

Social Sustainability Reporting in the Sri Lankan Apparel Supply Chain

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1. Introduction

The Sri Lankan apparel industry is growing along with the strong global relationships built and fostered by players in the industry over the years. Sri Lanka Apparel differentiates itself from the rest of its competitors worldwide by safeguarding claim to be ‘the world’s number one ethical apparel sourcing destination mainly by focusing on the social sustainability dimension of its apparel supply chain while maintaining quality.

With the enhanced importance of transparency in supply chains, consumers contemplate company practices to ensure that organisations nurture supply chain ethics in company culture. Therefore, the social sustainability dimension of Sustainable Supply Chain Management addresses the company’s social responsibility which extends beyond profit maximisation for its stakeholders and reaches the society at large (John & Narayanamurthy, 2015). Reporting on these socially sustainable activities increase opportunities for companies to ‘enhance trust, facilitating the sharing of values on which to build a more cohesive society’ (GRI, 2013).

Understanding the lack of research carried out in social sustainability reporting of the apparel supply chain, Köksal, Strähle, Müller, & Freise (2017) suggest conducting research considering social media publications. Social media is defined as ‘websites and applications that enable users to create and share content or to participate in social networking’ (Oxford Dictionary, 2017). Therefore, this research aims to fulfil this gap looking into how the social sustainability dimension is communicated to stakeholders of the apparel industry via social media.

2. Research Objectives

The following objectives are achieved through this research:

1. Understanding the importance of social sustainability reporting in supply chain management
2. Identifying how social sustainability reporting takes place in the apparel supply chain of Sri Lanka

3. Identifying social sustainability aspects considered in the apparel supply chain of Sri Lanka

3. Methodology

A literature review was conducted to understand how sustainability, particularly social sustainability reporting effects any supply chain including that of apparel. Research papers were retrieved from databases such as ‘Scopus’ and ‘Google Scholar’.

In order to understand how sustainability reporting has occurred in the apparel industry of Sri Lanka, initially a sample of 112 apparel companies in Sri Lanka was randomly selected using the membership directories of Sri Lanka Apparel Brands Association (SLABA) and Sri Lanka Apparel Exporters Association (SLAEA), representing both local and export apparel manufacturers. Then the secondary data gathered from social media (mainly company websites including Facebook, LinkedIn, Google Plus pages, reports published and other online media publications) of these companies were analysed using descriptive data analytic techniques and content analysis. As a result, the sample size was reduced to 100, due to the low presence of companies in social media.

4. Results

Figure 1 shows the social sustainability reporting methods used by companies in the Sri Lankan apparel industry. This depicts that there is room for improvement in social media reporting.

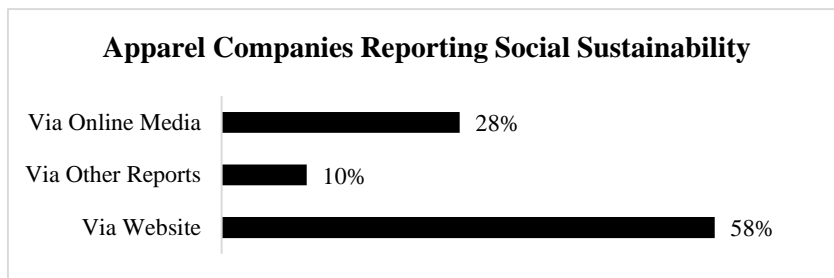


Figure 10: Apparel companies reporting social sustainability

There were four media reporting on the negative social aspects relating to the health and freedom of employees although the majority of reported social sustainability aspects were positive. These included the conduct of philanthropic activities to develop the community, training employees for skill development, conduct of occupational health and safety projects and providing financial assistance to employees.

Out of the 100 companies only 59 manage their own websites. Figure 2 describes how these companies use their websites for social sustainability reporting.

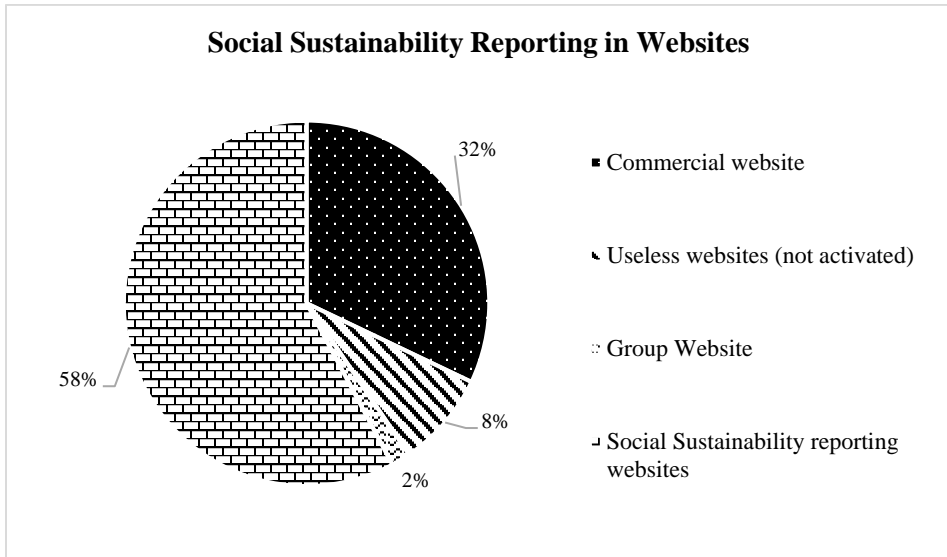


Figure 11: Social sustainability reporting in websites

A majority of companies out of this 58% report social sustainability either as ‘corporate social responsibility (CSR)’ or ‘social compliance’ on their websites, while 32% of the companies are using these only to sell and market their garments. As some of these websites are not up to date, the published information is misleading stakeholders while losing bigger opportunities in the upcoming social-sustainability conscious millennial market.

Around 67% of the apparel companies in this research are mainly exporters, while the balance 33% is comprised with local apparel manufacturers. As Figure 3 illustrates, the best reporting has been done by the exporter manufacturers, mainly because they are urged to communicate information to existing and potential customers in US or Europe, demonstrating that their practices are more ethical and socially sustainable compared to their competitors’.

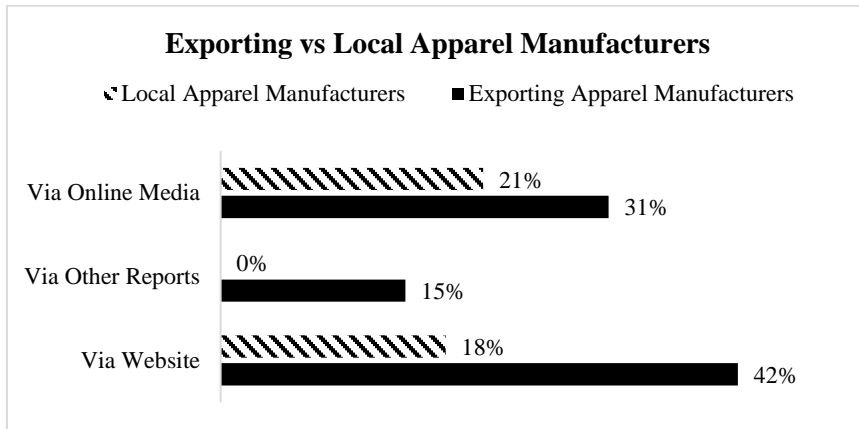


Figure 12: Exporting vs local apparel manufacturers

Out of all the companies, the two leading major apparel exporters are the ones who are setting benchmarks in the apparel industry through sustainability reporting in UN Global Compact (United Nations Global Compact, 2017).

5. Conclusion/Recommendations

Social sustainability reporting in the supply chain is very popular among the customers located in US and Europe since they are the final tier touching the sustainability conscious end consumer. Hence, apparel exporters in countries such as Sri Lanka are not paying attention towards reporting their best practices via social media to the general public, but rather send reports directly to their customers to comply with their sustainability requirement and to retain credibility.

Local apparel manufacturing companies need to emerge from the mentality where they think CSR is the peak in a socially sustainable apparel supply chain. They need to make social sustainability a part of the business, rather than doing it merely for its growth.

Further, apparel manufacturers whether they manufacture for the local or export market should understand the importance of reporting best practices especially via social media since the impact created through the electronic telecommunication is highly visible and speedy. Big players in the Sri Lankan apparel industry can be the trend-setters in making social sustainability a chanted mantra until it becomes established practice in the apparel supply chain to make the society aware along with reporting.

6. References

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Keywords: *Social sustainability, Reporting, Apparel, Sustainable Supply Chain*