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CSR in China: a legitimate cause?

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ABSTRACT

Following the development from *government* to *governance* in the world often ascribed to the forces of globalization, global corporations have become increasingly expected to widen their agency and perform as political actors in relation to for example the environment, human rights, working conditions and welfare provisions (schooling, education, health care etc). All these *extra-curricular* activities can be thought of as *Corporate Social Responsibility* (CSR).¹ If CSR is seen as an exercise of power, then it necessarily needs to be legitimate. There are essentially two reasons for this; namely that it is normatively desirable as well as practically necessary for its successful functioning.

If legitimacy is defined as acting in accordance with prevalent norms and values, then legitimacy of CSR policies of global corporations can be questioned on the basis of the degree to which these policies and the decision-making procedures behind them are compatible with the norms and values of central stakeholders.

This thesis examines the legitimacy of CSR policies from the perspective of managers at Chinese supplier companies to global corporations in the textile- and apparel industry. A field study was conducted during the period January-March 2009, during which 9 qualitative interviews were conducted. The main results of the thesis indicate that CSR demands are seen as deriving their authority from both business considerations and the local society; that global corporations are seen as possessing some qualities that make them appropriate for the exercise of power but lacking others, and that Codes of Conduct are seen as both beneficial and detrimental to local stakeholders.

KEYWORDS: CSR, China, Legitimacy, Nike, Adidas, H&M, IKEA

¹ Grafström, Göthberg & Windel (2008):34

1. INTRODUCTION

In the age of globalization, a much discussed topic in the social sciences is the recent development from *government* to *governance* in the world, with traditional bases of power being replaced by complex, horizontal networks, and voluntary as well as binding rules as its characteristic features.²In this process, corporations have possibly acquired greater economic and political powers, which in turn may have lead to rising demands on these corporations for a widening of their agency, e.g. they are not only expected to perform as before, but increasingly also as political actors in relation to for example the environment, human rights, work life conditions and welfare provisions (schooling, education, health care etc). All these *extra-curricular* activities can be thought of as *Corporate Social Responsibility* (CSR).³This change in expectations towards corporations is related to the question of legitimacy. However, as will be elaborated on further on, engaging in CSR activities does not automatically mean that corporations gain legitimacy.

CSR is a vague concept and there are almost as many interpretations of its meaning as there are corporations practicing it.⁴ Carroll(1991) has tried to elucidate what a socially responsible corporation should take into account and has constructed a "pyramid of corporate social responsibility" for this purpose.⁵ The pyramid is composed of four layers representing different kinds of responsibilities, where economic responsibilities is seen as comprising the foundation for in turn legal, ethical and philanthropical responsibilities. This order represents their relative importance, and as already made clear, economic responsibilities is seen as a prerequisite for the others and therefore as the most important category.

This may however be oversimplifying the nature of the concept. Some scholars point out that CSR must be seen as a culturally defined concept, with the implication that different layers of the pyramid have different weight in different cultures, depending for example on values or national needs.⁶

² Jon Pierre(red): 1, Grafström, Göthberg & Windell (2008):98

³ Grafström, Göthberg & Windel (2008):34

⁴ Grafström, Göthberg & Windell (2008):47-48

⁵ Carrol (1991)

⁶ Pedersen & Huniche (red) (2006):36-38, Helg (2007):8

What can be seen as a corporation's social responsibility also depends on where the line is drawn between public and private spheres and thus on what is seen as each sphere's legitimate area of activity. This too is determined by contextual and cultural factors.⁷ The establishment of this boundary is subject to domestic as well as international politics.

If CSR is seen as an exercise of power, then it necessarily needs to be legitimate. There are essentially two reasons for this; namely that it is normatively desirable as well as practically necessary for its successful functioning.⁸ This thesis sets out to examine the legitimacy of global corporations' Codes of Conduct, and it does so in a case study of views held by suppliers in the Chinese textile industry – the “factory floor of the world”.

2. Theoretical background

2.1 The Stakeholder Model and definitions of legitimacy

The stakeholder model holds that a corporation's social responsibility is defined and evolves together with and between corporations and between corporations and their stakeholders.⁹ Any actor with an interest vested in the corporation or who is, positively or negatively, affected by the corporation's activities can be regarded as a stakeholder. As has been previously mentioned, CSR can be seen as demands concerning the way that corporations exercise political and economic power. By adjusting to these demands corporations gain legitimacy, according to a definition of legitimacy used by economists Grafström, Göthberg and Windell (2008):

“An actor gains legitimacy by doing something which is desirable and appropriate according to the values and norms in place at the time and in the specific situation that the actor is in.”¹⁰

This implies that engaging in CSR activities is in line with the expectations of stakeholders. However, this statement is not supported by an argument or empirical data of any kind, and since norms and values, and thus expectations are not static and change both during

⁷Bexell, (2005):46

⁸This will be fully explained in Section 2: Theoretical background.

⁹Grafström, Göthberg & Windell (2008):65

¹⁰Ibid

the course of time and between different contexts,¹¹ this is not necessarily the case. What gives a corporation legitimacy in the eyes of Western stakeholders does not automatically have the same effect in the Chinese context.

Furthermore, in order to understand the legitimacy of the CSR policies of global corporations, a more detailed account of the nature of legitimacy is needed. The above definition is rather vague as it does not define what values and norms should be taken into account, as well as the means to judge whether or not the given actions are in accordance with these norms. Legitimacy is one of the central concepts of social science in general, and political science in particular and is thus a widely explored concept. I turn to David Beetham (1991) whose definition helps elucidate these important questions¹². His definition of legitimate power states that ;

“Power can be said to be legitimate to the extent that:

- i. It conforms to established rules*
- ii. the rules can be justified by reference to beliefs shared by both dominant and subordinate, and*
- iii. there is evidence of consent by the subordinate to the particular power relation”¹³*

The first point refers to the *legality* of power. In the case of state political power, this means that the regime has acquired and exercises its power in accordance primarily to laws, but also some unwritten rules that are agreed upon. One example of the latter is of course the UK where a written constitution is lacking but where there still are unwritten rules pertaining to how political power should be acquired and exercised. In the case of the CSR policies of global corporations, however, this does not constitute a fruitful channel of inquiry. This is the case because while there are laws that demand a certain amount of consideration for these issues, such as minimum wage laws or anti-pollution

¹¹Ibid

¹² Given this, the thesis can be considered a theory-consuming case study. Naturally, there are other researchers who have examined the concept of legitimacy. The choice to utilize Beetham’s definition was guided by primarily two factors; the first one being that it has previously been utilized by other researchers to measure the legitimacy of state power (see for example Gilley (2006)), and the second is that it is relatively detailed (Compare for example with Stillman (1974))

laws, to my knowledge there are no laws limiting how much consideration a corporation can show towards these issues, thus limiting the scope of the corporations power in this area. This means that CSR activities are almost by definition legitimate in this narrow legal sense.

The second point refers to the *moral justification of power*, and means that the laws and rules regulating the exercise of power themselves are in need of justification by shared beliefs, which, given the nature of the “laws” in this context, is a much more interesting channel of inquiry. Given the similarity between “values and norms” and “beliefs”, this second point can be seen as the needed specification of the first definition used by Grafström, Göthberg & Windell (2008).

An example of what this point means is that the laws in democracies stipulating free and equal elections as the channel of access to political power are based on a belief in the equality of all adult citizens which is shared between the dominant (the government) and the subordinate (the citizens) of the power relationship. More specific, in order to be legitimate, power must be *derived from a valid source of authority*; the rules regulating it must have the effect that the ones in power possess the qualities *appropriate for the exercise*; and this order must *serve a general interest* rather than just that of those in power (all of which in the case of democracy is determined by the vote of the citizenry).¹⁴

To illustrate these aspects, and to show that they constitute a fruitful channel of inquiry, I will discuss three points of critique towards CSR. The first point can be illustrated by the statement made by the Chinese state-supported trade union All China Federation of Trade Unions (ACFTU) in 2003 that foreigners should not meddle with Chinese trade union affairs¹⁵, a problematic statement since the company in question (Reebok) as well as ACFTU both claim to be acting in line with the interest of Chinese workers.

A common point of critique from NGOs engaged in labor rights issues is that CSR policies are seldom formulated with workers' influence over the process and thus lack democratic legitimacy.¹⁶ Another aspect of this critique is that CSR, as an overall top-down approach to solving the problem of working conditions in itself does not strengthen the position of workers and therefore is not a systematic and long-term solution. A larger

¹⁴ Beetham (1991): 16-17

¹⁵ This statement was a commentary on Reebok's initiative to hold factory-level elections to trade union representative posts in some of their subcontractors' factories. Chan (2004):6

¹⁶ Pedersen & Huniche (red) (2006):234-5

focus on collective negotiations and worker involvement is from this perspective seen as an alternative with larger potential of improving working conditions in the long run.¹⁷

The third point of critique of CSR policies is that they are actually a form of trade barrier in disguise, meant to give developed countries an advantage over developing countries.¹⁸

The first type of critique states that global corporations do not have a right to decide over these issues; i.e. that these issues are not within their legitimate sphere of influence. This may be due to a number of reasons; that they are private actors entering what is regarded as a political sphere; because they are foreign actors entering what is regarded as a domestic sphere; or because they don't take into account the views of those they intend to help. This can be interpreted as that the authority of global corporations does not derive from a valid source.

The second type is that CSR is not a fruitful way to address these issues. In order for working conditions to be raised and environmental issues solved by the CSR policies of global corporations incessant monitoring is required. Indeed, there are a vast amount of reported cases of global corporations having problems actually implementing their CSR policies.¹⁹ The given solution to this problem according to many labor organizations is, as noted above, that more power is vested in the workers, making this process self-regulating. This critique can be interpreted as that global corporations do not possess the qualities appropriate for the exercise of power.

The third type of critique concerns who pays the price for the implementation of CSR policies. If global corporations formulate CSR policies but are unwilling to raise the price of the final product it has the effect that the subcontractors have to pay the full price of raising standards, something which is not necessarily easily done. Furthermore, if subcontractors do not meet the demands of global corporations, the latter may arbitrarily decide to end their business relationship with the former, something which may have the counterproductive effect of leaving large numbers of people unemployed. The argument above, stating that CSR policies are a form of trade barrier in disguise, takes this a step further, arguing that being able to produce cheap products is the competitive edge of China and other developing countries, and when suppliers are forced to pay for raising

¹⁷ China Labour Bulletin, <http://www.clb.org.hk/en/node/100288> 2008-10-13

¹⁸ Globalt ansvar (2005):7

¹⁹ See for example <http://www.allbusiness.com/management/3501442-1.html> (23/5-2009)

standards, they lose that edge. This critique can be interpreted as that CSR does not serve a general interest.

That these constitutive parts of legitimacy are to be found in this critique is a sign that they are empirically valid and thus constitute an interesting and hopefully fruitful channel of inquiry. If these views are widespread, it should naturally have a negative impact on the legitimacy of the CSR policies of global corporations.²⁰

Beetham's third point concerns *acts of consent* to the given power relation. Acts of consent have a dual effect on legitimacy, according to Beetham. First, they have a "subjectively binding force" on the ones conducting them, in that they "introduce a moral component" into the relationship, regardless of the reasons behind them. They also contain a publicly symbolic force, in that they acknowledge the authority of the dominant, which gives it legitimacy in the eyes of third parties.²¹ In a democracy, an example of this is the act of voting. In the case of CSR policies one example of this is compliance to the given agreement or code of conduct, which of course is very hard for me to estimate. Another example is the ratification of the trade agreement or the code of conduct between the global corporation and the supplier. Since suppliers increasingly have to agree to such codes to be able to survive as companies, and since all of the suppliers of global corporations who have CSR policies necessarily must have taken part in this act of consent, this cannot be seen as a fruitful area of research.

Furthermore, the moral justification of power can be argued to be especially important, since it is the foundation for the laws and rules in the "legality" criterion.²² Indeed, if the citizens of a state do not judge the laws themselves to be legitimate, it doesn't really matter whether or not the state has acquired and exercises its power in accordance with them. Acts of consent, further, can be undertaken for a variety of reasons, and even though they, as Beetham argues give the dominant legitimacy in the eyes of a third party, the purpose of this thesis is to study from the perspective of Chinese stakeholders, not from the perspective of a third party, whether it is shareholders, consumers or any other stakeholder in the West. The moral component which is supposed to be introduced into the power relationship by them, which in turn should lead

²⁰ Whether or not they are widespread is of course something that cannot be answered, given the qualitative method of the study

²¹Beetham (1991):18

²²Beetham (1991):17

to compliance on the part of the subordinate cannot be judged to be an adequate enough criterion to judge the legitimacy of CSR policies, especially not since numerous reports show that global corporations have problems in getting suppliers to comply to their CSR policies. After considerations for the actual situation, as well as the method of this study, I will thus focus on the moral justification of power in order to study the legitimacy of CSR policies. While this might not give a full picture, the other two categories are hard to study in an adequate way, and the degree to which they can be meaningfully applied to this case is judged as rather low.

2.2 The significance of legitimacy

Why does it matter then if the CSR policies of global corporations are legitimate or not? As mentioned above, legitimacy is important for essentially two reasons; because it is *normatively desirable* and *practically necessary*.

As noted above, Grafström, Götberg & Windell (2008) contend that corporations engaging in CSR activities gain in legitimacy. Since CSR policies in many cases have been formulated in response to criticism from Western stakeholders, this is likely to be the case in the West. My argument, however, is that this does not necessarily apply to Chinese stakeholders. However, if corporations practicing CSR seriously seek to limit their (negative) social and environmental impact, it should reasonably be the values and norms of those affected that CSR agrees with. Just as a state does not primarily seek legitimacy from the citizenry of a foreign country but from its own citizens, i.e. the ones primarily affected by its exercise of power, a corporation should primarily seek its legitimacy from the ones who are primarily affected by its exercise of power. In matters of quality, customers rights or management for example, it is reasonable for a Western corporation to seek legitimacy from stakeholders in the West. When it concerns the impacts of production, however, it should instead seek legitimacy from stakeholders in the country where the production takes place.

If not, is CSR not, as some researchers have argued, just a new form of imperialism?²³ Just as the colonial regimes of old, it is then founded on the values of another population, and aims to spread Western values whatever the cost.

Apart from this normative argument, there is a practical reason why corporations should consider the legitimacy of their actions from the perspective of host country stakeholders, and especially suppliers, namely that they are important for the successful *implementation* of their CSR policies,²⁴ Indeed, Beetham argues that one type of power relationship where legitimacy is especially important is when the dominant actor is dependent on the quality of service of the subordinate, a description that fits well on the relationship between global corporations and their suppliers.²⁵ In this sense the question of whether CSR policies agree with the norms and values of local stakeholders can actually have an impact on the survival of a corporation. For example, if a CSR policy is not implemented, and the public finds out, it may have a negative impact on consumer behavior and thus on corporate finances. Of course, for more than financial reasons, corporations may wish that their CSR policies are actually implemented. If corporations seriously seek to limit their negative impact, they of course want the stipulations of their Code of Conduct to be implemented; so that the workers producing their goods actually have a decent working environment and due consideration is taken towards the environment.

The normative and practical significance of legitimacy are tightly intertwined. Indeed, it is precisely because people act as “moral agents” that legitimacy has an impact on the effectiveness with which policies can be implemented.²⁶ It is further important for stakeholders at all levels of the supply chain to regard the corporation as legitimate; if we only consider the practical side of the argument for the sake of illustration, it is important for a corporation that local stakeholders regard it as legitimate for the successful implementation of its policies; it is important for employees, present and prospective, of the corporation to regard it as legitimate for the corporation to be able to attract skilled personnel; and it is important for consumers and shareholders for the sake of corporate finances.

²³ Globalt ansvar (2005): 7

²⁴ Kozak (2003):7

²⁵ Beetham (1991) 29-30

²⁶ Beetham (1991) 27

2.3 The Textile and Apparel Industry

In order to examine perspectives on CSR, I conduct a case study of the Chinese textile and apparel industry for two reasons; its size as well as its special relation to CSR.

In relation to size, the Chinese textile and apparel industry's shares of the world's exports of clothing and textiles were 33 % and 24% respectively in 2007. Since 2000, when these proportions were considerably lower, China has taken over EU's former position as the world's largest exporter of clothes, and is also now the world's second largest exporter of textiles, after the EU (2000 as well as 2007).²⁷ A large share of the world's consumers is thus wearing Chinese-manufactured clothes. At the same time, the Chinese textile industry is work-intensive with a work force of more than 20 million workers, out of which some 13 million are migrant workers from the countryside,²⁸ a group which traditionally has had a hard time claiming its rights and which is in many ways exposed in the Chinese society.

To sum up, the Chinese textile and apparel industry has a large amount of stakeholders at all levels of the supply chain influenced by CSR-policies, making the problem interesting outside of the scientific community as well as within.

Considering this industry's relation to CSR, it is interesting to study because it was one of the first sectors to adopt CSR policies as an effect of critique from consumers in the West during the 1990's. Indeed, Levi Strauss, Gap, Nike and H&M are all corporations that were criticized by consumers and the media for their production standards during the 1990's and as an effect of that adopted CSR policies.²⁹

The textile industry produces consumer-close products, and consumers can therefore influence it by their choice of purchase. Furthermore, consumers have more incentives as well as possibilities to influence it than many other sectors. Clothing constitutes an important part of an individual's identity and the expression of this identity, and therefore consumers, who consider themselves ethically conscious want to wear brands that signal this.³⁰ The textile and apparel industry is thus sensitive to trends,

²⁷ WTO (2008): 104, 108, 111, 114 (10/11-2008)

²⁸ <http://www.eeo.com.cn/ens/Industry/2008/03/27/95154.html> (7/11-2008)

²⁹ Grafström, Göthberg & Windell (2008):43-5,51

³⁰ Kolki (2007):2

including ethical considerations. Further, the products made by this industry are relatively inexpensive and consumers continually buy a relatively large amount of them, which gives consumers more opportunities to make an active choice.

In China, as in the West, the textile and apparel industry also has a distinguished role when it comes to CSR issues. In 2005 China National Textile and Apparel Council (CNTAC) formulated the first Chinese industry-wide CSR standard; CSC9000t (China Social Compliance for the Textile and Apparel Industry).³¹ This standard has been given attention internationally, among others by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) and Fair Labor Association (FLA),³² and has been described as an important if not flawless development within the area. While CSC9000t is based on Chinese laws, it only refers to international UN and ILO conventions.³³ FLA and UNESCAP claim that this entails that the standards promoted by CSC9000t fall short of international standards in some respects, mainly concerning the issues of freedom of association and collective negotiations.³⁴

That the textile and apparel industry has a distinguished role compared to other industrial sectors in relation to CSR may imply that there is a larger understanding of, as well as a more positive attitude towards, CSR policies here than within other sectors. The CSR policies of global corporations might thus be seen as more legitimate here than within other sectors.³⁵ At the same time, the Chinese textile and apparel industry is (allegedly) under heavy economic pressure with very small profit margins and a situation of almost perfect competition, with the implication that rising costs can lead to companies simply being forced out of business.³⁶ As CSR policies are often costly to implement, at least in the short run, this too might affect the way in which these are

³¹ <http://www.csc9000.org.cn/en/NewsDetail.asp?AID=17639> 7/11-2008

³² Welford (2005):10

<http://www.fairlabor.org/2005report/mfa/page12.html> (10/11-2008)

³³ CNTAC (2005):5-6

³⁴ Welford (2005):10

<http://www.fairlabor.org/2005report/mfa/page12.html> (10/11-2008)

³⁵ This line of reasoning might need a bit of clarification. The fact that there are actors within the Chinese textile and apparel industry who have taken the initiative to formulate a Chinese industry-wide CSR standard, a fact which has no equivalent within other sectors, points towards that there is a larger understanding for the need for corporations to be socially responsible here. Further, CSC9000t reminds in many ways of the standards that global corporations are using, and especially the Chinese companies that are already implementing CSC9000t should therefore not have as much difficulty as others in meeting the demands that the CSR policies of global corporations are posing on them, which might give them a more positive outlook on these policies.

³⁶ <http://www.eeo.com.cn/ens/Industry/2008/03/27/95154.html> 7/11-2008

perceived negatively. The fact that the Chinese textile and apparel industry has organized itself and formulated its own CSR standards might also affect views on adjusting to the standards of foreign corporations negatively, as the claim can be made that there is a perfectly adequate Chinese standard and that using the standards of foreign corporations is therefore neither reasonable nor necessary.

All of this means that the textile and apparel industry can be seen as a case which makes it likely to find variation in my object of study, namely perceptions about legitimacy, as there ought to be respondents with positive as well as a negative views on global corporations' CSR policies. By choosing a case with relatively good chances for variation in the concept I am trying to map, I can hope to reach theoretical saturation, thus increasing the external validity of the thesis.

3. The study

3.1 Purpose of the study and questions for research

Since much of the debate about CSR has been between different actors in the West (e.g. many corporations' CSR policies have been formulated in response to critique from domestic consumers³⁷), the concept can be regarded as having a certain amount of legitimacy amongst many of these actors. The legitimacy of corporations to consumers, shareholders and other stakeholders in the West is therefore for the purpose of this study left aside.

Instead, the purpose of this thesis is to examine the legitimacy of global corporations' CSR policies from the perspective of a central group of stakeholders in the host country, e.g. suppliers in the Chinese textile- and apparel industry. These are the most important link in the implementation of CSR policies.³⁸ Drawing on Beetham's definition of legitimacy, I have chosen the following questions for research to guide me in this process:

³⁷ Grafström, Göthberg & Windell (2008):44

³⁸ Kozak (2003):7

1. *What perspectives exist among suppliers to global corporations in the Chinese textile and apparel industry about whether their power to formulate Codes of Conduct is derived from a **valid source of authority**?*
2. *What perspectives exist among suppliers to global corporations in the Chinese textile and apparel industry about whether these are the **appropriate actors** for the exercise of power that Codes of Conduct entails?*
3. *What perspectives exist among suppliers to global corporations in the Chinese textile and apparel industry about whether Codes of Conduct serve a **general interest**?*

3.2 Selection of respondents

In the selection of respondents, I limit the study to suppliers of global corporations that have a pronounced CSR policy. Furthermore, I try to ensure variation on a number of factors that I believe might affect attitudes towards CSR. These are; *purchasing company*, since different global corporations have different approaches to CSR; the company's *ownership status*, since i.e. the managers at joint-venture companies might have received foreign influence from the ownership; the company's *size*, since it might reasonably be easier for a larger company to adjust to the CSR policies of its buyers; its *geographic location*, since both costs and managerial culture might differ between different areas; the *kind of products* that the company produces, since this might have implications for costs as well as difficulties in adjusting to workplace and environmental standards; and finally whether or not the supplier itself been *accredited* by an independent CSR standard, which can be seen as demonstrating a special interest in CSR.

The table below illustrates the selection of respondents according to the factors outlined above except purchasing company, which has been omitted for the sake of anonymity.

Table 1: Selection of respondents

Nr	Ownership	Size	Province	Products	Independent standard
1	Chinese-owned	N/A	Jiangsu	Knitwear	Yes
2	Chinese-owned	N/A	Hubei	N/A	N/A
3	N/A	Medium	Beijing	N/A	N/A
4	Joint-venture	N/A	Beijing	Casual wear	N/A
5	Taiwanese-owned	Small	Shanghai	Sportswear	Yes
6	Joint venture	Medium	Shanghai	Sports goods	No
7	Chinese-owned	Large	Zhejiang	Gentleman clothing	N/A
8	Chinese-owned	N/A	Shanghai	Home textiles	N/A

Commentary: Size is measured in number of employees where small is considered to be less than 500, medium 500-1000 and large 1000 or more. N/A indicates that the information is not available to the author at the time of writing..

3.3 The field study and validity

The field study was conducted during the period January-March, and included 8 interviews with suppliers to Nike (three suppliers), Adidas (two suppliers among the three also supplying to Nike), H&M (four suppliers) and IKEA (one supplier) in Shanghai, Ningbo (Zhejiang province), Suzhou (Jiangsu province), Wuhan (Hubei province) and Beijing. In line with the thought of maximal variation I also conducted one interview with a factory supplying global customers with electrical appliances in Haimen, Jiangsu province. This interview had mainly two purposes; to evaluate the external validity of the results and, if applicable, search for more possible views on CSR. I have later decided to exclude the results of this interview from the analysis, because most of the questions in my interview guide were not applicable to this company. This was mainly because their approach to CSR differed greatly from the general approach of the textile and apparel industry, and they did not work with Codes of Conduct at all. This means that the results of the study

can only be generalized to the textile- and apparel industry, and possibly other industries with a more similar approach to CSR. As will be shown later on, the results point out that some of the problems with implementing CSR in the Chinese textile and apparel industry are related to the fact that it is a work-intensive industry employing mainly migrant workers. This also reduces the external validity of the thesis.

The results also point towards a number of factors related to the Chinese societal and political system, as well as the Chinese society's level of development that could mean that the findings presented here cannot be generalized outside of China.

The relative regional variation between the interviews should however serve to raise the external validity of the thesis within the scope outlined above. Indeed, the responses varied quite a lot between the different regions. An even greater regional variation would of course have raised the validity even more; what is primarily missing in this regard is respondents from Guangdong, China's manufacturing hub where many producers have suffered greatly from the impact of the financial crisis.³⁹

The fact that I have only interviewed management personnel at factories that already are approved suppliers of global corporations of course also limits the external validity of the results. Since they by definition have to work with CSR, they are necessarily more familiar with the concept and probably more positive towards it. It is also possible to imagine that the many companies that did not agree to be interviewed might have a systematically different view than the ones that did. This means that the findings might be skewed towards positive perspectives on CSR.

There are also a few, rather serious concerns that need to be discussed concerning the internal validity of the results. The first of these is that, even if I was as clear as possible with the purpose of the interview and who I was, there is still a risk that my respondents thought that I was working for the global corporations, especially in those cases, where I have had to go through these corporations to contact my respondents.⁴⁰ This possibly also skews results positively.

³⁹ See for example: <http://news.bbc.co.uk/2/hi/asia-pacific/7733499.stm> (26/5-2009)

⁴⁰ One interview even had to be conducted at the headquarters of one of the global corporations, and after the interview was done, my respondent asked me about advice about how "we" from the global corporation's side thought that one of the issues that had been discussed should be resolved.

Another concern is that there is a, to some extent justified, fear among many Chinese that Western media will take what they say out of context and create a scandal, giving their company or China in general a bad name. This problem is especially urgent when it comes to such sensitive issues as CSR. One of my respondents demanded a written guarantee that none of the information gathered or any names would be leaked out to other people or organizations, and even after that she was very reserved until after she went out and came back with the foreign affairs representative of the company.

“Western media have tendency to take something out of its context, for example a complaint from a worker, or even something that our customers think is OK, and blow it out of proportion. We’ve had this problem with the French media concerning overtime compensation”(R8)

Last but not least, I conducted the interviews in Mandarin, which is not my native language, so there is always a risk that I have misunderstood or misinterpreted the responses, and even though I have done my best to keep the translations true to the original wording, there is always a risk for translation misinterpretations.

All of these reservations need to be kept in mind when reading the results. Still, there are a lot of interesting findings that deserve the attention of scholars as well as companies when analyzing CSR in China.

4. Results and analysis

In order to explore all of the relevant aspects of legitimacy, I map respondents’ views in three different tables, one for each of the research questions. In the interview guide the three theoretical themes were operationalised into more concrete questions, which in turn have been used to interpret the interviews and categorize the statements (see Appendix 2).⁴¹

4.1 Valid source of authority

⁴¹ Esaiasson et al. (2007):306

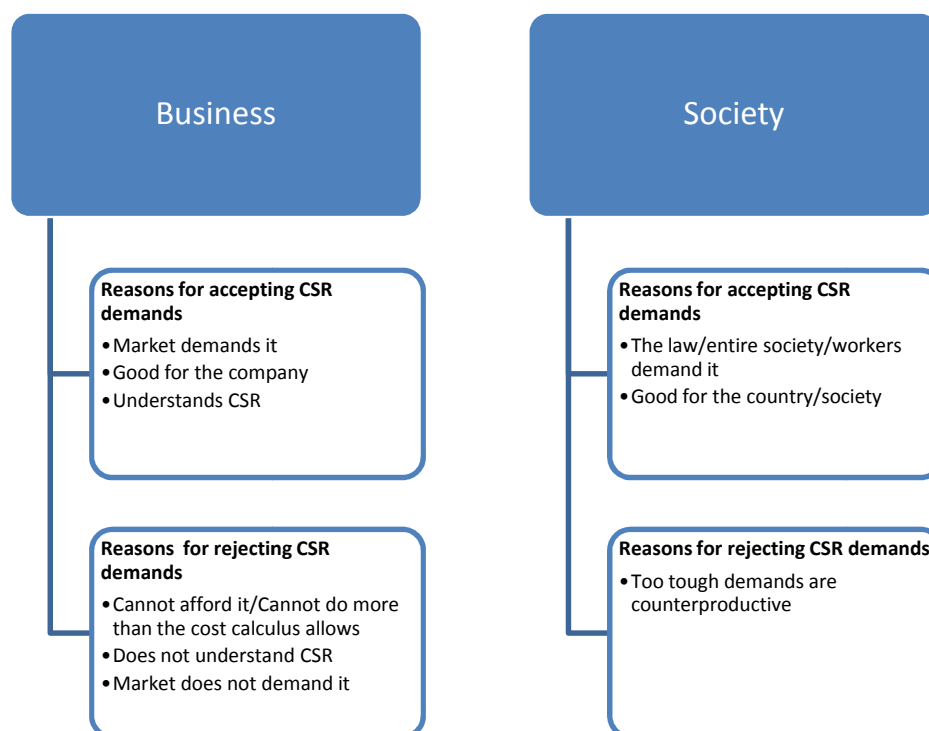
This is the most abstract of the three themes, and it has therefore been difficult to operationalise. As Beetham argues; this aspect has special significance for the legitimacy of political power (e.g. as held by the state), because *“where all other power relations in society are validated in the first instance by the law, the political sphere is itself the institutional source and guardian of that law; and there is no positive law beyond it to which it can appeal for its own validation.”*⁴² This might be one of the reasons for which it is difficult to apply to power held by corporations.

I have chosen to use reasons for accepting and rejecting CSR demands as a concretization of this theoretical concept. To once again draw the analogy of state political power in a democracy, the argument can be made that a policy is accepted because it is formulated by representatives elected by the people, which is the authoritative source from which power ultimately derives. The same logic should apply to companies; the reason to accept the exercise of power can be considered to be the source from which the power is derived.

In the table below the reasons given by respondents to accept and reject CSR policies are presented.

⁴² Beetham (1991): 70

Table 2: Existing perspectives about whether global corporations' power to formulate CSR demands derive from a valid source of authority



The reasons have been divided into two wide categories; reasons that are related to business and reasons that are related to the Chinese society. Given the fact that all of the reasons given by the respondents fit into these two categories, they can be considered the two sources from which CSR demands derive their authority.⁴³ Reasons for accepting CSR are considered “valid”, and reasons for rejecting indicate the opposite.

From the perspective of business, the first reason for suppliers to accept CSR given by respondents is that the market demands it, so they have to do it in order to be able to do business and survive as a company. The quote below illustrates this line of reasoning;

“You have to reach the global companies’ demands in order to do business with them; you can’t go to a concert, not buy a ticket and still expect to get in. In order to become an approved supplier, the demands are pretty strict” (R7)

⁴³ Of course, this division is completely arbitrary and could be made at a higher, more abstract level resulting in only one source, or at a lower, more concrete level, resulting in many different sources. However, weighing the purposes of detail and clarity against each other I have come to the conclusion that a dichotomous division such as this one is the most appropriate.

This might not come as a shock to the reader, given the fact that the respondents are managers at profit-driven companies. However there are also those that hold that there is still a market for goods produced *without* CSR; which is the main reason that companies that do not engage in CSR can survive;

“The price of any single product from our factory is over 30 RM. But around the street corner you can buy a soccer ball for 10 rmb. So where are those balls made? For sure, there’s some other, “street corner”-factory, making that kind of ball. So there are two different groups of producers and target markets” (R2)

A reason given by some of the respondents is that CSR is of benefit to their company. Respondents also point out that CSR is costly, and that the reason that some companies do not engage in CSR is that they cannot afford it.

“After all, this (CSR) is a good thing. If you don’t accept it then it’s only because of one reason: it costs too much”(R1)

According to some of the respondents, you have to understand and accept CSR in order to be able and/or willing to implement it well. First of all, if suppliers do not understand CSR, they will think that it’s only raised cost without benefits. One respondent drew an analogy of when McDonalds started business in Taiwan to illustrate this:

“When McDonalds first came to Taiwan, people wondered at first why they should eat such expensive buns. But their business went really well.(...) This gave the restaurant trade in Taiwan a useful lesson, that if you keep your restaurant clean then good business will follow.”(R1)

Secondly, suppliers will misunderstand the reason behind CSR demands, and think that it’s something they can live up to without effort and then make quick money. For example;

“If you want to know their workers’ actual wages, they won’t understand it from the perspective of the code, and will think that you are trying to calculate their profit. They will only cooperate if you get them to understand that you are not doing this to reach some sort of secret goal but for the sake of CSR.”(R5)

The above quote indicates that there is normative weight behind the demands if you understand them. and that would simply be that it is a good thing to do, in particular for the Chinese society. In the table this is categorized into the second large category, society. To illustrate this;

“The local government gets tax revenue for our profits, and our workers use their relatively ideal wages to take care of their parents and let their children go to school. We think that it’s a meaningful thing to do for the country and society.” (R5)

There is also the perception that too tough demands can be counterproductive. This means that not only suppliers have to understand CSR, global corporations also have to understand the Chinese circumstances and how they affect CSR. This will be illustrated and further elaborated on in following two sections.

Many of the respondents put forward the opinion that global corporations do not pose these demands unilaterally, but that demands in this regard come from workers, customers, the government, and the society in general, with the conclusion that you should do it, and have to do it in order to survive as a company;

“5-10 years ago we thought that we only had to accept the demands to get Company D’s orders, but now our government, our companies, our workers and global corporations all have these demands, all of them demand that we improve workers rights, so we have to accept it. (R4)”

To sum up, money talks but it’s not the whole truth. Answers given by respondents indicate that suppliers have to benefit from CSR in order to accept it. However, statements made by some respondents also indicate that the Chinese society is focusing more and more on CSR, making suppliers feel that they have to engage in CSR in order to survive as a company. There is also a normative side of this, namely that it

is something that respondents feel that they should do for the good of the country. The demands from the Chinese society will be discussed more fully in the next section, and the benefits and detriments of CSR for suppliers and other Chinese stakeholders is discussed in section 6.3.

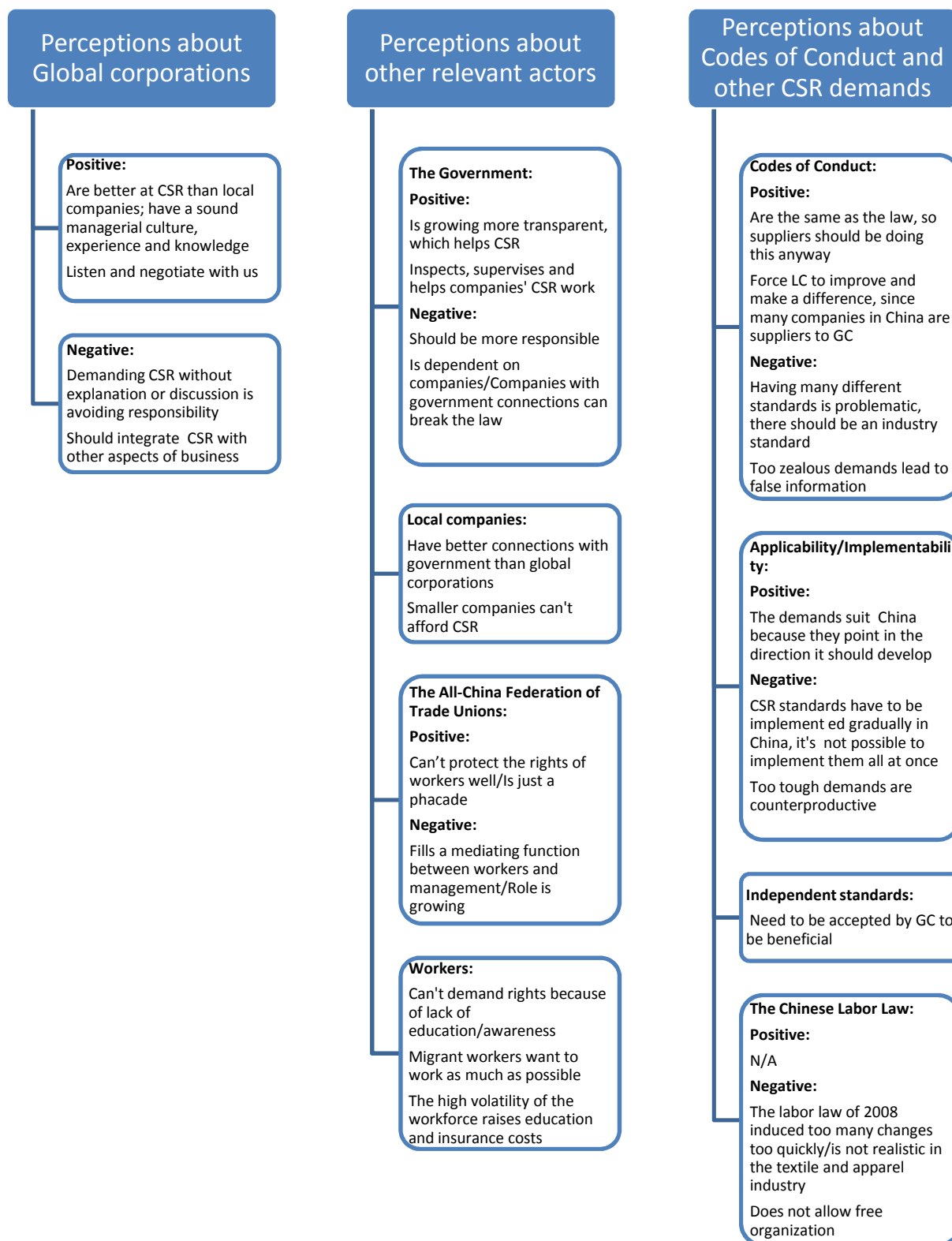
4.2 Appropriate actor

In this section, I discuss whether or not global corporations are seen as possessing the qualities necessary for the exercise of power that is posing CSR demands, as well as the qualities of other actors that are related to CSR implementation, to answer the second research question;

*What perspectives exist among suppliers to global corporations in the Chinese textile and apparel industry about whether these are the **appropriate actors** for the exercise of power that Codes of Conduct entails?*

The perceptions are categorized into three large categories; “Perceptions about global corporations”, “Perceptions” about other relevant actors and “Perceptions about Codes of Conduct and other CSR demands”(see table 3 below). This is because it is not possible to determine whether global corporations are the appropriate actors without also examining other actors that might just as well be seen as appropriate. Given this, the third category is relevant in that examines codes of conduct (the CSR demands of global corporations) in relation to other demands in this regard.

Table 3: Existing perspectives about whether global corporations and other relevant actors possess the qualities appropriate for the exercise of power



Many of the respondents regard their global customers as possessing a large amount of experience and knowledge of CSR which they can learn from. This can be illustrated by the following quote:

“Company A gathers all its suppliers in the Shanghai, Jiangsu and Zhejiang area for an annual meeting, where we can share experiences and discuss difficulties. I think that is very good.”(R3)

However, some of the respondents feel that this is not enough, and think that global corporations should listen more to their suppliers:

“I definitely think we should have dialogue, it’s almost like the brands are running your factory. (...)They don’t own us, but it seems like they do own us, because they’re telling us what to do almost every single step of the way.” (R2)

At the same time some respondents feel that the global corporations do listen to them and let them have their say. This could be explained by different approaches to CSR between the global corporations. Indeed, some of them seem to have adopted a more open approach, which is perceived as necessary for progress, while others stick to “formalism”;

“With our European customers we can discuss issues openly and honestly; if there is a problem then we can discuss it and solve it together, but our American customers need us to appear as if we follow everything to the letter to pass. If we work overtime then they make us make a fake record saying that we don’t. In both cases it happens, but the European customers have a true record of it.” (R5)

This particular view is interesting in light of the widespread reports of the problem of false documentation in the Chinese industry⁴⁴, and illustrates the point discussed in section 2.2, that it is not only normatively desirable that global corporations take suppliers views into account when demanding CSR, but also necessary for the implementation of the policies. According to respondents, CSR implementation has to be

⁴⁴ See for example <http://www.allbusiness.com/management/3501442-1.html> (23/5-2009)

a gradual process since they don't have the capacity to raise all standards at once, and that global corporations by sticking to too zealous demands simply avoid responsibility;

"It has to be a gradual process. We used to pay 30% less than the minimum wage, so it would cost us 600 000 RMB to raise it all at once, and we just can't pay that. Our customer understands this now, and you have to realize that these problems are everywhere if you want to do business in China. The only other solution would be to pull out and hide from the problem. "(R7)

One view holds that global corporations should bear more of the costs of CSR, and integrate it with other aspects of business, partly because it would be an incentive to perform better, but also since different departments (i.e. sales department and CSR department) sometimes have conflicting demands, making it impossible for suppliers to live up to ;

"We need to pay the workers minimum wage, even when there are no orders, and the overtime allowance is less than 20% of the monthly working hours. But the order fluctuation every month is easily over 20%.(-) At the same time we get penalized for shipping late.(-) Would you rather have the workers do extra overtime and get downgraded from B to C by CSR department ,or pay 100 000 dollars for air freight?" (R2)

The same goes for the standards of different customers; sometimes they conflict, making it hard to know what to follow. Respondents point out that a common industry standard would make everything easier;

"Some decided (...)that fire extinguishers have to be placed 20 cm above the ground, and some said 30 cm, so at one factory they just placed a slide behind it(...). This is ridiculous! This is for the sake of auditing, and not for the ultimate goal of having a fire extinguisher." (R2)

Some of the respondents argue that local companies have better connections with the government than global corporations as an explanation to the large focus on CSR by global corporations;

“Foreign companies would be the first to go if they didn’t (follow the law), local companies have better connections with the authorities so they don’t have to unless their customers pressure them.(R7)

“The problem is that all of the government’s money comes from the companies, and a lot of corporate leaders are also government officials. In your countries you became a corporate leader first, and a politician later, but in China it’s the other way around. More transparency would help against this”(R7)

At the same time, respondents argue that local companies are economically dependent on global corporations, with the effect that Codes of Conduct can be more effective than the law. It’s also pointed out that they really can make a difference, considering the large amount of Chinese companies that are suppliers to global corporations;

“We (the supplier and Company A) have a direct profit relationship, so when they raise these demands it affects us more (than when the government does it).”(R3)

However there are a few areas that global corporations cannot address; the first one is that they can only affect their own suppliers;

“There has to be equality in this process and it should be acquired through tax-means. (...) When global corporations lead the development, it only affects their suppliers, if the government would do it then it would affect everyone. “

Thus, while some of the respondents hold the opinion that the government helps them with CSR and all kinds of service, others think that it should take more responsibility for CSR, especially since, as has already been pointed out, companies give the government tax revenue;

“Since we already pay tax, CSR is like paying double taxes, and the government should use the tax money more responsibly in this regard. Workers conditions, the environment and issues like these are the government’s responsibility as well as companies’.”

When it comes to Codes of Conduct and other demands, while some respondents point out the similarities between the codes of conduct and the law, which seems to legitimate them (see previous section), some respondents consider the Chinese legal framework to be in direct conflict both with reality and with the Codes of Conduct of global corporations;

“ISO8000 has an article demanding freedom of organization for workers, which is in conflict with the Chinese law. To a company this is a grey zone. We don’t dare saying that our workers can organize freely, because that would be breaking the law, but our customers don’t allow for us to say that we don’t allow it.(...) After all, your company is in the Chinese framework.”(R5)

“Our workers come from afar to work and earn money, so they want to work overtime. If they are capped at 40 hours and get 850 RMB/ month⁴⁵, then it’s meaningless for them to come here. (...)We hope that our government sees this and adjusts the law in accordance with the wishes of a majority of the workers.(R4)”

This is interesting, as it illustrates two quite different problems; in the first case, the law directly prevents companies from implementing the demands of freedom of organization, while in the other case it indirectly prevents them from living up to the codes (which require compliance to the minimum wage and working time standards stipulated in the local law), by having too high standards. This argument is based on the fact that a large share of the workers in the textile and apparel industry is migrant workers from the countryside. Given the selection of respondents and method of this thesis, it is of course impossible to estimate the actual wishes of workers, but if it should be the case that the majority of migrant workers actually are unsatisfied with the overtime stipulation one should ask oneself who benefits from strictly implementing that particular demand. Either way it is a problem which is hard to address for global corporations. The first problem, related to freedom of organization is actually connected to this one, according to some of the respondents;

⁴⁵ The minimum monthly wage in the area

As I have understood it, the stipulations in Cambodia's law are set rather low, but at the same time they independent unions. Independent unions (...) force top management to negotiate with workers, which makes enforcement more effective.
(R4)

However, while respondents point out that the role of unions in China is increasing, their actual significance, as well the future existence of independent unions are questioned.

"Even though the scope of the unions' work is increasing, in a short time span of say 10 years I don't think they will reach the level of independent unions." R4

To sum up, views on qualities that qualify global corporations as appropriate actors for the exercise of power include the knowledge and experience that they possess, as well as the potential that they have of making a larger difference than other actors, given problems of corruption as well as their economical influence over their suppliers. However, from the perspective of respondents there are issues that the global corporations can solve that currently inhibit progress, including lack of integration of CSR with other aspects of business and conflicting demands. Global corporations should strive to harmonize their policies, both internally and externally, in order to create an industry standard. They also have to understand the Chinese circumstances, and be willing to see the problems in order to solve them. However are also a few issues that global corporations cannot solve, but should be aware of, including the problems related to the Chinese labor law discussed above. The last of the three questions for research is whether CSR is seen as serving a general interest or merely that of those in power, and this will be done in the following section.

4.3 General interest

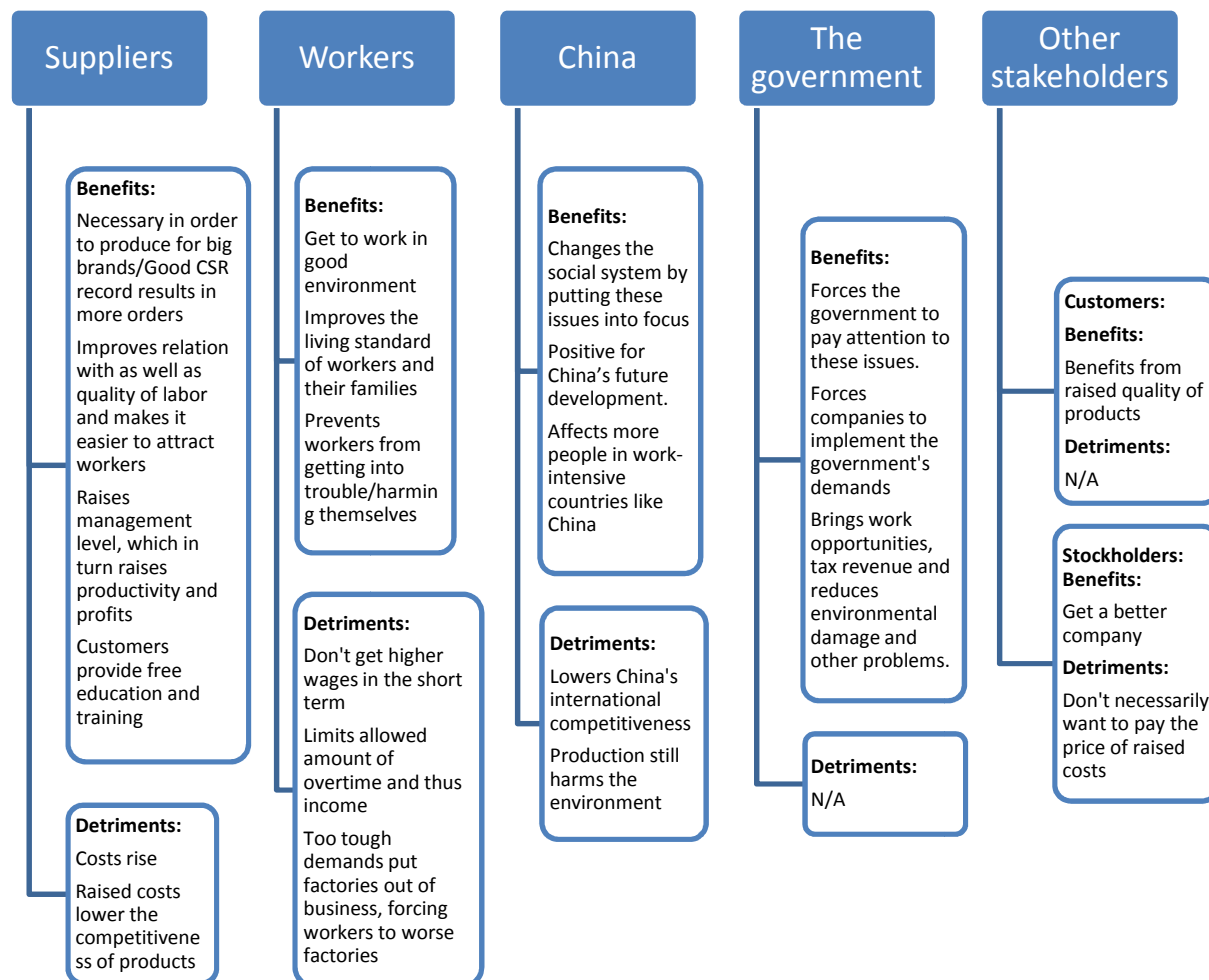
In this section, the last of the three research questions will be answered;

*What perspectives exist among suppliers to global corporations in the Chinese textile and apparel industry about whether Codes of Conduct serve a **general interest**?*

In order to do this, the views have been categorized into five large categories; "suppliers",

“workers”, “China”, “the government” and “other stakeholders”. Each of the categories is then divided into benefits and detriments (except “other stakeholders which contains two subgroups; customers and stockholders). The findings are presented in Table 4 below.

Table 4: Existing perspectives about whether CSR serves a general interest



For suppliers, there are many benefits to reap from the CSR policies of global corporations; however, there are also detriments. The first benefit is in line with some of the results discussed in the previous two sections and is quite simple; if you do CSR then you get orders;

“When it comes to incentives, it's like this: If you're not compliant (...), then they definitely won't let you produce their orders, and if you do well then your orders come regularly.”(R6)

At the same time, other respondents feel that their customers unfairly place the burden of financing CSR on them;

“In a way it’s unfair that they want us to maintain CSR yet they’re not willing to pay for the product, which should also include these added expenses.(-)It can’t be just one sided, (-) if we’re not getting supported by our customers to maintain CSR, then we might not be able to last”(R2)

A view among the respondents is that following the CSR demands forces companies to improve their management, which in turn improves productivity and thus pays back in a long-term perspective.

“CSR forces companies to improve. Originally, when working time wasn’t controlled you could accomplish productivity by means of extending working time. Now the only solution if you want to keep production at the same level is to improve your inner management”(R3)

As discussed in the previous section, global corporations also have a lot of knowledge and experience, and some respondent think that their company benefits from this:

“Company A brings all of their suppliers together in an organization to exchange experiences and discuss CSR. Of course there is and training and education that comes out of it, which is of great help for our company’s management. For example when the Labor contract law came out they told us to send over our HR manager, and they had hired a specialist lecturer to talk about it. This means that we get a free learning opportunity, after all Company A paid for it all.”(R1)

The last benefit for suppliers mentioned by respondents is that workers want CSR. This means that relations with workers at the factory and the quality of work is improved for companies engaging in CSR, and that it is easier for them to attract new workers, to the degree that it’s hard to keep workers at the factory without it;

“It’s not like before when the state assigned jobs to workers, then they couldn’t leave even if they didn’t like it. Nowadays they stay if you treat them well, and if you don’t they can leave.”(R4)

The next group to be discussed is workers. In line with the quote above, workers get the benefit of working in a satisfying environment. Another benefit is that the living standards of workers and their families are improved, and an emphasis is given to the large amount of people that are affected by this in the labor-intensive textile and apparel industry;

“If every trade were to do CSR well, then the workers’ conditions would be raised in the entire society. (...)Especially in the textile and apparel industry, which is labor intensive, it can solve a lot of peoples’ problems.” (R4)

At the same time, as discussed in the previous section, the argument is also made that following the demand of a 36 hours maximum of overtime per month stipulated in the Chinese labor law is not in the interest of workers.

“Often workers take the initiative to work extra overtime. A lot of them are from the countryside and otherwise they would just be hanging around in their dormitories with nothing to do. They want to work extra, and earn more money” (R6)

This is related to the fact that a large share of the workforce in the Chinese textile and apparel industry consists of migrant workers from the countryside (see section 3.1). Another detriment for workers is that too tough demands can force a factory with relatively good standards out of business, forcing workers to a worse factory, or leaving them without work;

“(Quoting other factory owner)Don’t push me to hard, if I’m out of business, my workers will go next door to a non-compliant factory(...). Are you saying that what you’re doing is good for my workers? You’re pushing them into a more vulnerable area”(R2)

“If you don’t have a job then CSR is good for nothing” (R8)

When it comes to China in general and the Chinese government in particular, some respondents claim that CSR forces the Chinese government to pay attention to these issues, thus speeding up the development;

“Now they are getting pressured from a lot of groups or companies outside of China to be more friendly towards the environment and care for fair labor, so I think it is also good for the local government in that it is speeding up the process”(R2)

Another point made is that companies engaging in CSR bring with them many positive effects for the local government. For example:

“They get to have a really good factory in this district, which brings with it many positive effects such as employment, consumption and, opportunities for internships for the kids. They feel that we are sincere company, and they are proud to have us” (R1)

Given the special impact that demands posed by global corporations can have discussed in the previous section, respondents also think that CSR helps the government by implementing demands that it also has. From a bigger perspective, respondents put forward that CSR should be good for China’s future development. For example, one view is that one of the main differences between Chinese companies and global corporations is cultural background, caused by the Chinese one-party system. Accordingly, CSR represents democratic values, which will have an impact on the social and political system in the long term;

“China has been a one party system for many years now, as opposed the democracy over there. (...) This difference is related to the political system.” (R5)

“I think that the society is slowly changing for the better, to something more in line with the views of a majority of the people. (...) Social responsibility is the trend of the times and it will become more and more widespread. “(R5)

Some respondents think that CSR fits labor-intensive countries like China especially well because it affects much people. However, there are also those that think that the costs of CSR lower the competitiveness of Chinese companies;

“Now orders are going to Bangladesh and Vietnam instead, because China’s production costs are getting too high.”(R8)

To sum up the perspectives on the issue of whether CSR serves a general interest, findings indicate that indeed, CSR is seen as doing so. However, there are also aspects of it that are seen as detrimental to some stakeholders; in the case of suppliers it’s mainly a matter of costs, to workers it’s the statement that limiting the allowed amount of overtime to 36 hours a month means that they cannot earn as much money as they would like, as well as the view that too tough demands are counterproductive, and to China in general it’s the view that the raised costs limit the competitiveness of Chinese companies.

5. Final discussion and future research

The purpose of this thesis is to examine the legitimacy of the CSR policies of global corporations from the perspective of Chinese suppliers in textile- and apparel industry. Whether they are legitimate or not is, unfortunately but not surprisingly, not a question that can be answered with a simple yes or no, as I hope that the previous three sections have shown. It seems that both proponents and critics of CSR have painted too simple a picture. The main results of the thesis are that CSR demands are seen as deriving their authority from both business considerations and the local society; that global corporations are seen as possessing some qualities that make them appropriate for the exercise of power but lacking others, and that Codes of Conduct are seen as both beneficial and detrimental to local stakeholders, as illustrated in the three tables in which existing perceptions on CSR are mapped.

As statements by some respondents indicate, CSR is gaining more and more attention in China as well as in the rest of the world. This is hopefully of benefit for the future of CSR. Indeed, the findings of this study indicate that there is an interest in and acceptance of CSR as a concept among the suppliers of global corporations. However,

there are also a number of obstacles along the way, and global corporations should do what they can to neutralize them, given the normative and practical significance of legitimacy discussed in the theoretical background of the thesis. There are also problems that the global corporations cannot solve on their own and that have to be addressed by the Chinese government, such as the above discussed conflict with the legal and institutional framework.

CSR is a topic that has not been adequately explored by political science, and one of the main results of the thesis is that the central concept of legitimacy can be applied to global corporations when analyzing CSR, even though Beethams' original definition of the concept had to be modified to be applicable. The categorizations developed and discussed in the previous section could hopefully be utilized as an analytical tool for future research. Even though there are factors that indicate that the findings of the thesis might be difficult to generalize to other contexts, there is nothing that indicates that the analytical tool developed and employed to reach these findings cannot be used to study legitimacy from the perspective of other groups of stakeholders or in other contexts.⁴⁶

There are numerous questions to be answered by future research. For example, the extent to which the views of workers are congruent with those put forward here would be interesting to examine. If, for example the claims by some respondents that workers do not want the demands on overtime regulation to be implemented are true, then one can ask oneself who's interest it would serve to implement them. Examining a larger number of suppliers, with greater regional variety, and examining companies that have yet to become approved suppliers would also be interesting in order to find out more about the workings of CSR. Adopting a quantitative method would serve the purpose of finding out exactly how widespread the views presented in this thesis are. As some respondents claim that the scope of the Chinese union's influence is growing, a statement which is confirmed by some researchers⁴⁷, it would be interesting to examine what role it can be expected to play in the future. Given the view of some respondents that the Chinese government should take more responsibility in this regard, the Chinese government's current and future role in CSR is also an area of research which would elucidate important questions.

⁴⁶ Naturally, it has to be tested in another study to say any more about this matter.

⁴⁷ Chan (2004)

The extent to which the findings are specific for the Chinese textile and apparel industry is another area which only future research can answer. For example, conflicts between the CSR standards of different corporations as well as between the institutional framework and CSR standards might very well exist in other parts of the world, although they might take different forms in different countries. Utilizing the same analytical tool as the one developed in this study would enable the kind of comparative approach necessary to answer these questions, and others like them.

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ELECTRONIC SOURCES

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http://www.csc9000.org.cn	Responsible Supply Chain Association
http://www.economist.com	The Economist
http://www.eeo.com.cn	The Economic Observer Online
http://www.fairlabor.org	Fair Labor Association
http://www.icftu.org	International Confederation of Free Trade Unions
http://www.levistrauss.com	Levi Strauss & Co.

Appendix 1



Commentary: Map of China, with the cities where interviews were conducted marked with a white square, except Beijing, which is marked with a red star.

Appendix 2

Interview guide

My questions are meant to pick up the three components of legitimacy that I have identified in my questions for research. In order to do this, I start out with rather open questions so as to not put words in the mouth of my respondents, and end up with more specified ones if the topics that I am interested in do not appear naturally.

Table 5: Operationalisations 1

Theoretical theme	Valid source of authority	Appropriate actor	General interest
Operationalisation	<p>In your opinion, why should companies engage in CSR?</p> <p>What are the reasons for accepting/ not accepting CSR demands?</p> <p>What do you think of this?</p>	<p>Can global corporations adequately address the issues of environmental protection and protection of workplace standards by posing demands on suppliers?</p> <p>To what extent should other actors be involved in this process?</p> <p>Is there any other approach which would serve this purpose better?</p>	<p>Why do global corporations pose demands on the way that the products they buy are produced?</p> <p>Who is to gain from it?</p> <p>How does it affect stakeholders?</p>

Commentary: The table illustrates the operationalisations of the theoretical themes employed in the interview guide

Practical interview guide

A few introductory words about the purpose of the interview and its layout.

PERSONAL QUESTIONS:

- What tasks are part of your job?
- How long have you worked here?

ABOUT THE CONCEPT:

What is Corporate Social Responsibility to you?

- Can you give an example of how your company works with CSR?
- For what reasons should corporations engage in CSR activities?

In China, would you say that the responsibility of global corporations, is different in any way from that of a Chinese company?

- In what way(s)?

Further on I would like to primarily focus on the social responsibilities of global buyer companies.

THEME 1: GENERAL INTEREST

Why do you think that foreign corporations in China pose demands on how the products they buy are produced?

-Who is to gain from it in your opinion and how?

- Can you give an example?

How do these demands affect your company?

- Financially?

- Regarding how you work with CSR?

- Can you give an example?

How do you think they affect other stakeholders?

- Can you give an example?

THEME 2: APPROPRIATE ACTOR

Global companies express that they want to reduce their negative environmental impact as well as retain good working conditions in their suppliers' factories. Do you think that global corporations can adequately address these issues by posing demands on suppliers?

-Ideally, how, and by whom, do you think that these issues should be decided?

In your relation with X, do they take your opinion into consideration when making demands in their Code of Conduct?

-Do you think that any other actors than foreign corporations should be involved in the process?

-What role do you think that worker involvement and collective negotiations/collective contracts should play?

-How do you relate to CSC9000t?

-How do you think foreign corporations should relate to it?

Can you think of any other approach which would serve the purpose of limiting the negative impacts of corporations better?

- Could you give an example of this?
- In what ways would this be an improvement?

THEME 3:VALID SOURCE OF AUTHORITY

What is the reaction from one of your customers, e.g. Nike, when you live up to the demands posed in their code of conduct?

Are there any incentives for you to perform even better?

What would be the consequences if you were not to live up to the demands posed in the code of conduct of one of your customers, e.g. Nike?

What are the reasons in your opinion for accepting the demands expressed in the code of conducts of global corporations?

- For you?
- For Chinese companies in general?

Can you think of any reasons for not accepting?

That was all of my questions. Is there anything you would like to add or anything relevant that you think we have not brought up?