Global Value Chains and Supplier Perceptions of Corporate Social Responsibility:

A Case Study of Garment Manufacturers in Myanmar

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Abstract

Suppliers are embedded simultaneously in the global value chains (GVCs) of their lead firms and the countries where they conduct production activities. To explain supplier perceptions of corporate social responsibility (CSR) in GVCs, this article develops a new typology by integrating buyer governance modes in GVCs and forms of supplier embeddedness (societal, network, and territorial). It advances literature on supplier perspectives on CSR in GVCs through an analysis of 19 garment manufacturers in Myanmar and their CSR perceptions, using in-depth fieldwork, interviews, and secondary data. The empirical findings indicate a variety of supplier perceptions of CSR, depending on the governance mode of the GVCs and the variegated combinations of societal, network, and territorial embeddedness. Understanding supplier CSR perceptions and their implementation in GVCs thus requires moving away from a sole focus on supplier responses to standardized codes of conduct and toward a greater consideration of different types of supplier embeddedness.

Keywords: corporate social responsibility, global value chains, suppliers, governance, embeddedness, Myanmar

Introduction

In many industries, global lead firms operationalize corporate social responsibility (CSR) norms in their global value chains (GVCs) by requiring suppliers in developing countries to abide by their corporate codes of conduct (Bair & Palpacuer, 2015). Through CSR, they seek to address the social and environmental impacts of their business operations, ensure the ethical behavior of business partners, manage relations with wider sets of societal actors, and achieve social legitimacy (Frynas & Blowfield, 2005). The lead firms, functioning as buyers, enforce their codes of conduct—whether developed by the buyers themselves or through ethical sourcing and multistakeholder initiatives—on suppliers located in developing countries, often by issuing a list of labor and environmental stipulations that suppliers must meet to continue receiving production orders (Ponte, 2019). Research into the outcomes of code enforcement reveals that its efforts generally fall short of empowering workers to form trade unions or engage in collective bargaining but can improve tangible and measurable issues such as the occupational health and safety of workers (Barrientos & Smith, 2007; Bartley & Egels-Zandén, 2015; Locke, 2013).

Suppliers are the actors that implement these buyer-imposed codes of conduct, but questions about their understanding of CSR have received little attention (De Neve, 2009; Khan & Lund-Thomsen, 2011; Mzembe & Lindgreen, 2019). If suppliers understand CSR differently than buyers, or perceive it as a manifestation of economic or cultural imperialism (Khan & Lund-Thomsen, 2011; Maon & Lindgreen, 2015), the misaligned expectations and intentions between buyers and suppliers likely create problems, including a risk of symbolic compliance by suppliers (Christmann & Taylor, 2006; Egels-Zanden, 2007). Furthermore, suppliers often struggle to navigate the competing demands of price pressures, shortened lead times, and compliance with (multiple) buyer-imposed codes (Amengual, Distelhorst, & Tobin, 2019; De

Neve, 2009; Ruwanpura & Wrigley, 2011). Accordingly, we need a better sense of supplier perceptions of CSR and the alignment between suppliers' understanding and buyers' understanding, as encapsulated in buyers' codes of conduct. Yet little extant literature investigates supplier perceptions of CSR in GVCs (Fontana & Egels-Zandén, 2018).

With this article, we pose a specific research question to provide some insights into these broader issues: How do garment suppliers in Myanmar perceive CSR? We conduct a case study of Myanmar's garment industry, which is relevant considering this country's ongoing transition and changing position in the global economy, which profoundly affect the ways that garment suppliers make sense of and practice CSR. When Myanmar was under economic sanctions imposed by the United States and European Union, its trade was limited to the regional level, and suppliers could produce garments without having to consider social and environmental standards imposed by buyers, most of which were East Asian. Since Myanmar's political and economic reform in 2011 and the lifting of sanctions though, the country has emerged as a low-cost alternative for Western clothing brands. These brands accordingly introduced Western corporate codes of conduct, prompting surprised and confused reactions by most suppliers, unsure of how to comply with these new, unfamiliar requirements (Business Innovation Facility, 2016). Thus, Myanmar offers unique and pertinent site for studying how local suppliers perceive CSR.

From this context, we establish three interrelated contributions to emerging literature on supplier perceptions of CSR in GVCs. First, we inform the wider academic debate by presenting new empirical data and insights from the understudied context of Myanmar. Second, we introduce a new typology of supplier CSR perceptions as outcomes of the interaction of buyer governance in GVCs with the social, network, and territorial embeddedness of suppliers engaged in CSR in GVCs (Hess, 2004, p. 177). Third, in terms of practical implications, we draw lessons

from Myanmar regarding the potential opportunities and limitations of seeking to combine CSR and commercial pressures in newly emerging countries in the global garment industry.

To establish these contributions, we start with a review of literature on CSR in GVCs, paying particular attention to supplier perspectives, before introducing our theoretical framework. We then present the research methodology, a multiple-case study of garment manufacturers in Myanmar, and the data analysis procedures. After analyzing the empirical results, which detail how suppliers' navigation of multiple rules, norms, and cultural values informs their CSR understanding, we outline the theoretical and empirical contributions of our research. We conclude with some reflections and directions for research and policy.

Supplier Perspectives on CSR in GVCs

Growing criticism of buyer-centric codes of conduct highlights the need to investigate suppliers' experiences with these codes (De Neve, 2009; Fontana & Egels-Zandén, 2018; Khan & Lund-Thomsen, 2011; Perry, Wood, & Fernie, 2015). Some suppliers complain about the difficult economic tolls imposed by corporate codes of conduct, which are often inseparable from the dual pressures exerted by buyers to comply with labor and environmental stipulations but also lower production costs—a virtually impossible dilemma for suppliers (Jamali, Lund-Thomsen, & Khara, 2017). Code compliance is costly, in that it requires upgraded factory facilities or temporary production delays to conduct training. Suppliers also express skepticism about whether their compliance efforts result in sufficient compensation (Alghababsheh, Gallear, & Rahman, 2018), because some buyers simply move to factories located in countries known for cheaper wages, with their concomitantly poorer working conditions (Ruwanpura & Wrigley, 2011). Furthermore, codes have sociocultural implications, in that they sometimes delegitimize the methods that suppliers have developed to care for workers, such as paying for their weddings

or providing advance salary payments (Khan & Lund-Thomsen, 2011). Suppliers operating in developing countries also cite the imperialistic implications of buyers from developed nations imposing their idea of ethics, through code enforcement, without any due consideration of local needs or realities (Khan, Munir, & Willmott, 2007; Lund-Thomsen, 2013).

Scholarship that addresses suppliers' perspectives on CSR also needs to include wider sets of suppliers (Fontana & Egels-Zandén, 2018); for example, we do not know how suppliers further down the GVC, over which buyers exercise little or no control, perceive and enact CSR (Hajmohammad & Vachon, 2016; Soundararajan & Brammer, 2018). Existing literature focuses disproportionately on suppliers of global brands and major Western buyers (Alexander, 2019) despite growing trade within the Global South (Horner & Murphy, 2018; Horner & Nadvi, 2018). Non-Western multinational corporations (MNCs), especially from Asia, also represent increasingly powerful actors in GVCs, as strategic partners with Western lead firms or as lead firms that produce their own branded products (Azmeh & Nadvi, 2014; Coe & Yeung, 2014). The conceptualization and exercise of CSR by non-Western firms remain under-investigated, though Merk (2014) asserts that—compared with global brands or Western buyers—these MNCs tend to impose less stringent labor demands on suppliers. Such gaps demand attention because suppliers in a developing country likely work with both Western and non-Western buyers in the global economy and increasingly supply markets in the Global South. Inevitably, suppliers encounter multiple, possibly conflicting buyer messages about how to engage in CSR.

Therefore, we propose investigating the CSR perceptions of suppliers working with buyers that vary in the stringency and format of their CSR demands. We expect that supplier perceptions of CSR may diverge in part due to this buyer influence, but they also might be driven

by the different ways in which suppliers in the Global South are embedded in production and global value chains. We elaborate the proposed analytical framework next.

Theorizing Determinants of Supplier Perceptions of CSR

Recent theoretical developments in GVC analysis call for recognizing "an actor-centered conceptualization of the causal mechanisms shaping the differentiated organization of global value chains in diverse industries and territories" (Coe & Yeung, 2014, p. 33). Our investigation of suppliers and their different approaches to CSR responds to that call. In recent years, the GVC has been understood as composed of vertical and horizontal dimensions (Fontana & Egels-Zandén, 2018; Lund-Thomsen & Coe, 2015; Neilson & Pritchard, 2010). On the vertical dimension, multiscale sourcing linkages connect buyers to geographically dispersed suppliers (and intermediaries, if relevant), which support the design, manufacture, distribution, marketing, and consumption of products. The horizontal dimension represents local institutional contexts in which suppliers carry out production activities and interact with local government authorities, civil society actors, and workers; they come under pressure to conform to local rules, norms, and cultural conventions (Knorringa & Nadvi, 2016). Due to their simultaneous embeddedness in the vertical and horizontal dimensions of GVCs, suppliers likely encounter multiple rules, norms, and cultural conventions with respect to CSR (Kraatz & Block, 2008).

To articulate the vertical influence of GVCs on supplier perceptions of CSR, we adapt an existing typology of governance modes between buyers and suppliers (Gereffi, Humphrey, & Sturgeon, 2005) that vary with the complexity and codifiability of the knowledge to be transferred, as well as the supplier's capabilities to handle such transactions. Gereffi et al. (2005) identify five governance modes. In the market and modular types, suppliers make products with little guidance or coordination from buyers, and production knowledge is highly codifiable. As a

result, the cost of switching suppliers is low, and speed, flexibility, and lower production prices become the main criteria for selecting suppliers. In modular governance, buyers engage in closer interactions with suppliers than in market governance, because the modularized nature of the product (e.g., airplanes, electronic appliances) demands clear, unified product and process standards across the buyers' value chains.[1] Buyers require suppliers to produce according to these standards, so information sharing is required, which may not be the case in market governance. Relational governance falls between market and modular governance on one side and captive and hierarchical governance on the other. Mutual dependence characterizes this form of governance, and the transactions involve tacit, difficult-to-codify knowledge. Compared with buyers that exercise market and modular governance, relational buyers engage more with suppliers to monitor and coordinate production activities. This closer linkage increases the cost of switching to new suppliers. Finally, captive and hierarchical types of governance arise when product specifications are complex and difficult to codify, and suppliers' low capacities make it necessary for buyers to supervise and control their production processes closely. The buyers tend to outsource a limited range of their production to suppliers and impose close monitoring (captive governance) or integrate production tasks vertically (hierarchical governance). Both lead to high costs of switching suppliers (Gereffi et al., 2005).

We adapt this governance typology to articulate different ways in which buyers can influence supplier perceptions of CSR. With *market governance*, buyers may leave it to suppliers to define and exercise CSR in their own terms, because the suppliers are capable of addressing the social impact of their business operations. Buyers may not want to control or coordinate the social behavior of these suppliers, which would require them to form durable relationships and increase the potential costs of switching suppliers (Lund-Thomsen & Lindgreen, 2018).

With *modular governance*, buyers exercise some control over the suppliers' social behavior, such as by enforcing buyer-imposed codes of conduct or hiring third-party auditors to verify suppliers' compliance. In the original governance typology, modular buyers employ clear, unified standards to coordinate the suppliers responsible for different product segments. Similarly, in the context of CSR, modular buyers might prefer to coordinate suppliers' social behavior through unified standards, as manifested in corporate codes of conduct that specify the buyers' labor and environmental expectations. In modular governance, suppliers are highly capable, and because buyers prefer arm's-length relationships, they turn to external parties (e.g., auditing companies) to monitor suppliers' code compliance, instead of executing this function in-house (Gereffi et al., 2005). If suppliers fail to comply, buyers may terminate existing sourcing relationships and seek out new suppliers.

With *relational governance*, buyers proactively guide suppliers regarding how they should practice CSR. The knowledge required to fulfill this responsibility is complex and difficult to codify, so buyers likely demand supplier compliance with their codes, then offer assistance with their compliance efforts through training and other capacity-building measures for workers and managers. Suppliers are not passive recipients of buyer demands but instead provide feedback, negotiate, and even challenge buyers with respect to CSR. Their leverage is buttressed by these suppliers' strong capabilities, which in turn prompts the buyers to prefer to work with a small network of trusted suppliers, rather than switch suppliers (Locke, 2013).

Finally, when using *captive* or *hierarchical governance*, buyers exert strong control over how suppliers operationalize CSR by enforcing codes of conduct. They might audit the suppliers' code compliance and make direct interventions in their business operations to address any compliance violations (Lund-Thomsen & Lindgreen, 2018). To distinguish these two governance

types, we acknowledge that the hierarchical form applies to in-house suppliers, but in both governance modes, buyers perceive that suppliers have low capabilities and cannot leverage complex, difficult-to-codify CSR knowledge. Thus, the buyers justify their captive and hierarchical control over suppliers, including how they manage workers, working conditions, and relationships with local communities. These low-capability suppliers may lack bargaining power to negotiate or challenge the labor and environmental stipulations of buyer-imposed codes, no matter how difficult or resource-consuming that compliance would be. Such limited autonomy might provoke suppliers to resist buyer control (Khan & Lund-Thomsen, 2011) or engage in a pretense of conformance (Egels-Zandén, 2007).

In addition to the influence of vertical relations (buyer–supplier interaction), previous works on supplier perceptions of CSR in GVCs have sought to conceptualize the horizontal influence of national institutional contexts in co-determining suppliers' understanding of CSR. It refers to suppliers' embeddedness in the country where they conduct production activities and encounter local rules, norms, and cultural values (altogether, the institutional context) that prescribe what is locally acceptable and legitimate (Neilson & Pritchard, 2009). The country's institutional context may co-determine local understanding of CSR, such that it informs and reinforces locally accepted social and environmental behaviors (Knorringa & Nadvi, 2016). For example, respecting public and private labor and environmental standards has not been a taken-for-granted norm in India, and establishing such norms has been further hindered by weak enforcement of public regulations and complex subcontracting chains that feed into informal, exploitative working conditions (Knorringa & Nadvi, 2016; Mezzadri, 2014).

Focusing on the institutional context of the country of production has advanced research into suppliers' approaches to responsibility and working conditions in GVCs (e.g., Fontana &

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Egels-Zandén, 2018; Lund-Thomsen & Coe, 2015), but it also has some drawbacks. First, its consideration is limited to the institutional context of the production country, with less explicit attention devoted to the institutional context of the buyer or the importing country, despite the relevance of these contexts for defining the kinds of CSR pressures and expectations that suppliers face (Knudsen, 2018). Second, prior conceptualizations of horizontal influence do not distinguish different types of embeddedness that suppliers might display in a given country. Some suppliers might be embedded in GVCs, but others could function within regional production networks (Lee & Gereffi, 2015). Some suppliers might operate in more than one country, such that they would be embedded in several producer country institutional contexts simultaneously (Kostova, Roth, & Dacin, 2008). Their CSR perceptions then might reflect the dominant societal norms and values in the producer country institutional context, the global experience that suppliers have learned from operating across borders, and the institutional context of their home country, in combination.

Such considerations suggest the need for a more nuanced understanding of how institutional contexts affect supplier perceptions of CSR and a different conceptualization of horizontal influences. Accordingly, we consider whether supplier CSR perceptions might be influenced by not only GVC governance modes but also by the societal, network, and territorial embeddedness of suppliers (Hess, 2004), many of which are located in the Global South. Moving beyond a somewhat simplistic categorization of vertical relations (value chain) and horizontal relations (national institutional contexts of work and employment in the country of production) allows for a more flexible analysis of the determinants of supplier CSR perceptions and of their variation. In support of that effort, we turn to Hess (2004), who distinguishes societal, network, and territorial embeddedness.

Societal embeddedness is based on the premise that social, cultural, and political backgrounds shape and influence the actions of individuals and collectives in society. In this respect, both buyers and suppliers might be influenced by the "genetic codes" of their home societies, so we attend closely to the institutional context of the home countries of importing firms. Network embeddedness instead refers to the structure of relationships among different organizations and individuals, *regardless* of where they originate or how locally anchored they are in particular geographical settings. Such relationships can be formal or informal, and they determine both the actor's network embeddedness and the evolution of the structure of the network as a whole; they include interfirm relations and broader linkages to government and non-governmental actors. With a network embeddedness lens, we direct our attention to how closely suppliers are linked to a particular set of buyers and governmental and non-governmental actors, which exert significant influences on their behavior. Finally, Hess (2004) explains territoriality as the extent to which an actor is "anchored" in a particular place, so firm actions may be enabled or constrained by the specificities of that place. For example, regional forms of cooperation exist among small and medium-sized enterprises in industrial clusters, due to their preexisting social networks and labor markets. The arrival of new firms might create novel economic and social relationships, with the potential to stimulate regional economic growth. With regard to supplier perceptions of CSR, suppliers' territorial embeddedness within preexisting social networks and labor markets might explain why they exhibit particular CSR perceptions. This perspective also allows for a more dynamic perspective on how supplier perceptions of CSR may change over time as new entrants (e.g., global buyers) enter the network and introduce new expectations, norms, and values related to how suppliers in the particular locality should operate their businesses. Supplier perceptions of CSR also might grow more "territorially disembedded" from the local context of the producing

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country if they follow their buyers to new production bases, and the buyers encourage them to adopt and internalize the buyers' codes of conduct.

Thus, our proposed approach offers a more dynamic explanation of suppliers' CSR perceptions, given that GVC governance modes and forms of supplier embeddedness are not static but change over time or by location. In the next section, we apply this theoretical framework to analyze the CSR perceptions of garment suppliers in Myanmar in a bottom-up and exploratory fashion. In doing so, we intend to articulate the exact combinations of GVC governance modes and forms of supplier embeddedness in Myanmar during 2011–2015 and to understand how these factors gave rise to presumably divergent CSR perceptions of garment suppliers in the country.

Research Methodology

Our case study focuses on the manufacturers of export-oriented garments in Myanmar and their activities during 2011–2015. Political and economic changes at both domestic and global levels, borne by these manufacturers over the five years of our study, establish an appropriate setting to examine how divergent supplier understandings of CSR might emerge. Myanmar experienced decades of military, authoritarian rule and years of international economic sanctions, which started in the early 2000s. Its garment manufacturers were cut off from global business networks and the knowledge that global brands were operationalizing CSR by enforcing codes of conduct in GVCs (SMART Myanmar, 2014). Things began to change notably in 2011 when Myanmar's government enacted a reform program to transition to a semi-authoritarian democracy and promote export-driven economic development. The international community welcomed this change, and the European Union and United States lifted their sanctions in 2013

and 2016, respectively. Soon European and U.S. brands and retailers began sourcing garments from Myanmar and working with suppliers there.

The arrival of Western buyers marked a profound change in Myanmar's export garment industry, where Asian buyers serving mainly Japan and Korea markets previously had dominated (Griffin, 2014). Since then, Europe has emerged to become a main importer of garments made in Myanmar. For example, in 2012, Japan absorbed almost half of Myanmar's garment exports, and South Korea took in almost one-third in terms of export value (Kudo, 2013). But by 2015–16, according to the Myanmar Garment Manufacturer Association (MGMA), just 33% of garment exports headed to Japan, 25% went to Europe and Korea, and 2.4% were destined for the United States and China (Centre for the Promotion of Imports from developing countries [CBI], 2018). European and U.S. buyers have grown, both in number and in the demands they make on Myanmar's garment manufacturers, including the requirement that suppliers demonstrate compliance with buyer-mandated codes of conduct (for a comparative overview of codes, see Appendix 1). Myanmar's garment manufacturers reacted to this demand with surprise, because their existing Asian buyers rarely had imposed such requirements (Action Labor Rights, 2016; Business Innovation Facility, 2016). This ongoing transformation in Myanmar's garment industry and varied buyer demands regarding CSR again indicate the suitability of Myanmar's garment manufacturers as a relevant case study.

The vast majority of manufacturers function as cut-make pack (CMP) suppliers in global garment production systems. Buyers provide fabric, raw materials, and production specifications to suppliers, which they apply to manufacture the garments. The suppliers earn profits by lowering production costs (e.g., squeezing wages, reducing input costs, increasing production efficiency). As a garment producing country, Myanmar is considered less competitive than

China, Bangladesh, and other leading producers where local manufacturers offer more than CMP production, such as sourcing their own raw materials (Business Innovation Facility, 2016). Myanmar's garment industry shows a mix of local and foreign ownership. According to the July 2015 list of MGMA members, of the 316 member factories, 272 were exporting garments. A little more than half were locally owned, and the rest were owned by East Asian investors, mainly from Hong Kong, Japan, Mainland China, South Korea, and Taiwan.[2] Factories with more than 1,000 employees tend to be wholly foreign-owned or joint ventures with local investors; those with 500–1,000 employees may be locally owned, joint ventures, or recently started foreign-owned ventures. Most of the factories with fewer than 500 employees are locally owned (HKTDC Research, 2016).

A prevalent local understanding of CSR emphasizes corporate charity, which coincides with a Buddhist emphasis on philanthropy. Nearly 90% of Myanmar's population follows Buddhism, a belief system that encourages adherents to care for the needs of the poor and underprivileged. Acts of charity are rewarded in the form of good karma, which positively influences the giver's next life (Kyaw Hsu Mon, 2016; Welford & Zieger, 2013). Myanmar ranks among the most charitable nations in the world (Cole, 2015). According to civil society observers and some business informants, companies and the public tend to confound corporate philanthropy with CSR, without considering whether a philanthropic company has actually earned its social license to operate by complying with public regulations or minimizing the social and environmental harms of its business operation (Kyaw Hsu Mon, 2016).

The emphasis on charity co-exists with the hierarchical relationship established between those who govern and those who are governed, which also extends to characterize employment relations in Myanmar. A half-century of military and authoritarian rule in the country suppressed

freedom of association and bottom-up organizing, while top-down, control-oriented governance became the norm (Slow, 2015). This relational context has accentuated the unequal power dynamics between employers and employees, whereby employees rarely question or challenge the authority of employers. Labor unions were outlawed until 2012 (Action Labor Rights, 2016; Theuws, Overeem, ALR, & LRDP, 2017). At the individual level, unequal power dynamics translate into paternalistic attitudes of employers toward employees (Park & Chae, 2014).

The Myanmar government itself has acknowledged this issue and sought to address it through collaboration with international organizations such as the International Labour Organization (Gillan & Thein, 2016; Nogami, 2016).[3] Unions and labor groups, since their legalization in 2012, have encouraged workers to unionize and taken collective actions to demand better working conditions and higher salaries (Gillan & Thein, 2016). However, at the time of the field research that informs this study, framing a new narrative of CSR based on worker rights was not a primary or explicit focus of these unions and labor groups. As recently legalized entities, they needed to enlarge their membership (unions), formalize their organizational and governance structures, and ensure funding for their training and other worker services. Clearly, these actors offer challenges to dominant perceptions of CSR, especially in recent years, but in the studied period, we do not identify any consistent or explicit strategy by which they attempted to reshape existing discourses about CSR.

To understand supplier perceptions of CSR, we conducted interviews with the owners and managers of 19 first-tier garment manufacturers operating in Myanmar (Table 1).[4] Using the MGMA member list, we sampled manufacturers that vary in size, multinationality (e.g., whether the manufacturer is the Myanmar subsidiary of an MNC that also produces garments in other countries), and major end markets.[5] Our size distinction is based on the list of MGMA member

Table 1. Interview sample

ID	Size	National origin of the supplier	Number of employees*	Major end markets	Job title of the person interviewed for the case	Details regarding data collection
1	Medium	Hong Kong	800	Western (EU and/or US)	Factory manager	Interview in English
2	Small	Myanmar	300	Asian (Korea and/or Japan)	Company owner	Interview in English
3	Very large	South Korea	3500	Asian	Company owner	Interview in Korean
4	Small	Myanmar	300	Western	Factory manager	Interview in Burmese with translation help
5	Medium	Myanmar	1000	Asian	Factory manager	Interview in Burmese with translation help
6	Small	South Korea	600	Asian	Company owner	Interview in Korean. Received approval on the written transcript of the interview
7	Small	South Korea	600	Asian	Company owner	Interview in Korean. Received approval on the written transcript of the interview
8	Small	Japan	100	Asian	Factory manager	Interview in Japanese with translation help
9	Very large	South Korea	3300	Asian	Country director	Interview in Korean
10	Small	Hong Kong	300	Western	Factory manager	Interview in English. Received approval on the written transcript of the interview
11	Medium	Hong Kong	750	Western	Factory manager	Interview in English
12	Small	Japan	600	Asian	Factory manager	Interview in English
13	Large	Japan	1300	Asian	Former deputy director; now left the firm	Interview in English
14	Small	Myanmar	100	Western	Director	Interview in Burmese with translation help
15	Very large	South Korea	2300	Western	Country director	Interview in Korean
16	Small	Myanmar	200	Asian	Company owner	Interview in English. Received approval on the written transcript of the interview
17	Small	Japan	300	Asian	Admin manager	Interview in Burmese with translation help
18	Medium	Mainland China	800	Asian	All supervisor	Interview in Burmese with translation help
19	Very large	South Korea	2000	Asian	Company owner	Interview in Korean

* These numbers are based on interviews and reported numbers on the MGMA Member List published in July 2015. We rounded up numbers to the nearest hundreds for the purpose of confidentiality.

factories published in March 2015. From our field experience, we learned that most suppliers self-assessed their factory sizes in relation to other factories nearby, and we assumed that their self-perception of being big or small might affect how they perceived CSR (e.g., Jamali et al., 2017). Therefore, we created size distinctions according to the distribution of member factories by employee numbers. About one-third of the factories reported having fewer than 700 employees, which we classified as small. Another one-third noted 700–1400 employees, classified as medium, and the remaining one-third employed 1400–2100 people, so they were classified as large. A few factories reported more than 2100 employees, with wide variance, such that the largest factory employs 6280 workers. We separate out these firms as a very large category.[6] We interviewed suppliers established and operating only in Myanmar (non-multinational), as well as those that are part of MNCs that also produce garments in other countries (multinational). The interview themes included the supplier profile; production activities; perceptions of social responsibility; CSR implementation and challenges; suppliers' relationships and interactions with buyers, local government, and other stakeholders; and the changing regulatory and normative context for CSR in Myanmar. Through preliminary fieldwork in Myanmar and a desk study of major garment brands and retailers, we learned that buyers tend to achieve most of their sales in their home regions, and major end markets are good indications of buyers' national and regional origins. In Table 1, the major end markets indicate suppliers' main export destinations.

The first author conducted field research in Yangon, Myanmar, during 2014–2015, including a one-month research visit at the MGMA in July 2014. From May to September 2015, the first author conducted interviews with the owners and managers representing the 19 garment manufacturer firms, who were directly involved in defining and implementing the company's CSR strategies or had authority to speak on this topic on the company's behalf. During this

period, she complemented the interview data with extensive desk studies of Myanmar's export garment industry and individual garment manufacturer firms; attended CSR-related events in Yangon; and drew insights from personal interactions with representatives of the manufacturer firms, international buyers, unions, labor organizations, and international development donor organizations. Interviews conducted in Burmese and Japanese relied on the help of local research assistants (6 of 19 interviews), but the first author conducted the interviews in English and Korean alone (13 of 19). Three research assistants were hired in Myanmar in May 2015, with the help of international aid agencies in Myanmar with which she built rapport. Through training, the first author helped the assistants learn the purpose of the research, interview techniques, and ethics. The assistants were fluent in Burmese and English, and one of them also was fluent in Japanese, which facilitated interviews with Japanese informants.[7] The assistants helped secure, translate, and transcribe the interviews. Prior to each interview, the research team sought the interviewee's approval to record the interaction, and 15 of 19 agreed. These recorded interviews were transcribed verbatim in English (cf. Korean language interviews, for which the first author has native fluency[8]). For those who did not want to be recorded, the first author took written notes during the interview, drafted interview transcripts based on these notes, and asked the interviewees to review and approve of the transcripts. The digitally recorded interviews subsequently underwent full transcription; the detailed handwritten notes were sent back to the interviewees for fact checking. The research team was not asked to exclude any parts of the recordings, so the information presented in the empirical analysis reflects the views and words of interviewees. Once transcribed, the interviews were analyzed with the help of NVIVO 11 software, to generate the initial analytical concepts and then the categories.

With secondary data, we also seek to corroborate and contextualize the interview claims. Before each interview, the first author conducted an Internet search to gather background information about the interviewee and company, then used that information to tailor the interview questions. In parallel, we reviewed 27 articles describing employment and industrial relations issues in Myanmar's export garment industry, published in English-language news magazines (*Myanmar Times*, *The Irrawaddy*, *Frontier Myanmar*) and international news sources (e.g., *The Wall Street Journal*, *Just Style*) between 2011 and September 2015. The interviews lasted until September 2015, so we reviewed articles published up until this month to compare and corroborate the insights. However, we read news articles and reports after this period to remain up to date on the industry's ongoing development. We reviewed research reports examining the labor practices of Myanmar's garment manufacturers (e.g., Action Labor Rights, 2016; Gardener & Burnley, 2015; Park & Chae, 2014). Helpful information came from websites, Myanmar situation reports, and educational materials about CSR provided by international donors that run training for select local garment manufacturers, with the goal of improving working conditions to achieve enhanced worker satisfaction and productivity.

Our coding effort reveals three types of GVC governance that are prevalent among international buyers and suppliers in Myanmar's garment industry: captive, modular, and market. We do not find any examples of relational governance, such that suppliers could negotiate buyers' CSR terms. Nor do the data indicate any hierarchical buyer influence on supplier perceptions of CSR, possibly due to the general lack of in-house suppliers operating in Myanmar. The interviewed suppliers also indicate varying embeddedness: Some reflect the CSR norms and values of their buyers closely, whereas others embrace the norms and values prevalent in Myanmar. Some suppliers also integrated more tightly into their GVCs than others, and we find

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variation in terms of firms that operate on a transnational basis versus only in Myanmar. In labeling these different types of embeddedness, we continue our reliance on Hess's (2004) work and therefore refer to the societal, network, and territorial embeddedness of suppliers.

Buyer Governance and Embeddedness as Determinants of Suppliers' CSR

The empirical data reveal that buyer influences on suppliers' CSR perceptions reflect captive, modular, and market forms of governance. Suppliers subject to captive or modular governance typically were required to comply with buyer-imposed codes of conduct as a precondition to receive production orders. The codes might be the buyers' own or developed by multistakeholder initiatives of which buyers are members, such as the Business Social Compliance Initiative (BSCI) or Ethical Trading Initiative, which establish provisions for child and forced labor, discrimination, rights of association and collective bargaining, minimum wages and benefits, maximal working hours, occupational health and safety, environmental impacts and wastewater management, and subcontracting policies. From this categorization, we determine that the difference between captive and modular governance modes appears to be a difference in degree rather than in kind. Suppliers that faced captive governance had to comply with more comprehensive and stringent labor stipulations, interacted with buyers more frequently and in greater depth, and exhibited more optimism that their compliance would make them more competitive than other, Myanmar-based, noncompliant suppliers.

The suppliers subject to captive governance were all foreign-owned, having already produced or soon to produce products for high-profile global brands and retailers known for their stringent codes. These suppliers noted that the codes contained labor stipulations that were stricter and more comprehensive than the codes of Myanmar's national labor laws or other popular private standards such as the BSCI code. For example, national laws at the time of this

study allowed a maximum of 64 working hours per week (including overtime), whereas global buyers capped it at 60 hours per week. In addition, some global buyers required their suppliers to provide self-development programs for factory workers. Thus, the suppliers that faced captive governance interacted frequently with buyers, related to both code compliance and running the mandated programs. These suppliers were generally receptive to such governance modes, and some even argued that the demands to improve their labor practices to match the buyers' codes of conduct made normative sense, as this quote indicates:

> *One may think it is more socially responsible to employ [under-aged workers]. However, the downside is that factories can exploit under-age workers with lower wages. That is why buyers prohibit this, and this rule we need to comply with. It is not an unrealistic rule. But many factory owners simply have ignored compliance because they could still run business without it.* (Interviewee 15)

The suppliers also emphasized how code compliance could enhance their potential business gains; having gone through a rigorous verification of their labor practices that enabled them to supply global buyers served as *"very good name card [meaning business card: authors' comment]"* (Interviewee 13) and *"a huge business advantage in relation to any other potential customer"* (Interviewee 1). This claim has some empirical support, in that buyers noted the difficulty of finding competent suppliers in Myanmar that could achieve sufficient production capability, as well as comply with the buyers' labor stipulations (MGMA, 2015).

Suppliers sought to prioritize compliance with buyer-imposed codes and applicable national and international labor standards. At the same time, they expressed openness to enhanced philanthropic and culturally relevant efforts for workers and local communities, as

long as these efforts did not undermine code compliance. They noted that local people expected

such initiatives, and enacting local CSR helped boost workers' morale and work satisfaction:

> *As management, we also need to consider, reconsider our way of management. So we*
>
> *tried to increase events like the karaoke party, water festival, bonus, music events, or*
>
> *quiz or lucky draws, so many things we started. So most of our people are Buddhist.*
>
> *So for the occasion of very important Buddhist days, we provide the car, a big bus, to*
>
> *them to go to pagoda.... So the relationship gradually became nicer.... To compare to*
>
> *[other factories that did not follow local laws], our kind is very excellent level. That is*
>
> *why the first time just I simply thought I do not need to change anything, [workers]*
>
> *have to understand how they are lucky. But after that [referring to worker strikes he*
>
> *experienced in 2012: authors' notes] I also started to think that we management also*
>
> *need to consider the things from time to time.* (Interviewee 13)

Under captive governance arrangements, the societal embeddedness of buyers features

substantially in how suppliers in Myanmar perceived and practiced CSR. In other words,

Western-style CSR notions that are typically institutionalized in corporate codes of conduct and

auditing cultures (Khan & Lund-Thomsen, 2011) were being enforced upon these suppliers. A

higher degree of suppliers' network embeddedness helped suppliers endorse this buyer-oriented

CSR (i.e., the CSR that reflects the "genetic code" of the buyers), through coercive pressure (i.e.,

code compliance as a prerequisite of receiving production orders) and commercial incentives (i.e.,

exclusive sourcing relationships). However, the territorial embeddedness of suppliers in

Myanmar's garment industry is not prominent in our data (especially compared with suppliers

that come under different types of buyer influence) when they entered into captive governance

arrangements. Rather, these suppliers appear even territorially disembedded, perhaps reflecting

their transnational orientation and production presence in multiple countries (Azmeh & Nadvi, 2014). They had prior knowledge of or experience with adhering to buyers' codes of conduct and undergoing audits in other countries; were they to set up a new production base in another emerging country (e.g., Ethiopia), they would likely build it in accordance with the CSR requirements of their EU and US buyers.

Similar to suppliers under captive governance, suppliers under modular governance had to comply, but the degree of buyer pressure was weaker. These suppliers were all foreign owned, with the single exception of a locally owned manufacturer producing for European and U.S. markets. In this group, the suppliers noted that many European buyers required compliance with the BSCI code, but Asian buyers rarely asked them to meet any code of conduct. If they did, their labor and environmental stipulations were less rigorous than those of European and U.S. buyers. In the suppliers' view, Asian buyers considered code compliance as "nice to do" rather than "must do." Because these suppliers faced fewer and weaker buyer demands than those under captive governance, buyer–supplier interactions under modular governance forms were less frequent and looser. As a case in point, captive buyers often conducted their own audits of suppliers to ensure consistent quality, whereas the suppliers subject to modular governance suggested that most of their buyers relied on third-party auditing.

A key distinction between suppliers under modular governance and those under captive governance reflects the former's opinion about the buyers' code compliance requirements. Suppliers under modular governance generally expressed more skepticism toward normative and economic imperatives of buyer-imposed codes. Interviewee 7 said that though meeting buyer-imposed codes enabled the company to organize factory management practices and was like *"doing homework,"* code compliance was meant to be *"minimum standards required to have*

business transactions with European buyers" and it *"did not make sense to say that receiving buyer's audit on code compliance allows you to receive more orders."* Other suppliers expressed similar sentiments and implied that the main objective of buyers' code enforcement was to protect their own reputation from negative publicity if poor working conditions or labor law violations were discovered at the supplier sites.

A few suppliers criticized buyers for imposing codes that did not reflect the everyday realities of factory operations in Myanmar. Interviewee 9 described how *"buyers ordered them to install a finger printing system to record check-in and checkout times for workers,"* but this step created *"10 minutes of delay at the factory entrance as workers arrived at and left the premises altogether with the help of company-provided transport."* Suppliers that had been operational in Myanmar well before the country's reform in 2011 also sensed *"wounded pride"* (Interviewee 3) due to the code compliance requirement, when they had long sustained their business despite Western sanctions, created jobs for local people, and managed sound industrial relations without worker strikes. Interviewee 3 complained that *"buyers come and say what should be done instead of seeing what [we] have done to take best care of [our] employees like family members."* Interviewee 19 expressed frustration that code compliance suddenly became a requirement to work with European buyers:

> *I did not know compliance or audit reports before. Then, Myanmar's reforms took place, and then suddenly we had to do compliance. I was perplexed. Those who have done it in other countries might know, but not me.… Now I am preparing for it, and whenever auditors come, I also complain to them that this compliance requirement is like an aggression against developing countries by Europeans and Americans. They make us do it because they need it.… At least, they should've given us time to prepare for this.*

Suppliers facing modular governance also worried about how weak legal enforcement might increase their risk of failure to comply with buyer-imposed codes. However, compared with suppliers under captive governance, they were more sympathetic and committed to heeding local social norms and values in Myanmar, emphasizing the role of business to provide paternalistic and philanthropic care to workers and local communities. As Interviewee 3 explains:

> *Speaking of CSR ... I think it depends on the personality of CEO and can't be standardized or formalized in a certain way.... I did not think of how I could fulfill my social responsibility or contribute to the Myanmar society. Rather, I acted out of my affection to workers who are like my daughters.*

Suppliers operating in Myanmar before 2011 took pride in their existing methods for taking care of workers and local communities, which represented the outcomes of keen observations and painstaking trial-and-error attempts over the years. Therefore, these suppliers perceived arrogance among buyers that assumed ethical superiority and sought to impose codes of conduct, without understanding local business realities or everyday relations with workers and local communities. All but one supplier in this group also expressed skepticism and a lack of interest in working with civil society actors to develop and implement their CSR practices.

Under modular governance, to a certain extent, the suppliers endorsed CSR approaches that reflected their societal embeddedness with their Western buyers, such as through compliance with buyer-assigned corporate codes of conduct and agreeing to buyer audits to verify their compliance. Yet these suppliers do not display tight network embeddedness within GVCs to the same extent as suppliers working with more captive buyers. With this looser network integration, suppliers had greater freedom to embrace the norms and values related to social responsibility in the society in which they were territorially embedded. Suppliers subject to modular governance

appear to exhibit "middle grounding" in their CSR perceptions: They partly comply with the norms and practices of their buyers, reflecting their societal embeddedness, but they also signal their territorial embeddedness in Myanmar and their experience with engaging in production while the country was still under economic sanctions.

Unlike suppliers under captive and modular governance, suppliers facing market governance rarely encountered buyer attempts to control their social behavior. The suppliers in this group mainly consist of small and medium-sized, locally owned, non-multinational suppliers or recently started multinational suppliers that depend on subcontracts from larger suppliers in Myanmar. They enacted their CSR practices through various philanthropic activities, events for factory workers, and benevolent actions toward individual workers and local communities (we elaborate on this point subsequently). To receive large, lucrative orders from European and U.S. buyers, they needed to comply with buyer-imposed codes, and they expressed interest in achieving such compliance. However, they self-assessed a lack of organizational capacity to handle buyers' production and compliance requirements, according to Interviewee 6:

> It is not easy for us to prepare buyer audits in order to receive American or European orders. That explains why we are a small business.... I don't think my factory is ready for large quantity orders or such audits. Myanmar does not provide an environment to work on hundreds of thousands of pieces per style anyway. It makes more sense for us to focus on small quantity but pricey items. We should also prepare for upgrading our facilities and automating our production.

These suppliers had the freedom to define and execute their own CSR, and their practices largely reflected their societal embeddedness in Myanmar. In the design and execution of their CSR

practices, the suppliers perceived little need for input from civil society actors. Notably, they also were the least vocal in complaining about the country's poor legal structure or insufficient enforcement efforts. This lack of complaint contrasts with the explicit grievances expressed by suppliers under captive and modular governance regarding Myanmar's regulatory environment, which made it difficult for them to comply with local labor laws, as required by buyers' codes of conduct. We cannot determine the reason with certainty, but we speculate that in the absence of a strong regulatory push from the local government or international buyers, suppliers under market governance might have limited knowledge of local labor laws. In support of this explanation, some suppliers cited yearly bonuses and paid leave as examples of CSR, but in reality, they are legal obligations of employers, in accordance with Myanmar's Leave and Holiday Act. Most suppliers in this group were small and locally owned, operating only in Myanmar, so they might have not known about labor laws and their enforcement in other garment producing countries— information that would have enabled them to make comparative judgments of the quality of regulatory environment in Myanmar.

For buyers and suppliers forming market-based governance relationships, the societal embeddedness of the buyers appeared less important for determining supplier CSR perceptions. These suppliers are loosely linked to the GVCs of their buyers, without the same strong network embeddedness associated with suppliers operating under captive governance arrangements. At the same time, these suppliers tended to be more geographically bounded; most of them were owned by Myanmar businesspeople and did not engage in transnational production like their foreign peers operating very large factories. Suppliers under buyers' market governance thus are not only more territorially embedded but also display a higher degree of societal embeddedness

in Myanmar. These embeddedness dynamics facilitate suppliers' efforts to adopt interpretations of CSR that emphasize paternalistic caring of workers and corporate philanthropy.

Taking stock of these data-driven insights, we next consider how different forms of GVC governance and supplier embeddedness may help explain the CSR perceptions of suppliers.

Discussion

We have advocated going beyond the distinction between vertical (buyer–supplier) and horizontal (national institutional contexts of work and employment in the country of production) relations to explain the CSR perceptions of suppliers in GVCs. Instead, we suggest a more nuanced reading of factors, including various combinations of GVC governance modes (captive, modular, market relations) and different types of embeddedness (societal, network, and territorial). Our case study of Myanmar's garment industry shows that suppliers under the captive governance of their buyers adopt CSR approaches that reflect the norms and values of their buyers (i.e., societal embeddedness of buyers in importing country contexts). They display a high degree of network embeddedness, which might have caused them to become territorially disembedded to some extent, divorced from the norms and practices for employment and work in Myanmar. For suppliers under modular governance, CSR perceptions reflect the norms and values of their buyers. However, their network embeddedness within buyer GVCs is less tight than that of suppliers under captive governance, so they remain more territorially embedded when thinking about and practicing CSR. We find stronger evidence of territorial embeddedness by suppliers whose history of garment production predates Myanmar's transition to a semi-authoritarian democracy and the lifting of economic sanctions. Finally, suppliers under buyers' market-based governance tended to engage in CSR activities that reflected their greater territorial and societal embeddedness in Myanmar. As small-scale suppliers with high replaceability, they

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Table 2. Supplier perceptions of CSR: GVC governance and embeddedness

		Buyer Governance Mode on Suppliers' CSR		
		Captive	Modular	Market-based Relations
Embeddedness Type	**Societal**	Supplier CSR perceptions reflect the societal embeddedness of their buyers, embracing codes of conduct and buyers' social audits	Supplier CSR perceptions reflect both the societal embeddedness of their buyers and the suppliers themselves, potentially creating contradictions and supplier discontent	Supplier perceptions reflect mainly the societal embeddedness of suppliers that are local to the country of production.
	Network	Suppliers are tightly integrated into the GVCs of their buyers that provide exclusive sourcing relationship in return for demonstrated code compliance	Suppliers are less tightly integrated into the GVCs of their buyers than their peers under captive governance	Suppliers are only loosely integrated into the GVCs of their buyers
	Territorial	Suppliers are, to some extent, territorially disembedded from the country of production	Suppliers display greater levels of territorial embeddedness in the country of production than their peers under captive governance	Suppliers are mainly territorially embedded in the country of production.

exhibited a low degree of network embeddedness, loosely integrated into buyer GVCs and without pressure to engage in particular forms of CSR dictated by their buyers. We summarize these observations in Table 2.

This comparison across GVC governance modes (captive, modular, and market governance) and the differential embeddedness of suppliers (societal, network, and territorial embeddedness) establishes a nuanced explanation of the varied CSR perceptions of suppliers in the Global South that participate in GVCs. The proposed typology of GVC governance and embeddedness can help identify and compare multiple supplier CSR perceptions, within and across countries. We derived this typology by identifying CSR perceptions inductively from first-hand data, collected from suppliers, buyers, and other relevant actors, with close consideration of the home country institutional contexts of the buyers and suppliers. The typology also supports a categorization of supplier perceptions and key drivers for their emergence, in accordance with the concepts of GVC governance and embeddedness.

This typology offers a more dynamic analysis of CSR supplier perceptions, in tune with changes in GVC governance modes and forms of supplier embeddedness (Coe, Dicken, & Hess, 2008). Suppliers may produce for buyers that demand compliance with codes of conduct in one case but work with buyers without such requirements at other times; they might serve both types of buyers simultaneously. The institutional contexts of garment producing and importing countries also may change, albeit usually at a slower pace than the speed of GVC reconfiguration. For example, a growing movement among EU countries seeks to legislate working conditions in global supply chains (e.g., Due Diligence Law in France, Modern Slavery Act in the United Kingdom), and multistakeholder initiatives attempt to facilitate and standardize CSR practices by buyers and key suppliers (Knudsen, 2018). Minimum wages are increasing and

labor laws are growing stronger in many garment producing countries, especially after the Rana Plaza industrial disaster in Bangladesh (Business Innovation Facility, 2016). This typology also gives voice to indigenous understandings of CSR, such that we can examine "whether these more localized indigenous forms of CSR play a role (enabling/disabling) in … being able/willing to conform to standards from outside, and/or are more likely to experiment with their 'own' standards" (Knorringa & Nadvi, 2016, p. 67). We hope it can be helpful in adding nuance to continued discussions of CSR perceptions in the Global South, as well as increasing buyers' appreciation for the need to incorporate the CSR perceptions of the suppliers into their work, within and across different contexts. Finding a better way to balance "global" (which often implicitly means Western) CSR concerns with those of more local CSR priorities, in ways that also benefit workers in the Global South, is critical.

Conclusions

We examine how the interaction of GVC governance modes and different forms of supplier embeddedness (societal, network, and territorial) give rise to divergent supplier perceptions of CSR, using a case study of Myanmar-based garment manufacturers. It reveals three main types of CSR perceptions that appear on a continuum. We thus contribute to emerging literature on supplier perspectives of CSR in GVCs by demonstrating the persistent influence of local work and employment contexts in the producer country on suppliers' understanding of CSR. Even suppliers under captive governance, which face the strongest pressure to conform to buyers' social requirements, acknowledged and provided paternalistic and philanthropic care of workers and local communities. Despite the growing commercial demands to comply with buyer-imposed codes, in emerging producer countries like Myanmar, local understanding of CSR continues to be relevant and useful to suppliers. Kyaw Hsu Mon (2016) and a previously cited

quote from Interviewee 13 effectively illustrate how corporate philanthropy has been understood and favored by local employees and community members as a display of CSR in Myanmar.

In empirical terms, this study enhances insights into suppliers' CSR understanding in a hitherto understudied context. Only a handful of academic studies investigate business actors and CSR issues in Myanmar (Gillan & Thein, 2016; Holliday, 2005; Meyer & Thein, 2014). This study sheds new light on how countries in the Global South attempt to integrate into the global economy through linkages to a highly competitive global garment industry, in which one country's rise is often associated with another's declining share of production (Griffin, 2014).

Going forward, we call for continued research and policy work that examines how buyers' sourcing practices and supplier governance modes together affect suppliers' perceptions of and engagement with CSR in emerging countries that increasingly provide labor-intensive goods, such as Ethiopia and Myanmar. Although we find some evidence that a buyer's captive governance keeps suppliers aligned with its CSR approach, continued studies should ask more fundamental and critical questions about the effectiveness and sustainability of buyer-driven CSR paradigms in GVCs through code enforcement. Does it make sense to speak of socially responsible suppliers, when cut-throat competition among garment-producing countries and international buyers determined to take advantage and achieve lower operating costs ultimately limit just how "responsible" supplier firms can become? (Anner, 2018; Dickson, 2019; Khan & Lund-Thomsen, 2011).

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Endnotes

[1] Items that require modularized production tend to be technically sophisticated and demand transfers of complex knowledge from buyers to suppliers. Buyers rely on clear technical standards and unified product and process specifications across value chains to help increase the codifiability of the transferred knowledge and reduce its complexity (Gereffi et al., 2005).

[2] This member list is the most comprehensive, authoritative source available; for any garment factory to import raw materials from buyers, it needs an endorsement from the MGMA even to apply for import licenses from the Ministry of Commerce. The MGMA grants endorsements to member factories only, which incentivizes garment exporters to become members.

[3] This collaboration involves training government labor inspectors, revising outdated and inconsistent national labor laws in line with international standards, and establishing social dialogue platforms between employers and workers.

[4] This research represents part of a larger doctoral research project, investigating emerging and multiple approaches to CSR in Myanmar's export garment industry during 2011–2015. The broad research project sought to answer three questions: (a) How and why do buyers from different countries conceptualize and implement CSR with Myanmar suppliers? (b) How do Myanmar's garment manufacturers perceive and practice CSR, and what might drive divergences in their understanding and practice of CSR? and (c) How do international development agencies introduce and promote their notions of CSR in Myanmar's export garment industry, and what challenges did they encounter? For the larger project, the lead author conducted 50 interviews with local garment manufacturers, their international buyers, workers and their representatives, local government, and international donor agencies.

[5] It is debatable whether Interviewee 4 should be classified as a first-tier or second-tier supplier. When the lead author spoke to Interviewee 4, there was nothing to contest an assignment as a first-tier supplier, but subsequently, the lead author read that this supplier has been classified (perhaps mistakenly) as a subsupplier of a Taiwanese enterprise in the MGMEA 2015 list. We assume its status as a first-tier supplier.

[6] Following the OECD's standard could have been an alternative. However, garment factories tend to employ large numbers of people. The OECD distinction of enterprise size would define most export-oriented factories in Myanmar's garment industry as large.

[7] Their English proficiency was affirmed; two were graduates of an international school, and one had a bachelor's degree in business English. One of them also worked for an international aid agency previously.

[8] The mangers of these companies were Korean, so it made sense for the lead author to interview them in their native language; the lead author's language fluency and Korean identity helped build rapport with these suppliers, making them feel more at ease in sharing their thoughts and opinions.

Appendix 1. Selected codes of conduct used by buyers sourcing from Myanmar

	Gap's Code of Vendor Conduct	amfori BSCI Code of Conduct	Draft version of TBH Global's Labor and Human Rights Code of Conduct for Workers in Overseas Sourcing Partners
Who drafts and administers the code	Company itself (Gap Inc.)	amfori, a business association with 2,400+ members from 40+ countries, headquartered in Brussels, Belgium	Company itself (TBH Global)
What issues are covered (focusing on labor, health, and safety issues)	Child labor / Foreign contract labor / Discrimination / Forced labor / Freedom of association / Humane treatment and disciplinary practices / Wages, benefits, and terms of employment / Working hours / Occupational health and safety	Child labor / Special protection for young workers / Discrimination / Bonded labor / Freedom of association and collective bargaining / Precarious employment / Remuneration / Working hours / Occupational health and safety / Ethical business behavior	General provisions and transparency / Employment contract and overtime / Child and young workers / Remuneration and worker welfare

These are the issues shown in the screenshot of company's draft code in the UN Global Compact (UNGC) report. We believe that there are more labor topics in the draft code. |
| **Who audits suppliers** | Normally, Gap employs own audit team of Assessment & Remediation Specialists.[1] At the time of the study, since Gap was new to the country and had little knowledge of potential social and environmental risks, the company involved the third party auditor Verité for factory approval inspections and subsequent semi-annual assessments until Gap's own audit team took over in May 2016 | Auditing companies that are qualified by amfori to conduct BSCI audits. Interviewed garment manufacturers said they had to pay for BSCI audits per buyer's demand. The price of audit service is determined by auditing companies, not amfori. | Company's UNGC report does not specify whether audits are conducted by own staff or third-party auditors. |
| **How auditing &** | The initial assessment in November 2013 by | The factory audit with an overall rating | Description about the code in the |

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[1] According to Gap's Global Sustainability Report, Gap primarily employs own auditors to evaluate factories, but in the companies where the International Labour Organization (ILO) operates Better Work, Gap's supplier factories are audited by the Better Work. Gap involves a third-party auditing company Elevate to assess suppliers in Pakistan (2018).

monitoring are conducted	Verité prior to factory approval for production uncovered a number of noncompliance issues. This assessment was comprised of on-site inspection and off-site worker interviews.[2] Gap engaged the factory management as well as the management of these suppliers' headquarters in regular trainings and tracked remediation progress through weekly meetings.	of A or B is valid for two years. If the factory receives C, D or E, it is subject to a follow-up audit between 2–12 months. As for worker interviews, amfori recommends (but does not require) auditors to ensure that workers select the location of their interviews.	company's UNGC report is limited to the purpose of developing the code and general timeline of drafting process. The report does not explain how factory assessment and remediation would take place.
Are there other programs helping suppliers to improve their code compliance?	Factory management received Gap's trainings on the company code of conduct and unauthorized subcontracting policy. They also completed two-day workshops prepared by Verité on the use of management systems to improve factory's labor, health and safety standards. Gap trained factory workers on labor, health and safety topics covered in the company code.	According to amfori BSCI System Manual, member companies can help their suppliers access free courses on amfori Academy. However, there is limited information as to how the suppliers can access these courses on the Academy website, and accessing more information requires log-in.	Company's UNGC report does not have information on this.
How stringent the code is in the case of "worker remuneration and overtime"?	- Workers should receive "at least the minimum legal wage or a wage that meets local industry standards, whichever is greater" (Gap Inc., 2016a, p. 23) - In addition to stipulating legal, correct, and timely payment of overtime wages, the code mandates the supplier (called "vendor" in the code) to avoid setting unreasonable production quotas and forcing workers to work overtime.	- Workers should receive "wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher" (Amfori, 2017, p. 5). - The code stipulates the overtime to be "exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate" (ibid). It does not stipulate workers' right to refuse overtime or suppliers' duty not to create overtime-inducive production conditions, as Gap's code does.	- Workers should receive "minimum wage or average salary for the job" (TBH Global Co., 2014, p. 17). - The section on remuneration focuses on correct notification and payment of wages. - The section on overtime has one stipulation saying "management should not force workers to work overtime" (ibid).

Sources: Gap Inc. (2014, 2016b, 2018); amfori (2017, 2018); TBH Global Co. (2014)

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[2] The public documents of Gap Inc. we reviewed do not specify whether the off-site interview is a norm when Gap's own auditors assess factories.