CSR-Related Stakeholder Pressure in Supply-Chains

A Qualitative Study of the Clothing Industry

Master Thesis within Business Administration
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Corporate Social Responsibility increases in importance, especially in the context of Supply-Chain Management. This is anchored in the rising competitiveness between entire supply-chains, as a competitive shift from individual companies to supply-chains as entities is taking place. Hence, the entire supply-chain becomes more critical in the creation of a competitive advantage. Corporate Social Responsibility has the potential to create legitimacy in the eyes of stakeholders and thus, also may contribute to the creation of this competitive advantage for entire supply-chains. Therefore, changing societal demands and stakeholder pressure stimulate the necessity for supply-chains to integrate Corporate Social Responsibility and thus, the three dimensions of the Triple-Bottom-Line (People, Planet, Profit) approach (as opposed to the traditional economic paradigm) into their operations.

With regards to this necessity it becomes worthwhile to explore how individual actors within supply-chains perceive pressure and whether the shift from inter-firm competition to inter-supply-chain competition is accompanied by a similar shift in stakeholder pressure (based on the Triple-Bottom-Line) from individual companies to entire supply-chains.

A set of four interrelated theories, namely ‘business as open systems’, ‘social contract theory’, ‘stakeholder theory’ and ‘legitimacy theory’, is used to approach this topic. Then, the perceived pressure is investigated by means of a series of qualitative interviews with representatives of seven companies within the clothing industry, located at different positions of supply-chains. These positions include Suppliers of Raw Material, Manufacturer, Logistics and Retailers.

Findings show that primary stakeholders, especially employees and customers, are perceived to be the most influential sources of CSR-related pressure. This pressure includes a wide range of demands, covering all three dimensions of the Triple-Bottom-Line. The assumption that supply-chains as entities perceive stakeholder pressure is not yet supported by these findings. What can be identified is a noticeable ‘trickle-up’ effect, meaning that pressure flows upstream from retailers to suppliers of raw materials.

The shift in stakeholder pressure onto chains as entities is not identified due to the sample available to the authors. Further research should investigate this shift by means of examining single supply-chains instead of various companies from different chains.
Acknowledgements

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<th>Full Form</th>
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<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<tr>
<td>BCI</td>
<td>Business Continuity Institute</td>
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<td>CS</td>
<td>Corporate Sustainability</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EU</td>
<td>European Union</td>
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<td>GST</td>
<td>General Systems Theory</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-Operation and Development</td>
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<td>SCM</td>
<td>Supply-Chain Management</td>
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<td>SSCM</td>
<td>Sustainable Supply-Chain Management</td>
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<tr>
<td>TBL</td>
<td>Triple-Bottom-Line</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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<td>WCED</td>
<td>World Commission on Environment and Development</td>
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<td>VoIP</td>
<td>Voice over Information Provider</td>
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I General Background

Far from being a burden, sustainable development is an exceptional opportunity - economically, to build markets and create jobs; socially, to bring people in from the margins; and politically, to give every man and woman a voice, and a choice, in deciding their own future.

- Kofi Annan, UN Secretary-General-

1.1 Corporate Social Responsibility and the Supply-Chain

Corporate Social Responsibility (CSR) presents one opportunity to work towards sustainable development in business. It has increased in importance, both in academia and business (Campbell, 2007) and has been discussed extensively by numerous authors from a variety of perspectives. As one crucial aspect, the Triple-Bottom-Line (TBL) (Elkington, 1998) provides a useful tool for the categorisation of a company’s activities with regards to sustainability and CSR. It comprises the three dimensions of environmental (‘Planet’), social (‘People’) and financial (‘Profit’) performance. As such, CSR, the main focus of this study, is examined in the specific context of supply-chains, as this relation is gaining in importance and attention throughout academia, the corporate landscape as well as media (Andersen & Skjoett-Larsen, 2009).

Today, a shift is taking place from inter-firm to inter-supply-chain competition (Hult et al., 2007; Lambert & Cooper, 2000; Zhu, Sarkis, Lai & Geng, 2008). This shift is receiving increasing attention from corporate management (Christopher, 2005). Legitimacy is increasingly granted by society after careful consideration and assessment of the entire chain and the entire supply-chain has become more critical in the creation of a competitive advantage and successful performance of each individual member.

A supply-chain can be understood as “a set of three or more entities [...] directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer” (Mentzer, DeWitt, Keebler, Min, Nix, Smith & Zacharia, 2001, p. 4f). Regardless of which perspective on supply-chains one wishes to pursue, the common denominator always remains the interdependency of all its members for success. Speckman et al. (1998, p.635) stipulate that any supply-chain is only as successful as its weakest link and conclude that effective Supply-Chain Management (SCM) can be understood as:

[...] seeking close, long-term working relationships with one or two partners (both suppliers and customers) who depend on one another for much of their business; developing interactive relationships with partners who share information freely, work together when trying to solve common problems when designing new products, who jointly plan for the future, and who make their success interdependent.

This description can also be perceived in terms of successful Sustainable Supply-Chain Management (SSCM), where CSR and traditional SCM intersect. In theory, stakeholders are
able to exert pressure not only on individual firms but on complete supply-chains (Gold, Seuring & Beske, 2009; Hutchins & Sutherland, 2008) which leads to the adoption of CSR agendas by these chains (Rahbek-Pedersen & Andersen, 2006). Because changing societal demands and stakeholder pressure stimulate the necessity for supply-chains to integrate CSR and thus, the three dimensions of the Triple-Bottom-Line (TBL) approach (as opposed to the traditional economic paradigm) into their operations, even more extensive cooperation and collaboration is required (Gold et al., 2009). Today, an increasing number of topics with regards to CSR are discussed (Haufler, 2004) and CSR policies and practices are reaching deeper into supply-chains (Utting, 2005b). However, only a limited amount of literature about SSCM exists (Gold et al., 2009) and the scarce amount of theory predominantly focuses on the environmental dimension (Planet) of CSR only (Seuring & Müller, 2008).

1.2 Purpose
Operating under the assumption that no business can have a considerable positive impact on the environment and society by itself, but should make use of its supply-chain (Babiak & Trendafilova, 2010), consisting of suppliers of raw material, manufacturers, logistics, retailers, delivering to the end customer (cf. Spekman et al., 1998; Svensson, 2007), the authors wish to contribute to the advancement of CSR in current business practices. The clothing industry is of particular interest with regards to CSR (Elg & Hultman, 2011), due to its global character with great regional variations in governmental regulation, employment and environmental protection (Laudal, 2010). Utting (2005b) also stresses the existence of stakeholder pressure, particularly on globally operating corporations. The authors aspire to reduce the lack of existing research on entire supply-chains in the clothing industry and move beyond the focal company towards the less visible terrain of the other relevant actors in supply-chains. In current research the focus has been primarily on retailers (cf. Zadek, n.d.; Pretious & Love, 2006; Blombäck & Wigren-Kristoferson, 2011). Also with regards to academia, not enough is known about the inclusion of all three TBL dimensions in SSCM. The current focus of research is on the environment (‘Planet’) only.

Therefore, CSR related pressure on, as well as within supply-chains will be examined to identify its origins. In other words, how do the individual actors within supply-chains perceive pressure, do members of the chain exert pressure on each other, and do different stakeholder groups vary in the types of pressure regarding the TBL. Accordingly, the perceived pressure will be categorized in terms of the TBL and its three dimensions, as literature suggests that different stakeholder groups may vary in terms of the pressure they exert (cf. Dawkins & Lewis, 2003; González-Benito & González-Benito, 2012; Alniacik et al., 2010). It will also be explored whether the shift from inter-firm competition to inter-supply-chain competition is accompanied by a similar shift in stakeholder pressure from individual companies to entire supply-chains.

<table>
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<th>Creation of CSR Agendas</th>
<th>Competitive Advantage and Legitimacy</th>
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Figure 1: Purpose of the Research Project
For organisations it is crucial to define these factors, as this knowledge will enable them to engage in a meaningful dialogue with relevant stakeholders. Such dialogue is essential in the creation of CSR agendas, as well-elaborated CSR agendas can lead to the generation of legitimacy and a competitive advantage for the organisation itself (Porter & Kramer, 2006; Utting, 2005b) and, therewith, contribute to the legitimacy and the competitive advantage of the supply-chain as an entity (Figure 1).

### 1.3 Research Questions

Based on this purpose, the following research questions were developed in order to approach the topic of stakeholder pressure regarding CSR in supply-chains:

1. From which stakeholder group does the perceived pressure originate?
2. Which dimensions of the TBL are represented in the perceived pressure?
3. Which stakeholder groups emphasise which dimensions?
4. Do individual actors within supply-chains perceive a shift in stakeholder pressure onto the chain as an entity?

The outcome of these research questions will enable the authors to draw conclusions which will facilitate the initiation of a meaningful dialogue between supply-chains and relevant stakeholders. Consequently, CSR agendas can be created based on the content of this dialogue. Finally, an appropriate formulation of CSR agendas may lead to the generation of legitimacy and a competitive advantage for a supply-chain (see Figure 1).

### 1.4 Delimitation

Whilst examining CSR-related pressure of different stakeholders within supply-chains, this thesis will not be focused on the actual content of pressure, but its origin and content as perceived by different actors at different positions in supply-chains. In essence, there may be distorting /mediating factors which cause a difference between the actual pressure as intended by stakeholders and the perceived pressure as it is experienced by companies. However, this difference is not subject of this investigation.

It is not the intention to provide a detailed description of what different stakeholders expect and to give specific examples of stakeholder demands, but to generate a general categorisation of the pressure’s content in terms of the dimensions of the TBL (People, Planet, Profit).

Additional possible drivers of CSR engagement, such as internal values, are not considered for the purpose of this research project.

Overall, this thesis will not investigate the actual power of stakeholders but identify those sources of pressure which are perceived to me most relevant in order to stimulate and inspire the dialogue during which the mutual expectations can be discussed. Thus, this research project assumes the overall perspective of actors within supply-chains and does not focus on the final consumer.

Despite the international character of the clothing industry, national and cultural differences only play a minor role in this research project, as the inclusion of these aspects goes beyond the scope of this study.
2 Theoretical Background

He who loves practice without theory is like the sailor who boards ship without a rudder and compass and never knows where he may cast.

- Leonardo da Vinci

2.1 Frame of Reference
This chapter provides the theoretical background to the research project. Relevant theories, including Sustainability, Corporate Social Responsibility (CSR), Business as Open Systems and Sustainable Supply-Chain Management (SSCM) are applied. The chapter concludes with the authors’ conceptual model.

2.1.1 Sustainability
Over the years, the concept of sustainability has gained in importance. The origin of the word lies in the Latin verb *sustinere*, meaning “to hold up or support” (Brown, Hanson, Liverman & Merideth, 1987). Today, as society faces issues such as global warming, deforestation, increases in hunger and illiteracy, sustainability is one of the most crucial concepts which affect everyday life. To address the aforementioned issues, the theory of sustainable development was created. The most commonly used definition of the term is provided by the World Commission on Environment and Development (WCED, 1987, pg. 54):

*Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*

The main ambition of sustainable development is to fulfil aspirations of a better life by, for instance, raising living standards of the poor within the limits of the environment. It can be regarded as a long-term process of transformation that includes both economy and society. According to van de Ven and Graafland (2006), sustainability can be depicted by means of the so-called *Triple-Bottom-Line* (TBL) or 3 *P*’s, a concept which measures value creation not merely in economic terms (Profit), but also considers the areas of environment (Planet) and society (People). Value creation in the economic dimension can be referred to as creating employment, sources of income, goods and services; whereas the social dimension is seen as the influence an organisation has on human beings, whether they may be external or internal. The ecological dimension includes any impact the firm may have on the natural environment (van de Ven and Graafland, 2006).

Without the previously mentioned economic and societal transformation, future generations will be affected negatively, e.g. by the depletion of natural resources or an increase in poverty. According to the WCED (1987), sustainable development must avoid putting natural systems such as atmosphere, soils, water and living beings at risk. Overall, the concept is geared towards changing society in order to harmonise resource exploitation, technological advancement, and institutional performance. This change process must be led by business, as proposed by the World Business Council for Sustainable Development (WBCSD, 2010). As this demand for change is also increasingly formulated by various
stakeholder groups (cf. Garriga & Melé, 2004; Werther & Chandler, 2005; Dawkins & Lewis, 2003; Alniacik, Alniacik & Genc, 2010; Morsing & Schultz, 2006) businesses pay more attention to the consequences of their decisions and operations (Porter & Kramer, 2006). As a result, various organisations participate in global corporate sustainability initiatives, as created by the WBCSD, the Organisation for Economic Co-operation and Development (OECD) or the United Nations Global Compact. In the eyes of Stephan Schmidheiny, the founder of the WBCSD, businesses cannot escape their role in sustainable development (WBCSD, 2012). Therefore, the WBCSD created the Vision2050 report, which projects a sustainable future and the pathway how to arrive there. The vision is described as: “In 2050, around 9 billion people live well, and within the limits of the planet” (WBCSD, 2010, pg. 8). As an amalgamation of companies, the WBCSD strives to motivate the business community to make an effort towards achieving this vision. This effort is described in terms of Corporate Social Responsibility (CSR) which is closely connected to the debate about sustainability. Similar to the WBCSD, the OECD acknowledges the importance of sustainable development for organisations. Their mission is to improve the economic and social well-being of people around the world by supporting businesses and governments (OECD, 2012).

The United Nations (UN) also developed a strong orientation towards sustainability and perceives an increasing need for the private sector to engage in corporate sustainable behaviour. Consequently, the UN Global Compact, a strategic policy initiative, was created based on ten policies, which are anchored in the topics of human rights, labour, environment, and anti-corruption. The UN Global Compact programme supports businesses in aligning their strategies and operations with these principles (UN Global Compact, 2012). Today, the UN Global Compact counts approximately 7000 members within the private sector. While this number may seem satisfactory, it merely represents 10% of all relevant businesses which may have an impact on the environment and/or society. Hence, prior to the Rio+20 UN Conference on Sustainable Development 2012, the UN will host the Rio+20 Corporate Sustainability Forum with the aim of spreading awareness and acquiring new associates for the programme to tap into the potential of the remaining 90% (United Nations Conference on Sustainable Development, 2012). In addition, the European Commission on Environment as part of the European Union (EU) also seizes the definition of sustainable development provided by the WCED and concentrates on its practical implications for businesses. They promote CSR to translate the concept of Corporate Sustainability (CS) into action, comparable to the WBCSD.

The idea of CSR captures the essence of CS. According to various international organisations, as elaborated previously, CSR is one manner how to strive for a reconciliation of human affairs with the TBL. The developments explained above render CSR highly interesting to investigate. The large amount of literature in favour of the idea of CSR provides evidence of prospective benefits to society and the enterprise itself, which are illustrated in the following section.

![Corporate Sustainability](image)

**Figure 2**: Relationship CS, CSR and 3P's (adapted from van Marrewijk, 2003)
2.1.2 CSR
The topic of CSR and its potential to contribute to the advancement of CS has been widely discussed in the past. In existing literature a plethora of terms and developments related to CSR can be found; there is no universally applicable definition (Blowfield & Murray, 2008). Nevertheless, the previously mentioned organisations which endorse CSR have a similar understanding of the matter. The WBCSD (2011) defines CSR as:

 […] the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

The EU also emphasizes the TBL in its definition of CSR, as well as the importance of stakeholders (European Union, 2012). The focus on stakeholders with regards to CSR is also widely reflected in academia (cf. Porter & Kramer, 2006; Campbell, 2007; Garriga & Melé, 2004; Werther & Chandler, 2005; Dawkins & Lewis, 2003; Alnicik, et al., 2010; Morsing & Schultz, 2006; Blowfield & Murray, 2008; Moir, 2011; van de Ven & Graafland, 2006; González-Benito & González-Benito, 2010).

One general perception is that stakeholders are able to exert pressure on organisations to implement appropriate CSR agendas. Failure to comply with stakeholder expectations may have negative consequences for organisations. Besides stakeholder pressure, also other motivators for engaging in CSR are identified in existing literature. Dyllick and Hockerts (2002) distinguish between three dimensions of sustainability which can be transferred to the concept of CSR. Much like the TBL, they identify a business case (Profit), a natural case (Planet) and a societal case (People). Stigson (2007, in Visser et al., 2007) describes the business case for CSR in terms of: operational efficiency, risk reduction, recruitment and retention of talent, protecting the resource base of raw materials and creation of new markets, products and services. Blowfield & Murray (2008) support this perspective. They illustrate operational efficiency as reductions in cost and waste. To them, risk reduction is related to the aspects of a business’s reputation towards the public and the possibility of governmental regulations having an impact on company performance. Greening and Turban (1996) also come to the conclusion that engaging in CSR practices may make for a more attractive work environment and thus, create commitment among employees. Financially, adopting CSR standards may generate a significant increase in profit (Moore, 2001). Porter and Kramer (2006) add the potential generation of a competitive advantage to the list of strategic benefits of CSR.

The natural case is anchored in the fact that there are limitations to our planet’s resources (WCED, 1987). The WBCSD (2010) highlights this truth, pointing out that in 2050 nine billion people will be dependent on the world’s natural resources. Therefore, it is in all organisations’ interest to ensure their own survival by protecting the planet and its natural assets. A third motivator for adopting CSR practices is the aforementioned societal case which emphasises the interrelationship between business and society. As Porter and Kramer (2006) state, firms are largely dependent on a strong society. On the one hand, this society is responsible for providing the business with a license-to-operate. On the other, society has the power to withdraw a company’s legitimacy which endangers the organisation’s survival. In the event of said withdrawal, firm’s become highly vulnerable to detrimental stakeholder action. Additional to the survival, some organisations perceive it as their moral responsibility towards society to integrate CSR in their operations (van de Ven and Graafland, 2006). Examples include firms such as The Body Shop or Ben & Jerry’s, who demonstrate high commitment to CSR on a voluntary basis (Porter & Kramer, 2006).
Overall, it can be concluded that engaging in CSR activities does not only allow a company to contribute positively to this planet and society but also serves its own basic need for continuity. This continuity is based on the legitimacy bestowed upon business by society (cf. Gimenez Leal, Casadesus Fa, Valls Pasola, 2003; Werther & Chandler, 2005; Garriga & Melé, 2004; Moir, 2001) and the competitive advantage which this may generate (cf. Porter & Kramer, 2006; Alniacik, et al., 2010; Werther & Chandler, 2005). Both, legitimacy and competitive advantage increase in importance due to the turbulence in and complexity of the competitive environment which encompasses the increasing amount of pressure exerted by stakeholders. Thus, individual organisations are continuously looking for opportunities to obtain these two factors. As organisational success in general is no longer solely evaluated in terms of individual performance, but by considering entire supply-chains (Spekman, Kamauff Jr. & Myhr, 1998), it is highly valuable to examine supply-chains concerning the aspects of CSR and stakeholder pressure. This examination is based on the four following theories which are then applied to supply-chains.

2.1.3 Business as Open Systems

Considering a business as an open system serves as a useful starting point for this investigation as it allows the authors to consider organisations as being affected by stakeholders within society. It acts as the basis on which the entire theoretical background of this project, including all relevant theories, is built.

Ludwig von Bertalanffy, an Austrian biologist and developer of General Systems Theory (GST), first introduced the concept of open and closed systems to the natural sciences (Johnson, Kast & Rosenzweig, 1964). In its origins, these concepts were developed for physics and biology and referred to living organisms which find themselves continuously influencing and being influenced by their environment (Bertalanffy, 1950). Johnson, Kast and Rosenzweig (1964) first applied this theory onto business and management practices by equating the living organism, as mentioned previously, with a business organisation. Consequently, a business organisation can be portrayed as existing in a constant state of exchange (e.g. information, resources, feedback) with its environment, such as customers, competitors or suppliers. This state can also be referred to as dynamic equilibrium.

Similarly, van Marrewijk (2003) describes a development in the past, during which the relationship between business and different stakeholders changed. At one moment in history, government and business were dependent on each other, whilst civil society did not play a role. He further portrays the current circumstances, where civil society has entered the stage and formulates demands with regards to contemporary societal topics. As this perspective recognises the importance of society, social contract theory is a valuable tool to examine the experiences of businesses today.
In addition to social contract theory, stakeholder theory and legitimacy theory build upon the idea of business as an open system. These three theories are most predominant in existing literature and can serve as a useful lens to approach the topic of CSR. All address the relationship between a company and the society in which it operates. They are closely intertwined, as the following elaboration will demonstrate.

### 2.1.3.1 Social Contract Theory
Traditionally, the term ‘social contract’ refers to the reciprocal responsibilities between citizens and the state they live in, as discussed by philosophers (Lantos, 2001). This idea has been transferred and extended to include the relationship between businesses and society. Nowadays, we discuss the “corporate social contract” (Lantos, 2001, p. 599) which implies that companies may adopt responsible business practices not merely based on potential economic benefits associated with such behaviour, but as a result of the implicit expectations society holds towards them (Moir, 2001). Holders of these expectations can be described to be the company’s stakeholders, which relates to the concept of stakeholder theory.

### 2.1.3.2 Stakeholder Theory
According to this perspective, a company should be responsible to a number of groups of people. Freeman (1984, p. 46) describes these persons as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Thus, a company should not only include those individuals or groups, namely shareholders as suggested by Friedman (1970), in their decisions whose wealth traditionally has been considered to be the most important objective of a company. It is a business’ responsibility to go beyond Friedman’s point of view to include all persons which fall into the group described in Freeman’s definition.

A number of different categorisations of stakeholders have been developed in the past. Buysse and Verbeke (2003) describe stakeholders using the terms ‘external’ and ‘internal’, meaning customers and suppliers on the one hand, and employees and shareholders on the other. Henriques and Sadorski (1999) establish three categories: ‘regulatory’ (governments), ‘organisational’ (customers, suppliers, employees) and ‘community’ (Non-Governmental Organisations). The conceptualisation of stakeholders used for the purpose of this paper is the distinction made by Clarkson (1995) between ‘primary’ and ‘secondary’ stakeholders. According to this view, primary stakeholders include (groups of) individuals without whom the firm would not be able to survive, such as employees, suppliers or customers. Secondary stakeholders are thus (groups of) individuals affected by and affecting the company, but not directly involved in any transactions and hence, not essential for the firm’s survival. Examples of secondary stakeholders include media and Non-Governmental Organisations (NGOs).

Stakeholders exert social demands on companies and hence, this theory presents another possible reason why firms might engage in CSR practices: to provide an appropriate response to these demands (Garriga & Melé, 2004). This idea can be related to the concept of ‘social responsiveness’, which is aimed at closing the gap between stakeholder expectations and an organisation’s actual performance (Ackerman & Bauer, 1976).

The concerns stakeholders have been known to formulate include environmental issues such as preservation (Hart, 1995) but also social aspects, such as integrity, respect, and accountability (Waddock Bodwell & Graves, 2002). Dawkins and Lewis (2003) describe how, over time, stakeholders in the British public have been placing less and less emphasis
on the profit which a company generates but greater focus on responsibility, including employee treatment, ethics and the environment. Werther and Chandler (2005) depict this as a universal phenomenon and as a global shift in societal expectations.

Stakeholders may even exert pressure by means of punitive actions against firms which are perceived as guilty of irresponsible behaviour (Werther & Chandler, 2005). Dawkins and Lewis (2003) mention the cases of Shell, Nike, and Nestlé, who all suffered from attacks by stakeholders based on evidence of corporate malfeasance. Examples of such actions or attacks include customers switching to other products, refusing to invest in stock or even selling already obtained stock, product boycotts and employees leaving their jobs (Alniacik, et al., 2010). Such campaigns, nowadays, are largely supported and can be efficiently orchestrated at ever-increasing speed by means of the technology to which the public has access (Werther & Chandler, 2005). Consequently, companies strive to engage in CSR activities as a preventive measure, as stakeholders are responsible for providing a firm with its ‘license to operate’, whether that may be ex- or implicit (Porter & Kramer, 2006). This ‘license to operate’ can be likened to the idea of legitimacy which will be portrayed in the following section.

2.1.3.3 Legitimacy Theory

“If a firm conforms to stakeholder expectations, it builds legitimacy” (Bansal & Bogner, 2002, p. 277). Legitimacy Theory, similar to Stakeholder Theory, can be regarded as a key motivator for companies to implement CSR activities into their operations (Babiak & Trendafilova, 2010). Firms are deemed to depend on the society in which they operate for legitimacy and, as a result, for “existence, continuity and growth” (Garriga & Melé, 2004, p. 57). This concept of legitimacy is described as “a generalized perception or assumption that the actions of an entity are desirable, proper, and appropriate” (Suchman, 1995, p. 574). Society evaluates a firm’s actions based on this consideration and, accordingly, grants the firm legitimacy or not. In the event of no legitimacy granted, stakeholders may employ the strategies described as ‘punitive actions’ in the previous section. Hence, societal expectations should be integrated into the business as legitimacy can be referred to as power bestowed upon business by stakeholders. This decision is based on whether or not a firm’s actions are perceived as (il-) legitimate and whether society (dis-)trusts the company (Moir, 2001).

Considering these perspectives leads to several important conclusions. Firstly, it can be agreed upon an existing relationship between businesses and society. Secondly, these businesses are subject to some form of societal pressure in form of stakeholder expectations. And thirdly, firms ought to try and find appropriate responses to these demands and can no longer afford to ignore them. The two main reasons which have been identified in literature as to why individual companies (should) address these expectations are:

1. Engaging in CSR activities may be beneficial in building legitimacy for the firm (Babiak & Trendafilova, 2010) and thus, serve as a form of insurance “against management lapses” (Werther & Chandler, 2005, p. 317) which could otherwise result in negative stakeholder reactions.
2. CSR may be of strategic importance as it can contribute to the generation of a competitive advantage (Porter & Kramer, 2006; Babiak & Trendafilova, 2010).
Thus, origins (stakeholders) and perceived content (TBL) of stakeholder demands are core to this investigation, as this will enable a future dialogue based on these demands (Figure 1).

### 2.1.4 Sustainable Supply-Chain Management

Considering the previously mentioned shift towards inter-supply-chain competition (Spekman et al., 1998) it becomes necessary to review the earlier conclusions in connection to Sustainable Supply-Chain Management (SSCM). However, only a somewhat limited amount of theory regarding SSCM is available. A lack of literature dealing with the social aspects and amalgamation of all three dimensions of the TBL in SSCM is remarkable (Seuring & Müller, 2008). Most works are concerned with the environmental dimension only. The results of previous research are discussed subsequently.

For the research method and overall purpose of this project the following roles within supply-chains will be considered: Suppliers of Raw Materials, Manufacturers, Logistics, Retailers, and End Consumers (cf. Spekman et al., 1998; Svensson, 2007; WBCSD, 2002). Collaboration and teamwork, aimed at maintaining close, long-term relationships between these actors, is important for the traditional understanding of SCM, and gains even more significance in terms of SSCM (Spekman et al., 1998). This interaction and coordination contributes to the complexity of SSCM (Svensson, 2007), because these relationships, according to Gold et al. (2009), are complemented by a need for all actors within supply-chains to convey a thorough understanding of environmental issues.

The origin of said need is the perceived stakeholder pressure on companies to perform responsibly (Seuring & Müller, 2008), as the purpose of any supply-chain is the creation of customer value (Spekman et al., 1998) and stakeholder value (Svensson, 2007). These values are reflected in the concepts of stakeholder and legitimacy theory as elaborated before, because without value in terms of the TBL, end consumers (stakeholders) may reject the product (withdraw legitimacy), which renders the entire supply-chain obsolete (Seuring & Müller, 2008). Thus, these two perspectives also apply within the context of SSCM and may trigger sustainable behaviour within chains.

Increasingly demanding stakeholders escalate the competition between individual firms and entire supply-chains, which encourages the collaboration concerning the TBL (Gold et al., 2009). Hence, companies explore the opportunity to “access and incorporate resources and competencies from outside” (Gold et al., 2009, pg. 232) in order to gain a competitive advantage over rivals. Failure of one actor to integrate the TBL approach into ongoing operations and into the collaboration with other members of a chain is likely to result in the exclusion of that actor from the supply-chain (Seuring & Müller, 2008). This is based on the mutual dependency of all members of supply-chains for success. In line with the ongoing shift towards inter-supply-chain competition, supply-chains are increasingly perceived as entities. In light of this fact, especially retailers are held responsible for the
sustainable performance of an entire chain, as they are in immediate contact with the end consumer and can be described as focal companies (Fuchs & Kalfagianni, 2009; Seuring & Müller, 2008; Schary & Skjøtt-Larsen, 2001). Such companies are often powerful brand owners, who lead and govern entire supply-chains (González-Benito & González-Benito, 2010; Seuring & Müller, 2008; Elg & Hultman, 2011). Based on the tasks associated with a certain position within a supply-chain the other actors may be concerned with different issues regarding CSR. Examples include a focus on child labour, discrimination or abuse of indigenous people of a supplier of raw materials; logistics are concerned with working hours/conditions and union rights; and manufacturers deal with corruption, discrimination and health and safety (WBCSD, 2002, Appendix 1). Many of these issues can be found in so-called codes of conduct, which are aimed at ensuring socially responsible behaviour upstream a supply-chain and reducing the risk of negative consumer attitudes as a result of supplier problems (Rahbek Pedersen & Andersen, 2006).

In summary, the underlying topic of sustainability is approached by investigating CSR. Consequently, four relevant theories with regards to CSR were discussed in connection to individual firms. These were then transferred onto entire supply-chains, and included in the design of the authors’ conceptual model (Figure 5). It depicts the assumption that supply-chains can be considered as open systems which allows the authors to also relate social contract theory, stakeholder theory and legitimacy theory to SSCM. The intersection of all three theories represents the existing relationship between business and society (Figure 3) and the resulting internal and external stakeholder pressure which influences business behaviour (cf. Porter & Kramer, 2006; van de Ven & Graafland, 2006). The research questions of this study all aim to investigate this exact intersection and how this pressure is perceived by individual actors within supply-chains.

![Figure 5: The Authors’ Conceptual Model](attachment:conceptual_model.png)
3 Methodology

But a science is exact to the extent that its method measures up to and is adequate to its object.

- Gabriel Marcel -

The research methodology of this project draws upon the ‘research onion’ as proposed by Saunders, Lewis and Thornhill (2007) (Appendix 2). This model consists of several layers which describe different elements of research that are reflected in the headings of the subsequent paragraphs. Each paragraph describes and elaborates the elements in connection to the purpose of this specific study which is to explore how individual actors within supply-chains perceive pressure and whether the shift from inter-firm competition to inter-supply-chain competition is accompanied by a similar shift in stakeholder pressure from individual companies to entire supply-chains. Simultaneously, a categorisation of pressure into the three dimension of the TBL is aspired.

3.1 Research Philosophies

Ontology, as the science of the nature of reality, considers two main streams of thought: subjectivism/constructionism and objectivism (cf. Flowers, 2009; Bryman & Bell, 2007). The study's purpose is subject to the authors' ontological view which represents the subjectivist/ constructionist stance. As described in the theoretical background, a business can be understood as an open system which depends on and interacts with multiple stakeholders. Hence, the reality in which the business operates can be perceived as created by actions of and interactions between the firm and its stakeholders.

Closely related to the concept of ontology is the topic of epistemology, which focuses on the methods in which to examine the previously defined reality. In other words, it involves a description of how knowledge of said reality can be produced (Chia, 2002). A distinction can be made between interpretivism and positivism (Bryman & Bell, 2007). The ontological perspective held by the authors corresponds to the epistemological view of interpretivism. As constructionism is primarily concerned with the interactions and relations between various social actors, it is highly suitable to an interpretivist orientation with regards to knowledge creation. Given that the purpose and corresponding research questions are aimed at examining the perceived pressure on and within supply-chains, interpretivism is a more useful view than positivism because it allows an in-depth investigation of interactions and perceptions.

3.2 Research Approaches

Generally, researchers distinguish between two different approaches in line with the previously mentioned philosophies: induction and deduction.

The subject of this study has not yet been examined thoroughly; thus the underlying research approach of this work can be classified as inductive, because the intention is to build theory from observations (cf. Flowers, 2009; Bryman & Bell, 2007). In the context of this research project, this relates to investigating managers’ perceptions of pressure, which in turn, causes a business to behave in a certain fashion. Understanding this behaviour is
central to the idea of constructionism and interpretivism (Bryman & Bell, 2007) which corresponds to an inductive research approach (Flowers, 2009).

3.3 Research Strategies

According to Bryman and Bell (2007) numerous researchers use the categorisation of quantitative and qualitative research strategies, although a distinction is highly ambiguous. Qualitative research searches for happenings (Stake, 1995) which render it highly appropriate for use in relation to inductive studies with a constructionist and interpretivist perspective. As the purpose is to explore how CSR-related stakeholder pressure is perceived at different positions within supply-chains, a qualitative strategy is employed in this study to conduct the empirical research.

Qualitative research requires the generation of in-depth information; hence, an appropriate tool in this context is a qualitative interview study (cf. Weiss, 1994). It matches the epistemological view of constructionism (Warren, 2002) and is highly suitable with regards to the goal of this research project as interview partners will provide answers to the interview questions from their individual perspectives and therefore act as meaning-makers (Warren, 2002). Based on these answers, it is possible to derive interpretations with regards to the previously established research questions.

In accordance with Warren's (2002) description of ethical considerations within qualitative interview studies, the authors treat all answers confidentially and protect the anonymity of all respondents.

Weiss (1994) identifies three intertwined steps in qualitative interview studies which are applied in this research project and included in the remainder of this chapter: sample definition, data collection, and data analysis.

As the researchers are closely involved in the analysis of the interviews, results may be influenced by the degree of subjectivity (Stake, 1995). The replication of results by other researchers is thus rather difficult in the context of such a strategy (Bryman & Bell, 2007). Despite these disadvantages, the qualitative interview study is a highly appropriate tool and is used in this research project, as it is highly compatible with the ontological and epistemological considerations elaborated previously. Furthermore, it supports the fulfilment of the underlying purpose of this research project, as it allows for an investigation of different positions within supply-chains and the associated perceived stakeholder pressure. This topic has not been studied before which renders this approach highly useful in this exploratory context as it will generate rich data.

3.4 Research Method Choice

In the course of the data collection process, a mono method will be applied as only semi-structured interviews will be conducted to obtain data. These interviews allow more flexibility than structured interviews in the process of gathering information as the interviewee may steer the conversation according to his or her individual perspective (to a certain extent) and a certain degree of depth and thoroughness can be achieved by means of follow-up questions. Keeping in mind the purpose of investigating perceived pressure, these interviews and this flexibility/depth are highly valuable. As opposed to unstructured interviews, this method provides enough control to the interviewer to not lose sight of the purpose of the sessions and research project. Thus, it can be ensured that the issues of pressure, stakeholders, TBL and supply-chains are all covered during the session.
Furthermore, it is possible for the interviewer to elaborate on questions asked or rephrase them in order to ensure a complete understanding of all questions.

The sample of the research project (Step 1, according to Weiss, 1994) is composed according to the guidelines set forth by the WBCSD (Figure 4). As an illustration of a typical manufacturing supply-chain, this model serves as a simplification of reality and therefore facilitates the selection of the sample. The authors aim to fill each position by conducting interviews. Thus, this approach could be classified as quota sampling (cf. Bryman & Bell, 2007). Nonetheless, due to practical considerations a certain amount of the interviews is also obtained by exploiting the authors’ personal networks and hence, qualifies as convenience sampling (cf. Weiss, 1994). The resulting sample is thus established by using a combination of two sampling methods.

The sample size for this research project consists of a minimum of four interviews, meaning one interview per position (firm). In order to include additional perspectives in this data collection process and generate more data, the authors aim to conduct a total of eight interviews with eight different companies (two per position). In effect, a total of seven interviews were conducted, due to practical reasons such as accessibility.

Based on the study by González-Benito and González-Benito (2010), who characterise managers to be of high importance with regards to perceived pressure, this study concentrates on interviewing managers at different positions within supply-chains. The authors expect primarily managers to be concerned about stakeholder pressure with regards to CSR, keeping in mind its potential contribution to the firm’s survival. Thus, by interviewing managers the purpose of investigating the pressure that it is experienced at different positions within supply-chains can be fulfilled.

Respondents are selected based on the criteria mentioned previously. The sample is summarised in the following chart.
<table>
<thead>
<tr>
<th>Position in Supply-Chain</th>
<th>Job Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier of Raw Material A</td>
<td>Land Owner and Managing Director</td>
<td>This company is an agriculture business located in Pakistan. Its core business is the cultivation of cotton.</td>
</tr>
<tr>
<td>Supplier of Raw Material B</td>
<td>Land Owner and Managing Director</td>
<td>This company is an agriculture business located in Pakistan. Cotton is one of the agricultural products this farm produces.</td>
</tr>
<tr>
<td>Manufacturer A</td>
<td>CEO</td>
<td>This company is a Swedish firm focusing on dyeing and coating of yarn and fabrics.</td>
</tr>
<tr>
<td>Manufacturer B</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Logistics Company A</td>
<td>Chief Quality Manager</td>
<td>This company is a logistics firm operating internationally in nine different countries, including Scandinavia, Netherlands, Belgium, UK, and USA. Several industries are served.</td>
</tr>
<tr>
<td>Logistics Company B</td>
<td>Communications Executive</td>
<td>This German company is a logistics firm operating worldwide on every continent. Several industries are served.</td>
</tr>
<tr>
<td>Retailer A</td>
<td>Owner, Member of Executive Team</td>
<td>This company is an independent apparel store located in Sweden. Its core business is the sale of male fashion.</td>
</tr>
<tr>
<td>Retailer B</td>
<td>Head of Corporate Social Responsibility and Quality Management</td>
<td>This company is member of an international sports clothing chain located in Sweden. This chain is present in over 40 countries.</td>
</tr>
</tbody>
</table>
3.5 Data Collection Techniques

In order to be able to conduct semi-structured interviews, an interview guide (Appendix 3) is used to provide some structure for the actual sessions as suggested by Bryman and Bell (2007). Questions included in the interview guide are separated into several topics and reflect the project’s research questions. For instance, research questions 1 till 3 mirror ‘Topic 3’, which asks interviewees to describe origins and contents of perceived pressure. ‘Topic 4’ represents research question 4, as this questions deals with pressure on the level of entire supply-chains. ‘Topics 1 and 2’ serve as a possible source of further companies to be investigated and a general introduction to the topic of CSR. As all research questions will therefore be addressed during the interviews, the purpose of exploring perceived stakeholder pressure can be fulfilled.

This guide is piloted prior to the actual interviews in order to ensure the quality of the questions asked. The questions are also sent to interviewees in advance which allows them to be prepared. A potential disadvantage of sending the interview guide ahead of time may be the issue of socially desirable answers. Interviewees may prepare answers to create a favourable image for themselves and the company. However, as the interviewer is not asking questions about actual performance, but perceived pressure and perceptions of the interviewees, this is an unlikely scenario.

Only one of the two authors of this research project conducts all interviews in order to warrant similar structures, types of follow-up questions, wording, and use of language. This increases the overall consistency between interviews which contributes to the overall quality of the results.

Interviews are conducted in person, by phone or VoIP (Voice over Information Provider, e.g. Skype) for practical reasons of efficiency. A recording device is used to document the interviews. The transcription of the obtained information is supported by the use of an audio transcription software called Express Scribe and takes place immediately after the interview.

3.6 Data Analysis Techniques

Drawing upon the ideas proposed by Strauss and Corbin (1990) in their description of grounded theory, the technique used for qualitative data analysis in this research project is coding. This technique allows the authors to break down the initial set of data (interview transcripts) into fragments and label them, which serves as the first step of the analysis (Bryman & Bell, 2007). However, as this research projects does not use the overall research approach of grounded theory, additional tools of this approach are not included in the analysis as they do not match the underlying framework of this research. For instance, the sampling approach used is based on considerations such as quota and convenience, whereas grounded theory calls for theoretical sampling until theoretical saturation is achieved.

For coding, three different levels have been suggested by Coffey and Atkinson (1996). By applying what they describe as a third level of coding, the authors of this research project are not only able to use coding as a mere means of data fragmentation (cf. Strauss & Corbin, 1990), but also to examine data by relating them to broader analytic themes (Bryman & Bell, 2007, Myers, 2009). These analytic themes are established by grouping re-occurring answers into five headings which are supported by existing literature. These themes are developed in addition to the answers to the study’s research questions. In doing so, it is possible to avoid a mere reiteration of what was discussed during interviews but to establish connections between the answers given by interviewees, for instance.
A coding scheme is designed in order to facilitate the analysis (Appendix 4). Data is categorised into this scheme as soon as possible in order to allow the authors to address emerging concepts in remaining interviews (cf. Weiss, 1994).

Figure 6 presents the summary of all methodological considerations underlying this particular research project. Only aspects which are relevant to the purpose of this study are included.

Figure 6: The Research ‘Onion’ (adapted from Saunders, Lewis & Thornhill, 2007)
4 Results and Analysis

However beautiful the strategy, you should occasionally look at the results.

-Winston Churchill -

4.1 Results

Based on the collected data this section portrays the results of the empirical work. Results are supported by using citations of the interviews included in the coding scheme (Appendix 4). They are presented according to the four different positions of supply-chains under investigation. This allows for a comparison between the perceptions at the respective parts of supply-chains. This comparison between positions is facilitated by summarising the essence of each actor in a brief chart. Overarching analytic themes which were derived from the original data are highlighted in bold letters. Sections marked by using italics constitute the main answers to the study’s research questions.

4.1.1 Suppliers of Raw Material

The cotton plantations in Pakistan, or Suppliers of Raw Material, deal with several stakeholders who exert pressure on the business. One stakeholder identified by interviewees is the local “community”, who grants the plantations their licence-to-operate and therewith their legitimacy. The decision whether or not to grant legitimacy to the agriculturists is derived from the evaluation of the plantations’ economic benefits for the community. These economic benefits include, for instance, “extra employment”.

Additionally, “employees” were described to be of immense importance, although none of the interviewees literally connected the terms ‘employee’ and ‘pressure’. However, as employees are attributed such a significance (“if I don’t have people, I have nothing.”), the authors consider this stakeholder group to be a highly influential source of pressure. As this kind of business is labour intensive, one punitive action to exert this pressure is termination of employment. Employees’ main concerns include the work environment, for instance salary, safety, clean water, medical care, but also housing and various additional benefits. These demands represent the ‘People’ dimension of the TBL.

Considering the cultural characteristics of Pakistan, “kinship” plays a large role in business and hence, family is also regarded as a valuable stakeholder group. Often, family members hold seats in the board of the business and are therefore able to steer the company by exerting pressure. Their primary motivator is to ensure the family’s “survival” which results in an emphasis on the ‘Profit’ dimension of the TBL.

The final stakeholder group identified by interviewees consists of the customers, for instance ginners, who purchase the cotton for further processing. Of primary interest to this group is the dimension of ‘Profit’, as they demand the managers of plantations to be more cost efficient in order to reduce the price. In addition, these customers are most focused on obtaining high quality cotton which has not been affected by pests. Consequently, they encourage the use of “pesticides” which may have an undesirable environmental impact. Thus, pressure with regards to the dimension of ‘Planet’ is not perceived by the agriculturists.

Another remarkable finding is the perception that the government has a low impact on the operations at the cotton plantations and the remainder of the supply-chain.
Nevertheless, both interviewees emphasised the desire for the government to intervene and provide a stimulus for the entire supply-chain to act in a sustainable manner. This implies the perception that a shift in stakeholder pressure onto the entire supply-chain has not yet taken place. However, this shift is regarded as necessary by agriculturists to improve their current situation towards being less dependent on the customers and their demands. In order for this shift to proceed, both interviewees stress the importance of governmental regulation (“you cannot control it, unless it is a national policy”) and support (“facilitation” and “incentives”). This preferred scenario is anchored in the interviewees’ feeling that suppliers of raw materials are highly “dependent on the next buyer” and thus, do not possess a large amount of power to influence behaviour downstream the supply-chain.

Besides the sources of pressure previously identified, one main motivator to engage in CSR practices highlighted by interviewees is the topic of “religion”. According to the Muslim belief, the wealthy are required to share with the poor, which constitutes the main CSR focus of this position in the supply-chain: the ‘People’ dimension. This perspective is anchored in long-standing internal values which are transferred onto next generations by means of family “traditions”. As a result of the pressure exerted by employees and these traditions, actions undertaken by the agriculturists include, among others, the provision of housing, safe work equipment, medical care, salary, and land to cultivate.

Chart 2: Summary Suppliers of Raw Material

<table>
<thead>
<tr>
<th>Suppliers of Raw Material</th>
<th>Community, Employees, Kinship Relations, Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Represented Dimensions of TBL</td>
<td>People, Profit</td>
</tr>
<tr>
<td>Perceived Shift?</td>
<td>No</td>
</tr>
</tbody>
</table>

4.1.2 Manufacturer

Stakeholders under consideration by the manufacturer are “employees” and “customers”. The interviewee attaches most importance to the company’s customers (“most demanding stakeholders”), who consist of further companies as manufacturers focus on business-to-business (B2B) operations. For this position, it is not possible to match specific dimensions of the TBL to specific stakeholder groups. This is based on the fact that customers do not demand specific actions or directly address the company, thus a lack of dialogue. According to the interviewee, this is a result of the Swedish culture which highlights the significance of CSR for every company in their day-to-day business and makes the expectations to adopt CSR “more or less obvious” for everyone. CSR is regarded by customers as a “common practice” in Sweden. Consequently, the pressure is perceived in an indirect or silent way. However, this indirect pressure is perceived to include the environmental and social dimensions of the TBL. For instance, customers are aware of negative effects of “chemicals” used (“Planet”) and also interested in the “working conditions” on the premises (“People”).

Responding to these demands made by customers is seen as a source of competitive advantage (“Profit”) for manufacturers. Governmental legislation may vary between competing countries (“work places in India”) and therefore, higher standards of CSR in Sweden may be a source of differentiation.

Overall, there is no perception of a shift in stakeholder pressure onto entire supply-chains (“not sure”). The interviewee describes that all individual companies in Sweden are subject
to stakeholder pressure, but was not aware whether customers also think in terms of entire supply-chains. Within the supply-chain, however, there are unspoken expectations of each other to perform in a sustainable manner. Thus, the interviewee points out that this Manufacturer also puts implicit pressure on suppliers to act according to the TBL’s dimensions of ‘People’ and ‘Planet’. Yet, the interviewee is not certain whether all manufacturers hold a sufficient amount of “power” to successfully influence behaviour of suppliers because of their dependency on their “commissions”. The Manufacturer is highly conscious of the deterring effects such demands may have, should the suppliers not willingly incorporate CSR practices in their operations.

Chart 3: Summary Manufacturer

<table>
<thead>
<tr>
<th>Relevant Stakeholders</th>
<th>Customers, Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Represented Dimensions of TBL</td>
<td>People, Planet</td>
</tr>
<tr>
<td>Perceived Shift?</td>
<td>No</td>
</tr>
</tbody>
</table>

4.1.3 Logistics

Similar to the Suppliers of Raw Material and the Manufacturer, Logistics companies also perceive pressure from their “customers”, namely the companies which charge them with the deliveries and those which receive the transported products. As the core business is the transportation of manufactured goods, these stakeholders particularly stress the “environmental aspect” of the TBL (“Planet”). Furthermore, the aspect of ‘People’ is also represented in their demands in terms of “working conditions”, or “safety”.

A second influential stakeholder group perceived at this position is embodied by the company’s “owners”. From this perspective, the ‘Profit’ dimension, next to ‘People’ and ‘Planet’, increases in importance, as owners are largely motivated by the company’s continuity. Thus, all three dimensions of the TBL are perceived to be present among stakeholder demands. These demands are perceived to be especially pertinent to “large and medium-sized businesses”.

Conclusive evidence of a perceived shift in stakeholder pressure onto entire supply-chains was not gathered during these interviews. Particularly the heterogeneity of industries which Logistics companies serve is understood by interviewees to make a difference with regards to a shift in CSR demands. Nonetheless, the fact that Logistics companies do not only perceive pressure from customers but also make attempts to influence manufacturers with regards to sustainability and the TBL (“environment, work environment, and work safety”) provides an indication of pressure flowing upstream along the supply-chain.

Chart 4: Summary Logistics

<table>
<thead>
<tr>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant Stakeholders</td>
</tr>
<tr>
<td>Represented Dimensions of TBL</td>
</tr>
<tr>
<td>Perceived Shift?</td>
</tr>
</tbody>
</table>
4.1.4 Retailers

Retailers’ motivation to engage in CSR practices is largely related to the company’s chances of “survival”, as CSR contributes to the generation of legitimacy and a competitive advantage. Interviewees described a long list of influential stakeholders which include: customers, suppliers, unions, landlords, government, stockholders, board of directors, and the competition.

Although the demands are perceived in an indirect (“silent”) manner, indicating a lack of dialogue, “customers” are described to exert the strongest pressure. A tool for customers to enforce their demands is the boycott of products or resistance to continue to buy at a certain store, which are examples of punitive actions.

Overall, Retailers also described the Swedish culture to incorporate CSR topics on a daily basis (“Swedish companies […] have reached far ahead […] because they are working with this area for so many years”). This coincides with the description provided by the Manufacturer. This leads to the rather passive stance which customers take towards Retailers. They do not directly approach companies with their requests but instead wait for scandals to occur (“if it comes out”), so the exact demands are difficult to identify as it is described by the Manufacturer also. In addition, the legitimacy of certain stakeholders’ demands is not easily determined (“just because one customer is saying something and we try this, it doesn’t mean that many people will demand it”). Nevertheless, experiences in the clothing industry have shown that activities according to the environmental and social dimensions of the TBL (“social, product safety, environment and employees”) are appreciated by customers. This trial-and-error approach also contributes to the indirect pressure between competitors to adopt CSR practices.

On the other hand, it is also described as difficult for customers to know what happens upstream beyond the Retailers. Therefore, transparency was highlighted by Retailers to inform customers (“it is hard for society to know”).

Also in this position, the shift of stakeholder pressure onto entire supply-chains is not perceived as such by interviewees. However, Retailers also do not perceive a belief by customers that only they should be held accountable for all activities within the supply-chain. Nevertheless, managers at this position perceive that customers pressure them because of a lack of other pressure points since customers have direct contact with retailers only.

Both Retailers aim to influence the behaviour upstream in the supply-chain with regards to the TBL. In the case of the smaller, independent Retailer, it is mentioned that this company may lack the power to successfully do so. The larger, chain-affiliated Retailer, however, is described to be able to influence behaviour upstream by means of its code of conduct. This chain sees itself as a role model for the remainder of the supply-chain and aims to do this role justice using its membership in the BCI (Business Continuity Institute). Thus, the larger Retailer conveys a somewhat more strategic approach to CSR in the supply-chain than the independent store.

Not unlike the Suppliers of Raw Material, both Retailers agree on the desire for governmental initiatives to stimulate sustainable behaviour throughout entire supply-chains. Thus, even in the absence of a noticeable shift in pressure onto entire supply-chains, interviewees advocate their favourable opinion about such a shift.
4.2 Analysis
In this section the previously identified themes are analysed in order to draw conclusions. Again, themes are supported by citations from interviews and connected to literature. Additionally, all themes are connected to the author’s conceptual model (Figure 5) by illuminating them in context to stakeholder theory, legitimacy theory, social contract theory and the concept of business as an open system.

4.2.1 Motivators for CSR
Several motivators for sustainable behaviour are identified during the empirical research. First, the Suppliers of Raw Material state the importance of traditions with regards to the implementation of CSR in the operations. This tradition is deeply rooted in the Pakistani culture.

*It's just whatever we do […] it is from generation to generation. We learned how to retain and take care of [employees].*
(Supplier of Raw Material A, Personal Communication, 27.04.2012)

Furthermore, the motivator of survival is mentioned by interviewees at the positions of Suppliers of Raw Material, Manufacturer, and Retailers. Interviewees at these positions agree upon the idea that sustainable behaviour can largely contribute to a firm’s “existence, continuity and growth” (Garriga & Melé, 2004, p. 57).

*It is about the survival of the family, those people who are dependent on us and about the political system and everything.*
(Supplier of Raw Material B, Personal Communication, 04.05.2012)

*I mean we are a really small company up here so we have to […] [deliver] something […] that you cannot find in […] China.*
(Manufacturer A, Personal Communication, 04.05.2012)

*[…] it is a competitive world out there. So I think, to be able to survive we need to […] work in an ethical way.*
(Retailer B, Personal Communication, 04.05.2012)

Approaching these motivators through the lens of stakeholder theory indicates that no business can survive without its stakeholders (cf. Clarkson, 1995). As these stakeholders exert demands, companies must make efforts to meet these demands (Garriga & Melé, 2004) which constitutes a main motivator to engage in sustainable behaviour.
This leads to the second theory incorporated in the author’s conceptual model: legitimacy theory. “If a firm conforms to stakeholder expectations, it builds legitimacy” (Bansal & Bogner, 2002, p. 277). These expectations include different dimension of the TBL and, if met, build legitimacy which contributes positively to the firm’s performance (Garriga & Melé, 2004). Moreover, this legitimacy may also generate a competitive advantage for companies (Porter & Kramer, 2006; Babiak & Trendafilova, 2010) which positively influences the business’ survival that was emphasised by interviewees.

With regards to social contract theory, these empirical findings suggest the existence of expectations between business and society. However, this relationship was not identified for the supply-chain as an entity but at individual positions. Thus, the social contract constitutes one motivator for individual companies to implement CSR in the business. Simultaneously, as the perceived relationship between business and society seems only to exist on the basis of individual companies, the authors’ initial assumption about supply-chains as open systems is not yet supported.

4.2.2 Government

Based on the results of the interviews conducted, the government is attributed a meaningful role by businesses. Especially representatives of the positions Suppliers of Raw Material and Retailers portray the perceived lack of influence the government has concerning the control and support of behaviour according to the principles of the TBL throughout supply-chains. Although both positions favour a higher contribution by government to sustainable behaviour, this is not perceived as the current situation.

_I think the Swedish government and the different country governments have to start to bring up the CSR issues for discussion._

(Retailer B, Personal Communication, 04.05.2012)

_The government, the state would have to come into the entire system, understand it, facilitate it […], institutionalise it._

(Supplier of Raw Material B, Personal Communication, 04.05.2012)

It is remarkable, that this desire is brought up by interviewees representing the two outer positions of supply-chains. In spite of the fact that these interviewees embody different national as well as cultural backgrounds with associated differences in governmental regulation and involvement, the desire for an increased governmental focus on CSR-related issues is detectable. Both would value governmental facilitation and support of sustainable behaviour throughout the entire supply-chain.

For the Suppliers of Raw Material, this desire is anchored in the dependency on the next customers, who at this point in time are able to exploit them. Suppliers of Raw Material expect to experience empowerment, meaning to be able to exert pressure downstream the supply-chain, if government was to intervene. On the other hand, the Retailers would appreciate governmental support to be able to exert control over their suppliers (upstream). These two perspectives are closely related to the concept of power and the ability to exert pressure on respective stakeholders.

Within the context of stakeholder theory, governments can be classified to be regulatory stakeholders (Henriques & Sadoriski, 1999) as they provide rules for corporate behaviour. According to Clarkson (1995), the categorisation into the realm of secondary stakeholders is also applicable, as governments are not directly involved in transactions with the businesses.
As a relevant stakeholder, the government also has power over businesses with regards to legitimacy. Theoretically, it is able to change or influence the perceptions and assumptions (cf. Suchman, 1995) which other stakeholders have about companies. Perceptions which are subjective could be transformed into objective facts, if government was to create specific legislation about CSR-related issues. Consequently, the criteria for evaluating corporate behaviour would become transparent and standardised. Thus, the government is also capable of pressuring individual businesses by means of punitive actions, such as law suits, if a firm operates outside the given law. However, these measures are not desired by interviewees, as they emphasise the importance or positive reinforcement instead of punishments.

From the perspective of social contract theory, the results show a desired emphasis on the relationship between business and governments. Nevertheless, no indication of a relation between supply-chains and government that is perceived as sufficiently controlling could be collected. Hence, findings do not yet allow the conclusion that supply-chains as entities can be regarded as open systems or are influenced as a whole by governments.

4.2.3 Code of Conduct

One example of exerting pressure within supply-chains in terms of the TBL are codes of conduct. Although in academia codes of conduct are described to lack in effectiveness (Rahbek Pedersen & Andersen, 2006), Retailer B started attempts to control suppliers by means of such a code.

‘[…] that is like a code, ethic code for our suppliers to follow, there are 13 different areas we check during the inspection.’

(Retailer B, Personal Communication, 04.05.2012)

This situation is depicted in literature, in connection to the idea of focal companies who are often held responsible for the behaviour of entire supply-chains (cf. Fuchs & Kalfagianni, 2009; Seuring & Müller, 2008; Schary & Skjott-Larsen, 2001). These firms can be powerful brand owners (González-Benito & González-Benito, 2010; Seuring & Müller, 2008; Elg & Hultman, 2011). Retailer B is an example of this description, whereas Retailer A, as a small and independent store, does not perceive itself as sufficiently powerful to assume the role of a focal company and thus, to exert strong pressure upstream. This particular Retailer perceives itself to be too dependent on suppliers to make strict demands along the TBL and, therefore, did not create a code of conduct.

Approaching this theme from the perspective of stakeholder theory leads to the impression that Retailers are, in fact, stakeholders to other members of the supply-chain and that some of them exert pressure upstream over the supply-chain by means of a code of conduct. There is no indication of stakeholders exerting pressure by using a code of conduct in the opposite direction (downstream) within supply-chains.

In the case of Retailer B, the code of conduct serves as a source of criteria to evaluate suppliers and come to a decision whether or not to grant legitimacy. Retailer A does not have explicitly formulated criteria but can also be seen as a provider of legitimacy to other businesses upstream a supply-chain. An example of punitive actions taken by Retailers is the exclusion of undesirable suppliers from the supply-chains (Seuring & Müller, 2008). Social contract theory can be regarded as a reason for the design of a code of conduct as Retailers are aware of their implicit responsibilities towards their customers and society.
The starting point for such codes of conduct is primarily the position of the Retailer and not another position, because Retailers are still most visible to customers. Hence, supply-chains as entities cannot yet be understood as open systems as the pressure is concentrated at the Retailer.

4.2.4 Lack of Dialogue

The findings of the empirical research imply a lack of dialogue between firms and relevant stakeholders. In general, the pressure perceived by interviewees can be characterised as rather silent. The lack of dialogue at the position of the Manufacturer is potentially a result of the Swedish culture in which it operates. In Sweden, as stated previously, CSR is an integral part of the national culture and, therefore, no active dialogue between business and stakeholders is explicitly encouraged. This is confirmed by representatives of the Retailers, who add the fact that stakeholders often are rather passive and wait for scandals to occur before taking action.

*I think it is more when something comes out, then it is really bad.*
(Retailer A, Personal Communication, 25.04.2012)

*In general, I think CSR questions in Sweden are more or less obvious than for example in Asia or India [...]. It is not a big deal as we are working with it every day.*
(Manufacturer, Personal Communication, 04.05.2012)

From a stakeholder theory perspective, this lack of dialogue results in a deficiency of customer knowledge about issues pertaining to the TBL for two reasons: first, passive customers are not actively seeking out information about the relevant issues. Second, firms beyond the position of focal companies, which are not in immediate contact with the end customer (cf. Fuchs & Kalfagianni, 2009; Seuring & Müller, 2008; Schary & Skjøtt-Larsen, 2001), are not sufficiently transparent about these aspects of their business.

As a consequence of this lack of dialogue, only scandals related to corporate behaviour (cf. Dawkins & Lewis, 2003) are reasons for stakeholders to resort to punitive actions. The passive customers (Dawkins & Lewis, 2003) exert pressure with regards to the TBL merely implicitly (cf. Porter & Kramer, 2006) and thus, also grant legitimacy implicitly.

The lack of dialogue represents the unspoken nature of the social contract (cf. Moir, 2001) between business and its stakeholders. Nevertheless, the investigated companies are aware of this fact and their responsibilities towards society and act upon them.

In light of the fact that actions of businesses upstream of the focal company are not yet fully visible to the end consumer, the pressure originating at this stakeholder group cannot yet be characterised as intended for the supply-chain as an entity.

4.2.5 Punitive Actions

Different examples of punitive actions can be identified at each position within the sample. The Suppliers of Raw Material experience pressure within the social dimension of the TBL by means of potential contract termination initiated by employees. Secondly, the next customer influences the financial performance of the Supplier of Raw Material through purchasing decisions.

*If I don’t have people, I have nothing.*
(Supplier of Raw Material B, Personal Communication, 04.05.2012)
So I mean they pressure them more on cost cutting [...]
(Supplier of Raw Material A, Personal Communication, 27.04.2012)

Manufacturer and Logistics companies both emphasise their interest in sustainable behaviour of firms involved in their transactions. At these positions punitive actions include the termination of collaboration should the companies not fulfil the Manufacturer’s/Logistics’ criteria according to the TBL’s dimensions of ‘Planet’ and ‘People’.

We try different sub-contractors and in these contracts of course, we make demands on environment and work environment and work safety.
(Logistics A, Personal Communication, 04.05.2012)

Retailers exert as well as experience pressure. On the one hand, their purchasing behaviour towards companies upstream in supply-chains can be characterised as potential punitive actions. On the other hand, Retailers face probable rejection by end consumers.

I think if something bad comes out about us in the paper, I think our sales will go down the next day.
(Retailer A, Personal Communication, 25.04.2012)

[...] when we inform our suppliers about this BCI [Business Continuity Institute – Code of Conduct] we also demand them to find a person who will follow up to their suppliers in the chain as well.
(Retailer B, Personal Communication, 04.05.2012)

Supporting stakeholder theory, punitive actions are a means for various (groups of) individuals to exert pressure on businesses and influence their behaviour (cf. Werther & Chandler, 2005). Although sometimes stakeholders can be seen as rather passive and as exerting implicit pressure, as elaborated in the previous section of ‘Lack of Dialogue’, punitive actions are one example of explicit pressure by stakeholders (cf. Porter & Kramer, 2006).

Concerning legitimacy theory, punitive actions can be understood as one manner in which to withdraw legitimacy from companies (Seuring & Müller, 2008). From the perspective of social contract theory, such punitive actions are stakeholders’ reactions to a breach of the “corporate social contract” (Lantos, 2001, p.599). Although the punitive actions by end consumers are concentrated on retailers, these actions have an effect on companies upstream in the supply-chain. According to Seuring and Müller (2008), should consumers reject a retailer’s product, the entire supply-chain is rendered obsolete. This points to a possible consideration of supply-chains as open systems, as several companies experience pressure. However, the shift to entire supply-chains as open systems is yet to be conclusively confirmed.


5 Conclusion

Reasoning draws a conclusion, but does not make the conclusion certain, unless the mind discovers it by the path of experience.

- Roger Bacon –

Approaching this investigation by means of social contract theory, stakeholder theory, and legitimacy theory served as a useful starting point for the fulfilment of this project’s purpose. The result is an in-depth exploration how individual actors within supply-chains perceive pressure and whether the shift from inter-firm competition to inter-supply-chain competition is accompanied by a similar shift in stakeholder pressure from individual companies to entire supply-chains. The drawing of valuable conclusions with regards to the project’s research questions was facilitated by the use of these three theories.

The results of this empirical investigation demonstrate the significance of a wide range of stakeholders with regards to CSR-related pressure. Sources of CSR-related pressure include both, primary and secondary stakeholders (cf. Clarkson, 1995). Primary stakeholders represented in the results are employees, suppliers, customers, and owners. Community, kinship relations, unions, landlords and governments constitute the group of secondary stakeholders. Despite the presence of both stakeholder groups, the strongest pressure is perceived to originate from primary stakeholders namely employees and customers. Noteworthy is the fact that employees are portrayed as influential by the first two positions of the investigation’s supply-chain but not the last two positions. Also remarkable in this context is the perception that the respective governments as stakeholders are not active (enough).

Differences between governments’ approaches to CSR are uncovered during the interviews. They are caused by national and cultural variations among the different positions in a supply-chain which are investigated (Sweden and Pakistan). This mirrors the global character of the clothing industry (cf. Laudal, 2010).

Overall, the exploration of CSR-related pressure among these four positions reveals the inclusion of all three dimensions of the TBL in stakeholder demands. However, slight differences between the individual positions can be identified. These differences trigger the conclusion that the TBL as such is not yet understood and applied as an integrated set of performance criteria, but rather employed as three topics separate from each other.

Contrary to the current focus of SSCM literature on environmental issues (cf. Seuring & Müller, 2008), the ‘Planet’ dimension of the TBL is not perceived as relevant pressure among Suppliers of Raw Material. Instead, the dimension of ‘Profit’ and ‘People’ are the prevailing topics. The interviewed Suppliers of Raw Material perceive a conflict with their next customers who are primarily focused on the ‘Profit’ dimension even at the cost of the ‘Planet’ dimension. Due to their dependency on these buyers, Suppliers of Raw Material are not able to engage in environmentally friendly practices, even though they would like to do so. In addition, the owners of Logistics companies exert pressure in terms of the entire TBL, including the ‘Profit’ dimension. Apart from these circumstances, the remaining interviewees only connect the dimensions of ‘Planet’ and ‘People’ explicitly to the term ‘sustainability’. This leads to the conclusion that the traditional performance criterion of
‘Profit’ is not always perceived to be an integral part of sustainable behaviour and is an implied aspect of the social contract which does not require explicit stakeholder attention.

These demands along the TBL are often not directly formulated and communicated by stakeholders. Therefore, some pressure can be characterised as ‘silent’ and a lack of dialogue between companies and stakeholder groups can be observed. Managers at the respective positions in supply-chains are aware of the fact that this lack of dialogue may result in punitive actions (cf. Werther & Chandler, 2005) by stakeholders. The most influential punitive action by stakeholders is perceived to be the purchasing behaviour and buying decisions of the next customer, thus indicating a flow of pressure upstream the supply-chain.

With regards to the possible shift in stakeholder pressure onto entire supply-chains, no conclusive evidence could be gathered. This shift is not perceived by managers at the various positions within supply-chains. Hence, these findings do not yet support the assumption made by the authors in the conceptual model (Figure 5) that entire supply-chains can be subject to stakeholder pressure and be perceived as open systems. Nonetheless, the conceptual model allowed the authors to discover indications for a trend among the investigated companies towards the pressure ‘trickling-up’ from the focal companies (Fuchs & Kalfagianni, 2009; Seuring & Müller, 2008; Schary & Skjott-Larsen, 2001), namely Retailers, towards the Suppliers of Raw Material. The term ‘trickle-up’ refers to the examples of the so-called ‘next customers’ influencing the behaviour of their suppliers which were found at many instances during the interviews. The question remains, whether this ‘trickle-up’ effect will continue and be enhanced in the future. According to the interviewees, this largely depends not solely on the voluntary adoption of CSR practices within supply-chains, but also on the active involvement of governments across borders to stimulate such an effect. Secondly, it is worth finding out whether the passing on of CSR-related pressure within supply-chains, based on a meaningful dialogue instead of mere unspoken expectations, will lead to the potential shift in stakeholder pressure onto entire supply-chains. Should this possibility hold true, entire supply-chains may be able to benefit from cooperation (cf. Speckman et al., 1998) with regards to CSR and flourish based on the resulting legitimacy and competitive advantage.
6 Limitations and Implications

There is an increasing awareness of the interrelatedness of things. We are becoming less prone to accept an immediate solution without questioning its larger implications.

- Arthur Erickson -

6.1 Limitations

The shift in stakeholder pressure from individual companies to entire supply-chains was not identified in the results or the analysis of this research project. Thus, the applicability of GST (General Systems Theory) to entire supply-chains was not observed. This limitation could be a consequence of the selected sample which was investigated. In order to examine whether this shift has taken place, a case study of one single supply-chain would have been more appropriate. This approach was the authors’ intended research strategy at the start of this project. Unfortunately, obtaining access to one single, connected supply-chain proved more difficult than anticipated. After realising the problematic nature of this endeavour, the authors, in a short time, managed to continue working on the same purpose by developing an alternative research strategy which did not call for the in-depth investigation of one entire supply-chain. Thus, the focus of the research project was shifted towards an exploration of perceptions of stakeholder pressure at various positions within several supply-chains. Nonetheless, it was possible for the authors to obtain a sample from one single industry, which allowed for an investigation of companies sharing the same product focus. This similarity facilitated the comparison between the perceptions of stakeholder pressure at the various positions within the supply-chains. On the other hand, this limitation to one industry leads to the question whether comparable results could be obtained whilst investigating differing industries.

Furthermore, the sample comprised two companies per position (except Manufacturer). Possible differences between companies within one position (heterogeneity) only played a minor role in the analysis of the raw data.

As the selected interviewees are all members of top management, this study only includes one perspective of perceived stakeholder pressure and does not include perceptions of other employees.

Overall, the interpretivist nature of this research project entails a certain degree of subjectivity, based on the authors’ personal backgrounds. Hence, other researchers may arrive at different conclusions when interpreting the original set of data.
6.2 Academic Implications

As suggested in the previous section, it would be advisable to approach this research by means of a case study of one entire supply-chain, possibly across varying industries. In doing so, the results of this study can be compared to the authors’ conclusions.

Moreover, the current perspective on SSCM which primarily deals with environmental concerns should be extended to also include the other two dimensions of the TBL, as this is already a noticeable reality in some supply-chains. Secondly, as supply-chains often operate on a global scale, it would be worth finding out whether stakeholder demands also vary according to the differences in cultural and national backgrounds. In addition, the effect of transparency and sustainability reporting could be investigated concerning their influence on stakeholder demands and their capacity to contribute to a meaningful dialogue between firms and stakeholders. Furthermore, other characteristics of a mutually beneficial dialogue should be identified and tested. Likewise, the relationship between company size and power with regards to the ability to exert pressure onto other members of the supply-chain should be investigated in order to contribute to the advancement of further CSR practices in entire supply-chains. Further research should also concentrate on the phenomenon of ‘trickling-up’. It could be examined whether this is a snapshot of the current state of SSCM and whether a potential future scenario where pressure flows downstream the supply-chain is also possible. Simultaneously, research could be conducted with regards to the mediating or enhancing factors which influence this ‘trickling’ effect. Lastly, it would be highly valuable to determine whether end customers put pressure on retailers as a mere result of accessibility and actually intend to exert pressure on entire supply-chains in this way, or whether there are more factors which influence this behaviour.

6.3 Managerial Implications

Within the clothing industry, it is advisable for managers to embrace CSR and its potential to create legitimacy and a competitive advantage also within the context of entire supply-chains. In order to design appropriate CSR agendas, an open and direct dialogue with primary stakeholders about the TBL should be initiated. In doing so, companies could move forward from the current trial-and-error approach to CSR practices to a well-founded CSR strategy. As demonstrated by the results of this research, it is necessary to also extend the dialogue to the respective governments. Governmental support may prove to be valuable in the support of CSR initiatives across borders. In conclusion, managers are well-advised to enhance the ‘trickling-up’ effect in their respective supply-chains, including all three dimensions of the TBL, to advance CSR efforts in business.
List of References


Haufler, V. (2004). MNCs, intervention, and the international community: unexpected expectations?


Appendix

Appendix 1: A Typical Value Chain (WBCSD, 2002)

The value chain

A second approach to helping delineate a company’s CSR boundaries is to ‘map’ issues and dilemmas along a value chain or a product’s life-cycle. The chart below uses the example of a typical manufacturing business as a means of illustrating some of the key challenges.

- Child labor
- Discrimination
- Abuse of indigenous people
- Social inequity in local community
- Long working hours
- Abuse of union rights
- Dangerous working conditions
- Corruption
- Discrimination
- No freedom of speech
- Health & safety
- Use of local water resources
- Whole sale discrimination
- Bribery
- Unfair competition
- Social exclusion
- Pollution

Appendix 2: Research ‘Onion’ (Saunders, Lewis & Thornhill, 2007)
Appendix

Appendix 3: Interview Guide

Interview Guide

SWITCH ON TAPE RECORDER!
Name iter:
Date:
Time:

Name itee:
Position:
Years within the company:
Tasks and responsibilities:

KEEP OPEN POSTURE!

Introduction:
- Personal introduction
- Explain reason and importance of interview (goal)
- Mention tape recorder, notes and duration
- Thank interviewee for taking the time
- Mention the topics which will be addressed
- Make clear that this is a semi-structured interview, if there is anything the interviewee feels is very important and it is not mentioned, then he/she should feel free to talk about it

Topics:

Topic 1: The company
1. Can you tell us what exactly your business is? What is this company doing?
2. Who are you delivering to, obtaining from?
3. Could you tell who you think your competition is?

Topic 2: CSR in general
1. What is your definition/understanding of CSR/social responsibility/sustainability?
2. How relevant is CSR in your business (at this point in time and in the future)?

SUMMARISE INBETWEEN!

GO INTO DEPTH!
Appendix

Topic 3: CSR pressure

1. Do you perceive pressure from stakeholders to adopt CSR practices at your company?
2. Can you tell us where (which stakeholders) this pressure comes from? Why? Examples?
3. Which stakeholders are the most demanding/exerting most pressure? Why? Examples?
4. Which stakeholders do you perceive to be most important to your business? Why?
5. What kind of pressure are you experiencing? Environmental, social, financial? Examples?
6. Do different stakeholders demand different things with regards to the Triple-Bottom-Line? Why? Examples?

ALLOW FOR SILENCE!
TAKE NOTES!
NODDING, HUMMING!

Topic 4: CSR pressure in the supply-chain

1. How would you characterise the CSR related pressure in your supply-chain? Why?
2. Do you feel that the CSR related pressure has shifted from being on single companies to being on supply-chains as a whole? Why (not)? Examples?

SUMMARISE AT THE END!
ALLOW FOR ADDITIONAL COMMENTS!

Closure:

- Round off the interview
- Thank interviewee again for agreeing to talk
- Offer to send the finished report
- Ask for possible respondent validation
- Explain again what you will do with the information
- Exchange contact details again, so that interviewee can contact us again if he/she needs further information or has questions
Appendix 4: Coding Scheme

This coding scheme was developed by the authors to facilitate the coding process of the data for each individual position in supply-chains. It was designed according to the research questions and further categorised along the lines of answers given to interview questions, miscellaneous findings, as well as initial interpretations and questions derived by the authors. The interpretations marked in bold letters constitute the main answer to the respective research question. Furthermore, the raw data was fragmented into analytic themes, which serve as the basis for the analysis. They were established by grouping recurring answers into five headings (themes) which were identified in existing literature. These themes were developed in addition to the answers to the study’s research questions (right column). As the relevant stakeholders and dimensions of the TBL constitute the main answers to the research questions they were not included as analytic themes themselves.

Position: Suppliers of Raw Material

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Answers</th>
<th>Miscellaneous</th>
<th>Analytic Themes</th>
<th>Authors’ Interpretations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From which stakeholder group does the perceived pressure originate?</td>
<td>• “for the employees”</td>
<td>• “tradition”</td>
<td>• Punitive actions</td>
<td>• Punitive action by employees: employment termination</td>
</tr>
<tr>
<td></td>
<td>• “so we try to look after them in a way that they stay with us”</td>
<td></td>
<td>• Motivator: tradition and religion</td>
<td>• Pressure from employees, but is not perceived as such</td>
</tr>
<tr>
<td></td>
<td>• “nobody puts pressure how we should deal with our labour”</td>
<td></td>
<td></td>
<td>• Tradition – related to internal values?</td>
</tr>
<tr>
<td></td>
<td>• “in the community”</td>
<td></td>
<td></td>
<td>• Community grants legitimacy</td>
</tr>
<tr>
<td></td>
<td>• “based on kinship”</td>
<td></td>
<td></td>
<td>• Importance of relationships and families</td>
</tr>
<tr>
<td></td>
<td>• “don’t look for the government”</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “poor people”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “peer pressure”</td>
<td></td>
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Appendix

<table>
<thead>
<tr>
<th>2. Which dimension of the TBL are represented in the perceived pressure?</th>
<th>“we usually give them housing, we give them wheat also and then they get the pay, […] are allowed to have a certain part of the land to cultivate their own crops, so they can feed their own cattle”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“any problem like medical or any other issue”</td>
</tr>
<tr>
<td></td>
<td>“or like if somebody is getting married in their family they ask for some help”</td>
</tr>
<tr>
<td></td>
<td>“employees […] most prominent part in […] operations”</td>
</tr>
<tr>
<td></td>
<td>“I think they like more the cotton that is you know clean and better”</td>
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<td></td>
<td>“little action was done by […] the government”</td>
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<td></td>
<td>“the branded companies, […] they pressure them more on cost cutting”</td>
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<tr>
<td></td>
<td>“we let them live there and we treat them as a family […] their medical issue is our”</td>
</tr>
<tr>
<td></td>
<td>“if we will take care of them, they will take care of us”</td>
</tr>
<tr>
<td></td>
<td>Buyers emphasize profit dimension</td>
</tr>
<tr>
<td></td>
<td>Buying companies exert pressure only in terms of Profit, not other TBL dimensions, although producer would like to experience other pressure also</td>
</tr>
<tr>
<td></td>
<td>Employees: work environment, health and safety, housing, medical care</td>
</tr>
</tbody>
</table>
Appendix

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<tr>
<th>3. Which stakeholder groups emphasize which dimensions?</th>
<th>4. Do individual actors within supply-chains perceive a shift in stakeholder</th>
<th>Motivator: family survival</th>
<th>Working conditions are important, safety, health</th>
</tr>
</thead>
<tbody>
<tr>
<td>- “tasks […] which won’t be much harmful or won’t create any problem”</td>
<td>- “there should be a pressure”</td>
<td>- Accept you in doing well”</td>
<td>- Community – legitimacy granters in case of economic benefits</td>
</tr>
<tr>
<td>- “proper equipment”</td>
<td>- “it would be a good thing if within the supply-chain the companies would put more pressure on each other to be”</td>
<td>- “the most important aspect if I think about TBL, it's survival, it's purely profit”</td>
<td>- Buyers emphasize profit dimension</td>
</tr>
<tr>
<td>- “so it creates extra employment in the community”</td>
<td>- “I think farmer doesn't, because one thing is he can’t keep the crop too long, because it gets yellow if it's too long”</td>
<td></td>
<td>- Buying companies exert pressure only in terms of Profit, not other TBL dimensions, although producer would like to experience other pressure also</td>
</tr>
<tr>
<td>- employees want “the housing and the safety, the water”</td>
<td>- government</td>
<td></td>
<td>- Family focused on its survival</td>
</tr>
<tr>
<td>- “board members are my father and his brothers [who want] flow of money”</td>
<td></td>
<td></td>
<td>Farmer is not able to exert a lot of power down-stream?</td>
</tr>
<tr>
<td>- “just run the show”</td>
<td></td>
<td></td>
<td>No detectable shift, but it is perceived to</td>
</tr>
<tr>
<td>- “survival of the family”</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- medical issue”
- “police will arrest them for no reason - for money, for bribery, corruption. These are the biggest issues for them they have to go through”
- “we give it to 50/50”
- “a lot of pesticides”
pressure onto the chain as an entity?

- “The government, the state would have to come inside the entire system, understand it, facilitate it in such a way or give them financial access or give them insurance policies and do all that, that they have enough time to think and mechanise and institutionalize it.” – “incentives”
- “So you cannot control it, unless it is a national policy”
- “They are not actually small. They are big in terms of power, but when it comes to financial accessibility, because they are not institutionalized yet, they don’t have access to money, so they are very dependent on the next buyer”

be a good thing if it should happen in the future

- Future scenario: can the supplier of raw materials exert pressure on the rest of the supply-chain?
- Call for government to support entire supply-chains to be more sustainable and provide incentives for sustainable behaviour

Position: Manufacturer

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Answers</th>
<th>Miscellaneous</th>
<th>Analytic Themes</th>
<th>Authors’ Interpretations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From which stakeholder group does the perceived pressure originate?</td>
<td>“think our customers are the most demanding stakeholders”</td>
<td>“CSR questions in Sweden are more or less obvious”</td>
<td>Lack of dialogue</td>
<td>National differences?</td>
</tr>
<tr>
<td></td>
<td>“it is B2B”</td>
<td>“no big deal as we are working with it every day”</td>
<td></td>
<td>Customers (B2B)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Employees</td>
</tr>
<tr>
<td>2. Which dimension of the TBL are represented in the perceived pressure?</td>
<td>“environmentally friendly dye stuff and chemicals”</td>
<td>“differentiate […] from the rest”</td>
<td>Motivator: competitive advantage</td>
<td>CSR as source of competitive advantage</td>
</tr>
<tr>
<td></td>
<td>“good working condition and […] safe”</td>
<td>“is more or less obvious from the view from our customers”</td>
<td>Lack of dialogue</td>
<td>Silent/passive customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>two dimensions of the TBL (Planet, People)</td>
</tr>
<tr>
<td>3. Which</td>
<td>“with all three dimensions”</td>
<td>“They don’t directly ask […]”</td>
<td>Lack of</td>
<td>Hard to identify</td>
</tr>
</tbody>
</table>
### Appendix

<table>
<thead>
<tr>
<th>stakeholder groups emphasize which dimensions?</th>
<th>of the TBL”</th>
<th>to do something specific”</th>
<th>dialogue</th>
<th>demands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• “I am not sure about that”</td>
<td>• “very dependent on them; don't have the power to demand such things if it would be necessary”</td>
<td>• Punitive actions</td>
<td>• National differences?</td>
</tr>
<tr>
<td></td>
<td>• “common practice in Sweden that you don't really perceive that there is a difference between the companies”</td>
<td></td>
<td></td>
<td>• No specific demands can be allocated to a specific stakeholder group</td>
</tr>
<tr>
<td></td>
<td>• “I am pretty sure of the other customers also really are into CSR in general”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “ask the supplier to be sustainable”</td>
<td></td>
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</tr>
</tbody>
</table>

4. Do individual actors within supply-chains perceive a shift in stakeholder pressure onto the chain as an entity?

|                                              | • “I am not sure about that” | • “very dependent on them; don't have the power to demand such things if it would be necessary” | • Punitive actions | • No real shift detectable |
|                                              | • “common practice in Sweden that you don't really perceive that there is a difference between the companies” |                                               |         | • But it is expected from other companies within supply-chain to behave sustainably |
|                                              | • “I am pretty sure of the other customers also really are into CSR in general” |                                               |         | • Question of power? |
|                                              | • “ask the supplier to be sustainable” |                                               |         | • Putting pressure on other companies within the supply-chain |
|                                              | • “very dependent on them; don't have the power to demand such things if it would be necessary” |                                               |         | |
|                                              | • “I am not sure about that” |                                               |         | |
|                                              | • “common practice in Sweden that you don't really perceive that there is a difference between the companies” |                                               |         | |
|                                              | • “I am pretty sure of the other customers also really are into CSR in general” |                                               |         | |
|                                              | • “ask the supplier to be sustainable” |                                               |         | |

### Position: Logistics

<table>
<thead>
<tr>
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<th>Authors’ Interpretations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From which stakeholder group does the perceived pressure originate?</td>
<td>• “some very large customers”</td>
<td></td>
<td>• Customers, owners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “biggest customers”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “our owners”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Which dimension of the TBL are represented in the</td>
<td>• “environmental aspect”</td>
<td>• “it is expected that large and medium-sized businesses are</td>
<td>• Two dimensions of the TBL (Planet, People)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• “social responsibility, including environment”</td>
<td></td>
<td></td>
<td>• Especially environment</td>
</tr>
</tbody>
</table>
perceived pressure?

- “not only about the environment but also about social issues”
- “safety, working conditions”
- “social and environmental issues”
- “especially when it comes to environmental issues due to the fact that we are active in the transport sector”

taking social responsibility in the society they operate in

Differences in size play a role?

3. Which stakeholder groups emphasize which dimensions?

- “include every dimension in their demands”

Customers, owners: two dimensions of the TBL

4. Do individual actors within supply-chains perceive a shift in stakeholder pressure onto the chain as an entity?

- “no, not that I am aware of”
- “try to make them behave more sustainably”
- “we make demands on environment, work environment and work safety”

- “cannot speak for all the different industries”

Punitive actions

Differences between industries?

Companies within supply-chains put pressure on each other (in all three dimensions) but no concrete evidence of a shift
Position: Retailer

<table>
<thead>
<tr>
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<th>Answers</th>
<th>Miscellaneous</th>
<th>Analytic Themes</th>
<th>Authors’ Interpretations</th>
</tr>
</thead>
</table>
| 1. From which stakeholder group does the perceived pressure originate? | • “so I think we get the pressure from like the customers”  
• “we must behave in the way that people, suppliers and our landlords and the government think we should”  
• “the most pressure is coming from the customers”  
• “the landlord”  
• “I think that comes from all the way”  
• “and also the supplier”  
• “but I think the strongest pressure is from the customers”  
• “stockholders and the board”  
• “other companies” | • “I think it is very silent”  
• “customers usually don’t tell us things”  
• “they just like never show up again”  
• “competitive world out there”  
• “to be able to survive”  
• “the knowledge among the customers is not that much”  
• “not something that customers are asking for” | • Lack of dialogue  
• Motivator for CSR: survival (legitimacy and competitive advantage)  
• Punitive actions | • Most pressure is perceived to come from customers  
• No dialogue, but pressure through punitive action (silence)  
• List of stakeholders: customers, suppliers, landlords, government, stockholders, board, competition |

| 2. Which dimension of the TBL are represented in the perceived pressure? | • “to the environment”  
• “treat our employees”  
• “where the products are made and the production, how it looks in the factories and how the workers are treated”  
• “environmental issues”  
• “environmentally friendly” | • “it is really hard to measure”  
• “just because one customer is saying something and we try this, it doesn’t mean that many people will demand it”  
• “how similar stores in” | • Lack of dialogue  
• Code of Conduct  
• Punitive actions | • Exact demands and expectations are difficult to identify but in general, two dimensions of the TBL  
• Demands in two dimensions, but only pressure point by |
chemicals”
- “do not only focus on workers, but also on the environment”

-different cities sell”
- “BCI [Business Continuity Institute] code of conduct”
- “Swedish companies they have reached far ahead towards other companies, because they are working with this area for so many years”

3. Which stakeholder groups emphasize which dimensions?
- “I think in general people are pretty aware”
- “child labour”
- “the feathers”
- “follow the union and the overall standards with environment”
- “customers [...] where the products are made and the production, how it looks in the factories and how the workers are treated”
- “customers [...] do not only focus on workers, but also on the environment”
- “if it comes out”
- “I think maybe the bigger companies have more the eyes on the whole value transportation and everything”
- “in a small company you cannot make a difference”

- Lack of dialogue

- Power and legitimacy of stakeholder demands unknown
- Indirect pressure from competition, benchmarking
- Differences in nationality and culture play a role?

4. Do individual actors within supply-chains perceive a shift in stakeholder pressure onto
- “I don’t think it is a really strong focus”
- “I don’t think the end customer thinks that we are responsible”
- “because they don’t have any

- “hard for the society to control and know about everything. I think it is more when something comes out than it is really bad”
- Government
- Lack of dialogue

- Again: does company size matter with regards to pressure, more visible, more strategic CSR?
- Customers
| the chain as an entity? | direct contact with them [suppliers], they have to kind of pressure the retailer in a way, because they don’t have any other opportunity”  
| • “we inform our suppliers about this BCI we also demand them to find a person who will follow up to their suppliers in the chain as well”  
| • “retailer would be putting a little bit more pressure on the suppliers, so upstream the supply-chain”  
| • “how far in the chain can we as retailers go? How far is our responsibility?”  
| • “if we want to have a really big change I think the Swedish government and the different country governments have to start to bring up the CSR issues for discussion to see what is the best way” | “many of the big companies are very aware [...] have pretty hard inner control”  
| • “the connection with sales and CSR”  
| • “we cannot do that even if we …even if we personally would think that it would be nice to do it”  
| • “if it is transparent …sometimes it is hard for the society to know”  
| • “supply-chain is very big”  
| • “not something at the moment that we control” | pressuring retailers as a way of putting pressure on entire supply-chain?  
| • In addition to size of the company: power to influence supply-chain?  
| • Transparency – dialogue issue?  
| • **No real shift detectable, but the retailers would appreciate it**  
| • Call on government to put pressure on entire supply-chain |
Appendix 5: Summary Results

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Suppliers of Raw Material</th>
<th>Manufacturer</th>
<th>Logistics</th>
<th>Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From which stakeholder group does the perceived pressure originate?</td>
<td>Community, Employees, Kinship Relations, Customers</td>
<td>Customers, Employees</td>
<td>Customers, Owners</td>
<td>Customers, Suppliers, Unions, Landlords, Government, Stockholders, Board, Competition</td>
</tr>
<tr>
<td>2. Which dimension of the TBL are represented in the perceived pressure?</td>
<td>People, Profit</td>
<td>People, Planet</td>
<td>People, Planet, Profit</td>
<td>People, Planet</td>
</tr>
<tr>
<td>3. Which stakeholder groups emphasize which dimensions?</td>
<td>People: Community, Employees, Kinship Relations</td>
<td>People: Customers, Employees</td>
<td>People: Customers, Owners</td>
<td>People: Customers, Suppliers, Unions, Landlords, Government, Stockholders, Board, Competition</td>
</tr>
<tr>
<td></td>
<td>Profit: Customers, Kinship Relations, Community</td>
<td>Planet: Customers, Employees</td>
<td>Planet: Customers, Owners</td>
<td>Planet: Customers, Suppliers, Unions, Landlords, Government, Stockholders, Board, Competition</td>
</tr>
<tr>
<td>4. Has perceived stakeholder pressure shifted from the individual organization to the entire supply-chain?</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
