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CAMBODIA AND VIETNAM: LINKING STAKEHOLDER ENGAGEMENT TO CSR-PROGRAMS



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For nearly three decades, the TMS Group has been at the forefront of the fashion industry as a globally-based fashion and apparel innovator, with core competencies in research and development, product design, fashion-trend analysis, and production sourcing/quality management. With operational offices in seven countries, the TMS Group customer-base spans every continent. In the first quarter of 2013, the TMS Group expanded its global presence and operations to Cambodia and Vietnam. For more than a decade, sustainability and ethical sourcing have been integral parts of the TMS Group's business strategy, shaping policies and procedures that extend throughout the supply chain.

CSR as a dynamic business element

It was paramount to incorporate all aspects of a framework for corporate social responsibility (CSR) into business development plans for Cambodia and Vietnam. This aspect began during the concept and feasibility phases and extended through to the operational startup phase. This also included major tactical (daily) and strategic (long-term) planning and execution. Understanding and identifying (current and potential) stakeholder contributions, desires, and rationales with respect to CSR was a key component in establishing the working CSR doctrine and framework that was extended to Cambodia and Vietnam.

This framework is also aligned with strategic and business objectives and is consistent with the TMS Group's core

values. Furthermore, the framework is unique, in that it resides within the realm of moral obligations, or a "higher authority" of standardized principles, going beyond adherence to the respective international and local laws.

Involving stakeholders in decision-making processes is not confined to CSR development. This methodology is a tool used by private and public organizations to develop a thorough understanding and mutual agreements to solutions on complex issues or matters of broad concern. The TMS Group employs this process internally for similarly related issues to include strategy development.

The concept of stakeholder engagement is part of the continuous dialogue for

stakeholder inclusion in the development of the TMS regions of Cambodia and Vietnam. This was done with the understanding that there is no one-size-fits-all with respect to CSR. Furthermore, it was of supreme importance to identify all major stakeholders within the sphere of influence. The late English poet John Donne wrote "No man is an island," and hence the same is true for the TMS Group or any corporation. There is a natural connection between the idea of CSR and an organization's stakeholders. The TMS Group has affirmed that the concept of stakeholders personalizes the social responsibilities for a company. This is achieved by clearly defining the specific groups and individuals that the TMS Group must consider in its CSR orientation, namely new countries and new players.

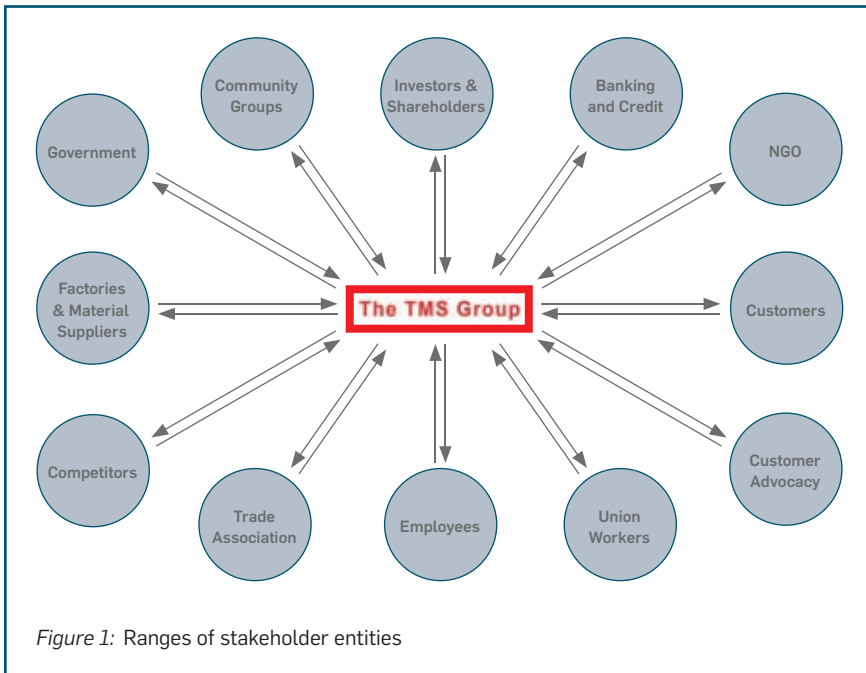


Figure 1 sets forth 12 major and comprehensive stakeholder categories that were identified as key elements to both CSR and business development processes. Of noteworthy consideration, production suppliers comprised nearly 40 percent of stakeholder participants. However, total membership spans nine separate and distinct business and operational categories. As a result, a healthy balance is maintained.

Methods of stakeholder engagement and feedback

There is a wide range of methods for engaging with different stakeholder groups, and this varies within the operational/country regions, too. For example, one method that TMS uses to communicate with suppliers and the local communities – in both existing and new regions of sourcing – includes our CSR social compliance self-evaluation process. This is the process in which suppliers identify their CSR and business strengths, weaknesses, and key opportunities to boost their CSR certifications. In order to be successful, the process requires openness and transparency from stakeholders.

It is also important to note that there are significant differences between suppliers, businesses, and their stakeholders. This is evident even within individual stakeholder groups. This process of stakeholder engagement is further complicated when dealing with two separate countries such as Cambodia and Vietnam. Despite being neighboring countries, each is different with respect to cultural norms, demographics, and governmental and socioeconomic conditions. Even within each country's regional business landscape, a wide range of views and inputs are present within stakeholder groups.

Utilizing guiding principles

In order to create effective stakeholder engagement, a set of five Guiding Principles were identified and used to galvanize the process. These principles are closely linked to our core values and corporate culture.

Principle 1: Identify and know your stakeholders

The garment industry is one in which different suppliers may be making similar or identical products; methods of engagement required might be completely

different. Developing a comprehensive understanding of our stakeholders in the two countries was paramount in shaping CSR, its links to business objectives, and in creating specific regional initiatives.

Principle 2: Initiate the process as early as possible and develop a sustainable implementation plan

Including stakeholders in the decision-making process during the early stages of our launch into Cambodia and Vietnam provided an opportunity to forge a sustainable CSR plan, not only in terms of philosophy, but also in terms of scope, objectives, and effectiveness.

Principle 3: Reactive and open

Regardless of the circumstances, a “reactive and open” approach is needed. Engagement is a two-way process that respects the input of the stakeholders and allows for mutual learning by both parties. Stakeholder contributions benefit the performance of CSR, the business objectives of TMS, as well as the new regions.

Principle 4: Be inclusive

It is critical to be inclusive in stakeholder engagement. This would include suppliers or other groups that may have had poor performance records, used confrontational approaches, or even had limited communication capabilities for such endeavors – such as businesses that lack employees with English or local language skills. This is particularly true in Cambodia, where many factories of foreign investors have been transplanted from mainland China.

Principle 5: Transparent and trusting

Transparency and trust are interrelated and constitute the building blocks of a successful stakeholder engagement process. They are the basis for understanding, generating confidence in the process and promoting a positive outcome. They are fostered by mutually agreed-upon rules and mechanisms. With respect to our TMS Group CSR program, this is particularly important, since suppliers are often asked to provide access to certain sensitive aspects about their financial and production performance. ■