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School of Industrial and Information Engineering
Master of Science in Management Engineering
**The Impact of Corporate Social Responsibility (CSR)
on the Supply Chain (SC) Performance of the Luxury
Fashion Industry**

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Abstract

The last decades have witnessed a remarkable increase in the attention paid towards the luxury fashion industry. The globalization, the awareness of the climate change, and sustainability issues pushed the luxury fashion companies to be less wasteful and more helping people to express their deepest values. On one hand, sustainability is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability implementation in the luxury industry, on the other hand, could be considered a vehicle not only to achieve a better environment but also to fulfill social development.

Sustainability in luxury can also refer to maintaining the legacy of local craftsmanship. Recently, Luxury fashion companies started to pay more attention towards social sustainability and adapting Corporate Social Responsibility (CSR) practices within its culture and strategies. Luxury fashion companies are adopting social sustainability practices related to labor working conditions, and customer health and safety, human rights, society activities, and product responsibility, these practices are done in compliance with the law, legalizations, and the customer demands.

Despite the fact that many researchers have discussed CSR, Supply Chain (SC), and the luxury fashion industry separately, a few of them have discussed the CSR in luxury companies leaving several aspects to be studied. Therefore, the goal of this research is to fill in the gap through investigating,

- 1)The CSR practices implemented in the luxury fashion industry;
- 2)The CSR key performance indicators used by luxury fashion companies;
- 3)The impact of the CSR aspects on SC performance of the luxury fashion industry.

First of all, a detailed literature review covering the area of luxury fashion industry, CSR, and SC was implemented. Hence, this step helped in getting a solid background of the current state-of-the-art. Besides, the data from luxury fashion companies was collected. These data were collected from the sustainability reports and the official websites of 16 Italian and non-Italian luxury fashion companies in addition to the practical data of Mauri Shoes Company. Although many of luxury fashion companies had been contacted, most of them showed a negative attitude towards participating to the study and they did not agree to share the information of their company because of their restrictions policies. Then, the Global Reporting Initiative (GRI) guidelines were exploited in order to classify and categorize the collected data in order to build our research's database. The second milestone of the presented research was reached by using Computer Aided Text Analysis (CATA) software and through the analysis of the case study in order to figure out the framework of the relation and the impact of CSR on the SC performance, and also by performing a comprehensive interview with Mauri Shoes' CEO. Our database has been exported to CATA and then it has been coded according to:

1. GRI guidelines (categories, sub-categories, and its aspects);
2. The SC performance, which based on Supply Chain Operations Reference SCOR model.

CATA software was used to explore the percentages of the CSR sub-categories (labor practices and decent work, human rights, society, and product responsibility) within our database. Furthermore, the CATA software was used in order to explore the relationship and the impact of the CSR sub-categories on the SC performance (cost, asset management efficiency, flexibility, reliability, and responsiveness). Then, a detailed analysis was done to extract the relationship and impact of the CSR aspects on the SC performance. All these steps were explored and validated through the industrial

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case study. In the end, the current study proposed a general framework for CSR in relation with the SC performance. This framework could help the luxury fashion companies to optimize the implementation of the CSR in their supply chain strategies.

A final comment could be made here declaring that this study can be considered as a start milestone in the long-term scientific research about the investigation of the impact of CSR practices in the different companies and various sectors of the industry and follow-on further research should be done in this field