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1 Background and Rationale for the Study

1.1 Background

Since the early nineties of the 20th century, Corporate Social Responsibility has received tremendous attention from different industries in China. It is because sustainability has had a significant impact on the global economy and social values. In this background, corporate social responsibility has become a worldwide social campaign. It was against this context that China's exported-oriented labor-intensive industries realized how important to initiate CSR activities originated from the global supply chain, which can be regarded as passport for entering into global market and certificates for enhancing brand recognition and images.

In China, Textile industry is the first open and export industry and it is also the first exporter and manufacturer of textile due to labor-intensive industry structure. Taking the advantage of exported-oriented policy for economic development, Chinese textile and apparel industries have been expanding their business boundary beyond domestic market to global scope.

Meanwhile, more and more Chinese textile and apparel companies had been initiating CSR activities within companies. The reason for CSR initiatives does not come from recognition of potential benefits, rather than pure certifications for conducting international business. It is because developed countries, like USA and Europe, which are main clients of Chinese textile and apparel industry, thought China's CSR activities is inefficient in terms of overtime working, low level salary and low labor standards. Due to these inefficient aspects of CSR, it makes China's textile and apparel industry to be

perceived with cost saving advantages. Therefore the global importers began to scrutinize the behavior of China's textile and clothing industry in perspective of CSR, and asked them for CSR certification. However, most of CSR initiatives conducted by Chinese textile and apparel companies are not fruitful as they should be. For a long period, it seems that lots of companies confronted with the dilemma between CSR and competitiveness performance, which hinder the further spread of CSR in textile and clothing industry. There are several reasons contributing to this situation, including low level of CSR awareness and lack of enabling connection between competitiveness and CSR initiatives. Even though, CSR has become one of the central issues on the agenda of Chinese Organizations today, but is still a long way from being centre stage on corporate strategy (Stewart, 2006). One of the key problems is the lack of understanding about how CSR can have impact on competitiveness (Porter and Kramer, 2006). There are many studies trying to analyze the relationship between CSR and financial performance (Chand, 2006), but without satisfactory results. However, the financial performance cannot imply a long-term competitiveness (Porter and Kramer, 2006). In addition to financial performance, there are variety of aspects on value chain, implying a long-term competitive. The relationship between CSR and these aspects should be explicated analyzed in order to shed light on the potential power of CSR in terms of enhancing long-term competitiveness advantage.

The purpose of this paper will explore the nature of the relationship between CSR and competitiveness among China textile and apparel companies, to

demonstrate CSR can have positive impact on companies' competitiveness. To achieve this purpose, one can argue that the competitiveness factors in textile sector can be summarized in terms of high product quality; niche market/product differentiation strategies; efficient processes; research and development; flexibility and fast response to market changes; HR and organizational culture[2], as described in Table 1. The research is based on questionnaire survey in 2011 in Zhejiang Province. It is one of the most important textile and apparel production and export bases of China. Most of enterprises in Zhejiang Province are exported-oriented and small-medium-sized. However, the CSR consciousness is weak, and CSR relating issues such as pollution, tax-evading and the friction in terms of long working hours and low level salary, occurs from time to time. As an important base of textile and apparel in China, the enterprises in Zhejiang Province are confronting with various challenges in terms of lack of CSR initiatives and decreasing amount of export. It is mainly due to lack of awareness of how CSR can impact on long-term companies' competitiveness. Therefore, it is a typical and representative area to study with in order to promote the spread of application of CSR standards in companies with low level CSR consciousness and those considering CSR standards as a redundant investment.

The following Table ranks aspects of competitiveness according to their importance.

Table 1 Competitive Profile of Textile Sector

Source: Andre Martinuzzi, Sabine Gisch-Boie, Adele Wiman (2010).

1 The Concept of CSR

The concept of CSR originated in the developed countries. This section reviews its definitions, relationship to sustainability, its scope and international standards. The extent of economic development stage in China is different from the developed economics, therefore, the recognition of CSR will be different comparing to that in the developed economics. The discussion will be deferred until section 1. 3.

1. 1. 1 Definition of CSR

Despite the awareness of CSR can be traced back to 1924 when Oliver Sheldon first proposed the concept, it is in the last twenty years that CSR has become an critical part of the international businessenvironment. Main reason contributing to this situation stemmed from consumer and civil society pressures for companies to conducting business in a socially responsible way while pursuing profit. In developed countries, this can be reflected on asking companies to act beyond what the law requires them to do. The following are several examples of the definition of CSR. By these definitions, CSR is:

“ Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders.”(European Union, 2001)

“ The continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large.”(World Business Council for Sustainable Development, 2001)

“ Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business” (Business for Social Responsibility, see BSR, 2006)

What these definitions shed light on is the broad recognition of contingent stakeholders that not only include shareholders, but also workers, the local community, and society as a whole. While the shareholders are only concerned about companies' profits, other stakeholder cares about humane treatment of the workforce, the environment, the coherence of society, as well as product quality. In many, circumstances, these two strands of interests conflict with each other.

1. 1. 2 Sustainability

The original meaning of sustainability, as defined by the Brundtland Commission, is meeting the needs of the present generation without compromising the ability of future generations to meet their needs. When put this concept into corporate world, it means that the way companies conducting business should contribute to the sustainability development of society. In other words, sustainability is about ensuring long-terms business success while contributing towards economic and social development, a healthy environmental and a stable society. (Developing Value, 2005) There are three components of sustainability, often referred to as “ the three P's”, “ People, planet, and Profits”, or the “ Triple Bottom Line” (Developing Value, 2005). Broadly speaking, the meanings of sustainability coincide with those of CSR. This report will use CSR to the responsibilities companies own to society.

1. 1. 3 Scope of CSR

According to a UNIDO report (UNIDO, 2002), there are three generations of CSR. The first generation focuses on philanthropic activities. At this stage, companies regard CSR as a pain reliever that helps them to improve public image among the general public. The second generation incorporates CSR as one of a company's integral business strategies that bring tangible gains. This generation of CSR sheds light on business case and makes it a really voluntary action of the company. The third generation goes one step further and calls for companies to actively pursue public good, that is, to make the pursuit of public good an intrinsic part of their goals. Currently, companies are in the transition from the first generation to the second generation and the third generation has yet to come.

The following Table shows different action within different generations.

Table 2 Scope of CSR in Different Generation

Source: UNIDO (2002)

Area of action	First generation	Second generation	Third generation
Focus of accountability	From	Legal and traditional stakeholders	to Direct stakeholders, short-term impacts
Business case	From Pain alleviation	To Cost-benefit rationale	To Strategic alignment
Level of engagement	From Compliance with legal responsibilities	To Harm	

minimizationToSocial value creation

Degree of influenceFromMarket actionstoMarket remodelingtoPolicy influence

1. 1. 4 CSR International Standards

Worldwide concerns over CSR and cross-border auditing have raised the need of international standards. Some of the standards are guidelines for voluntary incorporation of CSR into company management systems; other requires certification. The UNIDO report provides a sample of CSR standards.

The Global Reporting Initiative:

“ The GRI is a long-term multi-stakeholder, international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organizations reporting on the economic, environmental, and social dimensions of their activities, products and services.” (GRI, 2000) The GRI was a result of thecoalitionfor Environmentally Responsible Economies In partnership with the United Nations Environment Program.

SA8000:

This was developed by SocialAccountabilityInternational. It has a standard for workplace conditions and a system for independent verification of companies' compliance. Besides drawing from usual industrial standards ensuring product quality, it also adds several elements ofhuman rights.

Ethical Trading Initiative Base code:

This is a global standard for employment and working conditions, linked directly to ILO Conventions and the UN Declaration of Human Rights and

Rights of the child. It is a partnership with three types of members, i. e., companies, unions, and NGOs.

AA1000:

this is an accountability standard developed by the Institute of Social and Ethical Accountability. It focuses on securing the quality of social and ethical accounting, auditing and reporting.

ISO (esp. 14000 & 9000):

The International Organization for Standardization (ISO) administers over 11,000 standards. CSR-related ISO standards mainly focus on customers, staff and suppliers in the delivery of quality system for products (ISO9000) and environmental (ISO14000) management.

The OECD Guidelines for Multinational Enterprises:

The guidelines provide voluntary principles and standards for responsible business conduct consistent with applicable laws. They aim to ensure that the operation of international enterprises are consistent with government policies, to reinforce relationship between enterprises and society, to help improve the foreign investment climate and to enhance their contribution to sustainable development.

1. 2 Corporate Social Responsibility

To most of Chinese enterprises, the concept of CSR has not strong influence the way enterprise conducting business. It is because they are not familiar with such concept. The introduction has been regarded as an necessary step when China is entering into the wave of globalization. The initiative of CSR in

China can be summarized into three phases (Zhou, 2006). The first phase is from 1999 to 2000. China began to introduce the concept of CSR. It is mainly by auditing domestic suppliers by international companies. The second phase from 2000 to 2004, was Mr. Zhou calls "the wait-and-see years". In this period, the domestic suppliers underwent intensive auditing effort and requirement from their overseas business partners. The trend cause the attention of several key government ministries including the Ministry of Labor and Social Security and the Ministry of Commerce. The main concern from this government department focuses on how CSR can be used as a non-tariff barrier in terms of Chinese exports. As a result, Chinese official and scholars did not take immediate action, but rather a wait-and-see attitude toward CSR.

The third phase was from 2004 until now. The main feature of this period was seen commitment of business, governments, media, and scholars in the introduction and implementation of CSR. The most fruitful achievement has been active initiatives from the society. Government and business sectors have good cooperation to promote CSR and integrate it into core business strategies. in addition to establishing several government organization in order to promote the wild spread of CSR and enhance CSR performance of Chinese companies, the Ministry of Commerce launched China's own CSR standard and in 2005, textile industry had initiative to implement a standard specifically for the industry, China Social Compliance for Textile and Apparel Industry, or CSC 9000T. The textile industry was the first industry to undergo

pressures from their business partner abroad as China is the largest textile exporter, so it is very reasonable to initiate CSR in textile sector.

Beside the efforts from government and business initiatives, the media can also be accounted as an increasingly important promoter. Although, there may be no CSR mentioned in reports, but they help to reveal the serious violation of labor right, environmental regulations and product quality accidents. (Y. YAO, 2008)

The China News Weekly is a news organization. It promotes CSR through various activities. One of these activities is the annual international forum for social responsibility, which invites renowned government officials, people, scholars and other stakeholders from business sectors. From 2006, it has been held two times a year. Many international companies such as Intel, HP, Samsung, and Shell together with large domestic companies such as Lenovo, Haier, and Cosco have joined in the forum. One of the form events is to issue the award called “ Most Socially Responsible Company”. The award started in 2005 and became the most influencing award in China.

1.3 Problem Statement

This study will explore that if it can be proclaimed a relationship between the implementation of CSR standard and competitiveness performance.

Currently, China's economy is gradually melting into the wave of globalization, there is imperative requirement from international companies for compliance under international standards as the CSR one. In some cases, this is seen as a precondition for continuous business. Furthermore, Chinese

companies have been undergoing serious CSR auditing. The pressure from abroad promotes the spread of CSR certification in China. However, the starting point of its implementation should not just narrow on overcoming the trade barrier, a certification for export, compliance with national laws or fulfill the requirement from abroad business partners, but on truly comprehending how does the implementation can influence the business performance and what benefits can CSR standards actually bring. The main theoretical hypothesis is that companies implementing CSR standards can gain a competitive advantage in Chinese market.

It is the combination of this consideration that has led the researcher to carry out an investigation on relationship between implementation of CSR standard and competitiveness performance.

1. 4 General Research Objective

The objective of this study is to promote certification of CSR in China by demonstrating there are positive relationships between CSR and competitiveness indicators. Due to the enormous number of companies in the Chinese context, this study will focus on the textile and clothing companies in Zhejiang Province.

1. 5 Research Question

The aim of this research work is to analyze whether the implementation of CSR standards contribute to improving companies' competitiveness.

Therefore the driven research question of this study can be established as following:

What is the relationship between CSR and competitive advantage?

What initiatives have Chinese companies conducted in the last years as part of the CSR reports?

What is the perception of CSR reports in the last years(Benefits or Pit holes?)

What lessons can be learnt from literature about relationship between CSR and competitiveness?

How can CSR be considered as a source of competitiveness(crossing criteria between CSR and competitiveness)

1. 6 The Scope and Significant of the Study

This study will mainly focus on exploring the relationship between CSR and companies' competitiveness indicators of textile and clothing industry in Zhejiang Province. The study will cover the existing CSR initiatives in companies, the impacts from CSR, and relationship between CSR and competitiveness. The survey groups were selected from companies with CSR report in Zhejiang Province.

It is hoped that the study will be useful to promote the wide spread of CSR standard in Zhejiang Province and in China as a whole. By demonstrating the connection between CSR standard and competitiveness, it will make companies realize that investment on CSR is not just focusing on image improvement in short term, but also enhancing competitiveness in long term.

The targeted groups will also benefit from the study as they will be able to go beyond the superficial understanding of benefits brought by CSR. The knowledge and experience stemmed from participation in survey will also help them revise and improve the CSR practice.

The research will be as a pilot study for further study in investigating the relationship between various aspects of CSR and competitiveness. This will lead to the prevalence of CSR implementation in China's different industry.

2 Review of Related Literature

A review of the key issues in the existing literature related to the CSR, Competitiveness and its relationship will be presented under this chapter. It will primarily focus on CSR and competitiveness. Then, It will also go further to discuss the relationship between CSR and competitiveness.

2. 1 CSR in Today's Company Success

2. 1. 1 Elkington's Triple Bottom Line

In 1994, John Elkington defined this term as the Triple Bottom Line as a guideline for companies to focus not only on economic performance but also environmental and social values. The three bottom lines have three important aspects in terms of economic, environmental, and social bottom lines. The lines some times are also referred to 3Ps in terms of Profit, Planet, and People (Elkington, 2001). The basic rationale behind this approach is that sustainable companies must be financially secure, must minimize or ideally eliminate its negative environmental impacts, and must act in

conformity with the expectations which society places on companies (Juholin, 2007).

The economic line refers to the regular accounting of financial performance. It is conducted through mandatory accounting due to laws, annual conference with stakeholders, and reports. The second bottom line refers to environmental aspects. It focuses on environmental accounting with the aim to identify costs and benefits in the accounting system related to the environment. The last line refers to social bottom aspect. It is concerning impact companies have on people (Elkington, 2001).

When it comes to the Triple Bottom Lines and its linkage to CSR, Elkington (2004) states that “ it is a term which is often used to describe companies’ success in those three areas. Elkington (2001) further recommends that the Triple Bottom Lines could be regarded as a framework for companies measuring and reporting their progress in the three areas, the 3Ps.

The Triple Bottom Line involved in CSR is a broad term (Elkington, 2001). In the meanwhile, other researchers have dug a bit deeper into the subject of what areas companies are responsible for (Andriof & McIntosh, 2001)

2. 1. 2 CSR Aspect

Current CSR seems to be an unclear defined concept, which includes so many diverse concepts. These concepts are related to different aspect of CSR, for instance, environment, public relationship and stakeholder. The following framework presented by takes all the concepts into considerations. The framework is presented in Figure 1, which can assist companies to

analyze their current CSR position and give a direction to develop CSR. The issues can be classified into fourteen aspects, when companies think of CSR.

The following Figure categorize different CSR aspects into internal environment; external environment; mixed.

Source: Kok et al (2001)

There are several reasons why most of companies should use this framework. One reason is that I can be utilized in CSR planning process in order to analyze existing internal and external practices. Second, it can help companies identify its weaknesses and strengths. Third, it can make the development of CSR simpler as it provides existing data for companies' CSR implementation. Finally, it can find identify the ones who are able to contribution to CSR activities. (Kok et al, 2001)

1. 1. 1CSR Stakeholder

The term " stakeholder" has a wild scope according to O'Riordan and Fairbass (2008). It has been defined as meaning " all groups and individuals who can affect or are affected by the achievements of an organization's mission". Stakeholders can be regarded as crucial element in companies' external environment, and they act either formally or informally, individually or collectively, and can so on positively or negatively affect companies. (O'Riordan, 2008 and Fairbass, 2008)

Based on above consideration, therefore, it is crucial for companies to find out to whom they are responsible and how far that responsibility extends, and then, prioritize different stakeholder groups as different companies has

different situation. After this companies should evaluate stakeholder expectations through dialogue and incorporate these expectations into its CSR plan (Castka et al, 2004)

There exists subtle difference between investments in CSR activities and regular investments. CSR investment activities should focus on lying on pursuit of trade-off between profit maximization and stakeholder demands satisfaction (Castka et al, 2004).

The following Figure shows companies should balance profit from CSR and its demand for CSR.

Castka et al, (2004)

1. 1. 1 CSR Initiatives

In terms of initiatives, there are mainly six areas, which are included in most of companies. The following Table shows six major initiatives are proposed together with their respective benefits and concerns

Table3 Six Dimensions of CSR Initiatives

Source: Kotler and Lee (2005)

1. 1 Concept of Competitiveness

There is lack of clearly defined concept of competitiveness. It is because there is too much diverse perspectives and different levels of analysis when conducted competitiveness analysis. By analyzing the different definitions of

competitiveness perspectives, it is possible to establish a common basis.

Competitiveness is generally defined as

“ Ability of a firm or a nation to offer products and services that meet the quality standards of the local and world markets at prices that are competitive and provide adequate returns on the resources employed or consumed in producing them[1]”.

The factors, which determines the capability of firm or nation to outweigh the ability of its competitors is the capacity to utilize its own resources as effective and efficient as possible in order to obtain a better performance. Based on this consideration, it is important to analyze different actors on the competition arena. The following will distinguish three basic actors:

A single firm or plant. At this level, the concept means that companies can produce goods and services more effectively and efficiently than its counterparts. In order to achieve this ideal performance, companies should relay on competitive factors, mainly focusing on efficient utilization of some inputs. A paper from OECD (2003) states

“ Competitiveness is primarily a matter of being able to produce goods that are either cheaper or better than those produced by other firms”.

This statement is similar to what Jenkins (1998) states

“ A firm is competitive if it can produce products or services of a superior quality or at lower costs than its domestics and international competitors. It is therefore synonymous of a firm’s long-run profit performance and its

ability to compensate its employees and provide superior returns to its owners”.

A group of firms. At this level, the competitiveness means that different groups of companies utilize competitive factors, (For example, companies in similar industrial sectors, but in different nations), to gain a better performance on the local or international markets. In this case, to aggregate the performance of the single firm in the same operating in the same cluster can be regarded as the most effective way to measure the competitive performance. This level has closely connection with previous one, but not the same. Actually, a competitive industry can be regarded as the combination of a number of high competitive firms.

A territorial context. At this level, the concept implies that the competitive performance of nations or regions is combination of wide range of performances at the industry, firm and plant levels, and of their interactions with the institutional and social factors (cosmic report, 2009). So, this level cannot be simply regarded as the aggregation of the previous ones.

After the identification of the actors on different levels, we can go forward to the issue related to the dimension of competitiveness. Based on previous analysis, at least three dimensions of competitiveness can be defined:

International competitiveness:

At this level, competitiveness mainly refers to the success with which an entity (i. e. a country, a sector/industry, and a firm) competes against

overseas counterparts (cosmic report, 2008). The OECD provided the most important and widely-used definition of international competitiveness:

“ the degree to which (a country) under free and fair market conditions, produce goods and services which meet the tests of international markets, while simultaneously maintaining and expanding the real incomes of its people over the longer term” (OECD)

National competitiveness:

At this level, it focuses on how to measure competitiveness in terms of growth of Gross Domestic Product or Gross National Product, GDP and import & export flows. National competitiveness, from perspective of most authors, rest on how efficient a country can allocate its resources and utilized at micro level.

Local competitiveness:

At this level, two elements relating to link between territorial localization and competitiveness seems to be key elements. The first is that economic, entrepreneurial and technological activities tend to agglomerate at certain places, leading to patterns of regional and local specialization. The second is that the competitive performance and development of a firm seem to be determined to a considerable extent by the conditions that prevail in its environment, and that the conditions in the immediate proximity (cosmic report, 2008)

After the analysis of the competitiveness actors and arenas, the next step will go deeply into the crucial variables affecting competitiveness together

with the ways to measure them. There are many factors influencing competitiveness on different level according to previous analysis of actors and arenas. In addition, different definitions of competitiveness in terms of different levels also provide clue for measuring the concept of competitiveness. By evaluating existing approach, two major methods can be distinguished for measurement (cosmic report, 2008):

The first one focuses on analyzing the drivers of the competitiveness. For instance, resource productivity at firm level, the degree of internationalization at sector level).

The second one tries to investigate the external effects of the competitiveness success. For instance, market performance by market share; the turnover growth rate.

With the consideration of the ways to measure competitiveness, it is important to remember that competitiveness can be regarded at different levels of aggregation. Each one may be composed and influenced by different variables. (Cosmic report, 2008)

Based on above analysis, competitiveness can be measured at three different levels in terms of Macro level; Meso level; Micro level as described in Table

The research mainly focuses on the second level of competitiveness, which is on Meso level. The indicator in the Table3 for measuring competitiveness is a ground base for companies who are going to analyze its competitiveness

capability. But each sector has its unique feature, therefore, it is wise to develop corresponding competitive indicator based on this ground base. Based on this consideration, the competitive indicators in textile & cloth industry were identified based on the general indicators, including high product quality; niche market/product differentiation strategies; efficient processes; research and development; flexibility and fast response to market changes; HR and organizational culture, which are regarded as the most important indicator for measuring competitiveness in Textile and clothing industry as described in Table1

1. 1 Corporate Social Responsibility and Competitiveness

There is lack of literature on CSR and competitiveness, despite the number of this kind of study has increased exponentially in past few years. Most of previous studies tried to prove there is positive relationship between CSR and financial performance (M Tsoutsoura, 2004), although the results is mixed. Other researchers have came up with alternative approaches, such as creating a competitive advantage by generating stakeholder value (Freeman, 1984), appraising how CSR can have influence on competitiveness such as reputation and image(Marc Vilanova, Josep Maria Lozano and Daniel Arenas, 2008), or conducting case studies related to CSR, which conclude that implementing CSR contributes to both short-term profits and long-term competitiveness (Juholin, 2004).

Weber (2008) proposed five main areas of benefits from CSR activities by extracting from existing research on CSR business benefits as described in Figure 3

Weber (2008), pp240

1. 1. 1 CSR impact on Image and Reputation

A company's image plays very crucial role in pursuit of business success, which can be influenced by communication with stakeholder and reputation of a company. It is kind of unconscious response which people have when they talk about a company (Weber, 2008). The image of companies cannot be influenced by single factors but when these factors combine with each other, companies can suffer from this combination dramatically.

A reputation of a company is important and valuable assets. A positive one may bring many benefits to a company, however, a negative one may cause significantly harm to it. A company reputation is closely tied up with its stakeholders' emotional beliefs about it. Image is not as the same as the reputation as it can change very quickly, but reputation needs long period to develop. Reputation needs to be consistent performance and deliver these performances to stakeholders. (Weber, 2008)

The following Figure shows factors influencing companies' reputation.

Montgomery & Ramus, 2003

1. 1. 1 Cost Saving

Companies can significantly reduce costs by substituting materials during the implementation of CSR strategy, by improving communications with corresponding stakeholders, which can contribute to time saving or increasing chances to access to capital. All these benefits related to cost saving can be derived from CSR related activities. (Weber, 2008)

1. 1. 2 CSR related Risk Management

CSR can also be regarded as a mean to either reduce or manage CSR related risks. Through CSR assistance, company can better manage CSR related risks, including avoiding customer boycotts or negative press. (Weber, 2008)

1. 1. 3 Increasing Revenue

CSR can contribute to revenue increase either directly by CSR-driven niche market or indirectly by image or reputation improvement. (Weber, 2008)

1. 1. 4 CSR impact on Human Resource

CSR plays important role in stimulating motivation. It is because people may be motivated by the facts that they are working for a company with better environmental record or better working conditions, or the facts that they may participate in CSR related activities, including volunteering program organized by company (Weber, 2008), as motivation mostly is value-driven rather than money-driven. Good payment is also important factors, which cannot be neglected as it is basic need of all employees. However, making employee feel proud of place where they are working for is also important.

“ Employee retention is most strongly influenced by the behavior of the organization and its senior leaders as well as the learning and career development opportunities available for employee,” said Hamish Deery. CSR includes concern for employee s’ wellbeing as well as a concern for the environment. Through CSR activities, companies can create these benefits for employee. It has more possibility to maintain employees. Hamish Deery also mentioned that “ in this current tight labor market, companies that do not engage and empower through a range of initiatives such as

providing training or personal and career development opportunities, are going to end up struggling to keep quality employee,". So CSR activities plays crucial role in companies' retention.

Furthermore, companies with good CSR practice can also have influence on attractiveness of companies. (Weber, 2008) This attractiveness also plays important role when it comes to recruitment process. Numbers of companies have noticed that it is important to attract talent employees as these employees are value asset of companies as well as important part in creating competitiveness advantage. Therefore, company should realize the important role CSR activities play in recruitment of quality employees.

2 Research Methodology and Planning

This section will elaborate on the research approach for the intended study on CSR and competitiveness. It will explain the methods that will be utilized in data collection to help in the achievement of the research objective. This section will also elaborate on how to analyze and manage the collected data under derived from planned activities within the time frame.

2. 1 Research Design

The project duration is from May to September 2011. In order to achieve the research objective, close-end questionnaire will be submitted by email to companies with CSR standards; and in-depth interviews aims to obtain real experience about relationship between CSR and competitiveness from mangers in Zhejiang Province's textile and clothing companies. The project

therefore, will focus on combination with survey and interviews in order to explore the relationship between CSR and competitiveness.

The following Tables shows how research questions will be answered and what kinds of methods; information sources; preparation will be need for answering these questions.

1. 1. 1 Research Strategy Selection

The strategy of the study will focus on survey. Survey approach refers to a systematic method for gathering information from a sample of individuals for the purpose of describing the attributes of the larger population of which the individuals are members[1]. The survey approach has been chosen because the researcher intends to analyze the relationship between CSR and competitiveness in a statistics way. The relationship between these two concepts are so abstractive that it will be difficult to shed light on the linkage without survey approach as it provides numbers and trends in diagram, which is more visual than words description. There are two kinds of survey in terms of how to structure survey.

The following table shows categories of survey and its key features.

Table 6 Aspect of Survey Method

Source: adapted from Dawson, Catherine, 2002

1. 1. 1 Data Collection

The research was initiated by the use of academic literature in responding to CSR, competitiveness and their relationship. Primary data were collected

through interviews both face to face and phone correspondence. Primary data will be information collected directly from the interviewees in efforts to directly understand individual experiences. Meanwhile, through the questionnaire, data will also be emerged as primary data, which the researchers used to validate some of the information collected. In terms of second data, it includes literature, report and article collected as theoretical framework.

1. 1. 2 Sample Selection

Due to the enormous textile and clothing companies in China, it is time and cost consuming to include the entire population in the research, which refers to census study as the data is gathered on every member of the population. A small, but carefully chosen sample will be used to represent the population. The sample reflects the characteristics of the population from which it is drawn.

There are two ways to conduct sampling: probability and non-probability. Probability methods refer to that each member of the population has a known non-zero probability of be selected. In non-probability, members are selected from the population in some nonrandom manner. 6

The following table shows the categories of sampling and key features.

Table7 Aspects of Sampling

Source: Kumar, Ranjit, 2005

The author of this research is using convenience sampling. This method is used in exploratory research where the researcher is interested in getting an inexpensive approximation of the truth. When choosing the sample of this research, the author has certain criteria to direct the selection. The criteria refer to “companies with best CSR performance” awarded by CSR organization in China[1], which guarantee the representativeness of sample.

1. 1. 1 Data Analysis

In order to demonstrate the relationship between CSR and competitiveness, firstly, six competitive indicators were defined including high product quality; niche market/product differentiation strategies; efficient processes; research and development; flexibility and fast response to market changes; HR and organizational culture. These indicators have the most representative features in terms of competitiveness in textile industry. Then, a correlation between CSR and these six indicators can be established through analyzing data collected by questionnaires. By linking CSR and these six competitiveness indicators and analyzing them, the purpose of this research can be fulfilled.

Data analysis will be done after data collection since the raw data should be coded and put into SPSS software. The data collected from the interviewees will be analyzed based on the literature study of CSR and competitiveness. By using SPSS, it is very easy to testify whether there is a relationship between CSR and competitiveness indicator. Such data will also be further judged by information from interviews.

1. 1. 2 Validity and Reliability

Polit and Hungler (1993) refer to reliability as the degree of consistency with which an instrument measures the attribute it is designed to measure. The questionnaires will be sent to different companies, which will be answered and conducted by target groups, reveal consistency in response.

Questionnaires will be designed in interviewee's language in order to make it easy to understand, in order to reduce issues related to miscommunication.

Following the interviews, the questionnaires will be translated into English in order to guarantee its consistency and readability. Avoiding data collector bias can also ensure reliability. The researcher's being the only one to administer the questionnaires minimized data collector bias. The validity of an instrument is the degree to which an instrument measures what it is intended to measure (Polit & Hungler 1993). Content validity refers to the extent to which an instrument represents the factors under study. To achieve content validity, questionnaire includes a variety of questions on the knowledge of CSR, competitiveness indicators and CSR impacts on these indicators.

Questions will be based on information gathered during the literature review to ensure that they will be representative of what researchers should know about CSR, competitiveness indicators and CSR impacts on these indicators. Content validity will be further ensured by consistency in administering the questionnaires. The questions will be formulated in simple language for clarity. Clear instructions will be given to the target groups. There will be also limitations in the research in terms of duration, width and depth of data collection, opportunity to test results and recommendations.

1. 2 Research Framework

The research framework is presented in Figure 9 below. It is in three sections: section (a) shows the literature review related to CSR and competitiveness which then leads to the development of key dimension of indicator of competitiveness. Section (b) illustrates how research process are going to go forward based on literature review and survey results analysis. Section(c) shows how the results obtained from analysis will then be used to demonstrate the relationship between CSR and competitiveness.

1. 1 Planning and Timeline

With the consideration of above research framework, the different activities are presented as indicated in Table8

Table8 Activity Plan

3 Reference