

# Preface

While corporate social responsibility (CSR) has been highlighted in many reviewed journal articles, text, and research books, this book is unique in providing an interpretation of a specific CSR issue, social compliance within supply chains of multinational corporations (MNCs). Social compliance is now a major performance issue for MNCs that purchase products from suppliers in developing countries. This issue is relevant not only to corporate managers but also to practitioners, academics (researchers), and undergraduate and postgraduate business students.

The transfer of production to developing nations is growing fast. Accordingly, there is an urgent need to address the development of this new form of CSR, social compliance, which impacts on managers in both developed and developing nations. Social compliance is the means by which MNCs can meet expected social standards while achieving economic progress. It is generally a voluntary activity; however, in recent years it has become mandatory in a few countries around the world. For example, in the United States, The California Transparency in Supply Chains Act of 2010 has recently been enacted. This legislation requires retail sellers and manufacturers in California to disclose their efforts to eradicate slavery and human trafficking from the supply chains for tangible goods offered for sale.

The study covers some important discussions involving major US and European companies that source products from suppliers located in developing countries. The cases described in this book are internationally relevant and can be seen to reflect or represent the behaviour of many MNCs and their suppliers in developing nations. The primary motivation for the study is that, despite a growing amount of literature that focuses on CSR and supply chains, there is a general lack of research which investigates the particular CSR issue of social compliance. Discussion of this topic can offer in-depth knowledge about how levels of social compliance risk and pressure (including broader stakeholder concerns) influence managers to adopt or embrace particular social compliance accounting, reporting, and auditing strategies. The book provides an understanding of the major concerns, challenges, and dilemmas faced by management in the supply chains of MNCs and suggest what measures can be taken to solve those dilemmas. Most importantly, the book provides a systematic method of understanding the status of social compliance

performance of suppliers to MNCs. This includes significantly detailed accounts of the social compliance performance of suppliers within the clothing industry (in a developing nation) that supply goods to the extensive US and European markets.

The book offers a number of unique contributions to study in the CSR area. They are described below.

- This book offers comprehensive knowledge of social compliance for MNCs and their suppliers. Managers in supply chains often face dilemmas concerning social compliance issues such as child labour, forced labour, workers' health and safety, salary levels, and overtime. The book provides a rigorous amount of real examples of social compliance violations and offers some insights into practical guidelines, standards, techniques, and strategies which present and future managers can learn from. The book is significantly relevant to those who deal with various social compliance issues within supply chains.
- This book contributes to the debate about existing compliance standards and policy frameworks. There is widespread stakeholder criticism of the effectiveness of existing standards and related frameworks. The book also contributes to both regulatory and corporate policy formation. From a regulatory or corporate policymakers' perspective, the research findings provide knowledge of compliance measures to enhance policy considerations. From a corporate perspective, the research findings enhance the practical guidelines for corporations to curb violations of social compliance and ensure accountability and good governance within an organisation.
- The findings of this book are consistent with legitimacy theory, which posits that managers complete social compliance accounts, adopt social audits, and perform associated reporting in order to conform to the expectations of broader stakeholder groups. The apparent response by managers demonstrates a desire to maintain legitimacy while maintaining earnings.
- Social compliance accounting and auditing is a broad knowledge building activity. There is a striking imbalance between practical knowledge of social compliance and our understanding of the strategies to overcome the adverse effects of non-compliance. The findings of this book enhance knowledge of how we can prevent violations of social compliance within supply chains. The book contributes to accounting, management, and supply chains literature by broadening knowledge of how to account in such a way as to monitor and limit these violations.
- Hand in hand with globalisation and the associated impacts on the movement of global production sources to developing nations, the new profession of social compliance auditing is significantly growing. Almost every MNC and their suppliers in developing nations have social compliance auditors (either internal or external) to monitor how goods are produced and whether they are produced in compliance with codes of conduct and international standards. However, there is an urgent need to develop an understanding of how this emerging and influential discourse on social compliance is affecting corporate accountability systems and integrated reporting requirements. Thought leadership within the

audit and non-audit accounting professions is required regarding what the emerging social compliance discourse means for established practices and international reporting standards. The book therefore has clear implications for audit practice and policy development and aligns with the work of social compliance audit professions. Most importantly, the new audit professionals' growing interest in compliance systems has created a significant provocation to investigate corporate social compliance audit.

This is primarily a research book for scholars within the broader field of business administration. In other words, it is a valuable learning tool for researchers, postgraduate students (at the Master's and Doctorate levels) as well as undergraduate students in the areas of accounting, management, marketing, supply chain management, clothing fashion management, ethics, and social science. These are required areas of studies, and part of enrichment programmes, in universities and colleges where CSR is an element of both undergraduate and postgraduate programmes. The book also supports corporate managers (including supply chain managers and managers within MNCs) and thousands of compliance auditors within the supply chains, who are faced with challenging societal constraints when sourcing products from around the globe.

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