Enterprise and Industry

Fostering CSR in European industrial sectors

COSMIC Project

Csr Oriented Supply – chain Management to Improve Competitiveness

Methodology of Analysis on relationship between CSR and competitiveness

TASK n° 2

ASEV
obiettivo sviluppo

Scuola Superiore Sant'Anna
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1. INTRODUCTION

The contents of this document regard the activities that are going to be carried out in project; it represents the second deliverable described in the project proposal.

This methodological document has been shared by all COSMIC project partners on the occasion of the 2nd project official meeting, held in Pisa last April 2nd .

The methodological approach has been split in the following three sections (each one transversal to the tasks described in the project proposal):

- *Desk research methodology*

- *Research by questionnaires*

- *Experimentation phase*

2. DESK RESEARCH

This section is composed by two sub-phases:

a) *Preliminary analysis of textile/clothing sector in the three countries*

The first part of research, before starting the competitiveness analysis, will be based on two steps:

- a study on the role of textile/clothing sector at EU and global level, in terms of trends of economic performances, by the means of main economic indicators

- a characterization (map) of textile/clothing enterprises according to their dimension and supply chain position, in terms of their localization at international level

- a survey about local distribution of textile/clothing enterprises, in Italy, Spain and France

The aims of this preliminary analysis will be:

➢ To identify territories with the highest density of SMEs as research areas for the COSMIC project;
➢ To identify existing SMEs clusters in textile/clothing sector. For this part of the project, we particularly focus on the "cluster approach" and its diffusion in the analyzed areas ;
➢ To identify and study in-depth the supply-chain relationships, in the textile/clothing sector, at international level.

In this sub-phase the *textile/clothing SMEs operating in the three EU countries* are the main target of the analysis; we will investigate in detail the following issues:

1. *Resettlement of the textile/clothing supply chain*: identification of typologies of activities characterizing the textile/clothing supply chain (with no segmentation of the process in stages, but

in order to identify the different processes, the activities which belong to weavers and finally the relationships existing along the supply – chain). The analysis will focus on the following macro productive processes :

> *Textile process* (from raw materials selection, to dyeing and finishing)*;*

> *Tanning process* (from soakage, to the specific tanning actions, till the final finishing and printing phases)*;*

> *Clothing process* (from cutting activities, till to ironing and packaging phases)*.*

2. *Localization of textile/clothing sector production (global level) – the organizational structure*: presence and localization at European and world level of SMEs operating in the textile/clothing sector (linking the location to the specific activity along the supply chain). The survey will be focused on the description of economic – structural features (with particular regard to trends in labor market) in the different productive systems and on their recent evolutions; this survey will be carried out also by collection of information and data concerning the factors of delocalization choices.

   Identification of clusters of SMEs operating in the clothing/textile sector at European level.

3. *Survey on economic performance and import/export system – the commercial structure:* description of the commercial relationships characterizing the textile/clothing between the different macro – areas at international level (such as Western Europe, new EU members, China, Southeast Asia, USA). Data and information concern the trade flows of finished and semi-finished goods and the import / export of European country vs. the rest of the world ones.

4. *Focus on the three countries*: *France, Spain and Italy*. Quantitative survey through the use of a range of data and representative indicators of *flows* and *stocks* in the sector within each country and in the International economical relationships (for instance: number of sector's industries, added value and contribution to national GDP, number of employees, import / export of each country vs. the rest of the world and trade flows of finished and semi-finished goods)

Sources (short list, only for examples):

- academic articles published in National and International journals collected in following databases: Business Source Premier, Regional Business News, EJS E-Journals, GreenFILE, EconLit. The used keywords are: textile/clothing/apparel/tanning sector WITH process/segmentation/format/industry

- previous surveys carried out for private/public institutions or outputs of previous projects and researches concerning the textile/clothing sector (examples: *MyFashion Project*, *Tex-Map Project*, *E-T cluster project*, etc.)

- publications and information from sectoral trade associations or local Chambers of Commerce (examples: Fibersource web site, National Textile Association, International Apparel Federation having link to all countries associated organizations, etc.)

- databases and short publications by International and national statistic and economic institutes (such as: OCSE, EUROSTAT, UNIDO, ISTAT, etc.)

The results of the three research lines previously described are synthesized in the **Preliminary Sectorial Analysis Report** (containing the detailed list of references)

b) Analysis about relationship existing between CSR and competitiveness in the textile/clothing sector

The survey, after the qualification of the two concepts: "*CSR*" and "*Competitiveness*", will focus on the following issues, representing the most relevant competitive factors: we're going to analyse:

- *Supply side analysis and Innovative processes among SMEs in the sector*: the analysis will be based on textile/clothing SMEs dynamic efficiency and on CSR adopted models, in order to investigate the relationship between them
- *Market demand side analysis:* a final market destination study, on textile/clothing products made in EU countries, will be carried out, focusing on Spanish, Italian and French products. A special attention will be devoted to two elements: upstream phases of the distributive systems (before the products enter the final market), by identifying the main intermediaries and distribution channels; final-end consumers expressed preferences on the CSR-related features of the textile products (eg: trends observation of sold Ecolabel products or products coming from environmental certification firms)
- *Credits and assurance system analysis*: the role of main financial institutions active in the three project countries and their CSR-related policies will be the main subject of this part. Their credit worthiness or assurance costs evaluation systems will be investigated in order to find out procedures of assurance and financial products able to encourage firms with social and/or environmental responsible behaviour.
- *Public policy analysis* (at national and local level): the supporting role of public policy, in the promotion of CSR management models and other volunteer tools by SMEs, will be analyzed for the three countries (eg. the existence of fiscal incentives or ways to simplify bureaucratic procedures). The analysis will be carried out trough national legislation as well as in the local areas, among territories with larger textile/clothing firms concentration.

For each competitive factor, we'll identify a set of tools and sources adoptable for surveying the relationship existing between competitiveness and CSR. In detail, the following actions will be carried out for each area of analysis:

A) execution of an academic literature review and/or survey on existing databases in order to summarize the results of previous analysis (LITERATURE REVIEW)

Items to be detailed, for each reference:

1. *Article/Report/Study references (authors, years, etc…)*

2. *Short description of contents*

3. *CSR tools mentioned and used*

4. *Competitiveness variables*

5. *Methodological approach (for instance : econometric analysis, case study, etc.)*

6. *Conclusions*

B) collection of evidences about the contributions given by the different stakeholders (textile/clothing SMEs themselves, consumers and distribution firms, banks and insurance institutes, public authorities) to the adoption of CSR related tools by textile/clothing SMEs (EVIDENCES)

DESCRIPTION OF THE TWO CONCEPTS: "CSR" AND "COMPETITIVENESS"

- CSR: boundaries and tools:

  I) comparative review of main definitions of *CSR* in order to define a specific concept of CSR for the COSMIC project;

  II) review of CSR related tools and practices, distinguishing between informal and codified tools (such as management systems, communication tools, certification of products, etc.)

- Definitions and measurement of "competitiveness": providing a structured overview of the different definitions and level of analysis of the concept of competitiveness as well as of the key variables relating to the same concept.

Tool: review from academic literature

REVIEW IN ACCORDANCE WITH THE 4 FACTORS HIGHLIGHTED ABOVE

I) Supply side analysis and Innovative processes and products among SMEs in the sector

A) LITERATURE REVIEW:

Collection of information concerning the relationship between CSR and competitiveness in the textile/clothing sector, with reference to the following topics:

  I) relationship between CSR adoption and innovation (with reference to: innovation resulting from engagement with other stakeholders, technical and technological innovation and, finally, innovation conducted by better workplaces created by CSR)

  II) relationship between CSR adoption and intangible assets (human capital, social capital, risk and reputation management, etc.)

B) EVIDENCES:

Identification of the level of diffusion of the main CSR tools among textile/clothing SMEs in the three countries: investigation about the level of diffusion of managerial CSR-related tools (process and product certifications), initiatives of promotion of specific local products having a CSR – related value (e.g.: "Wholly naturally tanned", or "Tuttoitaliano"), or communication initiatives having a social and environmental character (such as: Social and Environmental Reports, Global Compact COP – Communication on Progress, etc.).

II) _Market demand side analysis_

A) LITERATURE REVIEW:

Object: criteria of selection of products by consumers. The survey will focus on the information collection by means of existing databases and studies (such as: Eurisko, Eurobarometer for environmental issues, academic articles, etc …) concerning the relationship existing between selection criteria of textile/clothing products by final – end consumers and their CSR – related topics.

B) EVIDENCES:

Object: role of the retailing trade system and important brands operating in the textile/clothing sector.

The survey will focus on the analysis, in the three countries, of selection criteria of suppliers and products by representatives of the large-scale retail trade (such as COOP Italia, Auchan, Carrefour, Zara, Oviesse….) and initiatives promoted by international _griffes_ and brands operating in the textile/clothing sector (such as Tod's, Gucci, …) for adoption of CSR related tools by SMEs.

Method: indirect collection (by Sustainability Reports, Social Reports, EMAS Environmental Statements, and other tools of communication) and direct collection of information (by interviews, with the aim of describing at least one best practice)

III) _Credits and insurance system analysis_

A) LITERATURE REVIEW:

Academic literature review and description of best practices concerning the role of credit and insurance system in stimulating and rewarding CSR-oriented initiatives carried out by SMEs (included those operating in the textile/clothing sector). Main target of this survey: collection of studies evaluating the contribution given by credit and insurance system to SMEs adopting CSR – related tools, in terms of competitive benefit of these SMEs.

B) EVIDENCES:

Survey about tools of communication adopted by banks and insurance institutions operating in the three focus countries: collection of information (by means of collection of Sustainability Reports, Social Reports, EMAS Environmental Statements, Global Compact COP, and other tools of communication) by companies operating in the credit and insurance system in Italy, France and Spain, with the aim of identifying the initiatives promoted to support CSR – oriented SMEs.

Output: matrix identifying the best practices and containing the following information:

- Name of bank/insurance institute

- Country (Spain/Italy/France)

- CSR topics (environmental management, safety management, social accounting, …)

- description of initiatives promoted for SMEs

- Evaluation of level of competitive benefit for SMEs operating in the textile/clothing sector

IV) _Public policies analysis (at National and International level)_

A) LITERATURE REVIEW:

Academic literature review and description of best practices concerning the role of public policies (at European, national and local levels) in stimulating and rewarding initiatives CSR - oriented carried out by SMEs (included those operating in the textile/clothing sector). Main target of this survey: collection of studies evaluating the contribution given by Public Authorities to SMEs adopting CSR – related tools, in terms of competitive benefit of these SMEs.

B) EVIDENCES:

Survey about initiatives promoted by Public Authorities (at EU, national and local level) oriented to give competitive benefits to SMEs (and, among these, the operating in the textile/clothing sector) implementing CSR – related tools. Examples of policies: administrative simplifications, fiscal incentives, easy term loans, etc.

Sources of information: websites, official documents published by public authorities, direct interviews.

Output: matrix containing the following information:

- Name of Public Authority

- Country (Spain/Italy/France)

- CSR topics (environmental management, safety management, social accounting, …)

- Kind of policies promoted in favour of SMEs

- Evaluation of level of competitive benefit for SMEs operating in the textile/clothing sector

All the results of the research lines previously described will be synthesized in the first section of the _Final Report of analysis about relationship existing between CSR and competitiveness in the textile/clothing sector_

3. <u>RESEARCH BY QUESTIONNAIRES</u>

In order to investigate the existing relationship between the innovative processes and CSR-related performances of SMEs, a specific questionnaire will be elaborate and submitted to the main SMEs of the sector. In this way the information level on CSR tools, among sectoral firms, will be tested. At least 500 questionnaires will be sent to SMEs in the three countries. The distribution of questionnaires will be carried out in the three countries proportionally in respect to the presence of textile/clothing firms in the three areas.

Detail of actions:

a) Identification of target groups and means for mainstreaming the questionnaires

Target: identification of the target groups and means for distributing the questionnaires to SMEs operating in the textile/clothing sector.

Stakeholders to be involved for sending the questionnaires are the following ones:

- Sectorial Trade Associations (at National and local level)

- Sectorial Trade Unions

- Local Authorities

- Agencies and Development Centres

- Universities and Research Centres

- NGOs operating in International networks

The means to be adopted for sending the questionnaires are:

- e-mail

- mail

- telephonic interviews with owners/managers of SMEs

- face to face interviews (residual)

b) definition of contents of questionnaires

The contents of questionnaires will be detailed on the basis of results emerged by desk research; they will investigate the SMEs point of view in respect to the 4 explicative factors of competitiveness previously described (supply, demand, credit and public policies).

Number of questions: 10 – 12 (not more), with closed answers.

The questionnaire will be constituted by 4 sections:

1) Organization characteristics

2) Level of adoption of CSR related tools (both formal and informal ones)

3) Perception of their usefulness

4) Performance (in terms of competitiveness).

In respect to the points 2) and 4) a fundamental reference will be the variables identified in the *Overview of the links between Corporate Social Responsibility and Competitiveness* (5th Chapter of the *European Competitiveness Report* – 2008)

c) results collection and elaboration

The results of questionnaires will be elaborated by Universities with the aim of describing the mutual relations existing between CSR related tools adoption, motivations of their implementation and their economic performance.

The results of questionnaires elaboration will be synthesized in the second section of the ***Final Report of analysis about relationship existing between CSR and competitiveness in the textile/clothing sector***

4. EXPERIMENTATION PHASE

Identification of potential actions that could be adopted in order to remove, directly or indirectly, relevant barriers and constrains identified in previous tasks. Possible building up competitiveness actions that could be carried out have to refer to the 4 main factors previously described. These actions are to be shared by all partners. At least 1 action for each factor will be tested. One action for each of the four main variables will be selected; at least 1 action for each country has to be proposed.

Methodological detail:

a) On the basis of results emerged in the previous phases (desk research and questionnaires), identification (by Universities) of potential initiatives to be experimented on field; examples of actions are:

➢ *Supply side interventions*: actions for the promotion of CSR-oriented company strategies, in the aim to support innovative process among SMEs. At the operational level the actions could concern the direct spreading of CSR - related tools produced by RESPONSE project or sector guide lines worked out trough COOPERATE projects, along with involved firms .

➢ *Demand side interventions*: sensitization and information actions for distribution firms; informative campaigning actions for consumers; promotion of new international network of organizations, by NGOs sector related engagement. The aim of this action will be to spur new sensitization and control policies for firms active in the last part of textile/clothing supply chain and so on.

➢ *Supporting policies for credit and assurance system*: arranging action with professional organization in order to develop innovative proposals for credit and assurance company. The

reference companies will be identified during collecting data phases, on the base of an interest shown during the research. Moreover a virtual permanent forum (with periodic conference calls) could be provided for constant monitoring of international new practices and initiatives

➢ *Public policies:* building working group (coordinated by University, Public Administration or Control Agencies representatives) directed to develop simplification and incentives systems for responsible SMEs; drawing up guide lines on the subject of de-regulation in the field of environment and human resource ethic management, based on international best practises

b) Identification (by Universities) of potential actions to be experimented and proposal to the other project partners; discussion and sharing

c) Identification (by all partners) of potential external stakeholders to be involved in the experimental actions

d) experimentation of actions: for each action a specific working group, coordinated by the COSMIC partner, will be activated

e) Final reporting of obtained results from experimentations and evaluation of economic benefits for SMEs operating in the textile/clothing sector.

The results of experimentations will be synthesized in the **Report concerning the results of experimentations of COSMIC Project**

5. MAIN PUBLICATIONS AND OUTPUTS

MAIN PUBLICATIONS:

- Production of a CD-Rom containing all project outputs

- Drafting of multi– lingual brochure concerning the project activities and results

- Adjournment of RESPONSE and COOPERATE websites

- Final public conference for the presentation of the final results

OUTPUTS:

- *Preliminary Sectoral Analysis Report* (deliverable of the 2nd task)

- *Methodology of Analysis on relationship between CSR and competitiveness* (deliverable of the 2nd task)

- *Final Report of analysis about relationship existing between CSR and competitiveness in the textile/clothing sector* (deliverable of the 3rd task)

- *Report concerning the results of experimentations of COSMIC Project* (deliverable of the 4th task)