THE CORPORATE SOCIAL RESPONSIBILITY STRATEGIES IN FASHION INDUSTRY

Case company: Zara

LAB University of Applied Sciences
Bachelor of business administration degree programme in International Business
2021
Yuhan Cui
Bowen Fan
<table>
<thead>
<tr>
<th>Authors</th>
<th>Publication type</th>
<th>Completion year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuhan Cui</td>
<td>Thesis, UAS</td>
<td>2021</td>
</tr>
<tr>
<td>Bowen Fan</td>
<td>Number of pages</td>
<td>51</td>
</tr>
</tbody>
</table>

**Title of the thesis**

**The corporate social responsibility strategies in fashion industry**

Case company: Zara

**Degree**

Bachelor of Business Administration (UAS)

**Name, title and organisation of the client**

Yuhan Cui, International Business, LAB University of Applied Sciences.

Bowen Fan, International Business, LAB University of Applied Sciences.

Businesses are taking social responsibility more seriously. This change has happened, because CSR can bring real value to companies for a long time. Therefore, the continuous optimisation of CSR is one of the competitive advantages of companies. Companies need to use CSR strategies to improve reputation and customer loyalty. This thesis puts the effectiveness of Zara’s strategy into theory by analysing the CSR strategy of the case company Zara. CSR strategies create added value for the company. These hidden added values have social, environmental, and ethical implications. It acts as a bridge between the CSR strategy and customer loyalty. Customers’ attitudes towards the company’s CSR strategy and CSR commitment are responsible for changes in customer loyalty. The conclusions show that Zara’s CSR strategy is not very effective. Although its CSR report indicates that the company makes many positive contributions to the economy, human development, and the environment, this is not the case. The destruction of the environment and the disregard for human rights are exquisitely reflected. The article also concludes with some suggestions for the viability of companies in the fast fashion sector.

**Keywords**

Corporate social responsibility (CSR), economic, social and environmental impact, brand value, Value perception
Contents

1 Introduction ............................................................................................................................. 1
  1.1 Research Background ................................................................................................. 1
  1.2 Thesis Objectives, research questions and limitations ............................................ 1
  1.3 Theoretical framework and research methods ......................................................... 2
  1.4 Thesis Structure ........................................................................................................... 3
2 Corporate sustainability responsibility .............................................................................. 5
  2.1 Concept of CSR ........................................................................................................... 5
  2.2 Components of CSR .................................................................................................. 10
  2.3 Theory of stakeholders .............................................................................................. 12
  2.4 The theory of Hierarchical Responsibility Theory ..................................................... 13
    2.4.1 CSR concentric circles model ............................................................................. 13
    2.4.2 CSR pyramid model ......................................................................................... 14
  2.5 Theory of sustainable development ............................................................................ 15
3 Zara’s corporate social responsibility strategies ............................................................. 17
  3.1 Case company -ZARA ............................................................................................... 17
  3.2 Protection .................................................................................................................... 18
    3.2.1 Employee ............................................................................................................ 18
    3.2.2 Labor relations .................................................................................................. 20
    3.2.3 Form of work .................................................................................................... 21
    3.2.4 Customer orientated ......................................................................................... 22
    3.2.5 Information system security .............................................................................. 23
  3.3 Drive ............................................................................................................................ 24
    3.3.1 Innovation .......................................................................................................... 24
    3.3.2 Diversity, inclusion, equality and work-life balance ........................................... 27
    3.3.3 Talent management ........................................................................................... 28
  3.4 Develop ....................................................................................................................... 28
    3.4.1 Environmental impacts ..................................................................................... 28
4 Comparison of Zara’s actual CRS practice with theoretical framework ......................... 30
  4.1 Labor situation ............................................................................................................ 30
  4.2 Environmental situation ............................................................................................. 34
5 Conclusion .......................................................................................................................... 40
  5.1 Answer to the research question ................................................................................. 40
  5.2 Ethics consideration ..................................................................................................... 40
  5.3 Suggestions for future research .................................................................................. 40
6 Summary ............................................................................................................................. 42
7 List of Reference ................................................................................................................ 44
1 Introduction

1.1 Research Background

According to the European Commission's EU Strategy for CSR Report 2011-14, the European Commission has integrated CSR into business strategy and operations. Through a well-developed social responsibility system, there are also many positive effects within the company. For example, adherence to the concept of sustainable development can be highly cost-effective. At the same time, CSR can prevent and mitigate any negative impacts it may cause. A properly designed CSR strategy can minimize failures and mistakes, increase competitive advantage in the market and prepare for consumer recognition. (European Commission 2011.)

In the increasingly competitive fast fashion industry, companies are developing CSR strategies to enhance their corporate image and brand value. The goal is to establish and strengthen the connection between the brand and the consumer. Consumers are a very important stakeholder for companies. Consumers can increase the market return to socially responsible companies through their consumption.

Against the backdrop of the rapid expansion and success of many internationally renowned fast fashion brands on international markets, the apparel industry is increasingly characterized by high sustainability and rapid renewal. (Lauren Bravo 2020). Using the Spanish fast fashion brand ZARA as an example, the author analyses the impact of ZARA’s brand social responsibility on consumer attitudes. The author then delves into the current and future development of the fast fashion brand ZARA's corporate social responsibility.

1.2 Thesis Objectives, research questions and limitations

According to customer satisfaction surveys, consumer demand for fast fashion products is on the rise (Adegeest. D .A. 2020). The aim of this thesis is to verify whether Zara's corporate social responsibility strategy is effective as it expected or not. The authors will summarise the impact of ZARA's economic and social responsibility strategies after analysing them. In terms of corporate behaviour, the authors compare the relationship between CSR strategy and total revenue in different years. Next, some potential gaps between theoretical framework and Zara’s current CSR situation would be presented in details. Finally, the authors use theory to verify the reliability of the thesis results and make recommendations.
In order to examine the subject of the thesis, the report authors list a list of research questions. However, they are divided into two parts, the first part being the main research question and the second part being the sub-questions.

The main research question is:

What is Zara’s CSR strategy?

The sub-questions for the research are:

Why it is important for fast fashion industry to put attention on CSR?

Are there differences between CSR theories and Zara’s strategy?

What is the influence of CSR on fast fashion industry?

The analysis of the thesis is limited to whether ZARA company conforms to the CSR theory. The limitation of this thesis is that fast fashion companies are developing swiftly. It is difficult to predict how it will be applied in the future. Therefore, this situation cannot be satisfied only by referring to literature.

1.3 Theoretical framework and research methods

In this part, the authors will introduce a theory containing CSR strategies as the hypothesis. The first part is about CSR strategies, which enables companies to incorporate social and environmental issues into their business operations and interactions with customers (UNIDO). And the representation of CSR could contain workers welfare and the company’s sustainability development. After learning about the basic information, authors will choose the SWOT analysis to analyse the influence of the CSR strategies to the company in four aspects, which are strengths, weaknesses, opportunities, and threats.

The second part is about basic definition of customer loyalty. Next, analyse the influencing factors of CSR strategies on customer loyalty would also be listed in this part.

From the authors' research, the theory “Investment in CSR Strategies can heighten customers’ loyalty” was extraordinarily suitable for the thesis hypothesis. (David & Lidia 2018, 2). Firstly, the theory uses causality models to research the relationship between corporate social responsibility and customers. (David & Lidia 2018, 68). Secondly, David & Lidia used the questionnaire and PLS path modelling as the research methods to conduct the research. Over 400 Spanish supermarket’s customers were the research samples. (David & Lidia 2018, 73,74). After the data collection, it can prove that the corporate social responsibility policies can enhance consumers’ perceived value and trust, satisfaction,
commitment, and loyalty to the company. Since the hypothesis totally matches with the authors' opinion, authors would focus on researching whether these two main factors, the CSR strategies, and the customer loyalty, have a positive proportional relationship.

In the part of the research method, it mainly contains the research approach, research methodology, and empirical research.

In terms of research approach, it has deductive research which starts from making a hypothesis and analyses whether the result could be accordant with it. Authors' research procedure is the same as that. Therefore, deductive research is the chosen method. (Uma & Roger 2016, 23). When it comes to the research methodology, due to analyzing the influence of CSR strategies to customer loyalty, the quantitative methodology would be chosen in this thesis. Finally, the empirical research would be conducted by the online survey and researching from related materials.

In processing the research, authors will use Google Marketing Platform to make questionnaires. Firstly, which contain questions with multiple choices. The purpose is to check whether the public really care about a company's CSR strategies and the CSR could affect people's attitude for a certain company. Secondly, authors will also find out related materials online, such as the official website of the case company. The goal of this thesis is to find a proportional relationship between two mainly factors.

1.4 Thesis Structure

The first part of the thesis is the introduction, which contains the research background, the objective, research questions, and limitations.

The second part is the theoretical framework. It mainly presents the basic information of the CSR strategies. There are four main perspectives of CSR theory. They are the definition of CSR, components of CSR, theory of stakeholders and the theory of hierarchical responsibility theory. The third part is the current situation of Zara’s CSR strategy. Firstly, it contains the components of Zara’s CSR current strategy. There are three main sections of its CSR strategies. They are protection, drive and development of CSR. Subsequently, authors will compare Zara’s CSR strategies with the theoretical framework to discuss the effectiveness of current Zara’s CSR strategies.

The final part is the conclusion and recommendations of the thesis. The research results will be compiled, and research questions answered. Furthermore, authors will also compare the research result with the hypothesis. The authenticity, legality for the thesis will be
proclaimed. Last but not least, authors will summarise the experiences, difficulties, and valuable things from the research thesis.

The below picture mainly describe the thesis structure.

Figure 1 Thesis structure
2 Corporate sustainability responsibility

2.1 Concept of CSR

According to Sriramesh et al. (2006), Bowen (1953) provided one of the earliest definitions of CSR. Since then, the field has evolved, and different names have emerged, such as corporate social responsibility (the 1970s) and corporate social performance (the 1980s). Although many researchers are devoted to defining CSR, their understanding of CSR mainly focuses on the following perspectives.

The first approach is to define CSR through a formative research approach, i.e., a doctrinal analysis using a normative research approach. The formal definition of CSR began with Bowen (1953), while the more frequently used explanation is from Carroll (1979), who explained CSR more academically.

Another way is to adopt the survey method to find out how people define CSR, especially famous entrepreneurs, authoritative experts, and public groups. The surveys are performed in ways of using quantitative methods. Researchers also use surveys to know how people agree with the academic definition of CSR. The third approach is a philosophical one, in which CSR is defined by analyzing a core term. For example, Schwartz et al. (2003) and others define CSR by giving attention to 'Responsibility' or 'Corporate citizenship' since these words have their philosophical meaning in many types of research. The definition of CSR is based on "Responsibility" or "Corporate citizenship" from the philosophical perspective.

Schwartz et al. (2003) proposes a new approach to defining CSR by identifying the various definitions of CSR and the specific dimensions of CSR based on a comprehensive literature review, then using different Internet websites, including the Google search engine, to find out the frequency of use of the various definitions and their dimensions, calculates and compares the intensity of how most scholars use these different definitions and dimensions. Finally, every description of CSR is then calculated and compared in terms of the strength of each report and dimension. In general, however, Schwartz et al. (2003) approach still has some similarities with the three most applied approaches, as shown in the thesis.

As for the question of how to define 'corporate social responsibility, many researchers give different answers. Before the 1950s, CSR-related research I wasn't enough; Carroll (1999) implies this in his study. Along with the times, many people use 'the social responsibility of businessman' on different occasions, and the few people know the term 'corporate social responsibility. This phenomenon continued until the mid-1960s. It could be inferred that
most entrepreneurs have to carry on social responsibility, which is deeply related to ethics and values in the business field.

The original, recognized scholar to use the term CSR is Sheldon (2004); years later, James (1933) had discussed whether corporations should serve society (Dodd, 1932) put forward the concept of CSR to attract the attention of various industries. With many types of research after that, Keith (1975) explained more systematically what CSR is. He advocated that a business person should pay attention to CSR in business activities and set it as a corporate goal to cater to the expectations and values of all aspects of society. According to Keith (1975), although social problems will always appear in life, social responsibility is not the final solution. It can effectively provide the organization's future development direction, which is very important. People regard H. Bowen as 'father of corporate social responsibility (Carroll, 1999) since Keith (1975) published works on CSR as a pioneer in the field.

Researches on CSR showed a significant increase in the 1960s, and definitions of CSR are presented from different perspectives. For example, Davis (1960) inferred that people in business would consider affairs from other aspects, not just for profit by economic or technical ways. Davis (1960) suggested 'long-term economic benefits' to arouse people's attention, and the term was widely used in the late 20th century. Davis (1960) even gave the view of 'Iron Law of Responsibility and believed that businessmen should undertake specific responsibilities and obligations based on their social abilities.

Since the 1970s, the definition of corporate social responsibility has attracted more attention, and scholars gave more detailed explanations of it (Drucker 1973). As shown by Drucker, CSR can be considered from four different aspects to better explain how to solve problems related to stakeholders, long-term profit maximization, utility maximization, and so on. Of these, Drucker (1973) suggested that every scholar has an interpretation of corporate social responsibility: some saw it as Some saw CSR as legal responsibility, others as the need to behave in a socially ethical manner, others view CSR as the companies' responsibility for carrying out some charitable donations works, and there are also multiple views. At the same time, scholars began to use professional terms such as 'social responsibility, 'social responsiveness' and' social performance ', they focused on how companies act when the surrounding social environment changes and what kind of useful results could come out. It can be seen that people's research has gradually shifted to focus on the actual results of CSR, and subsequent related empirical studies have begun to measure better specific dimensions of CSR (Schwartz & Carroll 2003.).
In the 1980s, certain researches showed a more innovative perspective (Drucker, 1973). Peter Drucker is an excellent representative of them. He combined social responsibility and profit-making to analyze and pointed out that enterprises should undertake social responsibility to create more opportunities and gain profits (Drucker, 1973). Thomas (1980) pointed out that social responsibility in organizations should focus on two aspects: firstly, it must be voluntary; secondly, it must be; however, as Carroll (1999) pointed out, there are few studies from the 1980s onwards that offer a creative point of view related to give a more specific definition of CSR. Some scholars (Carroll 2016) explain this phenomenon: people focus on the content of CSR and conduct a series of empirical studies. They have carried out specific expansions and involve concepts such as business ethics, stakeholder theory, sustainable development, and so on in different ways.

The influence of economic liberalism, represented by Friedman, and the delay in the theorization of CSR in the mid-20th century meant that for a long time, the original concept of CSR was left out of sight as an act of benevolence by entrepreneurs. It was not until 1953 that Howard R. Bowen’s concept of social responsibility was introduced. The book Social Responsibility is well known, in which Bowen defined the social responsibility of entrepreneurs as: “The entrepreneur’s ability to formulate policies, policies, policies, and policies following socially desirable goals and values. Beven put forward the concept of social responsibility, which plays a significant role in the development of modern enterprises and greatly helps their development. (Carroll 1999), and it is only since then that the modern debate on "corporate social responsibility" has begun. "The modern debate on CSR began in earnest. The "iron law of responsibility" was proposed by Keith Davis (1960), in which the author believes that enterprises must always abide by social responsibility. Otherwise, there will bring indelible losses both for society or enterprise. Companies need to consider and deal with the economic pressures they face and for their financial goals.

By the 1970s, the idea of socially responsive research-based corporate social responsibility emerged, the academic circle had begun to change the direction and goal of research. Previously, it has continuously and intensely studied the social responsibility that enterprises should hold. Now, it has begun to pay attention to the satisfaction of social needs of enterprises and how to deal with social pressure in the process of enterprise development. According to Carroll (1999), corporate social responsibility is a process of management. In other terms, it can also be a strategic form of business operation, but also an innovative behavior. It is a continuous exploration of new management models and new technologies. And this new model will eventually respond as society progresses and a standardized way of making decisions. Later, in his article 'From CSR1 to CSR2: Frederick believes that corporate social responsibility is essentially the ability to cope with social
pressure, while he believes that corporate social responsibility and social responsibility are two different concepts, arguing that the former answers the questions of causes and grounds and the latter answers the questions of methods and effects. The former, he argues, answers the question of causes and grounds, while the latter answers the question of processes and products and is more practice-oriented. Sethi (1975), on the other hand, argues that corporate behavior corresponding to CSR is essentially descriptive and consequential, whereas corporate behavior corresponding to CSR is anticipatory and preventive, with the former being reactive and the latter proactive; he believes that the environmental assessment should not be generalized. The evaluation of this aspect should be divided into four stages: the emergence of the problem, the discovery of the problem, the solution of the problem, and the experience obtained. Epstein, You have a crucial concept of corporate ethics while extending a summary of the idea of corporate, social responsibility, and social response. For the decision-making process, the central part lies in corporate ethics, including the values-based moral reflections and choices of individual and corporate behavior incorporate ethics, the problem-oriented aspects of corporate social responsibility regarding the outcomes of particular corporate actions, and the process of values-based, problem-oriented moral reflections, and choices generated by individuals and corporations (Preston & Bannon 1997).

Carroll had drawn its insights by constantly summarizing academic research on corporate social responsibility, arguing that "corporate social responsibility encompasses the economic, legal, ethical and liberal decisions that society expects from a business at a given point in time." He proposed the three-dimensional concept of corporate social performance, which refers to social problems, social responsibility, and social response, through the integration and analysis of these three aspects, thus proposing the corresponding concept. For corporate social performance, the first dimension is economy and law, the second problem is to deal with social issues, and the third dimension is the social responsiveness ability of enterprises. Carroll believes that the social performance requirements are that the company's problems can be identified, and secondly, the sense of social responsibility can be effectively evaluated.

Carroll's CSR pyramid model has had a profound impact on the study of CSR and has formed an essential theoretical basis for the CSR system. Many scholars have since proposed theories and approaches to social responsibility based on Carroll's theoretical framework.

With continuous research in academia, the term corporate social performance was also proposed in the 1980s. Based on Carroll's research, Wood proposed the CSR model.
Wartick and Cochran (1985) provided a classic definition of CSR: "CSR reflects the fundamental interplay between corporate social responsibility norms, social response processes and policies used to address social issues. It integrates three main dominant directions in the field of business and society, namely a conceptual orientation mainly related to social responsibility, an institutional orientation primarily associated with the social response process, and an organizational exposure-related mainly by social issue management policies (including problem identification, analysis and response components, to minimize ‘accidents and develop effective corporate policies). By integrating social responsibility, social responsiveness, and social issues, corporate social performance provides a valuable framework for a holistic analysis of business and society (University of Cambridge 2021.).

With the continuous development of society, the idea of enterprise social responsibility connects to the stakeholder theory. Stakeholder theory defines social responsibility as "social obligations that exceed legal and economic requirements. In 1997, the British scholar Elkington put forward "The Triple Bottom Line," which suggests that an enterprise should adhere to the principle of corporate profitability in its long-term development.

At the same time, several non-governmental organizations are also actively exploring the concept of CSR. The most influential one is the definition of CSR by Social Accountability International (SAO), which believes that CSR is different from business responsibility and refers to the responsibility to society as a whole and the responsibility to shareholders, i.e. the creation of wealth. The SAO defines the concept of CSR as a distinction between corporate social responsibility and business responsibility.

It is generally accepted that CSR was first introduced by the British scholar Oliver Sheldon in 1924. At the same time, a philosophy of management is proposed. Business managers need to adopt three social criteria for leadership. The first is that the industry's policies, methods, and environment should contribute to public welfare. The second is that management needs to meet the ethical standards of society as a whole and put them into practice. The third is that the ethics of administration should be universal. This would lead to a phased increase in the level of justice and morality of society. However, the author only connects management methodology with social ethics and does not tell what real corporate social responsibility is. Then in the 1920s, two expanded concepts of the corporate social project gradually emerged. The first was the "balance of interests." Companies need to meet the return requirements of their shareholders and the demands of other stakeholders. For example, employees, suppliers, government agencies, regulators, communities, etc., are all stakeholders that companies need to consider. In addition, the company needs to
balance the conflicts between the stakeholders, so the company's managers act as intermediaries. It is the manager's role to reconcile the conflicting interests of all parties and meet the demands of all parties. The second is the 'service perspective.' This dimension refers to the need for companies to take on more social responsibility while maximizing their profits (Zadek et al., 1997).

By the 1970s, the idea of socially responsive research based on CSR emerged, and academics began to move away from CSR to how companies meet social needs and expectations, respond to social pressures, and manage social issues.

Ackerman argues that CSR is a method of performance evaluation, a process of managing a business, and a strategic business decision. Moreover, CSR is a short-term trainable competency and a standardized approach to decision-making that can respond to long-term change. Later, Frederick defined CSR as "the ability of a company to respond to social pressures" and made a specific distinction between the concepts of CSR and CSR, arguing that the former addresses the issue of causes and reasons, while the latter addresses the issue of methods and effects. Sethi (1975) argued that the corporate behavior that previously corresponded to CSR was essentially descriptive and consequential. In contrast, the corporate behavior corresponding to CSR should be biased towards the anticipatory and preventive. In other words, the former is reactive, and the latter is proactive. At the same time, Sethi proposes four concepts: problem identification, problem recognition, problem mitigation, and problem prevention. There is an inherent sequential logic to these four concepts. Problems need to be identified before they are discovered, identified when they occur, mitigated when they are identified, and prevented afterward. Epstein then suggests that the critical components of the concepts of business ethics, CSR and CSR, should be grouped into a fourth concept, the 'corporate social decision-making process, the central point of which is to institutionalize the critical elements of business ethics, CSR, and CSR within the business (Carroll 1999). This includes the value-based ethical reflections and choices of individual and corporate behavior in business ethics, the issue orientation of CSR about the outcomes of particular corporate behaviors, and the value-based, issue-oriented ethical reflections and choice processes generated by individuals and companies that incorporate social responses.

2.2 Components of CSR

Based on Carroll's CSR pyramid model, stakeholder theory, and the current view of social responsibility, the specific content of CSR should include the following aspects.

**Economic responsibility of enterprises**
In total, the economic responsibility of enterprises consists of three components. From the perspective of society, it can provide valuable products and services to the citizens of society as a whole (Matten et al., 2003). From an economic perspective, it can provide more jobs for individuals and contribute to economic growth and the creation of wealth for society.

**Legal responsibilities of enterprises**

An enterprise's primary legal responsibilities are first to comply with national laws and regulations and operate following the law. The second is to pay taxes in accordance with the law.

**Ethical responsibilities of enterprises**

At an ethical level, corporate social responsibility is manifested in various ways:

The need to ensure a reasonable return on shareholders' investment and to maximise their interests.

Maintain the security of the company's assets. In corporate governance, companies should operate their assets in accordance with the company's articles of association and the resolutions of the shareholders' meeting.

Companies should safeguard the rights and interests of their employees. Provide a safe, healthy working environment.

Companies should ensure the rights and interests of consumers and provide services of acceptable quality and good experience.

Companies need to maintain and protect the safety of the natural environment in which they operate throughout the community.

They should not develop the economy at the expense of damaging the ecology and polluting the environment, and be responsible for ecological and environmental issues: they should strictly comply with environmental protection laws and regulations and maintain sustainable development of resources, the environment, and society: finally, they should participate in community building, actively support the development of community culture, education and welfare activities, establish good relations with local governments and residents and social groups, and strive to provide employment opportunities for the community and promote local economic and social development. And so on.

**Voluntary philanthropic responsibilities of enterprises**

The voluntary philanthropic responsibility of enterprises is mainly reflected in three aspects, the first is to actively carry out and participate in social charity activities; secondly,
enterprises need to support the development of national and local education and culture and arts; finally, enterprises can care for socially disadvantaged groups, such as investing in orphanages, sponsoring widows and orphans and accommodating the disabled.

2.3 Theory of stakeholders

The concept of stakeholders was first introduced by the Stanford Research Institute in 1963. These may include managers, workers, shareholders, suppliers, and customers. In his Strategic Management: A Stakeholder Approach, Nobel Laureate Freeman (2010) defines stakeholders as "any individuals or groups of individuals who can influence the achievement of a company's objectives or who are influenced by the process of achieving the company's objectives." Stakeholders are grouped into six categories - shareholders, employees, suppliers, consumers, society, and government - who are affected by the actions of the business at different levels. Kim (2000) provides a further breakdown of stakeholders based on the relationship between the firm's operations and its stakeholders. Kim (2000) further subdivides stakeholders into Primary Stakeholders and Secondary Stakeholders according to their degree of influence on the company's operations. The former is essential to the survival and continuity of the business, including shareholders, investors, employees, consumers, suppliers, government, and the community. The latter is influenced by or affects the industry, such as the media and social groups. Stakeholder theory clearly defines the targets and responsibilities of CSR, provides a clear direction and objectives for CSR implementation, and provides an analytical platform and operational method for measuring the status of CSR (Øyvind et al. 2011).

Suppliers

For ZARA, its suppliers are critical stakeholders. ZARA has over 2 million workers in its supply chain, and according to utilitarian theory, "an action is morally right when it brings the greatest number of benefits to the greatest number of people affected by the action" (Hayek, 2014). The most ethical thing to do then is to ensure that these workers have decent working conditions, reasonable wages, and the labor insurance they should be entitled to.

Employees

From shop employees to distribution and logistics center employees, their interest is to satisfy their contractual relationship with the company to earn their money to work and live. Employees deserve fair and decent treatment and respect for their human and labor rights (Inditex, 2020). Furthermore, suppose we focus on the theory of egoism. In that case, we can see that the good conditions that promote Zara employees are translated into productivity, which is the goal of decision-makers to sell more and generate more profit.
Community

For the community as a group, fostering better living conditions for the community requires the efforts of NGOs and the media. In this context, we should mention NGOs and the press like Intermón Oxfam, Clean Clothes Campaign, International Amnesty, Human Rights Watch, etc. BBC, Australian Broadcasting Corporation, Spanish Radio, The Guardian, The Independent, Asia Times, New Age Bangladesh, International Journal of Women's Studies, Business and Human Rights Resource Centre News. They should be prioritized because their goal is to report unethical behavior and promote change to eliminate them.

Shareholders

Investors are also crucial to the company because the management and operations of the company cannot be run in an orderly manner because of the trust investors place in the company's management. Shareholders' interests are not only for themselves, but also for the whole country's tax revenues and the employees' opportunities to create jobs and create a good life.

2.4 The theory of Hierarchical Responsibility Theory

Hierarchical theories of corporate social responsibility present the issue of the hierarchy of corporate social responsibility - fundamental social responsibility and high-level social responsibility - and explain the specific social responsibilities that companies should take on and the relationship between these responsibilities. Some of the more typical social responsibility hierarchies are as follows.

2.4.1 CSR concentric circles model

In 1971, the American Council for Economic Development published the report "Social Responsibility in Business". In this report, three concentric circles of responsibility are used to illustrate the hierarchy of CSR: the innermost circle includes basic responsibilities for the effective performance of economic functions, such as employment, products and economic growth; the middle circle includes responsibilities for respecting employees, environmental protection and other economic functions that require a positive attitude towards changes in social values and priorities (Chen & Delmas 2010); and the outermost circle includes new and emerging issues such as the elimination of social poverty and active involvement in the improvement of the social environment. The outermost circle includes emerging and unclear responsibilities such as the elimination of social poverty and active involvement in the improvement of the social environment.
2.4.2 CSR pyramid model

The Carroll proposed a pyramidal model of CSR. In this model, economic, legal, ethical, and philanthropic responsibilities are listed in descending order (Figure 2).

![CSR pyramid model](image)

**Figure 2 Carroll’s Pyramidal model of CSR (Carroll 2016)**

Economic responsibility is at the bottom of the pyramid and is the primary responsibility of the company. As a social and economic organization, a business is created first and foremost to make a profit by producing products or services that meet the needs of consumers and society to survive and grow. Without economic responsibility, other responsibilities would be meaningless to the enterprise without economic profit. For this reason, Carroll emphasizes: firstly, that the company operates on the principle of maximizing profit per share, seeking to make as much profit as possible and to make itself a successful company with the ability to make a sustainable profit; and secondly, that it maintains a competitive advantage and a high level of operational efficiency.

The second level of legal responsibility is the expectation that the company will comply with the law, which includes: operating within legal requirements and government expectations; complying with national and local government laws and regulations and playing by the rules of the game, and providing products and services that meet at least the minimum legal requirements.

The third level is an ethical and moral responsibility, which includes: operating in line with socially progressive and honest expectations; respecting and endorsing new moral
standards that are accepted by society; acting morally and ethically and preventing ethical compromises from achieving business objectives; and recognizing that honesty and ethical business behavior is more than just compliance with laws and regulations.

At the top of the pyramid is philanthropic responsibility, which is the expectation that a company should be a good corporate citizen and consists mainly of aligning its operations with the fraternal and charitable expectations of society: to be actively involved in the public good and to contribute to the welfare of society as a whole.

Because of its simplicity, ease of understanding, logic, inclusiveness, and openness, Carroll's quadratic approach to the CSR pyramid model has become the most enduring and widely cited CSR theory in the literature.

2.5 Theory of sustainable development

The theory of sustainable development is a new development theory formed in the late 1980s and early 1990s, which emphasizes that economic growth must be based on the rational exploitation of natural resources and the protection of the environment. It has been incorporated into various economic plans and development plans as a strategic goal for social and economic development in the 21st century, and has gradually become a new standard for diagnosing the healthy operation of a country and an important yardstick for its level of development.

The concept of “sustainable development” originally originated in ecology and first appeared in the World Conservation Framework developed by the International Union for Conservation of Nature (IUCN) in March 1980 (Wagner 2020). It has since been widely applied to economics and sociology, and its connotations have been expanded to become an integrated and dynamic concept involving the economy, society, culture, technology and the natural environment.

In November 1991, the International Ecological Association (Intecol) and the International Union of Biological Sciences (Iubs) defined sustainable development from the perspective of natural properties as the preservation and enhancement of the productive and regenerative capacity of environmental systems (Lee 2008). In other words, sustainable development is the search for an optimal ecosystem that supports ecological integrity and the fulfilment of human aspirations, so that the human condition can be sustained.

In a broad sense, it means the sustainable and coordinated development of economic, social and ecological systems with due regard to the state of time and space: in a narrower sense, it can be understood as the sustainable development of resources and the
environment, i.e. the maximisation of economic benefits with minimal resource and environmental costs.

The connotations of sustainable development are summarised in the following aspects: coordinated development, equitable development, efficient development and multidimensional development (Lee 2008).

- Coordinated development.
- Equitable development.
- Efficient development.

Based on the above connotations, it can be seen that the core elements of sustainable development include three aspects: sustainable economy, sustainable society, and sustainable ecological environment (Porter & Kramer 2006). It calls for economic efficiency, environmental harmony, and the pursuit of social equity in human development to maintain the peace and unity of the economy, society, and the ecological environment and ultimately achieve comprehensive human development.
3 Zara’s corporate social responsibility strategies

3.1 Case company - ZARA

The first Zara shop was opened in 1975 in La Coruña, Spain, and now has more than 1,700 shops in the commercial centers of major cities in 85 markets around the world. Zara’s international success demonstrates that fashion culture knows no borders.

With a creative team of over 200 professionals, Zara’s design always follows the latest fashion style of the world. The shops pass on information to the design team to understand what their customers want and need.

Its parent company, Inditex, overtook US fashion company GAP and Swedish H&M to become the world’s number one clothing retail company. As of 31 December 2020, it had 2259 shops in 96 countries worldwide (InditexGroup 2020), under eight retail brands, of which ZARA is the best known. Although ZARA shops account for only one-third of all Inditex shops, they account for 66% of total sales (Inditex Group 2020). As a very important part of the fast fashion industry, Zara claims to take CSR very seriously (Figure 3).

Figure 3 Zara’s current government and management of sustainability framework (Inditex Group annul report 2020)
The focus of the overall CSR policy of Zara's parent company is placed on the management of sustainability. As can be seen from the chart, the Zara Group has a well-developed management structure. From the board of directors at the strategic level to the sustainability committee at the tactical level, the chief sustainability officer at the operational level.

Functionally, the sustainability committee's primary responsibility is to give practical advice to the BOD regarding social, environmental, health, and safety.

In addition, Zara's parent company has established a social advisory board composed of independent third-party experts. Its objectivity and professionalism can be guaranteed accordingly (Inditex Group 2020).

Moreover, Zara's parent group has proposed a three-step approach to enhance its social responsibility values. Zara has divided its CSR strategy into three parts: maintaining the status quo, continuing its comparative advantage, and exploring its future potential. They are protection, drive, and development.

3.2 Protection

The protection strategies focus on employees, labor relations, form of work, customer orientated style and information system security. This series of protection strategies is not only for Zara's intangible assets, such as human resources, relationships and customer maintenance. There are also tangible assets such as information systems, maintenance of office facilities, etc.

3.2.1 Employee

Zara's strategy for its employees is mainly in line with that of its parent company, Inditex. In particular, during the difficult phase of the COVID-19 pandemic virus, Zara closed approximately 1,200 of its physical shops worldwide. Besides, Zara has responded differently to different market demands. The main objective was to enable the entire group to work smoothly and efficiently with high quality. Because of the COVID-19 epidemiological situation, each country and region has its policy on epidemic prevention (Inditex Group 2020). In many countries, most areas have adopted a work-from-home, telecommuting or shutdown status—a fatal blow, then, for a fashion clothing industry like Zara. The company's priority is to maximize the protection of jobs. Only by protecting jobs will employees have enough income to sustain their families and create consumption, boosting the economy. Therefore, other markets and headquarters, Spain, is the same. The company has acted
following local laws and regulations, with the primary objective of protecting employment to get through these difficult times. For this reason, Zara has not adopted a redundancy plan and continues to pay its employees in different functions to ensure their daily lives and family expenses.

At the same time, Zara has started to train its online sales staff to allow the brand to sell online to compensate for the loss of physical shops. As the epidemic eased in some countries and regions, such as mainland China, Zara quickly resumed operations, provided employees with good masks, and took appropriate safety measures to ensure that the workforce worked in a safe environment.

In this case, at Zara, full-time permanent employees are given priority. For part-time employees, their primary role is to reinforce full-time employees during peak periods. Employees on temporary contracts are not renewed by the company if there is no necessary activity. The employee distribution chart shows that the total number of part-time employees has declined over the last three years. The decline indicates that female part-time employees have reduced slightly more than male part-time employees. The age distribution shows that most part-timers are younger than 30 years old. However, the rate of decline for part-time staff above the age of 40 is the smallest. Over the past three years, the rate of decrease for part-timers over 40 has been 9%. There are three broad job categories at Zara, namely management, supervisor, and specialist. The distribution of jobs shows that during the COVID-19 epidemic, specialist management was the most resilient (Figure 4).
3.2.2 Labor relations

The most significant advantage of Inditex is that labor rights are greatly respected by their employees. Still, they also have substantial participation, which is one of the important reasons why their business model is sustainable.

This code of conduct held by Inditex is suitable for all companies and their employees to follow suit and learn.

Inditex employees have significant autonomy, mainly reflected in being able to conduct collective bargaining freely. Meanwhile, UNI Global Union was signed in 2009, a global agreement Inditex completed with international unions. The union is a trade union organization, mainly including trade and distribution.
Through today's research, UNI is developing exceptionally rapidly; now, 900 unions have gathered together. The number of workers is rising rapidly as long as the employees in Inditex companies are all covered by global agreements.

For Inditex and UNI, the date of the collaboration is 2019. they are based on Inditex's European Working Committee (Inditex Group 2020). All things cannot be separated from the principles set by the International Labor Organization. The agreement states that "Inditex recognizes the right of trade unions to represent workers and to bargain collectively over working conditions affecting them. The right to bargain collectively over working conditions affecting them".

Anyone wants the autonomy to join the union, and the right not to be discriminated against based on membership is guaranteed within employment relations. Likewise, by the provisions of ILO Conventions 100 and 110, both sides are highly concerned about the opportunities faced in their work and the treatment they enjoy and must grasp the principles of fairness based on non-discrimination in employment.

Not only does Inditex be very concerned about the protection and maintenance of rights, but it also has a very high recognition of national laws, but also about the strict implementation of the requirements mentioned in the collective bargaining agreement. These include employee induction and on-the-job training, maintenance of the working environment, and even working hours.

As a party concerned, the company should not only strictly abide by the laws and regulations of the state but also strictly require the internal code of conduct and norms of the enterprise.

3.2.3 Form of work

Due to the particularity of last year, the company decided to open the telecommuting mode to ensure the health of the employees and the health of the employees. The main markets are Spain and others. This particularity has forced companies to develop new office models based on the situation. For example, they were taking photographs for events and collections for Zara's online shop. This model can not only ensure the health of employees and actively respond to the state's call but also does not affect the progress of the company and prevent losses to the company. At Zara's corporate headquarters, laptops were provided to all employees and training on specific tools to ensure business continuity.

Meanwhile, work at Zara's logistics and distribution center has not stopped and continues to support online sales and the shops that remain open during this period. Ensure the health and safety of our employees by taking measures such as "no contact shifts." In addition,
Zara is making its high-quality logistics capabilities available to health authorities, companies, and businesses.

And while the physical shops are open, employees and customers are given temperature control, enhanced medical services, restricted visits and travel, and the distribution of masks and alcohol gels.

In addition, Zara's shop staff supported online sales during the closure of physical shops. They were strengthening the area of order preparation sent from shops around the world.

### 3.2.4 Customer orientated

For the fashion and apparel industry, the most significant expression of corporate social responsibility is the relationship with consumers. In the past 2020, the customer service departments of the Group's chains handled a total of 53,735,989 contacts (Inditex Group 2020). Of these, Zara's performance was the most impressive. It contributed nearly 80% of the total number of connections throughout the year. Compared to 2019, this nearly doubled.

This could be because during the COVID-19 no contact period, most of the sales were made online (Figure 5). Therefore communication with customers is done online. The relationship between Zara and its customers was brought closer through different online channels, such as phone calls, emails, social media forwarding comments, etc. And, the communication topics with the customers are vast. In the after-sales service, but also in purchasing, selling, and providing services, there is close communication with the customer. Because customer service is focused chiefly on logistics progress, order status, and stock levels, the number of customer interactions and service levels with Zara is high throughout the supply chain.

![Figure 5 Zara's connections with customers in previous three years (Inditex Group annual report 2020)](Zara_contacts.png)

Followers of Inditex sub-brands on different social media channels in 2020 More than 199 million followers on media channels (175 million in 2019 and 143 million in 2018)
Zara has the most significant number of social media users, which has more than 40 million followers on Instagram (Figure 6). This shows that in today's world of very advanced internet shopping, Zara follows up on the changes to keep deepening the brand recognition of its users. Moreover, in some specific markets, such as China, more users use social platforms such as WeChat and Tiktok to share their shopping experiences. This indeed allows Zara to enhance its relationship with its customers.

Figure 6 Zara's digital platform connections with customers until 2020 (Inditex Group annual report 2020)

### 3.2.5 Information system security

In terms of information systems, the basic perception of Zara's parent company is that information systems are the bridge that sustains and enhances the relationship between the company and its customers. Zara needs to do its best to meet its customers' product needs and service needs, whenever and wherever they are. Moreover, information technology allows to delivery of products and services to customers in real-time, regardless of geographic location and time. Therefore, while using this technology, data security is a primary consideration. In terms of policy, with the introduction of the Internet Information Security Policy, Zara has developed principles and guidelines internally and complying with the regulations of each country and region.

At the same time, Zara has invested a lot in the online supervision of its online sales channels and logistics channels. Improvements have been developed, and service contracts with third-party platforms are in place to protect users' shopping information and Zara's sales and logistics systems.

In terms of employees, the main focus was on training in cyber security knowledge and processes. Since in the COVID-19 period, many national and regional branch staffs are telecommuting, the requirements for operating system security and control systems have increased. In response to this change, Zara's parent company set up a working group to deal with global cyber-attacks on the company's systems (Inditex Group 2020).

Having realized the importance of continuous improvement of the information security management model, at Zara, the company will continue to invest to ensure the effectiveness of technologies and controls to achieve its strategic objectives.
3.3 Drive

After asset protection for Zara, more strategy is on the drive. The driver strategy covers mainly innovation, diversity of human resources and specialist intelligent developers. Innovation is the activity of human beings to continuously expand the processes and results of their perceptions and behaviour towards the objective world and themselves in order to satisfy their needs. This can greatly improve the efficiency of business operations. Through the exchange-based network applications implemented by intelligent management systems, people within organisations can work together across time and place, making the transmission of information faster and easier, thus greatly extending the means of management and achieving high management efficiency. Thus, the effect of saving business operating costs can be achieved.

3.3.1 Innovation

The first dimension is innovation. Being in the fashion industry, the customer is at the center of the company's decisions and business. Therefore, all creation is driven and aimed at serving the customer. Zara's position as an industry leader can only be maintained in this unpredictable environment if we constantly keep our attitude and ability to innovate.

For this reason, Zara has begun to adapt to the changing external environment to explore a forward-looking approach geared towards sustainable development. This enables Zara to develop solutions to the challenges it faces and to create benefits for people, the planet, and the strengthening of the global economic system at all times.

Throughout its history, Zara and its parent company have been best characterized by their ability to accurately anticipate customer needs and their ability to adapt quickly to the ever-changing environment, providing an immediate response. Therefore, this has required Zara to continually develop new solutions, new products, new processes, and ultimately new ways of doing things that seek to deliver value to its customers.

Therefore, ideologically, Zara encourages all employees to be thoughtful, regardless of their position, regardless of the feasibility of change, as long as they have innovative ideas and ideas they can always raise with his line manager. This is because resource allocation and access to resources need to be done by the manager at a tactical, strategic level. And, from external sources, customer input is significant. Many loyal customers are more than happy to give constructive information to Zara (Inditex Group 2020). This flexible and decentralized model allows Zara to hear the voices of different stakeholders. For example, suppliers, consumers, universities, research centers, or other organizations in the same community
can all give their views and opinions. This thoughtful and flexible approach is the embodiment of Zara's innovation.

As can be seen from the chart above, Zara and its group embody the spirit of innovation in eight key areas. These are design, production, transport, logistics, distribution, sales, use, and recycling (Figure 7).

![Figure 7 Zara's innovative strategy framework (Inditex Group annual report 2020)](image)

In terms of design, Zara focuses on recycling new technologies. According to the Fashion Design Guide for Recycling, Zara promotes a single raw material to achieve greater design diversity. Zara's design team specializes in designing new garments based on the remnants of the production process to achieve sustainable, waste-reducing results (Inditex Group 2020).

The production process is differentiated according to the age group of the customer. For example, safety standards are stricter when it comes to children's clothing. In children's footwear, adhesives and dyes are tested for environmental performance by specialist institutes before they are put into production. And all new technologies and applications need to be developed to ensure traceability throughout the supply chain. Secondly, Zara
has invested heavily in production systems and circuits to recycle waste prevention generated during manufacturing. These wastes can all be recycled for maximum reuse.

In the transport phase, the transport documents have been made electronic. The entire transport system is integrated. The operation of goods from the distribution center to the shop or e-commerce warehouse is mainly used electronically. Manual labor is used only for the inspection and management of the system. Furthermore, Zara has started to use big data technology to sort goods using image recognition technology automatically. The use of electricity, trailers, and fuel throughout the entire transport process maximizes sustainable energy use. Finally, machine learning technology has been used to forecast and plan warehouse shipments. The overall geographic positioning and quantities of the warehouse have been computerized (Inditex Group 2020).

In the logistics process, the distribution center has been equipped with an advanced decision-making system that reads and records any activity in the system via RFID technology. Secondly, IoT cloud technology has been used by Zara to control and manage the distribution centers. The overall warehouse transport has been robotized with pallets. Zara's technology is already available through clustering and image recognition for comparable search engines (Inditex Group 2020). Moreover, automatic recommendations for shop decoration into columns are made based on the consumer's buying behavior and purchasing habits. This increases sales and reduces the human cost of shop decoration. However, current technology does not allow for all popular needs to be met, so regularly; designers visit each shop to optimize the product range in shop.

In sales, Zara is mainly divided into offline and online. Offline, Zara's model is a self-service shopping model. The staff who work in the shops are trained in the daily mix of styles so that when customers ask, they can give them more professional answers. In the refund process, a variety of refunds are supported. The online shopping process is well established with an autonomous warehouse to deliver e-commerce goods and a comprehensive process for the sale of multi-brand goods. Online customer service has been semi-automated.

Zara is committed to researching and developing technical methods and solutions to reduce the impact of the microfibers created and released during laundering in the use of its products. Moreover, Zara's innovation team works on new materials to improve the durability of garments.

Regarding material development and recycling, the Zara Group is designing a network of textile recycling centers in Europe. New technologies for recycled rubber are also being
developed and used in footwear items. Finally, in packaging, recycled materials are added to prolong their life and promote subsequent recycling.

3.3.2 Diversity, inclusion, equality and work-life balance

Zara's performance in diversity is primarily a matter of human resources. Inherently cultural, Zara embraces an inclusive business culture. This is why its design, production, and sales teams come from different educational bases, origins, cultures, and experiences. Moreover, gender, expression, sexual orientation, race, ethnicity, economic status, physical condition, and educational background are diverse. Because employees need to work together with individuals, collectives, and the community to provide quality products and services, individual uniqueness and similarities are to be respected. Only a diverse range of people can help companies understand the diverse needs of their customers and create a diverse community environment.

In addition, the Zara team has a zero-tolerance policy for any form of discrimination in the workplace environment.

In 2017, the Group's Board of Directors approved the Inditex Diversity and Inclusion Policy. And a framework was established to promote the values of diversity, multiculturalism, acceptance, and inclusion, which was endorsed by senior management (Inditex Group 2020).

In addition to this, Zara's teams are responsible for fostering a diverse and inclusive workplace that promotes equality. Collaboration and respectful communication between people.

Equal opportunities, collaboration, and respectful communication between people, both internally and externally.

It is based on the principles of respect, equality, and acceptance. Likewise, it is in line with the Group's Compliance Policy and the Human.

Customers, suppliers, contractors, and workers in the supply chain, and those associated with them as part of the Human Resources team, the Equality, Diversity, and Inclusion department is responsible for promoting all diversity and inclusion initiatives and training programs within the Group and ensuring that the Diversity and Inclusion Policy guides all company actions, particularly in the area of Human Resources.

At Zara, women make up 76% of the workforce. In particular, more than 80% of management positions are held by women, a value that was 79% last year. In the previous
five years, women's representation on the Board of Directors has increased significantly (by 14 percentage points since 2016 to 36% in 2020) and a senior management level (+5 percentage points). Senior management (+5 percentage points) (Inditex Group 2020).

In January 2021, due to its commitment, Zara’s parent company Inditex was included for the second year in a row as one of the highest-ranked companies in Bloomberg's Gender-Equality Index.

The monitoring committees for these plans meet every six months to check the implementation and effectiveness of these plans. The monitoring committees for these plans meet every six months to review the implementation and effectiveness of the measures. The performance and effectiveness of these measures. These plans also include protocols against sexual harassment and gender harassment.

### 3.3.3 Talent management

In terms of talent management, another initiative launched by Zara in 2020 to promote internal talent is Zara Camp, a program designed to identify motivated and promising people in our physical shops. It helps them grow by providing them with the skills and knowledge they need.

To do this, Zara has created a digital platform comprising three training courses (creative, commercial, and technical). Tutorials, webinars, and mentoring programs help internal employees develop their skills and prepare for their new responsibilities (Inditex Group 2020).

As a result, some of Zara’s internal staff have been promoted from shop clerk to online shop stylist, from shop clerk to trend specialist, or warehouse manager to product manager.

Zara Camp was launched in 19 European markets at the end of 2020. Market launch. Over 800 people took part in the selection process. The selection process has resulted in around 30 positions already being filled in Zara products, technology, and central services (Inditex Group 2020).

### 3.4 Develop

#### 3.4.1 Environmental impacts

In response to the current state of global warming, Zara’s parent company has made its considerable wealth, has also begun to think about how it can contribute to environmental
change and sustainable human development. The Zara Group has set six principles for the protection of the natural environment. These are:

- to develop environmental awareness by taking into account social and ecological variables when planning and carrying out activities with business partners and suppliers.
- to comply with applicable environmental legislation, as well as other obligations that may be imposed.
- protect the environment through continuous improvement in emissions, resource consumption, chemicals, waste, etc.
- identify and prevent environmental risks that may arise from production, sales, operations, etc.
- to disseminate the policy among all employees and the companies that make up the Group.
- Establish communication channels with authorities, local communities, and other stakeholders regarding environmental protection, etc.

The core appeal of Zara's environmental management system is to use clean energy better and effectively use the circular management model at our headquarters and logistics centers. The plan has been approved by the international standard ISO 14001. In 2020, Zara's textile warehouse (located at A Laracha, Spain) and the Lelystad logistics platform (located in the Netherlands) received the certification above. (Netherlands) certification and both platforms have been in operation since 2019 (Inditex Group 2020).

As a result, EMS is implemented in all logistics centers. Furthermore, Zara's parent group claims to have a team of 27 people dedicated to monitoring and evaluation, the proper implementation of the Environmental Management System, and the proper execution and prevention of environmental risks associated with these centers.
4 Comparison of Zara's actual CRS practice with theoretical framework

Studies show that cotton accounts for 30 percent of total fiber consumption. In the process of growing cotton, it takes a lot of fertilizer and water, and pesticides are also necessary. This is especially true for countries that export large textile and garment manufacturing industries. In the process of producing the fabric, greenhouse gases are produced. One kilogram of fabric produces nearly 25 kilograms of greenhouse gases.

In addition to the above problems, the garment industry also faces many problems and hidden dangers, such as the employment of labor, low wages for employees, and many health risks. These problems are always affecting the efficiency and sustainable development of the whole enterprise. Therefore, enterprises must set corresponding goals according to the above problems to help the industry achieve sustainable development.

The sustainable growth of clothing gets a significant boost when customers buy new clothes, and the effect continues to grow after they leave the store for a while. Washing and drying clothes by traditional methods will produce 11kg of greenhouse gas in one kilogram of clothes. Therefore, reducing the emission of greenhouse gas is an important problem to be solved by enterprises. Companies can reduce greenhouse gases by changing the material or fabric of their clothing. By buying clothes, consumers can reduce greenhouse gas emissions by choosing the way they wash them.

What about old clothes? This problem is not perfect, crushing or chemical destruction methods are ineffective, but the technology can not turn clothing back into fiber, there is still a lot of room for progress. Germany is far ahead of other countries in collecting old clothes, which are recycled and reused. However, in other countries, the reuse efficiency of old clothes is very low, such as 15 percent in the United States and 10 percent in China.

According to Carroll's CSR pyramid model (Carroll 1999), the first tier is the economic and law. As can be seen in Zara's annual report, Zara did not perform as well as expected in its parent group compared to 2019. There are two main aspects.

4.1 Labor situation

In terms of the number of shops, Zara shops fell from 2,866 to 2,653 due to the impact received from COVID-19. In terms of the ROCE metric that investors care most about, the revenue generated by Zara and Zara home plummeted from 30% in 2019 to 9% in 2020. And this figure does not outperform the group average (Figure 8). In terms of employment numbers, Zara's parent group laid off 30,000 people in the most recent year, despite
claiming in its sustainability report that it did not adopt a layoff strategy to reduce labor costs during the exceptional period of COVID-19 (Figure 9). But the figures are the best proof. However, the figures disclosed by the group show that the proportion of full-time workers has increased significantly. It has risen from around 75% in previous years to 87% (Inditex Group 2020). This is probably because Zara's parent company counts part-time workers and full-time workers together in the number of employees when it counts its employees. This would suggest that the employment situation in the fast fashion industry was hit hard during the particular period of COVID-19. A large number of part-time workers lost their jobs due to the shrinking business.

Figure 8 Financial highlights in several main brands Inditex Group in 2019 and 2020 (Inditex Group annual report 2020)
In terms of employees' legal rights, Zara has been exposed to several scandals in previous years. For example, a labor inspection in its Brazilian factories revealed many management violations of laborers' rights in the working places. A few years earlier, Brazilian prosecutors had found situations similar to modern slavery in the Zara group. After the media reported this scandal, the group stated that it would strengthen all links in the supply chain to avoid similar cases. Later, it is revealed through supervision that the statement had not been implemented and enforced in Zara's supply chain. Moreover, the study shows the cunning legal strategy used by Zara to avoid responsibility for labor rights violations in Brazil (Forum-csr.net. 2021).

Zara is an essential representative of Inditex's retail industry brand. During its business expansion, they manage factories and build multiple processing plants worldwide to combine its suppliers to promote business development. The reason why Inditex expands so quickly is that its suppliers can work flexibly and rapidly. To meet the date and quantity requirements of the buyer's order, some manufacturers use the form of outsourcing to transfer the order to other organizations, which may be part of the work task or the entire order quantity. However, the customer is not aware of this situation (CBC. 2021). In this case, it thus gradually gave rise to an underground supply chain that is unknown to the public. Local inspectors in Brazil have found that illegal workshops do some orders of Zara.
Group. The workers are usually undocumented migrants from Bolivia and Peru, whose living and working conditions cannot be guaranteed (Forum-csr.net. 2021).

At the end of strict inspections, Zara made a formal commitment to Brazilian authorities. She stated that it would increase assessments of suppliers to make the entire operation process more standardized and legal. But a series of subsequent spot checks by local authorities revealed that the report provided by Zara did not show that it had strengthened supervision over the production and supply chain and failed to comply with previous commitments. According to the Brazilian authorities' inspection reports, 67 suppliers were inspected and found some labor rights violations affairs; for example, some workers had excessive overtime hours in working, and Zara did not comply with occupational health regulations (Forum-csr.net. 2021).

To make matters worse, the legal strategy pursued by Zara in its Brazil company has caused great harm. In other words, 2011 inspections forced Zara to be one of the Brazilian Ministry of Labour and Employment names the "dirty list." This is a register of companies found to be employing workers in slavery-like conditions. Zara's legal advisers acted quickly and filed lawsuits to achieve its goal of making effective laws no longer restrict their behavior. Through years of hard work, Brazil's inspections have adopted methods of reviews, prosecutions, and public lists of perpetrators to protect the rights and interests of 45,000 people so that they will not suffer cruelly oppressed by modern slavery (Forum-csr.net. 2021).

The company's legal actions violated its social responsibility (CSR) commitment. Inditex claims that its products are produced in decent conditions, but the actual completion is different. They also admitted this in court.

With the clothing supply chain's current structure, it is almost impossible to guarantee that products are produced in decent conditions. However, companies like Zara, which benefit from the supply chain structure, should not be allowed to escape their responsibilities. Companies with such strong purchasing power and pressure for low prices and tight delivery deadlines contribute to human rights abuses. For this reason, they should be held accountable for human rights abuses in their production chains. Supply chain responsibility is nothing more than a legal basis for holding companies responsible for what fashion companies like Zara say they are already doing: making sure they are not complicit in human rights abuses.

In conclusion, from this dimension, it can be concluded that Zara’s management of its supply chain does not conform to the first tier of Carroll's CSR pyramid model. In some countries and regions, it is still common to see law violations on production lines.
More surprisingly, back in 2018, shoppers in Istanbul found notes in clothes that said workers at the Bravo Tekstil factory in Turkey were not being paid (CBC. 2021). This suggested that workers working in Turkish factories were slipping distress letters into clothing sold by retailer Zara, highlighting the emphasis on ensuring the working conditions of laborers.

Although Inditex, Zara's parent company at the time, had already said it would provide funding projects to laborers who were not paid, such a fund could be inadequate or even counterproductive.

Besides, Bravo Tekstil closed in 2016, responsible for providing sourcing support for Zara and other companies. It needed to pay the wages and severance pay of 140 workers as compensation.

Many netizens supported the campaign. People used social media to post information and brought #BravoIscilerilcinAdalet (which translates as "justice for Bravo workers") keywords to help workers to obtain legal rights. It shows that Zara's parent company Inditex's claims in its sustainability report to establish a good, decent and comfortable working environment for its employees and pay them a wage that will allow them to make ends meet is flawed.

Moreover, Zara's parent company shouldn't set up a foundation to help workers who are not treated fairly. Such measures do not address the root causes of a supply chain system's human and labor rights problems.

4.2 Environmental situation

The fashion supply chain has manifested itself as a continuous vertical disaggregation and global decentralization (Laitala & Klepp 2015). It combines the content of multiple industries, such as agriculture represented by natural fibers, petrochemicals characterized by synthetic fibers, and even includes manufacturing, modern logistics, and some retail sectors. It can be inferred that in the textile and clothing production process, the transfer of activities to lower labor costs areas has become a business strategy (Husted & Salazar 2006).

Sixty percent of fiber production worldwide is used in the fashion field, with the remainder being applied in other applications such as upholstery, technical textiles, geotextiles, and hygiene textiles. The typical synthetic named polyester accounts for 51 percent, with a total number of 54 million tons. The second is cotton accounted for 25 percent, with an unlimited number of 26 million tons (Inditex Group 2020). Among all materials, Polyester has excellent performance and lower cost, so it is the most widely used.
In many Asian and African countries, more and more people are beginning to adopt clothes made with Polyester, which is also the performance of learning from the West countries.

The Yarn mainly has a spinning process and sometimes includes dyeing steps, primarily derived from fiber production. Most textiles are processed by Yarn, which can be produced manually or by machine, and go through the knitting or weaving process, which consumes a lot of water and other resources. In the end, in addition to the product, some waste needs to be processed. Finished textiles can be sent to the following link, typically further cutting and sewing by garment manufacturers (Figure 10).

Textiles are a vital part of clothing production. Furthermore, some other details, such as sewing thread, buttons, zips, linings, labels, and laces, are also important. These are the main steps of the garment manufacturing process. Therefore, a large amount of labor is required to participate in it. People should pay close attention to labor costs when purchasing (Cheng & Kesner 1997).

![Figure 10 A process of clothing production using natural resources and industrialized materials (Geissdoerfer et al. 2017)](image)

At each of these stages of the supply chain, clothing production will affect the environment in many ways. For example, water and chemicals are consumed in fibers, yarns, and textiles and release a certain amount of CO2.

As long as water and chemicals are consumed to deal with fibers, yarns, and textiles, the CO2 emissions will affect the environment in the manufacture, distribution, and consumption process (House of Commons Environmental Audit Committee (EAC). 2019).
Due to the impact of globalisation, the distribution of textile production and fashion resources in various regions is different. Most developing countries are engaged in clothing production, while most developed countries account for a more significant consumption proportion. The burden of damage to the natural environment of the former is intensified. However, the increased globalisation and decentralisation of apparel manufacturing also make measuring threats to the natural environment (University of Cambridge. 2021.).

Water use:

The data shows that the water consumption of the fashion industry has changed from a total of 79 billion cubic meters in 2015 to 200 tons when people produce one tonne of textiles (Cotton Incorporated. 2016). Statistics show that the consumption of water resources in the clothing production process mainly comes from bleeding, dyeing, printing, and finishing. These are common cotton growing and wet methods of textile production. Textile production uses about 44 trillion litres of water per year, mainly used in irrigation\(^\text{37,38}\), which can be understood as nearly 3% of global irrigation water. In these cases, approximately 95% of the water is used to grow cotton. There is a case about making a T-shirt and a pair of jeans.

When people produce T-shirts and jeans, they consume 88% and 92% of water resources to achieve cotton cultivation. The more real situation is that cotton consumes the most water as one kind of fashion fiber. Since about 44% of cotton is finally used in foreign markets, the impact on the local environment is vast, all of which come from the market demand from foreign customers.

According to trade relations estimates, there is another example the Aral Sea has lost nearly 20% of the water, which comes from the market consumption of cotton in EU countries (WRAP. 2017.). Some studies have used scarcity-based weightings to analyze the water consumption in certain regions, mainly for arid regions worldwide. Research shows that people lose 7% of groundwater and drinking water, closely related to the textile and fashion industries. Some areas of China and India have more severe problems.

In addition to exacerbating water scarcity, wastewater is discharged into the environment by factories in the fashion industry. Once specific harmful chemical components enter the groundwater, it will affect the drinking water safety of local people and destroy the natural environment.

For example, Cambodia used to be the fashion industry as its crucial industry (accounts for 88%). In 2008, industrial development resulted in water pollution accounting for 60% and chemical pollution accounting for 34% (WRAP. 2017.).
The fashion industry has a high carbon footprint, since it uses a high amount of carbon resources. Here take China as an example; textile manufacturing is closely related to coal-based energy (Bocken et al. 2016). As a result, it has a 40% more carbon footprint than Turkey or European countries.

Through analysis of the production process of the garment, it is found that energy use and CO2 emission mainly come from the fiber extraction process because acrylics are primarily coming from fossil fuels. The production process of polyamides consumes a lot of fiber, and each kilogram of production corresponds to an energy consumption of 160 kWh.

In addition to fiber type, production technology also impacts energy consumption and the environment, which can be considered in conjunction with the cotton planting and production process. Many countries now advocate organic cotton farming because conventional cotton farming has 3.5 times more CO2 emissions. However we should note that India’s organic cotton farming emits twice as much CO2 as that of the USA. Besides, organic farming has also increased the demand for water resources, which is not conducive to promoting and constructing organic cotton farming.

However, there is a better way to effectively use natural fibers instead of polyester fibers to reduce CO2 emissions into the environment. This takes into account the low carbon footprint of natural fibers. Moreover, plant-based fibers can effectively form an isolation layer with carbon in the air.

For example, dried absorbs carbon, which can achieve 2.4 times the absorption ratio (Geissdoerfer et al. 2017). Therefore, planting more flax and hemp will help reduce carbon emissions in the air.

There is the fact that the low carbon footprint of natural fibers can be eliminated at some stages. This is due to the material's particularity, which requires higher heat to achieve the washing, drying, and ironing goals in use. Through the analysis of the production process of cotton T-shirts, it is found that after 50 washes, the proportion of carbon emissions in the manufacturing and using stage is 35% and 52%, respectively (Geissdoerfer et al. 2017). In other words, to reduce the adverse effects of CO2 emissions as much as possible, it is necessary to start with lowering manufacturing and using more clean energy. To minimize the impaction brought by greenhouse gas in the fashion industry, production volumes and the use of non-renewable energy sources must be reduced, renewable plant-based textiles and sustainable transport must replace the production of polyester fibers, and garment use must be considered.
A significant amount of water is used to produce silk fibers. In kilogram terms, the water footprint of silk is higher than that of cotton. In 2016, the water footprint of silk fiber production was over 1 billion cubic meters, with just over 11,000 tons of silk produced (Jang et al. 2016.).

Cellulose fiber can not be produced without water, a large amount of water must support it. Viscose as the object of study, when made into spinning yarn, the fiber will occur this change.

In 2016, 500 million cubic meters of water were used in the fiber extrusion process to manufacture viscose. Another 80 million cubic meters were used to prepare the fibers for spinning. In 2016, the British market imported more clothing, accounting for nearly 10% of the whole market, a total of more than 100,000 tons of clothing imported, and so much clothing will consume a huge amount of water. To give us an idea of how much water we're using, we can make an equivalent substitution, which would take us about two months to get from the Severn river to the sea.

In the clothing field, there is a report that the clothing industry in the process of production, the pollution of fresh water up to 5 trillion, the data is impressive, and freshwater is mainly used for textile processing and dyeing (Li et al. 2014.).

Besides, the textile industry's processing and dyeing part and the dyeing and finishing part need much water. In 2016, the footprint of clothing fibers and fabrics bought in the UK had reached 446 million meters (Geissdoerfer et al. 2017), while the water used in cotton production has accounted for 60% of the total water processed. Dyeing and finishing can also have a significant impact on water. Dyeing and finishing also have a significant impact on water.

Viscose also uses a significant amount of water. The primary use is in fiber production. Synthetic fiber also has a particular impact on water footprint, mainly reflected in finishing and dyeing. Synthetic fibers are abundant and therefore require a great deal of dyeing and processing. Above we have studied the waste generated in the clothing sector, but there are other aspects besides clothing that also consume the water footprint, such as the production and processing stage. According to a 2016 study, up to 800,000 tons of waste is generated during production and processing (Geissdoerfer et al. 2017.).

The main source of supply chain waste is in fiber and fabric processing. The amount will also increase according to the total number of fabrics and fibers processed. Since most of what is sold in the UK is produced in Asia, particularly in the big two countries of India and
China, there is a supply chain waste of about 440,000 tons due to the large amount of fibers produced in the production process.

Natural fibers produce a large number of products during production, some of which are useless. For example, although the carbon and water footprint per tonne of flax is lower than that of cotton, a significant amount of dust is generated during the preparation of chopped flax (150 kg per tonne of material input). In addition to the waste generated during the production process, 50kg of waste, including dust and fiber, can be generated per ton of raw material in the early stage. Flax is an environmentally friendly fiber with high use value, but be careful in making it. In the process of production through carding, will produce a lot of waste. Not only natural fibers, but also wool, cotton, and so on. Again, they all produce by-products.
5 Conclusion

5.1 Answer to the research question

Fast fashion helps to satisfy the deep desire of young consumers in the industrialised world for luxury fashion, even if it embodies unsustainability. Trends run at lightning speed, with today's latest styles quickly overtaking those of yesterday, which have already been thrown in the trash. The greatest contribution of this article is to reveal, from a case company Zara, that there is a very large gap between the reality of fast fashion and the theoretical CSR.

Overall, Zara's CSR is very unsatisfactory. The reality is not as glamorous as it appears in the CSR report disclosed by Zara's parent company. Nothing substantial has been done to treat employees unfairly. The protection of the environment is not treated with the social responsibility of a large, profitable company. The overall report is all about how to look to the future. It is not clear whether the promises given for the future can be fulfilled.

5.2 Ethics consideration

All information in this thesis has been obtained from secondary sources. The data in this thesis relies heavily on the statements on CSR disclosed by Zara's parent company. The data was collected at low cost and in a short period of time, allowing the researcher to obtain the necessary information in a shorter period of time and at a lower cost. Therefore, the content of the full text and the sources from which the information was obtained are ethical.

5.3 Suggestions for future research

Develop practices for clothing that are simple in design and can be recycled and reused. The Sustainable Clothing Alliance studies the reuse and recycling of clothing by creating an index to measure the impact that medical care can have over the life cycle. By investing heavily and developing new fibers, the impact on garment manufacturing can be greatly reduced. In 2016, the Walmart Foundation provided $300 in funding, mainly to non-university colleges, to improve the efficiency of the textile industry and research into new fibers.

Consumers are encouraged to have a certain correct way of handling clothes, starting with water, try to use warm or hot water when washing clothes, because a lot of energy will be generated in the process of drying, so try to ensure that clothes are dried at high temperature. And clothing manufacturers have to produce clothing that can adapt to low temperatures.
Technical support for mechanical and chemical recovery is also needed. For example, although the fiber recovered by machinery can be upgraded for secondary use, the fiber produced in this way is of poor quality and greatly different from the original fiber, so the garment manufacturing industry cannot use this kind of fiber. Through technical improvement, we hope to solve the above problems.

Set up relevant regulations for suppliers to make them more transparent and open. In particular, there should be a clear requirement for Labour and environmental standards. Microsoft and Avery Dennison, a packaging manufacturer, for example, have printed labels for clothing that allow consumers to see a range of details about how a product is made.

Provide guidance to suppliers to ensure that they meet the required standards in the production process and are accountable for their performance. Wal-mart has promised that by 2017, 70% or more of the products it sells must come from energy-management plan plants. The company provides software tools to its suppliers. Its main purpose is to help industries understand how to value and reuse resources efficiently.

Many companies currently demonstrate their performance through environmental, social and sustainability reporting. However, not all companies are able to present their performance in a format such as the Global Reporting Institute (GRI). And, subsequent studies should include more gaps between case companies and theoretical models. For only such comparisons are convincing. Especially for the fast fashion industry, in a fast moving market environment, government regulation, industry regulation can have a lag. A CSR framework is therefore needed to regulate the negative environmental, economic and social impacts of rapid development.

Furthermore, the recommendations for companies in this paper can provide some practical insights for companies in the fast fashion industry. Companies can present their CSR performance reports in a way that highlights their concerns and emphasises the company's commitment to the environment. The presentation of CSR performance reports published by companies should be based on the company's concerns, with priority given to highlighting the company's achievements in CSR.
6 Summary

Due to the continuous efforts of developing countries, more and more people have entered the middle class, and the quality of people's life has been continuously improved. At the same time, more money will be invested in clothing, which will lead to a rapid increase in the global demand for clothing. This situation has both advantages and disadvantages. It is a huge opportunity for clothing companies, but it is also a danger for companies with environmental risks and low costs. These analyses do not resolve themselves over time, but become more severe. Along with rising living standards and people's increasing purchasing power, their high expectations for businesses to operate in a sustainable way could have a significant impact on shopping trends. On the premise of continuous innovation, the production cost of recent development is also increasing, so enterprises should be protected from risks and their profitability and sustainable development ability should be improved.

Many companies currently demonstrate their performance through environmental, social and sustainability reporting. However, not all companies are able to present their performance in a format such as the Global Reporting Institute (GRI). And, subsequent studies should include more gaps between case companies and theoretical models. For only such comparisons are convincing. Especially for the fast fashion industry, in a fast moving market environment, government regulation, industry regulation can have a lag. A CSR framework is therefore needed to regulate the negative environmental, economic and social impacts of rapid development.

Furthermore, the recommendations for companies in this paper can provide some practical insights for companies in the fast fashion industry. Companies can present their CSR performance reports in a way that highlights their concerns and emphasises the company's commitment to the environment. The presentation of CSR performance reports published by companies should be based on the company's concerns, with priority given to highlighting the company's achievements in CSR.

Finally, whether or not a company has taken on the social responsibility it has committed to requires monitoring by every member of society. For example, as consumers, more and more people are becoming concerned about environmentally friendly materials, eliminating over-consumption and excessive waste. Such a change in consumers will then be reflected in the supply side of fast fashion. More and more companies will invest in the quality of the raw materials used in their products. Moreover, the involvement of governmental or non-governmental regulatory bodies will also bring to light the many unethical practices in the fast fashion industry and better protect the rights of workers, suppliers, and consumers.
Only an effective regulatory system will allow consumers to enjoy good value for money and the ethical use of environmental, human, and social resources.
7 List of Reference

Online sources:


Available at:  https://experts.illinois.edu/en/publications/organizational-slack-and-
response-to-environmental-shifts-the-imp

October 2021. Available at:  https://cottoncultivated.cottoninc.com/wp-
content/uploads/2017/01/2016-LCA-Executive-Summary.pdf


David, S. & Lidia, P. 2018. The effects of corporate social responsibility on consumer loyalty 
through consumer perceived value, Thesis. Retrieved on 20 October 2021. Available at: 
https://www.researchgate.net/publication/330571588_The_effects_of_corporate_social_responsibility_on_consumer_loyalty_through_consumer_perceived_value

Dodd, E. M. 1932. For Whom are Corporate Managers Trustees? Thesis. Retrieved on 20 

October 2021. Available at: https://www.academia.edu/7194379/Management_Tasks_Responsibilitiesit_Peter_Drucker

European Commission, 2011. Communication from the commission to the european 
parliament, the council, the european economic and social committee and the committee of 

Forum-csr.net, 2021. Fashion brand Zara once again associated with Brazilian labour rights 
abuses - Zara’s business model cannot guarantee decent production. Retrieved on 28 


Printed sources:


