Attitudes to CSR

Elinor Alm and Amanda Ekman

- a study of a Swedish textile company's influence on a supplier in China
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Elinor Alm and Amanda Ekman
Abstract

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CSR is a burning question of constant increasing importance for companies in all businesses, but for textile companies in particular. Many are the companies to adapt their own definition of CSR and assume responsibility for human right via Codes of Conduct. The problem, on the other hand, arises when these textile companies lack knowledge and routine regarding realization of their purposes on improvement work on factory level. The solution for several Swedish textile companies is equal to outsourcing the implementation of CSR according to their Code of Conduct to external auditors. However, when contracting an intermediary, questions can be asked regarding if the company's attitude and definition of CSR still will be reflected on to the factory hand or not. Further, sparse research of external auditors exists but despite of this external auditors have been pointed out as ineffective.

The purpose with this study is to map out attitudes and motives for CSR activities, with the aim to create an understanding among three actors in a supply chain – the Company, the Auditor and the Factory. This approach provides a holistic perspective to interpret how a Swedish SME can take advantage of an external auditor when implementing its Code of Conduct aligned with its supply chain in a quality method, based on interviews and observations. The empirical result is to be analysed through an exploratory strategy to deliver the contributed conclusion.

The contribution of this study is thus that Swedish SMEs lack knowledge and experience when implementing a Code of Conduct within the supply chain. It is hold that Swedish SMEs could take advantage of external auditors to elude the above mentioned problem, since support for external auditors as not ineffective have been found. To formulate a Code of Conduct together with its supplier is for the SME advisable, due to the prospects of involving the actor directly affected of the Code of Conduct into the construction of it. By the way of conclusion indicators indicating that in the end, CSR is all about money, considered from all actors' perspective.
Sammanfattning


Syftet med denna uppsats är att kartlägga attityder och motiv rörande CSR för att skapa en förståelse mellan olika parter i en försörjningskedja och på så sätt tolka, utifrån ett helhetsperspektiv, hur en svensk SME kan använda sig av en extern auditör för att implementera en Code of Conduct i försörjningskedjan. Uppsatser har fokuserat på att hitta förståelse i en studie gjord i fält med utvalda parter som i dagsläget är intressanta att undersöka. Studien har gjorts utifrån en fallstudie med tre aktörer, där en kvalitativ metod tillämpats för att intervjuas och observera ord och handling. Empirin har analyserats utefter en utforskande strategi för att nå de slutsatser som vi härmed ämna bidra med.


**Nyckelord:** CSR, Code of Conduct, Kina, externa auditörer, motiv, attityder, försörjningskedja
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1. Introduction

1.1 Background

Textiles. We sleep in them, we hang them in our windows, we dry the dishes with them, we sit at them, we drive on them, we heal ankle sprain with them, we ran after them in sport fields, but above all – we wear them.

The textile industry is one of the largest in the world and the competition between different brands in Sweden is intense. Nowadays it takes more than simply an appealing design and an interesting brand concept to compete for valuable national and international market shares (Riddselius, 2011). There has been an increased interest in “Corporate Social Responsibility” (hereafter mentioned as CSR) at supplier’s factories during the last decades, both in general but amongst textile companies in particular (Pruett, 2005). Many textile companies now assume responsibility for human rights at manufacturing level via for example so-called Codes of Conduct (Egels-Zandén, 2007).

Supplier’s factories, as mention above, are primarily located within countries that can provide low production costs. Countries as China are, among others, today of frequent occurrence among small-and medium-sized (SMEs ¹) enterprises (Ting, 2011) and factories in these countries are not rarely chosen to be partners in production. The Swedish Trade Council conveys in February 2012, there to be about 650 Swedish companies with 800 establishments in China (Svenska företag i Kina, 2012).

Due to low salary rates in manufacturing countries, questions in western countries are asked about the factory workers rights and working conditions, which has resulted in the separate establishments of Codes of Conduct (Egels-Zandén, 2007). Claims and requests are askes amongst retailers as well as final consumers. The reports and the sets of principles and expectations include employees’ rights, such as working environment, child labour, fire safety, working hours, wages, freedom of associations, etc. (Pruett, 2005). The practices are relativity easy to set from a retailer’s point of view, but how are they implemented in reality?

Many textile companies do not have offices in production countries and therefor, they outsource the monitoring of their Codes of Conduct to external auditors. This means that in practice external auditors are those that to a large extent drive Code of Conduct implementation (Egels-Zandén, 2007). Despite this central role of auditors and the extensive academic literature on Codes of Conduct, little is known about how auditors influence the implementation of Codes of Conduct.

¹ SME and small and medium sized company refers to a firm with less than 250 employees, irrespective of turnover and value of assets. This is a very general definition since it does not take into account the fact that some of the firms in the study should be considered micro-firms (European Commission 1996. Commission recommendation of 3 April 1996 concerning the definition of small and medium-sized companies. Official Journal, L107, p. 4-9.).
1.2 Presentation of research problem

CSR is a burning question of constant increasing importance for companies in all businesses, but for textile companies in particular. As mentioned, many are the companies to adapt an own definition of CSR and assume responsibility for human right via Codes of Conduct (Egels-Zandén, 2007). The problem, on the other hand, arises when these textile companies lack knowledge and routine regarding realization of their purposes on improvement work on factory level. The solution for several Swedish textile companies is equal to outsourcing the implementation of CSR according to their Code of Conduct to external auditors, with the intention to ensure that their suppliers comply with their Codes of Conduct (Pruett, 2005; Egels-Zandén, 2007). However, when contracting an intermediary, questions can be asked regarding if the company's attitude and definition of CSR still will be reflected on to the factory hand or not.

Porter and Kramer (2006) endorse the fact of a growing amount of CSR-engaged companies but supplement with statements of a sparse existing on documentation of how and if companies essentially carry their attitude to CSR into effect with their supplier. Do all companies stand for what they assert to stand for? Furthermore, the background of the Swedish companies cause to implement CSR-questions into the business idea can be questioned. Is it, as Porter and Kramer consider, a reaction of the growing global discussion regarding social responsibility? Do demands from governments, costumers and media force action from the companies in form of a CSR programme? Might the strategic importance of CSR, which Werther and Chander (2005) discuss, be the actual motive for the company to work with CSR? Or might there actually be a possibility that Swedish companies truly care for human rights and improvement of social conditions within their supply chain?

Smith addressed already in 2009, there to be several mixed motivations to whether a company choose to work with CSR or not. Consequently, CSR as a social constructed conception constitutes of separate definitions within every different company. A company’s definition and attitude to CSR often mirrors in their Code of Conduct, but scepticism is held towards if the ethical outlines created by the company have effect on the factory workers’ attitudes (Trapp, 2011). With this in mind, what possibilities does a company have of implementing their definition of and attitude to CSR into their supplier’s employees?

Doole and Lowe (2008) stress that there are differences among different cultures. Individuals from one culture might disagree to the values of another culture, leading to incomprehension. This create thoughts about cultural imperialism and the question if Swedish values are right to implement in a Chinese factory?

Due to the constantly enhanced global competition and the involvement of several different countries in the same supply chain, the importance of a greater collaboration between the different actors in a supply chain is emphasised by Ericsson (2011a). Ericsson stresses further that the change from mutual
competing among different parties in a supply chain towards mutual collaboration built trust as well as conditions of a win/win business relationship. A trend that supply chains are competing to each other, rather than companies competing to each other, has been uncovered by Ericsson (2011b), which substantiate questions of why research about attitudes to CSR along a supply chain today is rather sparse? This study will focus on the attitudes on different levels in the same supply chain to evaluate how the relationships them between find expression in realizing and practice a company’s Code of Conduct. Hopefully these future findings will be transferable to also other businesses and industries.

1.3 Purpose and research questions

The purpose of this study is to contribute to a greater understanding of attitudes towards CSR implementation in a textile supply chain with manufacturing in China.

As to support our research purpose, we additionally present the following research questions:

1. What is the background and motive of a Swedish SME’s initiative of working with CSR?
2. What attitudes does a Swedish SME face when working with a Chinese supplier, in the field of CSR?
3. In what way can a Swedish SME make use of an external auditor to implement its Code of Conduct in the supply chain?

1.4 Delimitations

Due to the limitation of time and resources, the financial and environmental part of the CSR notion has been unstated. The focus is solely directed to the social responsibility within CSR, to accomplish this study in time with defined purpose.

1.5 Abbreviations

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<th>Description</th>
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<tr>
<td>CA</td>
<td>Conversation Analysis</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>DA</td>
<td>Discourse Analysis</td>
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<td>H&amp;M</td>
<td>Hennes &amp; Mauritz</td>
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ILO  International Labour Organisation
MFS  Minor Field Studies
NGO  Non-governmental Organisation
SIA  Social Improvement Audit
SIDA Swedish International Development Cooperation Agency
SME  Small and Medium-sized Enterprises
2. Theory

2.1 China as a sourcing country

Since the 70’s, when the government of China abolished its monopoly on trading (Mårtensson, 2011) and China’s economy was rapidly developed (Ting, 2011), China has improved its position as the world’s cheapest production country (Fang, Gunterberg & Larsson, 2010). Nassimbeni and Sartor pointed out in 2007, that China possessed one of the world’s most dynamic economies. During the same year, the total number of textile and apparel companies in China reached 39 400 (Ting, 2011), where the underlying explanations might be a combination of a past with low wages, minimal regulations and cheap currency (Fang, Gunterberg & Larsson, 2010). The increased establishment of foreign companies in China had also an impact on the Chinese development of quality within production. Nordstrom (2000) stresses that Chinese factories in the late 90’s reached the level of demanded quality that western companies inquired. With this development as well as the long-term presence of a high production nation, costs in China have been rising in pace with the rapid economic development (Fang, Gunterberg & Larsson, 2010), whereupon China has been challenges by other low cost countries as the most important export industry nation (Mårtensson, 2011).

In spite of China’s well-developed position as a high production nation and its significant importance in the world economy, the matter of labour rights has during the last decades and up until today been irregular (Wang et al., 2009). Recurrent criticism has been given towards China’s policy on both labour rights as well as environmental responsibility (Cooke & He, 2010). Cooke and He claim that the growing interest from international parties on manufacturing in China has compelled actual actions from the Chinese government to improve worker conditions and rights as well as affects on the environment (Chen & Funke, 2009), conditions that during several years have been paid a very limited attention (Wang et al., 2009). Chen and Funke discuss the outlines and effects of China’s new Labour Contract Law that became effective in the beginning of 2008. The Labour Contract Law was established to perfect the labour system by clarifying rights and obligation in separate divisions in manufacturing with the aim to improve and protect employees and their interests (Chen & Funke, 2009). For example with regulations about limited amount of overtime hours and management signing written employment contracts with every single employee (Wang et al., 2009). With this law, the Chinese government has made a significant as well as ambitious statement to encourage factory managers to improve the factory environments as well as the balance in relation between employer and employee (Chen & Funke; 2009; Wang et al., 2009). Wang et al. also discusses the effectiveness of the new Labour Contract Law. In many cases positive differences have been noticed but in many others it has been found that management of factories simply fiddle with the regulations. Wang et al. presents an example where shop workers were forced by management to sign blank or
incomplete contracts, which in these cases makes the regulations rather toothless.

Fang, Gunterberg and Larsson (2010) state that society is swayed rather by man than by law and further that the Chinese regard regulations as something that ought to be circumvented in order to give face the ultimate importance. Therefor, legal framework may in many ways seem inoperable but simultaneously they play the role as fundamentals increasing society’s respect for legal practices (Fang, Gunterberg & Larsson, 2010). China is regarded as a high-context culture (Fang, Gunterberg & Larsson, 2010) where religion and differences in values and assertions may obstruct business related situation as aggravating circumstances (Nassimbeni & Sartor, 2007). Fang, Gunterberg and Larsson (2010, p. 124) mention the example that “…yes does not always mean yes and that no is used very seldom” and explain further that the intention of falsehoods many times lies in avoiding losing face and building reliance. Matters of “falsified” answers and documents are regularly occurring within CSR performances at factories (Pruett, 2005) – issues that will be evaluated in the following three chapters.

2.2 Definition of CSR

CSR can be explained in numerous ways and the definition of the notion is varied, leading to difficulties making further development and measure the outcome of it (McWilliams, Siegel & Wright, 2006). One way to describe CSR is the idea of which a company is taking responsibility and is given the possibility to interact the sustainability through the production and logistics of a product. The three head segments of CSR are financial responsibility, environmental responsibility and social responsibility (Dahlsrud, 2006). Per Grankvist (2009, p. 17) explains these constituencies as follows: “Financial responsibility – is about a company running it’s business in order to be lucrative and there through take responsibility towards the stakeholders. Environmental responsibility – is about a company running it’s business in an eco-friendly way and by it’s existence and operations not be a treat to mother earth in short term nor long term consideration. Social responsibility – is about a company running it’s business in a way which characterize a person as a good member of society with consideration and respect towards other citizen’s health and well-being, regardless if they are friends, employees, suppliers, business associates or customers.”.

Despite the three-division segment of CSR (financial responsibility, environmental responsibility and social responsibility) one share is often given more attention than the others. Thus, it is important to remember that these three head segments must be implemented together. To focus on just one of them or to implement only two and leave out a third segment conduces in a lack of balance in the sustainability work and the idea of CSR looses its context. To focus only on product sale may neglect the social issue and to only concentrate on workers right might not eliminate current environmental expenditure. Together, they (hopefully) bring out a profitable and lucrative state of the
company, which at the same time takes responsibility for the workers rights and is eco-friendly from article sketching to customer's purchase (Grankvist, 2009).

CSR is deeply and closely connected to the term sustainability. To use sustainability as a benchmark when developing a CSR-system creates durability of the supply chain in long term and by working with social and development questions from a CSR-point of view builds sustainability (Grankvist, 2009).

2.3 Code of Conduct

2.3.1 The commence of social issues within production

During the beginning of the industrialization in the 1800\textsuperscript{th} century, focus was held on business and the lack of knowledge concerning social issues, resulted in bad conditions for the workers. Thus, CSR is a rather modern term and according to Hopkins (2006) the social responsibility started to become an important issue in 1930’s, but more increasingly during the 1960’s. In the 1980’s the debate about social issues once again flared up among hostile activists, whom were against the relocation of company’s establishments from USA and Europe to developing countries in Asia (Egels-Zandén, Johansson & Solli, 2006). The fall of the Berlin Wall in 1989 gave a symbol to the collapse of communism and was also an important impact on the behalf of the fast growing globalization. After the Korea war ended in 1953, people became suspicious about governments in general as well as products they bought and started to become more aware about ecology and human rights (Hopkins, 2006).

Early movers to implement social responsibility within their business idea were, among others, Nike, Gap and Levi Strauss in the beginning of the 1990’s. These companies improved working conditions and facilities in their supply chains in order to counteract poor labour conditions for employees manufacturing their products (Pruett, 2005). Amengual (2009) declares this action to be a necessary result of activist’s claims on multi-international firms to take responsibility through their complete supply chain. Egels-Zandén (2006) mentions that revealed scandals concerning Nike’s and GAP’s business, forced them to operatively work with issues concerning child labour and similar issues.

2.3.2 Definition of Code of Conduct

To actualize the idea of making change, the high-profile companies in the 1990’s equipped themselves with what can be called a comprehensive checklist including resolutions (Pruett, 2005), not dissimilar to International Labour Organization's (ILO's) conventions (Ward, 2004). These types of documents were in its design written statements on how to “control” labour practices of suppliers abroad with a comprehensive objective to, in all intents and purposes, standardise as well as conduct CSR goals in the supply chain (Yu, 2008). As Ward and many others endorse, these guidelines including principles and standards are often refereed to as Codes of Conduct.
As precisely referred, Codes of Conduct are in their design not seldom closely connected to the core of ILO conventions (Ward, 2004). These conventions include recommendations or guidelines on subjects such as; child labour, forced labour, freedom of association, wages and hours, health and safety, etc. (Yu, 2008). With this lies also the explanation that many comparisons between separate Codes of Conduct encounter within the equality of their guiding principles. Although, the same separate Codes of Conduct are often permeated with the company in point's individual segments of specific CSR issues (Ward, 2004), which explains the occurring variety of formulations of separate Codes of Conduct (Yu, 2008). As Erwin (2011) states in the beginning of this highlight, a Code of Conduct can be considered as a tool of realizing a company's CSR objectives. A practical extension of the company in point’s attitude towards CSR related issues and how they in the best way are established and communicated to the individual parts of a company's supply chain (Erwin, 2011). A Code of Conduct can be regarded as a tool to align the guidelines decided in CSR related questions on board level – in brief said; a Code of Conduct is in many ways equal to implementation of CSR (Erwin, 2011).

2.3.3 Criticism against Code of Conduct

In his qualitative article, Lund-Thomsen (2008) highlights myths about CSR as a term with solely positive effects and claims that there actually appears a risk that social guidelines can do more harm than good. The fundamental idea of CSR, to do good, is of course idealistic but, as a relative new term children diseases tend to occur every now or then. Lund-Thomsen gives an example of a sophisticated water treatment program implemented in a leather factory, but where the lack of routines for hazardous substances in the end made the system inoperable. Dangerous consequences for both environment and human health may in such a case also be included, when the toxic waste might be dumped in a nearby river. Thus, by only implement a sustainable program, guarantees of actual improvement do not follow. Erwin (2011) points out the importance of that Code of Conduct must not remain superficial and ineffective documents but instead be realized realistically. Further, Lund-Thomsen emphases the many prospects of local government support during improvement work in factories that embrace environmental as well as social issues.

Furthermore, it must be pointed out that standards regarding working hours in factories in developing countries, often are formed at western head offices by western individual and are based on western principles on working conditions. In a culture like China’s, 40 hours working week is not customary and to prohibit overtime might result in that an employee is unable to provide for herself as well as her family (Lund-Thomsen, 2008). According to Lund-Thomsen, Chinese workers are in many cases not paid the minimum official wages, therefor the Chinese might consider overtime as a prospect or even an obligation to endure, rather then a problem. Supplementary, in a study made by Yu in 2008, it was found that guidelines regarding maximum hours and minimum wages did not
met up with the workers’ expectations on what improvement of their conditions should include.

To sum up and meet the criticism, Lund-Thomsen (2008) gives recommendations to CSR implementation improvement. He specifically stresses the understanding from the western head offices towards accepting variably customs in production countries. It is indicated that Codes of Conduct and CSR programs should be formed, if not together with, so with advises from the suppliers. This might execute unrealistic as well as naive directions (Lund-Thomsen, 2008) and ensemble with the organizational thought of implementing CSR into the business core, which will be described later on in the theory section.

2.4 Attitudes and CSR

2.4.1 Definition of attitudes

Attitudes can be defined in a person’s body position, approach or a point of view and has since 1920’s been an important notion in social science according to Rosén (2012). Rosén refers both back to Darwin’s definition of attitudes as an external behavior that can be observed as well as to Mead, whom has further developed this point of view and emphases that an attitude is shaped through developed competence for humans to collaborate in the society. Other voices state that an attitude is an internal behavior that cannot be visual observed but has been affected by reflections (Rosén, 2012).

Rosén (2012) states that there are numerous of phenomena in society that are affected by attitudes, both abstract subjects and behaviors. An attitude can also consist of different components, such as cognitive describing what a person thinks or knows about something, emotive describing how strong the attitude are and intention, describing the acting among the attitude. Attitudes can also be used as a template to understand how for e.g. a human are understood according to her/his words or action, which will be further interesting when evaluating results of this study to come. Additionally, attitudes are hierarchic and the strongest opinions have been shown hard to modify (Rosén, 2012), which will probably also compliance this study’s findings as well as purpose.

2.4.2 Attitudes and values within different cultures in a supply chain

Companies all around the world are these days processing environmental-friendly solutions, improving human resources management and similar to live up to society’s hard demands. The discussion about identifying and measuring CSR activities as well as evaluating the barriers to enter when introducing CSR into the core business are still moving forward (McWilliams, Siegel & Wright, 2006). Since the world becomes more and more globalized there is according to McWilliams, Siegel and Wright (2006) a growing interest among executives to find out about the barriers of CSR on a multi-national level. The managers are
aware of the differences between cultures and the attitudes to CSR, where standards and framework may differ from culture to culture. In addition, the managers are also aware of the pressure from stakeholders, suppliers, non-governmental organisations (NGOs) and governments to increase the commitment of CSR (Porter & Kramer, 2006).

A supply chain consisting of several companies may be complex, especially if the companies have different country of origin and thus different cultural background. Doole and Lowe (2008) describe attitudes and values as significant components of culture. Values and attitudes derive from cultures different perspective on for e.g. work, wealth and risk-taking. How a decisions-taking company motivate its subordinated employees may differ prominently between Swedish and Chinese corporations. According to Kraidy (2005), different views of cultural imperialism exist. The critics argue that the new generation is manipulated by the big industries values of identity and citizenship, were others see cultural imperialism as a positive diversity. Kraidy therefore mentions the modern notion concerning a composite of mixed origin, called hybridity, to come around the barriers.

2.5 Motives and CSR

2.5.1 Motives for working with CSR

It must be kept in mind that companies have different attitudes for building their motive to work with CSR. Some companies may present CSR reports just for marketing practice and to show “look how good we are”. The persuasive can in opposite be informative, where the company publishes real fact and the main purpose is not to sell the product by good-looking reports (McWilliams, Siegel & Wright, 2006). Jones and Kramar (2010) support this and also state that some companies begin working with CSR in order of society pressure, meanwhile some researchers think that certain companies are the one changing the society by working with CSR. Further the researchers describe the decisions making as reflected by the political nature of society, where power is embedded in social and economic institutions and managements. That is why the process among sustainability is value based and conflict with a value free society. This means that leaders and individuals must develop tools to understand the already existing framework and assumptions among sustainability and CSR, according to Jones and Kramar.

McWilliams, Siegel and Wright (2006) stress that it is hard to ascertain companies’ different motivations about why and how one is working with CSR activities. When the aim is to serve society with deduction of the firm’s profit, the motivation is to be Social Responsible. When the aim is to serve the bottom line of the firm the motivation is to be Private Responsible. The two motivations can be combined to receive good circumstances for the society and also provide profit for the company. According to McWilliams, Siegel and Wright studies have been done between the correlation of CSR activities and profit. The outcome
from these studies was both negative and positive but also neutral. Mentioned studies confirm the barriers soon to be mentioned about measuring the outcome of CSR activities and the advice to focus on right things concerning the core business of the company.

2.5.2 The strategic use of CSR within a company core business

When working more strategic with CSR it is important to keep in mind that the CSR activities should not only promote the company, but also the stakeholders and society (Burke & Logsdon, 1996). If CSR activities really pays off for the companies is hard to say. According to classic literature in the fields of business and society, short-term costs and long-term profit are associated with CSR activities. Difficulties concerning the measurement of CSR activities are the problem to identify the concept CSR but also to clarify the benefits from the activities. If one do not know what is measured, it is impossible to receive relevant statistical data (Burke & Logsdon, 1996). Freeman, Velamuri and Moriarty (2006) argue to not distinguish the notion CSR from the firm's core business. Unfortunately, the idea to separate these two notions is quite common in the western culture. Freeman, Velamuri and Moriarty further mean that this approach might lead to capitalism, resulting in interest solely for the business concept. To discuss business and social issues separately, the CSR activities becomes an add-on just to “do good work”, while it actual can generate “good work” and be useful for the company’s profit, if implementing the CSR issues to the business core concept (Freeman, Velamuri & Moriarty, 2006).

Another problem for companies elucidated by Burke and Logsdon (1996) is to identify their business strategy. What is the firm’s goal and mission and how could the implementation of CSR activities converge with the Code of Conduct? CSR activities are a strategic choice for the company when it create valuable support for the core business activities and improve the effectiveness among processes. According to Burke and Logsdon non-strategic behaviour exist, where there is non-profit interest even though activities are valuable for the stakeholders. Freeman, Velamuri and Moriarty (2006) mention that firms do not have to decide whether the activity is for social or business advantage. If hiring a new employee to the firm, it can improve the firm’s production and profit but also benefit society in terms of lower unemployment.

2.5.3 CSR as branding

A strong brand may be the most important factor behind a successful company and therefore an explanation of CSR as a branding concept follows. There has been a change of value from product to the intangible brand. According to Melin (1999) the brand must be considered as a significant competitive advantage, since the pressure from competitors increases all over the world. Although, as mentioned above, many companies struggle with the core of their brand. If one is able to reach out the meaning and heritage of one’s company concept, one has the key to successfully build a strong brand.
McWilliams, Siegel and Wright (2006) emphasise that CSR can be founded and performed with the aim of reputation building or maintenance, and must therefore be considered as a strategic investment. An important reminder is also the fact that on today's market it can be hard to add a CSR activity if the margins are low and the competition is intense. CSR can be used to meet the customer's demands for if e.g. some special features are requested. But if the consumers do not ask for a specific attribute, e.g. ecologic clothes, it is not strategically necessary to work with it. That is to say, company must focus on right matters to invest in, especially on a cross-country market, were different cultures strives for different aims and values (McWilliams, Siegel & Wright, 2006).

Melin (1999) also mentions that a brand delivers different values, such as risk reducing and image creation. When working with CSR risks for employees, and customers as well as the company's brand can hopefully be reduced. A brand can speak for quality and consistency and companies are afraid of be associated with scandals that can harm the brand image and the customer loyalty. Therefore working with CSR can be a suitable insurance for the brand and also reduce the risk for stakeholders (Werther & Chandler, 2005) and one way of doing so is to perform what will be evaluated in the next section – social audits.

2.6 Auditing

2.6.1 Social auditing

As Pruett (2005) mentions, a crucial part when implementing a Code of Conduct within a supply chain is the following-ups: the social audits. Amengual (2009) and Kortelainen (2008) emphasis the importance of execute according to a set system, where environmental and financial issues as well as social issues and improvements can be evaluated. Regular-based auditing elucidate the dues of the Code of Conduct compliance and can be regarded as an instrument to monitor the company's Code of Conduct (Pruett, 2005). The social audits can also be held in the purpose of risk prevention. As mentioned before, companies of today run the risk of medial investigation and must therefor prevent the issues described in the Code of Conduct of point (Egels-Zandén, Johansson & Solli, 2006).

Already in 1985, Vinten defined the meaning of a social audit, where he connects it with the organizational ideas and strategies. Vinten (1990, p. 127) points out the importance of an organisation or supply chains all divisions and effected parts in following quotation: “A review to ensure that an organization gives due consideration to its wider and social responsibilities to those both directly and indirectly affected by its decisions, and that a balance is achieved in its corporate planning between these aspects and the more traditional business-related objectives.”.

2.6.2 The complex nature of social audits
Monitoring is the first step of auditing, where data sampling through inspections is gathered to substantiate analysis and further auditing work (Amengual, 2009). Different auditors have different routines of gathering these fundamental observations. Amengual describes a company-factory case in South America, where the social audits were used as preventative monitors with “police patrol”-alike surveillance actions. These audits included in due course, interviews with managers and workers, observations of factory operations and facilities as well as scrutiny of significant paperwork and documents. Important to point out is that the factory in case, was informed when the inspection was supposed to take place (Amengual, 2009). Since the audits are pre-announced time and opportunities are given the factory to obviate normal conditions that not meet the company’s Code of Conduct, just during the auditing day (Lund-Thomsen, 2008). Pruett (2005) gives different explanations to why the audits are notified on forehand and one of these reasons is of practical circumstances. In Pruett’s report an auditor in Romania stated that all audits cost money and that this auditor could not afford to spend more money. Amengual explains further that the auditors in the South America-case found their inspections rather time consuming. The outcome of document reviews were reliant on the level of access of course, but also the paperwork’s’ trustworthiness and authenticity as well as collaboration from the factory management, fundamental matters but not always accurate. Time consuming and unsatisfying were also many of the interviews with factory employees. Amengual states especially the workers to be reticent with dread of getting fired as a plausible reason. In several cases, it has been discovered that workers have given falsified answers on audit questions because of a quest to rather satisfy factory management then auditors (Pruett, 2005). Lund-Thomsen clearly point out the risk of pre-announced audits, where factory management may handpick or coach employees before questioning of auditors. Uncritical analysis of falsified answers might contribute in defective auditing reports or actually fails to uncover many of the existing issues (Amengual, 2009). Issues that might be crucial to discover for an effective audit.

However, it must be pointed out that it is not reasonable to assume an auditor to disclose every violation to the accurate Code of Conduct, if the auditing is not held on a constantly every day basis. Amengual (2009, p. 408) states that: “the critical aspect is not the existence of missed violations, but the pattern of information that the auditors systematically overlook”. Pruett (2005) stresses that many auditors in interviews with shop workers simply extradite the aim and objective of the questioning, which might obstruct a frank and reliable relationship with the worker. Further, questions about credibility of the audit’s result may arise. In Pruett’s report, many differences are illuminated between management and shop workers replies in the same matters. This of course can be justified by several ideas – neglectful auditor attitude, hesitations from workers, palliative replications from factory management, cultural barriers, language barriers, interpreter’s impact on interviews and so forth. To achieve a reliable report, the auditor must fully understand the environment of the specific audit case. Amengual (2009) emphasise the importance of asking the right questions to the right people with the right people present during the interview.
Next step in the audit process will be to conduct solutions for adjustments to improve the situation of the factory. The objective of improvements is to integrate the factory with the customer’s Code of Conduct – including both management level and operation level in order to accomplish a true and long-term reform (Amengual, 2009; Pruett, 2005). Without factories’ knowledge of the aim of the code, it cannot be effective, which Pruett (2005, p. 77) firmly points out in following cite: “Codes cannot be effective when workers are not aware that they exist, nor of the rights enshrined them, nor of the means available to exercise these rights.”.

2.6.3 External or internal auditing?

As declared in the introduction of this thesis, a company can keep the social auditing internal as well as contract an external auditing bureau (Pruett, 2005). Amengual (2009) states larger textile firms often to carry out inspections internal meanwhile several Swedish SMEs engages a social auditor to implement CSR, according to Egels-Zandén (2007). A simple explanation is of course the lack of resources a smaller company may struggle with when it comes to finances, knowledge as well as human recourses.

From the results of an experimental case study the authors, Stefaniak and Cornell (2011), discuss the differences in objectivity between an internal auditor and an external auditor. These writers examine that an external auditor may tend to more lenient in its control and reporting of a social audit, since a beneficial relationship with the client may be of essential interest of the external auditor. Additionally, an internal auditor is general, according to Stefaniak and Cornell, more thorough and devoted with the sustainability policy of the company in point and wants to keep the process consistent in a long-term perspective. Conversely, external auditors can provide its employer with an independent audit, wherein prospect of objectivity should be rather extensive but where research have claimed it not to be (Stefaniak & Cornell, 2011). Questions can thereby be formulated regarding the objectivity of the external auditor but also regarding the course of inspection action of the internal auditor, since attachment towards the owner may involve tough demands of results.

2.7 Understanding CSR

Porter and Kramer (2006) claim in a qualitative study that governments compel companies all over the world and activists to demonstrate what consequences their business activities result in. Many companies have already made a prominent change by improving issues in society, but still many companies are far from making reality of what is written in documents. According to Porter and Kramer, the issue is divided into two subjects. The first problem is the struggle between business and society and the second problem is the difficulty for each company to formulate their own CSR program, instead of working with CSR in general. In an effort to reach competitive advantages and benefits for the society, companies should use CSR among their core business instead of thinking of CSR as just a constraint that creates costs (Freeman, Velamuri & Moriarty, 2006).
Unfortunately, voluntary work with CSR questions is quite novel, as mentioned above the responsibility often appears after revealed scandals or external pressure (Egels-Zandén, 2007). Thus, many corporations speak for themselves to handle the CSR problems, but seem to have trouble knowing how to make reality of what has been formulated. This problem creates a need for auditors in general but also auditors that are in this area because of real concerning (Freeman, Velamuri & Moriarty, 2006).

The background and motives of the initiative to CSR activities could be searched for in the attitudes – attitudes that further can be the explanation behind the way the motives are shaped. A cognitive attitude finds its expression through the emotive phase and will lead up to a motive in the intentioned phase. As mentioned, Jones and Kramar (2010) discuss about the embedded social, political and economical influences on decision-making in a business society. According to these authors, actors might not only include their own attitudes in their motives but is also reflecting attitudes from the environmental society. From the introduction and all way to the conclusion, attitudes and motives are highlighted to stay focused to the purpose of this study. The aim is to investigate different attitudes in a supply chain consisting of attitudes and motives built on values of Swedish versus Chinese actors.

Again, despite the central role of auditors and the extensive academic literature on Codes of Conduct, little is known about how auditors influence the implementation of Codes of Conduct. The sparse existing into CSR auditors also indicates that auditors are ineffective (O'Rourke, 2002) and that it is difficult to audit CSR issues (Egels-Zandén, 2007). It is thus critical to understand how auditing can be improved to ensure amendments of both workers’ rights at the point of product and Code of Conduct compliance.
3. Method

3.1 Research Design

This Minor Field Study is a qualitative, case study based on an exploratory strategy (Yin, 2009). The aim of this study is to explore and interpret the motives and attitudes in a triad of units, whereupon analysis on the output for further understanding has followed. The main purpose for designing our research as a case study was in principal of the need to perform physical observations where the relevant information existed (Yin, 2009). It has been constituted with an epistemological interpretative approach, where data and results have been interpreted (Bryman & Bell, 2011) from an ontological perspective of constructionism. Since the study is a contemporary event, evidences have been stressed from interviews and participant observations, according to Yin suitable for a case study design due to the facilities to study the case in-depth.

3.1.1 Case study – the Triad

As to investigate and explain the attitudes and understandings of CSR in different parts of a textile supply chain, fieldwork as well as elucidation and analysis have been constituted in a case study with three different actors. Accordingly, empirical data from actor 1, hereon named the Company, actor 2, hereon named the Auditor and actor 3 hereon named the Factory have been unconnectedly explored and thereafter again connected and treated in the purpose of this study’s main objective.

Since the main objective is to examine attitudes and map out the implementation of CSR through the supply chain in a triad, it was of highest interest to study the Company’s opinion on and definition of CSR in comparison to the factory hand’s opinion on and understanding of CSR.

The three actors were characterized of substantial differences in dimension, division and purpose. By using a case study that included three actors, fulfilling a supply chain instead of a single-case study of one actor, the aim was to reach an explanation through a holistic point of view, with emphasis on understanding. Restrictions and guidelines of the data collection and analysis were carefully handled, to receive high validity. The setup with three actors, with the aim of comparison of attitudes and reciprocal relations, was suitable for a comparative strategy – this also supported by Yin (2009).

The case study was adapted appropriate to bring compelled evidences in order to receive a more robust analysis and conclusion compared to the rejected single-case study of one actor. We were well aware of the time and effort requested from a case study with more than one actor. Advantageously, two persons can achieve more than one single investigator (Yin, 2009). Additionally, regarding the time limitations in this project, other strategies, for example a
history strategy have been evaluated. An advantage with case study compared to a history strategy, is numerous of contemporary evidence in forms of interviews, recent documents and observations. In a history strategy, evidence cannot be collect from example deceased people concerning the study (Yin, 2009). With the chosen case study design also an ethnographical fieldwork was included. Our role in the ethnographical research was mainly to interview the management and operators in the factory, as an observer-as-participant, meaning our involvement during interviews and observations were as little as possible (Bryman & Bell, 2011).

3.1.2 Qualitative method with a deductive approach

As described above, the triad of observations concluded one case with three different actors, concerning how the implementation of CSR connects to the Code of Conduct. Case studies are highly useful when questions like who and why are required (Yin, 2009). Due to our research question we have discussed who the units in the triad are, who is responsible for what action, and why the implementation is achieved or not achieved. Yin also states that the exploratory research is appropriate when the question what seeks an answer. The collected data, answered our research questions about; what are the motive behind the initiative of working with CSR and what attitudes can be explored?

To answer our research question, following qualitative method and deductive approach has further been used. Bryman and Bell (2011) state, that distinguish characterizes between a qualitative and a quantitative method occur. Since our main objective seek answers in term of words rather than numbers, the qualitative method were highly preferred. Words from respondents has been analysed in theme of attitudes to build an interpretation for our final conclusions, which is further described in chapter 3.3. The vision was to create an understanding about the three units’ attitudes about CSR, through investigation and research capturing words but also insights, surprises and the non-verbal expressions. The aim was to understand the social reality, which reflects in a qualitative method, which also advocates constructionism. Constructionism emphasises that the human is an active being who creates its own reality. As Bryman and Bell state there are notions created by man in the academic field, not possible to touch physically, and we as authors categorise CSR as one of these notions.

Since the purpose of this study is to investigate the attitudes about CSR, a deductive approach has been engaged. A deductive approach suited our purpose when using the qualitative method as well as the epistemological interpretative approach to explore how the different actors were related to each other. The deductive approach is appropriate when the researcher knows about a particular notion and seeks an explanation through collected empirical data to prove and draw conclusions to the theory. The theory in this thesis was first compiled, followed by the collecting of empirical data, to explore the motives and attitudes among the notion CSR.
3.2 Data collection

3.2.1 Anonymity and time disposition

As one can understand above and below, we choose to make the triad’s actors anonymous due to the handling of a rather “delicate” subject. We noted a risk in reluctance or/and extenuated answers of respondents if the respondents were aware that their replies would be published together with both personal name and company name. Another discerned risk with declaration of the respondents’ identity is that they can harm not only themselves but also others connected to the supply chain. The aim with this study is not to condemn or judge, but to map out opinions and attitudes to CSR. Bryman and Bell (2011) emphasize criticism against arguments of the harm-to-participants principle, due to the fact it is not possible to discover all doubtful circumstances (Amengual, 2009). Nevertheless, robust research have proved the CSR issue to be challenging in order to collect trustful answers and give transparent discussions (Pruett, 2005), whereupon we decided not to supplement the study with one more risk – to not gather accurate data.

Data collection in the Company case has approximately been the most time as well as effort consuming. The explanation lies neither in impotence degree nor priority of interest, the triad’s three actors make the whole, but in a higher degree of practical impediments. Impediments such as cultural differences, language barriers (Doole & Lowe, 2008) and long-distance transports in China, but also parameters equal with ongoing access to respondents and suspicions against the real purpose of this study (Bryman & Bell, 2011). In addition, data about a specific factory worker’s attitudes to CSR has been sought and found in face-to-face interviews, which obtained equal reliance and trustworthy answers. Possibly and assumedly, a factory worker might never have reflected the notion CSR, therefor written words on this respondent’s attitude are not found. In contrast, and as mentioned before, Swedish textile companies were these days keen on giving accurate information, such as the one we searched, towards costumers, stakeholders and media through Codes of Conduct as well as sustainability reports. According to Bryman and Bell data could be collected by electronic contact. Represents of the Company and the Auditor were conferred and interviewed on phone as well as online, in the meaning of e-mails, due to both the respondents’ schedule as well as this study’s writers geographical location.

3.2.2 Choosing respondents

Choice of respondents has been made through a so-called snowball sampling, which has appeared to work as a successful method for this study, since the authors could reach all three units in the triad with only the first contact to start with. The Auditor was the primary choice of this study, concerning the authors’ interest and the contacts available for this subject. Further, the auditor allocated us a company, whom the Auditor was auditing at this time. The Company was introduced and data could be collected and also the third part in the triad was
introduced after this meeting. The Factory investigated in this study was allocated to us through the Company, since they were having their production in this factory. The Factory fulfilled our respondents, when data could be collected through interviews and observations on field at the Factory. As mentioned, the three different actors were named after their positions held in the supply chain, the Company, the Auditor and the Factory. Below follows short presentations of the units in the triad, along with motivation and explanation of designated respondents and also the performance of data collecting.

3.2.2.1 Act 1 – The Company

The Company is a Swedish shoe brand, based in Gothenburg, Sweden and was established in 2001. The Company’s aim was to offer customer sport shoes with the best possible traction. The Company stated their core values to be built on innovation, creativity and integrity. A spokesperson from the Company stated that frustration over the scarce of shoes with good traction forced them to start the business.

The Company’s attitudes and definition have been collected from qualitative semi structured interviews (contingently per telephone/Skype) as well as written references, such as published document on Code of Conduct. Those documents have partly been collected from the Company’s webpage and partly from recommendations received from the Company’s Quality Manager. The pseudonym given the Quality Manager found its explanation within the field of responsibility pertained to this respondent. During the factory visit in the province of Guangdong in China, the Quality Manager invited us to an observation tour together with factory management. Hereby, the ethnographic role as observers-as-participants was adopted with the combination of mainly interviews and some observations with limited participation (Bryman & Bell, 2011). The observations were supplemented with unstructured questions, replied by factory management and reflected by the Quality Manager, which contributed in deeper understanding of physical factory terms.

The reason to why the Company was chosen to become a part in this triad belongs to the accordance with the preferences that were formed according the study’s main objectives and the predetermined Auditor, soon to be evaluated. The Company was a Swedish firm with sourced textile manufacturing in China and had contracted the external Auditor with the purpose to carry out social improvement audit(s) at its supplier. The Quality Manager was mainly based at the Company’s head office in Sweden, where he was a part of the management forming the guiding CSR-principles. Additionally, the Quality Manager visited manufacturers in China several times a year and could thereby reply questions regarding the CSR vision of the Company as well as experience of supplier and factory.

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2 Interview with the Quality Manager, the Company, 23rd of April 2012
3.2.2.2  **Actor 2 - The Auditor**

The Auditor was a Swedish company based in both Gothenburg and Stockholm, Sweden and in Shanghai, China. Additionally, the Auditor engaged local employees in “manufacturing provinces”, such as Guangdong, on special projects. The audit company was registered in 2009 and then stated the background of starting up the business. The service offered by the Auditor is during the whole process (development, production and delivery) preventive action, instructing and pre-testing, control/maintaining quality, late adjustment and customer feedback. The Auditor’s aim was to help their customers make more money by hiring them to reduce risks and maximize the profitability. This action could take place in either quality issues and/or social/environmental issues. It must be noted that the Auditor offered both quality inspections and CSR services to customers. The quality inspections were not incorporated in this study, as CSR played the role of the significant topic.

The method of data collection from the Auditor was not unlike to the course of action in the Company case. Qualitative semi structured interviews was held with both the Auditor’s CSR Manager and the China Office Manager. The Sweden based CSR Manager was the main founder of the Auditor’s CSR division and routines of practical audits at manufactures and therefor importance to this study. The decision of naming the CSR Manager by the equal alias was explained by just mentioned preferences, according to the relevant background and responsibility among CSR management. With this background it had to be preconceived that the CSR Manager possessed an extensive knowledge of the Auditor’s attitudes to CSR. The CSR Manager performed social improvement audits and owned a central part of the supply chain. The China Office Manager was chosen because of the many years of experience in Chinese business as well as recurrent visits at manufacturer’s factories during social improvement audits. Due to location and position in China this respondent was given the alias the China Office Manager. Both the CSR Manager and the China Office Manager were interviewed because of the design of our research questions.

We tried to keep the amount of respondents in the Auditor case rather low, but still of course credible for the study, in order of a deeper understanding of the Auditor’s attitude on CSR as a company. There was simply no reason to enlarge the number of respondents when credible answers had been given us in the interviews already performed. Although, one prospect of our Shanghai location during the study was to resubmit with previously completed interviews with supplementary questions. Documentations, different of character but alike the ones from the Company, has been collected from the Auditor as well.

Against the background that we received a scholarship from SIDA and that the study is required to encourage development in a developing country, the Auditor and its CSR operations seamed most suitable according to the opportunity to discuss human rights in the Chinese textile industry. A key prospect of choosing

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3 Interview with the CSR Manager, the Auditor, 20th of February 2012
4 Company Presentation, the Auditor, 2012
this specific auditor was the fact of its Shanghai office, to where we were invited and which gave us a well-located point of departure to the fieldwork. Further interesting, the Auditor asserted themselves and their business idea to be unique in the market, whereupon they had according to us much to prove. The Auditor played the central role when choosing both the Company and the Factory, next to be defined.

### 3.2.2.3 Actor 3 – The Factory

The Factory that is producing the Company's products is located in Guangdong, China. This textile factory was mainly producing shoes and was chosen of the Company for its expertise. The production constituted of a line production divided into four floors. The machines that were used to produce the shoes were quite simple and the environment seemed to be relatively clean and safe. The Factory also provided quality control tests.

From the Factory, qualitative face-to-face interviews based on semi structured questions was held at the Factory in order to bring out attitudes and understanding on CSR and its potential outcomes. We regarded the possibility of volatility higher in individual interviews than in group interviews, mainly because of the Chinese society, where social approval is fundamental and where other individual’s thoughts often reflects in a collective (Doole & Lowe 2008). We believed that the result of a number of individual interviews might be richer than one group interview. In leave and degree of access, observations on factory operation level have been held, with purpose both to study the actual implementation of CSR and to produce our own experience of in what ways the factory manage safety and demanded facilities (such as access to clean water and toilets). The observation contributed to our further understanding in the field of CSR and also to understanding of how CSR is practically received and adapted at shop floor level. The observation took place before the questioning of the Factory respondents and was therefore valuable when designing questions to the interviews. The Factory represents the final link in our triad chain. The Factory was one of the Company's suppliers and the Company had contracted the Auditor in purpose of perform social improvement audits at the Factory. Because of its location in the province of Guangdong, China it also met up with the claims from SIDA of evaluating developing questions.

Interviews as well as observations at the Factory took place on the 27th of March 2012. The interviewers were introduced to the factory management by the Company's Quality Manager, who temporarily figured in China with the purpose to perform preannounced factory visits. Thus, one can also regard the visit by the interviewers to be preannounced. During the factory visit representatives from both the Company and the Auditor were present. Consequently, the interviewers might be regarded as an extension of the Company and/or the Auditor, which in turn might have influenced the answers given by the respondent in the

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5 Interview with the Quality Manager, the Company, 27th of March 2012 & Factory Observation, 27th of March
interviews. This was taken into count when performing the analysis section of this study.

The amount of interviews during the factory visit was four. Three of these were held with workers on operation level and the forth interview was held with a representative of the Auditor. The forth interview resulted in an interesting input regarding the trustworthiness of the replies in the first three factory interviews, which have been evaluated to conclude the findings in the Factory case.

The questions in the three first factory interviews were asked in English, where the respondents replied in Chinese. During the first interview with Worker 1, the Company’s Chinese but English speaking coordinator was translating. The Auditor’s representative was also present. During the second and the third interview with Worker 2 and Worker 3, the spokesperson of the Auditor was translating but no other person was present. The respondent of the forth interview was identical to the interpreter in the second and third interview. The respondents from the factory interviews were named by position and number in purpose to facilitate for the reader and to easily solve out what was said by whom. They were not given individual names in purpose of no meaning, since the answers from the workers were evaluated on the same level for all three of them.

The respondents were asked questions about their background of manufacturing, practical usage of CSR related issues and embedded questions about their attitudes to social responsibility as well as foreign involvement into the Factory’s operations.

We aimed to interview respondents on both management level and operation level to build ourselves views and opinions of the Factory’s planning of CSR as well as practical implementation on operation level. Therefor, it must be emphasised that the director of the Factory was requested to take part as a respondent in this study. The fact is that the factory director did not expressly decline this invite but did not either agree. Interviews with respondents on management level of the Factory were therefor not accomplished.

3.3 Analysis method

3.3.1 How to evaluate an attitude

As declared in the theory chapter, an attitude could be claimed to consist of three components; cognitive, emotive & intentional attitudes. These components have been the objective of our analysis of the data collected from the respondents, concerning their opinions and acting and the dignity of it. Further mentioned in the theory chapter, attitudes could be used to construct a frame of the respondent’s words and acting of understanding the person. Additionally, this has packaged the analysis in a facility format to ultimately draw conclusions and
comparisons between the different cases in this study. By analyzing attitudes through this strategy, the research questions of this study have been solved out and distinctive answers about initiative, attitude and motive have been delivered.

3.3.2 Discourse Analysis

The collected data was evaluated with discourse analysis (DA) (Bryman & Bell, 2011). CSR as a conception has been stated as abstract, due to the fact of the outcome of a constructionist ontology (Bryman & Bell, 2011). CSR is a social phenomenon, which is not created within a pre-given category but is constructed by interaction in society and is thereby a social product. The knowledge and understanding connected to the character of CSR is indefinable and constantly reversing, depending on whom describing CSR (Bryman & Bell, 2011). Bryman and Bell (2011, p. 22) explains the meaning of another social construction as: “likely to be a highly ephemeral one, in that it will vary according to both time and place”. They are further stating that the conception language and how it is applied, are essential aspects when evaluating within constructionist ontology.

With this background, a discourse analysis appeared appropriate, since we aimed to construe different forms of communication and not only natural talk, in which conversation analysis (CA) otherwise is common (Bryman & Bell, 2011). The idea was to sort out how the respondents in interviews and written words were talking about CSR and their attitude to it, and not in detail what they were saying. But, as also intended in CA we have searched for an underlying context in collected data, primarily with explanation to that CSR is in fact a social constructed phenomenon within the ontological approaches.

Discourse analysis has been applied on transcript interviews as well as documents (company presentations, Codes of Conduct etc.) in all three actor cases due to their difference in appearance. The three separate divisions in the triad have, in the state of gathered data, been handled differently from each other. Therefor, it was of highest interest to analyse what was found with the same analysis method – discourse analysis.

3.3.3 Transcription

The collected interviews have all been transcript, word by word, directly after they took place. This was to support fresh impressions and great memory, hence supply high trustworthiness. The transcript interviews were shortly thereafter coded into different themes and keywords, in order to bring out an analysis with high validity. The answers and also the received documents were coded into different colours, representing the different themes developed from our research questions and theory chapter. These themes covered background and motives of the initiative behind CSR activities, attitudes about CSR, cultural imperialism and implementation of CSR in the supply chain. These themes further built the topics for the result and this effort carried out a tool to easy navigate the further progress and facilitated the analysis process. The mentioned themes have been
the key concept from the introduction to the conclusion, in order to stay focused about the purpose of this study.

3.4 Research location

Yin (2011) pointed out the possibility of compiling a successful case study without actually leaving the office, which was a suitable approach for investigating the Company and the Auditor. In contrast, Bryman and Bell (2011) emphasized the advantages of the ethnographical role in field studies and the importance for a researcher to define cultural comprehension, which has been of important matter when we aimed for an understanding of Chinese factory workers idea of what CSR was and should be when we investigated the Factory. With this in mind, a validation of both research structure (case study) as well as chosen whereabouts during research (Shanghai, China) is easy justified.

Referring also to the Factory as the most time consuming part of the study, the location arrangement was rather easily supportable. The case study particularly took place in Shanghai and surrounding, where research as well as actual writing was achieved. The collected data from the Company and the Auditor had its initiation already in Sweden but was continued from our office in Shanghai. The office was equipped with Internet, which facilitated data collection as well as tutor dialogue.

3.5 Criteria of quality

The research design and methods has been declared and now on we will mention relevant criteria of quality that we have considered for business research, to achieve high credibility. The most common criteria are according to Bryman and Bell (2011) reliability, replication and validity. The qualitative method used in this thesis, advocates the use of validity, trustfulness and relevance, since there was no possibility to prove the replication and reliability in a qualitative research, due to the fact that the answers given in the interviews and the observations made in the Factory occurred there and then. They were regarded as most changeable during time.

The designated criteria substantiates also to Yin (2009), as validity was declared to be an appropriate term for a case study. There exist different types of validity, distinguish from each other. The most relevant type for this study was external validity, describing if the results can be generalized and if the reality are measured. Criticism was directed against generalization of case studies, according to Yin, as criticizers believed it is hard to apply a case study into a holistic perspective. However, in our theoretical analysis we have given a pointer on how this research can be implemented into additional organization theory and are aware of the difficulty of practical adaption for other companies. Further effort to strengthen the internal validity of this thesis occurred in pre-testing the interview questions on objective Chinese-born persons to avoid wrong formulated and offensive questions.
To enhance the trustworthiness we kept in mind that we selves have chosen our “own” topic, CSR, and that we during the entire process had to evaluate our degree of objectiveness. Did we have personal opinions? Would personal opinion be equal to a negative matter? Indeed, we were coloured by our individual assessments, depending on our genuine interest for human rights. Our genuine interest was though a strong motivation to bring out deep and relevant facts for the result. We were aware about the objectiveness, thus a fundamental approach was to avoid the impact of own opinions and we also evaluated our selves when collected data and analysed the result. Example on how we have enhanced the trustworthiness when collecting data was to utilize interpreters, not hired by the Factory when performing the interview in the respondents’ native language. By way of exceptions we preferred interviews in English for those respondents proving excellent English skills, to not lose essential information on the way. There were unfortunately disadvantages using an interpreter in the way of misunderstandings during the interviews. Indeed, the ultimate approach would have been interviews in our own native language, Swedish. Due to the lack of Swedish skills among employees at the Factory, the interpreter was the best choice of consideration, in spite of the disadvantages.

As mentioned earlier in this thesis, the participating in field demanded more time and effort than the other cases and had strong relevance to our topic about CSR attitudes in the supply chain. When participating in field, we were able to observe with our selves as tools and speak to primary sources, which gave the actual data we needed. The relevance of this topic was significant for the actors involved in this field study, where it enabled understanding and improvement to the three companies. The research review in the introduction indicated evidence for the absence of auditors’ impact in the supply chain regarding the implementation of Swedish companies’ Code of Conduct into factories. It was of great importance for all concerned units in this study, that the investigation in field concerned different attitudes and the outcomes from it. In the end, we aimed to build a theory with relevance for further investigators to continue develop interpretation. CSR is a notion, which concerns different groups and organizations, simultaneously as many companies had troubles to implement their Code of Conduct through the whole supply chain. By present an explanation about the relationship and attitudes, in this topic, great relevance was performed.
4. Result

4.1 The Company

The Company was as mentioned in the method a shoe brand collaborating with the Auditor. The Company case has been based on both document analysis of the Company’s Code of Conduct, webpage and CSR introduction letter to suppliers as well as an interview with the Company’s Quality Manager.

The Company was at the time of contributing this study, just in the beginning of implementing CSR into both its business core and its supply chain. Therefore, the information about the background and motive to the CSR work was rather current, which made it interesting from an investigative point of view. Questions such as what the main focuses were of the on-going implementation and what the Company did state as the most important parts of the implementation were asked.

4.1.1 Background and motives to CSR initiative

During the last couples of years, the Company had been growing in size as well as in turnovers. The Quality Manager held this progress as one important factor to why the Company started their CSR accomplishments at this point in their business operations. Further was stated that by becoming bigger the possibility of claiming more from suppliers also improved, but the Quality Manager further explained that China as a sourcing country, at the point of the interview, was both instable and difficult to control. Especially for a rather small but growing company. Other disadvantages mentioned were the barriers of communication – geographical barriers as well as language barriers.

The Auditor was connected to the Company three years before this thesis was written, but within the area of quality inspections. As a logical development the Company also contracted the Auditor to perform social audits. The growth of the Company both supported and demanded a social responsibility compilation and the already established contact with the Auditor facilitated further performance in different fields where barriers, such the ones mentioned above, could be excluded.

The Quality Manager pointed out the importance of that, in an early stage of a company’s development, connect CSR related thoughts to the business operations. “If an early strategy plan has been done before development and production, CSR related complications are likely to decrease.” The Quality Manager stated that the Company had made attempts to operate CSR related

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6 Interview with the Quality Manager, the Company, 27th of March 2012 & Factory Observation, 27th of March
7 Ibid.
8 Ibid.
questions independently, but since internal asserts was lacking and the growing company required other kinds of focus, external expertise became an evidently choice. Although, hopes have been expressed to control CSR issues internal within five to eight years⁹.

4.1.2 Attitudes to CSR

The Quality Manager was asked to describe CSR with five words, whereupon the interpretation was equal to that common sense and thoughtfulness will build sustainability within the lifecycle of a product¹⁰. To the question if the Quality Manager believed that a shop worker at the Factory would reply with the same context in answer, a reply in the negative was given. Reasons to why differences were expected to appear were explained by the dissimilar appearance of knowledge as well as diverse backgrounds. The understandings made by the Quality Manager were in the commerce of integration within the Company's business core, according to the respondent, starting at the highest level and incorporated within every division. It was further stressed that the Quality Manager felt supported by company management regarding CSR in the daily routines, even though: "it is sometime hard to know what I am supposed to do and how I can make it more structured”¹¹.

The Company's Code of Conduct was formulated by means of the Auditor and was supposed to maintenance and guide the Company in different kind of situations. The Quality Manager emphasised its flexibility and clarified that the aim of the Company's inspection was not to monitor or act police like, but to express values and expectations¹². As an example, the matter of child labour was in the Company's Code of Conduct permitted. The Code of Conduct clearly pointed out that there would be no acceptance of employees under the age of 15 years in the factories where the Company put their orders¹³. Although, the Quality Manager expounded this to be different from case to case but held guidelines as in general thoughtful and well grounded. The most crucial was, according to the Company's Quality Manager, that the children still should be children¹⁴. The Code of Conduct also declared that the Company must have a written procedure plan, in a hypothetic presence where child labour would be uncovered¹⁵.

The Company's Code of Conduct pointed out the importance of the shop workers rights to freedom of association and that the Company itself would endorse and also respect these kinds of activities¹⁶. Even though, it was by the Quality

⁹ Ibid.
¹⁰ Ibid.
¹¹ Ibid.
¹² Ibid.
¹³ Code of Conduct, the Company, 2012
¹⁴ Interview with the Quality Manager, the Company, 23rd of April 2012
¹⁵ Code of Conduct, the Company, 2012
¹⁶ Ibid.
Manager stressed that training of every single employee at the Factory was not a realistic goal within the nearest of years. Involvement of management level was set by date\textsuperscript{17}, but still – would information of e.g. freedom of association be forwarded to those directly affected by it?

The Quality Manager has evaluated a potential positive sales feedback but did not hold this as the main reason to why the Company begun its initiative to CSR. The explanation could mainly be found in the belief that customers on their market were not prepared to pay more for “additional” attributes. The Quality Manager also stated that these kind of additional attributes might be easier to apply on products in e.g. food industry than in the textile industry, with explanation that the margins are lower. Further, the Company tried to work transparent with its CSR policies together with many other Swedish companies, with the aim to achieve collective and more intense response from the Chinese suppliers.

4.1.3 Realization of Code of Conduct

As mentioned, the Quality Manager held no expectations on training the employees in the Factory\textsuperscript{18}. As a matter of fact the Code of Conduct was brought to close with the sentence to follow, which points out a set aim for an all-pervading implementation: “There should be a policy for how to implement and work towards this Code of Conduct. The Code of Conduct should be put up on a wall, easily noticed by all staff.”\textsuperscript{19}.

The Quality Manager was asked on which prospects the Company had to pass on its attitude to CSR at the Factory. The reply given was equal to that the first of many steps was to involve factory management and have them take responsibility for further education, at least during the first years. At the pace of long-term contracts possibilities of collaboration would emerge. The Quality Manager also pointed out that the quality of the products would improve during a long-term supplier relationship. The reply given further included the importance of the product’s nature, as well as to see the whole perspective\textsuperscript{20}.

Towards the other end of the supply chain, towards the end-customer, the Company seemed to take limited responsibility. As mentioned above, the Quality Manager mistrusted the customer demand for highlighted social responsibility activities. Although, it was pointed out that information about the activities must be available for those customers and equivalent interested in searching for it\textsuperscript{21}. Nevertheless, the lack of this kind of information on the Company’s webpage was by the time for both the interview and the result compiled a fact.

\textsuperscript{17} Interview with the Quality Manager, the Company, 23\textsuperscript{rd} of April 2012
\textsuperscript{18} Ibid.
\textsuperscript{19} Code of Conduct, the Company, 2012
\textsuperscript{20} Interview with the Quality Manager, the Company, 23\textsuperscript{rd} of April 2012
\textsuperscript{21} Ibid.
According to the Company’s Code of Conduct the Company itself was responsible for that safety equipment was truly safe, correct for the separate parts of the production lines and also accurately used by the operators. The Company purposed by this to be able to provide a safe and healthy work environment for shop workers at their supplier’s shop floors\textsuperscript{22}.

The Company was very rigid about issues that involved working hours and minimum wages. ILO was mentioned in the Code of Conduct together with recommendations of maximum working hours per week, which was equal to that no one should work more than 48 hours during one week. The Company did not support overtime hours that passed 12 hours per week and pointed also out that overtime should always be voluntary\textsuperscript{23}. It was further important that the workers, except for minimum wage for “normal” working hours, got “correct overtime compensation, obligatory insurance and correct compensation for Annual Leave and Public Holiday”\textsuperscript{24}.

### 4.2 The Auditor

Mentioned in the method section, the Auditor was based in Gothenburg and Stockholm, but operated also in China. The following result has been collected both in Sweden from the CSR Manager as well as in China from the China Office Manager because of their expertise, required for this thesis.

#### 4.2.1 Background and motives to CSR initiative

To answer the first research question, the following text will bring up the reason behind companies initiative of working with CSR. The China Office Manager, whom had long experience in the textile industry and a genuine interest in CSR related matters, and the (soon to become) CSR Manager met in China, where they both were working. The CSR Manager had collected a great deal of experience of CSR issues in China during several years and possessed a genuine knowledge on field- and factory working conditions.

The CSR Manager was connected to the Auditor and begun to create routines and fundament of the Auditor’s CSR segment, including the routines of the Social Improvement Audits (SIAs)\textsuperscript{25}. Creating tools and routines established a unique concept to work against the criticism concerning auditors being ineffective, as claimed by O’Rourke (2002) and others. But, except the genuine interest the China Office Manager also stated that the initiative behind extending their business with CSR serviced, of course was regarding to egoistic as well as business-like reason. To resubmit to the research question about Swedish SMEs’

\textsuperscript{22} Code of Conduct, the Company, 2012

\textsuperscript{23} Ibid.

\textsuperscript{24} Ibid.

\textsuperscript{25} Interview with the CSR Manager, the Auditor, 20\textsuperscript{th} of February 2012 & Interview with the China Office Manager, the Auditor, 11\textsuperscript{th} of April 2012
background for working with CSR, companies contacted the China Office Manager with issues and problems including quality, CSR and factory development. These issues were according to the CSR Manager, common problems in the textile industry at the time of constructing this study. Swedish textile companies were asking for help offered by someone operating in both Sweden and China – at the same time near to the company’s head office in Sweden as well as to where the production was actually performed. The Auditor was one of “someone”, able to handle cultural differences and further stated by the China Office Manager, the core idea was to help Nordic textile companies to find the right suppliers and make good business in good ways.

As told by the CSR Manager, except the motive of closeness to customers and factories, also the, in this context, readable reports in well-formulated English were highly appreciated by the customers. This with explanation in that the customers also could improve their knowledge about which CSR level the factories possessed and as well as make further improvements to develop these factories. The reports were created for the Company as guidelines, since the Auditor was not a certified organization. The Auditor developed the SIAs along with the customers’ demands and the main objective was to be a non-judging organization, avoiding bad stamps on a paper. The Auditor’s strategy was to work with comparative small companies to offer start-up-kits with reports and educations, in where it always started with an analysis of the customer; where are you today and where do you want to be tomorrow? After the analysis was completed a Code of Conduct was complied to start the improvement work.

As can be read in the Auditor’s SIA Welcome Kit, the Auditor offered both quality inspections and SIAs. Mostly, as told by the China Office Manager, the initiative when signing a contract with customers was taken by the Auditor. A few companies had contacted the Auditor with requests of quality inspections but when it came to social inspections the initiative was merely taken by the Auditor.

The CSR Manager emphasised that the maturity of the company constituted a crucial part concerning reasons why working with CSR. Further stressed was that companies were very afraid of being seen in bad conditions, and therefore began working with CSR as risk management. Both the CSR Manager and the China Office Manager held hope towards a trend, where companies will regard that there can be a more directly profit of working with CSR than just risk insurance preventing.

\[26\] Ibid.
\[27\] Interview with the China Office Manager, the Auditor, 11th of April 2012
\[28\] Interview with the CSR Manager, the Auditor, 20th of February 2012
\[29\] Ibid.
\[30\] Interview with the CSR Manager, the Auditor, 20th of February 2012 & Interview with the China Office Manager, the Auditor, 11th of April 2012
4.2.2 Attitudes to CSR

The China Office Manager believed that CSR issues would become more and more important. The China Office Manager further stated that the notion began to generate interest in the academic world around 10 years ago, but in reality it was still not a fundamental notion for business. Forth, attitudes to CSR activities will be explored to answer the second research question about attitudes among the supply chain. The China Office Manager further stressed that it was hard to get the owner and management of a company interested in CSR activities and that they solely saw it as an add-on cost – comparable with buying an insurance to not end up on the newspapers’ front page. There were, according to the China Office Manager, journalists who aimed merely to highlight scandals about bad conditions concerning company’s factories, and therefore companies preferred to buy an external audit as an “insurance” to point out that they did at least something\textsuperscript{31}.

The Auditor stated that a company not working with social and environmental issues ran a bigger risk, seen from a stakeholder perspective in both short and long term, to waste the company’s resources and create negative publicity\textsuperscript{32}. The China Office Manager thought it would be rather far-fetched to say that a Code of Conduct could involve a risk for the workers. To clarify that, the China Office Manager meant that a Code of Conduct should not be a legal dictionary, but a guide and plan for how the work should be done\textsuperscript{33}.

The China Office Manager mentioned a rather extensive and troublesome issue when implementing CSR into a supply chain. If the buying company suggested improvements for the factory and the factory responded positive to the suggestions, it probably end up in costs for the factory and rejection from the purchasers, since the product price might rise because of the cost combined with the CSR activities. Purchasers tended to reject trading if the price was raised and chosen another supplier with cheaper products. This is a situation, in where the company implementing CSR activities bits themselves in the tale. The China Office Manager pointed out the importance of that Nordic companies must pay attention to provide knowledge and sanction through the organization into these questions. A supplementary question asked by the China Office Manager was; “How much more expensive can it get?” Further, the China Office Manager stressed that the end consumer is not willing to pay more for a t-shirt than what she/he is used to. The lack of the end consumers’ knowledge of Chinese workers and their sometimes bad working conditions is equal to a barrier that may results in a customer demand of even lower prices. A concern, which might further threaten CSR development in developing countries\textsuperscript{34}. The CSR Manager stated that “What we do is nothing the customer can see”, meaning that it was

\textsuperscript{31} Interview with the China Office Manager, the Auditor, 11\textsuperscript{th} of April 2012
\textsuperscript{32} Company Presentation, the Auditor, 2012
\textsuperscript{33} Interview with the China Office Manager, the Auditor, 11\textsuperscript{th} of April 2012
\textsuperscript{34} Ibid.
hard for the Company to measure if the Auditors work had resulted in positive features reaching the end-consumer35.

The China Office Manager discussed the issues to solve out what CSR really is, mentioned good working conditions and ethical defensible forms of co-operation in terms of values resulting in a bidirectional winning. It was difficult to get a definition about it and the China Office Manager also stated that companies were struggling with it as well, proved by copied Codes of Conduct from e.g. Hennes & Mauritz (H&M). The China Office Manager further explained that H&M had a good reputation around the Code of Conduct construction, and therefore other companies desired to follow in their steps due to of their own lack of knowledge36.

The Auditor aimed to convince the management and purchasers about the positive outcome from a CSR activity in terms of profit and not only costs. The fundament needed to be shaped on a high level in the organization and get acceptance through the whole supply chain according to the China Office Manager. The China Office Manager was sceptical to certain companies' pursuance after the decision making on CSR implementation. Some companies that conducted inspections were satisfied with that and did not do any following up or barely read the reports. They just wanted the right to say; "We have got CSR in our business, look how good we are"37. The CSR Manager meant that people in general liked talking about CSR but when it came to the financial matters aligned with CSR, few were willing to pay for it, which support an interesting idea to further elaborate38.

The attitudes and refutation from the factories management during SIAs were according to the CSR manager mostly positive. Although, the CSR Manager experienced sceptical refutation from the workers, since they in general have a suspicious attitude to authorities, which were a pity, since the workers represented the main group of the supply chain the Auditor wanted to help39.

The CSR Manager answered to the criticism about auditors being ineffective by stating that it was actually quite amusing to read about that, since the criticism given was equal to what the Auditor did not perform. The criticizers meant that the follow-up was scarce and that the reports and documents from an audit only ended up in drawers. The Auditor stated that they were working in a high degree with follow-up and also investigate whether the head office of the company were doing good instead of just sending demands on improvements to the factories. Both the CSR Manager and the China Office Manager though agreed on the criticism about ineffective auditors and that it was a problem. Since the Auditor was not a certified organization, they could not force anyone to do the improvements. In the end it was, according to the CSR Manager and the China

35 Interview with the CSR Manager, the Auditor, 20th of February 2012
36 Interview with the China Office Manager, the Auditor, 11th of April 2012
37 Ibid.
38 Ibid.
39 Ibid.
Office Manager, up to the company to be responsible and make the decision on whether to take action or not.\(^{40}\)

4.2.2.1 Cultural imperialism

The China Office Manager had opinions about the criticism among cultural imperialism appearing when Nordic companies forced their perspective of how to run a business. The interviewers asked if it was right to implement for e.g. Swedish values and regulations into the Chinese production? The China Office Manager did not like the thought of Nordic companies establishing production in China with a Nordic perspective and the way media chosen to focus. The China Office Manager made a comparison to Swedish companies in the province of Småland back in the days, where business were ran by whole families, including children. When this study was constituted, child labour was prohibited according to the Swedish law, but in China, children working were still common. The China Office Manager explained that children had to work to survive and to help providing for their families. If Swedish companies rejected production in where children labour occurred, what would happen to the children? The China Office Manager stated that it must be viewed through a fair perspective. What should the alternative be? Would the children go to school? What if there was no school? According to the China Office Manager, companies can make important differences by working with a common sense and a holistic feeling, but supported by the ILO and other international conventions.\(^{41}\)

4.2.3 Realization of Code of Conduct

Since the third research question sought answer about the Auditor's role in the supply chain when implementing CSR, this section will cover how the work is achieved and the outcome from it. The Auditor's number one goal when visiting a factory was to investigate life and work situation for the factory's staff. The Auditor was though aware of the fine line between helping the staff and exposing them to risks.\(^{42}\)

The CSR Manager described the outcome as a circle, where both factory and company could receive profit in the end. During a SIA, issues such as fire safety, occupational safety, environmental conditions, access to toilets and water, dormitories, monetary penalties were observed and documents about salary and insurances were controlled, followed up with interviews to double-check the information. If the factory was satisfying with satisfied employees, clean and light halls, this had a great impact on the manufacturing in the end. Thus, also the factory owner and buying company got pleased. And all these positive aspects could be the outcome from a social audit, according to the CSR Manager. The

\(^{40}\) Interview with the CSR Manager, the Auditor, 20\(^{th}\) of February 2012
\(^{41}\) Interview with the China Office Manager, the Auditor, 11\(^{th}\) of April 2012
\(^{42}\) SIA Welcome Kit, the Auditor, 2012
audit normally took a day, but could take longer depending on the size of the factory and/or the possible complications found on site\textsuperscript{43}.

When the Auditor was performing interviews with random chosen workers, on operation level, selected by the Auditor, they aimed to reach the truth, but accepted that they “thought” the workers were telling the true\textsuperscript{44}. The China Office Manager shared to the interviewers, experiences from inspections where confusion aroused already at arrival to the factory. There was simply uncertainty if the factory of point was the one, purposed for inspection. Further confusion aroused was about the discovery of documents concerning instructions about how the workers should answer about certain questions asked by auditors. The China Office Manager felt contingent about these conditions and the acting from the employees but pointed out the difficulties of judging the situation and that it is impossible to prove if the workers were given falsified answers or not\textsuperscript{45}. To minimize the risks when individual interviews were held with shop workers, the Auditor used other sources when communicating the problems aroused from interviews, so the workers would not by unnecessary exposed into danger\textsuperscript{46}.

To gain success, the Auditor suggested to focus on the right things, use the right methods and to implement the concept through the whole organization, as also suggested by McWilliams, Siegel and Wright (2006). By implementing CSR activities align with the core business, companies could, as read in the Company presentation, gain higher profit and also achieve higher trustworthiness towards their customers, while doing improvements concerning social issues\textsuperscript{47}. Further read in the Auditor’s SIA Welcome Kit were: “Only when the factory manager fully agrees with and understands the positive implications of his/her responsibility work, the strategies and the improvements can become long term and sustainable ... the training is a great way to deepen and further develop the improvement work performed.”\textsuperscript{48}

4.3 The Factory

The Factory was as mentioned in the method section, producing shoes toward the Company’s demands. The Factory was the third unit in the triad, where interviews and observation were held. Further follows the result from the fieldwork at the Factory.

4.3.1 Background and motive to CSR initiative

\textsuperscript{43} SIA Welcome Kit, the Auditor, 2012
\textsuperscript{44} Ibid.
\textsuperscript{45} Interview with China Office Manager, the Auditor, 11\textsuperscript{th} of April 2012
\textsuperscript{46} SIA Welcome Kit, the Auditor, 2012
\textsuperscript{47} Company Presentation, the Auditor, 2012
\textsuperscript{48} SIA Welcome Kit, the Auditor, 2012
It must be pointed out, that this headline is not suitable for the result of the interviews at the Factory. This statement can be found in the lack of CSR knowledge, for which will be introduces below. Although, it has been chosen to leave the headline in order to avoid disorder in study construction as well as actually highlight this absence of awareness of CSR and its values on the factory hand. The Factory was not the one responsible for the initiative behind working with CSR, therefore this section had not brought any answers about the background of motive.

4.3.2 Attitudes to CSR

To understand the Factory workers point of view concerning the second research question, the factory workers were asked about their individual knowledge of the term CSR – did they have an idea of what it was and what they felt about it? Owing to language barriers and the usage of an interpreter, the interviewers found it rather difficult to get a straight answer from the respondents to these types of questions. E.g. when asking Worker 1, as head of production, it appeared that the interpreter did not understand the meaning of CSR. Eventually, the interpreter caught their mind and did not only ask the respondent the interviewer’s question but did also explain their own idea of CSR to the respondent. However, wages, working hours and insurances was mentioned as the meaning of CSR\(^49\).

The same question was asked to Worker 2, who did not have awareness or an idea of CSR. The interpreter did not only ask the question but did also, on his own initiative, describe the basic information about CSR to the respondent. It is important to keep in mind that the respondent might relied to one of the interpreter’s questions or assertions. Subsequently to the newly informed respondent, answers about overtime and paid leave during national holidays were given. At this point in the interview with Worker 2, the interpreter interrupted with personal views on the respondents’ answers. The interpreter claimed firmly that the management had prefixed the respondents’ answers and that the respondents were actually lying about paid leave, as one example\(^50\).

When asking Worker 3 about their knowledge of the term CSR, the respondent gave the interpreter replies but instead of forward these to the interviewers the interpreter continued asking the respondent own formulated questions. According to the interpreter, Worker 3’s knowledge of the term CSR was equal to gifts on birthdays and paid leave on national holidays\(^51\). Although, it must be pointed out that the interpreter also in the interview with Worker 3 maintained to state that the respondent was lying. The interpreter was very keen to get the interviewers to understand that the respondents gave falsified answers and the interpreter gave truthful inputs. As stated above, an analysis of this attitude will follow in the analysis section of this study.

\(^{49}\) Interview with Worker 1, the Factory, 27\(^{th}\) of March 2012

\(^{50}\) Interview with Worker 2, the Factory, 27\(^{th}\) of March 2012

\(^{51}\) Interview with Worker 3, the Factory, 27\(^{th}\) of March 2012
The respondents were in one question asked to prioritise either hundred per cent safety but with half their present salary or working for double salary but without any safety guarantees. Resubmitted to the second research question answers about attitudes could be received. When Worker 1 was asked to give priority to either safety or money the respondent found it hard to decide. It took several minutes and much hesitation before Worker 1 came to the conclusion that if there must be just one choice between these two options, choice number one would be the most desirable. Worker 2’s reply was on the other hand quick and resolutely; “I will check how big the risk is, if normal risk – ok, I will get the double salary. If very dangerous, I will choose number one.” After some thinking as well as hesitation Worker 3 prioritised number one – safety.

### 4.3.3 Realization of Code of Conduct

The following attitudes and statements could be resubmitted to the third research question in order to map out the implementation of CSR through the workers’ eyes. In the matter of the usage of safety equipment in the Factory it was by Worker 1 declared that the Factory management offered safety equipment but that shop workers seldom used it Worker 1 upheld comfortableness as the main reason of defaulted usage. This was also confirmed by Worker 2, who stressed that he could not use safety equipment because of its inconvenience. With this reply, the respondent also gave the example of protective gloves when using the sewing machine – they would only “get in the way”. Worker 3 simply was content with the answer: “no need.”

Worker 1 was asked the question if there were any health threatening processes in their production line. Worker 1 claimed there to be no dangerous procedures at all, the production line is safe. Although, after a bit of an uncertainty, Worker 1 added that the only unsafe machines were the cutting machine and the tensile strength machine but explained instantly there to be training as well as higher salary for those workers operating cutting machines and tensile strength machines.

The respondents on operation level had a rather limited knowledge of the Company as an actor in their supply chain. Worker 1 knew the Company to be a foreign brand with production set in this factory. Worker 2 had no knowledge of the Company and Worker 3 appeared a bit surprised when the Company's

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52 Interview with Worker 1, the Factory, 27th of March 2012
53 Interview with Worker 2, the Factory, 27th of March 2012
54 Interview with Worker 3, the Factory, 27th of March 2012
55 Interview with Worker 1, the Factory, 27th of March 2012
56 Interview with Worker 2, the Factory, 27th of March 2012
57 Interview with Worker 3, the Factory, 27th of March 2012
58 Interview with Worker 1, the Factory, 27th of March 2012
59 Ibid.
name was brought up and the interpreter had to repeat the brand name several
times\textsuperscript{60}.

To the question if Worker 1 had awareness of the Auditor and its operation the
reply was that this was the first time Worker 1 actually heard their name. Even
though, the interviewers did not ask the interpreter to introduce Worker 1 to the
Auditor and its CSR-operations, the interpreter did so. The response Worker 1
gave on this new information was positive; Worker 1 considered involvement of
a SIA just to be helpful and preferred it to take place rather sooner than later\textsuperscript{61}.

Neither Worker 2 nor Worker 3 had knowledge about the Auditor when asked.
The interpreter (who was not the same as when interviewing Worker 1) was
asked to explain the idea and the operations of the Auditor to Worker 2 as well
as Worker 3 in Chinese. Uncertainty, of which parts of the operations the
interpreter chose to enlighten arouse. This was partly because of the
interviewers’ lack of clarity in instructions to the interpreter and partly because
of the risk that the interpreter involved personal views and values in the
clarification of the Auditor. However, when questions about the respondent’s
expectations were asked, the reply was optimistic and equal to: “clearly helpful,
not giving difficulties” \textsuperscript{62} respectively “only helpful, of course helpful” \textsuperscript{63}.
Accordingly, all three respondents welcomed the Auditor’s involvement into the
Factory’s routines and did not find the Auditor’s future present as disturbing or
troublesome.

During the interviews at the Factory, it was several times emphasised that
overtime gave extra payment. Although, it was never made clear either extra
working hours gave higher salary per hour or not. Worker 1 was though very
keen on giving a rather beneficial image of management regulation\textsuperscript{64}. Worker 2’s
attitude towards working overtime was declared as positive. However the
respondent would not demand higher salary per hour, because there were so
many other workers that would have taken the offer by normal wage payment\textsuperscript{65}. Worker 3, on the other hand, claimed overtime work never occurred\textsuperscript{66}. This
strikes a discordant note to the answers in interview 1 and 2, provided interest
information to analysis according to the third research question about
implementing the Company’s Code of Conduct into the Factory.

\textbf{4.3.4 Criticism to answers of respondents on operation level}

As an additional part of the Factory result section, it has been chosen to enjoin
the results of the Factory interviews with the opinions of them from the

\textsuperscript{60} Interview with Worker 2, the Factory & Worker 3, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{61} Interview with Worker 1, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{62} Interview with Worker 2, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{63} Interview with Worker 3, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{64} Interview with Worker 1, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{65} Interview with Worker 3, the Factory, 27\textsuperscript{th} of March 2012
\textsuperscript{66} Ibid.
representative of the Auditor. During interview 3 the interpreter (whom is equal to the representative of the Auditor) chose to involve personal values as well as own formulated questions into what becomes more of a conversation rather than an interviewer-respondent interview. The “conversation” continued into interview 4, where questions about the auditor representative’s background in manufacturing and CSR and the auditor representative’s thoughts on falsified worker replies were highlighted. As to steer clear of confusion, the Auditor representative, as in the second interpreter is from hereon refereed to as “the Inspector”.

The Inspector had a background as a former shop worker in textile production lines (although not in the same factory as the Factory of this study)\textsuperscript{67}, which built a well-founded understanding of factory conditions when performing quality audits as an auditing employee. The background also gave the Inspector the interviewers an alternative input to the shop workers’ replies. The Inspector especially enlightened two subjects that will be evaluated below. Since the fashion industry still was characterized by two main seasons per year, the factories’ production was unbalanced during the year. The Inspector explained the dilemma of when factories are forced to accept many larger orders with similar deadlines even though the time disposition might be narrow. The Inspector mentioned the competition from other manufacturers to be one further reason to why factories accept a greater amount of orders that what their “non-overtime-time-disposition” in reality would approve. The labour wages in China might be low from a western point of view, but if the factories offer more salary per hour for overtime work, the already narrow margins would be threatened\textsuperscript{68}.

To the Inspector it was obvious that over time did occur, disregarding various statements from respondents on operation level. Though, the Inspector doubted that the workers were given extra salary on overtime hours. This might also be substantiated by the competition between a larger amount factories providing similar type of manufacturing. The Inspector stated also that it is common among shop workers to migrate to larger cities, earn as much money they are able to in the purpose to provide for family in their home villages\textsuperscript{69}. Mårtensson confirms this statement in writing about China’s changing trade and industry economy from 2012. The Inspector also highlighted the fact that the migration workers often are far from home and family and that time off from work might not have a greater importance. With no close family around, the workers utilize their chances to earn money. The viewpoint on safety might also lack in importance when the geographic distance to family is far\textsuperscript{70}.

Further, according to the Inspector, the fact that factories kept two separate types of bookkeeping were widespread. The true and genuine documents were seldom or perhaps never shown to government or costumer, meanwhile falsified

\begin{itemize}
\item[]{\textsuperscript{67} Interview with Inspector, the Auditor, 27\textsuperscript{th} of March 2012}
\item[]{\textsuperscript{68} Ibid.}
\item[]{\textsuperscript{69} Ibid.}
\item[]{\textsuperscript{70} Ibid.}
\end{itemize}
paperwork was demonstrated to buying companies as well as to auditors. These alternative documents did not for instance include reports on overtime hour. The Inspector expounded also that the shop workers had been instructed in how to reply to the interviewers question to align these answers to the fabricated image the factory management aimed to display\textsuperscript{71}.

\textsuperscript{71} Ibid.
5. Analysis and discussion

The motive behind the origin of implementing CSR into the business idea and the creation of a Code of Conduct rises from attitudes and fundamental thoughts. The analysis will map out the attitudes that were found in the result, to state the motives of creating a Code of Conduct and end up with how the implementation can be implemented through an auditor. Further on, follows the relationship between attitudes and motive to construct a Code of Conduct and the relationship them between. Also, answers to which actor the responsibility of the Code of Conduct real belongs to, will be sought.

5.1 What is the background and motive of a Swedish SME’s initiative of working with CSR?

5.1.1 Knowledge and Lack of Knowledge

Pruett (2005) is one of many researchers who points out the importance of informing every part in the textile supply chain about the aim of essential decisions made for it. As earlier cited, Pruett came to the conclusion that codes and regulations cannot be effective if the party directly affected by them is not aware of their existence. The Auditor’s China Office Manager argues in a similar way, about the lack of knowledge many end-customers hold regarding shop worker’s conditions. It is referred to this as a shortage of understanding of the supply chain as well as a supposition to further future demands of cheap but high-quality garments and fashion. A demand that counteracts the development of sustainability. McWilliams, Siegel and Wright (2006) stress the importance to include the decision-making of CSR related questions into the business core idea. This is also supported by the China Office Manager, who has extended experience from companies regarding CSR as a required add-on, which had not been implemented through the whole organization. If there are parties in the same supply chain working towards different goals, how can sustainability be succeeded?

Subsequently, if knowledge is the answer, to whom does the responsibility to educate belong? As mentioned, the Company states in their Code of Conduct that the implementation of the same Code of Conduct would be made by putting its context up on the factory wall. Is this a realistic system of achieving authentic knowledge on the level of factory hand? With regard of the size of the Company, it is not fair to insist them to personally instruct every single employee at the Factory, there are simply not enough assets or means. The Company’s Quality Manager, who claims that education on management level might be the next step in their CSR work but regards it as almost impossible to give personal training to single shop workers from the point where the Company is today, further supports this thought.

The respondents in the Factory case possessed no knowledge of either the Company or the Auditor brand names. Although, the workers welcomed the
Auditor's future present into their factory. This can be regarded as a desire from the workers' point of view, to improve their own working conditions, which further must be considered as that the respondents at least have knowledge of that states can be better. There might even exist a desire to learn more and a wish to take a part of the social improvement audit to come. This is an attitude that will facilitate further improvement as well as a development of knowledge in this triad being studied – as Pruett (2005) states, knowledge will build sustainability. The Company's Quality Manager's point of view assents with Pruett's statement since the Quality Manager considers education as a long-term strategy and that the outcome from a collaboration will become richer if there is given more time to obtain comprehension among each other's objectives.

One of the Auditor's services is education within the field of CSR on both company level as well as factory level. It must be pointed out that this service follows researchers' discussion on that knowledge and awareness can provide sustainability. An extended level of awareness among parties in the textile industry may result in an extended interest of CSR related questions. Findings in the results point out that the Auditor's customers in general are more interested in quality inspections than in social responsibilities improvements, a situation that strives for further investigations. Are companies only motivated to gain more profit? Might the explanation be equal to a lack of financial means? Are companies missing interest or knowledge in social responsibility issues?

As mentioned earlier in this study, the Company's responsibility towards the other direction of their supply chain, towards the end-customer, is not fully taken. The Company wants to provide information to these customers, or analogous, interested in actively taking part of the information. Although, the Company takes no direct responsibility to involve all customers into their CSR related actions, which can imply different things. One of them is that the Company does not regard their customers as price sensitive, resubmitted to cite by the China Office Manager, and therefore presume that the customer will approve to a slighter higher price without questioning the rising. Another explanation can be equal to that the Company esteems its customers already highly aware of the CSR related actions performed by the Company and a third reason might be that the Company simply does not consider involvement of end-customers as an important step in a sustainable supply chain.

A further explanation might be equal to that the Company's motive to work actively with CSR is not equal to a desire to receive positive feedback by media but instead to focus on improvement of the factory workers' conditions. An explanation like this is contradictory to mentions by authors like Werther and Chandler (2005) as well as Pruett (2005). As mentioned in the result, the Company's Quality Manager believed that the usage of CSR as an advantage against competitors were more useful in for e.g. the food industry than in the sport shoe industry. This can be concluded in that the motive is not strategic in order to compete with competitor, as McWilliams, Siegel and Wright (2006) gave as one reason for working with CSR as branding. These matters will be further evaluated in the next section.
5.1.2 Motive on CSR work

McWilliams, Siegel and Wright (2006) point out the difficulty to ascertain the main motive on companies’ decision to work actively with CSR related issues. As in an earlier chapter reviewed, the authors give a possible combination that may contribute in positive aspects for both company and factory as well as for the global society. The combination of Social Responsibility and Private Responsibility gives not automatically an absolute settlement without effort from the supply chain in whole. As mentioned, the Company in this study seeks to achieve difference in the matter of social issues in factories where a long-term business relationship is premeditated. To questions why this new ambition has arose after ten years of operations, the Company's Quality Manager answers that the ambition indeed had been present within the company during several years but that the growth of the company has facilitated actual actions. Also aspects on product quality were mentioned as a positive aspect together with improved conditions for workers during the interview. Through this, one can divine that the Company regard their Private Responsibility as a path of also achieving Social Responsibility – to do good while doing well. The authors of this thesis hold it for possible that the Company’s motive on CSR work is equal to accomplish better long-term relationship with the Factory with the aim of manufacture higher quality products. By this stated, it is not said that the Company lacks interest in improving social conditions for the workers, but that the Company might regard social improvements as a positive outcome of acquiring better products, which can be stated as a positive outcome of the combination of Social and Private Responsibility.

Further declared in the theory section is the importance of involving CSR concerns into the business core to elude add-on situations, as describes above in the analysis section. Findings from data collection have emphasised there to be a theory of a non-profit interest behind some companies’ initiative to CSR involvement. The authors of this study question themselves if such an interest is preferable or not, especially for a slightly smaller company as the Company. Since it has been argued for that the Company place their own benefits above the social responsibilities, one must assume that the head motive on CSR work might not be “truly caring”, which was introduced in the introduction. The authors of this study come then to the conclusion that a non-profit interest is simply not motivating enough. Instead, higher quality products play the role as the motivating carrot.

Conversely, the Company’s Quality Manager points out that they are working openly with CSR related questions together with other Nordic companies. This indicates a true concerning for human rights and improvement of social conditions within their supply chain. But, the activities are not used in a strategic brand order. CSR as branding has been evaluated through most of the sections in this study. As findings in the result shows, the Company does not use their initiative to CSR as a branding possibility. At leased not yet. Explanations to why, as mentioned in chapter 5.1.1, the Company does not apprehend their customers as conscious, or even interested in social responsibilities in the supply chain where they also are included. The authors of this study do not support this
approach. Forecasts on that customers will become more and more interested of these kinds of matters and claim more responsibility-taking from global companies are not only formulated in this study but also by researchers like McWilliams, Siegel and Wright (2006). Melin spoke already in 1999 about that a brand must be supplemented with attributes to compete, and to promote the CSR initiative now, when it still is news, might partly attract customers today who regard the CSR work as a external attribute supplemented the products. Partly also to retain these customers in the future when CSR activities might not longer be an external attribute but an included matter of course in the products.

5.2 What attitudes does a Swedish SME face when working with a Chinese supplier, in the field of CSR?

It was in the theory described that attitudes come about through three components or phases – the cognitive, the emotive and the intentional phase (Rosén, 2012). Perhaps easier portrayed, what is stated?, how intense is the statement? and what is actually performed within the statement?. In a attempt to reach the attitude on CSR of the Company as well as the Auditor, the findings from the result will here be evaluated with the aim to construe the intense of the attitudes, beginning with a neat review on the Company’s Code of Conduct and, which will be followed of deeper analysis of two specific topics that have been given rather extensive focus through this study – the matter of child labour and the matter of workers’ safety.

5.2.1 Code of Conduct and attitudes concerning child labour

Based on the findings in data collection and compliance in the result, one can have the opinion on that the Company’s Code of Conduct in many ways is rather basic. The code is well-thought out from the point where the Company is situated today but one can also have a presentiment on that the Company have not been working with CSR for any great length of time. Although, as a not very circumstantial Code of Conduct more extended flexibility in its implementation within the supply chain can be achieved. As Lund-Thomsen (2008) argues, practices formulated in western boardrooms might become both ineffective and both damaging to workers when they are realized at factory. Further, the Auditor’s China Office Manager emphasise that too detailed and fixed principles and standards will only be troublesome in its realization, it will make the company of point bit its tail. The ambition of making good might get lost along the way. The Auditor’s China Office Manager holds it as crucial to evaluate every case as a separate case and with a flexible Code of Conduct so can also be realized.

As a factual example, the matter of child labour from the Company’s point of view will heron be evaluated. The Quality Manager of the Company states their age limit of 15 years old as realistic as well as justified. The cognitive attitude can be sum up in the quote that “children must have the possibility to be children”. The statement is rather intense, in spite of the fairly narrow it-is-from-case-to-
case statement, the Quality Manager is of the opinion that the “guide age” of 15 is suitable in their manufacturing operations, which must be considered as a highly emotive attitude from what actually was stated. Thus, from a given attitude on child labour the level of it has also been expressed during the interview. Further, the Company’s Code of Conduct expresses the intentional attitude towards child labour by explaining that there should be a written procedure plan, in a hypothetic presence where child labour would be uncovered. Yet, this is no actual performance, since the Company in the time of this study, has not uncovered any hypothetic presence of child labour.

The Auditor’s China Office Manager has among others, formulated questions about if the attitude above is realistic or not. If a similar one going over the Auditor’s attitude to child labour would be done it would probably look fairly different. The China Office Manager holds a “guide age” to be pointless if inquires of the specific situation is lacking. This cognitive statement is founded in personal thoughts made from experience. The intense of the statement can be examined in the discussion the China Office Manager adds in the interview – what would the alternative be? The discussion he holds aims in the direction of that the matters of child labour in reality is more complex and that it might be preferred in some situations. If there was no school and the smaller family business is the primer and even single source of a family’s provision, is it not then fair to let children under the age of 15 to help with the production? If the buying company would refuse, it is thinkable that the alternative for the family business is equal to force down price for another buyer – would that then help the children of point? The emotive statement is also supported by the Auditor’s CSR Manager, who claims their concept to be unique by working together with the factories and find solutions most suitable for every separate client. The intentional phase is thereby provided for in actual performances.

Thus, differences of attitudes within the same supply chain are uncovered. With the background that the Auditor has a more extended experience of CSR related questions, one can presume that the Auditor’s attitude carry more weight that the Company’s. According to the China Office Manager this is also true, the Auditor do influence (or in stated terms; help) the Company to fill out parts of the Code of Conduct where the Auditor finds it incomplete. However, what happens then with the Company’s attitude in specific CSR related matters? Is it lost along the way? Will the shop workers understand the meaning of the Company’s Code of Conduct if the realization of it, made by the Auditor, differs from its grounds? Further can be asked if the shop workers must understand all instructions formed in western boardrooms. Referring to Kraidy (2005) there are thoughts of cultural imperialism as a negative and manipulative concern. This kind of thought can also be found in the Auditor’s China Office Manager’s attitude, where a developed discussion is announced. Despite this, the China Office Manager professionally works within an area heavily imprinted within cultural imperialism. Contrariwise, Kraidy also present positive aspects on cultural imperialism – to share to uninitiated tools for improvement of their working and living conditions. This thought can be identified in both the qualified attitude of the Auditor as well as in the rather eager and naive Quality Manager from the Company. In the case of the Auditor, both the CSR Manager
and the China Office Manager expresses common sense as the most simple and effective way of making good difference in a developing country.

5.2.2 Money of safety?

The second issue within the Company’s Code of Conduct, chosen to be more detailed analysed, is the attitude to safety at the Factory.

Based on the findings of the Code of Conduct in point, it has been pointed out that the Company takes fully responsibility for that the correct safety equipment are used in a correct way in the Factory. Findings from the Factory interviews point however in another attitude direction. Workers opinions on safety equipment, such as earplugs or protective gloves, are equal to uncomfortable and unnecessary. Although, findings in the result point out what also Lund-Thomsen (2008) highlights as a disadvantage of social audits regarding the management involvement in the workers’ replies in interviews. During the Factory visit it was extremely important for the respondents to emphasise that management provided the equipment, even though they made a personal choice not to use it. However, when the workers were asked to prioritize either full safety or higher salary the query was placed outside the imaginary portfolio with pre-answered questions. This was probably the question in which the interviewers got closest the interviewees’ truthful replies. To prioritize a personal attitude is just that – personal, and is difficult for management to pre-arrange. None of the respondents prioritized safety without a hitch. Either hesitation or ultimatums were discussed before the interviewers were given answers, which can be drawn back to what Doole and Lowe (2010) declare about decision taking in Chinese culture as well as to the statements made by the inspector in the Factory case. The background of decision-making is different in China from in western countries, due to the fact that different aspects affect the process in different cultures. Findings have shown that Chinese factory workers’ motivation to work is rather salary based instead of safety based. The decision-making in the prioritize question is therefore equivocal – would the respondents answer according to their main ambition or would they answer in the way that the management probably would have preferred? As can be read in the result, all three Factory respondents prioritized in the end safety as number one before money. Although, this can also imply that the workers after all do understand the meaning of safety equipment and might some day desert their opinion on it as unnecessary. If so, it would of course favour the Company, that aims to ensure that safety equipment is not only provided but also used as well as used in a correct way.

Perhaps is it also here the Auditor is supposed to enter the picture. When the attitude, specifically in the intentional phase of the workers attitude, to the usage of safety equipment among factory workers “needs” to be changed to better ensemble with the Company’s Code of Conduct. As findings from Wang et al. (2009) point out, the informing of the workers’ rights have escaped the workers for several years, and again – unawareness builds unfamiliarity, also in the field of freedom to influence working conditions. The differ between the Company’s
attitude on the matter of safety equipment and the Factory’s cannot only be explained by historical unbalance (Wang et al., 2009) but also by barriers of difficulties and distances (Doole & Lowe, 2010). The Code of Conduct is as stated a tool to bridge over barriers and make a CSR attitude more concrete to actually implement at suppliers.

5.2.3 Managing attitudes

Through the analysis part so far, motives as well as attitudes belonging to the Company has been evaluated from the authors’ point of view. The background and motives to the initiative to CSR activities has been looked for in the attitudes, due to that an attitude in many ways shape motives, as stated in the introduction to this section. A cognitive attitude finds its expression through the emotive phase and will lead up to a motive in the intentioned phase. Provided that the decision-maker is inflexible in the situation of point. The reader of this thesis might now question herself where this statement heads it. The authors would then wish to remind the reader of the discussion Jones and Kramar held in their article from 2010 about embedded social, political and economical influences on decisions in a business society. According to Jones and Kramar, the Company might not only include their own attitudes in their motives but is reflecting attitudes from the environmental society. This environment would most likely be equal to the western, or perhaps more specifically Nordic, culture with the explanation that this is the Company’s region of origin as well as customer market. The Company’s attitudes as well as (subsequent) motives are presumably shaped from the normative experiences the board has from their western everyday and the customers has on the product background. Although, the authors of this study further wish to point out that this norm is based on undeniably western values and that these cannot without a hitch be implemented in a Chinese shop workers mind. Why? Because the norm about the same matter of point probably is reflected in a separate way – in a Chinese way. To avoid the negative effects of cultural imperialism that earlier has been described by Kraidy (2005), it is like Jones and Kramar emphasise a fairly good idea to within a company develop strategies that can handle the embedded and in some ways invisible values in different cultures where the same company also will operate or are operating. A strategy like that would make the Company understand the nature of the Chinese workers’ attitudes to CSR related questions as well as their motive to the choice to work overtime or not find safety equipment as necessary.

5.3 In what way can a Swedish SME make use of an external auditor to implement its Code of Conduct in the supply chain?

The above-mentioned relationship between attitudes and motives concerning CSR activities has now been solved out. Further on, the problems that are emphasized by researchers as e.g. O’Rourke (2002), concerning ineffective auditors and how about to work with implementation will take part (Burke &
Logsdon, 1996). Problem concerning how to implement a Code of Conduct might remain even if the attitudes and motives have been solved out. To take the step from creating a Code of Conduct to actually implement it seems to be a difficulty and hereon will answers concerning the Auditor’s role in a realization of a Code of Conduct in a supply chain follow.

Discovered from the result, is the significance of having a genuine interest in CSR when working actively with kind of subject. The both respondents in the Auditor case (the CSR Manager and the China Office Manager) have a burning interest for the work they are performing, something that was not recognized between the two other actors, in the same extent. From this it can be understood that the Auditor possesses great knowledge, which was absence in the two other cases and therefor deficient interest can be explained. Consequently not said that there were no interest, but indicators told the authors of this study that the Company and the Factory might have deeper interest in other subjects, such as improved quality and salary, which indeed can be positive outcomes from CSR activities. As mentioned by Grankvist (2009), the CSR concept can be seen as three segments, where the authors of this thesis hold the opinion that the Company and the Factory might put more effort into the financial or environmental part, rather than the social part, that is of investigated focus in this report. Thus, when there is a scarce of knowledge and interest, the best option might be to source that part and operate in areas that are the Company’s expertise instead. As mentioned in the result, the Company wanted someone near-situated to the production and that someone should also be able to handle the culture differences. The Auditor offers all this and also the contacts and relationship that SMEs might not have had time to build up.

To further evaluate the criticism given by e.g. Pruett (2005) and O’Rourke (2002) against auditors as ineffective, findings from the Auditor case will be analysed. As one example, the pre-announced audits are by Lund-Thomsen (2008) mentioned, as a risk of not achieving robust and truthful information at factories. For instance realized in the matter of handpicked respondents in interviews. Although, the Auditor claims to work in other directions with aims of real, authentic information – pointing out to the supplier that they are there to help and not to condemn. During the interviews for data collecting to this study, the problem mentioned above arose in front of the author’s eyes, and it made it difficult to deliver a trustful result. As findings in the method section points out, the authors are though more interested in the way the respondents were talking about the concerning subject, CSR, rather than what they actually were saying. To clarify this, the answers of the Factory respondents will now be highlighted.

The respondents brought up salary, insurance and compensations during holidays as explanations as their knowledge of CSR. Although, the Inspector was upset when these answers were given and demonstrated numerous of times that all of the workers were lying, as Pruett (2005) claims to have seen in numerous cases, explained by the workers wants to satisfied the management rather than the auditor. Why? Well, the explanation might be equal to that the respondents in their Chinese culture are used to do what they are told or that they might be afraid of getting fired. As one can read in the result, the three different replies the
interviewers got in the question about overtime evidently contradicted each other. Based on these findings the authors of this study argue that the workers were lying and that the Auditor is operating in a very complex environment, as Fang, Gutenberg and Larsson (2010) as well advocates.

Additional, Pruett (2005) emphasizes that it is impossible to achieve improvement by only one day of auditing. The Auditor usually perform their audits during one day but the China Office Manager points out that if the situation demands it, also two days audits does occur. As can be read in the result, the Auditor means, if they can do something, that is better than nothing. The authors of this thesis agree with that, but are critical to how much presumption that is acceptable. To uncover eight of ten troublesome issues might be a good deal, but how possible can the Auditor know that it is not eight out of twenty? The authors of this thesis indeed agree that something is better than nothing but points also out that the criticism about ineffectiveness that Pruett and O’Rourke (2002) present might not have risen out of nothing.

Stefaniak and Cornell (2011) mention external auditors to lack objectivity while performing social audits and writing reports on supplier findings. The Auditor was asked about how the contact with their customers was established. In every each case it was the Auditor who had taken the first initiative. This might point in the direction that the Auditor as a SME itself, would be keen on trying to keep every customer. Although, the China Office Manager saw no logic in giving lenient reports – then, what difference would they achieve? Instead, the both respondents in the Auditor case claim that they are working in a different way compared to bigger auditors and that the Auditor’s aim is to focus on following up, mentioned by Pruett (2005) as the most critical part in the implementation, and help instead of judge. Based on these findings and through observations at the office and on field at the Factory the authors are convinced that the Auditor is working in a different way with open communication through the whole chain.

So, what role does an external auditor play in a supply chain? If all units have motives and attitudes combined with different cultures, there must be added a tool to translate the wants. Both Pruett (2005) and Erwin (2011) point out the usage of a Code of Conduct as a tool to do this and the authors within this thesis believe the Auditor could be the one handling this tool best, because of their experience, knowledge and burning interest. One of the research questions was to investigate about attitudes through the supply chain. To uncover an attitude about CSR from someone that does not in-depth understand the concept given, answers must be analysis to further understand the real meaning. As Pruett states and as mentioned earlier in this chapter, everyone in the supply chain must be aware about the Code of Conduct, meaning even the workers must know their rights and here the Auditor plays a critical role to help the company realize their motive and vice versa. To find out the Auditors role to implement the CSR concept to the supply chain, the most important is to understand all units’ attitudes in the chain. Chen and Funke (2009) mean that international parties, having manufacturing in China, are pressuring the Chinese government to achieve improvement concerning the workers right in the way of new laws. With
the Auditor's knowledge and companies' power, there might be a good chance to invent new improved laws, suitable for companies, factories and society in all.
6. Conclusions

In the beginning of this study we informed ourselves with a massive coverage from the academic world on CSR and how it finds expression in different parts of a supply chain. We were convinced that we were about to find the best strategy for a Swedish company to implement its attitude on CSR into a Chinese factory. At this point we held absolutely no doubts that a Swedish formulated Code of Conduct would be the best alternative for all actors in the supply chain. However, after achieved fieldwork, including interviews with factory workers and observations made at the factory of point, we gathered experience of how the reality actually works and from these findings we built further knowledge about and understandings of the different actors in the supply chain from a holistic perspective. We understood that the belief of point is more complex. A Swedish SME with manufacturing in China ought most possibly go through a similar process when starting up CSR activities within its supply chain, due to the impossibility to start with experience if you do not actually have any. What we also got to understand is that, one need experience and subsequently also knowledge when performing CSR operations in a global world, otherwise extensive risks of getting it wrong from the beginning occurs. A good intentional Code of Conduct may instead become harmful to the factory workers. Our study can corroborate what researchers have stated, that Swedish SMEs’ attitude to CSR is positive. Companies have a desire to work with CSR but they do not know how.

With these findings, we argue for a two-way communication. The reader might find this statement rather basic but we are of the opinion that it is necessary to reverse an implementation from only just implement to actually build a sustainable relationship. It is crucial that the actors learn from each other in order to understand each other, a statement that has also been supported by Ericsson’s conclusions in 2011. Our study endorses that individual actors in a supply chain often have similar motives and that one can by this presume a communication to be natural and simple. However, extensive research points out the fact that many Codes of Conduct loose its context along the way of implementation, partly due to absence of possibilities to receive it with its intentions. They are simply not practicable where they are purposed to become practice. Cultural barriers as well as ignorance can be mentioned as obstacles along the “rather basic” road of communication. We advocate the companies to not only assume their Code of Conduct to do good but to actually make sure it does.

The lack of both resources to communicate directly and efficient with supplier and the lack of experience imply involvement of expertise to realize the Code of Conduct together with the supplier. Our findings confirm the significance of the external auditor’s involvement within a textile supply chain where their proficiency will raise SMEs’ CSR activities. We have not come to the conclusion that all external auditors are ineffective. When the main focus alters from only monitoring and controlling to communication, following-up and staff training, the contracting of an external auditor as expertise will make difference in optimistic terms. Although, it is of great importance to point out that critical
voices in our study claim there to exist large ineffective companies and that the Auditor work against such criticism and did in some extension outline its CSR division from it.

A further conclusion made can be regarded as rather delicate. Or at least (as many issues in the field of CSR) sensitive to discuss. CSR is all about money. The effects of CSR activities are often equal what the spokespersons in the supply chain state CSR to really be - taking social responsibility, but we argue in the direction that the true and basal motive to CSR initiative is imprinted by profit interest. The Company, in our opinion, does regard their possibilities to improve product quality as better if the supply chain and its operators are taken care of. At the factory level, CSR is equal to overtime hours and minimum wages, cited during interviews. Also the China Office Manager states that the primary reason to why the Auditor begun its CSR service was the wish for extended profit. The Company will profit from better conditions established by the Auditor at the Factory – meanwhile making money on better developed products, why not also make money on CSR activities that contribute to better conditions for human beings through the whole supply chain?

The interests and motives mentioned are in no way unique for only the Company, the textile industry or suppliers in China – or even solely the supply chain in this triad. We argue for that our findings are transmittable to any other supply chain where a SME is in its initiation of CSR activities and where an external auditor is contracted to realise them. This we argue in order of the way society are built upon attitudes and society’s assumptions that should be desirable to answer, no matter what business you are in. Our conclusions point to the importance of the company’s, the auditor’s and the supplier’s understanding of CSR related questions to together build a sustainable relationship. We again, want to emphasise the significance of viewing questions like social responsibility in a wider perspective than solely the individual actor and stress the actors to aim to the same goal. Still however, the difficulties might occur in a mutual understanding what this goal actually is. Although, we hope that this study will contribute to a greater understanding of attitudes towards CSR implementation in any supply chain with manufacturing in any developing country – not only textile companies with suppliers in China.

6.1 Further research

As mentioned in the introduction many SME do not have offices in production countries and therefor they outsource the monitoring of their Codes of Conduct to external auditors. Our findings point in the direction of that contracting of external expertise as prosperous assessment when the company of point itself lacks resources to realise its CSR ambition within their supply chain. Although, the Company in our point of case expressed an ambition to transfer the CSR activities from external expertise to internal divisions, a few years from today when the company has collected internal resources. Therefor, it would have been interesting to evaluate how a company will take the initiative to transfer their
CSR activities from an external auditor to internal assets and when maturity to do so occurs.

To contract an external auditor can be regarded as a short-term solution for a growing SME. Therefor we find great importance that future research evaluate how and when the CSR activities can be transferred to “in-house-business” to develop social responsibilities and improve conditions for human rights from factory worker to end-customer in a long-term perspective.
7. References


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