A STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN THE INDIAN TEXTILE INDUSTRY: A PATHWAY TO BUILDING SUSTAINABLE SUPPLY CHAIN

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A STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN THE INDIAN TEXTILE INDUSTRY: A PATHWAY TO BUILDING SUSTAINABLE SUPPLY CHAIN

# Abstract

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**Dedication**

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In the style of Sandra Boynton,

for Mary and Kelly and Maria,

but not Debbie.

# CHAPTER ONE: INTRODUCTION

## Background

Corporate social responsibility (CSR) is defined as a business approach contributing to sustainable development by delivering social, economic and environmental benefits for all stakeholders (Allouche, 2006). The concept of CSR has been gradually accepted and promoted by more entities of society, such as corporations, governments, consumers, and non-government organizations (Pedersen, 2015). Various international organizations--the Organization for Economic Cooperation and Development (OECD), World Bank, the United Nations (UN), and International Labor Organizations (ILO)--have established standards to continue the movement towards CSR (Mallin, 2013). CSR was once considered to be a recommended practice for businesses primarily in developed countries. Today, the popularity of CSR has spread globally (Lee, Ma & Lee, 2017). Further CSR initiatives have been developed and implemented by an increasing number of businesses in developing nations like Pakistan, Malaysia, and India (Szewczyk, 2017). Globalization has played a very influential role in transforming the CSR movement from a national scale to a global scale (Jain, 2011).

Many researchers have conducted studies on CSR in the context of developed nations (e.g., U.S. U.K. Germany, Canada, etc.), but few studies have focused on CSR in emerging or developing countries (Reis, 2017). India is one of the major emerging economies, which has been severely impacted by CSR’s irresponsible behaviors in the past (Pachauri, 2009). A recent study on the condition of the workers in the Indian apparel and textile industry, conducted by International Labor Organization (2014), found that workers often faced workplace exploitation in terms of working culture, contracts, ability to take leave, and disrespectful treatment. This study indicated that workers commonly faced threats, verbal abuse, and beatings in the textile or apparel factories in India. According to a report released by Sisters for Change, a UK-based NGO, and Munnade, a community-based women’s group in India, one in seven women in apparel factories in Bangalore, India has been forced either to commit a sexual act or to have sexual intercourse (Gunnupuri, 2016). Karamyog (2009) surveyed 500 major companies in India and reported that 49 percent companies were involved in CSR activities and for those claimed CSR involvement (49%) were primarily focused on charitable donations, renovating schools in rural areas, etc., as their CSR activities. Well-organized structure and implementation of CSR was shown by only 25 percent of companies. “Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equal to CSR” (Karmayog 2009 & Sai, 2017).

 In 2013, a new law was implemented in India which made it mandatory for companies to spend 2% of their total net profit on CSR activities. Businesses are becoming more aware of the importance of society and the environment for their sustainable development (Murphy, 2018). The Indian government is taking a more proactive approach to promote and enforce CSR initiatives among businesses. As India is becoming a more attractive sourcing destination for international buyers in recent years, its CSR performance has been under more scrutiny (Nema, 2018). The company considers individuals or groups that have an interest in the company and are affected by the actions of the company to be stakeholders (Cohen, 1996). Stakeholders, like the board of directors, owners, suppliers, employees, customers, etc. are considered to be key to the success of the CSR practices. It becomes difficult for any organization to achieve the CSR objectives without the engagement, loyalty, talent, skills, and knowledge of stakeholders (Gibson, 2012). According to Homes and Watts (2000), engagement of stakeholders is the essence of CSR. Although CSR has become a growing area of value creation for organizations, many stakeholders’ needs that are critical for sustainable development are often less regarded or ineffectively addressed by many firms (Marshall & Ramsay, 2012).

## Rationale

The textile industry in India contributes towards 14 of the country’s manufacturing production, 4% of India’s GDP, and 27% of India’s overall exports earnings in 2015, according to Ministry of Textiles. It is one of the largest employment providers in India after agriculture providing employment to over 45 million people. (In 2016, according to The Cotton Textiles Export Promotion Council (Texprocil), textile industry realized export earnings worth US$ 41.4 billion, a growth of 5.4% on an annual basis. In 2017, the Indian government passed a new policy to boost the Indian textile industry. Under this policy the government of India set a target of textile exports at US$ 45 billion for FYP 2017-2018, while the actual textile exports stood at US$ 39.6 billion for the same year (“Textile Industry in India,” 2018).

In India, an increasing number of organizations are choosing to move toward protecting society and the environment, evidencing steps towards CSR (Pattnaik & Shukla, 2018). In order to engage the stakeholders, organizations have started adopting several mechanisms such as communicating the policies and arranging the meetings with stakeholders which are ordered by law. India has been considered among the top 10 Asian nations in showing its efforts towards CSR disclosure standards (Jain, 2011). Hence, this study will be focusing on the Indian textile industry and implementation of CSR practices by the companies in the textile industry (Pattnaik & Shukla, 2018). Within the Indian textile industry, CSR has come to the forefront because Indian consumers have become more conscious of how organizations are dealing with environmental and social issues and what they are giving back to stakeholders after gaining profit (Ozek, 2017). According to Nielsen’s 2015, Global Online Environment & Sustainability Survey, conducted throughout Asia-Pacific, Europe, Latin America, the Middle East/Africa, and North America, it was seen that consumers in these countries are becoming significantly conscious of sustainable and environmentally-friendly practices and are willing to pay more for the sustainably-procured goods. The increasing concerns of Indian consumers towards social and environmental problems are due to the change in climate and social conditions across the country.

 Rapid development of the Indian textile industry has contributed to irresponsible textile production which has polluted the air and water ecosystem in India (Nayak, 2014). Textile sector not only requires a large volume of water for various operations units but also releases a variety of chemicals that are used for different processes. Majorly, textile mills generate Sulphur oxides and nitrogen from boilers, which create air pollution. From the washing of fiber to the dying, bleaching, and washing of the finished product, the textile industry requires a huge volume of water, and a high percentage of this water is drained into the river or sea, causing water pollution (Gupta, Biswas & Agrawal, 2017). In 2018, India’s environmental quality was ranked 177 out of 180 countries according to the Environmental Performance Index (EPI, 2018).

Moreover, most of the small-to-medium sized manufacturers in the Indian textile industry hire employees without providing proper training and personal safety norms, resulting in minor-to-major accidents (Bhaskaran, 2013). In addition, it has been found that child labor is still prevailing in the Indian textile industry (Estevez & Levy, 2014). The social and environmental issues facing the Indian textile industry are pressing and have drawn considerable attention in the country and abroad (Gupta & Hodges, 2012). According to a survey conducted in 2017, the economic disparity in India is at an all-time high, “India's richest 1% held 58% of the country's total wealth, which was higher than the global figure of about 50% (Business Today, 2018)”. More than 80 billionaires are living in India, and this figure is expected to reach more than 200 in the next decade (Popov, 2018). However, in the last couple of years, India has taken some initiatives in order to address economic inequality. With the implementation of the new CSR rules, the resources in the form of opportunity and money will reach the hands of the poor (Jaysawal & Saha, 2015).

## Purpose of the study

CSR plays a significant role to achieve sustainable development goals for different business entities. Some of the key aspects are economic, environmental and social dimensions which assist in achieving sustainable development. The purpose of this study is to gain a better understanding of the drivers and inhibitors for CSR, practiced among the Indian textile companies. This study uses a stakeholder theory approach, both external factors (e.g., institutional pressure and incentives, customer pressure, NGOs) and internal factors (e.g., substantial resources, firm capabilities, employees, and CEO leadership) to study the role of stakeholders played in the Indian textile companies’ adoption of CSR practices. As an exploratory study, the primary data used for analysis will be collected through a series of interviews with senior managers in 10 Indian textile manufacturing companies that have participated in CSR practices. Specifically, the objectives of this research are fourfold: first, to investigate the types of CSR practices adopted by Indian textile manufacturers; second, to identify the drivers of the CSR practices among Indian textile manufacturers using the stakeholder theory; third, to reveal the inhibitors/barriers to the CSR practices among Indian textile manufacturers using the stakeholder theory; and finally, to develop the implementable and sound strategies for Indian textile manufacturers to develop their CSR capacities and enhance their CSR performance.

##  Potential contributions to academics and industry

CSR has been considered the most significant factor of business success in India. This is due to the fact that multiple benefits arise for an organization and its stakeholders when it adopts CSR practices. Over the last few years, there has been a growing concern among government, industrial practitioners, and academics regarding the CSR movement in the Indian textile industry which plays a pivotal role in the Indian economy and exports to the global market. It can be easily observed in various scholarly research as well as in daily news and business presses that the CSR efforts are becoming popular within the Indian textile industry.

The conceptual framework proposed through the grounded theory will enable further investigation on CSR behaviors in the Indian textile industry from a stakeholder perspective. The findings from this study will provide a better understanding of CSR issues including types, drivers, and inhibitors in the Indian textile industry. For those companies are attempting to initiate their CSR practices, or who just want to learn more about CSR practices, this study will provide insights on this emerging but critical movement for future business success. Also, the information provided in this research is highly useful for industrial practitioners to evaluate whether CSR is a useful tool for increasing competitiveness, reputation and showing concern towards social and environmental factors.

# CHAPTER 2: LITERATURE REVIEW

This chapter provides a comprehensive review of corporate social responsibility (CSR), CSR practices, its drivers and inhibitors in the Indian textile industry. The research propositions will be proposed based on the literature review. These proposed research propositions will guide the development of interview questions for primary information and data collection.

## Corporate Social Responsibility (CSR)

The history of CSR began in 1930 when two professors from Harvard University, C.G. Means and A.A. Berle, introduced the concept of CSR in the book “The Modern Corporation and Private Property.” Since 1930, the concept of CSR has been evolving and has been debated in different fields of business as well as in academics (MouLeite & Padgett, 2011). The era of modern CSR started in 1953, with the publication of a landmark book by Howard R. Bowen, ‘Social Responsibilities of the Businessman’ (Carroll, 2016). From an academic standpoint, most of the definitions of CSR and the initial framework of what it meant both in theory and in practice began in 1960. In general, CSR has typically been seen as a set of policies and practices that businesses follow to ensure that stakeholders are taken into consideration when implementing business strategies (Carroll, 2016). According to Carroll (1991), in the current business environment, CSR has become highly popular due to its capability to embrace all the aspects of sustainability, along with various expectations, such as philanthropic (discretionary), ethical, economic and legal, that people have for a company at a particular point in time.

The CSR pyramid (fig.1) presented by Carroll (1991) starts with economic responsibility as the foundation and the first responsibility of the organization due to the fact that organizations are responsible for offering products and services to customers in order to generate profits. The next component is the organization’s legal responsibility—laws that an organization should follow while operating their business. Likewise, the third responsibility is ethical, which shows that organizations should operate their business ethically. The last responsibility is the discretionary or philanthropic responsibility; organizations should play a voluntary role in the well-being of society as well as in their immediate environment (Schreck, 2009)



Figure 1: Carroll’s Pyramid of Corporate Social Responsibility (Carroll, 1991)

Gupta (2011) concludes that companies cannot survive fierce competition experienced in various sectors without being socially responsible. The study further suggests that social progress is essential for sustainable growth and development of every company because customers are more attracted to companies that support programs which aim to benefit the community such as employment opportunities and infrastructural development (Gupta, 2011). However, Kansal and Joshi (2014) proposed that ideal CSR initiatives should have both philosophical and ethical dimensions. Carroll and Shabana (2010) argue that CSR practices are related to core business activities, which is perceived as a method of preventing criticism as well as promoting sustainable development. As a result, firms are approaching CSR in a more strategic ways by recognizing that aligning processes with their objectives and business models will inherently improve their competitive edge (Panda & Kanjilla, 2012). Panda and Kanjilla (2012) also assert that there is an accompanying change in the perception of CSR, unlike the past where many critics argued that businesses’ sole responsibility was to create value for customers and shareholders. They believed that CSR ran contrary to the interest of the firm by extending its practices towards helping society. Hence, CSR is increasingly used since it strengthens the relationship between companies and stakeholders and enhances continuous improvement and innovation (Kansal & Joshi, 2014).

 Arguably, the profit-seeking theory has failed to explain precisely why companies should continually participate in these practices when its impacts on financial performance remain uncertain (Tilt, 2016). Of course, most of the literature concerning the history of CSR does not conclude that companies should not engage in socially irresponsible activities particularly when financial benefits can be traced (Tilt, 2016). Based on these findings, engaging in socially responsible initiatives usually creates a positive image about a company; and such heightens the possibility of integrating supply chain practices with global partners (Tilt, 2016). In spite of commendable progress towards CSR, a broad range of challenges have been identified, including increasing costs and lack of institution and governance structures when administrative systems do not reflect this shift (Panda & Kanjilla, 2012).

 By focusing on social, economic, and environmental perspectives, companies have increased chances of achieving various objectives that collectively culminates in improved profits (Mallin, 2013). Studies suggest that the financial-bottom line has been the key contributor to improved involvement of companies in CSR initiatives (Mallin, 2013). Nevertheless, CSR is perceived as practices or decisions that are formulated by the management, which entails contributing to the welfare of the society (Park & Ghauri, 2015). These initiatives are normally embedded in the day to day operations and overall policies to enhance compliance with the set policy (Park & Ghauri, 2015). In this regard, Nasreen and Rao (2014) proposed that CSR have a positive impact on the community by encouraging firms to act ethically as well as considering the environmental and social impacts of their activities. In doing so, there is increased capability of mitigating detrimental effects of their operations to the community and environment and further create value chain that effectively delivery goods and services to customers depending on their preferences and expectations (Nasreen & Rao, 2014).

Moreover, CSR activities support public value outcomes by focusing on how their services can make a difference in the community. In some occasions, these practices enable the business to contribute directly to the community through voluntary activities; which eventually builds a positive reputation (Verma, 2017). The additional benefits attributed to these initiatives include but not limited to enabling businesses to be employer of choice, encourages both professional and personal development, and improves relationship with customers.

## Corporate Social Responsibility in India

India has a long custom of paternalistic altruism. The practices that are esteemed in recent years have been in practice for thousands of years (Jaysawal & Saha, 2015). For example, an ancient Indian philosopher, Kautilya, used to preach and promote ethical principles while conducting business (Park & Ghauri, 2015). In various ancient literature, the idea of helping disadvantaged and poor people is clearly mentioned. In the pre-industrialized period, charity and religion were the key drivers of Corporate Social Responsibility (Verma, 2017). Most of the practices intended to empower specific groups in the society such as the less privileged in the society (Park & Ghauri, 2015). As a result, companies started contributing to philanthropic activities and taking care of the elderly and sick. As such, India pioneers the way in requiring organizations to set aside a certain percentage of their profits to spend on social development (Singh, Pandey & Vashisht, 2016). Section 135 of the Companies Act that governs CSR in India has put organizations in a critical position of national development by mandating compliance on certain provisions directed to CSR activities. In addition, the Company Act of 2013 revolutionized CSR in India. This act provides that one-third of the firms’ board must have an independent director and of the board members at least one should be a woman. The move advocates for gender equality (Verma, 2017). With these immense changes in legal imperatives towards supporting corporate Social responsibility, large companies contribute 2% of their net profits (that are averaged across three years of continuous operations) to CSR. Some firms do fear that this rule could be used subjectively against them considering they could be interpreted in any manner (Singh et al., 2016). The Act requires that a company contribute to society within its area of operation.

As mentioned before, India has been utilizing CSR for several decades and it is believed to be one of the first countries to incorporate CSR practices into the organizational strategy (Borman & Chakraborty, 2012). Guidelines that were used to govern these practices include the UN principles grounded on three pillars--the state duty to protect, the corporate responsibility to respect and the access to remedy (Kansal & Joshi, 2014). According to Narwal and Singh (2013), CSR in India was for a long time considered a voluntary act implemented by the company for its stakeholders; however, the practice is currently a legal requirement, and the government has pursued active measures to enhance its implementation. At this point, CSR focused on economic perspectives such as creating stakeholders’ values, empowering employees, and meeting stakeholder expectations (Borman & Chakraborty, 2012). Compliance with environmental policy also increased in order to avoid potential fines and further meet profit maximizations (Narwal and Singh, 2013). Effective measures are usually established to guide employees on how consistently deliver quality products and services based on the customer demands (Narwal &Singh, 2013). As a result, the competitive edge of most companies that focuses on economic and environmental perspectives has significantly increased, hence resulting in stellar performance (Sabsharwal & Narula, 2015). Additionally, most firms in India engage in creating awareness among employees concerning environmental conservation programs and sustainability (Sabsharwal & Narula, 2015). Due to the fact that customers prefer purchasing products that are manufactured by companies that value environmental protection, businesses have increasingly invested in CSR to attract and retain a large customer base.

Mishra and Damodar (2010), through a qualitative study, proposed that many leading corporations in India have realized the importance of engaging in socially responsible activities as a method of protecting reputation, goodwill, as well as a method of increasing competitiveness. Consequently, Indian corporate sectors have developed appropriate strategies that will influence small and medium-sized business to improve CSR, so they can increase their reach in remote areas. According to Sabsharwal and Narula (2015), the immense growth in Indian corporate social responsibility practices can be attributed to industrial development with the entry of international companies into its economy. Due to stiff competition, every company tries its best to prove itself by engaging in programs that can attract the attention of consumers (Narwal &Singh, 2013). Therefore, these benefits are highly significant, and organizations which have implemented CSR are expanding their operations and revising their strategies to benefit the company and contribute to the growth of society and protection of the environment.

## Corporate Social Responsibility in the Indian Textile Industry

The textile industry is one of the oldest industries in India, dating back several centuries. This industry is also considered labor intensive since it provides numerous job opportunities for various classes of workers (Agarwal, 2017). The Indian apparel and textile industry are the second largest industries in India following agriculture in terms of employment generation and economic contribution (Solanki, 2017). This sector contributes 4% to India’s Gross Domestic Product and 14% to industrial production (Solanki, 2017). In the financial year 2015-16, India’s exports for textile and apparel amounted to USD 40 billion, demonstrating its extensive capability and product demand globally. Currently, this industry is the second largest employment provider in India, where approximately 51 million people have been directly employed (Solanki, 2017). The apparel sector receives significant support from the government through huge incentives to farmers and manufacturers. Despite, its rich heritage, the forward growth of the textile industry depends on future government policy and geographical factors. According to MA & GK (2017), in the past, India has enjoyed a good geographical climate and fertile land as well as favorable policies which have substantially contributed to the apparel industry’s growth. Currently, the Indian government is creating an effective value chain to speed up the production and distribution of textiles to the market and further enhance the integration of operations and processes with trade partners.

The major growth drivers for the textile industry will be developing countries, particularly China and India, where production for both countries is growing by a double-digit (Pandey, Sacher & Kumar, 2014). As a result, India will be the second most attractive apparel market contributing to nearly USD 121billion by 2025. Similarly, the export of textiles from India is projected to hit $300 billion by 2025 (Gopalakrishnan, 2015). To effectively maintain such rapid growth, the government has employed various measures such as allocating USD 1.3 billion to allow acquisition of appropriate technologies (Solanki, 2017). In addition, the industry is grouped into both unorganized and organized spheres, which allow farmers and manufactures to effectively use both traditional and modern techniques in the sector (Singh & Lal, 2012).

Despite the Indian government’s commitment to promoting the growth of the sector, there are various challenges presently experienced (Kumar, 2018). Some of the most common issues include superseded mechanism and knowledge, scarcity of electrical energy, the risk to the traditional handloom sector, shortage of the raw materials, (Kumar, 2018). In this regard, there is a high possibility that the industry can grow further if these challenges are addressed adequately.

Current globalization trends have transformed economic relations, especially for India which relies heavily on the textile industry (Szewczyk, 2016). For this reason, the apparel and textile sector is a sensitive area with respect to CSR practices. In India, the focus is primarily on two areas of CSR: environmental impact and human rights. Notably, Nasreen and Rao (2014) proposed that CSR awareness is occurring among companies in India that are fairly embracing its practices. In this regard, textile firms are currently acknowledging the role of CSR in society and the environment (Nasreen & Rao, 2014). According to Hassini, Surt and Searcy (2012), most companies in the sector have now understood the role of CSR practices in enhancing sustainability. To achieve sustainability, Hassini et al. (2012) proposed that firms employ the Theory of Triple Bottom Line which enables management to effectively address the people’s and environment’s needs and maximize profits.

Despite the significant growth in CSR practices, Ghandi (2017) states that manufacturers in the Indian textile and apparel industry face challenges associated with implementation of the programs. Ultimately, small scale firms give priority to other projects that are easier to implement which have direct financial impact on the company (Ghandi, 2017). They ignore the CSR initiatives presently practiced in the Indian apparel and textile industry which focus on people, environment, and society (Ghandi, 2017).

The international certificates and the company’s code of conduct have been able to enhance working conditions, including health and safety (Koksal, Strahle, Muller & Freise, 2017, Gupta & Hodges, 2012). According to Stigzelius and Mark-Herbert (2009) most of the Indian textile and apparel firms follow international labor standards such as SA 8000 certification which covers human rights issues such as health and safety, child labor, working conditions, working hours and forced labor (Social Accountability International, 2011). Acquiring these certifications requires a major investment, which can be too expensive for SMEs. At the same time, the return on this investment is not guaranteed (Bremer & Udovich, 2001). Gupta & Hodges, (2012) indicated that investment required for these certifications is too much for the SMEs, because they have to incur various costs, such as audit charges and training workshops. The Indian garment suppliers and manufacturers participate in these certifications to enhance their image and procure more orders from the international buyers (Herbert, 2009; Gupta & Hodges, 2012)

Environmental sustainability is also a vital component of the CSR practice. In fact, studies show that companies that focus on environmental sustainability become more innovative, hence creating a competitive advantage (Rajan, Anand, Nayaran, and Bapu, 2016). The majority of textile companies in India focus on the social sustainability when implementing CSR initiatives and neglects the environmental aspect in the process (Rajan et al., 2016). International textile firms that source their materials in India are going ‘green’ and therefore forcing manufacturers to put prioritize environmental sustainability (Nygaard, 2015). Big companies who work with the international buyers tend to embrace the sustainable practices in order to maintain their businesses with the international companies. Furthermore, these companies are embracing closed loop supply chains where materials are reduced, recycled and re-used in the manufacturing process of textiles (Eryuruk, 2012). In addition, there is also re-manufacturing, reverse logistics, network designs, and green procurement (Eryuruk, 2012).

Environmental laws in India regarding the textile sector can have serious legal implications on operations because the majority of companies lack the necessary expertise and technology to meet compliance requirements (Rajan et al., 2016). Likewise, there was the case of firms operating in Tirupur, India, in 2010 when a high court ordered the closure of 754 dyeing plants in the region (Nygaard, 2015). The reason for this move was that textile companies in Tirupur the firms lacked the technology to comply with the Zero-Liquid Discharge (ZLD) environmental rules. Another case of how environmental sustainability improve a company’s CSR practice is the Tikau Oy, a Finnish textile firm with manufacturing plants in India (Maymun, Duong and Sishir, 2016). Tikau Oy is focusing on the use of natural fibers such as organic cotton seeds, bamboo, banana and jute to reduce reliance of synthetic fibers that are non-biodegradable or cotton that requires huge amounts of water and chemicals to produce (Maymun et al., 2016). Studies conducted by Ali and Sarwar (2010) show that organic cotton and bamboo fibers can enhance environmental sustainability of textile industry. Organic cotton is beneficial to both farmers and textile companies where they can get higher premiums on small scale production, it also optimizes water utilization and improves biodiversity (Ali and Sarwar, 2010).

## Drivers of CSR in the Indian Textile Industry

What drives CSR is the mix of risks and incentives directed at companies in order to enhance standards. Society appreciates those companies conducting CSR,and most of the people are attracted by their services and products, which present incentives for companies to adopt CSR (Lee, 2008). The risk associated with the degradation of the natural environment also tends to lead companies to explore and implement CSR practices (Martin, 2012). Drivers of CSR are market-based when a company responds or anticipates the risk associated with the environment, labor or the social impact of a particular business practice. The drivers of CSR vary across organizations, industries, sectors as well as geographical locations. The responsible business practices are driven by external stakeholders like suppliers, local communities, and, natural environment, customer, shareholders, government, NGOs and internal stakeholders like employees, leadership (Lee, 2008). To get a better understanding of the incentives behind the CSR practices in the Indian textile industry, the possible driving forces are discussed below from a stakeholder perspective.

###  Customers

In every industry, customers are considered one of the most valuable stakeholders (Trebeck, 2008). Consumers of textile products also influence the way CSR activities are carried out in India. Today, customers have high levels of social awareness that will make them boycott or switch to substitutes if a firm has a very low CSR reputation (Gandhi, 2017). A study conducted by Maignan (2001) to understand the attitudes of French, German and US consumers, and it found that US consumers highly value economic responsibility, while French and German consumers pay more attention to legal and ethical implications. Additionally, French and German consumers were more inclined to support responsible businesses than their US counterparts. Podnar and Golob (2007) studied highly qualified Slovene consumers, and discovered that Slovene consumers highly value CSR and expect companies to take responsibility for their actions. Moreover, Dahl and Persson (2008), conducted a study on the attitude of Swedish consumers, which explained that Swedish customers value the various aspects of socially responsible businesses. According to research conducted by Planken et.al (2013), understanding Indian and Dutch consumers’ attitudes towards CSR gave helpful insights to explain how consumers in these two countries comprehend CSR and how companies can be affected from the attitude arising for CSR. This study concluded that Indian consumers are more likely to value philanthropic activities than legal or ethical CSR activities. It was also seen that Indian consumers value the condition of workers/employees working conditions and value environmental projects and it further suggested that the rise in knowledge of CSR based activities and the attitudes of consumers across developed and developing countries is similar (Planken et.al, 2013). Another study conducted by Singh and Malla (2017) on how CSR matter in buying behavior of Indian consumers, it was seen that consumers are willing to pay more for the goods made from socially responsible practices.

In the current scenario where companies are competing with each other, they try to cash every opportunity to connect with their consumers to increase their consumer base and build a better relationship with their companies (Saharan, & Singh, 2015). With the participation in various social issues prevalent in the society which are sensitive to consumers, CSR plays an important role in improving the company’s relationship with its consumers and maintain their loyalty (Saharan, & Singh, 2015). Also, understanding the values of consumers help companies know their consumer better and their intention to support companies’ CSR (Basil & Weber (2006).

*RP1: Consumers can have a positive impact on driving CSR practices in the Indian textile companies.*

### Employees

A textile company always needs a team of highly motivated and dedicated workers (Hemanalini, 2011). The textile industry plays an important role in India’s economic growth on a global level and providing employment to millions of people in India. Like in any other sector, companies operating in the Indian textile industry are required to provide employees with a challenging and competitive work environment (Agarwal, 2017). According to a study conducted by Technopak Advisors ltd. (2015) for Ministry of Textiles, India, there was evidence that companies such as Aditya Birla, Raymond, Donear industries, Century Enka, Arvind, and several other large textile firms are highly concerned about fulfilling their employees’ needs. Most of the Indian textile companies are successful due to their human resource management (Tsourvakas & Yfantidou, 2018). It is highly believed that employees take CSR performance into their analysis of the company and how companies treat their employees is considered one of the factors by which employees choose to work for them (Appel, 2014).

Problems occur when the majority of the staff in a textile company resist CSR because they lack adequate training to effectively execute its policies (Shen et al., 2015). Since they work under poor environmental conditions and are burdened by politics of unionization, employees rarely speak out for CSR due to constant victimization by the upper management (Bare, 2013). However, having the CSR committee in the company can improve the conditions, by setting some effective policies, making reports to establish compliance, and providing recommendations to the board of directors regarding the project (Singh & Sharma, 2015). Employees need to be empowered to take a more active role in the formulation of policy and in the execution of CSR projects which leads to our second proposition.

*RP2: Employees can have a positive impact on driving CSR practices in the Indian textile companies.*

### Environment

Being environmentally sustainable refers to being eco- friendly, energy conscious and protecting environment or following procedures which can have positive impact on the environment (Holdren, Daily & Ehrlich, 1995). Environmental good practice is also about business efficiency, that is, best use of valuable raw materials. Environmental sustainability is another focus area of CSR. The government of India enacts tough legislation to ensure that textile and apparel companies protect the environment or face criminal charges (Singh & Sharma, 2018). While defining CSR, most of the Indian textile companies referred it to a responsibility to preserve the environment, especially by effective use of fossil fuel and controlling pollution. Most of the textile companies in India have started integrating environment, safety, and health issues in CSR practices (Kaur & Tandon, 2017).

Most of the companies in the Indian textile industry have started making use of pollution control strategies, which include cleaner production processes and techniques, and end-of-pipe treatment (Jaysawal & Saha, 2015). In order to tackle the complex environmental problems of pollution, organizations engaged in the textile industry have started utilizing comprehensive, integrated approaches (Chavan, 2001). A minimum use of water and raw materials, as well as the elimination of waste has become a priority in the textile industry. This conservation means that most of the companies have started taking initiatives towards CSR by optimally using raw materials along with reducing environmental impact (Bhaskaran, 2013). Cleaner production (CP) is one of the significant techniques used by Textile industries in India as a CSR practice (Guha, 2018). It has provided opportunities to minimize the operating costs by improving the quality of the products. For instance, a textile company in Ahmedabad, Gujarat gained annual revenue of Rs. 85, 67,712 Indian Rupees by spending Rs. 17,10,000 Indian Rupees once in a year (Guha, 2018). Moreover, Toprak and Anis (2017) highlighted that in Indian Textile Industries, it is getting common to recycle and consume the waste water. As a result, it has reduced the charges of purchasing water, charges of waste water management and minimized the chances of infringement.

In the textile industry, there is a need for reviewing the existing technological processes so that a choice of process, equipment used, as well as a processing sequence can be evaluated (Köksal, Strähle, Müller & Freise, 2017). It has also been observed that current manufacturers engaged in the production of textile equipment are becoming more aware of the need to save water, energy, and chemicals (Chavan, 2001). Several new production technologies have been implemented at the textile companies (Bhaskaran, 2013). Modification in the equipment can be observed in terms of equipment related to printing, dyeing, washing, drying, and much more. Specifically, these changes can be observed within the companies that have started implementing CSR practices (Jaysawal & Saha, 2015). If the companies can protect the environment, then the sustainability of their supply chains can be realized which leads to third proposition.

*RP 3: Need for the environmental protection can have a positive impact on driving CSR practices in the Indian textile companies.*

### Community

The community refers to the groups of people who live around textile plants in India. Indian textile companies have shown great interest in communities (Kaur & Tandon, 2017). By contributing a large amount of funds for education, social welfare, healthcare, skill development, and women empowerment, they have shown their commitment to CSR (Kumari, Sehrawat & Sharma, 2017). Apart from bringing a wide range of benefits to the organization, CSR is supposed to contribute to the well-being of society (Köksal, Strähle, Müller & Freise, 2017). Offering benefits to the whole community is considered one of the significant drivers of business to initiate and continue CSR involvement (Bhaskaran, 2013).

When organizations get involved in the problems of their local communities, a better environment develops around the business. Individuals offered help by the organizations are happier and achieve a higher standard of living (Kumari, Sehrawat & Sharma, 2017). Improving the local community is one of the major priorities of CSR. Many Indian textile companies have shown initiatives towards CSR by developing the well-being of the surroundings for its workers as well as for the general public (Bhaskaran, 2013). Organizations have been taking initiative to provide healthy work environment not just for their employees but also for the whole community (Kumari, Sehrawat & Sharma, 2017).

Grasim industries, which is one of the biggest textile firms in India, worked towards the social and economic development of the communities in which they operated indirectly through Aditya Birla Centre for Community and Rural Development. It included the work towards the education, health and welfare of the families which resides in those communities, infrastructure development, employment and sustainable development and other social causes (Gautam & Singh, 2010). Admittedly, there are also few downsides to the textile and apparel industry. Big corporations make huge profits and offer large dividends to their shareholders while farming communities that supply raw materials to the textile firms are suffering. They experience low standards of living, poverty, unemployment and are plagued by other social issues**.** Some of the most common pressing issues include: lack of vocational skills among the youth, food insecurity, lack of access to clean drinking water and gender inequality (Singh & Sharma, 2015). For example, due to abject poverty, between 1995-2012, more than 280,000 farmers in India have committed suicide (Chaganti, 2017). Furthermore, human rights abuse runs rampant among farming communities facilitated by exploitation from big local and multinational textile firms sourcing from India (Torkelsen, 2017). This brings us to next proposition.

*RP 4: Empowering the communities can act as a driver for CSR practices in the Indian textile companies*

### Corporate Governance (Shareholders)

Shareholders have a huge role to play in CSR. The shareholders are both a driver and barrier for adoption and implementation of CSR in their respective companies (Torkelsen, 2017). The shareholders promote implementation by influencing spending on CSR. Companies, whose shareholders are determined to promote CSR by increasing company investment, report stronger compliance scores than those that do not (Chaganti, 2012). However, Bode (2014) reflects on the benefits of CSR that the effective enactment of CSR improves the efficiency of any corporation. The collapse of the Dhaka factory in 2013 can be attributed to the lack of an effective corporate social responsibility enactment and thus stipulating failures that could have been avoided. The issue was as a result of bad safety restrictions which ultimately damaged the image and efficiency of the corporation. Imperatively, shareholders are the closest link to the clients and thus they play a crucial role in bridging the gap between a company and its customers. Therefore, they can stipulate the success or failure of CSR depending on its incorporation within any institution.

Consequently, Rafn (2017) acknowledges that the working conditions for factory workers in Indian textile industries are at times appalling with low presence of unions, unsafe working environments, low presence of unions, and extensive use of overtime among other shortcomings. The acknowledgment outlines the need to have shareholders intervening and necessitating different and appropriate practices. As the textile industry prioritizes its clients, it should begin with repairing the situation from within before transgressing to the external sector of a corporation. The practice of CSR is highly essential in the textile industry to mitigate some of these shortcomings (Rafn, 2017). Moreover, the textile industry in India has been subject to sector-specific regulatory framework for three decades between 1974-2004, in order to improve its efficiency. The world is currently experiencing numerous changes especially due to technological advancements and the continuous improvement in the enactment of globalization. Berger-Walliser and Scott (2018) insist that the age of globalization and development of multinational enterprises necessitates increased attention on corporations taking responsibility for their social and environmental impacts. The initiative starts by enacting transparency and better corporate disclosure with respect to nonfinancial risks (Berger‐Walliser & Scott, 2018). Berger-Walliser and Scott (2018) point out the current practices that CSR is imposed by the government as a mandatory obligation whereas it was a voluntary engagement once. Therefore, stakeholders play a key role in trying to advocate the corporates to adopt CSR practices and convince them that it will improve their efficiency.

The comprehensive enactment of CSR should be able to stimulate the growth of a company and improve on efficiency. However, its ineffective incorporation can lead to a corporation’s downfall. Stakeholders have an interest in the public and the corporation and thus they are key players to the collective success of a firm. Govindasamy and Suresh (2017) reflect on some of the drivers and barriers of the implementation of CSR. They argue that the practice of CSR has altered from being a tool of maximizing profits to a tool aimed to ensure societal and organizational progress (Govindasamy & Suresh, 2017). The shift improves the roles of stakeholders and thus helps them have a bigger impact on the comprehensive enactment of CSR

Shareholders are not only concerned about getting more value on their share, they are also worried about good relationships with the other stakeholders and about the CSR goals practiced by the shareholding firms (Rahim, 2013). Moreover, the mangers of the Indian firms cannot ignore the decisions of the shareholders, as they have an authority to line up their humanitarian preferences with the goals of the firms (Panicker, 2017). It means that when shareholders are showing concern towards the CSR goals, the managers of Indian textile industries cannot ignore the decisions of the shareholders so they set goals for the firm accordingly. Arora and Puranik (2004) claim that Indian companies including textile industries are promoting social welfare in order to build strong relations with their shareholders. This is how shareholders drive CSR in Indian textile industries. Therefore, we propose our next proposition.

*RP 5: Shareholders can act as a driver of CSR*

### The Government

India’s government plays a pivotal role in the country’s textile industry because it is responsible for the sector’s successes and failures in relation to CSR. Arora and Dharwadkar (2011) argue that the state needs to encourage CSR to overcome societal governance deficits which reflect the industry’s state and shortfalls. The governance system in place is tasked with supporting India’s societal demands which the country’s textile industries and affiliated institutions have struggled to meet. According to Arora and Dharwadkar (2011), the government has supported the corporate and finance sector to boost the conditions of labor and social welfare, which have in turn led to textile industry growth, societal development and the implementation of environmentally-friendly manufacturing processes. Similarly, the study by Zychlewicz (2015) asserts that the government has enabled economic reforms, hence widening the gaps between regions, cities, industries and companies. Moreover, inefficient sectors within the textile industry have been weeded out, leading to stiffer competition among the remaining firms. According to Żychlewicz (2015), firms generating much profit have larger market shares. Eventually, they reach a point where they are compelled to implement CSR and adhere to its principles.

 Fundamentally, the government has enacted policies, laws and regulations in a bid to protect India’s environment and non-renewable resources (Jaysawal & Saha, 2015). These legislations have been advantageous in making the textile industry more competitive and sustainable (Jaysawal & Saha, 2015). For instance, the Water Act of 1974 was amended to solve the issues of water problem and sanitation. These government initiatives have compelled firms in the textile industry to design and implement CSR practices in their business operations (Jaysawal & Saha, 2015). Self-regulation by the corporation is perceived as an effort to minimize pressure from social responsibility.

 Additionally, Arora and Dharwadkar (2011) proposed that most of the Indian firms focus on improving the required skills, information base and organizational structures which are helpful to implement CSR practices and the regulatory norms attached to those practices. Voluntary corporate initiatives from textile manufacturers in relation to these factors is an indication that the pressure to stay competitive while observing set laws and regulations serves as one of the driving forces towards corporate social responsibility (Jose, Concepcion & Salvador, 2017). Large organizations with stable financial conditions are more likely to install CSR in comparison to smaller firms. In order to develop stronger brands, products and services in the textile industry, the companies have adopted social and environmental practices which are advocated by the government (Dhanesh, 2015). For example, some firms in the industry have taken the initiative to establish social facilities such as health care centers and have campaigned for the rational usage of scarce environmental resources (Dhanesh, 2015). Along the way, the government has assisted these firms through research and development programs aimed at adopting greener production technologies for manufacturing processes. Therefore, we propose the following proposition.

*RP 6: Government/ government regulations can act as a driver for CSR*

### International Buyers

With CSR as a prevalent area of impact in developed economies like the United States and Europe, it is very important for the companies to make sure their suppliers follow the same line of practicing CSR; therefore, there are a set of rules the companies have to follow in India in order to maintain their business with companies in the United States and Europe. Currently, companies must ensure that their suppliers have a code of conduct in their company systems which follows international standards (ISO 9001, ISO 14001, OHSAS 18001, SA8000); and conducts supplier social audits (Perry and Towers, 2013; Księżak, 2017). As globalization has increased the competition, the textile companies in India are targeting customers overseas through obtaining various CSR related certificates such as Worldwide Responsible Apparel Production (WRAP), ISO standards. WRAP includes 12 principles which are a prohibition of forced labor, prohibition of harassment, work hours, prohibition of discrimination, environment, customs compliance, compliance with local laws, prohibition of child labor, benefits and compensation, health and safety, security, freedom of association. WRAP certified Indian companies are more attractive for global customers (Rangan & Parrino, 2008). Additionally, with the increase in number of textile and apparel industries across the globe, the customers preferred either innovative or globally certified company products. The ISO certification was divided into multiple standards namely ISO 9000, ISO 9001, ISO 9002 and ISO 9003. However, later they all were merged into ISO 9001 standard. ISO standard helps the companies to get recognition in the developed countries’ market, where regulation regarding the certification is strict (Goel, 2018).

International customers feel awkward to be the part of activities which can harm people that’s why they prefer to buy clothes which ensure the CSR principles (Księżak, 2017*)*. Many of the enterprises in Indian Textile Industry have adopted CSR practices, as a result the number of foreign buyers from countries like Europe and the United States have increased in International market (“Promoting Corporate Social Responsibility (CSR) in Indian Textile Industry”, 2016). Indian textile companies are increasing their efforts on CSR behaviors, which bring in more business opportunities from international customers. Thus, the following research proposition is presented

*RP 7: International buyers act as drivers for CSR*

### Competitive/internal organizational drivers for CSR

The arguments for CSR dwell mainly on risk management and market efficiency (Jose et al., 2017). The industry’s interests are considered as a great driver of CSR, therefore, when a firm sees a positive financial performance in CSR practices it adopts it (Orlitzky, Schmidt and Rynes, 2003). At the same time, the involvement of any company in CSR depends on various internal reasons like strategies for improving company’s image and increasing short term profit, which are inserted as a part of organizational culture (Prutina, 2016). Moreover, the economic rationality in the Indian textile sector also aims to initiate and sustain the CSR under certain conditions (Kansal & Joshi, 2014). In addition, the executive body of a corporation is responsible to tune into CSR practices and they direct the employees through value-inclusive decision making practices (Swanson, 2008). Therefore, the leadership and governance structure of a firm can work efficiently by prioritizing the stakeholder interests, and designing the projects according to its social, environmental and economic objectives.

 At the same time, the senior management of firms must be aware of the resources required to implement CSR (Hallback, 2011). The failure to understand the required investment means that managers are less likely to implement CSR. Hence, most of the researches have concluded that CSR requires suitable resources and sufficient budget, to be termed as a successful practice (Lozano, 2013).

 In addition, CSR practice in India’s textile industry is molded by a framework that mandates the textile firms in order to focus on their economic and environmental performances (White, Nielsen &Valentini, 2017). Under this framework, they have relegated CSR reporting to the public relations departments instead of revenue centers under the management of accountants (White et al., 2017). Despite the promotion of CSR principles in the industry, researches linking CSR disclosure to those practices which have been inconsistent, while the fact is that managers in Indian textile firms do not give CSR equal attention. The reason is that they show unwillingness to bear the financial imposts of CSR as they are not sure about the benefits they will get in return.

 However, textile firms in the India are compelled to adopt CSR strategies in reaction to competitors because they believe that failing to do so, may disadvantage them irrespective of their market positioning (Verma, 2017). There is a trend whereby a firm establishes and implements its CSR framework and other firms in the industry are likely to imitate the strategy because they view the costs and impacts of not doing so as worse (Verma, 2017). Thus, the majority of players in the textile industry sectors will be compelled to set their CSR frameworks with the objective of remaining competitively relevant and keeping up with the industry’s trending cultures.

*RP 8: Organization’s internal policies and values act as driver of CSR*

## Inhibitors/Barriers to Corporate Social Responsibility in the Indian Textile Industry

Factors that act as inhibitors and impede the implementation of CSR are refered to as barriers (Shen et. al, 2015). These barriers negatively influence the CSR adoption in the textile and apparel industry in India (Govindaswamy & Suresh, 2017) although an increasing number of textile companies have engaged in CSR. Some of the challenges of CSR in the Indian apparel sector include government regulations, lack of training, financial constraints, confusion between CSR and PR, lack of top management commitment and lack of stakeholder awareness (Shen, Govinda & Shankar, 2015). Let’s explore some of these major barriers that hamper the implementation of CSR practices in the Indian textile industry.

### Lack of Consumer Awareness

Lack of consumer awareness is defined as a lack of knowledge about CSR among various stakeholders of the company such as consumers, shareholders and employees. In developing countries like India, Bangladesh and Pakistan, the lack of transparency in CSR establishment and unawareness of ethical responsibilities of companies leave the consumers and other stakeholders uninformed as to CSR implementation (Shen et. al., 2015). In order to implement the CSR in their organizations, firms must ensure that their managers and other employees have a proper training related to CSR. There is an evidence that Indian customers negatively contribute to CSR practices in the textile sector. These customers lack in-depth awareness of CSR, which makes them more likely to be economical when they are buying products (Shen et al., 2015). As a result, consumers ignore the role of quality and social responsibility issues, making the companies concentrate more on their profits instead of concentrating on solving societal problems (Shen et al., 2015).Generally, every company including textile industries are required to operate in such a manner that customers get what they demand or at least they are not dissatisfied with the products (Hamidu, Md Haron & Amran, 2015).

Indian consumers are primarily price-driven which means that they will give preference to economic profit over ethical or social gains (Shen, Govindan, and Shankar, 2015). According to a study conducted by Arevalo and Aravind (2011), it revealed that implementation and adoption of CSR by companies was largely based on demand of willingness of the consumers, because CSR activities increase the cost of the product, and this additional cost is borne by the consumers. Moreover, the consumers from metropolitan cities are aware of the impact of various company processes on the environment, and society or the plight of the workers. On the other side, the consumers from the tier II or tier III cities don’t have any idea of impact of companies on its workers, society and the environment. Moreover, a study was conducted by Pradhan (2018) to understand the role of CSR in consumer buying process and it was seen that for different consumers, CSR has different meaning and value.

However, some of the companies followed and implemented CSR practices while there were others who opposed the idea of CSR because for them, spending on CSR increased the cost of production and also increased the price of the product. Sometimes the consumers are aware of CSR practices and its impact on the society and environment, but they preferred the price while purchasing a product (Pradhan, 2018). For an Indian consumer, price plays an important role because in a developing world people are more conscious about their budget. As far as consumers are concerned, they can be drivers as well as inhibitors, it depends on multiple factors. For instance, if consumers are not communicated properly about the benefits of CSR, they will not take an interest in this case. However, the consumers who are aware of the consequences will prefer those products which are socially and environment-friendly. On the other side, the preferences of the consumers also depend upon their income. In India most of the people are unaware of CSR practices and people with average income, therefore they preferred price friendly products.

A study shows that consumers with CSR awareness did not believe in its concept and some of them even opposed the idea of paying premium for CSR practices (Pradhan, 2018). In a country like India, lack of awareness amongst a large portion of their average consumers can be a key challenge for many textile and apparel companies for adopting CSR. In case the consumers are aware of CSR practices, they will act as drivers whereas lack of awareness among consumers may lead as a barrier (Hejase et al., 2017). Moreover, a study conducted on CSR issues facing US and Indian consumers, showed that Indian consumers have 12% less willingness towards CSR practices as compared to US consumers (Gupta, 2011). There is lack of awareness in Indian consumers about the benefits of CSR, so it would be valuable for these consumers to improve their level of social awareness (Gupta, 2011). This leads to our next proposition.

*RP 9: Lack of awareness amongst the Indian consumers acts as a barrier for CSR adoption in the Indian textile companies.*

### Company Human Resources (Lack of Training)

For faster adoption and implementation of CSR in the textile industry in India, internal stakeholders need to have the requisite competencies (Szewczyk, 2016). However, this is not the case in India, as majority of employees and managers show high level incompetency to implement CSR and a clear indication for it is the lack of proper training (Gandhi, 2017). Likewise, the lack of training has been cited as one of the top challenges facing CSR adoption in the apparel and textile sector in India (Gupta & Hodges, 2012). In addition, consumers in India have a very poor perception about the capabilities of managers in various textile companies regarding the improvement of supply chain through CSR (Gupta & Hodges, 2012). The incompetence of executive bodies of Indian corporates results in unsustainable and socially irresponsible supply chains (Hassan & Shi, 2017). At the same time, the inability of leading officials cause employees to resist those organizational changes which are aimed to enhance CSR compliance in the company (Gandhi, 2017). Moreover, the lack of proper training of employees could not facilitate teamwork within the workplace, which leads to poorly-managed supply chains that are not sustainable (Koksal, Strahle & Freise, 2016).

Most of the textile companies in India have not made CSR as a part of their organizational culture as a result there is lack of strategic planning that negatively impacts the implementation of CSR (Nasreen & Rao, 2014). Since, it is not included in the organizational culture, no attention is directed towards the training of managers and workers. Indian companies need to start offering training programs to boost the supply chain by focusing on CSR principles. Moreover, the top management of many Indian companies in the textile sector is not training its staff regarding the implementation of CSR because of the fear of cost overruns (Nazreen & Rao, 2014). Some of the aspects that require training for managers and workers include CSR reporting and monitoring, implementing policy on human rights, better communication and collaboration to achieve higher levels of compliance (Szewczyk, 2016). Indian companies need to establish a training framework on CSR which should focus on strengthening compliance mechanisms.

Furthermore, lack of training has an adverse impact on the way organizations use CSR for sustaining their supply chains. Since employees and managers do not have the necessary skills to implement it, they are unable to educate customers about CSR (Shen et al., 2015). When customers are not fully aware about how CSR affects their behaviors, they will not pay attention to issues such as environmental protection, fair wages or good working conditions of employees in the organizations that offer them products (Shen et al., 2015).In addition, training refers to enhance the required skills and motivation of the employees to effectively execute CSR policies in the organization (Juarez, Vazquez & Escobar, 2018). Highly motivated employees can be a force of change within the organization to shift its culture towards CSR (Juarez et al., 2018). In addition, training facilitates creativity, competence in response to the emerging issues related to CSR and its trends, and it also helps to bring innovation in supply chain sustainability (Tay et al., 2015). However, the lack of innovation in CSR practices among India firms in the textile industry has spurred negative customer perception about them as they are more concerned about the firm’s PR rather than the CSR practices (Gupta & Hodges, 2012). Therefore, when examining how the lack of training impacts on CSR in supply chains, one should also discuss the costs of adoption and implementation.

*RP 10: Lack of training and personnel act as a barrier for implementing CSR in the Indian textile companies.*

### Financial Constraints

The prioritization of profit over social welfare means that Indian firms in the textile sector need to reduce their operational costs to increase bottom-line margins (Nasreen & Rao, 2014). Many Indian companies do not allocate adequate finances to implement CSR in their organization due to budget shortfalls (Shen et al., 2015). In fact, it’s not just the textile industry alone, but generally, Indian companies have very low CSR rating compared to those from other jurisdictions (Singh & Sharma, 2015). Therefore, most of the social responsibility programs do not materialize, practicing low levels of strategic compliance (Szwcyk, 2016). The cost of implementing CSR makes it challenging to achieve a sustainable supply chain for many companies in the Indian textile and apparel industry (Gondaisamy & Suresh, 2017). The additional costs for compliance discourages many firms from funding CSR programs that can improve the social welfare of communities and environmental sustainability (Szwcyk, 2016). Some of the costs are related to the training of staff, supplies, reporting, complying with labor and environmental regulations, certification for eco-products, and contributions to charities (Szwcyk, 2016). The inability to fund CSR programs is attributed to the low perception of the cost-benefits and it accrued from implementing those strategies. In contrast, prior research shows that investing in CSR can enhance the bottom-line of a company and create long-term business success (Hassan & Shi, 2017). Some of the expenses are incurred through fines paid to local and national governments in India can be avoided by increasing compliance with government regulations pertaining to CSR (Ghandi, 2017). In light of this information, textile companies need to find cost-effective strategies for implementing their CSR efforts.

The financial constraints as a barrier to CSR in textile supply chains vary according to firm size in India. Furthermore, the poor organizational culture towards social responsibility by Indian firms has pre-disposed them to avoiding any costs associated with CSR in supply chain management (Singh & Sharma, 2015). The majority of textile companies have cited the high cost of implementation of CSR as a justification for their low spending levels and refusal to bow to the pressure from NGOs, the government, the media and trade associations to develop sustainable supply chains (Koskal et al., 2016). There is strong evidence that links organizational culture with CSR spending (Chaganti, 2014). One of the factors is the poor organizational culture that does not value social welfare and/or environmental protection, which will negatively impact financial investment in CSR projects (Woo & Jin, 2015). However, the best way for the firms to handle financial constraints is to empower supply chain managers to view sustainability from a CSR perspective in order to justify the costs involved in that process (Shen, Li, Dong & Perry, 2017). CSR is a tool to improve the sustainability of supply chains and therefore, any costs incurred are justifiable because the benefits of the process can exceed the expenses when handled well (Shen et al., 2017). Conclusively, CSR is costly not only for textile firms in India but also for those in Malaysia, China and Europe yet companies in those countries have found mechanisms to reduce expenses on social welfare without compromising their commitment to the CSR. Therefore, we propose the following research proposition.

*RP 11: Lack of financial support is a barrier for implementing CSR practices in the Indian textile companies.*

## Regulation and Standards

Due to the government mandate of the Companies Act 2013, many companies in India have been forced to dedicate teams to identify the areas of CSR, in which they can contribute and plan their CSR policies. At same time, it is to be understood that the lack of government regulations and codes of conduct can impact on CSR implementation. The lack of regulation allows the shareholders to focus more on profit rather than on other ethical and moral factors. According to study conducted by De Neve (2009), it was seen that the lack of codes of conduct is one of the main reasons for the poor CSR implementation particularly in textile industries; which was extracted from the study conducted in 2009 on Tirupur apparel industry (South Indian region) (Lixin et. al, 2015). However, due to the failure of the 1956 Act, the Companies Act 2013 is introduced with additional implications such as CSR spending in India ("Companies Act, 2013", 2013). These additional implications were aimed to enhance the CSR practices at industrial sector in India.

According to the Indian constitution, the government is made up of three branches: the legislative, the executive and the judiciary with clear directives for independent functioning of each branch. For better performance of the government, it is necessary that all the three branches should work with integrity and efficiency (Rajak, 2013). Corruption degrades the whole government due to lack of law enforcement and these days corruption is widespread in every segment of Indian government (Rajak, 2013). According to a study conducted by the Consultancy and Research for Environmental Management on CSR in 2004, it was seen that due to poor law enforcement in India, many companies do not seem to implement CSR in their supply chains. As per the report, Corruption Perception Index (CPI), which ranks 180 countries on the scale of 0-100 based on institutional perceptions of public sector gave India a score of 40, declaring it the 81st most corrupt nation in the world (CPI, 2017).

*RP 12: Poor law enforcement and corruption act as a barrier for implementing CSR practices in the Indian textile companies.*

# CHAPTER 3: METHODOLOGY

This section presents the methods used for this study. It also reveals why the qualitative method is the best way for doing so and the technique used for recruiting the participants. The primary aim of this chapter is to provide justification for the selected method as well as a detailed and clear explanation of the manner in which the study was conducted.

## Research Methods

There are two forms of research methods that are usually used for data collection. These are categorized as qualitative and quantitative methods. In the latter case, quantification is achieved with the help of statistics and mathematics. The collected data is transformed into figures that are tested empirically for determining a relationship that helps in drawing a conclusion from the outcomes. In simpler words, quantitative methodology involves numerical interpretations. The qualitative method is not reliant on the numbers or statistics. It functions to understand, interpret, and observe in natural settings with the help of an insider’s perspective. It is considered to be a suitable approach for studies in management and business administration because it enables the researchers to analyze the cultural and social phenomena such as thoughts and behaviors (Babu, 2008). Examples of qualitative research methods include grounded theory, case studies, and action research. Qualitative data collection involves questionnaires, interviews, observations, documents and researcher’s impressions (Taylor, Bogdan, & DeVault, 2015).

To be specific, the qualitative research methodology used in this case is grounded theory. Grounded theory enables the researcher to offer an explanation of the main concern of population and how it can be processed. A research study using the grounded theory begins with the collection of qualitative data. After that, the data collected is reviewed and tagged with codes extracted from the data. Codes are later grouped into concepts and categories which become the basis of new theory.

## Justification for the Chosen Method

Grounded theory is used as a qualitative research methodology because this research is centered at dealing with human interaction and perspectives. Qualitative research methods are preferred in such cases because these methods of data collection attempt to produce more accurate information, for example, interviews give more honest opinions and answers through personal interaction with the interviewer. The study requires data collection on the perception of the textile stakeholders. It also puts emphasis on attaining a broader understanding of varying opinions and perceptions of the focused stakeholders of Indian Textile Industry.

For the purpose of data, collection interviews are conducted. The interview is a popular method of data collection in qualitative research (Kajornboon, 2005). The interview helps the researcher to find out what is on his mind and how he feels about that (Frankel & Wallen, 2004). In this study, interviews are employed as there are several drivers and inhibitors for CSR practices in the underlying industry but there is a lack of a study that analyzes the perceptions of the key stakeholders why have u chosen the interview techniques mentioned.

The interview questions were developed following a review of extant literature and aiming to collect the essential data and information to answer the research propositions. The study needed an overview of the factors that drive or inhibit the CSR practices in the Indian textile industry in order to determine the state of CSR in the industry. The questions need a deep and qualitative understanding of how Indian textile companies comply with the CSR concerns and how such factors are perceived to be impacting the growth of the companies. The findings from the study will help develop a conceptual model for future studies.

## Interviews

This study will make use of qualitative interviews for collecting primary data. It is different from the interviews conducted for quantitative research in several aspects. For example, quantitative interviews are much more structured than the qualitative interviews (Longhurst, 2003). Also, qualitative interviews are considered to be more flexible as the interviewer can adjust the structure and flow of the interview as per the response of the interviewee (Brinkmann, 2014). New questions can be put forward because of the replies of the respondent, and a revision can be made in the order of the questions. It is the duty of the researcher to plan and decide what format he is going to use to collect data (Doody & Noonan, 2013).

There are two main approaches related to qualitative interviews, namely semi-structured and unstructured interviews (Britten, 2006). In an unstructured interview, a researcher starts with a question and then the interviewee talks freely while the researcher listens. On the other hand, semi-structured interviews make use of a checklist of questions and issues that are required to be covered during the interview session.

This study has selected semi-structured interviewing technique so that the interviewees are free to discuss their opinions regarding the status of CSR practices in the industry (Cohen & Crabtree, 2006). Semi-structured interviews are neither a highly structured interview nor free conservation, which allows respondents to speak in detail about the focused topics and gives them freedom of speech (Cohen & Crabtree, 2006). These interviews are very much helpful in gathering the qualitative data and offers a balance between the focus of structured ethnographic survey and the open-ended interview (Ayres, 2008). Certain considerations regarding the style of questions were made such as they were aimed at getting the detailed answers. Moreover, they were free of biases and were concise and clear. The interview questions were designed in the English language, but they were aimed at obtaining a proper response from the persons interviewed. The data collected was recorded immediately.

## The Respondents

The participants who have been chosen for the study are based on the non-probability approach. It implies that the group has not been selected through a random selection technique. Thus, there are more chances of some companies being selected over others (Bryman & Bell, 2007). The participants were approached through email to take their consent for conducting the interviews. Ten detailed interviews with the senior managers in the Indian textile organizations were conducted to collect primary data.

Snowball sampling technique was used for recruiting the participants. It is a non-probability sampling method wherein initial participants are used to gain more participants through their contacts and acquaintances. It is often used by the researchers to locate the potential subjects in studies where they are hard to locate. This method is very helpful if the sample of the study is limited to a small subgroup of the population. This method is similar to the chain referral technique. After the initial subject is observed, the researcher asks for help from the subject to identify similar participants for interviews or data collection.

After choosing the companies, the next task is the selection of individuals to be interviewed. It is important to select the right person for the interviews so that there are no risks related to misrepresentations arising from lack of appropriate knowledge. Therefore, it is better to select individuals who are in a central position in their companies as it will enhance the accuracy of their responses. For this purpose, senior managers in the textile companies were selected for interviews as they work closely with the issue and are observed to be the most suitable contributors for finding answers to the key questions. The participants were selected on the basis of their experience and insights about the industry. In addition, the participants interviewed were involved in implementing the CSR activities. With the increase in emphasis on CSR related activities and ethical practices in the businesses, companies are focused more on these areas. The participants were responsible for devising the methods and strategies in their own organizations regarding the CSR initiatives.

 In countries like India, Bangladesh, and China, the working conditions have resulted in greater consciousness of CSR initiatives and ethical trade (Burckhardt, 2011). Majority of the participants were in the age group of 30-42 years. They were essentially senior level managers in the areas of production, sourcing, and export. All of the participants had the experience and background to answer CSR related questions. The chosen participants were the part of the organizational department.

**Data Analysis**

Data analysis is an essential segment in the research study. As qualitative data is in the form of words and opinions rather than numbers, the process of data analysis differs in qualitative research from quantitative, as the former is utilized by researchers aiming to arrange their research to enhance their knowledge and understanding of the research question.

In the current research, the fundamental approach towards analyzing the output from the interviews taken involves analyzing the data display, data reduction, and transcription of interviews. It functions by arranging data to create an explanation and new findings. The data obtained from interviews will be arranged and summarized to make it understandable. Then the information will be interpreted to match the objectives of study under process (Nowell, Norris, White, & Moules, 2017).

After the data is collected, it may seem vague therefore the initial step will be to make the data meaningful by transcribing it. Transcription just involves converting the data into a textual format. Further, coding will be performed to compress the available data into easily recognizable forms and concepts to make the data analysis process more efficient. This will involve finding patterns in the data set, and then arranging them to develop patterns and themes to help gain a deeper insight into the data.

For the current study, thematic analysis is an appropriate method for interpreting the data systematically. Using the method will allow us to associate the frequency with which a theme occurs to the entire data set thereby enhancing the intricacy and accuracy of the interpretation of the data. Thematic analysis will thus allow us to understand the potential of the research question in a broader manner and aid in establishing the relationship between different concepts, and help provide a comparison to other available or future data. Moreover, data that has been obtained at different intervals in the interview can be linked through coding the different opinions and concepts through the interviewee's discussion. It will be helpful to understand the current CSR practices in the Indian textile Industry as well as the influence of different factors in the situation, as outlined by the participants' perception.

The validity of the data analysis can be established upon a systematic application of thematic coding and analysis procedures. The coding process will involve two phases in which the first level of themes are checked for validity in the initial phase while the second phase involves assessing the validity of the second level of themes (Alhojailan, 2012). The validity of the themes at the first level provides reliable and accurate themes to be analyzed at the second level and makes the second level of themes less predisposed to mistakes and errors.

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