IDOS DISCUSSION PAPER 18/2025

Corporate Social Responsibility Imperatives in the Moroccan Textile-Clothing Sector

Ways of Implementation and Impact on Local Value Chains

Nadia Benabdeljlil

Lamia Kerzazi

Corporate social responsibility imperatives in the Moroccan textile-clothing sector

Ways of implementation and impact on local value chains

Nadia Benabdeljlil

Lamia Kerzazi

Bonn 2025

Nadia Benabdeljlil is a Professor of Management Sciences at the Mohammadia School of Engineers, Mohammed V University in Rabat.

Email: nadiab@emi.ac.ma

Lamia Kerzazi is a Professor of Management Sciences at the Mohammadia School of Engineers, Mohammed V University in Rabat.

Email: kerzazi@emi.ac.ma

The German Institute of Development and Sustainability (IDOS) is institutionally financed by the Federal Ministry for Economic Cooperation and Development (BMZ), based on a resolution of the German Bundestag, and the state of North Rhine-Westphalia (NRW) as a member of the Johannes-Rau-Forschungsgemeinschaft (JRF).

Suggested citation:
Benabdeljlil, N., & Kerzazi, L. (2025). *Corporate social responsibility imperatives in the Moroccan textile-clothing sector: Ways of implementation and impact on local value chains* (IDOS Discussion Paper 18/2025). German Institute of Development and Sustainability (IDOS). https://doi.org/10.23661/idp18.2025

IDOS Discussion Paper / German Institute of Development and Sustainability (IDOS) gGmbH
ISSN 2751-4439 (Print)
ISSN 2751-4447 (Online)
ISBN 978-3-96021-263-8 (Print)
DOI: https://doi.org/10.23661/idp18.2025

Tulpenfeld 6, 53113 Bonn
Email: publications@idos-research.de
https://www.idos-research.de

MEMBER OF Johannes-Rau-Forschungsgemeinschaft

Printed on eco-friendly, certified paper.

Acknowledgements

The authors would like to thank Markus Loewe, Annabelle Houdret and Nora Aboushady (all IDOS) for their constructive comments and suggestions. The views expressed in this paper are our own. Any remaining errors are the authors' responsibility.

Abstract

This research examines the impact of codes of conduct imposed by international lead firms on subcontractors in Morocco’s textile and apparel sector. Based on a qualitative study conducted in the two main industrial hubs (Tangier and Casablanca), it explores the diffusion of corporate social responsibility (CSR) standards along the supply chain, their role in enhancing subcontractor capabilities, and their influence on inter-level relationships within the chain. The study highlights cross-cutting factors that place subcontractors in conditions that are not conducive to the effective implementation of CSR standards. It also shows that procedural audits associated with the enforcement of codes of conduct promote the spread of coercive isomorphism and foster a culture focused on strict compliance with formal rules. Furthermore, the research identifies two distinct profiles of subcontractors based on how they respond to institutional pressures to adopt these codes: those with minimal compliance, often engaging in rule-bypassing practices, and those adopting a proactive approach to internalising the standards. The study also uncovers factors explaining these divergent attitudes. Among the firms with a proactive stance, initiatives aimed at strengthening the capacities of their subcontractors are emerging. However, relationships with downstream actors in the supply chain remain characterised by a climate of mistrust, which limits the overall impact of these efforts.

Keywords

CSR; codes of conduct; textile and apparel sector; Morocco; supply chain; lead firms; subcontractors; informal employment

Contents

Abbreviations

AMITH	Moroccan Association of Textile and Clothing Industries (Association marocaine des industries du textile et de l'habillement)
BCI	Better Cotton Initiative
BSCI	Business Social Compliance Initiative
CEO	Chief Executive Officer
CGEM	General Confederation of Moroccan Enterprises (Confédération générale des entreprises du Maroc)
CNSS	National Social Security Fund (Caisse nationale de sécurité sociale)
CSR	corporate social responsibility
ESG	environmental, social and governance
ESITH	Higher school of textile and clothing industries (Ecole supérieure des industries textiles et de l'habillement)
GOTS	Global Organic Textile Standard
GIZ	German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GRS	Global Recycled Standard
HSE	health, safety and environmental
HR	human resources
ICS	Initiative for Compliance and Sustainability
ILO	International Labour Organization
MAD	Moroccan dirham
OCS	Organic Content Standard
OECD	Organisation for Economic Co-operation and Development
RCS	Recycled Claim Standard
Sedex	Supplier Ethical Data Exchange
SME	small and medium-sized enterprise
SMETA	Sedex Members Ethical Trade Audit
VAT	value-added tax

1 Introduction

Since the early 1990s, the textile and clothing sector has been characterised by the globalisation and fragmentation of value chains, driven in particular by the rise of fast fashion. Based on the frequent renewal of products offered at low prices, fast-fashion places tight time and cost constraints on suppliers, who are generally located in the Global South (Hattabou & Louitri, 2011). In Morocco, the seventh-largest exporter of clothing to Europe (World Bank, 2021), the textile and clothing sector operates according to this logic, as a large part of the activity consists of traditional subcontracting by clients attracted by the competitive advantages of cheap labour and geographic proximity. With over 75 per cent of its production exported, the sector is mainly focused on downstream activities in the value chain, namely clothing items, home textiles and technical textiles. Upstream integration is weak, as yarns and fabrics are mostly imported.

The Spanish company Inditex[1] is the largest client, particularly in northern Morocco, where it holds subcontracting agreements with more than 300 small factories (World Bank, 2021). These relationships are hierarchical in nature, with tasks limited to cutting and assembling models that have been fully designed by the client, who also supplies the subcontractors with materials and accessories.

German principals, for their part, have shown increasing interest in the sector in recent years, with the value of textile exports to Germany rising from an average of 900 million MAD between 2017 and 2020 to more than 1.5 billion MAD in 2022 (AMITH, 2023).

With more than 1,800 companies, most of which are small and medium-sized enterprises (SMEs), the sector employs around 200,000 people, representing 22% of industrial employment in Morocco (Lavie Éco, 2022). However, it is still characterised by precarious working conditions and a significant informal sector: 54 per cent of the textile and leather sector's production is estimated to come from informal units (CGEM, 2018). In February 2021, the death by drowning of 28 workers in a clandestine textile workshop located in a basement in Tangier brought this precariousness to light, sparking a wave of outrage in the country.

Increasingly, major brands and principals are issuing corporate "social responsibility" (CSR) injunctions to their suppliers, seeking to protect themselves from the risk of reputational damage in their markets. These injunctions take the form of social and environmental norms and standards imposed on players in the globalised supply chain, the effective implementation of which is monitored through audits, whether independent or not. The overall question is to understand whether, in the context of the Moroccan clothing industry, the CSR principles embodied in these injunctions diffuse down the chain.

In what follows, we will begin by presenting the overall context of the project (Section 2) and the theoretical framework as well as the research problem (Section 3), before presenting the problem (Section 4) and the empirical study (Section 5), developing the contextual constraints encountered by companies in a transversal manner. The analysis will then focus on the characterisation of the relationships between the different levels of the supply chain (Section 6); the conduct of the audits which are at the heart of the implementation of the standards (Section 7); and, finally, the contributions and controversies they may generate (Section 8).

1 The Inditex Group distributes the following brands: Bershka, Kiddy's Class, Massimo Dutti, Pull and Bear, Oysho, Stradivarius, Zara and Zara Home.

2 Context of the project: the textile and clothing industries called upon to be "responsible"

2.1 Growing awareness of CSR and the proliferation of "codes of conduct"

At an international level, growing awareness of sustainability issues in textile supply chains is prompting companies to account for their social and environmental impact. Large firms aim to project an image of exemplary and responsible companies (Christmann, 2004). Gradually, the notion of "social responsibility" has been extended: firms are increasingly expected to consider not only the direct impacts of their activities but also the indirect impacts linked to the behaviour of supply chain members (Müller & Seuring, 2006). They now communicate more openly about their "sustainable" supply chain practices through labels or certifications, or by implementing partner monitoring procedures (Chanson & Tite, 2018).

Since the early 1990s, pressure from consumers and nongovernmental organisations (NGOs) denouncing deteriorating working conditions has led these companies to adopt "codes of conduct', generally based on eight fundamental standards of the International Labour Organization (ILO), including the right of association and negotiation, respect for a legal minimum wage, and a ban on forced labour and child labour. For principals, a key reason for adopting codes is to ensure that their suppliers or subcontractors cannot be held to account for their social practices (Diller, 1999), and to reduce their reputational risks (Oelze, 2017). Although there is no legal obligation to adopt these codes of conduct, market pressure is making them essential (Diller, 1999). Certain issues receive more or less attention depending on the sector (Diller, 1999): in textiles, clothing, leather and footwear, codes of conduct place particular emphasis on the fight against child and forced labour; in sectors such as mining and chemicals, they focus more on health and safety at work.

The OECD describes this approach as "voluntary commitments by companies, associations or other entities that establish standards and principles for conducting their business in the marketplace" (OECD, 2000, p. 6), while pointing out that the majority of codes are drawn up unilaterally by ordering companies, rather than being multi-stakeholder initiatives. Furthermore, it is noted that their main purpose is to assess subcontractor compliance with established standards, rather than to engage stakeholders in a process of genuine change (Sum, 2010).

Codes of conduct have rapidly proliferated (Vercher et al., 2011). For example, a 2003 World Bank study listed 1,000 codes of conduct and highlighted "the increasing number of codes and the variety of standards they contain" (World Bank, 2003, p. 17). In the same vein, Vercher et al. (2011) emphasise the heterogeneous nature of these codes, as well as the lack of transparency and independence in the monitoring processes. In response to these criticisms, some companies have sought to improve and harmonise both the content of the codes and the verification procedures. In 2003, the main stakeholder groups came together under the Joint Initiative on Corporate Accountability and Workers' Rights (JOIN) to develop a "universal code".

Codes of conduct have now become a standard feature of Morocco's export-oriented textile production sector and are often a prerequisite for market access. Several initiatives reflect the efforts of local actors to promote an image of a "responsible sector" in the eyes of foreign markets. These include: the Fibre Citoyenne label launched by AMITH (Moroccan Association of Textile and Apparel Industries) in 2005 in partnership with Inditex; the Morocco Now brand introduced during the Dubai World Expo in 2021; and the Dayem Morocco (Sustainable Morocco) vision for 2035, launched by AMITH in 2021.

2.2 Main codes of conduct in the textile-clothing sector

This section outlines the standards and codes of conduct adopted by the companies surveyed for this research, which can be grouped as follows:

1. Some codes focus primarily on social aspects and aim to audit issues related to occupational health and safety, such as social security coverage, compliance with minimum wage requirements, working hours and air cleanliness. Examples of these codes include the Business Social Compliance Initiative (BSCI), the Initiative for Compliance and Sustainability (ICS) and the Sedex Members Ethical Trade Audit (SMETA).

2. Some address both social and environmental concerns, aiming to reduce resource consumption and waste emissions, support sustainable development and promote better working conditions. Among these are the Global Organic Textile Standard (GOTS), the Higg Index, and the Better Cotton Initiative (BCI).

3. Some focus on product components, verifying aspects such as the organic nature of raw materials, their traceability and the recycled content of products. Their primary mission is to reduce the environmental impact of product components. The main standards in this category are the Recycled Claim Standard (RCS), the Global Recycled Standard (GRS), and the Organic Content Standard (OCS).

2.2.1 Primarily social standards

The Business Social Compliance Initiative (BSCI) was launched in 2003 by the Foreign Trade Association through a partnership with GIZ (the German Agency for International Cooperation). Initially, the code of conduct was intended to standardise working conditions for German suppliers operating in various countries. Today, the objective has broadened to improving working conditions in the supply chains of over 2,400 companies across multiple sectors, all gathered under the amfori association.

The amfori BSCI code is based on principles set out by the ILO, the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises (amfori, 2025). The code of conduct rests on fundamental principles such as: freedom of association and collective bargaining, fair remuneration among employees, compliance with agreed working hours, workplace health and safety, protection of young workers, prohibition of child labour, encouragement of ethical business practices, and environmental protection.

By joining BSCI, members commit to integrating their suppliers into the process of upholding these principles. Suppliers, in turn, agree to comply with the code of conduct and undergo audits, while benefiting from training programmes.

BSCI does not award certification to companies, but the companies may, if they wish, be audited by a qualified official body which assesses compliance with working and social conditions, on the basis of documentary reviews and on-site checks. Audits grade companies from A to D. A company graded A or B will be audited every two years; a company graded C will be audited every year; and a company graded D has failed the audit.

The Initiative for Compliance and Sustainability (ICS) is a code of conduct developed by 70 multinational corporations across various industries (textiles, footwear, electronics, agri-food, and furniture) (ICS, 2025). It aims to improve working conditions and ensure environmental compliance in global supply chains. ICS works with a network of auditing firms around the world under an agreement that defines the standards to be assessed, the required qualifications and experience of auditors, and the list of documents companies must provide.

Audits are commissioned by ICS members and the results are shared on the ICS platform. Audit quality is monitored using statistical indicators, benchmarking analyses and feedback and evaluations from member companies.

Social and environmental standards (greenhouse gas emissions, water consumption and wastewater treatment, waste and hazardous chemical management) are expected to be disseminated downstream within the value chain. For example, the ICS website specifies that "each member […] expects its suppliers to comply with the ICS code of conduct. […] By signing this code, the supplier commits to complying with it and to ensuring that its own subcontractors and partners do the same."

The Sedex Members Ethical Trade Audit (SMETA) is presented as an "ethical trade audit" for members of the global organisation Sedex (Supplier Ethical Data Exchange) (Sedex, 2025). It primarily focuses on health and safety, with optional environmental components depending on the version used. Companies can join Sedex either as buyers or suppliers.

The audit allows companies to be listed in the organisation's shared database. The evaluation assesses compliance with social, environmental and ethical responsibility standards within the supply chain. The audit process includes several stages: preparation (during which the company and auditor meet to define the objectives and production sites to be assessed), on-site evaluation (working conditions, infrastructure, safety equipment, and environmental management processes). Interviews with employees are conducted, and the auditor collects documentary evidence on various aspects.

The audit report highlights the company's strengths, identifies areas needing improvement, and provides specific recommendations to address any non-compliance. The report is then made available to the company's stakeholders (suppliers, clients and other business partners) to encourage collective awareness of practices that require improvement.

2.2.2 Social and environmental standards

The Global Organic Textile Standard (GOTS) is a worldwide label created in 2002 for textile manufacturers. It certifies the organic aspect of textile fibres (at least 70 per cent of the fibres used in the product), the non-use of certain chemicals, respect for the environment in terms of resource consumption and waste emissions, and the working conditions and health of employees throughout the supply chain.

Certification, issued by around 20 independent accredited bodies, confers the right to use the GOTS logo on products and to be included in the database of certified suppliers (GOTS, 2025). Checks are carried out at every stage of the process, with annual on-site inspections: assessment of the inputs and accessories used, monitoring of product flow (reconciliation of purchase and sales volumes of organic textiles to check that all products purchased with a claim to GOTS certification have been correctly certified), checks on compliance with social standards, verification of the waste-water treatment system, implementation of a residue management policy.

The Higg Index was created in 2011 by Cascale (formerly the Sustainable Apparel Coalition), a global alliance of over 300 brands, retailers and manufacturers in the apparel, textile and footwear sectors. The Higg Index comprises five tools that assess the social and environmental impacts of a company's activity and its supply chain (Cascale, 2025). The approach is based on self-declaration in a standardised platform, covering:

- the environmental performance of facilities (water consumption, waste management, use of chemicals, energy consumption);

- the social impact of the facilities (wages, number of hours worked, health and safety, treatment of employees); and
- the stages in the manufacture of the products (selection of materials, treatment, dyeing, durability, end of life).

Companies can then pay a verification body listed on the platform to validate the self-assessment. The resulting report can be shared with business partners.

The Better Cotton Initiative (BCI) is an international organisation with over 2,700 members, created in 2005 by a coalition of stakeholders in the cotton sector (BCI, 2025). Its mission is to help cotton-growing communities and smallholders thrive (through capacity-building training and investment support funds) while protecting the environment and improving working conditions. Supply chain traceability audits are carried out by independent organisations. Companies that pass these audits are allowed to use the "Better Cotton" logo on their products.

2.2.3 Product component standards

The Organic Content Standard (OCS) is an international label created in 2013, originally designed to certify the organic origin of cotton crops. OCS verifies the percentage of organic material in the final product and aims to ensure a traceable flow of raw materials from sourcing to finished product. On-site audits are carried out by accredited bodies (Textile Exchange, 2025a) at each stage of the supply chain and include reviews of materials, products and documentation.

The Recycled Claim Standard (RCS) and Global Recycled Standard (GRS), both created in the early 2010s, aim to verify the recycled content in products. Certification is managed by a network of offices in over 70 countries. RCS focuses specifically on verifying the production process, where inputs and the traceability chain must be audited by a third party. GRS includes additional goals such as reducing the harmful impact of production on people and the environment and encouraging higher proportions of recycled content in products (Textile Exchange, 2025b).

These various codes of conduct each represent an additional requirement to be considered "auditable" and to maintain legitimacy with current and prospective clients. Audits are carried out either by independent bodies or, in some cases, based on self-declarations via dedicated platforms. Some audits are financed by the subcontractor, while others are covered by the clients, typically recurring every one to two years. The costs associated with audits fall into two main categories: fees paid to auditing firms, which can reach several tens of thousands of Moroccan dirham, and the costs of complying with the standards themselves, which can be substantial (e.g. investments in energy-saving equipment and social security coverage costs).

3 Theoretical framework and research questions

Two main strands can be identified in the literature on CSR (Bair & Palpacuer, 2015): approaches that view CSR as a response by companies to institutional pressures exerted upon them, and more "instrumental" conceptions of CSR that focus on its impact on working conditions or organisational performance. Let us clarify from the outset that the aim of this research is not to adopt an outcome-focused approach to CSR initiatives. On this matter, Vercher et al. (2011) highlight a twofold challenge: first, isolating the effects of CSR mechanisms on work practices already shaped by the broader context of global value chains; second, the lack of statistical or empirical data assessing the concrete impact of codes of conduct, both in the Global North and South.

Our approach adopts the perspective that initiatives such as codes of conduct are driven by market sanctions through the purchasing decisions of buyers and consumers (Vercher et al., 2011; Bair & Palpacuer, 2015). For local firms in the Moroccan textile and garment sector, such codes are imposed through a form of market-based governance. The theoretical framework aligned with this hypothesis is that of neo-institutional theory, which we explain in the following sections.

3.1 CSR as a tool for legitimacy in a globalised context

From an institutional perspective, organisations seek social legitimacy; they do not necessarily adopt the most economically efficient practices, but those that are perceived as the most widely accepted (Meyer & Rowan, 1977). The pressures they face lead to the diffusion of practices across their “organisational field” through three mechanisms: normative isomorphism, whereby certain practices become recognised norms; coercive isomorphism, where non-compliance leads to sanctions; mimetic isomorphism, where organisations imitate others perceived as successful (Di Maggio & Powell, 1983).

CSR initiatives undertaken by companies can be interpreted in light of this framework, as several authors argue that CSR engagement results from external pressures or influences. Aguilera et al. (2006), for example, find that CSR engagement is influenced by various stakeholders and institutions, both locally and internationally. Frynas & Yamahaki (2019) emphasise the globalisation of CSR practices since the early 2000s: in 2019, 92 per cent of the world’s 250 largest companies reported CSR practices, compared to fewer than half in 2002.

Other studies point more specifically to pressures from developed countries in the diffusion of CSR practices into developing countries. On one hand, such pressures are linked to the internationalisation of domestic companies. Marano et al. (2017) show that firms that operate internationally adopt more CSR standards than those operating only domestically, as these practices enhance their credibility with international stakeholders (Wang et al., 2014). On the other hand, and in the reverse process, Tashman et al. (2019) and Sahasranamam et al. (2022) note that the global institutional embedding of multinationals from developing countries pushes them to adopt stronger CSR commitments in their countries of origin.

Finally, pressures can also come from the local level. For example, mandatory CSR expenditure reporting is quite common in emerging markets such as Brazil (Grüninger, 2019) or China (Chen et al., 2018; Liu & Tian, 2021).

3.2 Organisational responses to institutional pressures

Institutional theory is based on the assumption of organisational passivity in response to institutional environmental pressures. Faced with this deterministic aspect, Oliver (1991) suggests combining this theoretical framework with that of the resource dependency theory of Pfeffer & Salancik (1978). CSR practices can be seen as a way for firms to manage their dependence on resources and on stakeholders (clients, suppliers, public authorities, etc.), by adjusting their strategies according to stakeholder expectations.

Oliver (1991) identifies five types of strategic responses, ranging from compliance with institutional pressures (through consent or compromise strategies) to resistance strategies (avoidance or defiance), and even manipulation strategies aiming to influence the norms used by institutional stakeholders. These strategies all seek to maintain organisational performance, even though they may threaten long-term viability. For instance, resisting social compliance pressures might be aimed at improving internal organisational efficiency. Conversely, complying with the institutional environment might impose structural and procedural rigidities that reduce adaptability to unforeseen contingencies.

According to Oliver (1991), various factors can predict the occurrence of these strategies and therefore the degree of compliance or resistance of organisations to institutional pressures. Depending on the degree of importance of the factor concerned, it will act in one direction or the other. For example, the level of uncertainty in the organisation's environment, which is one of these factors, can have various consequences. Increasing uncertainty may encourage companies to adopt compliance strategies as protection from turbulence. Conversely, as environmental uncertainty diminishes, attitudes of distrust towards institutional values and the stakeholders who convey them, or the manipulation of norms, become alternative strategies for achieving organisational objectives. Another factor is the degree of interconnection between organisations and institutional actors, which facilitates the diffusion of norms through relational channels. This interconnection can favour either institutional isomorphism and compliance or avoidance strategies in response to a perceived loss of decision-making power.

Other factors influencing the strategies described by Oliver (1991) could be considered as incentive-based. These include: social legitimacy or the degree of economic gain achieved through compliance with institutional norms; the coherence of the norms or institutional requirements with organisational goals; and the organisation's alignment with the pressures exerted on it to be "socially" or "economically" responsible. Other factors are more restrictive, such as the degree of legal coercion to comply with institutional norms and requirements, dependence on stakeholders, and discretionary constraints imposed on the organisation by institutional pressures.

3.3 The impact of adopting CSR standards

Some authors from a critical perspective focus on the codes of conduct required in CSR initiatives, emphasising their instrumental aspect and the fact that they are used as a means of "symbolic demarcation" by companies (Bartley, 2007) without leading to any real change. O'Rourke (2003) criticises companies for implementing these codes mainly to protect themselves from reputational risks rather than to promote lasting changes. More specifically, Chen et al. (2018) point out that when companies are forced to engage in CSR, the associated expenses have no impact because they are more concerned about their image than the real effect of their actions. Thus, when examining the impact of codes of conduct on working conditions, Heald (2005) shows that it remains generally limited and superficial, focusing more on meeting minimum legal requirements rather than overhauling production practices.

This is also the case concerning relationships within production chains. Gereffi & al (2001) show that codes of conduct are often poorly applied in global supply chains, as some brands choose to require them only partially, in certain regions or from certain suppliers, while turning a blind eye to practices in other parts of the chain. In the same vein, Locke & al (2007) note that supplier audits do not always lead to tangible improvements.

More specifically, in terms of relationships between contracting firms and subcontractors, it is noted that codes of conduct ultimately shift the social responsibility from the former to the latter. The subcontractors are placed in a paradoxical situation in which they are asked to improve a situation partly caused by the system (Vercher et al., 2011). Vercher et al. (2011) report survey results where these companies stated that competitive pressures limited their ability to improve working conditions in factories. Moreover, in the case of non-compliance, it is the subcontractors who risk losing the contract. Codes of conduct would ultimately exacerbate inequalities between strong and weak actors.

3.4 Research problem

Studies that analyse the implementation of CSR frameworks by adopting a contextualised approach are rare (Vercher et al., 2011). This is why our research will adopt the perspective of Frigant (2009) or Chanson & Tite (2018), who advocate for a vision of CSR centred not so much on the firm itself, but on the mechanisms of interaction between actors, particularly between clients and subcontractors. We will consider the practices required by CSR as part of a form of governance in global value chains. This concept refers to three dimensions: how activities between actors in the chain are coordinated; the power of the actors in the chain who have the ability to define and/or control the coordination process; and the consequences of these coordination activities for the actors in terms of risk and reward distribution (Bair & Palpacuer, 2015).

More specifically, our aim is to “reintroduce the suppliers’ perspective” (Frigant, 2009, p. 5), which is generally overlooked in empirical CSR studies (Frigant, 2009; Quairel & Auberger, 2007). The goal is to analyse how codes of conduct are implemented at different levels of value chains in the textile and apparel sector in Morocco. The research problem can be broken down into two main axes.

On one hand, we aim to qualify and explain the behaviours of firms in response to CSR demands from foreign clients. Using Oliver’s (1991) strategic categories, are the behaviours of the consent type (and if so, are they passive isomorphism or proactive adherence strategies), or are there resistance strategies (avoidance or defiance)? If so, what are the forms and explanatory factors?

On the other hand, the goal is to determine to what extent these behaviours impact the diffusion of codes of conduct downstream in the value chain. What does the implementation of the codes of conduct imply in terms of relationships between the various parties in the value chain? Furthermore, how is their implementation reconciled with the various constraints faced by production units? Finally, is the “social responsibility” claimed by the clients through these standards effective at the local level?

4 Methodology

4.1 A qualitative survey

Our field study focused on small and medium-sized subcontracting companies or suppliers in the Moroccan textile-clothing sector. It took the form of a qualitative survey based on face-to-face interviews with company leaders or managerial staff. Exploratory interviews were first conducted in October 2023 with the two successive directors of AMITH and three former industry professionals. The aim was, on the one hand, to assess the relevance of the research for field actors and to identify crucial issues to address and, on the other hand, to discuss the methods of segmentation for the companies to be surveyed. Three segmentation criteria were then retained: the added value of a company’s activity (pure subcontracting, co-contracting, design); the position of a company in the value chain (tier 1 companies directly in contact with the client or main contractor, and tier 2 companies, subcontractors that supply tier 1 companies); and the geographical location of the production units.

The added value of local companies varies according to procurement modes, with three major modes distinguishable (Piveteau, 2009): pure subcontracting, where the contractors provide models, materials, and accessories to subcontractors qualified as “workshops”; co-contracting, in which the respective contributions of the contractor and subcontractor in the product design are more blurred, with the subcontractor having more or less responsibility for selecting their own suppliers and fabrics within the framework of a specification; and in-house production, where garments are designed and manufactured within the company, which will also approach clients directly.

The two main areas of the Moroccan textile-clothing industry, Tangier and Casablanca, were chosen as the geographical locations. Tangier, due to its proximity to Spain, hosts a concentration of small production units, almost all of which engage in pure subcontracting for a main contractor, the Spanish group Inditex. The industrial zones around Casablanca, traditionally the industrial capital of the country, differ from this first production hub in that they also host, alongside subcontractors (although in much smaller numbers), finished product suppliers involved in co-contracting with their clients, or even in the design and manufacturing of their own models and collections.

Between November 2023 and May 2024, 22 Moroccan companies operating within supply chains destined for foreign markets were surveyed. A total of 29 interviews, averaging two hours each, were conducted in these companies with various managerial staff (see Appendix).

The panel was composed with the aim of meeting the diversification criteria that are suitable for qualitative studies, which seek to provide a perspective on various situations – in our case, the situations defined by the segmentation criteria for the population to be surveyed. The composition is as follows:

(a) *Pure tier 1 subcontracting for foreign principals*: Eight companies, all in Tangier, are in this category. Their situations appear to be static, with little prospect of change. Although most of them claim not to have "official" subcontractors (since this would be prohibited by the main contractor), the discourse, as we will see, does not necessarily match the reality. Some companies resort to subcontracting by navigating through more or less ambiguous rules set by the contractors.

(b) *"Hybrid" situations (pure subcontracting and finished products):* Three companies (two in Casablanca and one in Temara, a neighbouring city of the administrative capital) are 90 per cent engaged in pure subcontracting and 10 per cent in producing their own products. These companies are attempting to move up the value chain. Two of them have started design activities, and both claim to use subcontractors, although in very small numbers.

(c) *Co-contracting or finished products in tier 1:* Five companies, all located in Casablanca, are engaged in co-contracting or creating and selling their own products or collections to clients abroad. These companies share common characteristics: they have relatively well-established design offices; they have a network of local subcontractors, some of whom are stable and permanent, with whom they subcontract a percentage of their production.

(d) *Positioning in tier 1 and tier 2 in the supply chain:* This refers to two companies involved in washing, fading and dyeing, positioned in both tier 1 for foreign clients and in tier 2 for jean production companies based in Casablanca.

(e) *Exclusively in tier 2:* Three companies are small workshops that focus solely on production subcontracting for Casablanca-based clients, with two of them being mono-client.

(f) *Intermediary company between foreign clients and local manufacturers:* This company acts as a commercial intermediary between tier 1 companies and foreign markets. The interviewed manager, who was previously the head of a company and has extensive knowledge of the sector, was a valuable resource in terms of the wealth of information provided.

These 22 companies were established between 1991 and 2020. Excluding the three subcontractors and the intermediary company, all of them are certified according to various codes of conduct, the most common being BSCI, GOTS, GRS, ICS, OCS and SMETA, and the

Inditex code. The Appendix provides detailed objective data on these companies, whose legal names have been codified: the date of their creation, size of workforce, certifications obtained, markets, products, presence of design skills and subcontractors, as well as information on the profiles of the interviewees.

The Casablanca-based tier 1 companies were identified using a directory from the AMITH. The Tangier-based companies were identified using a local directory of companies in the sector. Out of around 30 companies contacted in Tangier we managed to secure eight interviews. It is worth noting the difficulty we encountered in reaching the subcontractors located at the very end of the subcontracting chain, due to their low visibility in the environment and industrial zones (they are often set up in small warehouses in residential neighbourhoods) and the absence of their contact details in dedicated databases and directories; also, companies were generally reluctant to provide the identities of their own subcontractors or manufacturers.[2]

The investigation was concluded when we noticed redundancy in the responses from the interviewees, particularly concerning the companies in categories a, b and c.

4.2 Content of the interview guide

To capture the perspectives of local actors, we focused on gathering qualitative perceptions regarding relationships with supply chain actors, focusing in particular on the interviews on the operational aspects of these relationships and specifically on the conduct and impact of audits underpinning the acquisition of various labels and codes of conduct. The semi-structured interview guide, developed from the literature review and initial exploratory interviews, consists of around 30 questions grouped into five main areas:

1. Objective data on the company, certifications and obtained labels, motivations for obtaining these labels.
2. Relationships with clients and markets:
   - Type of activity (subcontracting, co-subcontracting, design and manufacturing of models).
   - Markets and clients of the company: number, location, profile;
   - Content of contracts or specifications in terms of standards to be respected and types of commitments (social, health & safety, environmental, traceability of materials, commitments regarding subcontractors/suppliers, etc.); and
   - Gathering perceptions on the requirements and their feasibility, on the behaviour of clients or contractors with respect to these requirements.
3. Procedure of audits related to compliance with standards and codes of conduct: modalities of implementation, process (duration, frequency, format), content, stakeholders involved, various perceptions (degree and types of difficulties).
4. Organisational aspects of the implementation of standards: costs, responsible positions, employee involvement; impact on the choice of suppliers/subcontractors.
5. Relationships with downstream subcontractors: profile of subcontractors, qualification of relationships, content of contracts or specifications in terms of standards to be followed, CSR commitments or codes of conduct specified in contracts. Procedure for audits at subcontractors/suppliers, format and content, various perceptions.

2 In the case of one of them, for example, the pretext was that this might disrupt the subcontractor at a time when he was being supported to pass the audits.

The semi-structured face-to-face interview technique allowed us to address these topics with the interviewees while providing enough flexibility for new or specific aspects to emerge. We specifically asked our interlocutors, whenever possible, to provide concrete examples of their statements or to describe actual events in order to minimise the risk of cognitive biases (Faems et al., 2008). In parallel, a secondary data analysis (content review of various codes of conduct and standards, displays in factories, and, in some cases, audit reports) was carried out.

The interviews, each lasting about two hours, were recorded through note-taking and then fully transcribed. The discourse was then segmented according to the themes of the questionnaire, and manually transferred into matrices with conceptual groupings adapted to qualitative data processing, cross-referencing these themes with company profiles, particularly their positioning and added value within the supply chain.

5 Empirical study: common constraints across all investigated companies

The interviews initially aimed to qualify the economic context in which the investigated companies operate, specifically the nature of their relationships with their markets (foreign clients or order givers) on the one hand, and with their own subcontractors on the other. The goal was to shed light on the leeway these companies have concerning the implementation of codes of conduct and the potential existence of influencing factors on their strategies, as described by Oliver (1991).

In general, the companies surveyed are heavily affected by coercive constraints related to their position downstream in the textile-apparel value chains, which places them in a "contradictory injunction" (Quairel & Auberger, 2005). On the one hand, order givers, aiming to reduce their reputational risk regarding their "social responsibility", impose a set of standards on subcontractors that they must adhere to in order to maintain the business relationship. On the other hand, particularly in fast fashion, the downward pressure they exert on the commercial margins of their subcontractors limits the ability of these subcontractors to adequately comply with the codes of conduct, particularly regarding social security coverage.

Beyond these constraints that limit the possibilities or willingness to implement CSR initiatives, the subcontractors surveyed face significant economic uncertainty related to the structural configuration of the local sector, particularly in three areas: industrial constraints (1), low volume and discontinuity of orders (2), and difficulties in implementing a social policy within their company (3).

5.1 Constraints related to the sector's supply

The constraint most mentioned by the companies we met was the difficulty of sourcing materials. The activities of weaving and spinning are virtually non-existent in Morocco, and the dominant relationship between European principals and Moroccan factories, in "CMT" (cut, make, trim) mode, means that the client maintains control, particularly over sourcing. This situation results in European inputs representing more than half of the sector's inputs, especially since those imported from other geographical areas cannot benefit from the preferential tariff regime associated with the free trade agreements with the European Union. As for the few local material suppliers, they take advantage of this logistical dependency to adopt monopolistic and opportunistic pricing behaviours.

This constraint, which is lamented by all the companies, whether in Tangier or Casablanca, hinders the move up the value chain and the transition to a "FPP" (full package production) mode, which involves a comprehensive solution from the manufacturer and typically translates to more comfortable margins. As summarised well by the CEO of a tier 1 company in Casablanca: "Manufacturing your own finished products is a huge task. It's difficult for Moroccan SMEs. It's feasible for small orders, but for large orders, you need huge stocks of materials, fabrics... But there are no materials in Morocco" (HR manager, Company Q, Casablanca). The procurement of materials thus becomes crucial due to its impact on the cost price: "For example, for a cost price of 100, 60 per cent is for materials, 25 to 30 per cent for labour, and the rest is for accessories like the screen printing of t-shirts, 8 to 9 per cent" (P, Casablanca).

In this context, criticism of the state, which is seen as ineffective in terms of industrial policy supporting an integrated textile sector, runs subtly through the discourse: "There is no upstream integration because there is no state policy in that direction" (CEO N, Casablanca). "The state has a vision for heavy industries (automotive, aerospace), but not for textiles... We need to become like Turkey and support product design, the state should help with raw materials" (CEO, G). The high cost of debt and energy, compared to major competitor countries, are also highlighted by most respondents, as they discourage investments in upstream activities, which are very sensitive to energy costs. "The return on investment is not obvious", summarises one manager. "The future is uncertain."

5.2 Low volume and order discontinuity

The volatility of relationships with certain fast fashion clients, who may drop a subcontractor in favour of a lower cost offered by competitors, or experience periods of inactivity that can last for several months, contributes to the uncertainty that characterises the overall business environment. The CEO of Company C in Tangier, who had not received any orders for several months before our study period, expressed their frustration: "They starve us for long periods and only come back when it suits them, when the need is urgent; meanwhile, we have fixed costs to cover, salaries, etc." This sentiment is shared by manufacturers in Casablanca with respect to their pure subcontracting activities: "European clients are opportunistic" (manager, P, Casablanca); "Inditex is not the kind of client I like to work with. For us, it's a dangerous client" (quality manager, N, Casablanca).

However, a large proportion of the companies are stuck in this model, and due to a lack of alternatives or resources, they cannot develop strategies to avoid these uncertain markets. On the contrary, adaptations are being made in line with compliance to the expectations of clients. These adaptations are partly favoured by the interconnection of production units, which contributes to the isomorphism of behaviours. Thus, due to the suddenness and volume of certain orders in relation to local production capacities, chain subcontracting is sometimes rushed: "When we talk about buying offices like Pimkie or Inditex, in two months you receive an order for 300,000 urgent pieces that the client needs right away. So, the subcontractors mobilise all their resources, all of Casablanca works on the order", explains one respondent.

Dependency on unstable orders also significantly impacts the overall profit margin of the sector, the interviewee continues:

> Then, the next two months there are no orders while costs are high: the subcontractor has a line, and he must get 3,000 pieces per day. [...] Just for a small workshop, between rent, water, and electricity, you need to pay 30,000 MAD per month, not to mention salaries. Even if there are no orders, you still have to pay the fixed costs [...]. If we follow the audit regulations, the operators on the production lines must also receive 50 per cent of their salaries.

This also penalises the ability to establish forecasted production schedules, sometimes even for just a year, and discourages both recruitment and investments. In this regard, the CEO of Company C (Tangier) explains: “For example, to launch 300,000 pieces of a model (exclusive to the company), you need to invest 1 million MAD, then run the risk that the client cancels.”

5.3 Institutional pressures hindering the implementation of social policies

The issue of the social charges borne by companies, raised recurrently in the interviews, seems to be at the heart of the concerns of the managers we interviewed. While social coverage for employees is required to access orders from most clients (“It’s the basic requirement, we don’t even discuss it”, N), all the managers we spoke with pointed out the constraint it represents for their businesses. Several of them stated that “companies in the sector” (without explicitly mentioning their own) are often unable to declare all their employees:

> In garment manufacturing, 50 per cent of the cost price is labour. And CNSS [national security] charges represent 25 per cent of the payroll, not to mention late penalties. If this item is skipped, the cost price goes down. (…) It’s very difficult to declare everyone. (CEO of J)

Some managers also complain about the recent increase in the minimum wage (Guaranteed Interprofessional Minimum Wage (SMIG)) in Morocco, calling for alternative solutions like a sector-specific SMIG or flat social charges:

> Why not create a flat rate of 350 or 400 MAD per employee? With 700 MAD it becomes very hard... If we cover everyone, there will be no money left. We’d have to increase the margin by at least 5 MAD. (D, Tangier)

In the face of rules considered inadequate, compromise strategies (Oliver, 1991) between institutional pressures and the costs of adhering to the norms are being implemented. This primarily involves partial declarations of staff, even though, during the interviews, these practices were said to be adopted by “other” companies:

> CNSS declarations are a problem for all companies. Most don’t declare their staff 100 per cent, but 60 to 70 per cent at most. With CNSS charges of 700 to 750 MAD (per employee), you need to pay 350,000 MAD in CNSS (total), so you have to work hard, and you need a lot of volume to make a margin. (D, Tangier)

Local arrangements supporting the circumvention of rules were also reported, with practices reflecting solidarity among factories. A jeans subcontractor in Casablanca shared that during CNSS inspections, “the factories pass the word to warn about the visits. We arrange with the employees. Some leave the factory during the inspection...” (Jeans subcontractor, Casablanca). For some companies, total avoidance of the requirements is the chosen strategy: “What is required doesn’t match the price per piece they ask for, 2 euros. It’s impossible not to fall into the “black” economy, even for big companies” (company B).

5.4 Managing the implementation of social standards in a context of dependencies

The dependency on the “labour force”, although of a different nature, adds to the dependency on clients and creates instability in the business. In a context of very high seasonality and volatility in orders, employment-related constraints are ultimately passed on by clients to subcontractors, who largely suffer from the difficulty of stabilising their workforce. On this point, adherence to codes of conduct or other CSR standards does not appear to be a sufficient lever among subcontractors to motivate and retain staff.

Attempts to address these issues face a structural barrier in the sector: the low level of wages. The weakness of margins leaves most subcontractors unable to act on salary levels, while employee retention can only be achieved through material incentives: a salary above the minimum wage, longer maternity leave than required by law, financial assistance for social cases, etc. From the workers' side, rational tactics emerge in selecting companies known for having large orders: "We offer overtime, that's what they're looking for" (HR manager, N).[3] The type of product manufactured is also a criterion that can influence perceived wages: "The workforce prefers working in knitwear: with piecework pay, some workers can earn up to 10,000 MAD per month" (HR manager, N).

This situation leads to opportunistic behaviours from certain categories of the workforce, related to two aspects.

On the one hand, the attractiveness of other sectors is considered higher by many respondents, who believe that they offer better opportunities for the labour force than the textile and apparel sector. The aerospace industry, with factories located near Casablanca, is often mentioned as a competitor that "steals" the workforce by offering higher wages (manager, P, Casablanca). Another sector, services such as catering, is attractive to a category of worker seeking a less demanding job that, if informal, does not require social security contributions.

On the other hand, there is an ongoing supply and demand for piecework in textile factories. Several respondents mentioned the problem posed by "task workers", who gather outside factories waiting for daily jobs that are not officially declared, and thus provide the worker with a few extra dirhams per hour. This offer is sometimes accepted by subcontractors due to its flexibility. The problem is felt both in Casablanca and Tangier:

> Informal competition [...] is eating away at our skilled workforce [...] because it does not pay taxes or provide social coverage. So, it offers a better hourly wage. The mentality of the workforce is difficult: they prefer cash over social security coverage and other benefits. (A, Tangier)

"Informal competition [...] affects the availability of labour, which is rare and not always available" (F, Tangier).

Some respondents raise another issue:

> The more experienced workers start working on their own, on piecework. They are specialists in a single task, such as pockets. [...] The wage for the least skilled pieceworker is 25 MAD/hour, while the minimum wage will be 17.14 MAD/hour in January 2025. Pieceworkers are starting to organise into teams, and they can poach employees from companies.

Thus, facing pressure on costs and margins, avoidance tactics manifest not only on the part of companies but also from the workers themselves, who paradoxically seek to escape the burden of social coverage that is supposed to protect them. However, differentiated behaviours emerge: among the workforce, it is the younger, single and childless individuals who prefer to work informally to avoid social charges. The attitude shifts among female workers with children, who value social coverage and tend to remain loyal to the company, though with a caveat: "It's a

3 It should be noted that for companies, overtime can represent an additional cost: "If you work more than 12 hours (a day), you're talking about overtime, which costs 25% more in salary." (H, Tangier)

fairly stable workforce, but after the age of 40-45, it's more difficult for productivity" (Operations manager, O).

6 Relationships between the levels of the value chain

In the discussions with the respondents, there is a noticeable contrast between the two geographic areas surveyed. A leader from company C states, "Casablanca-based companies work with each other, whereas companies in Tangier lack solidarity; they wait for the foreign client to provide them with raw materials and then begin working." This division between two subpopulations within the sample is largely influenced by the position of the companies in the value chain and, consequently, their relationships with downstream subcontracting.

6.1 Pure subcontractors: unstable relationships and ambiguous rules regarding the downstream supply chain

The companies involved purely in subcontracting are in a structurally vulnerable position vis-à-vis the buyers for several reasons. First, they generally depend on a single large European client, such as Inditex. Secondly, their undifferentiated and low value-added offerings ("If we do the finishing, we're selling time, for example, an 8-minute T-shirt, a 30-minute pair of jeans," summarises the CEO of P) put them at a disadvantage in negotiating prices, given the low barriers to entry in the activity and the substantial number of competitors that result. Finally, many of the founders of these companies are former employees in the textile sector who became entrepreneurs without necessarily having the managerial skills required to balance power dynamics, seek out new clients, or manage their costs better.

For these companies, subcontracting to "finishers" (*façonniers*), although officially prohibited by the client to maintain control over quality, becomes a necessity in the event of large orders. This situation then requires prior "exceptional" authorisation from the client: "Subcontracting is forbidden for subcontractors unless they obtain exceptional authorisation from the buyer, for example in the case of urgent orders" (E, Tangier). "We need authorisation from Inditex" (H, Tangier).

From this ambivalent relationship with the client arise two additional paradoxes, which manifest in strategies of ignoring social standards.

For example, finishers should necessarily fall under the formal sector: "If the client catches you subcontracting informally, you're off their list" (manager of G, Tangier); "Recently, informality is being fought […] the auditor asks for the models worked on, import documents, cutting documents, and calculates if all the fabric has been formally used" (D, Tangier). However, in some cases, the rule seems to be more of a façade. One leader mentions that "There are audited companies that subcontract informally, with or without the client's agreement. It's a mess with no rhyme or reason […]. It's the jungle" (J). Similarly, the operations director of company O complains, "It's the Wild West" when discussing the lack of adherence to "rules" in the sector.

Moreover, finishers are supposed to be subject to the same audit rules as their direct client: "If we have to subcontract, we need the client's agreement, and the subcontractor must meet the same audit criteria as the company" (D, Tangier); "Inditex must have the audit reports from the subcontractor" (H, Tangier). However, some respondents note a disconnect between the "official" reality and informal practices that are sometimes tolerated by the clients. One leader highlights that, at the second level of subcontracting, the rules become blurry or difficult to apply: "It's difficult for the subcontractor to follow the buyer's standards because, if we ourselves struggle to meet them, it will be even harder for our subcontractors, so the buyers turn a blind eye" (E, Tangier).

One company in the sample presents a unique profile. This large, long-established SME, which is 90 per cent pure subcontracting for various foreign buyers, relies on its production capacity and does not subcontract any volume itself: "Thanks to the workforce, we're capable of producing in large volumes, with quality and speed. Buyers come to us because we offer an advantage beyond costs. They have one interlocutor, one factory; there's no risk for them" (J). According to this respondent, buyers consider his company as a quasi-partner.

6.2 Neutralising pressures through implicit alliances with clients

Some respondents mention that the size of a company plays a crucial role in its ability to manage pressures from clients. Companies with 30 or 40 production lines are perceived to have more weight in negotiations with clients. This gives rise to a concept of "relational slack" (Donada & Dostaler, 2005), which refers to the excess production and relational capacities of these businesses. This slack provides subcontractors with more freedom in dealing with dominant partners, allowing them to maintain some level of autonomy despite the imbalances in power. For these companies, adherence to codes of conduct and norms becomes voluntary, driven by future organisational interests that align with normative constraints.

In this context, businesses that have developed strong production capabilities can position themselves in a way that allows for more strategic and long-term partnerships with their clients, reducing the risks associated with erratic orders and unpredictable demand.

6.3 Product designers and manufacturers: opportunistic strategies to manage dependence on subcontractors

For companies that manufacture their own products (seven in our sample), the margins tend to be more comfortable compared to those operating in pure subcontracting. These companies create value by focusing on product design or their own brand. Various strategies are employed, including niche marketing, targeting specific price segments, or focusing on particular customer profiles. Their relationships with clients, primarily in Europe, can either be collaborative (co-manufacturing) or strictly commercial.

For these companies, seeking strategic alliances with clients that could become long-term partners is a key strategy. They are looking for customers who are not just transactional but who can actively contribute to the creation of value. However, finding such a "stable" client is a rare occurrence, especially for newer companies: "I continue to search for clients until I find a partner-client. But you need to find them" (manager of P, Casablanca).

Unlike pure subcontractors, these companies have more autonomy in organising their production. It is generally accepted that they can have their own subcontractors. Three of the companies in our sample position themselves as "aggregators", meaning they operate in an ecosystem of subcontractors that they coordinate and manage. While this model provides flexibility in production, it also generates constraints.

The number of subcontractors ranges from four to 10. It tends to increase as companies grow, particularly for SMEs that opt to maintain capacity-based subcontracting rather than to invest in production equipment under conditions of unpredictable demand. One company that subcontracts 70 per cent of its production explains: "Last week, after a long period with no orders, we received an order for 100,000 pieces to be delivered in 10 days. I distributed them to my subcontractors. Subcontractors act as buffers" (manager, P, Casablanca).

6.3.1 The imperative to keep subcontractors active

While finding lower-tier subcontractors is relatively easy, particularly for companies in the knitwear sector ("Subcontractors from around town come to us looking for contracts. It's all about word-of-mouth networking" (manager, P, Casablanca)), maintaining a long-term relationship with them is a major challenge. The key issue here is the sustainability of the subcontractors themselves. Companies need to ensure a regular volume of work for their subcontractors in order to avoid two risks: the subcontractor's bankruptcy or them seeking work elsewhere, or even developing to the point where they become direct competitors.

Companies at the first level of subcontracting in the foreign markets, due to their better visibility in the value chain, sometimes take over commercial activities that would normally belong to their subcontractors. In this sense, a company like P ensures that its three permanent subcontractors get other orders to keep them active "between two orders".

In this interdependent situation, the concern to ensure the survival of lower-tier subcontractors to strengthen one's own organisational efficiency is shared by both companies engaged in pure subcontracting and those producing their own products. This leads to proactive strategies of involvement in the internal management of downstream actors in the supply chain. Thus, some manufacturers directly support investments in their subcontractors: direct purchases of machines to increase production capacity, or loans for acquiring equipment or premises, with the cost being passed on to the purchase invoices. These practices also help reinforce the vertical hierarchical relationship, with the tier-1 manufacturer feeling more legitimised to directly control operations at their subcontractor's site "as if they were the external auditor" (contractor).

From the specificity of this relationship arises also a "race for orders" justified by a dual opportunistic motivation. On one hand, it is necessary to retain subcontractors by continuously providing them with work, as one of them explains: "Even the subcontractor client who places the order with the contractor sometimes accepts orders just to keep things going, without making a margin, just to retain their contractors so they don't go work with another subcontractor." On the other hand, this business relationship is used as a commercial argument (strength and flexibility) during new opportunities. "As a subcontractor, I have an interest in having orders that I can place anywhere, and also so I can anticipate future orders, and it also serves as a leverage when dealing with new clients," explains the manager of I.

6.3.2 A relationship characterised by paternalism and mistrust

Aware of the fragility of their subcontractors ("Subcontractors today calculate losses, not gains [...] they remain the weakest link" – M), some subcontractors feel a paternalistic responsibility that is expressed in terms of maintaining activity and therefore employment: "Many subcontractors are stuck: they have to keep going, they have the workers' families to support" (M). "We have to maintain employment. We think of the workforce before ourselves" (K).

However, mistrust in the relationship remains prevalent for many and leads to controlling practices aimed at limiting the perceived risk of opportunism from subcontractors, who may appropriate the patterns entrusted to them. As the interviewed manager at K explains:

You have to constantly control at the subcontractor's site to ensure that the pattern being made doesn't go to another one. You can't give them the time to take it elsewhere. You have to occupy the place [...]. When it's the high season of work, the subcontractor has the choice. It is also about finding the right balance regarding the volume subcontracted. For example, for this young company P, a knitwear manufacturer for European brands, total subcontracting of production, both in terms of volume and tasks performed, is not a feasible option. The manager offers two reasons for this. On one hand, it is about retaining technical skills related to the core business by producing a minimum volume in-house, as the products made internally are also “a way to show subcontractors how to do things”. On the other hand, it is about controlling the quality of downstream tasks (ironing, folding, etc.), tasks with low added value but that the company does not delegate: “It’s an additional cost, but it’s one less big problem. I ensure what goes into the client’s boxes” (manager of P, Casablanca).

6.4 Hybrid strategies of market diversification to limit risks

A few rare companies in the sample have made efforts to move away from traditional subcontracting to focus on designing their own products. However, the approaches remain cautious, with some companies maintaining both their own product production and subcontracting activities in parallel.

For example, for P in Casablanca, the approach was incremental, starting with a first German client based in Casablanca: “This market with Germany allowed me to fine-tune the system and my design office.” The market gradually expanded to around ten clients in Europe. However, the manager still keeps half of the business in pure subcontracting to limit risks. Similarly, some managers who aimed, from the launch of their business, to focus on creating and manufacturing their own products end up turning to traditional subcontracting alongside: “At first, my project was to be 100 per cent finished products. Then I adapted to the realities. You need financial resources to only do finished products; there are many risks” (CEO of P, Casablanca).

In contrast, company B in Tangier, which is purely subcontracted to Inditex but aware of the fragility of its situation, is prospecting clients for co-manufacturing or even creating its own brand, even though “it costs a lot, you have to fight, there is no state help”.

A few companies are attempting to break into the local market while dealing with its constraints. The manager of P (Casablanca) explains:

> We make 25 per cent of our turnover with Marjane.[4] We’re in a “mid-range” niche with our own brand [...] for men. For me, it’s a test from the last two to three years. If it continues to work, it means the Moroccans appreciate our brand. I will then launch this brand with my own stores [...] with women’s and children’s models later on. And maybe also expand to Carrefour, BIM.

With the same goal, company N, which is 90 per cent involved in co-manufacturing contracts, sells 2 per cent of its production to a few large stores locally.

On the other hand, the local entry-level product market, culturally entrenched and carrying its own constraints, is avoided: “In Morocco, in the entry-level market, there is also competition from second-hand stores. Permits were given to them, with audits: sorting, recycling, quotas [...] with impossible hours to counter: there are secondhand stores that open at 4 a.m.” (CEO of P, Casablanca). In other activities, the barrier to entry in the local market is also pointed out by unfair competition. For instance, the manager of a washing and bleaching company complains that

> the price per piece has dropped in the local market because competitors who are starting out are cutting prices: they don’t have overheads, no certifications, they mostly work with the local market, don’t declare employees, aren’t subject to the same investment requirements like wastewater treatment stations, and buy reused equipment.

4 Moroccan mass distribution company.

7 At the heart of the implementation of codes of conduct: procedural audits

"In the sector, "compliance" has become the key to access to markets. It is the first entry point. It is included in supplier admission audits", says a manager during the interview. The words of another manager in Tangier illustrate the coercive aspect of codes of conduct, which push subcontractors towards compliance to avoid the risk of losing business: "It is impossible to get orders without passing these audits. Before, access to markets was easy, there weren't many audits and standards. Now, every time a problem arises, the CSR requirements of the customers increase." The importance of audits is further underlined by the fact that if they are failed, subcontractors, who are not allowed to retake the audit for a certain period, may not receive orders for three to six months.

A variety of stakeholders are involved in the control of the application of codes of conduct: purchasing centres or the ordering companies themselves, external firms mandated by them to inspect their subcontractors, or selected by companies that manufacture their own products.

7.1 Preparation and execution of audits

Subcontractors are usually informed in advance of a time window for the auditors' visit, along with a list of items to be checked, relating to labour regulations (official working hours, declaration to CNSS and payment of social charges, minimum wage, conditions of age and health, etc.), as well as hygiene and safety aspects (sanitary facilities, existence of a canteen, prayer space, noise levels, air quality in workshops, presence of fire detectors and extinguishers, availability of occupational health services, etc.). Displaying the various standards and charters is mandatory in factories.

The duration of audits, usually conducted annually, ranges from one to three days. The audit process is prepared internally, involving multiple functions:

> HR monitors the personnel documents as well as the health and safety aspects, the warehouse manager tracks fabric traceability, the presence of the correct quantities consistent with those declared, and the maintenance department takes care of the technical aspects related to the audit. (company G)

"The preparation for the audit is regularly done; it is the responsibility of administration, maintenance, and HR departments" (company F). The checks are based on document reviews (accuracy of reported working hours, verified through staff attendance logs, cross-referenced with CNSS declarations, etc.). "The tangible proof is with you," emphasises our contact in company Q. These are supplemented by confidential interviews with samples of the staff. More technical checks, such as those related to the quality of facilities, are carried out directly on-site by the auditors.

For certain particularly polluting activities, such as those of the three companies involved in the washing and bleaching of jeans (Q, L and M), an environmental audit is mandatory: wastewater treatment plants, water recycling, etc., are part of the requirements. The three companies report incentives to reduce fuel consumption and replace it with alternative energy sources like biomass. "The customers give deadlines for these investments, they know they are heavy. […] It's more difficult than the social aspect, it requires a lot of expertise" (company Q). Audits also examine the disposal methods for chemical waste, which is sold, for example, by company Q to two local companies specialising in fabric waste recycling. Customers exercise formal control over operations by requiring various documents (contracts, invoices, delivery slips).

7.2 The pressure of cascade audits

Labelling a product implies that all companies involved in its manufacturing must be controlled and receive certification. However, “cascade subcontracting” complicates this certification process (Diller, 1999). The survey reveals that two subpopulations can be distinguished regarding the conduct of audits.

7.2.1 Companies with pure subcontracting and a single client: a passive acceptance

In a hierarchical approach to the supply chain, the ordering companies directly control compliance with standards at their tier 1 subcontractors through technicians assigned to production sites. They also control tier 2 subcontractors through “traceability” audits triggered for each model produced by tier 1 companies. These companies adopt an attitude of adherence to the system, given that the ability to sell their production is ultimately at stake, and they are particularly cautious when choosing their own subcontractors:

> Regarding tier 1 subcontractors, there are orders they cannot place elsewhere than with a good subcontractor because Inditex can conduct the traceability audit: […] they can show up unannounced at the subcontractor’s site as soon as they are notified that the order is placed with them. They can knock on the subcontractor’s door at 8 a.m. to check if the production line’s capacity matches the order. (intermediary)

On the side of the small subcontractors, implementing the conditions required by the codes of conduct is, as expected, a passive experience. None of our interlocutors reported any proactive approach or ownership of the process. One of them expresses the feeling of disconnect between the pressures and the reality:

> The company that gives me the orders is the one that handles the audits, because as a subcontractor, I don’t have the time or resources to follow the audits. There is a special team from the tier 1 subcontractor who will handle the follow-up with the audit firm and communicate with them. The subcontractor […] will quickly lose patience because the client does not have the legitimacy to ask for such detailed audits with such low piece prices.

Moreover, some subcontractors even regret having embarked on the process, as the rigidity of the codes of conduct pushes them to seek less-demanding markets: “In any case, there is a market,” says a jeans subcontractor in Casablanca. “There are clients without audits, we look for them; we need to make prospecting visits in Europe” (B, Tangier).

7.2.2 Companies with more autonomy: between incentives and constraints for spreading standards downstream

Unlike the companies in the previous group, the few companies that manufacture their own products are more proactive in obtaining various labels and codes of conduct. Several factors highlighted by Oliver (1991) seem to play a role in the motivations, starting with the expected economic gain through the adoption of the codes of conduct: “Some companies […] multiply standards to be able to take production from everyone” (HR Director of company Q).

The perception of significant environmental uncertainty also plays a role in the adoption of institutional compliance and its dissemination by these companies. Indeed, the limited choice of alternative high-quality suppliers drives these companies to actively engage in the development of their subcontractors by passing on standards and preparing them to pass audits to align with various norms. “There is an indirect responsibility for upgrading (subcontractors),” explains the

HR Director of company Q, a designer and manufacturer of its own denim products. “If I say I work with this subcontractor, the client will audit them, but it’s me who has to support them. The supplier ensures the traceability of where they work and of their own subcontractors.” The support is ongoing: while waiting for certification, the goal is to provide the subcontractor with economic stability by carrying out commercial outreach on their behalf: “For those who are not yet audited, we give them work for clients who accept this profile of subcontractor” (operation director, company O).

7.2.3 The difficulty of building a sustainable relationship with subcontractors

A challenge for these companies is also constructing a long-term relationship with their subcontractors, as the number of “upgraded” units is, for example, estimated as “insufficient” by the two aggregating companies in the jeans sector. For the marketing manager at company O, the quality of tier 2 subcontractors is considered a “barrier to expansion” for the company, even described as a “black spot”: “We think they have a technical competence problem. The subcontractor fails to meet the quality standard […]. Sometimes the subcontractor doesn’t make money due to method or internal organisation issues” (marketing manager, company O).

For tier 1 companies, the stakes are double: upstream, the stability and expansion of their own markets depend on it. Downstream, it’s about managing the threat of instability in their supply chain. “We are trapped,” acknowledges the production manager at company O, faced with this imperative of coordinating downstream activities, which becomes a source of tension due to the impossibility of fully controlling subcontractor behaviour. According to this interlocutor, the unpredictable behaviour of some subcontractors, who “close shop overnight” to erase unpaid national social security debts to CNSS, contributes to a sense of tension in the imperative of cooperating in an environment of uncertainty, or even distrust.

7.2.4 Disseminating standards downstream in the supply chain

The dissemination of standards downstream in the supply chain occurs through skill-building support to ensure that tier 2 subcontractors adopt the requested standards and become “auditable” by the final client. “We’ve contributed to upgrading them: skills, know-how […] We monitor, we raise awareness” (company Q).

> Some subcontractors make their technicians available to their subcontractors to train people […] and do this without being paid because they know that the subcontractor is so focused on survival to produce the required quantity that they won’t have time to prepare the audit on their own. (company I)

However, these efforts that fall to these companies to spread best practices in their downstream supply chain are experienced as an imbalanced transfer of responsibility that should lie with the foreign clients. Compliance attitudes do not necessarily imply adherence to the system of codes of conduct:

> Our role is not to constantly help people survive. In fact, the final client is offloading this responsibility onto us, which is somewhat hypocritical. If something goes wrong, the problem is ours: the client walks away if there’s a problem. (company O)

Although non-contractual, this commitment to supply chain coordination is somewhat formalised in an information system that records the respective requirements and commitments of upstream and downstream stakeholders. Thus, like other companies, the CSR manager at company O creates a two-entry grid: on one side, the clients with a description of the required standards, and on the other side, the subcontractors. The grid is “quite stable, valid until updated”: “When we audit a subcontractor, we inform the client so they can add them to our supply chain” (CSR manager, O). The document is provided upon request to potential clients, allowing them to "get acquainted" with downstream subcontractors. This allows the supply chain to be traced by ordering companies, who thereby protect themselves from risks. In the same vein, communication between stakeholders facilitates the rapid dissemination of information about the standards: "Clients have the email address of the CSR manager, the CEO, and the sales director. They share the new requirements" (company O).

8 Do audits facilitate the diffusion of CSR standards? Difficulties and disillusionments with practices

Undergoing audits that verify compliance with codes of conduct is a key element for tier 1 companies to secure legitimacy for entry into global value chains: "The more you are audited, the more work you get [...] unless you want to work with the local market" (P, Casablanca), thus creating a sort of "audit market". However, three recurrent criticisms emerge from interviews: the formal nature of the audits, the cost of audits, and the shifting of investment risks onto tier 1 companies.

8.1 Are audits truly independent?

In several cases, the situation may seem paradoxical: the auditing firm is paid by the companies being audited, when for audits to be truly effective, the control should remain independent from the companies involved. The risk here is that the rigour of the audit may be reduced, or at worst, lead to complacency, as this interviewee suggests:

> The Join Life audit is more flexible because we pay for it; therefore, it is not as strict as others. But of course, the firm cares about its reputation and won't turn a blind eye to the essentials. For example, a document like the company's organisational chart – the representative of the firm asked for it, and I prepared it on the spot. She made sure that the people in question were indeed in the positions declared in the chart […] But it's still a light audit. (D, Tangier)

Moreover, since the buyers (i.e. clients) are the ones commissioning the audits, this may lead to complacency: "Some buyers turn a blind eye to traceability audits, especially when they are small and have no other choice" (intermediary company).

Other factors also diminish companies' commitment to the codes of conduct, such as a perceived mismatch between formal requirements and industrial realities: "The obligations are too restrictive. For example, the air quality inside the factory, it's hypocrisy: how is it outside?" (E, Tangier). "There's hypocrisy regarding chemicals. Even Inditex asks for certain chemicals for the bleaching process", remarks the head of a jeans washing company. The certification requirements that mandate the use of specific chemicals rather than others also seem to create negative side effects, creating an asymmetry in the relationship with suppliers: "Regarding chemicals, there is speculation; some suppliers wield power, which drives up the price to get the certification" (M). On a more political level, the very direction of major retailers' initiatives is viewed with suspicion: "Some members of BSCI carry more weight than others. BSCI is just business, a social hypocrisy" (Q).

In addition to the issue of audit independence, their rigour seems to face a key limitation, which is the predictability of audit visits, at least among major subcontractors: "We are told that every two years we will be audited. There are never any surprise visits between audits. […] Audits are just a façade […] They are more of a pressure tool than a management tool in the factory" (operations manager, O).

8.2 Contingencies between the formalism of audits and local realities

The coherence between standards and organisational objectives is one of the contingency factors that explain strategies in response to institutional pressures (Oliver, 1991). The procedural nature of audits, which focus on standards that subcontractors had no role in defining, does not seem to encourage ownership of these standards by the subcontractors themselves. For example, the manager of company G in Tangier describes:

> OCS and RCS require a lot of work: traceability of fabrics and their quantity, whether the room is open and secured, who will receive the goods, whether the scissors are numbered, who uses the scissors [...]. The procedure is difficult; some companies don't know where to start because they are not used to it.

This situation appears to have a dual effect: on the one hand, there is a tightening of audit procedures by buyers, and on the other, some subcontractors adopt circumvention tactics.

While Inditex is considered "less difficult" than other brands in its audit requirements, some interviewees note that it has become increasingly complicated to be included in their supplier database. The audits seem to take local practices into account, tightening their control procedures and shifting responsibility for compliance onto subcontractors:

> Every time there are new requirements in Inditex audits: for example, regarding the CNSS, they used to just ask for a declaration, but now they require that the situation with the CNSS shows no outstanding credits, everything must be paid, and if there are any months unpaid due to a recent stoppage, they will not allow payment in instalments. (H, Tangier)

For companies, caught between the burden of social security contributions and this tightening of audit procedures, the constraint is heavy: "The toilets, the doors... […], I do it because it's small expenses. […] The social audit is the hardest. The CNSS charges are huge for the companies" (company I).

Moreover, buyers seem to delegate the auditing of direct subcontractors to external auditing firms,[5] which further reinforces the procedural nature of the audits and the hierarchical distance between parties:

> Before, we had technicians on-site all the time to see if everything was okay, they were there every day deciding if we could load for export. Now there is an auditing firm that makes the decision, and it is stricter in its requirements because it has a checklist, while the technicians followed things on a daily basis. The change came from Inditex to reduce the defect percentage. (H, Tangier)

In this context, the audits may feel more like a formality, where compliance is checked via checklists and external auditors, rather than being an organic part of improving practices within the companies. The formalism of the audits – combined with the rigid standards that do not always reflect the local industrial realities – may lead to a sense of disconnection or dissatisfaction among subcontractors who are expected to comply without being actively involved in shaping the standards.

5 However, direct subcontractors' relations with their own downstream supply chain continue to be monitored directly by Inditex in the form of unannounced visits to lower-ranking subcontractors, in particular to check that the declared subcontractor is actually the one to whom the work has been entrusted: "Inditex carries out an unannounced check: show me the vouchers for all the goods from customer X who has told me that he has his goods with you" (company M).

8.3 The cost of audits: an investment to stay in the supply chain, but no benefits in terms of CSR

The cost of various audits can reach between 150,000 and 200,000 MAD annually per company, which represents a heavy burden for small subcontractors further down the supply chain. According to the interviews, the annual costs break down as follows: 34,000 MAD for BSCI, 18,000 MAD for ICS, 35,000 MAD for Cedex, 25,000 MAD for Join Life, 15,000 to 20,000 MAD per year for SMETA, and 15,000 MAD for the Zara Kids audit, with additional charges such as the metal detector process and calibration for detecting lost needles (G, Tangier). Similarly, the cost of OCS and RCS audits amounts to 13,000 MAD per year, plus 8,000 MAD annually for various checks such as temperature and acoustics (G, Tangier).

Tier 1 companies then support their subcontractors financially by sharing the costs of audit firms or by deducting amounts from the prices: "We try to have a partnership relationship with them, to help them pass the stages and become auditable" (company Q). The global situation leads to criticisms, as expected:

> The ones benefiting from the situation are the audit firms, for example GOTS, which claims that cotton is organic when statistically it's impossible, as only 1 per cent of cotton in the world is organic. Today, cotton traceability can be done with a sample, and we can detect which field it comes from worldwide. (intermediary)

Other forms of costs are borne by subcontractors due to the normative requirements of buyers who shift the investment risk onto them. This is particularly the case for companies involved in the washing and dyeing of jeans. One contractor (L), explains:

> In two years, Inditex asked for a water recycling plant costing 3 million MAD, even though orders are not secured. It's just a requirement to be audited. Then they asked for a biomass boiler that costs about 3 million MAD as well.

He laments: "The investments are made without any commitment from the client. There's no room to play with other costs." However, "having these investments is an entry ticket to the sector since there is no other market but Inditex, as the quantity demands having this client."

Ultimately, voluntary actions that could be considered part of Corporate Social Responsibility (RSE) are extremely rare among the companies surveyed. The audits mainly focus on verifying strict compliance with regulatory standards, and only one company in our sample goes further in implementing RSE, having a dedicated structure for it. Additionally, only two subcontractors in Tangier and one in Casablanca report running awareness campaigns for their employees on topics such as energy consumption, the use of cleaning products, or, on a completely different note, violence against women or the detection of health problems.

8.4 A case that stands out

Company O, located in Casablanca and creating its own jeans models, stands out as an exception. It is one of the rare cases among those surveyed to take a proactive and voluntary approach to CSR. This company is not exposed to the uncertainty of fluctuating orders or the pressure of audits required by buyers. Instead, it designs and manufactures finished products (with denim as the main product) under "white-label" for around twenty clients. Among the SMEs in the Moroccan sector, it has "created a place for itself" (marketing director) and is performing well, experiencing growth with revenues projected to triple in the coming years.

The role of the health, safety, and environmental (HSE) manager, created eight years ago within the company (17 years after its founding), has evolved into the CRS position and then into an

ESG (environmental, social and governance) role. The young employee in charge of this role (with a master's degree in hygiene and safety from the Higher School of Textile and Clothing Industries (ESITH), and previously at the Faculty of Sciences and Techniques) admits, however, that "the ESG aspect is not yet clear, a bit ambiguous. It's a bit of both CSR and HSE at the same time."

The evolution comes from the company's shareholders' desire, particularly after the introduction of a major local bank, which "wants to leave its mark, possibly bring in new clients" (CSR manager). Unlike the experience of other companies interviewed, the dynamic is internal and not solely driven by market demands: "Not many clients ask for the ESG aspect yet, but there is a desire to develop it throughout the group [...] for the group's image, maintaining a level of social contribution, and satisfying clients" (CSR manager, company O). In this sense, one can speak of a true CRS approach in this company.

The company is thus engaged in both environmental and social initiatives: since 2023, it has launched a "solidarity recycling" project in partnership with its Moroccan-Spanish cardboard supplier, which oversees the project. This initiative involves selling plastic thread spools (1 Dh/spool) to a subcontractor of the supplier, with proceeds benefiting the SOS Children's Villages, a Moroccan charitable organisation, in exchange for a certificate issued by the supplier. Additionally, the company is conducting a feasibility study for a textile-waste sorting project to extract fibres, with a subcontractor in Tangier responsible for the technical studies of the project.

9 General conclusion

This research aimed to understand the impact of the codes of conduct established by international buyers in the textile and clothing sector on the supply chain in Morocco. The overall question was to find out whether the standards spread downstream to the various levels of local subcontracting, the extent to which they contribute to an increase in the quality and skills of local manufacturers, and whether they have a consequent impact on relations between the various actors in the supply chain. In light of the institutional theory of the firm and the resource dependency theory, the study sought to characterise the attitudes of companies regarding the implementation of these codes and to contextualise them according to explanatory factors.

The qualitative survey focused on the perceptions of stakeholders, which to our knowledge are rarely taken into account in existing studies and literature. It enabled us to identify both a diversity of situations and cross-cutting factors. In a sector in which competition primarily revolves around cost-cutting, production units cope with a transversal dependency on two types of resources: social and economic.

Social and economic resource management: a restrictive context

The management of labour resources is affected by factors such as the high cost of social security charges in relation to commercial margins, the difficulty of retaining a workforce that is sensitive to the slightest variation in pay, and informal competition at the downstream level, both from informal production units and workers selling work for hire. On the economic side, the lack of upstream integration of activities leads to high dependency on imported inputs and costly supplies, further increasing pressure on margins. Manufacturers also highlight the difficulty of investing in spinning or textile activities due to the production cost surcharges (notably energy) compared to other countries.

Limited impact of standards on subcontractors

In this context, subcontractors find themselves in a restrictive position when it comes to implementing CSR policies. Generally speaking, the standards adopted imply more strict compliance with the legal minimum (respect for the minimum wage, social security cover, rules on safety at work) than they do a sustainable impact on the development of companies and their environment.

Furthermore, the fact that the implementation of codes of conduct is strictly supervised, in a top-down manner, through procedural audits conducted by private firms contributes to the spread of a culture centred on strict adherence to formal rules, driven by coercive isomorphism. For example, the codes of conduct do not include the objective of developing production units through technical or managerial training, which would enable them to enhance their skills.

Two responses to institutional pressures

The study revealed two distinct responses to the institutional pressures underlying the implementation of the codes of conduct.

For classical subcontracting companies, the codes of conduct are implemented passively under pressure from the buyers. They attract little commitment, especially in the downstream part of the chain, where the focus on formal agreements encourages rule-circumvention practices (partial declarations of the workforce, reliance on piecework, false bankruptcy declarations to cancel unpaid social dues), leading to instability across the entire chain. Factors such as uncertainty arising from order volatility, the low economic gain expected from implementing the codes, and the perceived gap between the requirements and the everyday reality explain these attitudes.

For those who are in a co-contracting situation or who manufacture their own products for foreign markets, the adoption of code of conduct standards is more a question of a proactive marketing approach to markets. The survey reveals the pivotal role played by these companies, which coordinate the downstream supply chain by monitoring the implementation of codes of conduct and aligning practices. It is at their level that any potential impact on the development of lower-tier subcontractors can be sought, all other things being equal. However, due to this role, their relationships with the downstream part of the chain are generally characterised by a climate of distrust, limiting their ability to support (in terms of consolidation) subcontractors. The interdependence between the levels of the chain is reciprocal, and one of the limiting factors (perceived as a risk by these aggregating actors) is the possibility that subcontractors, as they gain strength, may seek to move up the value chain and become competitors.

Genuine dissemination of CSR practices in Morocco’s textile and clothing supply chains would be encouraged by a consolidation of local value chains and moving away from the current situation of dependence on foreign contractors. Several actors may have a role to play in this perspective.

Levers for action through public policy

Although Morocco’s industrial policy supports investment in the spinning and weaving industries (particularly through the Industrial Acceleration Plan and the Investment Promotion Fund), the sector is still largely dependent on imported raw materials, and faces high production costs. Spinning and weaving have significantly declined in Morocco since the early 2000s due to a combination of factors: high production costs compared to international competition (particularly from Asia), a lack of investment in modern technologies, and a shift towards downstream activities with quicker returns on investment. Current measures in support of the textile sector, outlined in the 2014–2020 Industrial Acceleration Plan and the follow-up plan for 2021–2025, include (in addition to exemptions from or reductions in corporate tax and VAT on imports for equipment) financial support for the acquisition of both material and intangible assets, attracting foreign direct investment, access to land, human resource training and a strengthening of import controls at borders.

However, in view of the grievances expressed by manufacturers during our survey, efforts still need to be pursued. A central point raised, that of the cost of energy and in particular diesel, is not included in the government's incentive measures. The high level of concentration on the market for the distribution of these products[6] leads a few distribution companies to control the market through agreements on fuel prices. State control of these prices would be a strategic and necessary action to improve the competitiveness of Moroccan companies and encourage local investment in the upstream activities of the textile-clothing sector.

Reducing dependence on foreign buyers could also help overcome resistance related to social charges, particularly as the Moroccan government has made the expansion of the social protection system a major priority. The aim should be to assist the garment industry in moving beyond the purely cost-per-minute logic (which leads them to view social protection exclusively as a burden) to a model of competitiveness based on added value. The Moroccan Ministry of Industry and Commerce and the Moroccan Association of Textile and Clothing Industries (AMITH), in collaboration with producers across the supply chain, could support the search for growth drivers and new markets through differentiation strategies and upgrading.

Encouraging local labels to move beyond buyers' codes of conduct

One way to reduce the dominance of formal buyer codes of conduct would be to encourage the adoption of a local label specific to the sector, such as "Dayem Maroc", created in 2021, or the CSR label from the CGEM (General Confederation of Moroccan Enterprises), while also developing an argument for foreign markets. Currently, the CGEM label primarily targets large companies, none of which are in the textile and clothing sector. However, the recent awarding of the CSR-CGEM label to the Higher School of Textile and Clothing Industries (ESITH) in March 2025 may signal a positive step in this direction.

Strengthening managerial skills in small producers

For small producers in classical subcontracting relationships, it would be essential to enhance their managerial skills by developing coordinated training programmes between AMITH, the Office of Vocational Training and Employment Promotion (OFPPT) and ESITH, or even training programmes based on public–private partnerships to pool expertise. In its role as mediator in exchanges between Moroccan producers and international principals, AMITH could also make the latter aware of the effects of uncertainty arising from the volatility of their orders (for some) on the subcontracting chain and the difficulties of adopting codes of conduct in such a context. Reciprocal commitments could encourage more stable order volumes, allowing the downstream supply chain to benefit from better activity planning.

Actions for sustainable development in the sector

Actions should also focus on the sustainable development of the sector. A specific focus could be placed on the production chain of denim products, where dyeing, washing and bleaching activities are particularly water- and chemical-intensive. German cooperation through GIZ (the Germany Agency for International Cooperation), already involved in the ecological transition of Moroccan industries, could contribute, in collaboration with AMITH, for example, to

6 Highlighted by the Competition Council (Kingdom of Morocco) in an opinion in 2022 (Royaume du Maroc) and in a press release in 2023.

strengthening the sustainability of these activities through technical assistance, training to prepare for audits, and raising awareness of the advantages of implementing CSR standards that go beyond simple regulatory social standards. Additionally, they could support the funding of shared and ecological washing/bleaching stations to reduce the prohibitive investment costs and encourage sustainable water resource management throughout the sector.

Expanding the scope of the investigation

Finally, in order to consolidate the findings of this qualitative survey, it might be interesting to extend the investigations to a population that has been difficult to reach: small-scale manufacturers. Faced with more constraints than their peers, they may have greater recourse to informal practices or circumventing the rules. Exploring these would allow for better targeting of industrial policies aimed at supporting them.

References

Aguilera, R. V., Williams, C. A., Conley, J. M., & Rupp, D. E. (2006). Corporate governance and social responsibility: A comparative analysis of the UK and the US. *Corporate Governance: An International Review*, *14*(3), 147-158.

amfori. (2025). *amfori BSCI*. amfori. https://www.amfori.org/en/solutions/social/amfori-bsci

AMITH. (2023, March). *Amith News*. AMITH.

Bair, J., & Palpacuer, F. (2015). CSR beyond the corporation: Contested governance in global value chains. *Global Networks, 15*(1), 1-19.

Bartley, T. (2007). Institutional emergence in an era of globalization: The rise of transnational private regulation of labor and environmental conditions. *American Journal of Sociology*, *113*(2), 297-351.

BCI. (2025). *Who we are*. BCI. https://bettercotton.org/who-we-are/

Cascale. (2025). *Higg Index tools*. Cascale. https://cascale.org/tools-programs/higg-index-tools/

CGEM. (2018). *Une entreprise forte, un Maroc gagnant* [Programme de l'Université d'été]. CGEM. https://fr.scribd.com/document/388546693/Ue-Cgem-Programme-Fr

Chanson, G., & Tite, T. (2018). Le contrôle RSE des fournisseurs: entre "greenwashing" et effort réel d'une firme pivot. Le cas VEOLIA. *Recherches en Sciences de Gestion*, *128*(5), 59-80.

Chen, X., Huang, R., Yang, Z., & Dube, L. (2018). CSR types and the moderating role of corporate competence. *European Journal of Marketing*, *52*(7/8), 1358-1386.

Christmann, P. (2004). Multinational companies and the natural environment: Determinants of global environmental policy. *Academy of Management Journal*, *47*(5), 747-760.

Diller, J. (1999). Responsabilité sociale et mondialisation: qu'attendre des codes de conduite, des labels sociaux et des pratiques d'investissement? *Revue Internationale du Travail*, *138*(2).

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147–160.

Donada, C., & Dostaler, I. (2005). Relational antecedents of organizational slack: An empirical study into supplier-customer relationships. *M@n@gement, 8*(2), 25-46.

Frigant, V. (2009). Tensions et complémentarités dans la diffusion de démarches socialement responsables dans les chaînes de valeur: l'exemple de l'industrie automobile. *4ème congrès du RIODD (Réseau International sur les Organisations et le Développement Durable),* 25/27 juin. RIODD.

Frynas, J. G., & Yamahaki, C. (2019). Corporate social responsibility: An outline of key concepts, trends, and theories. In B. Rettab & K. Mellahi (Eds.). *Practising CSR in the Middle East* (pp. 11-37). Springer International Publishing.

Gereffi, G., Humphrey, J., Kaplinsky, R., & Sturgeon, T. (2001). Introduction: Globalisation, value chains and development. *IDS Bulletin, 32*, 1-8.

GOTS. (2025). *Certification and labelling*. GOTS. https://global-standard.org/certification-and-labelling

Grüninger, B. (2018). CSR and management practices: The role of CSR-standards in Brazil. In C. Stehr, N. Dziatzko, & F. Struve (Eds.). *Corporate social responsibility in Brazil: The future is now* (pp. 29-53). Springer International Publishing.

Hattabou, A., & Louitri, A. (2011). Développement durable et management des PME: une analyse en termes de proximité. Illustration par un cas du secteur Textile-Habillement. *Revue Management et Avenir, 3,* 122-142.

Heald, D. (2012). Why is transparency about public expenditure so elusive? *International Review of Administrative Sciences, 78*(1), 30-49.

ICS. (2025). *Our members*. ICS. https://ics-asso.org/our-members/

Lavie Éco. (2022, 22 December). Textile: Des transformations très encourageantes. *Lavie Éco*. https://www.lavieeco.com/affaires/textile-des-transformations-tres-encourageantes/

Liu, L., & Tian, G. (2021). Mandatory CSR disclosure, monitoring and investment efficiency: Evidence from China. *Accounting & Finance*, *61*(1), 595-644.

Locke R.M., Rissing B.A., & Pa, T. (2013). Complements or substitutes? Private codes, state regulation and the enforcement of labour standards in global supply chains. *British Journal of Industrial Relations, 51*(3), September, 519–552.

Marano, V., Tashman, P., & Kostova, T. (2017). Escaping the iron cage: Liabilities of origin and CSR reporting of emerging market multinational enterprises. *Journal of International Business Studies, 48,* 386-408.

Meyer, J.W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology, 83*(2), 340-363.

Müller, M., & Seuring, S. (Eds.). (2006). *Research methodologies in supply chain management*. Springer.

OECD. (2000). *OECD Annual Report 2000*. OECD Publishing.

Oelze, N. (2017). Sustainable supply chain management implementation—Enablers and barriers in the textile industry. *Sustainability, 9*(8), 1435.

Oliver C. (1991). Strategic responses to institutional processes. *The Academy of Management Review 16*(1), 145-179.

O'Rourke, A. (2003). A new politics of engagement: Shareholder activism for corporate social responsibility. *Business Strategy and the Environment, 12*(4), 227-239.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective*. Harper & Row.

Piveteau, A. (2009). Intégration productive transfrontalière ou reproduction d'un rapport de sous-traitance. Les confectionneurs tangérois. *Critique Économique, 25*.

Quairel F., Auberger M.-N., La diffusion de la RSE par la relation fournisseurs: Injonctions paradoxales ou partenariat de progrès?, *Revue Internationale PME, 20*(3-4), 2007, pp. 69-94.

Royaume du Maroc, Conseil de la Concurrence. (2022). Avis du Conseil de la concurrence sur la flambée des prix des intrants et matières premières au niveau mondial et ses conséquences sur le fonctionnement concurrentiel des marchés nationaux, A/3/22. Royaume du Maroc.

Royaume du Maroc, Ministère de L'Industrie et du Commerce. (n.d.). *Plan d'Accélération Industrielle 2014-2020.* Royaume du Maroc.

Sahasranamam, S., Arya, B., & Mukundhan, K.V. (2022). Dual institutional embeddedness and home country CSR Engagement: Evidence from Indian MNEs. *Journal of Business Research, 141,* 163-174.

Sedex. (2025). *SMETA, the world's leading audit*. Sedex. https://www.sedex.com/solutions/smeta-audit/

Seuring, S., & Müller, M. (2008). From a literature review to a conceptual framework for sustainable supply chain management. *Journal of Cleaner Production, 16,* 1699-1710.

Sum, N.L. (2010). Articulation of "new constitutionalism" with "new ethicalism": Wal-Martization and CSR-ization in developing countries. In P. Utting & J. Marquez (Eds.). *Corporate social responsibility and regulatory governance – Towards inclusive development?* (pp. 50-76). Palgrave.

Tashman, P., Marano, V., & Kostova, T. (2019). Walking the walk or talking the talk? Corporate social responsibility decoupling in emerging market multinationals. *Journal of International Business Studies, 50,* 153-171.

Textile Exchange. (2025a). *Certification to our standards is carried out by a third party*. Textile Exchange. https://textileexchange.org/certification-bodies/

Textile Exchange. (2025b). *The RCS and GRS are designed to boost the use of recycled materials*. Textile Exchange. https://textileexchange.org/recycled-claim-global-recycled-standard/

Vercher C., Palpacuer, F., & Charreire Petit, S. (2011). Codes de conduite et systèmes d'alerte éthique: la RSE au sein des chaînes globales de valeur. *Revue de la régulation, 9*.

Wang, Q., Jacob, D. J., Spackman, J. R., Perring, A. E., Schwarz, J. P., Moteki, N., ... & Barrett, S. R. H. (2014). Global budget and radiative forcing of black carbon aerosol: Constraints from pole-to-pole (HIPPO) observations across the Pacific. *Journal of Geophysical Research: Atmospheres, 119*(1), 195–206.

World Bank. (2021). *L'industrie de l'habillement au Maroc vue par les acheteurs internationaux.* Author.

World Bank. (2023). *Global economic prospects, January 2023*. Author.

Appendix: List of surveyed companies

Company code	Date of establishment	Staff	Certificates	Client profile	Products	Design activity	Subcontractors	Interviewees
Pure subcontracting 100%								
A	2013	400–500	BSCI, SMETA, Inditex, GOTS, OCS, GRS, Sedex	Order givers (Inditex 70%, Mango Spain 30%, UK)	Womenswear	None (a hesitant attempt)	—	Director, sales director
B	2017	250–300	Inditex, SMETA, ICS, GOTS	Order givers (Spain 80%, France 20%)	Womenswear	—	—	Director
C	1991	220	BSCI, ISO 9001-2015	Order givers (GB France, Spain)	Workwear	—	None (due to a bad experience in the past)	Director
D	2005	50–100	Inditex, Join Life (OCS, RCS) in preparation	Spanish intermediary for Inditex	Ready-to-wear	—	—	Director
E	2010	200–500	Inditex, OCS/RSC, BSCI	Unique order givers (Inditex)	Ready-to-wear	—	—	Director, accountant
F	2014	450	Inditex, SMETA (UK in market forecast)	Order givers (99% Inditex, 1% others)	Ready-to-wear (dresses, jackets, shirts)	None (the idea exists)	—	Director
G	2001	250	Inditex, SMETA, BSCI, Join life (GOTS, OCS, RCS, GRS), Zara kids	Unique order givers (Inditex)	Womenswear + kids	—	—	HR manager
H	2019	270	Inditex, RCS/OCS, SMETA, Metal kids	Unique order givers (Inditex)	Womenswear + kids	—	—	Factory manager

Company code	Date of establishment	Staff	Certificates	Client profile	Products	Design activity	Subcontractors	Interviewees
Pure subcontracting 90%, finished products 10%								
I	2006	approx. 150	Inditex, SMETA, BSCI, Join life (GOTS, OCS, RCS, GRS), Zara kids	Order givers in Europe	Lingerie, ready-to-wear	—	—	Leader
J	1997	450	ICS, Smeta, Audits Inditex, Nike, Next	90% order givers (Inditex, Zanier France, New Look) 10% finished products (10 customers in Europe)	Sportswear	New design office	Very few subcontractors	CEO
K		200	OCS, RCS, GOTTS, CRS, Smeta	Inditex 90%	Denim	1 fashion designer-pattern maker	A few garment manufacturers	The two partners
Subcontracting (washing and decolourising activity)								
L	1991	300	Requirements for equipment and wastewater treatment	Local and international clients	Washing and dyeing activity	—	—	Technical manager
M	2003	100	Requirements for equipment and wastewater treatment	20 clients, both local and international (including Inditex)	Washing and dyeing activity	—	—	Manager
Co-manufacturing, finished products								
N	2008	200	GOTS, OCS, BSCI, GRS	90% co-manufacturing (10 clients in Europe) 2% subcontracting (Inditex) 8% finished products (Marjane and Carrefour)	Sportswear – Denim	On some products, focusing on the commercial aspect	10, including 5 permanent	Production manager, quality manager, technical manager

Company code	Date of establishment	Staff	Certificates	Client profile	Products	Design activity	Subcontractors	Interviewees
O	1998	500	BSCI, Higg, SMETA, ICR, GOTS, GRS	100% finished products in "private label": around 10 clients in Europe, the USA and Turkey	Denim	Yes, team of 5 designer	5 stable positions, up to 20	Marketing director, operations director, CSR manager
P	2020	100	GRS, GOTS, BSCI	50% finished products (10 clients in Europe, one in Morocco (retail)) 50% subcontracting with Inditex	Sportswear	Yes (on finished products)	4 stable positions, 4 variable positions	Manager and partner
Q	1990	600	BSCI, RCS, Code Inditex	100% finished products and garment washing (Inditex, Jules, Lee Cooper, Sud Express, etc.)	Denim trousers	Team of 30 stylists and pattern makers	Approximately 10 (30% of the production is subcontracted)	HR director (former production director)
R	2005	60	BSCI, ICS, ISO, Eco Friendly, Fibre Citoyenne	100% finished products, with 80% sold to local exporters	Accessories			Manager
Small contract manufacturers								
S	–	40	ICS	A local client, a tier 1 subcontractor	Clothing	—	—	Director
T	–	80	None	Approximately 20, local and export market	Clothing	—	—	Workshop manager
U	2021	20	None	A local client	Household linen and clothing	—	—	Workshop owner
Commercial intermediary company								
V	2015	approx. 10	None	Clients both locally and internationally	All types of clothing	—	—	Administrator