal in apparel supply chain studies (Ciliberti et al., 2008; Hoang & Jones, 2012; Huq et al., 2014; Locke et al., 2009).

Briefly, despite all the above mentioned possible operational shifts from retailers to the intermediaries the paradox is at hand: researchers primarily found that price and lead times are the most critical factors for hiring sourcing intermediaries. This again is counteractive to the implementation of social sustainability and due to the nature of lengthening the supply chain

one can assume that intermediaries act as hindering factors in implementing socially responsible strategies. Generally, the suggested theory on social management strategies requires direct relationships between a focal company and its suppliers. This is particularly interesting, because as learned earlier, the relationship between the retailer and the factory will be significantly interrupted by hiring intermediaries. On the other hand, previous research has clearly shown how intermediaries can facilitate huge advantages to focal companies due to their expertise and the specific roles they carry out. Logically the question arises, how the suggested social management strategies can be implemented when focal companies use intermediaries to supply their products from foreign countries. More specifically, it will be interesting to investigate whether and how the apparel intermediary's capabilities and skills can be helpful and applicable in implementing social sustainability in apparel supply chains. This leads to the third research question of the study:

***RQ3:** How do apparel supply chain actors perceive the role of the apparel sourcing intermediary for the implementation of social management strategies?*

Based on the current call for more evidence from developing countries, the suppliers' perspectives and social sustainability (Huq et al., 2014; Köksal et al., 2017; Zorzini et al., 2015), this study will show why and how sourcing intermediaries can act as enablers for the implementation of socially responsible strategies, and thus highly contribute to the existing theory that widely neglected the role of apparel sourcing intermediaries in terms of social sustainability. Moreover, this study follows suggestions of the Yawar and Seuring (2015), who encourage academics to find empirical evidence in supplier development strategies across supply chains.

Given the collected information on social sustainable supply chain management and the exploratory nature of the paper at hand, it is beneficial to develop a model that will support the analysis and organize the findings. More specifically, in order to explore the theory-driven research questions (*RQ1*, *RQ2*, *RQ3*) (Eisenhardt & Graebner, 2007), the outlined theoretical framework in Figure B2 - 1 supports the empirical research and helps to organize and manage findings and their analysis. The theoretical framework mainly draws on the social SSCM contributions of Yawar & Seuring (2015) and applies, in addition, the ideas of Köksal et al. (2017) in order to enrich their proposed framework with the study at hand. While the existing dominant conceptual frameworks detect three important actors in SSCM, it is vital, especially for the apparel industry, to extend the perspective with another significant actor: the sourcing intermediary. Accordingly, the findings of the paper at hand should help to extend and refine

the existing knowledge and frameworks on social SSCM theory with novel contributions by integrating the role of the sourcing intermediary in apparel supply chains.

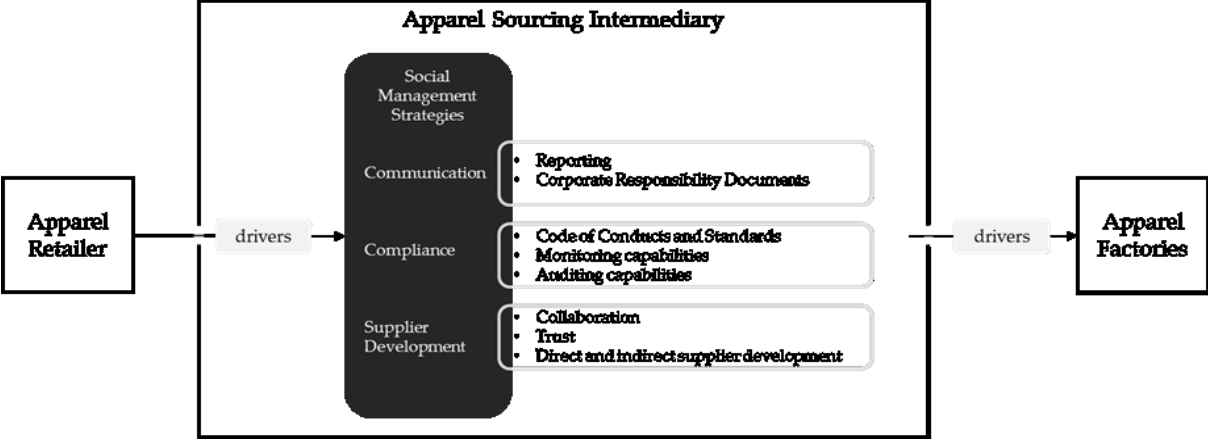


Figure B2 - 1. Theoretical framework of the study mainly based on Yawar & Seuring (2015).

2.3 Research Methodology

2.3.1 Method

As the field of apparel sourcing intermediaries and social sustainability is still in its very early stages, especially for the role played by apparel sourcing intermediaries in managing and implementing social sustainability within a supplier base, this study conducts a multiple case study method that is exploratory in nature (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Yin, 2009). So far, case study research has been used by researchers to examine supply chain management topics and the research follows such leading academics as Eisenhardt (1989) and Yin (2014), in addition to examples of existing exploratory cases (Ciliberti et al., 2011; Hassini, Surti, & Searcy, 2012; Huq et al., 2016; Kotzab & Westhaus, 2005; Masson et al., 2007; Ponelis, 2015; Seuring, 2008) and suggests step-by-step guidelines for conducting new case studies (Amaratunga & Baldry, 2001; Ponelis, 2015; Seuring, 2005, 2008; Stuart, McCutcheon, Handfield, McLachlin, & Samson, 2002; Voss, Tsirikrisis, & Frohlich, 2002; Woodside & Wilson, 2003). As highlighted by scholars, a multiple case study design has its strengths in finding more convincing and robust evidence, which will increase generalizability and allow for a deeper exploration of the outlined research questions when compared to a single case study (Eisenhardt & Graebner, 2007; Koulikoff-Souvion & Harrison, 2005; Yin, 2009, 2014). Furthermore, the chosen research design is justified by the form of this study’s research questions “why” and “how”, with the aim to investigate a contemporary phenomenon in a real-life situation accompanied by the fact that the researcher has no control over behavioral events

(Eisenhardt, 1989; Yin, 2014). Additionally, case study research is an appropriate approach to build on and extend but also to develop theory in response (Almutairi, Gardner, & McCarthy, 2014; Eisenhardt & Graebner, 2007; Seuring, 2005; Voss et al., 2002; Yin, 2009, 2014). To enhance the research quality and ensure rigor during the research process, the researchers conducted the five-stage research process described in the following paragraphs (i.e., research question, instrument development, data gathering, data analysis, and dissemination), proposed by Stuart et al. (Stuart et al., 2002).

First, the researchers examined the relevant literature and linked apparel sourcing intermediaries to social sustainability in supply chains where contradictions and research gaps were highlighted. Specifically, the apparel industry is often confronted with social issues as emphasized earlier in Sections 2.2.1 and 2.2, thus it serves as a proper field of application. Based on this, research questions (*RQ 1–3*) have been formulated. Ultimately, as this study is exploratory in nature, inductive findings are of special interest during analysis (Mayring, 2008; Merriam, 2009; Saunders, Lewis, & Thornhill, 2012), thereby aiding the development of novel propositions or inductive theory (Eisenhardt & Graebner, 2007; Merriam, 2009).

When building theory from case studies, case selection using replication logic is suggested (Voss et al., 2002) and the case companies were selected so that each predicted similar results (literal replication) (Yin, 2009, 2014). Thus, a smaller number of cases is acceptable and multiple case studies with four to ten cases are sufficient to find evidence (Eisenhardt, 1989). Further, the cases ideally should meet the following criteria: all suppliers are physically located in a developing country and active in the apparel industry; all apparel factories process orders from sourcing intermediaries as their customers; and all suppliers supply international apparel retailers. It is also required that the case apparel factories are diverse in their size, order quantities and their year of establishment (Voss et al., 2002). Purposely, the researchers sought out apparel intermediaries and found one apparel sourcing intermediary based in Vietnam and who was contacted, visited and interviewed as a part of the supplier base. Moreover, the researchers contacted one of the intermediary's customers, a western apparel retailer, which resulted in six appropriate cases. Hence, all of the criteria for appropriate cases have been met and the declared unit of analysis is the apparel sourcing intermediary.

Due to the exploratory nature of this study a total of eight face-to-face semi-structured interviews lasting 60–90 min each were conducted on three stages in the supply chain: the apparel sourcing intermediary and four of its related Tier 1 factories, and a well-known apparel retailer who sources via the mentioned intermediary from Vietnam. Although not all sustainable

supply chain actors are involved (supply chain stakeholders), the three stages mentioned above allow us to examine a companies' actions and their interaction, which is of special interest in this study (Seuring, 2005). Interviews have been declared as one of the most important sources in a case study (Yin, 2014), which according to Saunders (2012) provides the opportunity to open a discussion, collect contextual and background material, and to understand relationships. Hence, the researchers prepared an interview guideline based on the theoretical background of this study (C2 – Interview Guideline), which ultimately should provide deep insight into why and how the cases adopt social management strategies (communication-, compliance-, and supplier development strategies) and what role the sourcing intermediary plays in the implementation process.

To answer the research questions of this study, the authors followed qualitative content analysis, which is an appropriate tool to assess the interview material and analyze its verbal and formal content (Mayring, 2008). The semi-structured interviews, as well as all additional secondary data and follow up E-mails of the six cases were analyzed separately by evaluating text passages and coding them in compliance with the suggested categories of the outlined theoretical framework in Figure 1. In that regard the professional QDA-Software (Qualitative Data Analysis—Software) MAXQDA (www.maxqda.com) has been employed for qualitative data analysis. As the a priori categories and dimensions are theory-based and have been clearly defined, the transparency and objectivity of the research process is given and increases the coding reliability. As suggested by Eisenhardt (1989) and Voss et al. (2002), within-case and cross-case analysis were conducted to investigate the cases (Cope, 2005; Eisenhardt, 1989; Voss et al., 2002). First, within-case analysis was performed as the interviews were each individually analyzed case by case. This allows the researchers to become familiar with each case company independently and may evolve unique patterns before generalizing across the cases (Eisenhardt, 1989; Voss et al., 2002). The subsequent cross-case analysis will then help to find categories, themes or typologies for the conceptualization or supports in building considerable theory, which is likely to offer an integrated framework covering all the cases of the study (Merriam, 2009; Ponelis, 2015).

Therefore, one tactical approach is to select categories or dimensions that derive from the existing literature to examine patterns across the cases (Cope, 2005; Eisenhardt, 1989). Yin (2014) further observes that a good case study will benefit from the development of a priori theory, which will be helpful in defining the right research design and the data to be collected (Yin, 2014), regardless of how inductive the approach will be for theory building (Voss et al.,

2002). In fact, by following replication logic (Yin, 2009) in multiple case studies the development of a rich theoretical framework is crucial to analyze the data, which aims to find similarities across the cases and thus strongly support triangulation, adding to generalizability and validity of the findings (Eisenhardt, 1989; Saunders et al., 2012; Voss et al., 2002; Yin, 2009, 2014). The theory on social SSCM deriving from the literature review serves as the theoretical framework (Merriam, 2009) (Figure B2 - 1), which helps to organize, manage, and comprehend the material collected and explore the research problem outlined in this study. Additionally, in terms of validity and reliability, the content analysis research can be enhanced with the involvement of one more researcher during the data search and analysis. Therefore, inter-coder reliability was ensured as the cases have been analyzed and coded by the contributing researchers separately (Duriau, Reger, & Pfarrer, 2007). Lastly, the results have been discussed with the involved researchers to find an agreement with the most prominent and striking codes in order to finalize the results. To further ensure the quality of the results, the researchers addressed the validity and reliability by performing the dedicated tests proposed by Yin (2014). Finally, by using the pattern-matching technique (Almutairi et al., 2014; Yin, 2009, 2014) the semi-structured interviews were examined in order to find evidence from the results that may match or not match the researchers' literature review.

2.3.2 Case Description

Table 1 in Appendix C2 provides relevant data about the six case companies, whose identities are protected in by code names: RetA, IntA and FactA-D. IntA, a subsidiary company, belongs to a global apparel company headquartered in Hong Kong, which has its expertise in apparel and accessories sourcing and is a supply chain partner to well-known leading apparel brands. More specifically, the global apparel company is a full-service provider, globally active in more than ten countries, including offices in China, Sri Lanka, Indonesia, Bangladesh, Turkey, Spain, and New York, who employs around approximately 1500 workers worldwide. Each sourcing office is independent and free in its decision taking. IntA, as one of its global offices is located in Vietnam, employs approximately 150 workers. They offer expertise and services, especially in research and development, logistics, market intelligence, merchandising and outsourcing, quality assurance, -control, -engineering, -monitoring, and -auditing, shipping, social and chemical compliance, and sourcing. IntA's major customers include well-known apparel retailers mainly located in the USA and Europe and provide both men's and women's contemporary wear, casual wear, and active wear. Their product expertise lies in circular knits (t-shirts, polo shirts, sweatshirts), coordinates, denim, dresses, flat weave bottoms (chinos,

cargo pants, 5-pocket pants, and skirts), indoor jackets, men's shirts, and outdoor jackets. Their supplier base comprises 35 apparel factories all located in Vietnam. The researcher found access to four apparel factories (FactA–D) which include factories of IntA's supplier base with very high and low quantities manufactured for IntA, and thus this enhances representativeness for the whole supplier base. In 2016, the quantities manufactured by Fact A ranged about 120.000 units, Fact B 350.000 units, Fact C 710.000 units, and Fact D 160.000 units, all for IntA. IntA promises lead times between 75–90 days to its customers. Finally, as one of IntA's customers, RetA is a global apparel company located in Europe. The company includes different brands, which are active in various segments and offer various product categories globally. The company's annual turnover in 2016 was over five billion Dollars and it employs around 15,000 workers around the world. Moreover, RetA sources from more than 38 countries, including a network of over 1200 factories, sourcing directly from factories or via intermediaries. Furthermore, its own Code of Conduct and standards are assessed in each factory they are sourcing from and RetA is committed to the FLA and Better Work program in some of its sourcing countries (Vietnam).

Although the researcher had the possibility to meet more than one expert within a company (IntA, FactB, and FactD), the interviews with case FactB and FactD are summarized as one interview each. The interview with these experts took place at the same time and sometimes they merely had a confirmatory effect, while just one expert was actively discussing with the researcher. At FactB, the major interview partner was the Head of R&D and was accompanied by the Compliance Manager of the company. The primary interview partner at FactD was the Compliance Manager, while the Vice Director as well as the Merchandise Manager were only confirmatory and complementary. Luckily, in every case key informants on the topic (Compliance Managers or the Corporate Responsibility Coordinator for RetA) took part. It is noteworthy that the interviews with IntA's managers (Country Manager (CM), Compliance Manager (CompM), and Head of Quality Assurance/Quality Control & Technical (QC/QA)) were conducted independent from each other, thus they were evaluated and analyzed exclusively. Depending on the interviewee's preference, the interviews were carried out in English or Vietnamese and translated when necessary. All interviews were audio recorded and transcribed. Further, the researchers had multiple chances to discuss findings with the sourcing intermediary but also to contact the experts via follow-up mails to validate the results. The fact that all the apparel factories are part of the sourcing intermediary's supplier base and RetA is a customer of IntA supports our triangulation. In addition, visits to all of the case companies' offices and related factories allowed us to take pictures and notes on the spot. This collection

was further supplemented with multiple sources of secondary data in the form of sensitive company documents, such as detailed company profiles, current social compliance status, historical, actual and upcoming audit documents and reports, corrective action plans, companies' own social compliance checklists, historical sustainability documentations, social compliance presentations for trainings and education, and websites, all of which sufficiently enabled triangulation (Yin, 2014).

The results are presented and discussed in the following section by taking note of other researchers recommendations on how to report theory-building case studies in a clear and comprehensive way (Eisenhardt & Graebner, 2007; Ponelis, 2015; Stiles, 2007), with the goal to explore the research questions and thereby enlighten the role of the apparel sourcing intermediary for the implementation of social sustainability. Readers of the paper at hand should note that the researchers only present findings from the cross-case analysis.

2.4 Results

Recall the outlined research questions of this study:

***RQ1:** Why are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*

***RQ2:** How are Vietnamese apparel suppliers (sourcing intermediaries and factories) tackling social issues?*

***RQ3:** How do apparel supply chain actors perceive the role of the apparel sourcing intermediary for the implementation of social management strategies?*

In order to answer *RQ1* and *RQ2*, the analysis is separated into two parts: first, the researchers strive to understand the factories' and sourcing intermediary's motivation for social sustainability, particularly why they implement social sustainability strategies. The second subsection then provides a better understanding of how social sustainability is implemented, especially through the apparel sourcing intermediary (IntA), which provides indications of their activities during the implementation process. Based on the results, the researchers exclusively discuss the role of the apparel sourcing intermediary with regards to social sustainability in Section 2.5 and hence answer *RQ3*.

2.4.1 Understanding Motivations for Social Responsibility in Vietnam

In sum, a clear picture can be drawn based on the motivational factors for embracing social responsibility. Major themes that appeared during the analysis were NGO pressures, government pressures, business eligibility, and investment reasons, which are summarized in the following Table B2 - 1.

Table B2 - 1. Social sustainability motivations for Vietnamese suppliers i.e., the independent apparel sourcing intermediary and factories.

Motivations for Social Sustainability	Evidence from cases/supply chain actor					
	RetA	IntA	FactA	FactB	FactC	FactD
NGO and media pressure on buyers	x	x		x		
Government pressures		x	x	x	x	x
Apparel retailers minimum requirement to conform with MSI certification:						
suppliers gain business eligibility through legitimacy and reliability	x	x	x	x	x	x
Investment reasons for suppliers:						
win big orders	x	x	x	x	x	x
Long-term partnerships	x	x	x	x	x	x
keep skilled workers in the factories			x	x	x	x

First, findings show that all the case companies do have a high awareness of social sustainability. IntA’s QA/QC explains that after the incident in Bangladesh, Rana Plaza, in 2013 a remarkable shift towards social compliance emerged as western apparel brands were spotlighted more critically and strictly, especially by media and NGOs. RetA and FactB further confirm that NGOs are critical in pressuring western brands to be socially responsible and highlight their powerful role. Therefore, western apparel retailers look to avoid any negative spotlight or harsh media criticism, which can threaten their image, and hence they require MSI certifications or cooperate with NGOs as a matter of safeguarding their business. Consequently, these pressures will be exerted by western apparel retailers on the sourcing intermediary and hence to their supplier base. IntA’s QA/QC underlines that social compliance with standards and certifications has become very critical for western customers, which is likely to be a deal breaker and in that regard, IntA’s CM clearly states, “*Social responsibility is one of the primary concerns for us and we will never work with any supplier not aware of that*”.

According to IntA’s CompM, “...the buyer always requires its own certification system, like the WRAP certification by the independent third party...” As can be extracted from the company

documents and the interview, RetA collaborates with the Better Work program in Vietnam, although they have their own assessment system that is respected industry wide. RetA explains “...*within that business the factories are responsible to ensure [social standards compliance], in order to get the business*”. In fact, all of the interviewed factory managers state that customer requirements for social or ethical standards are one of the most impactful pressures. As such, social certifications create visibility and customers will be attracted to place orders, thus factories gain legitimacy and reliability for doing business. This is often mentioned to be a critical factor and social compliance turns out to be a deal breaker before price, delivery times, and quality is discussed with the intermediary as explicitly argued by FactD and FactC. All interviewed factory managers are clear about the requirements to gain business eligibility. As outlined by FactB, the awareness of being socially responsible with social standards is strikingly high at Vietnamese apparel factories “...*it’s just like a ticket with the social compliance...if you have this it’s like you have a ticket and you can get in the park to play. If you don’t have the ticket, you may can also play but the security [media and NGO] will catch you one day, because every day is like illegal. If you do well, no problem*”.

Furthermore, the need for being MSI certified was confirmed by all case factories consistently, as they fear potential order and long-term partnership losses. Thus, the application of MSI certifications in their factories not only makes them business eligible but also it also becomes prominent that they view social compliance as an investment and a significant driver to get big orders and long-term partnerships. This was confirmed by all factory interviewees, as they perceive social compliance not as a financial risk due to additional costs but rather as an investment to their factories. For example, FactD argues “...*this [social compliance] is also a kind of investment, right?!...we have to spend some money for the investment first until we get the order and we will have then the income*”.

Additionally, managers claim that the Vietnamese government is strict with its local laws. Except FactA and RetA, all case companies confirm the strict role of the government, even though they are not very rigorous yet set high social requirements. Mostly, they will have an eye on the payment rolls and will pressure factories with penalties. IntA’s QA/QC indicates, “*As I told you, after the incident with Bangladesh the government has taking very, very strict action on the buildings you know...so, those kind of actions are taken and definitely the salary part has to be as per the law. If they feel any forgery [with payment roll documentation] they just cancel your license...the law plays a very important role here*”. Highly interesting is the statement by FactB, who argues that the strict regulations and monthly visits from their

government are attributable to the current political situation between the US and China, which opens great opportunities for Vietnam to accelerate their export and importance as a global apparel sourcing market. However, in that regard two managers point out that in Vietnam, many things can be handled with bribery and some of the Vietnamese suppliers keep double books. Nonetheless, the apparel factory managers all state that they comply with the legal requirements for salary payment. All factories mention that they pay at least an average income according to the local law.

Moreover, the case factories are engaged with social responsibility to keep their trained and skilled workers. In fact, all factory managers fear the movements of their labor and show a strikingly high interest in binding them as long as possible to the factory by being lucrative with their payments. The problem behind the loss of workers is at hand. Not only that the investments made into a , in terms of their training and education, will be lost, but also highly skilled workers are essential forces to comply with quality and the lead times required by the buyers, as all factory managers consistently argue. FactB outlines critically, “...because you need to train them and if you lost them and have new employees you need to train again so that’s why my Boss says, ok, we pay, we pay. [Therefore] no need to do training again about the brands, how to sewing this...” Therefore, paying salaries according to the minimum local law seems not sufficient to keep their workers, thus factory managers go beyond the average payment of salaries and invest in their workforce with bonus payments, as all case factories confirm.

Based on these findings, it can be assumed that the previously discussed theoretical suggestions on social management strategies are shifted from the retailers to the intermediaries. More specifically, not only are pressures and incentives passed on from the retailer to the suppliers, but also communication, compliance, and supplier development strategies are managed and performed by the apparel intermediary. The next section will explore IntA’s activities more in depth and therefore provide novel insight on the question of how the sourcing apparel intermediary facilitates the management of social sustainability, with evidence from all cases.

2.4.2 The Sourcing Intermediary as an Enabler for Social Sustainability

As outlined earlier in in this study, a third party intermediary can be employed by the retailer (mediated sourcing structure) to find improved access to proper foreign factories and advantages, most importantly in lead times, price and quality. In this scenario, retailers are disconnected from the supplying factories, which turns out to be an obstacle for any social management strategy undertaken by the retailer. Therefore, IntA’s CM states “*Our main aim is*

to bridge the gap between our customer needs on one hand and what our suppliers can do on the other hand...So if they do not have enough resources and they want to source from Asia, they leverage on our buying power and skills...”.

Another three statements from IntA, RetA and FactB address the importance of building partnerships. Retailers are shifting responsibility to the intermediary, which is, although being a third party, considered an extension of the apparel retailer. IntA’s CM declares “...for us the ideal customer is who really treat us like their own company. They [retailers] feel safe that their brand is protected and they are sure that there will be no sustainable issues”. RetA affirms “...we do share a lot of roles and responsibility with them [intermediaries] and we really do appreciate them helping us...they [intermediaries] are your extension. I don’t see an intermediary being a separate organism that works on its behalf in this case...so it is a really good partnership” As evidenced by the case companies, social responsibility is passed on to IntA, which in turn demands high degrees of trust between the retailer and the intermediary that result in long-term partnerships. However, social risks remain primarily at the retailers’ stage, as they will be spotlighted and scrutinized by any media or NGO once social violations appear in the supply chain. On the question whether retailers are still engaged closely with the factories producing their orders via intermediaries, IntA’s QA/QC argues “...retailers do insist, first that they want to have this [any MSI certification] compliance... because retailers do not know sometimes [their supplying factories], so it’s based on trust exactly, exactly...”

2.4.2.1 Compliance Strategies

The significance of social or ethical standards has been very clearly described in Section 4.1. It has become evident that MSI certifications are the most relevant and important actions to perform and show social responsibility. Moreover, from the compliance status documents of IntA’s supplier base (which includes further factories than the cases FactA–D) it can be observed that only a very little number of retailer audits, based on their own codes and standards, are conducted. This also was observable in each interview because by asking generally about codes and standards all interviewees quickly directed the discussion towards MSI certification and third party audits. This again enlightens the high importance and relevance of MSI certifications but also the shift to social responsibility merely reduced to compliance with social or ethical MSI standards. IntA’s QA/QC indicates that they see their responsibility in ensuring any MSI standard requirement by the retailers and gives an example “...so a lot of [our] suppliers they have WRAP certification. But many of our European customers, they do not except only WRAP certification, because they feel it is not enough. So

we work with the suppliers who already have WRAP certification and then we work with them within couple of three to four months and we get them BSCI certified”.

In order to achieve any MSI certificate factories must undergo third party audits. This was proven by the documents and statements of all factories and interestingly they highlight the importance that non-Vietnamese locals conduct the third party audit, because locals probably would be more prone to corruption whereas foreigners do not take any “*under table money*” (IntA and FactB) to certify the factory. Indeed, third party audits have been declared as strict, credible and legitimate, however, the case companies explained that it is very easy to get further MSI certification once they already hold one MSI certificate, because they are similar to each other in their contents. For instance, FactB states “*...when you do one audit, you can pass all other audits, because it’s almost the same, almost the same*”. The similarities and little differences between MSI certifications, but also across retailers’ codes of conduct, were in particular confirmed by IntA and two further case factories. In this regard, the Compliance Manager of FactA states, “*...the buyers [retailers] have all different code of conducts but the main point and main focus is the same. So it is not difficult for us to comply with their code of conduct and their different requirements [MSI standards]*”. Moreover, the CM of IntA outlines that not only audits will be performed, they also take over monitoring actions “*...things doesn’t stop there, there is a continuous monitoring*”. Indeed, monitoring activities are performed and all case companies share that IntA conducts frequent visits to the factory to check their current compliance status. This was transparent in their so-called “CSR Compliance Status Report” documentation, which included all factories, their current MSI certification, the last conducted audit date, the final result of the respective audit, and all upcoming audits and additional remarks (pending improvements and necessary visits to the factories). Finally, IntA goes beyond first Tier third party audit preparation and monitoring and takes responsibility to at least visit and evaluate the subcontractors of any of their supply base factories to reduce possible risks, as IntA’s QA/QC underlines “*...we go and see the subcontractor*”, while FactB argues “*Ok, like this, [IntA] ask us also to make [apparel] with subcontractors but they have people to check the sub-conts. They will find the sub-conts and go there. That’s how agents take responsibility*”.

2.4.2.2 Supplier Development Strategies

Generally, all the cases shared that the sourcing intermediary is the key actor in establishing trustful relationships to both the retailers and the factories. Trust is inevitable to start any collaboration and it is perceived as a mandatory basic factor, providing transparency to the

retailer, as RetA and IntA's CM state. IntA's QA/QC agrees that in any case, once trust and transparency is not ensured by the factories because the factory hides anything on purpose (such as keeping double books), they will right away discard and cancel any contract. This provides indications that the intermediary assumes risk management activities. For instance, as mentioned earlier, almost every factory initially used to keep double books, but IntA has been able to convince most of the factories to be transparent and fair, showing all documents by promising support and training to solve the problems that the factory may face, which results in long-term partnerships in return. In this case IntA's CompM explains "*...we have a way to detect whether they have double book or not. Sometimes we will interview workers to check the working time and the income and how much income they get in one month and then we check the documents the factory shows us and we look if it is consistent or not...we will crosscheck with the factory management why there is a difference*". As a result, this triggers trustful relationships between the factory and the intermediary, which is mandatory for the factories to be open for any assessment at any time in order to win the big orders but also to be more powerful in discussing price and lead times, as FactC explains. Thus, trust and transparency is ensured by having full access to any factories' documents and managerial as well as workers' feedback at any time, but also through frequent meetings between the retailers and the intermediary, to exchange all necessary information about the supply chain. FactD states that trust was the most important factor in starting business with IntA and confirms "*...we show our compliance documents what we have. Even if there are mistakes we don't hide anything, yes... they [IntA] are also trustful for us and we can work together...it comes from both sides*". Interestingly, FactB reveals that trust emerges from the payment method i.e., the letter of credit (LC) IntA makes use of to pay for orders, as one of only two customers of the factory. Finally, FactB summarizes that in general social compliance can only exist if there is trust and reliability between the factory and its buyers. The geographical and cultural proximity between IntA and its factories turns out to be essential for building trust and long-term relationships, as it is possible to visit the factories any time for substantive dialogues and interviews, not only with managers but also with the workers in the production lines. RetA argues "*...sometimes they [intermediaries] actually can have better relationships with the factories because they are on the ground...where we fall short they [intermediaries] actually help*".

IntA's CM additionally explains their support to its factories "*...we ensure and prepare, we continuously keep on working with our supplier base to keep on upgrading them and maintaining the social compliance*". Hence, capacity building of the factory is significantly improved by the intermediary, especially through the direct and indirect supplier development

strategies performed by IntA. This was proven by further statements and it turns out that there is a strikingly high demand for receiving support by the case factories to improve their social performance according to the apparel market's requirement, as three factory managers (FactB, FactC, and FactD) clearly explain. For instance, FactD acknowledges that "...our factory would like to work directly with the brands but the capacity isn't enough. If our factory is working directly with the brand the price would be higher and better for us. But we are limited and need to work with the agency". Indeed, as additionally evidenced by the documents, IntA is undertaking supportive actions, especially in ensuring compliance with required MSI standards by retailers by assisting in auditing and monitoring processes.

Interestingly, indirect supplier development is realized at very early stages, given the fact that IntA is conducting an informal technical (aiming at quality standards) and an informal social audit (aiming at social standards) with any factory who applies for becoming a part of its supplier base. For the social audit, the compliance team of IntA will send a so-called "initial audit checklist" to the applicant factory. The initial audit is a checklist developed by IntA's compliance team, which covers and includes the most common social requirements of the brands or retailers (based on their codes) and the most commonly used MSI standards, such as BSCI, Better Work, Sedex (Supplier Ethical Data Exchange), SA8000 and WRAP. Based on this document the factory evaluates itself and sends it back to IntA. In case the factory seems to be compliant, a first unannounced initial audit will be performed by the compliance team of IntA. Except for RetA, it is agreed by all case companies that there is no chance to become a member of the supplier base of IntA whenever a factory substantially fails the initial audit and shows no chance or willingness to improve in the near future to be compliant with the checklist in an announced re-audit. In case a factory does not hold the required MSI certification yet but is an appropriate candidate to fulfil the order based on lead times and quality, IntA sends its own compliance team to the potential factory to prepare them for the SA8000 (or any other MSI certification) or make them ready to pass the third party audit. The preparations include direct supplier development activities by IntA, such as support in organizing and managing the right documents and educating the factories' compliance team on how to improve current social issues and to be ready for any required third party audit for MSI accreditation. It is noteworthy that during this preparation time, which can last up to six months depending on the social issues (e.g., one manager states that payment rolls cannot be improved within a few days and takes time) the factory is already allowed to process the order. Ultimately, the factory receives the green light to call a third party auditor. Nonetheless, IntA decides whether it is worth it to work with the supplier until it is certified. IntA's QA/QC summarizes "*when you go for any third*

party audit, the points they are going to find, we already know very well". Finally, RetA further describes the supportive auditing services, *"The intermediary do like a checklist before. They do a sense check of very general things like if there is a young looking kid in a factory they will raise it to us...or they will ask for the paper work"*. In fact, factories underline their supportive role for any third party auditing. For example, FactA claims *"... [IntA] sometimes supports the factory to go through the audit [third party audit for MSI standards] and remind the factory that they need to improve before the official third party audit from the buyer is conducted"*.

In the case where a factory has some violations according to the third party audit for MSI certification, the development of a CAP is the consequence. This was consistently confirmed by all case companies by showing the researchers actual and relevant CAP documents that underline that the corrective actions can be done very quickly or require more time, depending on the violations found in the audit report. In general, the CAP is always done by the factory with the support of IntA's compliance team in alignment with the third party auditor, who will send the CAP report to the retailer. However, from the factories' point of view, this is only true if the order is made via IntA. IntA's CompM states, *"We help the factory if there is any finding is not corrected in proper way. If there is any findings which we don't know how to correct it, we will discuss with buyer to find the best solution for both"*. Based on that, unannounced re-audits (or interchangeably used follow up audits) will be conducted to figure out whether improvements have been made. The first CAP is thus the starting point for any monitoring activity performed by IntA. In addition, IntA conducts frequent visits to its factories, as they are spatially close to the factories and can be present on site to interview other compliance managers and check whether they can still keep up with the certification requirements. These frequent visits are especially done because once a factory successfully passes a third party audit it can take, depending on the MSI certification, up to three years until the next audit will be conducted to refresh its compliance status. In this regard, IntA will also be present when retailers go for their own assessment at the factory, thus taking over a supportive monitoring role as RetA states *"...usually they [sourcing intermediaries] are present in assessments as well and any communication that we form with the factory as well"*.

In addition, all participants bring up the direct support they receive by organized workshops and training conducted by IntA, as this was further observable from documents such as the educational social compliance training presentations of the companies. The training also includes the retailers' training, who educate intermediaries about their latest requirements. In this case, RetA states *"...we call it train the trainer...like I said we can't be at so many places*

at once. So we train the intermediaries". Additionally, evidence showed that IntA uses training not only for knowledge sharing but also to convince the factories to be socially responsible and make them understand why they should be compliant with the local labor law and that labor conditions can to a committed relationship between the factory workers and the factory management, which decreases fluctuation rates.

2.4.2.3 Communication Strategies

The previous section outlined that the exchange of information between the supply chain actors is critical, not only to generate trust but also to communicate in a clear and comprehensive way about all activities undertaken to ensure social sustainability, such as convincing factories about social compliance and ensuring full transparency to the retailers. This becomes particularly critical for the reports on compliance and standards to the retailer, such as through the "CSR Compliance Status Report", as IntA's CM declares. IntA organizes every document needed to provide the retailers with sufficient information, such as the factory's compliance status and its corrective action plan. As learned earlier, due to cultural differences the implementation process of social sustainability can be hampered. In this regard, the case factories and RetA are aware that intermediaries in general have good opportunities to make business and refer to their linguistic capabilities. This was particularly confirmed by FactB, who stated, "*Here [in Vietnam] the [factory] managers are local, they don't know English. They [IntA] also have many people go to see the factories and you can see in their company that mostly the managers are foreigners. Foreigners are better, they still have the mind-set how to work in the right way*". This indicates that IntA, besides their linguistic capabilities, has a necessary cultural sensitivity towards both western countries, who demand social compliance, and the local factories, which is beneficial to convince the factory to embrace social sustainability and to trigger partnerships based on trust, as outlined earlier. IntA's CompM argues, "*Some factories don't know [...] how and what the compliance in general is. So we will provide the training with the factory management to make them [factories] understand why factories should be compliant with the labor law with the labor conditions*". In this regard, FactA, Fact C and RetA explicitly explain that they are informed and updated by IntA about any social sustainability requirements. For example, FactA explains, "*[IntA] will help the factory if there are any requirements from the buyer or any new requirement from the labor law, so they will support the factory for their awareness*". Ultimately, RetA admits, "*They [intermediaries] are very savvy in terms of every single requirement that was out there. Very up to date and many times we get updates on the local law by these agencies*".

This critical knowledge transfer is enabled through, again, the geographical distance, as RetA pointed out earlier that the intermediary is on the ground. FactC asserts, “...they [IntA] just call us to come to their office” and a sensitive cultural understanding that considers morals and value systems are explained by each of IntA’s Managers. According to the CM, “...this [Vietnam] is just a country which is just free for 40 years now. Can a 40 years country compete with a country like America, which is a 400 years country? Of course, they [western countries] have prosperity, of course, their value systems are different. So that’s the typical dilemma. At this situation, no Asian country wants to be taught by any western countries. They don’t need a moral policy”.

2.5 Discussion

Based on the analysis, this research first provided insight into why the case companies show responsibility towards social sustainability in Vietnam. Then, the findings depict, from the view of three supply chain actors, how the implementation of social sustainability is enabled through the apparel sourcing intermediary, which gives a deeper understanding of the activities undertaken. Therefore, in this section, the researchers discuss the findings critically and describe the role of the sourcing apparel intermediary by integrating and organizing the social management strategies (activities) of each role, and hence answer RQ3.

First, it is noteworthy that IntA is highly social sustainability oriented. The interviews with the managers of IntA showed high internal orientation towards sustainability issues, which is proposed by Köksal et al. (2017) to be the most important enabler for social sustainability in the apparel supply chain. When focusing on the drivers for social sustainability, the role of NGOs have been discussed as the most significant pressures for apparel retailers to implement social risk management, especially by insisting on MSI standards and certifications to safeguard their business (Freise & Seuring, 2015). This pressure will be passed to the intermediary and hence will find its way to the factories. Further, it is clear, as Stigzelius and Mark-Herbert (2009) observe, that the financial risk for factories deriving from the implementation of social sustainability needs to be balanced with higher prices or continued business. In fact, it is striking that the case factories based in Vietnam do not see financial risks associated with the implementation of social sustainability but rather see them as an investment, and thus as a driver to get big orders, form long-term partnerships, and keep their skilled workers. This is particularly interesting because researchers in previous studies repeatedly evaluated the implementation process and its related costs as a highly hindering factor for apparel factories

in other developing countries (Huq et al., 2014; Köksal et al., 2017; Stigzelius & Mark-Herbert, 2009; Yu, 2008). Further and contrary to other researchers (Freise & Seuring, 2015; Hoang & Jones, 2012; Huq et al., 2014; Park-Poaps & Rees, 2010; Stigzelius & Mark-Herbert, 2009), governmental pressure is perceived as a crucial driver for Vietnamese suppliers. This was explained by the Rana Plaza incident, which caused huge pressure and, because of the imminent trade war between the USA and China, what enabled the chance for Vietnam to boost its exports for textiles and apparel (apparelresources, 2017; bloomberg, 2017).

In understanding the drivers for Vietnamese suppliers, first the researchers were able to get an overall picture of the social management activities performed by IntA, especially how they can leverage the implementation of social sustainability in ways where apparel retailers may fall short. As a result, it turned out that IntA clearly acts as an enabler in the social sustainability implementation process. The cases demonstrate that apparel retailers shift social responsibility largely to the intermediary. This generally confirms the findings of Masson et al. (2007), who conclude that retailers pass responsibility to intermediaries to mitigate and manage typical supply chain complexities, however, this study shows that social sustainability issues need to be considered and should not be excluded from an intermediary's responsibilities. From the researchers' analysis of social management strategies in Section 4.2, it has been demonstrated how IntA makes use of its capabilities to facilitate supplier development-, compliance-, and communication strategies. For instance, evidence shows that spatial proximity, with its capabilities in the form of multinational compliance and technical management teams, are fruitful for supplier development strategies in order to ensure that the factories in their supplier base are compliant with the social or ethical standards demanded by the apparel retailers. Consequently, IntA provides benefit to both supply chain actors i.e., the retailers and the factories they are working with. This is in contrast to suggestions of other researchers on sustainable supply chain theory, who argue that the longer a supply chain, the more vulnerable it becomes in terms of sustainability, and this is due to a lack of transparency and thus impedes, from the retailers point of view, the build up of necessary close collaborations with the factories (Köksal et al., 2017; Masson et al., 2007; Perry & Towers, 2013). To the contrary, the paper at hand depicts the critical activities that the sourcing intermediary performs in implementing social sustainability, although the supply chain is extended with an additional actor and thus they disconnect the apparel retailer from the apparel factories.

In order to answer the third research question, this study attempts to describe the roles performed by IntA by using role theory in supply chain management research (Knight &

Harland, 2005). Role theory was applied by several researchers to explore and describe the activities of the boundary-spanners within the supply chain networks (Harland & Knight, 2001; Jia et al., 2014a; Johnson & Duxbury, 2010; Knight & Harland, 2005; Marco Sartor et al., 2015; Sartor et al., 2014; Wu, Steward, & Hartley, 2010). Knight and Harland (2005) reviewed existing constructs with regards to role theory and assess that it is beneficial for analyzing what part a focal company plays in the supply chain network. Therefore, role theory helps to interpret the findings and serves as the base for the formulation of research propositions that are to date, and to the best of the researcher's knowledge, not explored by any other academic researcher with regards to the social sustainability activities of apparel intermediaries. For example, Jia et al. (2014b) conducted role theory to interpret the roles played by IPOs. Their study is therefore used as a guideline and, consequently, highly interesting linkages emerged as the sourcing intermediary can be comprehensively described by applying role theory. By applying role theory, the inductive findings (the social sustainability roles and activities performed by the independent apparel sourcing intermediary (IntA)) are depicted in the Appendix (C2 – Table 2) and help to refine and extend the existing SSCM theoretical frameworks outlined in the literature review.

2.5.1 Social Sustainability Supplier Developer and Coordinator

As the literature review highlights, establishing trustful collaborative relationships will lead to the increased adoption of social compliance strategies and support the social sustainability process within the supply chain significantly (Gimenez & Tachizawa, 2012; Locke et al., 2009; Perry & Towers, 2013; Sancha et al., 2015; Yawar & Seuring, 2015). Such collaborative relationships are shaped by supplier development strategies practices by focal companies (Sancha et al., 2015), which ultimately evoke trust and commitment (Locke et al., 2009). In general, researchers agree that trust and commitment facilitated within a collaborative relationship have significant effects on the improvement of CSR related activities and the willingness to conform with social responsibility requirements (Carter & Jennings, 2002; Gimenez & Tachizawa, 2012; Grimm, 2016; Huq et al., 2016; Locke, Kochan, et al., 2007; Oelze, 2017; Yawar & Seuring, 2015). Concerning role theory, Jia et al (2014b) defines the supplier developer role as activities, which educate, train, and support suppliers. Evidence shows that IntA plays a critical role in educating and convincing factories with sound quality and lead-time performances to be socially compliant. This educational and convincing approach not only opens the eyes of its supplier base and significantly increases their awareness for social sustainability but also develops trust and transparency between the two supply chain actors. In

this regard, direct and indirect support is provided by IntA and understood as a natural service. Particularly, IntA's proximity to the local factories and its specialized compliance team enables constant dialogues and updates and finally upgrades factories through monitoring activities, workshops and trainings. Starting with an initial, informal audit IntA is able to evaluate a factories social compliance potential. IntA then prepares the factory through respective corrective action plans until it finds the status to be ready for social MSI accreditation with third party audits. During the whole process, the intermediary accompanies and monitors the factory and simultaneously reports progresses made to the retailer who requires a certain social MSI standard. Again, IntA continuously executes supplier development strategies, also after factories achieved MSI accreditation. Therefore, the first proposition can be developed:

- *P1: Due to its supplier developer role the social sustainability oriented sourcing intermediary significantly enables the implementation of social sustainability in alignment with apparel retailers' required social MSI standards and certifications.*

Moreover, Jia et al. (2014b, p. 583) define that the coordinating role of IPOs involves “*the development of a collaborative trust relationship with local suppliers*”. The support and visibility to the market a factory gains through the intermediary builds up trust between the two actors, which ultimately results in collaborative partnerships. As this study findings show, the coordinator role can only be realized if the supplier–developer role is active in advance. Hence, it seems that in social sustainability supply chain research, the two roles are not mutually exclusive but rather cohesive, and sequential progress is necessary. Furthermore, due to its capabilities, IntA receives high levels of responsibility and is thus perceived as an extension of the retailers who are characterized by trust and transparency. This leads to the following, second proposition:

- *P2: As a result of its supplier development strategies, the social sustainability oriented sourcing intermediary is able to perform the coordinator role, which develops trustful and collaborative relationships with its supplier base and consequently with apparel retailers.*

2.5.2 Social Sustainability Gatekeeper and Safeguard

Based on the definition of Hallenbeck et al. (1999) the gatekeeper collects, filters, and transmits information concerning actual and potential suppliers. This involves the activities of identifying new suppliers, but also auditing and quality control (Hallenbeck et al., 1999). Other researchers use the term information broker, which involves the same activities (Knight & Harland, 2005).

In this context, possible issues that arise in the buyer-supplier relationship include a lack of knowledge regarding sustainability issues, which has been declared a barrier in establishing a collaborative relationship (Oelze, 2017) between the western apparel retailer and the developing country apparel factory. This again is attributable to the cultural, as well as the spatial distance between the two actors (Amrou Awaysheh & Robert D. Klassen, 2010; Busse et al., 2016) and remains a highly difficult task, especially due to resource intensive investments such as setting up IPOs or subsidiaries in the respective supplier country. Thus, Oelze (2017) suggests that knowledge gaps can be bridged by hiring intermediaries. In effect, IntA transmits any new requirements set by the retailers to the factories but also educates retailers about new or upcoming governmental regulations. The workshops and trainings provided by the retailers serve as a platform of knowledge exchange for social sustainability between retailers and IntA. Subsequently, the knowledge and critical information collected by IntA is passed on to the factories, again via workshops and training, but also through frequent meetings with factory managers on the spot. This ultimately supports the communication of social sustainability concerns between retailers and factories. More specifically, IntA facilitates the buyer-supplier relationship and informs apparel retailers via documents and reports especially about the actual state of the social sustainability status of the factories. Through initial audits, monitoring activities via frequent visits, developing supplier base compliance status documents, backing the factories during third party audits, providing corrective action plan support to the factories, and finally transparent communication with the factories ensures trust is strengthened significantly (Locke, Qin, et al., 2007; Turker & Altuntas, 2014) and the knowledge gaps between the apparel retailers and the factories are substantially reduced because IntA is up to date concerning any factory. Again, all the collected information about social sustainability concerns at the factories site is documented and reported and remain at the ready any time for apparel retailers.

- *P3: The social sustainability oriented sourcing intermediary is the most critical facilitator in communicating social requirements to the respective apparel supply chain actors.*
- *P4: The social sustainability oriented sourcing intermediary is the most critical facilitator in communicating actual social sustainability status of factories to apparel retailers.*

Moreover, and different to Jia et al. (2014b), it is crucial to take note that IntA, in its gatekeeping role, needs to be evaluated from two perspectives: the retailers' and factories' view as learned above. In addition, it seems that merely focusing on information and knowledge exchange is not sufficient to enact the gatekeeper role. More specifically, apparel retailers benefit from the

intermediaries' socially compliant supplier base. Moreover, the cases show that social responsibility is shifted to the intermediary, which is consistent with findings of Masson et al. (2007) and Neu et al. (2014). For example, Masson et al. (2007) revealed that retailers showed little to no evidence of a relationship with the garment manufacturer, which hugely hinders any social management strategy. Therefore, the high dependency of western retailers on intermediaries located in developing countries is the result. Researchers claim that this causes high risk for the retailer, due to the lack of control and transparency (Masson et al., 2007). In fact, based on the interviews and documents, the shift of social responsibility was observable.

- *P5: Apparel retailers pass on social responsibility, thus transferring social management strategies to intermediaries when sourcing from developing countries.*

In sum, IntA is able to assess and communicate the actual social compliance status of any existing factory in its supplier base but also can identify new factories with high social compliance potential. Hence, it turns out that the gatekeeper role needs to be extended with another activity so far not considered by researchers. Especially due to IntA's compliance team conducting initial audits, which cover the most significant requirements of MSI certifications, the intermediary serves with chosen factories and shows high tendencies to be socially compliant to the respective apparel retailers' requirements. This filtering activity safeguards the development of a social sustainable supply chain and leverages the typical risks that can emerge due to distance and cultural differences.

- *P6: The social sustainability oriented sourcing intermediary acts a social sustainability safeguard for apparel retailers by presenting a socially responsible supplier base or at least high potential socially responsible factories.*

On the other hand, all of the factories in its supplier base benefit from the access and visibility provided through the intermediary. This finding supports previous research on intermediaries (Purvis et al., 2013). However, the factories face enormous advantages, which makes it highly attractive to do business with a local intermediary. Most prominently, the intermediary is perceived as a channel to the western market, especially for factories without sufficient resources and capabilities for a well-connected, western thinking merchandise team, which includes cultural sensitivity or knowledge and understanding about western retailers' current social requirements. In fact, it is striking that all the Vietnamese case factories' managers are mostly locals with a very local mind-set who lack the sophisticated channels and network to access the western market. This was especially observable during the interviews, as the case

factories' managers lacked English language skills and the compliance managers of the factories merely took on simple executing roles to ensure social compliance. With consideration of the very basic requirements for social compliance of western retailers, factories can show up much easier and enhance their visibility via intermediaries without concentrating their resources on merchandise and marketing capacities (Purvis et al., 2013). Thus, the following proposition can be developed:

- *P7: The social sustainability oriented sourcing intermediary acts as a significant enabler for developing country apparel factories to achieve business eligibility and visibility based on apparel markets' social sustainability requirements.*

2.5.3 Cultural Broker

Previous research stresses the fact that communication and comprehension issues between western retailers and developing country factories will hinder supplier development strategies and social sustainability implementation (Amrou Awaysheh & Robert D. Klassen, 2010; Busse et al., 2016; Ciliberti et al., 2011, p. 2, 2008). As found by Busse et al. (Busse et al., 2016), spatial distance, linguistic distance, and cultural distance are major antecedents. Ciliberti et al. (Ciliberti et al., 2008) reveal that companies face huge barriers with the integration of CSR in developing countries, especially due to communication gaps and a lack of information, which stem from cultural and linguistic distance. Moreover, Awayshe and Klassen (2010) confirmed that the spatial distance problematic is especially affecting communication efforts, such as the documentation of social audits and compliance. Other research supports and point at geographical and cultural distance both affecting the development of trustful strategic supply chain partnerships (Grimm, 2016; Grimm et al., 2016). In other words, as distance in culture, including language and location is increasing, supply chain actors need to make sure that western-based codes are comprehensive in their meaning and their application to be actionable (Ciliberti et al., 2011). The findings in the study at hand show that IntA is able to overcome and leverage spatial, cultural and linguistic distance in contrast to a direct retailer-factory relationship. In sum, the cultural broker role shows a particularly beneficial presence in each of the social management strategies previously outlined. However, the greatest advantage of IntA is its spatial proximity to its factories and its cultural understanding towards the westerners and the Vietnamese. Equipped with a compliance and merchandise team consisting of multinational managers who are familiar with both the western and Vietnamese culture, they leverage and significantly mitigate linguistic and cultural misalignments between apparel retailers and

factories. Each of the social management strategies highly benefit from this capability and it turns out to be fundamental for effective supplier development and supply chain communication. Hence the following proposition can be developed:

- *P8: The social sustainability oriented sourcing intermediary significantly reduces cultural tension between western retailers and developing country factories and ultimately enhances supplier development and communication strategies within the apparel supply chain.*

2.5.4 Social Risk Manager

Finally, a new role has emerged for the apparel intermediary. As a gatekeeper and with its safeguarding role the intermediary also assumes some risks whenever violations or social issues appear in its supplier base. For example, Neu et al. (2014) discuss how production risks will be transferred to intermediaries via written contracts. In the case of failing the contract requirements, where financial penalty is incurred due to retailer allegations, the IntA takes on further risk. Thus, in the context of social sustainability, the IntA takes over any additional social risk (Freise & Seuring, 2015; Köksal et al., 2017). Thus, social responsibility is transferred by the apparel retailers to the intermediary, as evidenced by the interviewees. Additionally, IntA contracts with factories by letter of credit payments that signify whenever an apparel retailer is not able to pay for the orders, regardless of any payment defaults that occur, the factories are secure. Moreover, despite the dependency of Vietnamese factories' to find business with western retailers through IntA, very interestingly each of the case factories pointed out that they want to avoid any work with intermediaries, but would rather directly do business with the retailers. This was explained by the decreasing profits of the case factories when working with intermediaries. Hence this turns out to be a possible risk for IntA, because once factories are upgraded, have found maturity in ensuring social compliance, and are well connected with western retailers, they could have the chance to dissolve working with the intermediaries and realize better prices with direct contracts to apparel retailers. As such, with IntA's investments to a factory, especially considering transaction costs for supplier development strategies, high risks can emerge (Krause, Scannell, & Calantone, 2000) and new factories with potential investments for social sustainability improvements need to be considered to fulfil future orders.

- *P9: Due to its gatekeeping and safeguarding role, the social sustainability oriented sourcing intermediary assumes high social management risks.*

- *P10: The social sustainability oriented sourcing intermediary assumes high risk in securing and developing capabilities for the apparel factories, which can leave them once a factory finds business maturity and is visible to the markets, thus contracting directly with apparel retailers.*

2.6 Conclusions and Implications

In this paper the researchers first depict comprehensively why Vietnamese apparel suppliers, including sourcing intermediaries and factories, are motivated to embrace social responsibility. This was particularly helpful not only to understand their drivers, but also to dig deep into their interaction and to understand how the actors manage social sustainability. In addition, this paper strived to exclusively focus on the role played by the apparel sourcing intermediary in managing social sustainability. Based on the findings and analysis, ten propositions have been developed, all explicitly concentrating on the apparel intermediary's roles as an enabler for social sustainability in apparel supply chains. These roles are social sustainability supplier developer and coordinator, social sustainability gatekeeper and safeguard, social sustainability cultural broker, and social risk manager.

Interestingly a socially oriented third party indirect sourcing intermediary not only adds value in order to achieve better prices, quality and lead times for apparel retailers, but also acts as a social sustainability manager, which is a novel contribution to the debate. It is noteworthy to outline that the case apparel intermediary in this study is not promoting itself as a sustainable company, but rather provides social sustainability as a natural service, which is primarily shaped by the top management social responsibility orientation (Köksal et al., 2017). Starting with its cultural broker role, each of the sourcing intermediary's social management strategies enormously benefit from its spatial proximity to the factories, but more importantly, from the cultural sensitivity in understanding both the Western and Asian cultures. First, it turned out that the intermediary's supplier developing and coordinating roles are the most important for establishing trustful and collaborative relationships to all of its factories in its supply base. This in particular highly contributes to a successful social sustainability implementation process, which is of high interest for apparel retailers. Second, an independent sourcing intermediary can leverage any communication issues between apparel retailers and factories, especially by successfully channelling social sustainability information, such as educating about the actual requirements or informing on the reports and documents available to the respective supply chain actors. Consequently, an intermediary can act as a gatekeeper who can be specified as a filter

for providing only socially compliant or at least highly potential factories to its customers, the apparel retailers. These findings further indicate that social management strategies traditionally conducted by apparel retailers will be transferred to the intermediary and with it the responsibility to ensure a socially sustainable supply chain. In this regard, from the apparel retailers' point of view, the intermediary can be described as a safeguard for a socially responsible supply chain. As a consequence, due to the shift of social responsibility but also especially in performing supplier developer strategies, the apparel sourcing intermediary takes over the role of a social risk manager, as learned during the analysis.

2.6.1 Theoretical Implications

This research highly contributes to existing sustainable supply chain research in a number of ways. First it focuses on two neglected areas, the social dimension of sustainability (Köksal et al., 2017; Yawar & Seuring, 2015; Zorzini et al., 2015) and the lack of research on apparel sourcing intermediaries (Cook & Kozar, 2017; Fung et al., 2007). Moreover, it concentrates on supply chain research in a developing country, which still falls too short in the sustainability debate (Huq et al., 2016, 2014; Köksal et al., 2017; Yawar & Seuring, 2015; Zorzini et al., 2015). Finally, as recommended by previous researchers (Fung et al., 2007; Seuring, 2008), this study explores the role of the intermediary, with insights from more than one sustainable supply chain actor and includes three stages: the apparel retailer, sourcing intermediary, and factory views for exploration. Thus, this paper is, to the best of the researchers' knowledge, the first of its kind to investigate the role played by an apparel intermediary in accordance to its social sustainability activities. The study at hand further extends the role theory with the incorporation of an independent apparel sourcing intermediary and its overdue focus on social responsibility and additionally supports previously developed frameworks to the social sustainability supply chain, such as Köksal et al. (2017), by integrating new insights into the model. Further, the researchers give evidence of a real life situation that each social management strategy is not exclusive and dependent from each other as assumed by Yawar and Seuring (2015). Additionally, the findings highly contribute to the literature with the apparel intermediaries' roles facilitating and ensuring trust and transparency among the supply chain actors, as suggested by Yawar and Seuring (2015, p. 17), who state that future investigations should focus *"on the ways to reduce trust deficiencies among supply chain members to achieve a socially sustainable supply chain"*. Lastly, this study follows recent propositions of Nakamba et al. (2017) and Huq et al. (2016) in exploring multi-tier supplier perspectives towards the implementation of social sustainability practices in developing countries.

2.6.2 Managerial Implications

From the perspective of management, it is suggested that apparel intermediaries should not only focus on delivering the best price, quality, and lead time possible, but rather need to incorporate social responsibility in their overall strategy as their customers i.e., apparel retailers see social compliance in their sourcing strategy as the minimum mandatory requirement before orders will be placed. Therefore, building up a multinational compliance management team that is familiar with both the local as well as the western culture and language is critical for international apparel intermediaries in order to be able to perform the outlined social sustainability roles successfully and increase competitiveness through differentiation. Again, it is important to highlight that each supply chain actor needs to show the willingness to be socially compliant and requires high degrees of trust, credibility, and transparency. What remains, are the risks for the apparel retailer to be spotlighted once critical violations, such as child labour, occur in the supply chain. However, this paper clearly supports the CSR and the sourcing departments' decision making of any apparel retailer sourcing from developing countries. Furthermore, this study depicts how critical it is to source from the "right" intermediary with regards to sustainability and the economic advantages an apparel retailer gains through mediated sourcing. Huge parts of CSR related activities could be leveraged and enabled by socially oriented sourcing intermediaries, which can save costs, time, and reduce the information asymmetries and ultimately mitigate social risk. More specifically, developing a trustful partnership and collaboration with one socially oriented apparel intermediary might be the more efficient approach compared to establishing trustful partnerships to multiple factories. Therefore, redundancy for any social management strategy can be reduced or even removed. Hence, apparel retailers can concentrate on core business activities and allocate its resources to other departments. Most importantly, the outlined propositions of this study can be used by decision makers in the apparel industry as a guideline, especially those who still face problems with social sustainability implementation or need support with intermediary selection in developing countries. For example, apparel retailers can use the outlined roles and their underlying activities to rethink their strategic activities and to crosscheck and evaluate the roles of yet existing or future intermediaries in its supply chain. From the apparel factories' view, the right sourcing intermediary is not only the gatekeeper to big orders from apparel retailers but also a great opportunity to upgrade its own facility and operations with regards to social responsibility. This ultimately makes the factory more competitive and increases the longevity of its business through an enhanced image and reputation in the apparel market.

2.6.3 Limitations and Future Research Directions

First, as the researchers conducted multiple-case studies and qualitative analyses, the sample size of this research is limited and hence its generalizability to all apparel sourcing intermediaries in developing countries is also limited. This study only concentrates on the role of one apparel intermediary located in Vietnam, which in addition shows a high social sustainability orientation. Thus, it seems that the study at hand tends to be a best practice evaluation and it is very likely that not all intermediaries show a high internal orientation towards social sustainability. Consequently, this study is limited in its representativeness and hence does not allow generalizing to other independent apparel intermediaries in developing countries. Moreover, as different industries have different characteristics in their supply chains, the findings of the paper at hand are not applicable to other sectors. As such, do other apparel intermediaries in developing countries assume social sustainability roles? How and to what extent do other intermediaries in developing countries enable social management strategies?

This is the first attempt to apply boundary-spanning role theory on the apparel sourcing intermediary in order to describe its activities for social sustainability. In fact, the social sustainability roles found in this study need to be sharpened and more clearly distinguished from each other, which opens new directions for future research. Especially because this study shows that, the underlying activities in each social sustainability role are not mutually exclusive. Yet, the existing role theories on boundary-spanners were sufficient to get a first comprehensive picture. Therefore, academics may replicate the study at hand in order to investigate the role of the apparel intermediary in other developing countries and in other industries. For instance, it turned out that supplier development strategies are highly critical in establishing trust and transparency related to the coordinator role. Moreover, do the underlying, resource intensive activities always pay out for the intermediary?

Furthermore, the results only focus on its enabling role. The barriers to the implementation process need further investigation and remain unclear because this study gives clear indications that hindering factors are likely to occur. Thus, what barriers typically emerge for social sustainability in developing countries when apparel intermediaries are hired? Based on this, researchers should include further views on intermediaries and may investigate the perceptions of NGOs or third party auditors, but more critically, factory workers. For example, only the managers of the case companies were interviewed, which might generate biased conclusions. Factory workers were not considered and no social sustainability performance measurement

was undertaken, keeping the effectiveness of the intermediaries' enabling role vague, which calls for future investigation. Further examples highlight that MSI certifications are merely instrumentally used (Egels-Zandén & Lindholm, 2015; Hoang & Jones, 2012; Huq et al., 2014; Köksal et al., 2017; Locke, Qin, et al., 2007; Lueg et al., 2015; Merk, 2009), as two cases gave hints that they are all “*almost the same*” and easy pass once a factory holds one MSI certificate. In addition, as evidenced by two cases it seems that also the Vietnamese government conducts social audits but are prone bribery. Based on the findings and propositions in this study it turns out that between the factories and the intermediaries, different interests for the implementation of social sustainability exist and thus opens the door for the application of other in SSCM neglected theories (Nakamba et al., 2017), such as principal-agent or transaction cost theory, to get another angle on their interaction and understand the SSCM actors relationships more clearly. For example, by considering the social risk manager role, it seems that the intermediary is socially oriented, whereas the factories show social responsibility and the willingness to invest only for economic reasons and actually want to avoid working with intermediaries. Lastly, this research stream calls for a deeper investigation of subcontractors. From the interviews it turned out that subcontractors still remain obscure and are not covered by the retailers' required MSI certification automatically. While required social standards and certification systems may cover Tier 1 factories, the subcontractors, which represent a further tier, remain uncovered and thus are likely the reason for social violations in the apparel supply chains as transparency and control decreases. Hence, the question arises how far the social sustainability roles performed by the apparel intermediary can go in the supply chain, and whether they can open new research avenues, which will extend the dominant frameworks on social SSCM.

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B3. Article 3

Social Sustainability in Apparel Supply Chains – Understanding failures to Social Standards in Vietnam and Indonesia using Agency Theory

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Abstract

The purpose of this paper is to explore why dominant international private social standards used in the apparel industry are prone to non-compliance and how related opportunistic behaviours performed by apparel supply chain actors can be described. A qualitative multiple-case study method was conducted, using purposive sampling to select 13 apparel supply chain actors. Data was collected through on-site semi-structured face-to-face interviews. The findings of the study are interpreted by using core tenets of agency theory. The findings show the defective nature of apparel supply chains, that are characterized by substantial goal conflicts and hence threatens social standard implementation and compliance. Consequently apparel retailers perform hidden characteristics and hidden intentions, whereas sourcing agents and Tier 1 factories are likely to perform hidden characteristics, hidden intentions, and hidden actions. CSR departments of apparel retailers need to be empowered by awarding a more integrative role to sourcing decisions. Cost sharing, price premiums and continuous orders for social compliance are critical. The development of social standards is highly suggested e.g. by including novel metrics such as the assessment of buying practices or the evaluation of capacity planning at factories and the strict inclusion of subcontractors' social performances. This paper presents evidence from multiple Vietnamese and Indonesian suppliers on a highly sensitive topic, hence contributes to the neglected social dimension of sustainable supply chain management and social accountability literature by identifying limits to social standard compliance strategies.

Keywords – Agency Theory, Social Standards, Apparel Industry, SSCM, Developing Country

3.1 Introduction

With the rapid globalization during the last decades, the apparel industry faced a dramatic shift, as western retailers increasingly outsource production to less developed countries to improve their competitive advantage. Apparel supply chains involve a large number of actors, reflecting a globally fragmented, complex and dynamic supply chain structure (Julian Allwood, 2006; Ashby, Smith, & Shand, 2013; Kunz, Karpova, & Garner, 2016; Masson, Iosif, MacKerron, & Fernie, 2007; Perry & Towers, 2013; Purvis, Naim, & Towill, 2013). Major antecedents for the geographically dispersed apparel supply chain are increased competitive pressures on apparel retailers to achieve lower costs and shorter lead times (Bergvall-Forsberg & Towers, 2007; Jia, Lamming, Sartor, Orzes, & Nassimbeni, 2014; Masson et al., 2007). In fact, this development caused environmental and social effects (de Brito, Carbone, & Blanquart, 2008; Freise & Seuring, 2015; Huq, Stevenson, & Zorzini, 2014; Perry & Towers, 2013; Vachon & Klassen, 2008). For example, the use of water, energy and chemicals or waste and pollution during manufacturing and transport processes of textiles and fashion as well as unacceptable working conditions in developing countries e.g. child labour, harmful chemicals, safety issues in factories, forced labour and low wages (J Allwood, Laursen, Russell, Malvido de Rodriguez, & Bocken, 2008; Julian Allwood, 2006; Ashby et al., 2013; Blackburn, 2009; Gardetti, 2013). Hence, apparel retailers face increasing pressures from stakeholders such as NGOs, customers, buyers, media, trade associations and government (Busse, 2016; Freise & Seuring, 2015; Köksal, Strähle, Müller, & Freise, 2017; Meixell & Luoma, 2015; Park-Poaps & Rees, 2010) who hold firms accountable for the social impact of their production activities (Bebbington & Larrinaga, 2014; Neu, Rahaman, & Everett, 2014). This encouraged apparel retailers to embrace corporate social responsibility (CSR) especially when considering related harsh media and lasting damage to apparel brands if e.g. sweatshop working conditions or even factory collapses become evident (Anuradha, 2017; Crinis, 2010; Howard, 2015; Lusher, 2016; Manik, Yardley, & Greenhouse, 2013; Mayer & Sorrel, 2016; O'Connor, 2014; Powell, 2014). According to the Commission of the European Communities, CSR is defined as “the responsibility of enterprises for their impacts on society [...] have a process in place to integrate

social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close cooperation with their stakeholders” (The European Commission, 2011, p. 1). In order to commit to CSR, apparel retailers implement SSCM practices to mitigate sustainability risks deriving from stakeholders (Freise & Seuring, 2015; Giannakis & Papadopoulos, 2016; Hajmohammad & Vachon, 2016; Huq, Chowdhury, & Klassen, 2016; Köksal et al., 2017; Meixell & Luoma, 2015; Turker & Altuntas, 2014). Hence, one key sustainable supply chain management practice for apparel retailers is the adoption of international social accountability standards (Bebbington & Larrinaga, 2014; Behnam & MacLean, 2011; Gilbert, Rasche, & Waddock, 2011; Gualandris, Klassen, Vachon, & Kalchschmidt, 2015) to set social sustainability guidelines for their supply chain partners (Müller, dos Santos, & Seuring, 2009; O’Rourke, 2003, 2006; Sartor, Orzes, Di Mauro, Ebrahimpour, & Nassimbeni, 2016).

Commonly used social standards are developed by private non-governmental standard setting initiatives e.g. FLA (Fair Labour Association), FWF (Fair Wear Foundation), BSCI (Business Social Compliance Initiative), WRAP (Worldwide Responsible Accredited Production), and SA8000 (Social Accountability 8000 Standard) which are primarily shaped by core ILO (International Labour Organisation) conventions (Casey, 2006; International Trade Center, 2018; Knudsen, 2013; Mares, 2010; O’Rourke, 2006; Pruett, 2005).

Prominent social standards that are used by major apparel production countries such as Vietnam and Indonesia are BSCI, WRAP, and SA8000 (European Commission, 2017; Kim, 2013; Pruett, 2005). However, some authors conclude that the increasing tendency of buyer-driven characteristics in apparel supply chains will impede their efficiency (Egels-Zandén & Lindholm, 2015; Jiang, 2009; Köksal et al., 2017; Perry & Towers, 2013). Moreover social auditing and monitoring at multiple factories in globally dispersed supply chains that include further tiers such as subcontractors is difficult and challenging (Grimm, Hofstetter, & Sarkis, 2016; Hoang & Jones, 2012; Labowitz & Baumann-Pauly, 2014; Lueg, Pedersen, & Clemmensen, 2015; Schaltegger & Burritt, 2014). Thus context the adoption and implementation of social standards have been heavily criticised, particularly for its instrumental use by apparel brands, ineffective code formulation, and flawed processes such as auditing and

monitoring to verify compliance (Pruett, 2005; Short, Toffel, & Hugill, 2016; Sinkovics, Sinkovics, & Hoque, 2016; Stigzelius & Mark-Herbert, 2009). For instance, in 2012 a fire in a Pakistani factory killed 262 workers due to locked emergency exits and blocked windows, although the factory passed an independent 3rd party audit for SA8000 certification a few weeks earlier (Walsh & Greenhouse, 2012). Another example is the Rana Plaza disaster in 2013 of which two of five factories were audited by independent auditing companies based on BSCI (Ballard, 2016; Terwindt & Saage-Maass, 2016).

Thus, the aim is to examine why and how social sustainability implementation, performed through international non-governmental private social standards (in the following referred to as “social standards”), is hindered in the apparel supply chain. Agency theory is adopted to expand the current debate with novel propositions highlighting goal conflicts and opportunistic behaviours regarding social standard implementation. The research method includes 13 case studies on social sustainability implementation conducted with one prominent European apparel retailer and multiple suppliers in two developing countries, i.e. Vietnam and Indonesia. Therefore, this research depicts, except of the stakeholder view, an exhaustive picture of multiple apparel supply chain actors and includes the perspective of a subcontractor which is still declared as highly neglected viewpoint, but critical to fuel the debate in SSCM (Delbufalo, 2018; Fayezi, O’Loughlin, & Zutshi, 2012; Grimm, 2016; Seuring, 2008). Moreover latest literature reviews particularly point at the lack of empirical research and the knowledge gaps in the implementation process of social standards (Nakamba, Chan, & Sharmina, 2017; Sartor et al., 2016; Zorzini, Hendry, Huq, & Stevenson, 2015). Lastly, Seuring (2008) supports the major drawback of previous case study research in supply chain management, as he criticises that researchers report frequently about best practices in the field. The following research questions will address these shortcomings and provide evidence on impeded social sustainability implementation in buyer-supplier relationships:

RQ1: Why are social standards in global apparel supply chains prone to violations?

RQ2: How are opportunistic behaviours performed by apparel supply chain actors impeding successful social standard implementation and hence result in non-compliance issues?

Ultimately ongoing research gaps are addressed by contributing to the social dimension in SSCM related research, which still lacks behind (Gimenez & Tachizawa, 2012; Köksal et al., 2017; Touboulic & Walker, 2015; Yawar & Seuring, 2015; Zorzini et al., 2015). Further, this study provides evidence from multi-tier supply chain actors (Grimm, 2016; Huq et al., 2014; Köksal et al., 2017; Nakamba et al., 2017; Seuring & Gold, 2013; Wilhelm, Blome, Bhakoo, & Paulraj, 2016; Yawar & Seuring, 2015, 2018) and employs agency theory to investigate SSCM relations with an exclusive focus on social standards, which has been declared as a shortfall to date (Fayezi et al., 2012; Nakamba et al., 2017; Quarshie, Salmi, & Leuschner, 2015; Sartor et al., 2016; Touboulic & Walker, 2015; Zorzini et al., 2015).

The next section elaborates the actual state of social sustainable supply chain management with a particular focus on compliance practices by addressing the apparel industry and its related social standards (section 3.2). Further, the applicability of agency theory is justified by linking to social standard implementation (section 3.3) in order to outline the priori theory that guides the work (Zorzini et al., 2015). Section 3.4 concentrates on the research design and the respective methodology. Section 3.5 reports on the cross-case findings and presents novel propositions to the debate. Lastly, this paper ends with conclusions, managerial implications and further research avenues.

3.2 Social Sustainable Supply Chain Management through Social Standards in the Apparel Industry

As defined by Seuring and Müller (2008, p. 1700) SSCM is “*the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social, into account which are derived from customer and stakeholder`s requirements*”. While apparel supply chains typically include multiple supply chain actors that are dispersed globally, social issues are likely to emerge in the production process that threatens “*human safety, welfare, and community development*” (Klassen & Vereecke, 2012, p. 103). Consequently stakeholders hold the firms accountable (Gualandris et al., 2015) for the social issues caused by their supply chains which can harm their reputation and drives them to implement socially responsible supply chain actions to their supply chains (Hoejmose,

Roehrich, & Grosvold, 2014; Klassen & Vereecke, 2012; Köksal et al., 2017; Park-Poaps & Rees, 2010; Yawar & Seuring, 2015).

Latest reviews on social SSCM generally propose three major responsible supply chain actions that include compliance, supplier development, and communication practices (Yawar & Seuring, 2015). Gimenez and Tachizawa (2012) reviewed the literature and summarize that collaboration and assessment, i.e. evaluation systems of suppliers including social standards, are crucial mechanisms for successful sustainable supply chain governance. Köksal et al. (2017) suggest collaboration and assessment, and reporting as critical social risk management practices that apparel retailers can adopt to improve the social performance in their supply chain and mitigate external pressures. Consistently Huq et al. (2016) identify monitoring and collaboration, and innovation as key social management capabilities for managing stakeholder pressures. Awaysheh and Klassen (2010) suggest four dimensions of socially responsible practices, i.e. supplier human rights, supplier labour practices, supplier codes of conduct, and supplier social audits and underline their importance for long and complex supply chains to achieve a socially responsible supply chain (Amrou Awaysheh & Robert D. Klassen, 2010; Nakamba et al., 2017; Zorzini et al., 2015). Despite much of criticism, especially for being defective and instrumentally used (Egels-Zandén & Lindholm, 2015; Huq et al., 2016; Kim, 2013; Knudsen, 2013; Marx & Wouters, 2016; Pruett, 2005), the adoption of social standards and social audits remain the most common practices to tackle social issues in apparel supply chains (Casey, 2006; Dargusch & Ward, 2010; Egels-Zandén & Lindholm, 2015; Locke, Qin, & Brause, 2007; O'Rourke, 2003, 2006; Yawar & Seuring, 2015). Ultimately Turker and Altuntas (2014, p. 847) summarize that “*compliance, monitoring and auditing are the main component of current SSCM to avoid risks, improve supply chain performance and set clear criteria for suppliers*”.

While there could be confusion in the use of social standard terminology, it is important to note that different types of standards exist (Behnam & MacLean, 2011; Mariëtte van Huijstee, 2010; Ward & Ha, 2012). First, it is noteworthy that there are two main labour regulatory systems, i.e. governmental (public) or non-governmental (private) that develop and suggest standards (O'Rourke, 2003, 2006). Accordingly different creators or initiators of standards can be

distinguished and assigned to the organization or initiative developing the standard: governmental and intergovernmental organizations, multi-stakeholder initiatives (MSI), industry associations (IA) and individual companies (establishing company internal code of conducts (CoC)) (Bendell, Miller, & Wortmann, 2011; Jenkins, 2001; Mamic, 2004; Turcotte, Reinecke, & den Hond, 2014; UNCTAD, 2011). Therefore MSI, IA, and company internal CoC typically present (private) non-governmental labour regulatory systems as private actors play a key role in initiating and developing standards (Bendell et al., 2011). Consequently, different types of standards may emerge as some authors distinguish principle-based, certification-based, reporting-based and process standards (Behnam & MacLean, 2011; Gilbert et al., 2011).

For example, non-governmental private regulation can involve firm-internal compliance monitoring systems i.e. contractor factories are monitored and audited internally by the focal company against its CoC, whereas external monitoring and certification systems (O'Rourke, 2006), i.e. MSIs that typically involve multiple stakeholders contributing to the development of social standards and accredit independent 3rd party organizations to audit, monitor and verify compliance with the standard's codes to certify a supplier (Behnam & MacLean, 2011; Gilbert et al., 2011; Mamic, 2004; Merk, 2007; Müller et al., 2009; O'Rourke, 2003, 2006; Sartor et al., 2016). Further and depending on its origin, initiator, scope, aim, requirements, implementation, monitoring and auditing processes social standards can be considerably diverse (International Trade Center, 2018; O'Rourke, 2003, 2006).

As reported frequently independent and accredited 3rd party monitoring is considered more credible and legitimate thus substantially aiding a firm's reputation (Casey, 2006; Hoejmose et al., 2014; Mariëtte van Huijstee, 2010; Müller et al., 2009; O'Rourke, 2003, 2006; Pruett, 2005). Hence apparel retailers increasingly prefer to implement external monitoring and certification systems to their supply chains (Gilbert et al., 2011; Müller et al., 2009) as a consequence of increasing stakeholder pressures (Hoejmose et al., 2014; Meixell & Luoma, 2015; Park-Poaps & Rees, 2010; Turker & Altuntas, 2014). As such, prominent (private non-governmental) social standards in the apparel industry that are primarily required from suppliers located in important apparel sourcing countries such as Vietnam and Indonesia are BSCI, WRAP, and SA8000 (Casey, 2006; European Commission, 2017; Fransen, 2011; Fransen & Burgoon, 2012; Kim,

2013; Mariëtte van Huijstee, 2010; Pruett, 2005; Turcotte et al., 2014). While SA8000 is multi-stakeholder initiated (MSI), WRAP and BSCI are business driven initiatives i.e. initiated by industry associations (IA). These social standards are basically informed by the ILO conventions (O'Rourke, 2003) and share similarities in their codes regarding e.g. child labour, harassment and abuse, non-discrimination, forced labour, wages and benefits, working hours, disciplinary practices, the right to freedom of association and health and safety (Casey, 2006; Mamic, 2005; Mariëtte van Huijstee, 2010; O'Rourke, 2003, 2006; Pruett, 2005).

In order to ensure compliance of its supply chain partners with the required social standards, a focal company can implement assessment and collaboration practices in a sequential process that comprise: (a) the request of a certification-based standard as a means of evaluating, screening and pre-selecting during supplier selection phase, (b) supplier social audits to evaluate the supplier's social sustainability performance (1st party, 2nd party, or 3rd party auditors), (c) supplier development programs, e.g. providing trainings, workshops that improves supplier's capabilities to achieve corrective actions successfully and timely, and (d) monitoring through e.g. re-audits (Brammer, Hoejmoose, & Millington, 2011; Gimenez & Tachizawa, 2012; Grimm, 2016). Accordingly, some social standards such as SA8000 suggest a management system to suppliers that helps to verify that a social performance team, policies, procedures and records, and effective risk-management are in place, as well as monitoring, corrective actions, complaint management, trainings etc. are performed (Ciliberti, de Groot, de Haan, & Pontrandolfo, 2009; SA8000, 2018).

In line with the objectives of the study it is important to note that only the above mentioned private non-governmental social standards are considered, as they require 3rd-party audits to certify/verify a factory against respective codes and are predominantly used in the apparel industry to tackle social issues in supply chains (BSCI, 2018; International Trade Center, 2018; SA8000, 2018; WRAP, 2018). In accordance with the goal of this paper, the author focuses solely on compliance practices that suggest the use of social standards and respective social auditing and monitoring activities (Turker & Altuntas, 2014; Yawar & Seuring, 2015). Consequently, this work can be settled confidently within the field of SSCM (Carter & Rogers,

2008; Seuring & Müller, 2008) and contributes to sustainability accountability research (Gilbert et al., 2011; Gualandris et al., 2015).

3.3 Linking agency theory and social sustainable supply chain management in the apparel industry

3.3.1 Agency Theory

Agency theory intends to study relationships “*in which one party (acting as principal) delegates work to another party (the agent), who performs the work*” (Eisenhardt, 1989a, p. 58). In agency relationships, the contract is of core interest, which determines that the agent performs some required services on the behalf of the principal, whereas the principal commits to compensate the agent accordingly (Bergen, Dutta, & Walker Jr., 1992; Jensen & Meckling, 1976; Perrow, 1986). As a result, the principal seeks for the most efficient contract and agency models predominantly consider the principal’s perspective (Bergen et al., 1992). Consequently, agency theory is primarily focusing on “*the most efficient contract governing the principal-agent relationship*” because opportunistic behaviours (agency problems) are expected to occur based on three underlying assumptions (Eisenhardt, 1989a, p. 58; Jensen & Meckling, 1976):

- *First*, given that both, principals and agents are motivated by economic self-interest to maximize profits (*homo oeconomicus*), *goal conflicts* between the two parties emerge that cause agency problems (Bergen et al., 1992; Eisenhardt, 1989a; Göbel, 2002; Jensen & Meckling, 1976; Perrow, 1986).
- *Second*, agents are motivated to withhold information that is of interest to the principal or even drives the agent to convey false information about its capabilities or efforts during the contract i.e., *information asymmetries* are likely to occur (Bergen et al., 1992). In this context, the degree of information asymmetry determines the possibilities of opportunistic behaviour in the agency relationship (Schölermann, 2003).
- *Third*, it is argued that principals and agents have different *attitudes toward risk*, which may lead both parties to take different courses of action creating conflicting goals (Arrow, 1985; Bergen et al., 1992; Eisenhardt, 1989a). In this case, literature generally argues that the principal is risk neutral while the agent is assumed to be risk averse (Arrow, 1985; Bergen

et al., 1992; Eisenhardt, 1989a; Jensen & Meckling, 1976). Further the risk attitude and shift in principal-agent relationships is affected by environmental uncertainties outside of each actor's control (Broens, 2016; Göbel, 2002; Shapiro, 2005; Zu & Kaynak, 2012). Accordingly where outcome uncertainty is high, the adoption of a behaviour-based contract (monitoring) is proposed (Bergen et al., 1992; Eisenhardt, 1989a; Rungtusanatham, Rabinovich, Ashenbaum, & Wallin, 2007)

Based on the work of Arrow (1985), Bergen et al. (1992) differentiates between two models of agency problems that emerge: hidden information (adverse selection), which arise pre-contractual (ex-ante), i.e. before the contract is offered to the agent and hidden action (moral hazard), which arise post-contractual (ex-post), i.e. after the contract is signed by both parties. Other authors (Broens, 2016; Göbel, 2002; Saam, 2007; Schölermann, 2003) report that hidden information imbalances can be further differentiated into hidden characteristics, hidden intentions and hidden information/knowledge (see also in Arnold Picot Christine Bortenlanger, 1997; Hess, 1999; Spremann, 1990; Steinle, Schiele, & Ernst, 2014; Welge & Eulerich, 2014; Wiese & Toporowski, 2013).

Consecutively formulating an appropriate compensation contract is vital to reduce goal conflicts and information asymmetries (Whipple & Roh, 2010) by considering behaviour-based (monitoring systems in order to collect information on the agent's behaviour during contract) versus outcome-based contracts (transferring risk to agent and reward based on the actual performance outcome) (Bergen et al., 1992; Eisenhardt, 1989a; Rungtusanatham et al., 2007). Nevertheless both contract types are per se incomplete (Göbel, 2002; Hendry, 2002; Spremann, 1990) and tied to agency costs (Bergen et al., 1992), such as time and costs for measuring behaviour or outcome (Eisenhardt, 1989a; Shapiro, 2005). Hence, to improve the information acquisition process and effective relationship management actions are discussed to achieve goal alignment (Eisenhardt, 1989a; Jensen & Meckling, 1976; Saam, 2007). As such, safeguards have been introduced as complementary means including information monitoring systems, rewards and sanctions, and reputation effect that are supportive mechanisms for the principal in dealing with information asymmetries and goal conflicts (Delbufalo, 2018; Hess, 1999; Pedersen & Andersen, 2006; Spremann, 1990). Again, these additional safeguarding activities

incur (agency) costs to align the agent's interests with the a principal's own goals (Shapiro, 2005). Finally as Perrow (1986) criticizes this study focuses not only on agent opportunism, but also takes the principal's opportunistic behaviour into account, what can be rarely seen in the extant literature.

3.3.2 Applicability of Agency Theory on the Implementation of Social Standards in Apparel Supply Chains

In the context of supply chain management (SCM), academics successfully employed agency theory to investigate the interaction of buyer-supplier relationships and proved it to be especially useful in understanding various activities such as information, risk and reward sharing and goal conflicts (Delbufalo, 2018; Fayezi et al., 2012; Zu & Kaynak, 2012). Moreover in their literature review on agency theory in SCM, Fayezi et al. (2012) points out that the *“theory identifies behavioural change by supply chain actors and sheds light on activities involving principal and agent, self-interest, risk aversion, lack of trust, goal conflict and imperfect policy implementation”* (Fayezi et al., 2012, p. 564). Other authors point at the explanatory power of agency theory in supply chain management disciplines (Halldórsson, Kotzab, & Hsuan, 2015), especially for the analysis of cooperative efforts (Ciliberti, de Haan, de Groot, & Pontrandolfo, 2011; Delbufalo, 2018; Eisenhardt, 1989a). Ultimately and in alignment with the objective of this study, it will be highly interesting to investigate what goal conflicts will cause open space for possible opportunistic behaviour that may emerge when implementing social standards in apparel supply chains.

When applying agency theory to SCM the buyer is considered as the principal whereas the supplier is considered as the agent (Delbufalo, 2018). Further Delbufalo and Bastl (2018) state that social standards such as BSCI, SA8000 or WRAP contain elements of both, behaviour-based and outcome-based contracts. When contracting for order placement the buyer (principal) expects social compliance by the supplier (agent) with required social standards. Hence, when a supplier acts non-compliant with the required social standard's codes, opportunistic behaviour is the logical inference (Delbufalo, 2018). In this regard, Pedersen and Andersen (2006) argue that social standard implementation is prone to opportunism due to (agency) costs and time incurred, usually driving suppliers to violate standards for financial gains. Accordingly, the

rationale behind opportunistic behaviour that may arise in such a setting is that goal conflicts and information asymmetries (Eisenhardt, 1989a) will govern social standard implementation in supply chains.

For instance, goal conflicts may arise because social standards will mostly benefit the buyer (Delbufalo, 2018). In fact, the social standard initiator, i.e. apparel brand who is more close to the end-customer, will reap higher benefits as they can improve their image or reputation and market their products accordingly (Bhaduri & Ha-Brookshire, 2011; Hoejmose et al., 2014; Short et al., 2016; Stigzelius & Mark-Herbert, 2009). Therefore, this might be a strong driver for opportunistic behaviour (Delbufalo, 2018), specifically when apparel retailers additionally concentrate on downward price and lead-time pressures (Köksal et al., 2017; Labowitz & Baumann-Pauly, 2014; Locke, Amengual, & Mangla, 2009; Perry & Towers, 2013). Thus, apparel suppliers offer attractive conditions to win orders (Hoang & Jones, 2012; Neu et al., 2014), but are simultaneously pressured to comply with required social standards that entail additional costs leading to substantial goal conflict and hence supplier opportunism (Huq et al., 2014; Jiang, Talluri, & Yao, 2012; Perry & Towers, 2013; Stigzelius & Mark-Herbert, 2009). Additionally apparel suppliers typically need to comply with multiple social certification standards required by different buyers (Fransen, 2011; Locke et al., 2007). This implicates rising costs for suppliers and presumably encourages opportunistic behaviour (Ciliberti et al., 2011; Delbufalo, 2018; Pruett, 2005). In fact, Baskaran et al. (2012) found evidence from textile and garment suppliers that it seems lucrative for them to violate social concerns in order to improve their financial situation.

Jensen and Meckling (1976) suggest that an information monitoring system is the most powerful action to reduce information asymmetry. Social standards in the apparel industry usually have in common to consult an external 3rd-party to audit the supplier accordingly (Gilbert et al., 2011; O'Rourke, 2003, 2006)³, 2006) in order to gain higher legitimacy and credibility (Müller et al., 2009). As such, social standards can reduce the suppliers' ability to cheat and decrease information asymmetries between the two actors (Ciliberti et al., 2011). However, the process of information collection through monitoring is costly, while absolute and complete monitoring remains unattainable especially when introducing social standards to

complex apparel supply chains (Emmelhainz & Adams, 1999; Gualandris et al., 2015; Masson et al., 2007; O'Rourke, 2003). Although authors confirm that social audits are the most important mechanism to verify compliance with the required standards, particularly when factories are globally dispersed and spatial distance between buyer and supplier increases (Amrou Awaysheh & Robert D. Klassen, 2010), opportunistic behaviour can be expected in such settings. In other words, despite various social regulatory systems are in place, evidence of non-compliance issues at factories with respective social standards concerning e.g. health and safety, working time, and wages are still present (Chi, 2014; Egels-Zandén & Lindholm, 2015; FWF, 2015, 2018; Huq et al., 2014; Köksal et al., 2017; Miller & Williams, 2009; Yu, 2008).

While traditional agency theory assumes the agent to be risk-averse (Bergen et al., 1992; Eisenhardt, 1989a), this view needs to be reconsidered in buyer-supplier relationships. Meanwhile other authors of SCM disciplines discuss that the supplier (agent) is able to diversify its risks, particularly because a supplier is likely to serve multiple principals and thus not necessarily depends on a single buyer (Fayezi et al., 2012). Hence, a low supplier dependency setting coupled with the perceived level (high or low) of sustainability risk, will shape the choice of contract and actions (Hajmohammad & Vachon, 2016; Rungtusanatham et al., 2007). The buyer's perceived level of sustainability risk is shaped by the cumulative consequence of social standard violations of apparel factories (that primarily emerge due to external and internal risk sources) and the stakeholder's notice of non-compliance issues who attribute these violations to the buyer's social accountability (Gualandris et al., 2015; Hajmohammad & Vachon, 2016). In fact as perceived sustainability risks for apparel retailers increase through stakeholder pressures (Freise & Seuring, 2015; Köksal et al., 2017) the use of supplier social standards (social monitoring) is suggested (Shafiq, Johnson, Klassen, & Awaysheh, 2017; Zsidisin & Ellram, 2003). In alignment with this study's objectives the author extends this view to apparel sourcing agents and factories. As such, in case of possible violations of social standards, each supply chain actor can be hold accountable and run the risk to harm its reputation and, from the supplier's view, may lose access to western markets. As such, an increased number of suppliers may increase supply risks for the focal company and probably triggers undesirable events (Choi & Krause, 2006). Thus, it is confirmed that supply chain

actors are heavily exposed to uncontrollable supply risk sources (Gualandris et al., 2015; Keow Cheng & Hon Kam, 2008; Zsidisin & Ellram, 2003). In this regard internal and external risk sources have been discussed that will impede effective SSCM (Giannakis & Papadopoulos, 2016; Helen Walker & Neil Jones, 2012). For example, specific country effects such as cultural differences, market competition and low local law regulations (Yu, 2008) and internal factors such as managerial skills (Perry & Towers, 2013; Stigzelius & Mark-Herbert, 2009) can deteriorate social standard implementation. Based on the assessment of a supply chain actors' perceived social sustainability risk and social standard compliance uncertainty, it will be interesting to investigate which supply chain actor deliberately shows the willingness to accept the responsibility for social standard implementation and compliance.

Nevertheless, social standards have been criticized and authors suggest that the information monitoring system should be complemented with safeguards to ensure compliance with a CSR strategy. Principal initiated safeguards usually involve incentives and sanctions, and reputation effects (Delbufalo, 2018; Pedersen & Andersen, 2006; Porteous, Rammohan, & Lee, 2015). For instance, Emmelhainz and Adams (1999) indicate that commonly used penalties imposed by apparel retailers in case of non-compliance are corrective actions, termination of relationship and cancellation of orders. Other authors discuss that cost sharing practices or financial support provided by apparel retailers will lead to higher rates of compliance with social standards (Sartor et al., 2016). Further authors specify that incentives such as price premiums, offering long-term orders and collaborative partnerships will motivate suppliers to adopt and comply with social standards (Huq et al., 2016, 2014; Yu, 2008).

Lastly, readers should note that traditional agency theory focuses on dyadic relationships but needs to be extended when approaching a multiple supply chain perspective as one supply chain actor can occupy multiple agency roles (Fayezi et al., 2012; Hornibrook, 2007) (see Appendix, C3- Table 3).

3.4 Methodology

3.4.1 Research Design

Due to the specific research gaps outlined earlier in this study and the ongoing lack of empirical evidence from emerging countries with regard to social sustainability and supply chain management, the author adopts a qualitative multiple-case study approach (Eisenhardt & Graebner, 2007; Ridder, 2016; Yin, 2009). Moreover, this study follows implications of other researchers in the field and draws on assumptions of agency theory with the objective to explore failures on social sustainability implementation in apparel supply chains in order to extend and develop existing theory (Delbufalo & Bastl, 2018). The chosen research design is particularly useful to study questions of “why” and “how” (Ridder, 2016; Yin, 2009). Qualitative research is proposed to (1) detect relevant variables in new, complex or dynamic research areas (2) where there is scarcity of actual theories that explain the phenomena (3) identifying relationships and underlying mechanisms and (4) investigate prominent concepts in new research contexts (Creswell, 2009; Golicic, Davis, & McCarthy, 2005; Ridder, 2016). Therefore, the use of multiple case study research in the highly complex and dynamic apparel supply chain provides advantages of rich and detailed understanding of a contemporary phenomenon within its real-life context (Ridder, 2016; Yin, 2009). Its distinct characteristics of flexibility and in collecting multiple sources of evidence allows triangulation of data and thus enhance validity concerns of the research (Ridder, 2016; Voss, Tsikriktsis, & Frohlich, 2002; Yin, 2009). Moreover, academics explicitly underline the strength of multiple case study designs, particularly in producing convincing and robust evidence by means of replication logic, increasing generalizability and providing an in-depth exploration of the outlined research questions (Koulikoff-Souviron & Harrison, 2005; Ridder, 2016; Yin, 2009).

By considering latest literature reviews, using case study methods in sustainable supply chain management disciplines have been proved to be useful (Fayezi et al., 2012; Kotzab & Westhaus, 2005; Yawar & Seuring, 2015; Zorzini et al., 2015). In fact, case study research in supply chain management provides potential to build on theory but also to develop theory (Almutairi, Gardner, & McCarthy, 2014; Eisenhardt & Graebner, 2007; Seuring, 2005; Voss et al., 2002; Yin, 2009). While the paper at hand aims to develop theory by the formulation of propositions,

case studies are suitable (Eisenhardt & Graebner, 2007; Ridder, 2016; Seuring, 2005; Voss et al., 2002). Hence, based on the literature on SSCM (with an explicit focus on compliance strategies) and agency theory tenets this study developed a theoretical framework in form of a tentative theory and finally outlines propositions that aim to explain why and how social standard non-compliance issues in apparel supply chains may occur (Ridder, 2016; Zorzini et al., 2015). It is important to note here, that it is not the major aim to test agency theory, but rather to use its tenets to interpret the findings. In this regard Zorzini et al., (2015) argue that theory suggesting and explanation allows “*deductive research to be theory-driven, and hence can have a strong influence on the research findings and their interpretation; and/or contributes by strengthening the explanatory power associated with the research findings in inductive research*” (Zorzini et al., 2015, p. 87). In other words with a the outlined a priori constructs deriving from the literature the researcher is able to guide data collection and analysis deductively and allows to extend and develop theory with inductive findings (Koulikoff-Souviron & Harrison, 2005; Ridder, 2016; Voss et al., 2002). Further, the crucial justification of the choice of theory has been completed in section 3.3 by linking agency theory and social SSCM in the apparel industry (Zorzini et al., 2015). The unit of analysis are the required social standards i.e. BSCI, WRAP, and SA8000 that apparel factories subject to this study need to comply with. To ensure rigor and quality of the research process and design chosen the researcher primarily follows guidelines of Ridder (2016), Eisenhardt and Graebner (2007), Seuring (2005, 2008), Yin (2009) and Voss et al., (2002).

3.4.2 Case selection

The case study locations were primarily Vietnam and Indonesia. Both are among the Top 10 largest clothing exporters in 2017 (European Commission, 2017; WTO, 2018) with their largest markets being U.S., Japan and Europe (FWF, 2015, 2018). Although Indonesia ratified all eight core ILO conventions its garment factories still struggle with social issues such as freedom of association, working hours and conditions, health and safety; and the right to a living wage (Better Work Indonesia, 2017; FWF, 2018). Whereas Vietnam solely ratified five core ILO conventions, with excessive overtimes and compensation as predominant social issues (Better Work Vietnam, 2017; FWF, 2015; ILO, 2018). Over the past years Vietnam and Indonesia

embraced sustainability initiatives and apparel factories in both countries are primarily accredited by SA8000, BSCI, WRAP, Sedex, Better Work, and FLA to tackle social responsibility concerns (European Commission, 2017; WTO, 2018). This makes both countries ideal research objects for the outlined research questions. Cases in each of the countries were carefully chosen according to replication logic (Yin, 2009), providing variety in country, business model, size, and supply chain position. First, the researcher followed purposive sampling by seeking for one sourcing agent in Vietnam (Int V) and Indonesia (Int I) respectively and built up a trustful, reliable and credible relationship that allowed visits to their supplier base and investigate the sensitive area of social sustainability. The sourcing intermediaries granted access to a large set of independent factories in their supplier bases which the researcher could choose from according to replication logic. It is important to note that all the participant Tier 1 factories (Fact 1V – 4V and 1I – 5I) in the study are primarily active in the FOB (Free on Board) export market and contract directly with apparel retailers (i.e. retailers use direct sourcing strategy) as well as indirectly via sourcing agents (i.e. retailers use mediated sourcing strategy). One distinctive feature appeared in Indonesia, as the researcher was allowed to include Fact 6I, a local non-export CM (Contract Manufacturer) factory that is primarily active for the local market and thus holds no export license and no international social standard certification, but frequently processes orders for a well-known western apparel brand, which is a client of Int I. As both sourcing agents are suppliers for one prominent European apparel retailer (Ret) and with the intention to complement the supply chain further, the researcher was able to include this customer as a research case. Finally 13 cases were considered (Appendix C3 – Table 1) that include three respectively four stages (Fayezi et al., 2012; Seuring, 2005, 2008)

3.4.3 Data collection and analysis

Data was collected in Europe, Vietnam and Indonesia during March 2017 to May 2018. The researcher developed an interview guide (Appendix, C3 – Interview Guideline) based on the literature review on SSCM (emphasizing compliance strategies and social standards) and agency theory (considering core tenets e.g. goal conflicts and opportunistic behaviour). To increase reliability of the multiple-case study the researcher prepared and utilized a case study protocol (McCarthy & Golicic, 2005; Ridder, 2016; Yin, 2009). A total of 13 face-to-face semi-

structured interviews lasting 60-90 minutes were conducted on up to four stages in the supply chain.

In each case, key informants to the topic were willing to participate and provided extensive and sensitive information. Depending on the informants' preference in Vietnam, the interviews were carried out in English or Vietnamese and translated when necessary. In Indonesia, all interviews were conducted in English. All interviews were audio recorded and transcribed. Further, the researcher was allowed to discuss findings subsequent to the interview but also to contact the informants through follow-up mails and mobile-phone messages to review transcripts, validate given information and ensure clarity when needed. Additionally visits to all case companies allowed the researcher to make intensive observation, take pictures, videos and notes in the field. Data was further supplemented with multiple sources of sensitive secondary data relevant to the research objective, supporting triangulation and hence increasing validity (Seuring, 2008; Voss et al., 2002; Yin, 2009). This includes detailed company profiles, 3rd-party social audit reports (e.g. BSCI, WRAP, SA8000 etc.), respective corrective action plans, social audit self-assessment checklists (including initial audit checklist performed by sourcing agents), and case company policies and code of conduct.

The semi-structured interviews as well as all additional text information and observations of the 13 cases were coded by using thematic qualitative text analysis process suggested by Kuckartz (2014) and following a two-step analysis including within-case and a subsequent cross-case analysis (Eisenhardt, 1989b; Voss et al., 2002). For data analysis, a computer-assisted software MAXQDA (MAX - Qualitative Data Analysis) was employed (Kuckartz, 2014). Moreover, researchers enhanced quality of the research by performing four suggested tests by Yin (2009). Hence, construct validity was addressed by considering multiple sources of evidence and where possible the chain of evidence was established by collecting information from two or more interviewees of each case company. Key informants were asked to review transcribed and summarized data (Seuring, 2008). By using agency theory tenets to support the interpretation of the findings, internal validity is addressed and allows for pattern matching during the discussion section (Yin, 2009; Zorzini et al., 2015). External validity was attained by replication logic with cross case-analysis. Reliability was achieved by developing a case

study protocol and case study database (Yin, 2009, 2014). Additionally coding reliability was ensured as the main thematic a priori categories are theory-based and have been clearly defined in the literature review. Inter-coder reliability was addressed by the involving one assistant researcher to the coding process, as the cases have been analysed separately (Duriiau, Reger, & Pfarrer, 2007; Kuckartz, 2014). However, it should be noted that the researcher only presents findings of the cross-case analysis.

3.5 Results and Discussion

This section presents the findings of the 13 case study companies. In the first section, the author provides evidence from the cases why social standards are prone to non-compliance issues in apparel supply chains (*RQ1*) and subsequently reports on emerging opportunistic behaviour using agency theory tenets that describe how these non-compliances are being performed (*RQ2*). Based on the a priori developed theoretical framework and the inclusion of inductive categories the author ultimately discusses and outlines novel propositions that contribute to the social SSCM debate. Again, it is important to note that the findings of the cross-case analysis explicitly present conditions and resulting opportunistic behaviours in which social compliance with social standards are at risk or violated.

3.5.1 Goal conflicts in the buyer-supplier relationship impeding effectiveness of Social Standards in Apparel Supply Chains

In order to answer *RQ1* the following section deals with the typical conditions and setting of apparel supply chains in which social standards are being placed. More specifically it highlights why social standards are exposed to potential violation considering that goal conflicts will govern the apparel buyer-supplier relationship. In the following the conflictual apparel supply chain setting is being highlighted particularly by addressing each apparel supply chain actor's self-interest, perceived social sustainability risk, social standard implementation and compliance risk attitude and costs, and the perceived outcome uncertainty for effective social standard implementation and compliance. Based on the evidence provided by the cases (Appendix, C3 – Table 3), this section depicts the conflictual apparel supply chain setting that

social standards are exposed to, what may motivates supply chain actors to perform opportunistic behaviours.

3.5.1.1 Self-interest of supply chain actors

“Of course the buyer-supplier relationship is always based on price. During these times, the economics overrules everything else. You know, everything is driven by profitability” (Int I – Country Manager)

First, it turns out that each of the supply chain actors agree to be highly self-interested and strive for profits maximizations within apparel supply chain relations. Most strikingly all cases frequently mention the negative retailer buying practices as the main initiators for any goal conflicts in apparel supply chains. Typically, pressures on price, lead-times and social standard requirements are passed on by the retailer to upstream supply chain actors and determines order winners as all cases support (Köksal et al., 2017; Labowitz & Baumann-Pauly, 2014; Perry & Towers, 2013; Yu, 2008). Therefore, in case of a mediated sourcing strategy, sourcing agents are likely to accept low prices and short lead-times offered by apparel retailers to win orders and thus exert these pressures to factories. Hence, sourcing agents generally perceived as aggressively profit oriented constantly seeking for higher profit margins and squeezing prices further by e.g. auction-like processes (Masson et al., 2007). In fact, all factory cases consistently state that they reluctantly work with sourcing agents.

“...there is a high pressure on the price and costs [from apparel retailers]. Therefore, what is happening we are directing our focus on that. We are focusing more on costs rather than the processes.” (Int I – Head QA/QC & Technical)

This defect becomes especially apparent considering each case describing the natural conflict that factories need to implement and comply with social standards that entail high costs, while being pushed to offer low prices and short lead-times to win the order (Hoang & Jones, 2012; Neu et al., 2014).

3.5.1.2 Social standard implementation costs

Regarding costs, all participants agree that social standard implementation implicates high costs that will threaten their economic interest (Baskaran, Nachiappan, & Rahman, 2012; Oelze, 2017) and forces supply chain actors to spend time, human and economic resources in order to keep up with the social standards` requirements (Behnam & MacLean, 2011; Ciliberti et al., 2011; Sartor et al., 2016). Here, especially imbalanced cost allocation for social standard implementation along the supply chain will lead to considerable goal conflicts.

Although there is evidence that apparel retailers will only occasionally visit the factories (most often to audit and monitor against the retailer`s internal CoC) it is striking that they are perceived as the most isolated supply chain actor from social standard implementation costs but also responsibility, as they pass it on to upstream sourcing agents (mediated sourcing) (Köksal, Strähle, & Müller, 2018; Sartor et al., 2016) and factories (direct sourcing).

“[...] like [Ret] they always want to improve us, but they don` t support to improve”. (Factory 2V – Compliance Manager)

Most significant costs mentioned for apparel factories are associated with the need for implementing multiple social standard requirements and their related multiple certification and compliance expenses that include increased equipment, labour, corrective action, and 3rd party accreditation expenses (Locke et al., 2007). Additionally, in case of subcontracting, monitoring activities need to be in place and documented as per the social standard requirements.

“If you have 12 brands, you maybe have 12 different auditors here. So this is very costly [...] So in one week, maybe sometimes 2-3 auditors come and spend the time, taking a lot of time. We need to prepare so many documents and carry the costs. Yes, it`s stress.” (Fact 3I – Compliance Manager)

Sourcing agents (Int I and Int V) primarily face costs on finding prospective factories for retailers that are capable of fulfilling certain product requirements within defined lead-times (via technical audits) and prices, but also social compliance with respective social standards (via initial social audits). In the latter, the sourcing agent faces primarily high factory

preparation costs i.e. conducting initial audits to prepare prospective factories for 3rd-party audits, but also monitoring costs (e.g. support with corrective actions) (Köksal et al., 2018).

3.5.1.3 Social Standard Compliance Uncertainty

Social standard implementation in Vietnamese and Indonesian apparel supply chains is exposed to high outcome uncertainty due to supply chain risks that will deteriorate social standard compliance. This was evidenced by all cases consistently. Particularly, most often mentioned are exogenous effects such as culture and low governmental enforcement, raw material delays, local and international market competition but also significantly often internal effects such as managerial capabilities and characteristics and flawed production processes (Helen Walker & Neil Jones, 2012; Sartor et al., 2016; Steven, Dong, & Corsi, 2014; Zsidisin & Ellram, 2003). For instance, respondents repeatedly mentioned that factory workers are not willing to accept western-based codes due to their culturally underpinned mind-set and comfort reasons at work, especially concerning health and safety issues such as wearing safety shoes, gloves and masks, or blocking exit doors (Huq et al., 2014). Additionally, factory workers are proactively seeking for overtime in order to achieve higher salaries and pressure to leave the factory for another that grants high overtime rates (Sartor et al., 2016).

“They [competitor factories] will offer overtime and then we will lose worker [...] so no overtime, no workers, that`s the problem.” (Fact 5I – Compliance Manager)

Another critical factor approved frequently by all respondents is late arrivals of raw materials at factories. This delay can have many causes, such as late payments by factories or transportation delays and is thus considered as another factor that threatens social compliance. In such cases overtime is inevitable to keep up with the retailer`s lead-times.

“There are cases where China got the smog and fog. Therefore, the Chinese fabrics are coming late. So there is nobody who can resolve the issue. Customers just don`t want to know” (Fact 2V – Compliance Manager)

Moreover, the government of both countries provide no support or incentives for socially responsible factories, have soft control mechanisms i.e. less frequent monitoring activities to

enforce social responsibility, keep their eyes closed during audits in favour for the factories because they are perceived as job creators and contribute to the local wealth, and are prone to bribery acts (Yu, 2008). It is noteworthy that cases argue that the local laws for social responsibility in Vietnam and Indonesia are much milder than any western-based social standard.

“In some cases, factory can provide money for authority person [during audit], a bribery act to waive the following local requirement.” (Int V – Compliance Manager)

For the factories, the emergence of competitive pressures are primarily based on price and lead-times and will derive not only nationally, but also internationally (FWF, 2018) and will contribute to a race to bottom, as factory managers argue.

“...so there is a competition which has come to us. So the buyer can choose from factories [...] so, if you are not able to do that, the customer will say somebody else is doing” (Fact 11 – Production Manager)

3.5.1.4 Perceived Social Sustainability Risk

Typically, retailers are assumed to be risk averse due to high levels of perceived social risks, e.g. stakeholder pressures or reputation loss (Delbufalo, 2018; Jiang, 2009; Shafiq et al., 2017). In fact the most critical forces are consumers, media and NGO`s that pressure apparel retailers to adopt e.g. a social risk mitigation strategy by introducing or insisting on social standard implementation to its supply chain (Hajmohammad & Vachon, 2016; Köksal et al., 2017; Shafiq et al., 2017) and embrace social accountability (Bebbington & Thomson, 2007; Gilbert et al., 2011). Therefore, sourcing agents and factories fear customer leavings and the loss of access to the export market when not complying with required social standards but are not directly threatened by e.g. NGO`s or media. Except of Fact 6I (CM), all cases perceive high social sustainability risks if they not behave socially responsible.

“[...] the most power seen in terms of consumers was the Greenpeace campaign where the chemical management became a huge issue [...] I think NGO`s in terms of the platforms which

are available to everyone, they are very powerful and they do reach out to more than one brand at the time” (Ret – Senior CR Coordinator)

3.5.1.5 Social Standard implementation and compliance responsibility

Recall that in this paper the risk attitude towards social standards is determined by the degree to which a supply chain actor shows willingness to accept the risk for ensuring implementation and compliance of social standards in apparel supply chains, although outcome uncertainty (external and internal supply risk sources), as explained earlier, may affect its success. In this regard, evidence shows that apparel retailers, although frequently being initiators of social standards due to high levels of perceived risks, they are surprisingly not accepting the responsibility for ensuring social standard compliance at factories.

“Brands only want the certificate, nothing more!” (Int I – Compliance Manager)

More specifically apparel retailers create competitive conditions (based on price and lead-times) in which they are able to transfer social compliance risks to sourcing agents and factories. Consequently, sourcing agents and factories are forced to accept risk in order to win contracts in a highly competitive market although confronted with high social standard compliance uncertainty.

“The pressure is to do the audit [social audit] good to get the order and to give good price to get the order.” (Fact 4V – Compliance Manager)

“...if the merchandiser [of the factory] needs to take risk, ok we just confirm the order because we like the price, but we will take risk for the production” (Fact 2V – Head of R&D)

Finally, as Fact 6I merely focuses on the local market and holds no export license they are able to avoid social standard requirements and implementation risks. Fact 6I’s statements indicate that they are not willing to accept risk to take over responsibility for social compliance especially due to its costs and pressures for price and lead-times typical for the export market.

“[...] it’s the cost [for social standard compliance] and the orders right now. It’s the pressure [...] you miss to include that [social standard costs] in the price right.” (Fact 6I – Director)

3.5.1.6 Safeguards

In sum, although the above arguments point at potential goal conflicts that will threaten social standard effectiveness in apparel supply chain settings, safeguards can be applied to achieve goal congruence between supply chain actors. Therefore, it was highly interesting to screen whether any supportive activities that align the goals between buyers and suppliers and lead to a more effective social standards implementation were present.

First, social compliance was related to good reputation that will foremost protect the retailer from stakeholder pressures (Klassen & Vereecke, 2012; Perry, Wood, & Fernie, 2015). Whereas sourcing agents and factories mentioned reputation effects when implementing social standards as a possibility to attract new buyers leading more likely to big order placements by retailers (Delbufalo & Bastl, 2018).

However, interviewees point out that the continuity of orders is critical antecedent to achieve goal congruence between buyers and factories. All supplier cases confirm that order continuity is not guaranteed when being socially compliant with the requested social standards, although price, lead-times and quality from that particular buyer have been achieved in earlier orders. Additionally, where downward price pressures are apparent, price premiums and cost sharing for social compliance are not existent as all cases argue consistently.

“So far in all this trading business, there is no incentives of social compliance and social parameters are pressurized [...] there is also no buyer so far who is incentivizing because you are rated better in social compliance.” (Fact II – Production Manager)

Another option is the use of sanctions to pressure upstream supply chain actors for goal congruence. Most often mentioned sanctions in any relationship were airfreights and discount claims demanded by retailers in case of not meeting shipment deadlines. In case of non-compliance with social standards, the most threatening penalty mentioned is the termination of planned future orders (Emmelhainz & Adams, 1999). The cases emphasize that retailers backtrack from terminating a running order due to time to market reasons and no case confirmed the use of contract termination during production despite (major and minor) non-compliance findings. In the retailer-sourcing agent relationship, retailers typically backtrack from using

incentives such as price premiums for good social compliance performance, or any cost sharing activities as these safeguards are related to additional (agency) costs (Huq et al., 2014; Yu, 2008). Consequently, based on its economic self-interest (*homo oeconomicus*) the equal behaviour overflows to the sourcing agent-factory relationship and spreads out to the factory-subcontractor relationship. In conclusion there is absolute no cost sharing activity among supply chain actors or any other financial support for social standard implementation and compliance (Stigzelius & Mark-Herbert, 2009) in Vietnamese and Indonesian apparel supply chains what may encourage social standard violations in order to save costs (Baskaran et al., 2012).

In sum, social standards are exposed to apparel supply chains that show high goal conflict potential. Goal conflicts between self-interested supply chain actors are likely to emerge specifically due to negative buying practices of apparel retailers that concentrate heavily on price and lead-times and set the basic conditions in the supply chain. Additionally cost intensive social standards are required. Based on code relation analysis, it is noteworthy that the combination of economic self-interest (*homo oeconomicus*), high levels of perceived social sustainability risk and high outcome uncertainty will lead to different social risk acceptance of supply chain actors (i.e. retailer = LOW, sourcing agent and Tier 1 factories = HIGH, subcontractor = LOW). The incurred social standard implementation and compliance costs in combination with the absence of price premiums, cost sharing activities and order continuity ultimately lead to a defective and conflictual buyer-supplier relationship (see Appendix C3 – Table 3).

3.5.2 Opportunistic behaviour in apparel supply chains

Recall that opportunistic behaviour detected in the cases can be translated into non-compliance issues or considerable threats to the success of social standard implementation and compliance (Delbufalo, 2018). As such, considering relevant documents collected in combination with the interviews the most significant social standard violations mentioned by the cases can be extracted from Table C3 - 2. It is worth mentioning that the most considerable threat to the success of social standards are double books and subcontracting activities initiated by either the sourcing agent or Tier 1 factories, as argued by the cases. In this regard typically embroidery, printing, and washing processes are subcontracted to local CM's but remain

unchecked for their social performances, because retailers usually do not require social audits and monitoring activities especially at these subcontractors as evidenced almost all cases.

In order to answer RQ2, social standard threats and non-compliance issues are interpreted using hidden characteristics, hidden intentions, and hidden action models for each supply chain actor. During analysis the author decided to omit hidden information/knowledge, because there was no evidence that any principal was not able to evaluate the agent`s opportunistic actions due to lack of expertise or knowledge. As this study takes a multi-tier supply chain view and considers critics of Perrow (1986) it is important to mention again, that this study not only reports on the agents actions, but also shows how a principal (e.g. apparel retailer) is likely to contribute with opportunistic behaviour. Ultimately, ten propositions are developed by incorporating code relations of the previously presented goal conflict categories and opportunistic behaviour performed.

3.5.2.1 Apparel Retailer

Findings show that the apparel retailer performs hidden characteristics and hidden intentions and that these behaviours are not necessarily mutually exclusive. In the former, the buying/sourcing management of a retailer is likely to do miscalculations (over/under buying of garments). Hence, *ex-ante*, especially for seasonal and short-seasonal products that are characterized by high variation in style and short product life cycles (Perry & Towers, 2013), the retailer`s sourcing managers are not able and/or skilled to place order quantities that a factory is capable to follow without compromising on social standard compliance that the retailer requires.

- *P1: When risk acceptance for social standard implementation and compliance is low, the apparel retailer is likely to perform hidden characteristics, as its buying/sourcing managers misrepresent their capabilities to calculate adequate seasonal and short-seasonal product orders ex-ante.*

Based on P1, whenever a retailer initially orders inadequate quantities (under-buying) due to e.g. due to inaccurate market demand predictions and forecasts but wants to exploit the maximum market potential or aims at profit maximization during the running contract, the

factory is likely to face unexpected orders (Perry & Towers, 2013). This translates into apparent and visible unfair actions by retailers, because factories are forced to violate maximum overtime regulations to fulfil the unexpected order and show flexibility to be favoured for future orders in the competitive sourcing market. In other words, when unexpected orders are required factories are pushed for overtime or subcontracting activities what implicates hidden intentions performed by the apparel retailer.

- *P1a: When economic self-interest is high and risk acceptance for social standard implementation and compliance is low, the apparel retailer is likely to perform hidden intentions by calculating inadequate order quantities (ex-ante) and placing unexpected orders (ex-post) at factories (Tier 1).*

Interestingly some factories claimed that retailers in general are unlikely keeping their promises that have been made *ex-ante*. Hence, even though promises are not part of the contract per se, another opportunistic behaviour of retailers that has a visibly unfair character was emphasized and is worth mentioning. Although factory managers attempt to discuss social compliance costs *ex-ante* and aims to contractually record cost sharing activities, the maximum result is the achievement of promises made by the apparel retailer pre-contractually. However, the promised cost sharing will be ignored during contract (*ex-post*). Thus, hold ups (sunk costs) are likely to emerge due to irrevocable investments made by the factories into the relationship for the initial order, especially in case of new social standard requirements to the factory i.e. implementation and compliance costs.

- *P1b: When economic self-interest is high, risk acceptance for social standard implementation and compliance is low and assumed social standard costs are low, the apparel retailer is likely to perform hidden intentions by promising cost sharing for social standard implementation to Tier 1 factories ex-ante, but is not going to keep the promise ex-post.*

3.5.2.2 Sourcing agent

The sourcing agent, as an intermediary in the apparel supply chain, is an agent to the retailer (principal) and a principal to the factory (agent). Hence, when apparel retailers opt for a

mediated sourcing strategy, price and lead-time pressures but also the risk for social responsibility is typically shifted to the sourcing agent (Köksal et al., 2018) and provides room for information asymmetries. In fact, it turns out that the sourcing agent is a performer of hidden characteristics, hidden intentions, and hidden actions that will threaten social standard implementation or lead to non-compliance issues.

Although both sourcing agents in this study claim that they want to avoid subcontracting, they reveal in most instances it is unavoidable and will threaten successful social standard implementation significantly because local CM`s are not covered by any social standard. In this regard, sourcing agents in general have been described by the majority of factory cases as aggressive profit maximizers (Masson et al., 2007). Sourcing agents are likely to misrepresent their capabilities (*hidden characteristics*) to win orders by accepting low prices and short lead-times offered by apparel retailers, although the respective Tier 1 factories of their supplier base might not be able to process the order without using excessive overtimes or subcontracting activities.

Thus, whenever sourcing agents initiate the subcontracting activity, they usually take over responsibility for social compliance monitoring at the subcontractor. In this regard, all of the social standards subject to this study require that subcontractors in use should be monitored and at least be in accordance with the core principles of the respective social standard. Consequently two scenarios can occur. In the first scenario, the unfair practice is visible to the retailer. Here when the use of a local non-export subcontractor (CM) is realized but communicated to the retailer, hidden intentions can be assumed, as this will threaten social standards because local non-export subcontractors are not committed to any social standard required by retailers.

- *P2: When economic self-interest and the risk acceptance for social standard implementation and compliance is high, the apparel sourcing agent is likely to perform hidden characteristics and hidden intentions by accepting orders based on price and lead-time pressures (ex-ante), that will unavoidably lead to visible subcontracting activities to local CM`s (ex-post).*

In the second scenario, the sourcing agent will behave unfair during the contract, however invisible to the retailer. Some factory managers explicitly mentioned that sourcing agents can't be monitored by the western retailers on a permanent basis due to the spatial distance (Köksal et al., 2018; Purvis et al., 2013). Therefore, in order to cut costs and achieve higher profits, sourcing agents will likely use local subcontractors without permissions from the retailers.

- *P2a: When economic self-interest, risk acceptance for social standard implementation and compliance and assumed social standard costs are high, the apparel sourcing agent tends to perform hidden actions by accepting orders based on price and lead-time pressures that will lead to subcontracting activities to local CM's without the apparel retailer's permission.*

Although all factories consistently agree that Int V and Int I play important roles in social standard implementation and upgrade their facilities there is evidence that the sourcing agents are likely to use information to their own benefit that harm the other actors, as they are the main connectors and coordinators between the factories and retailers (Köksal et al., 2018). For instance, if a Tier 1 factory is not able to keep up with the required lead-times it will ask the sourcing agent to negotiate with the retailer for delivery date extensions. As factory managers do not have direct contact to the retailer, they are exposed to the information provided by the sourcing agent. In this case, two scenarios have been described by the cases. First, in case of a granted extension for the delivery date by the retailer, the sourcing agent will keep a particular amount of buffer and reveals much shorter extra days to the factory. The second scenario implicates that the sourcing agent not even asks for any extensions of the delivery and will purposely cheat on the factory with the aim to meet the contractual lead-times with the retailers and ensuring a good performance. In both scenarios the retailer (principal) and the factory (agent) aren't able to monitor the apparel sourcing agent's behaviour. As such, the apparel sourcing agent shirks on the retailer and cheats on the factory to keep its performance in the eye of the retailers, what leads to overtimes and fuels non-compliance issues.

- *P2b: When economic self-interest and risk acceptance for social standard implementation and compliance is high, the apparel sourcing agent is likely to perform hidden actions in*

order to create lead-time buffers by withholding or modifying information to retailers and factories (Tier 1).

3.5.2.3 Factory (Tier 1)

As factories are subject to any social standard and bear the highest costs for its implementation and compliance as explained in section 3.5.1, the combination with their economic self-interest (homo oeconomicus) to stay competitively viable highly motivates Tier 1 factories to perform considerable opportunistic behaviour (Baskaran et al., 2012; Jiang, 2009). In fact, hidden characteristics, hidden intentions, and hidden actions occur and threaten or ultimately lead to substantial violations of social standards.

First, there is significant evidence that merchandise/production planning managers of apparel factories are generally order winning oriented heavily based on price, lead-times and capacity. More specifically, *ex-ante*, factory managers are likely to intentionally signal the capability of processing the order in question for a specific price, within a specific lead-time and quality required, although lacking the production capacity to process the order without compromising on social standard requirements. Consequently, the factories' production plan is criticized to be flawed by the majority of the interviewees particularly because merchandise managers with their price and lead-time offers in combination with too optimistic production planners predominantly hunt for closing a contract with the buyer.

- *P3: When economic self-interest and risk acceptance for social standard implementation and compliance is high, the Tier 1 apparel factory misrepresents its capability (ex-ante) to meet the price and lead-times of buyers without compromising on social standards.*

Based on this, the dilemma takes its course, as overtime and subcontracting are the inevitable result. Therefore, hidden intentions are likely to emerge. This was evidenced by all factory (Tier 1) cases who argue that they categorically will avoid air-freight penalties or discount claims (that can range between 5-10%) imposed by the buyers and thus preferably opt for overtime in case of potential delivery problems as this is more cost efficient to process the order timely. Hence, factory managers know *ex-ante* that they will violate overtime issues rather than taking the airfreight penalty or discount claim that might be imposed. As such, factories will perform

visible unfair practices ex-post in form of violating overtime regulations or subcontracting to non-export factories. This even leads to callbacks of workers for a second work shift during night. Based on this, a hold up emerges, especially because in this phase of production stage the buyer is heavily dependent on the factory to fulfil the order timely and takes social standard violations for granted.

- *P3a: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory performs hidden intentions as they categorically prefer (ex-ante) to opt for overtime or subcontracting to local non-export CM's, rather than taking the option of air-freights or discount claims (ex-post) that can be imposed by buyers in case of potential lead-time delays.*

As learned earlier, when a Tier 1 factory initiates the subcontracting activity it becomes the responsible actor to conduct social audits and monitor the local non-export CM's against the core principles of the social standard required by the buyer. However, based on the 3rd-party audit reports and interviews with factory managers, it turns out that CM social audits and monitoring systems are likely to be flawed or even not performed by the cases especially due to additional (agency) costs that will arise. Obviously, subcontracting documents are not in place or not prepared properly and incomplete.

- *P3b: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory tends to perform hidden actions by neglecting social performance monitoring of their CM's.*

Another cost saving activity that threatens social standards is the use of double books. In particular, double books come along with overtime issues. The majority of cases affirmed that double books, mock and symbolic compliance are still very common practices in the garment industry (Huq et al., 2016, 2014). The primary aim is to cheat on 3rd-party auditors in order to cover up excessive overtimes by preparing double records and their workers for potential interviews during third-party social audit days with the aim to keep the good grades and ratings of respective social standards required by retailers. The majority of cases support that

announced and semi-announced third party social audits are more easy and worthwhile to perform opportunistic behaviour. Other mock compliances that are frequently mentioned concern payroll system documentation i.e. compensation and benefits. Here factories are motivated to save tax by paying out overtime compensations or insurance payments in cash. Therefore, hiding and cheating practices incur moral hazards to both, retailers and sourcing agents (including the 3rd- party auditors) because these actions remain invisible to the retailers or sourcing agents until uncovered.

- *P3c: When economic self-interest, risk acceptance for social standard implementation and compliance, and assumed social standard costs are high, the Tier 1 apparel factory is likely to perform hidden actions by cheating with double books and mock or symbolic compliance practices*

3.5.2.4 Subcontractor

Non-export CM's are primarily focusing on the local market and hold no export-license, especially to avoid price, lead-time and social standard implementation and compliance risks (no risk acceptance).

"[...] local subcontractors [CMs] are not covered by the social certificates." (Fact 6I – Director)

Therefore, they oblige local law labour regulations but do not have direct obligations towards social standards (Mares, 2010). Interestingly, all cases are aware that subcontracting business is a highly critical threat to social standards and responsibility. Based on the site observation, Fact 6I is, among many other, violating obviously plenty of common core social standard codes such as health and safety issues e.g. no proper indications for emergency exit ways, bulks of garments on the production lines, entries, exits, and staircases, sanitary and washrooms are neglected, fabric cutters are not wearing gloves, workers do not wear masks or shoes, no first-aid boxes or an in-house clinic at the site are only few directly visible issues. Those factories that hold a social standard certification neglect social audits and monitoring at CM's due to costs and time incurred but also because there is little chance to enforce a social standard's principles at non-export CM factories because sourcing agents or Tier 1 factories are heavily

dependent on their services to meet their prices and lead-times. In sum this implicates that no opportunistic behaviour could be detected performed by Fact 6I

3.6 Conclusions and Implications

The rise and adoption of international accountability standards such as private social standards in the apparel industry calls for in-depth investigation as, despite their proliferation and increased implementation to globally dispersed supply chains, these guidelines hamper in their effect and consequently become subject to scrutiny (Bebbington & Larrinaga, 2014). Especially yearly reports of NGOs or other stakeholders on the social performance of apparel factories in developing/emerging countries makes the effectiveness of private social standards questionable, as they consistently highlight plenty of social abuses at garment factories. Moreover, disastrous incidents that claimed hundreds of lives, although being certified by various social standards, challenge the debate on private social standards further.

RQ1: *Why are social standards in apparel supply chains prone to violations?*

Here the adoption of social standards as a part of a focal company's compliance practices is explained by the increasing pressures that derive from stakeholders with the ultimate aim to communicate social accountability and manage (mitigate) social risks (Busse, 2016; Gilbert et al., 2011; Meixell & Luoma, 2015; Yawar & Seuring, 2018). The empirical findings of this study clearly depict the defective nature of apparel supply chains that is governed by substantial goal conflicts. More specifically, extant literature and the findings of this study confirm that apparel retailers' heavily focus on downward price and lead-time pressures, while yet paradoxically insisting on social standard implementation (Köksal et al., 2017; Perry & Towers, 2013).

One novel feature of this study is the emphasis of the combination of self-interest, perceived social sustainability risks, social standard compliance uncertainty, social standard responsibility risk acceptance, social standard implementation costs and the use (or absence) of safeguards that will determine the degree of goal conflicts between supply chain actors and interferes social standard implementation and compliance in apparel supply chains. For example, social standards are highly exposed to outcome uncertainty caused by external and internal risks.

Moreover the findings suggests that eminently price premiums, monetary support and continuous orders in apparel supply chains are inevitable antecedents than any other safeguards suggested to social compliance (Emmelhainz & Adams, 1999; Huq et al., 2016, 2014; Yu, 2008). However, very striking to the debate is the retailer's low social standard responsibility risk acceptance, although perceiving high social sustainability risks. One reason explaining this contradiction is the internal goal conflict of a retailer's buying/sourcing and CSR department. Consequently sourcing agents and Tier1 factories are pressured to be social risk accepting, whereas local CM's remain unaffected for social standard implementation and compliance risk, as they are in an economically independent position from the export market and only offer capacities for export when there are capacities left. This in turn provides space for violations of social standards' codes, as local non-export CM's are merely subject to local labour law regulations coupled with low governmental enforcement in Vietnam and Indonesia and it's a charade to assume that local non-export CM's will adopt the suggested compliance levels of private social standards.

***RQ2:** How are opportunistic behaviours performed by apparel supply chain actors threatening social standard implementation and result in non-compliance issues?*

The use of agency theory tenets revealed novel insights that are highly valuable to the SSCM debate. As such, social compliance practices in buyer-supplier relationships have been illuminated and pre- and post-contractual opportunistic behaviours are taken into account. This is new to the social sustainability discipline and serves as a starting point to reconsider social sustainability practices. For instance, if complex globally dispersed supply chains are naturally governed by goal conflicts and opportunistic behaviour of supply chain actors, the question arises what SSCM related compliances practices, such as social certification, monitoring, and auditing per se can achieve for social sustainability improvements in defective supply chain settings. Based on this study, it seems that social standards are part of the problem, because yet upstream supply chain actors are additionally pressured rather being incentivized with proper safeguards. This ultimately leads to opportunistic behaviours what is contradicting to earlier research (Ciliberti et al., 2009, 2011). Apparel retailers perform hidden characteristics and hidden intentions, whereas sourcing agents and Tier 1 factories are performers of hidden

characteristics, hidden intentions, and hidden actions. Yet, local subcontractors (CM's) seem to perform no opportunistic behaviours related to social standards required by the buyers.

Based on the findings of this study there are valuable implications that can be derived for both practitioners and academics. First practitioners can be confronted with the limitations of private social standards in general to trigger novel approaches to social responsibility. As such CSR departments of any company should play a more vital role in the formulation of the contract conditions. For instance, during analysis it turned out that the apparel retailer, although being well known in the market for its strict social responsibility enforcement, shows that CR managers mostly need to cut back with their interests, as they are being perceived as profit maximization opponents. Therefore, for a more promising implementation of social standards in apparel supply chains, CSR departments need to be empowered by awarding a more integrative role in buying/sourcing decisions. This also implicates that CSR managers need to be capable of profound negotiation skills to assert their interests internally that lead to a more socially oriented sourcing practice (Zorzini et al., 2015) and consequently decrease hidden characteristic problems. Another implication suggests that the fashion industry is still not able to predict market demands adequately (Perry & Towers, 2013; Purvis et al., 2013) what provokes opportunistic behaviours upstream the supply chain. Thus, the author suggests the development of private social standards further e.g. by including new metrics such as the assessment of buying practices or the evaluation of capacity planning at factories. Further, incentive structures for social responsibility need to be revised. Particularly price premiums, cost sharing activities, and continuous orders are critical to foster for social standard adoption and compliance in apparel supply chains. Moreover, due to different buyer requirements, one single factory is forced to keep up with multiple social standards what is highly contributing to opportunistic behaviour performed by factories. For example, motivation for mock compliance or symbolic compliance especially on social audit days stems also from the redundancy of social standards that entail multiple costs. As US apparel retailers are very likely to use WRAP and Europeans typically opt for BSCI or SA8000, there needs to be a global solution that involves factory workers, 3rd-party auditors and end-customers to develop one single universal social standard for the apparel industry.

Lastly, academics can use this study as a starting point for investigating suggestions to overcome barriers to social responsibility in apparel supply chains. For instance, no study could be found that provides an approach on how the nature of fashion products i.e. seasonal and short-seasonal products that are characterized by high variation in style and short product life cycles can go hand in hand with social responsibility. So far, there is only evidence that these two paradigms are paradox and yet mutually exclusive. This study adopts agency theory in a tetradic supply chain setting, thus provides a multiple apparel supply chain actor view and provides insights about their relationships. Based on the theoretical contribution outlined in form of propositions, researchers are now able to better specify their focus when investigating social sustainability in supply chains. However further researchers should approach the use of agency theory in SSCM disciplines with caution, as it is difficult to depict all relationships and their shortcomings in depth in one single academic paper. Additionally, the empirical findings indicate interrelationships between many categories that could be analysed in particular. For example, hidden characteristics performed by any supply chain actor consistently showed relation to hidden intentions, and hidden actions. Thus, opportunistic behaviours that emerge in apparel supply chain relations are not mutually exclusive. Another interesting finding is how culturally underpinned mind-set of factory workers (who are ironically the primary target of any social standard) impedes compliance with private social standards. For instance, there was common evidence that production workers do explicitly want to do overtime and willingly opt for factories that grant comfortable working conditions and higher overtime hours, what is contradicting to prior research (Huq et al., 2014). Lastly, this work could be extended by including the views of NGOs and 3rd party auditors (accreditation agencies) and especially further local CMs and retailers. As the study is limited to Vietnam and Indonesia, the propositions outlined should be tested in other countries and industries characterized by globally dispersed supply chains to assess generalizability of the findings.

This study clearly demonstrates that improving a garment factory's social performance through private social standards has its limits (Mares, 2010). Yet social standard implementation in highly defective apparel supply chains is a farce. Especially apparel retailers need to rethink their perspectives on CSR, particularly when requiring private social standard implementation and compliance from their supply chain partners.

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C. APPENDIX

C1. Article 1

C1 - Table 1. Forty-five relevant papers with general coding appearing as SSCM actor (does not determine the primary research focus of each paper).

Paper Focus on Countries' Level of Development	Authors	Suppliers	Stakeholders	Focal Company	TOTAL
Developed or no relation	Freise & Seuring (2015)	0	x	x	2
Developed or no relation	Towers et al. (2013)	x	x	x	3
Developed or no relation	Hale & Wills (2007)	x	x	0	2
Developed or no relation	O'Rourke (2006)	x	x	x	3
Developed or no relation	Lueg et al. (2015)	x	x	x	3
Developed or no relation	Shaw et al. (2006)	0	x	x	2
Developed or no relation	Park-Poaps & Rees (2010)	0	x	x	2
Developed or no relation	Kozlowski et al. (2015)	0	0	x	1
Developed or no relation	Milne et al. (2013)	x	x	x	3
Developed or no relation	Sancha et al. (2015)	x	0	x	2
Developed or no relation	Bhaduri & Ha-Brookshire (2015)	0	x	x	2
Developed or no relation	Egels-Zandén & Hyllman (2006)	0	x	x	2
Developed or no relation	Dargusch & Ward (2010)	x	0	x	2
Developed or no relation	Curwen et al. (2013)	0	0	x	1
Developed or no relation	Carrigan et al. (2013)	0	x	x	2
Developed or no relation	Burchielli et al. (2009)	x	x	x	3
Developed or no relation	Ansett (2007)	0	x	x	2
Developed or no relation	Goworek (2011)	0	0	x	1
Developed or no relation	Svensson (2009)	0	x	x	2
Developed or no relation	Iwanow et al. (2005)	x	x	x	3
Developed or no relation	Börjeson et al. (2015)	0	0	x	1
Developed or no relation	Giannakis & Papadopoulos (2016)	x	0	x	2
Developed or no relation	de Brito et al. (2008)	0	x	x	2
Developing	Perry et al. (2015)	x	0	0	1
Developing	Locke, Qin et al. (2007)	x	x	x	3
Developing	Egels-Zanden & Lindholm (2015)	x	x	x	3
Developing	Locke, Kochan et al. (2007)	x	x	x	3
Developing	Merk (2009)	x	x	x	3
Developing	MacCarthy & Jayarathne (2012)	x	0	x	2
Developing	Baskaran et al. (2011)	x	0	x	2
Developing	Anner (2012)	x	x	x	3
Developing	Miller & Williams (2009)	x	x	x	3
Developing	Locke et al. (2009)	x	x	x	3
Developing	Yu (2008)	x	x	x	3
Developing	Hoang & Jones (2012)	x	x	x	3
Developing	Mamic (2005)	x	x	x	3
Developing	Perry & Towers (2013)	x	x	x	3
Developing	Huq et al. (2014)	x	x	x	3
Developing	Auchter (2015)	x	x	0	2
Developing	Krueger (2008)	x	x	x	3
Developing	Gupta & Hodges (2012)	0	x	x	2
Developing	Posthuma & Bignami (2014)	0	x	x	2
Developing	Stigzelius & Mark-Herbert (2009)	x	x	x	3
Developing	Baskaran et al. (2012)	x	0	x	2
Developing	Jiang et al. (2012)	x	x	x	3
	TOTAL	30	34	42	106

C1 - Table 2. Forty-five relevant papers appearing in stakeholder categories

Authors	Stakeholders		
	Drivers	Enablers	Barriers
Freise & Seuring (2015)	x	0	x
Towers et al. (2013)	x	x	0
Hale & Wills (2007)	x	x	0
O'Rourke (2006)	0	x	x
Lueg et al. (2015)	x	x	0
Shaw et al. (2006)	x	0	x
Park-Poaps and Rees (2010)	x	0	x
Kozlowski et al. (2015)	0	0	0
Milne et al. (2013)	x	x	0
Sancha et al. (2015)	0	0	0
Bhaduri & Ha-Brookshire (2015)	x	0	0
Egels-Zandén & Hyllman (2006)	x	x	0
Dargusch & Ward (2010)	0	0	0
Curwen et al. (2013)	0	0	0
Carrigan et al. (2013)	x	0	x
Burchielli et al. (2009)	x	x	0
Ansett (2007)	0	x	0
Goworek (2011)	0	0	0
Svensson (2009)	x	0	0
Iwanow et al. (2005)	x	0	x
Börjeson et al. (2015)	0	0	0
Giannakis & Papadopoulos (2016)	0	0	0
de Brito et al. (2008)	x	x	0
Perry et al. (2015)	0	0	0
Locke, Qin et al. (2007)	0	x	0
Egels-Zanden & Lindholm (2015)	0	x	x
Locke, Kochan et al. (2007)	0	x	0
Merk (2009)	x	0	x
MacCarthy & Jayarathne (2012)	0	0	0
Baskaran et al. (2011)	0	0	0
Anner (2012)	x	x	x
Miller & Williams (2009)	x	0	0
Locke et al. (2009)	x	0	0
Yu (2008)	x	0	x
Hoang & Jones (2012)	0	0	x
Mamic (2005)	0	x	0
Perry & Towers (2013)	x	0	0
Huq et al. (2014)	x	0	x
Auchter (2015)	x	x	x
Krueger (2008)	x	x	0
Gupta & Hodges (2012)	x	0	x
Posthuma & Bignami (2014)	x	0	0
Stigzelius & Mark-Herbert (2009)	x	0	x
Baskaran et al. (2012)	0	0	0
Jiang et al. (2012)	x	0	x
TOTAL	27	16	16

C1 - Table 3. Forty-five relevant papers appearing in focal company categories.

Authors	Focal Company					
	Barriers	Enablers	Drivers	Supplier Collaboration	Supplier Assessment	Reporting
Freise & Seuring (2015)	0	x	x	0	0	x
Towers et al. (2013)	0	0	x	0	0	0
Hale & Wills (2007)	0	0	0	0	0	0
O'Rourke (2006)	x	0	x	0	x	x
Lueg et al. (2015)	x	0	x	x	x	x
Shaw et al. (2006)	0	0	x	0	0	x
Park-Poaps & Rees (2010)	0	x	0	x	0	0
Kozłowski et al. (2015)	0	0	0	0	0	x
Milne et al. (2013)	0	x	0	x	x	x
Sancha et al. (2015)	0	0	x	x	x	0
Bhaduri & Ha-Brookshire (2015)	0	0	0	0	0	x
Egels-Zandén & Hyllman (2006)	0	0	x	0	0	0
Dargusch & Ward (2010)	x	x	x	x	0	0
Curwen et al. (2013)	x	x	x	x	0	0
Carrigan et al. (2013)	x	x	x	x	0	0
Burchielli et al. (2009)	0	0	x	x	0	x
Ansett (2007)	0	0	0	x	x	x
Goworek (2011)	0	x	x	x	0	x
Svensson (2009)	0	x	0	x	x	x
Iwanow et al. (2005)	0	0	0	x	x	x
Börjeson et al. (2015)	x	x	0	x	0	0
Giannakis & Papadopoulos (2016)	x	x	x	x	x	x
de Brito et al. (2008)	x	0	x	x	0	0
Perry et al. (2015)	0	0	0	0	0	0
Locke, Qin et al. (2007)	x	0	x	x	x	x
Egels-Zanden & Lindholm (2015)	x	0	0	x	x	0
Locke, Kochan et al. (2007)	x	0	x	x	0	x
Merk (2009)	x	0	x	x	0	0
MacCarthy & Jayarathne (2012)	0	0	x	x	x	0
Baskaran et al. (2011)	0	0	0	0	x	0
Anner (2012)	0	0	0	x	x	0
Miller & Williams (2009)	0	0	0	x	0	0
Locke et al. (2009)	x	x	x	x	x	0
Yu (2008)	x	0	0	x	0	0
Hoang & Jones (2012)	x	0	0	x	0	0
Mamic (2005)	x	x	0	x	x	x
Perry & Towers (2013)	0	0	0	x	x	0
Huq et al. (2014)	x	0	0	x	x	0
Auchter (2015)	0	0	0	0	0	0
Krueger (2008)	0	0	x	x	0	0
Gupta & Hodges (2012)	0	0	x	0	0	x
Posthuma & Bignami (2014)	0	0	0	0	x	0
Stigzelius & Mark-Herbert (2009)	0	0	0	0	x	0
Baskaran et al. (2012)	0	0	0	0	x	0
Jiang et al. (2012)	x	0	0	0	0	0
TOTAL	18	12	21	29	20	17

C1 - Table 4. Forty-five relevant papers appearing in supplier categories

Authors	Supplier			
	Barriers	Enablers	Drivers	Social Performance
Freise & Seuring (2015)	0	0	0	0
Towers et al. (2013)	0	x	x	0
Hale & Wills (2007)	0	x	0	0
O'Rourke (2006)	0	0	x	0
Lueg et al. (2015)	0	0	x	0
Shaw et al. (2006)	0	0	0	0
Park-Poaps & Rees (2010)	0	0	0	0
Kozlowski et al. (2015)	0	0	0	0
Milne et al. (2013)	0	x	x	0
Sancha et al. (2015)	x	0	x	x
Bhaduri & Ha-Brookshire (2015)	0	0	0	0
Egels-Zandén & Hyllman (2006)	0	0	0	0
Dargusch & Ward (2010)	0	x	0	0
Curwen et al. (2013)	0	0	0	0
Carrigan et al. (2013)	0	0	0	0
Burchielli et al. (2009)	x	0	0	x
Ansett (2007)	0	0	0	0
Goworek (2011)	0	0	0	0
Svensson (2009)	0	0	0	0
Iwanow et al. (2005)	x	0	0	x
Börjeson et al. (2015)	0	0	0	0
Giannakis & Papadopoulos (2016)	0	0	0	x
de Brito et al. (2008)	0	0	0	0
Perry et al. (2015)	x	0	x	x
Locke, Qin et al. (2007)	x	x	0	x
Egels-Zanden & Lindholm (2015)	x	x	0	x
Locke, Kochan et al. (2007)	x	x	x	x
Merk (2009)	x	x	0	x
MacCarthy & Jayarathne (2012)	0	x	x	x
Baskaran et al. (2011)	x	0	0	x
Anner (2012)	x	0	0	x
Miller & Williams (2009)	x	x	0	x
Locke et al. (2009)	x	x	x	x
Yu (2008)	x	0	0	x
Hoang & Jones (2012)	x	x	x	x
Mamic (2005)	x	x	0	0
Perry & Towers (2013)	x	x	x	x
Huq et al. (2014)	x	x	x	x
Auchter (2015)	x	0	0	x
Krueger (2008)	0	0	x	0
Gupta & Hodges (2012)	0	0	0	0
Posthuma & Bignami (2014)	0	0	0	0
Stigzelius & Mark-Herbert (2009)	x	x	x	x
Baskaran et al. (2012)	0	0	0	x
Jiang et al. (2012)	x	x	0	x
TOTAL	20	17	14	22

C2. Article 2

C2 - Table 1. Case Company Profiles

Apparel Supply Chain Actor	Codes	Interviewee(s)	Product Categories	Company Size/Employees	Pieces Per Month	Country Origin of Major Customers (Brand Examples)	Compliance/Accreditation
Retailer	RetA	Senior CR Coordinator	Mens's and women's apparel including e.g. jeanswear, accessories, swimwear, underwear, outerwear, performance wear, footwear, dresses, suits etc..	approx. 15000	-	-	Companies own Code of Conducts, Better Work, FLA
Sourcing Intermediary (Agent)	IntA	Country Manager (CM); Compliance Manager (CompM); Head-QA/QC & Technical (QA/QC)	Circular knits (T-Shirts, Polo Shirts, Sweatshirts), Coordinates, Denim, Dresses, Flat Weave Bottoms (Chinos, Cargo Pants, 5-Pocket Pants, Skirts), Indoor Jackets, Men's Shirts, Outdoor Jackets	approx. 150	-	USA and Europe (Abercrombie & Fitch, PVH Corp., Fillipa K., Pepe Jeans, Marc o' Polo, True Religion, Tom Tailor, Urban Outfitters etc.)	-
Factory	FactA	Compliance Manager	Fleece, Pants, Shirts, Blazers, Jackets	approx. 1700	300.000	Europe (Otto Group)	SA8000
Factory	FactB	Head of R&D; Compliance Manager	Jeans, non-Denim pants, Chinos, Skirts, Dresses, Jackets, Shirts	approx. 1800	405600 (sewing); 1.000.000 (wash); 500.000 (dying); 100.000 (laser print)	USA, Europe, Asia (True Religion, Urban Outfitters, American Eagle Outfitters; Dynamite, Tom Tailor, Tommy Hilfiger, Walmart, Levis, Express, Uniqlo, DKNY, Burberry, Forever 21 etc.)	VF (LEE), BetterWork, BSCI, SEDEX, PVH (Tommy Hilfiger), A&F, SA
Factory	FactC	Compliance Manager	Blazers, Coats, Dresses, Blouses, Pants, Jackets	approx. 3300	500.000	USA and Europe (Express, BCBG, Chaus, Tesco, Tom Tailor, Primark, New Look etc.)	Sedex, SA8000, BetterWork
Factory	FactD	Compliance Manager; Vice Director; Merchandise Manager	Dresses, Blouses, Coats, Jackets	approx. 1600	300.000 - 350.000	USA and Europe (Tom Tailor, Woolworth, Express, Chicos, Tommy Hilfiger, Calvin Klein etc.)	Sedex, BSCI

C2 - Table 2. Social sustainability roles and activities performed by the independent apparel sourcing intermediary

Social Sustainability Roles	Description (Study's Propositions)	Enabling Activities	Evidence from Cases/Supply Chain Actor					
			RetA	IntA	FactA	FactB	FactC	FactD
Supplier Developer and Coordinator	significantly enables social sustainability implementation in alignment with apparel retailers' MSI standard requirements (P1)	- capacity building and upgrade of factories through direct and indirect supplier development strategies e.g.:	x	x	x	x	x	x
	development of trustful collaborations to both i.e., apparel retailers and supplier base (P2)	- organizes social sustainability workshops and trainings for knowledge sharing						
		- educate factories' compliance team						
		- convince and encourage factories to be transparent and fair and increase awareness						
		- support in organizing and managing social sustainability related documents						
		- conduct informal social audits at factory and prepares factories for third party audits						
		- support factories in processing CAP						
		- frequent visits (monitoring activities) to factories for substantive dialogues and interviews	x	x	x	x	x	x
		- provides LC payment for factories		x		x		
		- performs as an extension of the apparel retailer and makes them feel protected through transparency	x	x		x		
		- present during factory assessments conducted by apparel retailers	x	x				
Gatekeeper and Safeguard	transparent communication to both apparel retailers and factories (P3-P4)							
	manages social responsibility transferred by apparel retailers (P5)	- bridge knowledge and information gaps between apparel retailers and factories	x	x			x	x
		- frequent meetings with retailers to exchange social sustainability related information	x	x				
		- transmits any updates on social sustainability (e.g., local law) requirements to both retailers and factories	x	x	x	x	x	x
	presents socially responsible supplier base or at least high potential socially responsible apparel factories (P6)	- obtains full access to factories' social sustainable documents		x		x	x	x
		- develops "factory compliance status" reports and informs retailers about actual social sustainability status of factories	x	x				
	enables business eligibility and visibility to apparel markets for developing country apparel factories (P7)							
Cultural Broker	reduces cultural tension between western apparel retailers and developing country factories and enhance supplier development and communication strategies (P8)	- leverage spatial, cultural and linguistic distance	x	x		x	x	
		- builds compliance team consisting of multinational managers who are familiar with both, western and respective developing country culture	x	x		x		
Social Risk Manager	assumes high social management risks (P9)	- factories can withdraw collaboration with intermediary once business eligibility and visibility to market is reached			x	x	x	
	securing and developing capabilities for apparel factories (P10)	- takes over risk of penalties in case of social violations within its supplier base	x	x		x		
		- provides LC payment to factories		x		x		

C2 - Interview Guideline

Apparel Sourcing Intermediary Interview Guideline:

- Do you consider yourself a full-package provider, sourcing agency or sourcing intermediary?
- How do you choose the right supplier for an order?
- Do you think western retailers do a better job in ensuring social compliance in their supply chains by employing sourcing intermediaries/agencies?
- What are possible social issues you may face in Vietnamese apparel supply chains?
- Why and how do you address social issues generally in your supply chain?
- How do you communicate legitimacy and accountability to your company's socially responsible behaviour?
- Do you have supplier development or collaboration strategies to improve your supplier base' social performance?
- Very generally, in terms of social sustainability, how should the apparel industry may change to improve its social responsibility? What are your advices to the industry?

Factory Interview Guideline:

- Who are your main customers and where are they located typically?
- Why do you choose the work with sourcing agents/intermediaries?
- What are possible social issues you may face in Vietnamese apparel supply chains?
- Do you think western retailers do a better job in ensuring social compliance in their supply chains by employing sourcing intermediaries/agencies?
- Why and how do you address social issues generally in your factory and further upstream in the supply chain?
- How do you communicate legitimacy and accountability to your factory's socially responsible behaviour?
- Do you receive supplier development or collaboration strategies to improve your factory's social performance?
- Very generally, in terms of social sustainability, how should the apparel industry may change to improve its social responsibility? What are your advices to the industry?
- Retailer Interview Guideline:
- Why is it important for you to be engaged with social sustainability and require social compliance?

- Do you think you can do a better job in ensuring social compliance in your supply chain by employing sourcing intermediaries/agencies?
- What are possible social issues you may face in Vietnam?
- How do you address social issues when sourcing through third party intermediaries? What is the process behind looking like?
- How do you communicate about social requirements with the factories when sourcing intermediaries are in between?
- Do you have supplier development or collaboration strategies to improve your supplier base' social performance when working with intermediaries?
- Is the intermediary a good opportunity for you to ensure social compliance?
- Very generally, in terms of social sustainability, how should the apparel industry may change to improve its social responsibility? What are your advices to the industry?

C3. Article 3

C3 - Interview Guideline

- Who are your main customers/suppliers and where are they located typically?
- Why do you choose the work with sourcing agents/intermediaries?
- Why and how do you address social issues generally?
- What are the most significant social issues you may face in Vietnamese and Indonesian apparel supply chains?
- What are the external and internal social risks you perceive?
- How do you address social issues when sourcing through third party intermediaries? What is the process behind looking like?
- What are the incentives to implement and comply with social standards?
- How does the process look like for the implementation of social standards, auditing, monitoring?
- Who needs to bear the costs for social standard implementation and compliance?
- What are possible goal conflicts in the relationship with retailers, sourcing agents, and suppliers?
- Why are international social standards typically violated?
- What are the reasons?
- Could goal conflicts with other supply chain members lead to non-compliance?
- Why do you use subcontractors?
- What is the biggest threat to social standard compliance?
- What are opportunistic behaviours you may engage in?
- In your opinion, who is the most responsible supply chain actor to implement and keep up with social standards?
- How do you ensure social standard compliance?
- What needs to be improved with regards to social standards?
- Very generally, in terms of social standards, how should the apparel industry may change to improve its social responsibility? What are your advices to the industry?

C3 - Table 1. Case Company Profiles

Apparel Supply Chain Actor (country origin; year of establishment)	Codes	Key Informant(s)	Product categories/range	Company size (employees; pieces per month; partner factories)	Major markets (brand examples)	Industry Social certification standard/ initiative
Retailer Europe; no information to keep company identity unknown	Ret	Senior Corporate Responsibility (CR) Coordinator	Men's and women's apparel including e.g. Jeanswear, accessories, swimwear, underwear, outerwear, performance wear, footwear, dresses, suits etc.	15.000; no information; no information	Global Apparel Retailer	SAI (SA8000) participant, FLA, Partnership with Better Work
Intermediary/ Sourcing Agent Vietnam; 2008	Int V	Country Manager; Compliance Manager; Head-QA/QC & Technical	Woman's, Men's, Kids' Wear: Contemporary, Casual, Active Wear: T-Shirts, Polo Shirts, Sweatshirts, Coordinates, Denim, Dresses, Chinos, Cargo Pants, 5- Pocket Pants, Skirts, Indoor Jackets, Men's Shirts, Outdoor Jackets	150; 35 Partner Factories;	USA, Europe, Canada, UK (Abercrombie & Fitch, PVH Corp., Phillipa K., Pepe Jeans, Marc o' Polo, True Religion, Tom Tailor, Urban Outfitters, etc.)	-
Factory Vietnam; 2007	Fact 1V	Compliance Manager	Fleece, Pants, Shirts, Blazers, Jackets	1.700; 300.000	FOB: Europe and USA (Otto Group, Perry Ellis, Helly Hansen, Peak Performance)	SA8000, WRAP
Factory Vietnam; 2005	Fact 2V	R&D Manager; Compliance Manager	Jeans, non-Denim pants, Chinos, Skirts, Dresses, Jackets, Shirts	1.800; 405600 (sewing), 1.000.000 wash), 500.000 (dying), 100.000 (laser print)	FOB: USA, Europe, Asia (True Religion, Urban Outfitters, American Eagle Outfitters, Dynamite, Tom Tailor, Tommy Hilfiger, Walmart, Levis, Express, Uniqlo, DKNY, Burberry, Forever 21 etc.)	Better Work, BSCI, Sedex

Factory Vietnam; 2002	Fact 3V	Compliance Manager	Blazers, Coats, Dresses, Blouses, Pants, Jackets	3.300; 500.000	FOB: USA and Europe (Express, BCBG, Chau, Tesco, Tom Tailor, Primark, New Look etc.)	SA8000, Better Work Sedex
Factory Vietnam; 1994	Fact 4V	Compliance Manager; Vice Director; Merchandise Manager	Dresses, Blouses, Coats, Jackets	1.600; 300.000 - 350.000	FOB: USA and Europe (Tom Tailor, Woolworth, Express, Chicos, Tommy Hilfiger, Calvin Klein etc.)	BSCI, WRAP, Sedex
Intermediary/ Sourcing Agent Indonesia; 2000	Int I	Country Manager; Compliance Manager; Head-QA/QC & Technical	Woman, Men and Kids Wear: Contemporary, Casual, Active Wear: T-Shirts, Polo Shirts, Sweatshirts, Coordinates, Denim, Dresses, Accessories, Blouses, Chinos, Cargo Pants, 5-Pocket Pants, Skirts, Indoor and Outdoor Jackets, Sweaters	140; 22 Partner Factories;	FOB: Europe, USA , Australia, Canada (Asics, Bonita, K&L Ruppert, Browning, Country Road, Henri Lloyd, Huckberry, Jack Wolfskin, LC Waikiki, Rebel Sports, Skechers, Stadium, Tom Tailor etc.)	-
Factory Indonesia; 2015	Fact 1I	Production Manager; Compliance Managers	Travel and Outdoor Shirts, Jackets, Pants, Shorts	1.200; 180.000	FOB: USA and Europe (Tom Tailor, S.Oliver, Quicksilver, Huckberry, Levis, etc.)	BSCI, WRAP, Better Work
Factory Indonesia; 2009	Fact 2I	Compliance Managers	Casual Sport Garments: Pants, Parka, Jackets, Snowboarding	1.400; 150.000	FOB: USA and Europe (Tom Tailor, Lacoste, Browning, etc.)	BSCI, SA8000
Factory Indonesia; 1998	Fact 3I	General Manager; QA Manager; Compliance Manager	Pants (Denim, Chinos), Shorts (Chino, Cargo), Shirts, Skirts, Jackets	2.300; 280.000	FOB: USA, Europe, Asia (Duluth Trading, J.Crew, Express, S.Oliver, Calvin Klein Jeans etc.)	WRAP, SA8000

Factory Indonesia; 2014	Fact 4I	Compliance Manager	Knit Sports Wear, Knit Casual Wear	1.800; 250.000 - 300.000	FOB: USA, Europe (Adidas, Justice, Massimo Dutti, Jack Wolfskin)	Better Work
Factory Indonesia; 1990	Fact 5I	Marketing Manager; Compliance Managers	Trousers, Jackets, Pants, Jersey, Short	3.000; 850.000	FOB: USA and Europe (Nike, J.Crew, S.Oliver, Perry Ellis, Browning, Jack Wolfskin, Umbro etc.)	WRAP, Better Work
Subcontractor Factory Indonesia; 2011	Fact 6I	Factory owners: Director; Production Manager	Men, Woman and Kids wear: Trousers, Shirts (Batik), Pants, Jersey, Modest Fashion	no information; 150.000;	Non-export CM (Contract Manufacturer). Only local market, but engaged in subcontracting business for European brands e.g. Tom Tailor etc.	No social standard certification.

C3 - Table 2. Key findings from Case Study evidence

Main Categories	Ret	Int I	Int V	Fact 1V	Fact 2V	Fact 3V	Fact 4V	Fact 1I	Fact 2I	Fact 3I	Fact 4I	Fact 5I	Fact 6I	Total
Self interest														
• Generally apparel supply chain actors are predominantly seeking for profit maximization in any buyers-supplier relation	X	X	X	X	X	X	X	X	X	X	X	X	X	13
• significant downward price and lead-time pressures by apparel retailers	X	X	X	X	X	X	X	X	X	X	X	X	X	13
• order winning factory is determined by offering low prices, short lead-times and social standard adoption/certification	X	X	X	X	X	X	X	X	X	X	X	X	X	13
• internal conflicts of interest between CR/Compliance managers and sourcing/merchandising departments at retailers and sourcing agents	X	X	X											3
Social standard implementation costs														
• Apparel retailers are the most isolated supply chain actors and face <i>low</i> social standard costs		X	X	X	X			X	X	X	X	X		9
• Sourcing agents face <i>high</i> social standard preparation and monitoring costs	X	X	X	X	X	X	X	X	X	X	X	X		12
• Factories face <i>high</i> social standard costs due to multiple certification and compliance expenses		X	X	X	X	X	X	X	X	X	X	X	X	12
Perceived social responsibility risks (social accountability pressures)														
• apparel retailers – high	X	X	X	X	X						X	X	X	8
• sourcing agents – high		X	X	X	X							X	X	5
• Tier 1 factories – high	X	X	X	X	X	X	X	X	X	X	X	X	X	13
• CM factories – low		X	X	X	X							X	X	5
Social Standard Compliance Uncertainty (outcome uncertainty)														
• exogenous risks: <ul style="list-style-type: none"> ○ cultural: workers do not work comfortably with safety equipment and workers insist on high overtime rates 		X	X	X	X	X	X	X	X	X	X	X	X	12

○ raw-material delays		X	X	X	X	X	X	X	X	X	X	X	X	12	
○ low governmental enforcement			X		X	X		X	X			X	X	6	
○ local and international market competition		X	X		X		X	X	X		X	X	X	9	
• internal risks:															
○ buying/sourcing managers of apparel retailers calculate inadequate order quantities	X	X	X	X	X	X	X	X	X	X	X	X	X	12	
○ flawed production capacity planning of factories		X	X	X	X	X		X						7	
○ production inefficiencies at factories		X	X		X			X				X		5	
Acceptance of Risk for Social Standard implementation and compliance responsibility															
• apparel retailers – low			X	X		X	X				X	X	X	X	8
• sourcing agents – high	X	X	X	X	X	X		X	X	X	X	X	X	12	
• Tier 1 factories – high		X	X	X	X	X	X	X	X	X	X	X	X	13	
• Local CM – low		X	X		X			X				X	X	6	
Safeguards for Social Standard (non-) Compliance															
• incentives:															
○ reputation effects for suppliers (e.g. attracting new buyers)	X	X	X	X	X	X	X	X	X	X	X	X	X	13	
○ attracting big order placements		X	X	X	X	X	X	X	X	X	X	X	X	12	
○ no price premiums by buyers		X	X	X	X	X	X	X	X	X	X	X	X	12	
○ no cost sharing by buyers		X	X	X	X	X	X	X	X	X	X	X	X	12	
○ no guarantee for continuous orders by buyers		X	X	X	X	X	X	X	X	X	X	X	X	12	
• sanctions:															
○ risk for termination of future orders			X	X	X	X	X	X	X	X	X	X		11	
○ no risk for termination of running order	X	X	X	X	X	X	X	X	X	X	X	X		11	
Frequent Social Standard Violations															
• excessive overtime	X	X	X	X	X	X	X	X	X	X	X	X		12	
• health and safety		X	X	X	X	X	X	X	X	X	X	X		11	
• compensation/wages and benefits		X	X	X	X	X	X	X	X	X	X	X	X	12	
• trainings for production workers		X	X	X	X	X	X	X	X	X	X	X	X	12	
• subcontractor social audits and monitoring		X	X	X	X	X	X	X	X	X	X	X		11	
• double books and mock compliance		X	X	X	X	X	X	X	X	X	X	X	X	12	

C3 - Table 3. Conflictual apparel supply chain setting impeding social standard implementation

Supply chain actor (actions) <i>Agency Role</i>	Retailer <i>Principal</i>	Sourcing Agent <i>Agent/Principal</i>	Tier 1 Factory <i>Agent/Principal</i>	Subcontractor <i>Agent</i>
Self-Interest (homo oeconomicus)	HIGH	HIGH	HIGH	HIGH
Perceived Social Sustainability Risk	HIGH	HIGH	HIGH	LOW
Outcome uncertainty for Social Standard success	HIGH	HIGH	HIGH	HIGH
Acceptance of Risk for Social Standard implementation and compliance responsibility	LOW	HIGH	HIGH	LOW
Social Standard Implementation and Compliance Costs assumed by supply chain actor	LOW	HIGH	HIGH	NO
Safeguards in use: price premiums, cost sharing, and continuous orders	NO	NO	NO	-
Goal conflict potential with related supply chain actors in the apparel supply chain	HIGH	HIGH	HIGH	HIGH

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Wissenschaftliche Publikationen und Vorträge

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