Sustainability passion in fashion:

Challenges and Opportunities for Small and Medium-sized Swedish Apparel Brands when Working with Corporate Social Responsibility in their Global Supply Chain

Keywords: apparel industry, Sweden, CSR, Corporate Social Responsibility, sustainability, SME, Small- and Medium-sized Enterprises, SCM, Supply Chain Management.
Abstract

The overall economic development during the nineteenth and twentieth century has left us with an interconnected global society. However, the pollution does not adhere to the boundaries of nation-states. Therefore, the sustainability issue calls for holistic solutions on all levels of society, from individuals to states, large NGOs, and in particular the companies that produce the goods we consume.

Corporate initiatives on this matter are usually referred to as Corporate Social Responsibility, or CSR. Many large corporations have been under scrutiny from different stakeholders ever since the early 1990’s and it is no longer possible for them to neglect their responsibility for i.e. pollution or human rights. However, smaller actors do not receive as much attention as their larger competitors, due to lower stakeholder awareness.

With this background, this master thesis aims at investigating how small to medium-sized enterprises (SMEs) within the apparel industry in Sweden perceive their opportunities and challenges when working with CSR in their global supply chain. Thus, the thesis hopes to help bridge a scientific gap, and also connects to Supply Chain Management, SCM. This was accomplished through a literature review that identified and categorized different aspects of the problem. Following this, a multiple-case study with eight different brands was carried out, interviewing representatives from the organizations.

The results show, among other things, that for SMEs, top management and/or owner values and commitment are of significant importance. This is in line with the literature. On the other hand, aspects like difficulties with language and cultural barriers were not an issue, contrary to the current academic research on SMEs. This was said to be due to the organizations extensive implementation or use of social capital through long-lasting business relations, which is another characteristic of the SME sector identified by the literature. Existing industry initiatives and cooperation between brands can work, but external help to manage these projects is essential for their success. Available Environmental Management Systems (EMS) on the other hand are often considered too expensive, time-consuming or unknown to end-consumers to be implemented. On the contrary, harsher government regulation and enforcement, both in Sweden as well as in the production countries are advocated. This is particularly noticeable, since generally, private sector representatives tend to be against government regulations.
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Thank you,

Erik Weidstam

Stockholm, September 2014
List of Abbreviations and Acronyms

B2B Business To Business

B2S Business to Society

CSR Corporate Social Responsibility

EMS Environmental Management System

MNC Multi-National Corporation

NGO Non-Governmental Organization

ROI Return on Investment

SCM Supply Chain Management

SME Small and Medium sized Enterprises

SSCM Sustainable Supply Chain Management

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1. Introduction

Since the publication of the “Report of the World Commission on Environment and Development: Our Common Future”, commonly known as the Brundtland-report in 1987, sustainability has increasingly been on the agenda. Interlinked problems like climate change, water-scarcity, poverty, and pollution are increasingly receiving attention. The term “sustainable development” is a phrase commonly used as a part of the solution to these problems, and one will find many different definitions on what sustainable development is (de Vries, 2007, p. 243). The Brundtland-report defines sustainable development as meeting “the needs of the present without compromising the ability of future generations to meet their needs” (WCED, 1987). Furthermore, three dimensions, or pillars, of sustainability are usually identified (e.g. Hutchins & Sutherland, 2008); social-, environmental- and economic sustainability. Only if all three of these pillars are fulfilled, sustainability is achieved.

The overall economic development during the nineteenth and twentieth century has left us with an interconnected global society (Hornborg A., 2007, p. 1). Much of the material-intensive production is now taking place in countries like China, India and Bangladesh, but under the control of multinational corporations (MNCs) often based in the “west”. Due to the current level of globalization and due to pollution not adhering to the boundaries of nation-states, the sustainability issue calls for holistic solutions on all levels of society, from the individuals of you and me to states, large NGOs, as well as corporations – we all have some responsibility. The corporate part of the solution to sustainable development is often referred to as Corporate Social Responsibility, or CSR, which because of this interconnected global society often include a need for, and understanding of, international collaborations and relations.

In the name “sustainable development” one can also discern a legacy of the contemporary, western, neoliberal society that values general as well as corporate growth before anything else. Growth is something that the corporate management and investment models of today build upon, and to some, it is one of the main critiques against CSR as part of the solution. It does not address what some people claim to be the main problem; the continuous and unsustainable growth, and the unequal distribution of this growth between generations, populations and different social groups (Eisenmenger & Giljum, 2007, p. 291).
CSR should thus be seen in this light, as a market-based solution to environmental problems, and a way for corporations to reestablish the traditional link between the economy and the environment. It is also a way for corporations to adjust to a changing business landscape with many different stakeholders who have demands on corporate responsibility. It is simply no longer possible for corporations to neglect their responsibility for CSR-related issues like pollution or human rights. In other words, CSR can be seen as a function of increasing societal demands on corporations to “do more” than just produce goods and services to provide economic return (Bartlett, 2011). CSR can also be seen as a discourse that has been emerging during the past decades; more and more corporations now work with sustainability in one way or another, whether they like it or not.

In the past decades, there have been a number of scandals involving multinational corporations and how they do business in relation to sustainability. Among the better known cases you find Nike, who received negative attention throughout the 1990’s for the conditions in their Asian sweatshops. The controversy in relation to the actions of British Petroleum (BP) in the Niger delta, Nigeria is another. Both include serious violations of human rights, of the environment, or both. More recently, a number of brands (including apparel giants H&M, Primark, Gap, Walmart and Carrefour) received criticism for their lack of labor standards, accountability, and transparence throughout their supply chain, after the collapse of a garment factory in Bangladesh in April 2013.

The issue of corporate sustainability is therefore as relevant as ever, and the impact and power of the world’s largest enterprises is of course substantial. But is it only the large MNCs that need to address these issues? So far, MNCs have been the main focus for CSR-studies (see e.g. Jenkins, 2004; Spence & Bourlakis, 2009 or Perrini et. al. 2007). Small and Medium-sized Enterprises (SMEs) dominate the international business landscape in many ways. It is generally said that SMEs make up for over 90 % of business worldwide (OECD, 2004). Thus, if we want to have a chance at achieving a thorough sustainable development, it is crucial to understand the challenges and opportunities that SMEs have as well.

Every industry has its problems and dilemmas. But all industries are driven by a continuous development of growth in production and sales. The apparel industry is in this essence not any different. On the contrary, fashion is all about constantly coming up with new seasonal designs and goods. Sale is driven with taglines like Gina Tricots “News Every Week”. According to a study from the university of Gothenburg (Centrum för Konsumtionsvetenskap,
Swedish households spent 50% more on clothing and shoes in 2010 as compared with a decade earlier, and it is one of the categories with the highest increase. Therefore, the apparel/garment industry is extra interesting to study. Partly due to this continuous growth, but the many different aspects of sustainability that needs to be addressed is also of interest; as well as the history of sustainability issues within the industry, exemplified by NIKE and the Bangladeshi factory collapse above. Finally, it is interesting because the apparel industry is claimed to be one of the most polluting industries worldwide (Nordic Fashion Association, 2014).

Both in reality and according to stakeholder theory, larger organizations receive more attention in general and therefore also come under scrutiny more often than SMEs, leaving the SMEs an understudied group. This, in combination with the many different aspects of sustainability that can be addressed within the apparel industry - its complex supply chain, and the specific industry conditions (Perry, 2012) - make sustainability issues for SMEs within the apparel industry an interesting area of study to understand contemporary sustainability issues. In a wider context, this study also furthers the research field of international relations and international political economy because of the complex and global supply chain of the industry. The global supply chain promotes not only monetary exchange and trade between countries, but also cultural exchanges between people of different origin, which relates to international relations on a micro scale. Furthermore it also relates to the development of economic history; the apparel/clothing industry was the first industry to be industrialized, and hence led the industrial revolution during the 18th and 19th century – everybody has heard of the Spinning Jenny. So maybe the apparel industry can take on the challenge and become a leader in yet another economic revolution; by some (Goldsmith, 2013) called the green industrial revolution?

1.1 Aims and research question

The aim and purpose of this study is to clarify the current challenges and opportunities that Swedish apparel SMEs have when working with sustainability in relation to their global supply chain and to test if the current academic body of literature contributes with sufficient knowledge. This is accomplished by first mapping what problems the current academic literature ascribes the topic in question. This will serve as a theoretical groundwork that then is tested through multiple case interviews.
In doing so, this thesis aims at increasing the knowledge about how Swedish apparel SMEs perceives these challenges and opportunities, and if the brands have any additions that should be studied onwards. This thesis also hope to bridge the scientific gap that exists regarding research on SMEs in relation to CSR, as most studies that are conducted in the emerging research field of sustainability studies larger corporations. Ultimately, this master thesis aims at recommending areas where more research needs to be done, as well as where better and/or more policy can be developed and implemented.

The main research question of this master thesis project have been:

- What challenges and opportunities does early twenty-first century academia recognize in relation to CSR/sustainability and global supply chain management, and how do these correlate to the reality of Swedish apparel SMEs?

1.2 General limitations and applicability

This thesis aims at studying the current challenges and opportunities at hand for Swedish apparel SMEs when working with sustainability in their global supply chain. As discussed below, the research field of sustainability in general, as well as in the apparel industry, is emerging. The expertise and best practice is evolving continuously, even though some apparel-industry organizations have been working with these issues for some time. Because of this continuous development, the study period of this thesis has been the last decade (2004-2014). This limitation in time is also appropriate since the aim of this thesis is to understand the current challenges and opportunities at hand for Swedish apparel brands. The time limitation also simplifies the empirical work, as interviewees rarely have been either in the apparel industry or at their specific CSR-related position for a longer period of time than the study period.

This research projects main focus is not to try to understand “why” organizations work with sustainability, but rather what challenges and opportunities SMEs encounter when working with this. It is therefore an active choice not to categorize the participating organizations in some sort of matrix like Battisti & Perrys’ (2011) four categories of why organizations commit to CSR initiatives, or where in Baumann-Pauly et. al.s’ (2013) 5x3 matrix on stages and dimensons of CSR the corporations can be placed.
The choice to study only Swedish organizations is due to the context of the author as well as the general aim of the Mistra Future Fashion project that this thesis is part of. The study should however have some applicability to other similar socio-economical settings.

To focus the study on SMEs was a result of a variety of factors. First, the existing body of literature usually focuses on MNCs, whilst SMEs are understudied. One of the reasons for the literature MNC focus can be found in the stakeholder theory (see section 2.2); as an organization grows, an increasing amount of stakeholders get involved in the organization and the public eye becomes aware of it, whereas smaller organizations can work more “under the radar”. However, if we are to achieve a sustainable future, we need to understand the challenges and opportunities smaller organizations face as well.

Studies of sustainability practices are, as mentioned, still in its infancy and they could also be described as somewhat shattered. The general lack of intersubjectivity could in turn be because there is a general lack of theoretical frameworks and approaches in the subject area. The method chosen for this thesis was to conduct a literature review in combination with a multiple case study, a methodological approach that seems to be a common approach when studying sustainability issues (see for example Ciliberti et. al. 2008; Spence & Bourlakis 2009, and Alvarez et. al. 2010). But, to the authors’ knowledge, no such study been carried out, focusing on the Swedish apparel industry.

It is also in its place to here recognize that even though many of the studied articles were qualitative; some were also quantitative, which provides important depth confirming the identified challenges and opportunities (e.g. Pedersen, 2009).

The sustainability issue can, and should, as mentioned in the introduction, be approached with many different theoretical starting points, in many different ways and on many different “levels”. From a societal “macro” point of view, all the way down to the micro-level of every day choices of individuals. This study focuses on Swedish SMEs in the apparel industry with global supply chains. In doing so, it could be claimed that this study relates to the micro level of the global apparel supply chain. It is therefore of particular interest to organizations with the same or similar conditions.

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1 Mistra Future Fashion is a research program meant to deliver insights and solutions to the Swedish apparel industry, as well as other stakeholders, to improve the industry’s environmental performance and global competitiveness. For more information, see: www.mistrafuturefashion.com.
Moreover, the study covers the western (Swedish) buyer perspective. To get a more holistic view and understand the suppliers’ point of view, studies focusing on their perceptions of challenges and opportunities with sustainability and doing business with western organizations should be done as well. This view is shared by Kogg (2009).

1.3 Definition of key terms

Apparel
Throughout this thesis, the phrase apparel-, garment-, and fashion industry is used interchangeably. The reason for not using e.g. the phrase clothing industry is that most organizations working within this industry are not limited to clothing production, but also sell shoes, hats, belts etc. in their collections, which the word apparel covers.

Corporation
Commonly, the notion of the “corporation” is the larger multinational enterprise; however, a corporation can also be an SME. In this master thesis, the words organization, enterprise, and corporation will be used interchangeably. A common assumption about the SME sector is that it is the organizational size of the corporations in it that is the defining characteristic (Jenkins, 2004). This is problematic. Looking at Figure 1, below, one can see and understand the many differences between the larger, medium-sized, enterprise and the micro or small-sized enterprises. Hence, it is not without some complexity the SME “grouping” is used and applied throughout this master thesis.

CSR
There are many different definitions of Corporate Social Responsibility. Dahlsrud (2008) identifies 37 different definitions, even though many of them are consistent to both content and formulation. However, Dahlsrud finds that the usage-frequency varies greatly and that the most common one is the definition provided in 2001 by the European Commission which states that CSR is “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.” (European Commission, 2001), which since has been replaced by “…the responsibility of enterprises for their impact on society.” (European Commission, 2011).

The former definition from 2001 is arguably the more inclusive of the two and is therefore the one that will be used here. Furthermore, CSR and sustainability in combination with words like “initiatives” and such, will figure interchangeably throughout the thesis.
**SCM**

When addressing the concept of sustainable procurement there are many different somewhat synonym phrases used in the literature, just like with CSR. Walker & Phillips (2009) identifies green supply, green purchasing, environmental supply chain management, green supply chains, and environmental supplier performance among others.

The definition of Supply Chain Management that will be used for this thesis is provided by Van Weele (2010), and reads:

“...the management of all activities, information, knowledge and financial resources associated with the flow and transformation of goods and services up from the raw materials supplier, component suppliers and other suppliers in such a way that the expectations of the end users of the company are met or surpassed. Supply chain management differs from purchasing in that it also encompasses all logistics activities” (Van Weele, 2010, p. 11)

The advantage with using this definition is that there is no need to use the prefixes green or environmental to SCM, as the definition reads “...the management of all activities...in such a way that the expectations of the end users of the company are met or surpassed.”, which can include environmental aspects.

**SME**

The European Commission (2003, May 20th), defines an SME on three separate grounds; staff headcount, turnover and balance sheet. The category is divided into three sub-categories; micro, small and medium-sized enterprises (see Figure 1) and should furthermore be autonomous, meaning that your enterprise should have no more or less than 25 % of voting or capital right in outside enterprises and no other enterprise ditto in your organization.

![Figure 1: Definitions of corporate size.](European Commission, 2003, May 20th, p. 14)
1.4 Outline of this paper – readers guide

Following this first initial section, you will find a chapter that describes the evolution of the concept of CSR over time; the reader will also be introduced to the concepts of stakeholder and shareholder theory. In chapter three, this is followed by an exposition on current CSR research, which is systematized into a number of categories in the fourth chapter. The identified categories serve as a theoretical framework and also as main talking points during the interviews. Before an account of the interview findings takes place in Chapter 6, an explanation of the methodological approaches used and how the data has been analyzed is presented in Chapter 5. The thesis is concluded in the seventh chapter by a presentation of the findings, a discussion and suggestions on topics for further research.
2. Background: Corporate Social Responsibility

Previously, it has been presented how this topic relates to the academic research fields of both economic history and international relations. Environmental issues knows no nation-state boundaries and in todays globalized economy, solutions need to address many different levels; from individual to governmental and corporate. The apparel industry lead the first industrial revolution and should hence not hesitate to lead yet another one; the green industrial revolution. Due to the complex structure (Figure 2 exemplifies this) of the apparel industry supply chain, all industry actors deal with international relations on a micro and/or macro scale. They are of course also affected by international as well as various domestic policies and legislations.

![Clothing Supply Chain Diagram](image)

Figure 1: Complexity of the clothing/apparel industry supply chain. (Asia Monitor Resource Centre, 2007)

The sections below present in more detail the background of CSR and how it has developed over time. The focus is on the 20th century, as well as on the development of stakeholder theory, that challenged the traditional view of the corporation. The section is meant mostly for readers who are not that familiar with the topic of CSR in general, and hence need a brief introduction. Chapter 3 continues with more specifics on CSR research today, also in relation to SMEs and SCM.
2.1 Brief historical development of CSR

To pin-point when CSR as a concept was founded, or when sustainability as a discourse was established, is hard. Grafström et. al. (2008) point out that at least in Sweden, corporations have been taking social responsibility for a long time. Traditions go back to the early days of modernization, when patrons over mill towns supported the local community with services that were originally developed for protecting the mill amenities; like firefighting and healthcare services. Later, these amenities helped build the Swedish welfare society. A more modern Swedish example is LM Ericsson, which provided daycare for the children of their employees so that they could retain the increasingly qualified factory personnel during the middle of the 20th century. At the same time, companies worldwide formed two and five percent clubs; where members gave away a certain percentage of their profits to charity.

However, during the mid-twentieth century, opinions on CSR were differentiated. Bowen (1953) was one of the first scholars that tried to define CSR. According to him, CSR was/is the decisions, policies and actions that align with the current goals and values of society. Nobel laureate Milton Friedman on the other hand, argued that the sole social responsibility of business is to use its resources to increase profits and payouts to shareholders. In doing so, corporations contributes to societal prosperity through its shareholders and employees who then can spend their money in whatever way he or she wants, i.e. donate to philanthropy or by buying taxed goods - and thereby support the finances of the state that in turn could provide social services. He wrote “…there is one and only one social responsibility of business–to use it resources and engage in activities designed to increase its profits…” (Friedman, 1970, p. 5), a contested standpoint ever since.

2.2 Share- and Stakeholders – their connection to CSR

In line with Friedman (1970), Freeman & Reed (1983) expressed that the traditional view of the responsibilities of a corporation was to its shareholders. But already in 1963, the Stanford Research Institute had coined the term “stakeholder”, which referred to groups beyond shareholders, managers and employees, “without whose support the organization would cease to exist” (Freeman & Reed, 1983, p. 89). This view has since been developed and Edward Freeman is usually credited for the development and popularization of the stakeholder theory due to his publication in 1984; Strategic management: a stakeholder approach.

The stakeholders originally included were shareowners, employees, customers, suppliers, lenders, and society. Today these are often divided into primary and secondary stakeholders,
with primary stakeholders generally being employees and owners. Secondary stakeholders range from customers and suppliers to the bit more diffuse “society”, which today translates into a broad group of Non-Governmental Organizations (NGO:s), unions, governmental organs, media, competitors etc.

Developing mechanisms for the organization to interact, maintain and build relations with all stakeholders is of importance to understand the ever changing landscape of the organizational setting (Roberts, 2003). Stakeholders can easily, and very fast, develop from having none or few demands and/or claims on an organization, to a much more prominent stakeholder role. According to Mitchell et. al. (1997) this depends on three relationship attributes that the stakeholder has with the corporation; the stakeholders’ general power, its legitimacy and the urgency of its claims.

Today, the development of stakeholder relationships, or reputation, is looked upon as a valuable corporate asset. An asset which is easily diminished; something we have seen in the previously mentioned cases of bad publicity in relation to lack of corporate responsibility. To meet the expectations of stakeholders today often means high levels of CSR commitment (Roberts, 2003). At the same time as it can be a daunting task for corporations to identify and build relationships with all stakeholders; news travel fast in the global, interconnected twenty-first century and an organization can have stakeholders they do not even know about. As section 4.5 in the ISO standard for social responsibility, ISO 26 000, puts it:

“[the organization should] … consider the views of stakeholders whose interests are likely to be affected by a decision or activity even if they have no formal role in the governance of the organization or are unaware of these interests.” (Swedish Standards Institute, 2010, p. 12)

2.3 Twenty-first century academic development

Both researchers and practitioners have seen an increase in sustainability-oriented activities. It was not until the start of the 21st century that the academic research increased substantially. As highlighted by Figure 3, below, Grafström et. al. (2008 p. 19) identifies a clear increase in published articles containing the phrase “Corporate Social Responsibility” towards the end of their study period (1998-2005).

In this relatively new area of expertise, focus has previously been on multinational corporations (MNCs) (see for example Jenkins, 2004; Spence & Bourlakis, 2009; Perrini et. al., 2007). This is understandable for a number of reasons. First, the impact of one MNC can
be the same as thousand smaller companies, and just by the magnitude of their activities they can substantially affect their surroundings. Secondly, MNCs dominate the media landscape since they receive more external stakeholder attention (illustrated by Nike and BP in the introduction), but also since they have more resources to spend on advertising and sustainability agenda-setting than their smaller competitors. Third and lastly, it has for some time now generally been said that over 50% of the 100 largest economies are corporations, hence MNCs possess a substantial amount of power in international agenda-setting.

Small and medium-sized enterprises (SMEs) dominate the international business landscape in other ways. Except that SMEs make up for over 90% of business worldwide (OECD, 2004), and according to Ciliberti et. al. (2010) account for up to 99% of businesses in Europe, they also employ between 50 and 60 percent of the working population (European Commission, 2003). In some sectors/industries, like the apparel industry, this figure can be as high as over 80% of the total number of people employed (Ciliberti, et. al. 2010). Furthermore, it is estimated that 70% of worldwide pollution stems from SMEs (Battisti & Perry, 2011). Therefore, it is crucial that SMEs are included in the sustainability- and CSR discourse, if we are to achieve a thorough sustainable development.

How sustainability can be achieved, both in the MNC as well as the SME sector, is increasingly receiving attention by both practitioners and scholars (Windell, 2006). Previously, much focus has been on the environmental part of sustainability. Now, the role of social aspects, as well as the interaction between social and environmental factors, (Hoejmoose & Adrien-Kirby, 2012), as well as social and environmental sustainability in relation to Supply Chain Management (SCM) (Walker, 2012), is increasingly receiving attention.
There seem to be a consensus among scholars (see Tate et. al. 2012; Kogg, 2009 and Jamali et. al., 2009, among others) that the theoretical level of CSR-research in relation to SMEs, both in usage and developing of new theories, is relatively poor. Except Illge & Preuss (2012), two other recent studies apply the diffusion of innovations theory (Figure 4) to sustainability issues. Tate et. al. (2012) find one link between practice and theory/research when concluding that in line with the early patterns in the innovation diffusion theory, and that CSR practice still is in its infancy in some regards; so is the research of the academia on the subject. Their study shows that that out of 152 articles on sustainable procurement included in their study, over half (78) did not use a theoretical framework, and only 15 used inductive, theory building, methods.

Similarly to this study, Hsu & Cheng (2012) on the other hand focus on factors that motivate SMEs to work with CSR, and they implement the diffusion of innovations theory to understand how the concept of CSR has spread. Even though they lack weight in theory, many of the studies can be used when outlining key challenges, opportunities, drivers, etc. for SMEs working with CSR as every study focuses on different aspects of the sustainability problem.

Even though this research area has grown during the past decade, much still remains to be done when it comes to research on the relationship between SMEs and CSR, in order to improve knowledge of this important issue (Perrini et.al. 2007). Existing research usually covers one or a combination of two out of the three research areas Corporate Social Responsibility (CSR), Supply Chain Management (SCM) and Small- to Medium sized Enterprises (SME). Since the combination of studying all three at once is unusual, this master thesis hopes to contribute to the academic research. This study relates to the emerging academic field of sustainability and CSR research, as well as the more established fields of International Relations, International Political Economy and Economic History. Literature for the thesis has mainly been gathered from peer-reviewed journals, where *Journal of Business Ethics* as well as *Supply Chain Management: An International Journal* stands out with many contributions.
3. Previous research

3.1 Selection process, previous research

About 50 texts (e.g. articles, book-chapters) were read during the initial literature review. Three techniques were used to select the articles that were to be studied. 1) First, searches at the Stockholm University Library article search engine as well as Google Scholar were conducted. Search keywords were combinations of CSR, SCM and SMEs, but also with the addition of words such as apparel, fashion industry etc. Some account of relevance was taken into consideration by prioritizing articles with more citations over ones with fewer citations as well as ones published more recently than others. The articles rendered from this initial search were then first examined briefly and a number of journals were identified as the ones which seemed to publish most articles in relation to the subject area (e.g. Journal of Business Ethics). 2) The content lists of previous editions of these journals were then studied to see if any article of interest had been missed. 3) Lastly, when reading the collected material in depth, some pieces that had not already been gathered were identified by acknowledging that many of authors referred to certain writings (e.g. Jenkins, 2004).

Furthermore, lists of publications of some scholars that seem to have published many papers on the subject matter were also studied for publications missed by the other methods. The literature review was qualitative and focused on finding key aspects on difficulties, opportunities, drivers, strategies etc. for SMEs when working with CSR in the global supply chain. It ended when no novel aspects were identified in the studied material and contributed with a basic structure for the empirical interviews with representatives from Swedish apparel SMEs.

3.2 Corporate Social Responsibility today

During the first decade of the twenty-first century, CSR has gained prominence with increased attention from both practitioners and scholars (Perrini, 2006; Grafström et. al., 2008). From being a tool to carry a social burden, CSR is nowadays accentuated by the companies as a strategic advantage that will increase competitiveness and economic growth. In addition to possibly better financial results, as a part of the business case for CSR (Pedersen, 2009), other benefits of CSR are recognized as well. Both for society at large, as well as the positive effects CSR can bring to an organization. In the words of Porter & Kramer (2011), the purpose of corporations should be “redefined as creating shared value”.
Russo & Perrini (2010) say that the purpose of a corporation cannot just be the creation of wealth and profit, and that:

“... [CSR] is gaining increasing momentum, progressing from its initial focus on the shallow considerations of ‘‘temporary fashion’’ and ‘‘window dressing’’ to a serious and critical concentration on corporate strategic orientation.” (Russo & Perrini, 2010, p. 208)

Using the framework of Rogers (2003) and his diffusion of innovations theory, it can be claimed that CSR as a phenomena has gone from the innovation and early adoption phases to the early or late majority phase (see Figure 4, above), depending on which sector, industry, and company characteristics you study. This can also explain why we have seen the gained academic prominence of CSR during the twenty-first century.

Most of the CSR literature available use MNCs (see e.g. Andersen & Skjoett-Larsen, 2009 or Alvarez et al., 2010, who uses IKEA and Nestlé respectively) or other, larger corporations as examples or explanatory cases (Perrini et. al., 2007). According to Roberts (2003), this can be because these were the corporations that were relatively early with implementing codes of conducts (in the apparel industry we have Levi’s in 1991 and Nike in 1992 respectively), but also because larger corporations is watched by the “public eye” to a greater extent (as explained in section 2.2 on stakeholder theory). The findings in studies of larger corporations are not necessarily applicable to this thesis (Perry & Towers, 2009), but can serve as examples on best practice scenarios on a bigger scale. Moreover, many of the studies that do address SMEs and CSR in the global supply chain do so by looking at relations and claim positions between MNCs as buyers and SMEs as suppliers and hence SMEs as transmitters of CSR through the supply chain (like Ayuso et. al., 2013), not how SMEs as procurers can work with CSR issues in their own supply chain.

It could also be argued that it is because of a David and Goliath issue. Illge & Preuss (2012) study how the strategy of a small, ecologically nched, German corporation, hessnatur, differs from that of H&M when managing supplier relations and monitoring (sustainable) cotton production. One conclusion that they draw is that because of the work of the innovators and early adopters, like hessnatur, the way is paved for organizations that join in a bit later according to the diffusion of innovation Bell-curve in Figure 4, like H&M. When the MNC start producing their own, in this case, organic cotton collection lines, it has an advantage because of the large quantities bought and sold. Furthermore it has better possibilities to promote new sustainable ventures, thanks to the developed PR-functions of the MNC. As a
result of the higher environmental profile (thanks to advertising) of the brand, the MNC will increasingly get attention from scholars as well as other external stakeholders (Roberts, 2003). This is not always entirely positive. An organization receiving more attention for their good sustainability practices also has more to lose; Pedersen & Andersen (2006) put it:

[It is] "One thing is to be socially irresponsible; another is to be a socially irresponsible liar." (Pedersen & Andersen, 2006, p. 229)

However, Illge and Preuss (2012) conclude that, in such cases, the ecological footprint of the SME go beyond their own actual operations, as they have facilitated a decreased environmental impact in other organizations.

3.3 Corporate Social Responsibility and Small to Medium-sized Enterprises…

There are different views on the drivers and barriers when it comes to SMEs working with sustainability, but they can all be linked to the existence, or lack, of two or three main categories of capital; economic and human capital and to some extent also technical capital, which could be argued as a part of the human as well as the economic capital.

One influential text when it comes to identifying drivers for CSR within the SME sector generally is Jenkins (2004). Related to the limited resources on both human and economic capital that an SME usually experience, one of her concerns is the overall focus on Environmental Management Systems (EMS) and certifications. An EMS is often expensive, complicated to implement and focused on larger corporations. This view is shared by Spence (2009), among others. Jenkins means that this can lead to further exclusion of SMEs from both sustainability work, as well as business deals. SMEs are hindered from competing for business orders when a larger procurer has implementation of an EMS or a certain certification as a demand when doing business, as a way of working with sustainability in their own supply chain. But this can of course also serve as an external driver for implementation of an EMS (Walker & Jones, 2012). On this note, Hsu & Cheng (2012) also identifies a general lack of benchmarks, examples of best practices and CSR/sustainability competitions and awards niched towards corporations working with sustainability in the SME segment.

The importance of commitment by top management is highlighted throughout the literature on CSR (e.g. Jenkins, 2004). A key characteristic of the SME is that, in comparison to their larger competitors, top management and owner is often the same person or couple of persons.
Therefore, it can be enough to have one or a few persons “on board” to start the CSR work, but it is also crucial that top management supports the sustainability work (Crespin-Mazet & Dontenwill, 2012). The sustainability work otherwise risks to come to a stand-still as the SME to a greater extent than its larger competitors are value-driven. Explanations for top management to engage in CSR activities of course differ, but Hsu & Cheng (2012) and Huang (2013) identifies educational level as a key factor for the success of CSR implementation.

According to Vaaland & Owusu (2012), SMEs should focus on internal and business to business (B2B) and not business to society (B2S) CSR activities. The reason is that a smaller organization has a better chance of influencing its stakeholders. This is also part of the potential profit and “business case” for CSR, which is highlighted as a driver for CSR for both SMEs and MNCs (Weber, 2008 is one thorough example). The business case for CSR can be approached from many different angels. Among the most common is the attraction of new business/customers, hence gaining an advantage over your competitors (Weber, 2008; Crespin-Mazet & Dontenwill, 2012). CSR is also a good way of positive employer branding; which can contribute to a higher degree of staff retention, as well as attraction and motivation of staff (Weber, 2008; Perry & Towers, 2009; Battisti & Perry, 2011), which in turn will lead to competitive advantages. CSR is also claimed to spur innovation (Spence & Perrini, 2010) as it challenges established ways of thinking and doing.

When CSR is an answer to an altruistic desire to do good, using the corporation as a vessel for this, it is commonly referred to as the normative case for CSR. It stands in contrast to the business case for CSR. In reality, both the business case and the normative case constitute the basis for implementation of CSR. According to Perry & Towers (2009), research show that the reasons for implementing CSR is “...increasingly associated with enlightened self interest rather than philantropy for its own sake”. The meaning of this being that business leaders today both see an opportunity to do good, and earn money doing it. To at least some extent, smaller corporations here have an advantage over the larger MNC when investing in CSR activities. This is because Return On Investment (ROI) does not need to be immediate to the same extent in the SME, as there are no or very few shareholders demanding immediate financial growth of the organization. The SME can therefore implement more proactive CSR strategies (Jenkins 2004).

Other external drivers for CSR also differs the SME from the MNC, one of the most noticeable, with contributions from Ageron et. al., (2012), Hoejmose & Adrien-Kirby (2012)
Giunipero et. al. (2012) and Spence & Bourlakis (2009) among others, being the role government regulation has, as it sets the playing field for all competitors, but also because limited government regulation is an incentive for SMEs to work with sustainability (Baden, et. al., 2009). The organizations can then influence the agenda and be on the forefront, instead of fighting fires and being forced into action by new legislation.

Another noticeable driver – or lack thereof – is the generally lower rate of external stakeholders that hold management accountable for their actions as well as lower general interaction with the SME from external stakeholders. This could partly be due to the lack of a sophisticated PR-apparatus within the SME (Baumann-Pauly et. al., 2013), which make it more difficult for them to reach out to the external stakeholders with all sorts of communication, CSR-related or not. However, Ageron et. al., (2012), as well as Crespin-Mazet & Dontenwill (2012), Hoejmose & Adrien-Kirby (2012) and Seuring (2011) all claim that pressures from external stakeholders, such as customers, media, NGO:s etc. all serve as important drivers for SME CSR work.

Related to the previous sections, Ciliberti et. al. (2010) identifies that due to the characteristics of the SME and the limited scope of their business, the SME is often in a weak position of power when negotiating business deals. Hence, it could be argued that it can be difficult to follow Vaaland & Owusu’s (2012) suggestion for SMEs to focus on B2B CSR work. Perrini et. al. (2007) suggest that many SMEs already do good CSR work, but “in silence” or without realizing this. They call this “sunken CSR” and Pedersen (2009) lifts the possibility of industry cooperation, as the “tide will lift all boats”.

Finally, Pedersen (2009) as well as Huang (2013) among others, identifies that the size of the SME matters for SME CSR initiatives. It is here important to remember that just like MNCs and SMEs are not same, the SME business category is also very diverse. According to Pedersen (2009), there is a “critical” threshold when an SME reaches 100 employees. When this threshold is reached, the SME organization has better conditions or economic, human and technical resources if you will, to work with CSR initiatives.

### 3.4 …and Supply Chain Management

There is no consensus among scholars that SMEs should focus on CSR within the supply chain. Perry & Towers (2009) argues that the supply chain is most interesting to study when it comes to larger corporations as the supply chain grows with the corporation. Pedersen (2009), as well as Vaaland & Owasu (2012), somewhat also acknowledges that it might be easier for
SMEs to focus their sustainability work on internal matters given the limited amount of resources an SME can allocate to CSR. However, the fact that most cases in the literature studied during this thesis have been larger corporations indicates that there is a need to understand the SME setting as well.

SCM in relation to CSR and SMEs has been studied before. One example is Ciliberti et al. (2008) who study how clustering effects impact SME sustainability work in the Italian context. Another example is Ayuso et. al. (2013), who focuses on how SMEs as suppliers interact with their larger customers. Few have however, studied the relation of how SMEs in the developed world work with sustainability in their global supply chain in the role as procurers and as the “end” of the supply chain (even though it continues in the private sphere when consumers buy the apparel/garment), as is the case with this study.

Vaaland & Owusu (2012) identifies three stages of supply chain management; identifying and contracting actors, managing and developing actor relationships and finally monitoring and controlling performance of actors. The role of the supply chain when it comes to any organizations sustainability is of great importance, Crespin-Mazet & Dontenwill (2012) states that “…a company is no more than its supply chain…” And according to figures from the U.S. Census Bureau, who Tate et. al. (2012) have studied, the cost of materials makes up for almost 60 % of a firm in the U.S. manufacturing sector revenue. However, there are many different abbreviations, labels etc. for describing the same phenomena; sustainability in the supply chain, making it a challenging task to get a comprehensive overview of the current research. Among others, Walker & Phillips (2009) have identified terms such as green supply chains, green purchasing, environmental purchasing, environment and/or green supply chain management and sustainable supply chain management.

Just like every MNC have unique behavioral characteristics, organizational settings, and supply chains (Perry & Towers, 2009), there are no universal organizational characteristics within the SME sector (Amaeshi et. al., 2008; Walker & Jones, 2012), except the fact that they are small or medium-sized. However, SMEs presumably have more difficulties adapting to the international setting of their supply chain then the MNC. This is because MNCs are more likely to have a multicultural and experienced staff, and therefore more expertise of, and general guidelines for, working with different cultures. Russo & Perrini (2010) suggests that the SME has at least one important and advantageous characteristic when working internationally; they can work more with building relations and social capital. On the other
hand, it can be claimed that, apart from the often hefty cost of getting certified in an EMS for the SME as discussed under section 3.2, the embedded flexibility of the SME and its work with social capital can also make SMEs less suitable for EMS-adaption.

When it comes to integration of sustainable development within the supply chain, joint value creation through partnerships between supplier and procurer is something that is stressed by Crespin-Mazet & Dontenwill (2012) as a matter of importance. This view is shared by Vaaland & Owusu (2012), who determines that the values, commitment and attitude of both supplier and procurer if of great importance, since it in our case usually is the supplier that needs to change. Long-lasting solutions of a forced change are likely to be less successful than those solutions found within a partnership. A procurer, who demands change, otherwise threatening to end the business relationship, will only be credible if the procurer is likely to actually end the business (Pedersen & Andersen, 2006). This process is something that often can be costly and time-demanding for SMEs to a greater extent than for MNCs as an MNC is more likely to already be working with more than one supplier. In the apparel industry it could lead to a delayed or missed collection(s), which would be devastating financially. Of course the same goes for a larger enterprise, but the impact would most likely not be as comprehensive as larger procurers in general have a greater ability to work around such a problem. Gaining social capital through improved relationships between supplier and procurer can however be difficult. As a result of the often long geographical distance between the two entities, organizational as well as country-specific cultural differences as well as language, can often be a major obstacle for successful business relationships (see e.g. Pedersen & Andersen, 2006; Ciliberti et. al., 2008). According to the authors, this is especially true when it comes to dealing with developing countries.

Finally, Walker & Phillips (2009) proposes a number of different methods to how Sustainable Supply Chain Management (SSCM) can be approached. Sorted under the first of Vaaland & Owusu’s (2012) three stages of SCM, identifying and contracting actors, is identifying sustainability risks, assessing the new suppliers with a sustainability perspective before contracting and, finally, including sustainability in contract criteria. For the second stage, managing and developing actor relationships, one can work with educating the suppliers and encourage innovative responses to sustainability. Third, for the auditing and controlling phase, you can build on previous work but also evaluate if you need to investigate alternate sourcing. Working with a SME producer is also given as a general approach for SME procurers who want to have a greater chance of influencing on the supplier.
4. Theoretical framework: challenges and opportunities

Here follows a breakdown of challenges and opportunities that SMEs have when working with CSR in their global supply chain. As explained, these categories originates from what was found during the literature study (Chapter 3, above). The findings where logically arranged and categorized, to form a theoretical framework for this thesis. Many of the categories merge into each other and it is in some cases difficult to talk about one without simultaneously addressing other ones, which also is something that could be regarded as something positive as some scholars promote “lateral” thinking without boundaries (Silverman, 2012, p. 41). These categories were also used as general talking points during the empirical work (interviews) for this thesis. For more details on the interviews, please see Chapter 5 (Method, page 26) or Appendix A: Interview Guide.

4.1 Cooperation among procurers

Ciliberti et. al. (2010) identifies that due to the characteristics of the SME and the limited scope of their business, the SME is often in a weak position of power when negotiating business deals etc. Cooperation between procurer SMEs can therefore strengthen their power when demanding improvements, in this case e.g. to lower environmental impacts or addressing social issues in the supply chain. Cooperation is also a good thing according to Pedersen (2009), as the “tide will lift all boats”.

4.2 Owner/top management characteristics

As there are none or very few shareholders in the SME demanding immediate financial growth, the SME can therefore implement a more proactive CSR strategy, if they have the funds and will to do so. The lack of immediate need for return on Investment (ROI) hence gives the smaller corporations an advantage over the MNC when implementing such strategies (Jenkins, 2004). This view can however be contested as many start-ups are financed by personal funds or loans by the entrepreneur, and/or potentially backed by venture capitalists, both of which of course needs to be paid back eventually.

Top management and owners are often the same person or persons in an SME. Hence, they are very influential for the development of CSR initiatives in the SME (Jenkins, 2004, Crespin-Mazet & Dontenwill, 2012). According to some scholars (Hsu & Cheng, 2012, Huang, 2013) owner/top management educational level will affect an organizations reason as well as its ability to work with sustainability issues. Personal interest and commitments will of course also affect this, but the higher the educational level – the higher the likelihood that
these individuals have come in to contact with these kinds of difficulties and started considering their own organizations role in sustainability issues.

4.3 Legal requirements and demands
Legislation in both procurer as well as suppliers countries of operations will obviously work as a powerful instrument and incentive to work with continuous improvement as it sets the playing field for all actors on the market. Ageron et. al., (2012), Hoejmos & Adrien-Kirby (2012) Giunipero et. al. (2012) and Spence & Bourlakis (2009) are some of the authors that write about this, but CSR is also seen as an answer from the business community to self-regulate and avoid introduction of new, demanding laws (Baden, et. al., 2009).

4.4 Language and cultural barriers
As a result of the often long geographical distance between the two entities, organizational as well as country-specific cultural differences as well as language, are often major obstacles for successful business relationships (see e.g. Pedersen & Andersen, 2006; Ciliberti et. al., 2008). According to these authors, this is especially true when it comes to dealing with emerging economies. Larger corporations usually both have more experience as well as more internal knowledge and capabilities to deal with cultural as well as language barriers that arise when dealing with suppliers in other parts of the world, in comparison with their smaller dittos. For SMEs, this leads to an increased dependence on interpreters and other local expertise to bridge these gaps, which can be a problem when negotiating business deals.

4.5 Business relationships and auditing
Commonly, large as well as small corporations do audits of their suppliers, often in relation to a Code of Conduct. This is often done by a third party organization, but first party/internal audits are done as well. As SMEs have limited technical, financial and human capital, they might be unable to visit suppliers often and might need to rely only on external audits as well as good faith with/for the supplier as well as other actors involved, like translators. This leads to increased use of social capital and a strong development and maintaining of relationships between procurer and supplier. Russo & Perrini (2010) suggests that this is an advantageous characteristic of the SME, in comparison with the more formal contracts that larger corporations might implement to a greater extent.

Perry & Towers (2009) and Crespin-Mazet & Dontenwill (2012) draw similar conclusion and claim that joint value creation through partnerships between supplier and procurer is of importance for SMEs and that this is more easily achieved through relationship building than
contract signing. Vaaland & Owasu (2012) agrees but determines that the values, commitment, and attitude of both the supplier and procurer are of importance since it is often the supplier that needs to change its practices. Forced change by contract demands is likely to be less successful than those of an agreed partnership, and the threat of terminating the business relationship is only a credible threat if the procurer is likely to follow through on the threat (Pedersen & Andersen, 2006). According to Ciliberti et. al. (2010), the SME is often in a weak position to do such things, but influence can be achieved. One example could be cooperation (see section 4.1 Cooperation, above). Another solution for SME procurers can be to work with SME suppliers, which will leave a greater chance to influence the supplier, according to Walker & Phillips (2009).

4.6 Staff retention

To be able to better attract, retain and motivate staff, is according to the literature (Weber, 2008; Perry & Towers, 2009; Battisti & Perry, 2011) a reason for corporations to commit to sustainability work. Employers who work with these issues are generally seen as attractive and will hence have an advantage when trying to recruit and keep skilled, competent personnel. Size is furthermore, according to Pedersen (2009) and Huang (2013), of importance. According to Pedersen’s study, there is an important threshold at 100 employees. When this threshold is reached, the organization “have” to start considering these issues as they then are so big that this could and should be expected of them and they should by then have the economic, human and technical capital to offset for sustainability programs.

4.7 Public Relations

Ageron et. al., (2012), as well as Crespin-Mazet & Dontenwill (2012), Hoejmose & Adrien-Kirby (2012) and Seuring (2011) all claim that pressures from external stakeholders, such as customers, media, NGO:s etc. all serve as important drivers for SME work with CSR. However, the often underdeveloped PR-apparatus of the SME (Illge & Preuss, 2012; Baumann-Pauly et. al., 2013), can limit its ability to reach out to stakeholders, even though they might already be doing a lot of good. Perrini et. al. (2007) calls this “sunken” or “silent” CSR. PR is the primary tool for telling the corporate brand “story” which is increasingly important nowadays and helps the brand to connect to its customers. If no one knows what you are doing and why you are good at sustainability work, you will most likely not be in the race for awards etc. that otherwise can serve as a driver for change, and if you manage to win one you will not have the proper channels to communicate this. On the other hand, according to stakeholder theory, you will probably not be targeted by media during scandals etc.
(Roberts, 2003), which is a good thing. This aspect can therefore work in both directions, as a driver as well as a barrier. But as Pedersen & Andersen put it:

"It is]"One thing is to be socially irresponsible; another is to be a socially irresponsible liar."" (Pedersen & Andersen, 2006, p. 229)

4.8 Existing industry initiatives and standards

There are many different existing apparel industry initiatives, cooperation’s, standards etc. A few of the more common ones are OEKO-TEX, Business Social Compliance Initiative, Sustainable Apparel Coalition, Sweden Textile Water Initiative, Textile Exchange, Fair Wear Foundation, REACH (Registration, Evaluation, Authorization and Restriction of Chemicals within EU), as well as the more broad SA8000, ISO 9001 and 14001. The list is long. Most organizations that are serious in their sustainability claims, need to somehow relate to these standards. They can also be a vessel for cooperation between organizations (section 4.1 above). The standards are often difficult to manage with large amount of work, data that need to be submitted. Furthermore, they are expensive (Jenkins, 2004, Spence & Bourlakis, 2009).

The large amount of recourses an SME need to invest in an EMS can according to Jenkins (2004) not only function as a barrier for the SME to work with CSR-related standards. It also lead to the exclusion of the “non-standard” SME from business deals as the larger organization might have a certain certification as a demand as a part of their internal CSR program for their partners. Conversely, this can according to Walker & Jones (2012) also work the other way around, if a corporation wins a certain business deal just because they are certified. Hsu & Cheng (2012) also identifies a general lack of benchmarks, examples of best practices and CSR/sustainability competitions and awards niched towards corporations working with sustainability in the SME segment.

4.9 Innovation and business case

Most of these “categories” can in one way or the other be lead back to the business case of sustainability. The argument that money can be made – the business case for CSR (i.e. Weber, 2008; Crespin-Mazet & Dontenwill, 2012) – is often claimed to be one of the strongest reasons for initiating CSR activities and how it needs to be packaged to get CEO and boards to act and invest. However, the traditional approaches, workflows, business models etc. that most corporations today “come from” are challenged by the CSR and sustainability discourse, as they induce the need of change of the traditional ways. In the apparel industry, not only environmental (and social) aspects of the supply chain for more sustainable garments are at
hand for change. Business models and the processes of product design and development can be challenged as well. It could therefore be claimed that sustainability and CSR drives innovation (Spence & Perrini, 2010) in many ways in the garment industry.

4.10 What the literature does not cover: corruption and “downstream” CSR

There are aspects that the literature does not mention at all or if so only very briefly. One such aspect that have (not) occurred during the literature study is “downstream” CSR, which can be described as how the brands work with CSR initiatives aimed at influence the customer behavior. The reason for this not being covered is likely to be that it is a very new and “up and coming” phenomena. To some extent, this phenomenon is related to the Innovation category above, with how garments are designed and produced to last longer and to be more easily recycled after use, but it also stands “alone”. One example of this is new business models in the apparel industry that turn towards a more circular economy mindset. Circular economy emphasis “cradle to cradle” business models, instead of today’s more linear business models of “cradle to grave”, where “grave” is an analogy for landfills and other waste disposal methods, instead of reuse and recycling of, in this case, garment at end of life.

A second topic that the literature does not cover is corruption. The apparel industry has substantial production in a number of countries, such as India and Italy, where corruption is a well-known problem. However, few codes of conduct studied and even fewer articles address this issue convincingly. To think that the apparel industry would or could be exempt from this problem in these countries would be a bit naïve. So how could it be that the matter is not dealt with, at least not in “public”?

To sum up, the categories identified during the literature review were:

- Cooperation among procurers
- Owner/top management characteristics
- Legal requirements and demands
- Business relationships and auditing
- Staff retention
- Public Relations
- Existing industry initiatives and standards
- Innovation and business case
- What the literature does not cover: corruption and “downstream” CSR
5. Method

5.1 Multiple case

Case study research is a theory-building approach that is good at answering questions of “how” and “why” (Eisenhardt & Graebner, 2007), which is part of understanding the challenges and opportunities for Swedish apparel SMEs work with CSR. There are of course many different ways to study how organizations work with these issues, one example could be a strict qualitative text or discourse analysis on, for instance, an organizations code of conduct or web-page. However, according to Seuring (2011), case study research is flexible in nature, and therefore suited for opening up a field of research. As Tate et. al. (2012) identifies this research area (sustainability in SCM) as poor in theory, choosing a literature review in combination with multiple case studies as a methodological approach came naturally in the work of this thesis.

In line with the contingency theory (which advocates that each situation is unique), some scholars claim that no conclusions can be drawn in regard to corporate best-practice from this type of research: “The approach to sustainable SCM is contingent on the context that the form operates in.” (Walker & Jones, 2012). Contingency theory is an interesting theoretical position, but this is not the place to debate it. We will therefore content ourselves with the counterarguments that a) social science research commonly is based on an interpretivist worldview where the reality (and in this case supply chain sustainability (Kogg, 2009, p. 50)) is subjective and sensitive to context (Collis & Hussey, 2009, pp. 57, 82, Silverman, 2012, p. 41), which gives that b) if nothing can be generalized, there are very few incentives to study things like sustainability at all, and c) that studies like this will help create a typological theory where every studied case will help the theory to develop (Esaiasson et. al, 2012, p. 169). In this case what challenges and opportunities organizations face when working with sustainability issues.

On that note; one of the reasons for using multiple cases was that it raises the probability of the ability to draw as inclusive conclusions as possible. Another reason for using multiple case studies instead of e.g. a more quantitative/statistical approach is that due to the often unique characteristics of small firms, they tend to be homogenized by more quantitative studies (Holliiday, 1995, p. 174). Then, the small subtleties that contribute to build the bigger picture of the problem, in this case challenges and opportunities for SMEs to work with CSR in relation to SCM, risk not getting detected. Or, as Byrne puts it:
“Qualitative interviewing is particularly useful as a research method for accessing individuals’ attitudes and values – thing that cannot necessarily be observed or accommodated in a formal questionnaire. Open-ended and flexible questions are more likely to get a more considered response...which allows for a more complex analysis.” (Byrne, 2012, p. 209)

The purpose of the multiple case study was to operationalize the theoretical framework, but there were two goals in doing so; first to critically review, or test, to see if what was written and picked up during the systemized literature review, then logically synthesized and restructured (Collis & Hussey, 2009, pp. 167-168) and categorized, was true for a couple of Swedish SMEs in the apparel industry (Esaiasson et. al., 2012, p. 212, or Rivas, 2012, p. 382). Second, the multiple case study served as a methodological approach to clarify the phenomena and an attempt to discover if there were any additional aspects perceived by the Swedish organizations that the literature did not acknowledge. This is described by Esaiasson et. al. (2012, p. 252) as one of defining characteristics of interview surveys. If so, and as this thesis serve as a pilot study within Mistra Future Fashion, such aspects were of extra interest as they would serve as good topics for further research within the research program. By implementing this type of methodological two-stage rocket the thesis strives against both testing existing and developing new ideas on the challenges and opportunities Swedish apparel SMEs face when working with sustainability in their supply chain (Esaiasson et. al., 2012, p. 112).

The case studies have been carried out through semi-structured interviews, which were based on an interview guide (see Appendix A) that was centered round the themes identified during the theoretical part of the study. Semi-structured interviews are a good methodological approach if the researcher wants to be able to follow up on unexpected answers and interesting topics that arise during the conversation. This is especially important in relation to the third purpose of the case studies (above), as the “unexpected” answers and inputs are of importance for recommending areas for further research. The researcher can also adjust the interview and the questions asked. One example of this could be the interview with Mia Tapio from Houdini Sportsware, a brand who only works with the Baltic countries when it comes to production, which made some of the questions on cultural differences redundant. There is some risk of data-fitting as the interviews centered on the themes identified during the literature review (Esaiasson et. al., 2012, p. 113), hopefully this has been neutralized by the
nature of the semi-structured interview, the open questions in both the beginning and end of the interviews, as well as clarity on how conclusions are drawn.

5.2 Selection process, multiple case

All in all, a total of eight (8) interviews have been carried out. They have all been recorded and have taken place at the offices of the respective brands or in a public but calm environment, i.e. a library where the interviewees felt at ease (Byrne, 2012, p. 218).

The respondents were found either through contacts within the Mistra Future Fashion research project, through previous personal relations of the author and supervisors or through “cold-calling” (or e-mailing), asking for interviews with the person best suited for answering questions on how the organization in question work with CSR in their supply chain. For this, public information and contact information available on the internet have been used to establish contact. The member-list of Association of Swedish Fashion Brands (available at www.asfb.se) has also been used as an inspiration on the many different brands available. As many interviews as the project time allowed for have been carried out, both with organizations with an expressed sustainability agenda/program as well as with persons representing organizations without such “programs” outspoken.

Basic facts of the eight interviewed organizations and their current work with sustainability are presented under section 5.3 below. In short, the persons that were interviewed, and their organizations, were:

- Elin Larsson, Corporate Responsibility Manager, Filippa K
- Mia Tapio, Sustainable Development Manager, Houdini Sportswear
- Vivanne Issa, Product Manager, House of Dagmar
- Sandya Lang, CSR Manager, Nudie Jeans
- Kristin Roos, Product Manager, Odd Molly
- Malin Lindgren, Sourcing – Production Director, Peak Performance
- Jakob Wästberg, Founder, Shampoodle
- Michael Lindh, Founder, Uniforms for the Dedicated

The respondents were only asked to speak as representatives of their present organizations, but they have in general extensive experience of the apparel industry and its different professions. Most of the more well-known Swedish apparel industry corporations can be found in the combined curricular vitaes of these individuals, and sometimes during the
interviews examples from previous commitments were brought up. In general it is noted that the organizations that had a pronounced position favoring sustainability (for instance in their core values etc.), also were the ones that were the easiest to get a hold of and book times for interviews with. This is somewhat problematic (and a finding in itself, see section 6.11): the organizations that already work with these issues are the ones willing to speak up about it; the ones not as committed find excuses or kindly declines participation. It is of course hard to say anything about what could have been, but the study could have benefitted from a more even sample when it comes to the organizational and personal level of sustainability commitment, in regard to the respondents. This is most likely especially true when it comes to the challenges since it is possible that some organizations have considered “going green” but got put off due to any number of reasons/challenges. The sample misrepresentation could and should however also be looked upon as an in-depth study of challenges and opportunities perceived by Swedish apparel SMEs when working with sustainability in their global supply chain. They represent the industry in a good way as they cover a wide range of product and customer segments (Byrne, 2012, p. 216).

Another critique on the selection that should be mentioned is that some of the interviewees presently represent larger corporations, like Malin Lindgren at Peak Performance to name one. The reason for still including them is that they as individuals have a long and solid experience of the apparel industry. Furthermore, they represent organizations that have grown substantially the past decade and hence can tell the “story” of how the issue of sustainability has evolved during the twenty-first century and can relate to the conditions that SMEs faces.

5.3 The studied organizations

Here follows brief descriptions of the current CSR-commitments of the organizations. Each and every organization could probably “do more”, but this section is not meant to function as a critical examination, rather a presentation of current initiatives so that the reader can understand with what background the interviewees has answered the questions. The information is gathered both from the web-pages of each organization respectively, but also from the interviews. This being said, the texts can therefore have a somewhat “corporate”, or “selling” impression, but the texts are not written by the corporations but the interviewees have had the chance to approve them. The section is finished off by a table presenting some general information about the organizations; owners, employees, turnover etc.
Filippa K
Clean and long-lasting essentials in both quality and style to build a wardrobe around, was the “mantra” during the start-up of Filippa K in 1993. The three core words/values of the organization (style, simplicity, and quality) leads not only what is being produced but also how. This includes everything, and also serves as the foundation for their work with CSR. The organization produces about 65% of their garments in Europe. This is a result of tradition; initially Europe was where they sourced their garments. Since new management was employed, a new and more holistic and systematic work with CSR have been introduced. Filippa K have also joined the Fair Wear-organization. The more systematic work started in 2011, and they work with social, environmental, financial and ethical sustainability.

One example of the social dimension is that Filippa K work with long-lasting business relationships. In doing so, cooperation with suppliers regarding sustainability matters can be improved continuously. Wanting long-lasting relations is also a reason to have a major of part of the production in Europe. Different aspects need to be considered in different productions countries, but some of the main problems are workers right to union organizations, living-wages and long hours. The work with environmental sustainability focuses on better quality, style and design so that the overall durability and lifetime of a garment can be improved, but the consumption of water, chemicals and energy during production is also important. The financial responsibility includes being profitable to be able to drive business forward as well as having the adequate resources to invest in further CSR project. Finally, for the ethical responsibility, Filippa K aims at being a part of the solution, not the problem. The aim is that style, simplicity, and quality permeate all individual and business actions within the organizations.

Houdini Sportswear
Houdini Sportswear was founded by “active” people, and without a healthy nature, there will not be a need for their outdoor/sportswear products. Houdini Sportswear aims at being 100%-sustainable in the long run, seeing the interaction of environmental sustainability, ethics (social sustainability) and economical sustainability as obvious. Houdini Sportswear work closely with the producers when it comes to sustainability, and only sources from Europe. The reason is to have better control of how their garments are being produced. There is a checklist when developing new garments, so that every garment has a “droit d’être”. The checklist is comprised of these questions:
- Does this product deserve to exist?
- Will it last/live long enough?
- Is this product diverse enough?
- Will it age with beauty and become a lifelong companion?
- Is anything added to the garment that doesn’t need to be there?
- Does the garment give “core comfort”?

**House of Dagmar**

House of Dagmar have an appendix on sustainability to their Code of Conduct, which is inspired by Fair Wear Foundation, but other than that, they have no outspoken CSR commitment or program. The interviewee says that the company now is of that size that it should start considering these matters more systematically. Leadership has also noted that their most “timeless” designs are the ones that customers keep coming back for, and that customers ask about sustainability issues more frequently. House of Dagmar sees a lot of potential in being in the forefront when it comes to using alternative materials, like biodegradable fabrics, especially since it is uncertain how much cotton that will be available in 10-15 years’ time.

**Nudie Jeans**

Nudie Jeans is generally looked upon as the brightest “star” on the Swedish sustainable garment-heaven, and the list of different initiatives would be comprehensive. They work a number of standards/initiatives, like Fair Wear Foundation, GOTS and Textile Exchange. They use 100% organic cotton when producing their denim, support different art-initiatives that supports/promotes human rights and other empowerment campaigns. Nudie Jeans has also come a long way with transparency, presenting where and how what is being produced, down to production-plant specific information for each type of garment. The company contributes to the development of living-wages at their production sites in the lesser developed part of the world.

Furthermore Nudie Jeans tries to influence customers to consume less, or alternatively use things longer, by offering free repairs in specific repair-shops that also sell second-hand Nudie garments. They also try to produce new products from collected second-hand items. They do not want their strong CSR-commitment as a Unique Selling Point (USP), but want to make great jeans in a fair way.
**Odd Molly**

Like a number of the other organizations, Odd Molly is also part of Fair Wear Foundation. The organization did not have a clear sustainability-focus when it started off, but received an increasing number of questions and comments from customers on the subject matter. The bohemian lifestyle is often associated with also being ecological, and the brand “story” is connected to this world as it focuses on making garments that could be worn by the, odd “boho-chique” girl Molly. Not really being able to answer these questions, the organization started working more systematically with sustainability. Their hope and goal is that every garment that they produced will be loved for a long period of time and over many seasons and hence they do not position themselves as part of “fast-fashion”. Since many Odd Molly garments include parts of fur, this is also an area where they are an active and responsible actor, one example of this is being part of the “Fur Free Retailers”-program.

**Peak Performance**

As a part of IC Companys Group, Peak Performance works with CSR both on their own and with their guidance. At the IC Companys Group level, an overall framework is provided that aims at seeing sustainability issues as opportunities that boost innovation and creativity at the same time as respect is paid to topics like human and labor rights, anti-corruption etc. The overall framework is linked to the UN Global Compact and the triple bottom line; People, Planet, Profit.

Peak Performances internal sustainability policy stems from their heritage as a brand that was founded in the ski-hub of Åre in northern Sweden. Hence, it focuses on saving the brands background – the ability to ski. The vision is called “Save the Glacier”. Their main focus is hence to limit their impact on climate change, which will affect the surroundings where their core products are being used. As a part of this, a second point of the product is trying to increase the lifetime of their products as this might be one of the most beneficial ways of decreasing a garments environmental impact – making it last another season. The third and last focus of the program is reducing the supplier base so that they can become better at building relations with existing suppliers and also to help suppliers with their sustainability work.
**Shampoodle**

The founders are originally from the advertising industry and they incorporated sustainability from the beginning in Shampoodle. Thus it is “in the DNA of the organization”, and therefore non-negotiable today. They believe in long-lasting business relationships and all products are made out of certified, organic cotton and under good working conditions in India, where they feel transparency, as well as other conditions, are better than in Bangladesh, Pakistan or China. They also believe that working with timeless designs and better quality enhances the durability and lifetime of the garment and hence the impact is reduced. Applies the “tactic” of piggybacking to some extent, looking at how and where other sustainability labeled brands or “champions” produce when they e.g. consider new business partners etc.

**Uniforms for the Dedicated**

Uniforms for the Dedicated have an ambitious sustainability program with an, outspoken goal: within five years Uniforms for the Dedicated should be one of the top brands when it comes to sustainability, not only production-wise, but also when it comes to how we consume garments. The owners’ goal is more of an altruistic one than it is as a business niche, even though it can be described as that as well. Becoming successful financially through a sustainable way of doing business is a way for them to prove that alternative business models can succeed, and serve as a “template” for other organizations, and looking sharp in their cloths whilst doing it
<table>
<thead>
<tr>
<th>Company name</th>
<th>Ownership structure</th>
<th>Employees (approx.)</th>
<th>Turnover (approx.)</th>
<th>Style segment</th>
<th>Price segment</th>
<th>Customer segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filippa K</td>
<td>Novax/Axel Johnson AB (55%), founders, senior managers, etc.</td>
<td>300</td>
<td>650 mSEK</td>
<td>High street fashion</td>
<td>Middle</td>
<td>Men and women who appreciates good design and quality.</td>
</tr>
<tr>
<td>Houdini Sportswear</td>
<td>Founders, senior managers and other investors.</td>
<td>35</td>
<td>80 mSEK</td>
<td>Outdoor/sportswear</td>
<td>Premium</td>
<td>People with an active lifestyle.</td>
</tr>
<tr>
<td>House of Dagmar</td>
<td>Owned by the three founding sisters</td>
<td>15</td>
<td>40 mSEK</td>
<td>Women’s high street</td>
<td>Affordable luxury</td>
<td>Urban businesswomen.</td>
</tr>
<tr>
<td>Nudie Jeans</td>
<td>Owned by the founders through Svenska Jeans AB</td>
<td>40</td>
<td>450 mSEK</td>
<td>Jeans/streetstyle</td>
<td>Middle</td>
<td>People with an interest in denim and music.</td>
</tr>
<tr>
<td>Odd Molly</td>
<td>Publicly traded</td>
<td>60</td>
<td>250 mSEK</td>
<td>Women’s high street</td>
<td>&quot;Within reach&quot;</td>
<td>Women with a mental age of 29 who want to feel and look good.</td>
</tr>
<tr>
<td>Peak Performance</td>
<td>Owned by Danish fashion house IC Companys</td>
<td>450 worldwide</td>
<td>500 mSEK (Nordics) 1 billion SEK (worldwide)</td>
<td>Outdoor/sportswear</td>
<td>Premium</td>
<td>Skiers.</td>
</tr>
<tr>
<td>Shampoodle</td>
<td>Family business</td>
<td>4</td>
<td>6 mSEK</td>
<td>Children’s clothing</td>
<td>Lower/ middle</td>
<td>Urban, fashion interested, conscious parents.</td>
</tr>
<tr>
<td>Uniforms for the Dedicated</td>
<td>Owned by the founders</td>
<td>7</td>
<td>12 mSEK</td>
<td>Male high street</td>
<td>Premium</td>
<td>Conscious males.</td>
</tr>
</tbody>
</table>

Table 1: Organizational characteristics of participating corporations in multiple case study. (Information gathered from respective company website and interviews.)
6. Empirical findings

6.1 Cooperation among procurers
Cooperating with competitors over the same issue can be problematic since organizations tend to be protective over their best-practices since this is what gives them their competitive advantage. This does not seem to be the case when it comes to sustainability. There are many reasons for this, one that was mentioned was that everybody that is involved with sustainability, is so because they want to do good, be good, and see as much change as possible. This makes collaboration and even piggy-backing on “bigger and better” organizations an acceptable behavior, as long as it does not encroach on garment design etc.

The collaborations often evolve around a certain environmental aspect, like the SIWI-led (Stockholm International Water Institute) work with using and polluting less water (STWI) in the supply chain that has been up and running for some time now. Forums where collaboration starts vary from fairs to seminars and research programs. Also, the fact that Stockholm and Sweden is small and fairly dense with apparel industry corporations and that everybody knows everybody should not be neglected. When it comes to collaborating with other procurers that uses the same supplier or on a more general level it can however often be difficult to organize since all organizations are at different stages in their environmental work, has different ambitions etc. There are consultants and organizations that work with easing this burden, like UK-based SEDEX, but their permeability among Swedish SMEs seem limited. One major obstacle for cooperation is also the time that is needed to put in such projects often is lacking. This was one of the reasons given for the success of the SIWI project, where a project manager/leader from the “outside” was in charge.

6.2 Owner/top management characteristics
According to some of the literature, high level of education of top management influences how much CSR an organization engage in. This was not supported by the interviews. Personal experience from the industry, being stationed in emerging economies, seeing for yourself and wanting to do something about it, develop something better etc. seemed to be more impact for both the interviewees as well as others in the top management of the organizations they represent. However, one interesting aspect expressed by one interviewee is that their company is influenced by who they think they are selling their products to. As highly educated people are likely to a) have more money to spend on clothing and (their garments are in the premium
segment) and b) know more about these issues and hence care more, in line with what the literature expressed.

On the other hand, the characteristics and commitment of the owners and top management seem to be crucial for if, and to what extent, apparel SMEs work with these issues or not. The majority of the interviewees represent organizations that has sustainability “in their DNA”, a fundamental baseline for the entire organization. One example is Peak Performance who stems from the mountains and its skiing. Even though Peak Performance has several other types of apparels today, “what would the organization be without the outdoor ski part? Everybody at Peak loves skiing and other ways to spend time outdoors”, as Malin puts it. However, although sustainability is “part of the DNA”, it does not mean that the organizations historically always have worked actively with these issues, or always had a person responsible for it; therefore the notion of “sunken” or “silent” CSR (section 3.2.8) seems to be confirmed.

The characteristics of the studied organizations should be noted. They are still to some degree owned and run by the initial founders, and are not publicly traded. This is not a determining characteristic, since Odd Molly is publicly traded and still very strong in their commitment to sustainability, but an interesting aspect that would be interesting to investigate further in a more quantitative study.

6.3 Legal requirements and demands

More strict juridical regulation was seen as a good control mechanism. The respondents had not thought of CSR as a way of “self-regulation” before, but more as something that was ethically right. The respondents however varied in their answers on where and what types of new regulation that is needed. Some pointed to the effective European REACH program on chemicals, and claimed that more such things can be done within the EU. It was added that Europe/Sweden is where they have their operations and hence where they can influence. Many of the SMEs have their production in Europe, so it was claimed to be another argument for action here.

On the other hand, some of the respondents claimed that it was in the developing countries that the most problematic parts of the supply chain are located and that it is there that improvements need to be made. Also, already existing laws in these countries should be followed to a greater extent. Certifications etc. can be falsified and bought etc. More on the corruption issue under section 6.10.
The many different international custom standards were mentioned as difficult to act on. More international cooperation would be welcome. An example: even though your garments are tested in the most strict labs and you have certificates for that, customs in different countries, like the US and Korea, want to test for themselves before letting the merchandise over the border. This is a challenging process, particularly since the tests can be the same or even less strict.

6.4 Language and cultural barriers
Language and cultural barriers is claimed not to be a problem for the SMEs in the apparel industry. The reasons given for this are many but some that have been expressed is that the suppliers are so used to working with westerners or people with different origins that they almost always have someone that speaks English there. Another reason for cultural barriers not seeming to be a problem for the SMEs included in this study, is their previous relationship-building, social capital heavy, approach when first contacting and choosing business partners.

6.5 Business relationships, auditing and Code of Conduct
When it comes to business partners and auditing, the interviewees seem to agree; social capital in the form of building and maintaining relationships with the supplier have been of uttermost importance both for day-to-day business and for making improvements in the supply chain. This is a lot more important than a Code of Conduct, which most organizations still have. This confirms the literature findings, defining the SME as a dynamic and flexible organization that work a lot more with relationships and social capital then their larger counterparts.

Another key finding has to do with quality. SMEs often procure, in comparison with giants like Carrefour and H&M, small quantities and also often (at least looking at the brands included here) is in the premium segment of the market. Hence; the “worst” business partners on the supplier side isn’t even up for debate when looking at suppliers to work with as the quality of such suppliers products is low. When choosing business partners, many of the brands also discuss future willingness to implement sustainability initiatives as well as ask for how the supplier has worked with these issues in the past. The more “well established” brands in this survey, have worked with some of their suppliers since their first collection twenty years ago, which of course makes their connection and cooperation very strong.
As the brands in this research project are niched towards conscious customers and/or are in the premium segment, they want to produce their products where that specific garment is produced best, like China for knitted garments. Proximity also seem to play an important role; SMEs does not have the time and money for long trips to eastern Asia, but seem to prefer Europe when sourcing, so that it is easy for them to “pop-by”, not for audits per say, but rather when something needs to be discussed about other parts of the production process, design etc. This of course gives them the opportunity to see how things are on the production floor, but the organizations in this study do not work a lot with audits. The ones that do, however, usually use a third-party auditor since they do not have resources to conduct audits themselves. Here, some of the organizations also use the piggy-back method, knowing that other brands’ using the same factory is certified by i.e. Fair Wear. This is seen as “good enough”.

Another important aspect mentioned is that it is hard to include subcontractors in the sustainability work, and that the industry needs to get better at doing this. Including subcontractors is not only about knowing what part of a garment that is produced where and how, auditing them etc. but also about including them in the development process. One example mentioned by one of the interviewees was a workshop at the Copenhagen Fashion Summit, held late April 2014; “everybody” was there, all the business leaders, designers, brands, scholars etc., but suppliers and their subcontractors where absent. Sustainability as seen in the west might not be the same elsewhere, as sustainability to some extent is socially constructed in the western context (Silverman, 2012, p. 35). So, how can the industry as a whole improve substantially without consensus on what the final goal is, and without involving all actors?

6.6 Staff retention and size

According to the literature, employees want to work for organizations that do good (not only financially but ethically as well) and treat them good, hence internal as well as external CSR is of importance to attract and retain the most competent personnel. Among the brands interviewed, this does not seem to be of great importance. More important, according to the interviewees, is on the other hand the brand story and the products the company design and produce. Sandya at Nudie Jeans claimed that they had not received a job application that did not attend sustainability in years and probably wouldn’t hire someone who didn’t, just because of the brands position as sustainability “stars”, whilst other companies in this study claimed that sustainability was not a factor that they included in the hiring process, yet, and
that how these issues engaged someone usually was not included in the future employees
cover letters.

Employment at the other brands seemed to more about having the right qualifications and
otherwise be a good fit for the organization. This can of course work in both directions, with
Nudie often mentioned as the “poster child” for sustainability by the other interviewees. So it
is not astounding that Nudie has CSR as a factor when hiring. Some of the interviewees
responded that just as the (mostly young) customers of today are value driven and that the
sustainability issues are growing in importance, so is the work-force that is now entering the
job market, hence corporations might need to start considering this as well.

6.7 Public Relations

None of the organizations interviewed have been part of any scandals, i.e. like the 2013
Dhaka factory collapse. They also claim that even though some of their customers ask
questions about sustainability indicating that customers are increasingly aware, it does not
seem to be key, especially not in the moment of purchase. In general, the end customer does
not seem to have that much interest in sustainability initiatives. Some respondents answers
this with that they think that people who are interested visit the web-page of the brand and
hence get the information that they want/need from there. Even though some brands feel that
they need to get better at communicating their story and sustainability initiatives to end
customers, often, the consumers are not the most important stakeholders for organizations
when it comes to their sustainability communication. The communication is rather internal
and aimed towards co-workers, partners and the – often independent – retailers that sell the
garments. The process of educating the store personnel is identified as an important but tricky
aspect of the sustainability work, as brands are often sold in many stores worldwide. Another
complication when it comes to education is the high turnover of store staff.

Regarding the drivers that was identified under 4.7 (Public Relations), it seem to hold some
validity that the organizations do not want to take too much credit for what they are doing
today, knowing that they could always do more and that being proud could make them a
target for journalists wanting a scoop. However, interviewees with a background in media/PR
claimed that if you communicate what you are doing, you might as well not be doing it, since
some of the initiatives today are so obviously done only to be able to use it as PR. Another
interviewee said that “we need to be less Swedish” and instead “be more proud of how far
we’ve actually come”. So, again, the notion of “sunken” or “silent” CSR activities seems to hold some truth to it.

With regard to public awards and prizes etc. the respondents were divided about 50/50, some thought they were a good trigger and motivator to work more with these issues, whilst some did not care much about them. One important thing that was stressed was however that the prizes that do exist and eventual new-comers need to have high validity and credibility, and not just given out to “any” organization, which is felt for some prizes today. It does not make good benchmarks for other brands, if prizes are received for very little or poor work.

6.8 Existing industry initiatives and standards
There are good things to be said about existing standards. They can help you move towards a more structured way of working and thinking of sustainability issues, making sure that you have a process for handling new ideas etc. The standards available today do however not seem to be of much use for the apparel SMEs. One reason can be the often hefty cost of getting certified, another is the often heavy workload a certification is entailed with.

The respondents also think that there are so many different standards, that it is confusing. And if it is confusing for them, who work with it, how can one expect the end customer to understand and know what’s what? Another side of this, and a main source of critique from the respondents against the existing standards, is that existing standards are too focused on profiling themselves towards brands. The companies issuing the standards forget that for the brands, it is also of importance that the customers in the apparel stores know what the certification stands for. There are very few certifications today that operate without an interest in making money, which also makes brands reluctant to use and/or pay for them.

6.9 Innovation and business case
Many of the respondents have come to the conclusion that the fashion/apparel industry and sustainability in a way is an oxymoron. The industry is built around selling more and more, whilst the sustainability discourse rather focuses on that things should last for a long time and that you minimize your impact if you refrain from buying an object. Instead you should use what you already have, and alter or repair it if necessary.

With this background, one of the most important issues the companies can work with is design, and many of the organizations do. Not only because it is their niche to do “timeless” garment, but also because some of the more popular and most demanded products are
garments that were designed for previous collections. The production phase impact for re-launching a garment is also less than for a new garment. Given that you use the same supplier, many of the pre-production stages can be skipped.

Management and organizational alterations can also be made internally within the organization, by looking over how a garment is produced, so that sustainability issues are thought of already at the “birth” of a garment. This can contribute to both environmental and economic savings, but most importantly, development of new materials as well as dyeing, ways of creating garments etc. is also spurred by this way of thinking.

Another important potential alteration is to experiment with business models. Some of the respondents even go so far as to say that the it is the obligation of SMEs to experiment with new business models and “prove” that these work, since larger entities aren’t as flexible, as been discussed before. Many respondents talk about how they want to move toward a more “circular economy business model”.

6.10 What the literature does not cover: corruption and “downstream” CSR

Some “answers” that a few organizations have implemented and that is part of this drive of innovation on the business model side, mentioned above, is the introduction of “downstream” CSR projects like:

- the launch of free repairs of the brands garments,
- second hand shops,
- re-collection of garments,
- and even renting garments to customers instead of selling them.

These can be seen both as a new ways of making money, ways of communicating the brand story and a move towards a more circular economy, where the company takes care of the garments “end-of-life”, and not only the responsibility for the production of it. This is a very recent trend and therefore it is not discussed at all in the literature studied. But it is a very interesting and new way of answering to the questions that circular economy asks. However, the companies find that it is somewhat difficult to change consumer behavior. We need to start thinking of garments like we do with cans and bottles – it is normal to bring them back to the store after “use”. Also, the infrastructure for this type of collection needs to be developed, given the tons of clothes potentially collected.
As mentioned, corruption seems to be a blind spot when it comes to the literature, which is interesting. According to the interviewees, the apparel industry is not very corrupted. The dialog with all the eight respondents has been good, and they just do not seem to have any experience of corruption. It is here important to consider the researchers’ possible impact on the interviewee (Byrne, 2012). But as they all had the opportunity to be anonymous and they all have seniority either in position, educational level or both, there is no reason to believe they were not speaking the truth. The respondents have a variety explanations for the lack of corruption, ranging from it being a female-dominated industry, implying that foreign businessMEN do not know how to approach and bribe women, to that the industry isn’t very capital intense so the sums that could be made of bribes are not that high – if it exists at all, that is.

Even though corruption have not happened to the organizations and persons interviewed for this research project, it is found unlikely that no corruption occurs when operating in countries well-known for this problem Corruption is an issue where more questions needs to be asked, maybe to other people with a different point of view then the interviewees for this research project, like the suppliers themselves.

6.11 What the literature does not cover: other interesting aspects

The first “result” that came from this study was that the organizations that do work with CSR are often fairly good at it and also good at communicating this – at the very least they are inspired in their work trying to do good or better. Hence, reaching out, getting their attention was not an issue. However, reaching out to the brands that do not have an outspoken CSR program proved to be more difficult – and if you do not reach them, how can you ever get them on board or even ask them how they perceive the problem (Byrne, 2012, p. 218)?

From the initial contacts made for this research project, it became clear that only those doing CSR work were willing to be interviewed. This is a weakness in this study. It would have been interesting to hear what organizations that do nothing and/or might have considered or are doing things without telling them to anybody, the silent/sunken CSR spoken of earlier, had to say and what they thought was difficult. But it is understandable that they have little interest in answering sustainability questions, knowing how fast external stakeholders (Chapter 2) can create bad-will.

Mostly, the respondents thought the interview was rather “complete” and covered “all” aspects in an insightful way, but one aspect that was discovered and not covered by the
literature is how the government and other large financial institutions could help on the way towards a more sustainable apparel industry. One example could be more lax conditions on both governmental and private start-up loans if at least some of the money is to be used for investing in sustainability-related initiatives. This would also help the often cash-deprived SME during its expansion.

One aspect that is important for the organizations and that would make them work more with sustainability is consumer behavior. If the consumer doesn’t act and demand more sustainable products, both in design, ways of production and in material many of the companies will have a hard time implementing these strategies. It is of course not only the SMEs responsibility to create this demand. Society at large is responsible for this and the role of education, like proclaimed by Huang (2013) and Hsu & Cheng (2012) will be important, especially as gradually more people get a university education. The communication around different labels and standards also needs to be improved, as mentioned earlier.
7. Discussion, main findings and future research

The aim of this master thesis research project was to “...clarify the current challenges and opportunities that Swedish apparel SMEs have when working with sustainability in relation to their global supply chain and to test if the current academic body of literature contributes with sufficient knowledge.”, and the research question that has guided this master thesis was:

- What challenges and opportunities does early twenty-first century academia recognize in relation to CSR/sustainability and global supply chain management, and how do these correlate to the reality of Swedish apparel SMEs?

Looking at the aim, it can be concluded that there is a substantial body of literature, but that few texts use a clear theory for explaining the sustainability phenomena, and that most angles and aspects are covered but that there also are some issues, like corruption and “downstream” CSR that need further research.

Turning to the research question and the methods used, they do not give a one sentence, or a simple yes/no answer. A long list of more and less complex findings can be derived from this research project but three main groupings of conclusions have been identified. Just like with previous categorization in this research project, some of them overlap. The groups of conclusions are “Governance”, “Organizational”, and “Educational” findings, where the governance and organizational findings hold most interest in relation to the research field of international relations, international political economy and economic history. Findings deemed to be of more importance are discussed in text first, whilst more minor findings are listed as bullet points towards the end of each category, often formulated as a possible future research question.

“Governance”

It is important to keep in mind that the study covers the western (Swedish) buyer perspective. To get a more holistic view and understand the suppliers’ point of view, we need to include suppliers in the development processes, like the Copenhagen Fashion Summit. Studies focusing on suppliers’ perceptions of sustainability work, as well as doing business with western organizations, should be done as well, a view shared by Kogg (2009).

One topic that could be interesting to hear the “other” sides’ opinion of is corruption. Many countries with a developed apparel production industry (both procurer and supplier countries)
have laws in place, but often, these are not followed, says many of the interviewees. There are many possible explanations, corrupt enforcement officers is likely to be one of them. But if there is corruption, who is responsible for preventing it? If SMEs, even though it might be unknowingly, is part of the problem, can they be part of working towards a solution of the problem? And if so – how?

Some scholars (e.g. Pedersen, 2009 and Spence & Bourlakis, 2009) imply that larger corporations should not impose CSR on SMEs. So should the Swedish apparel industry do so in its supply chain? One could even go so far as to say that this is a new way of colonial- or imperialism, consolidating structures and hierarchies of power and making companies and communities in emerging economies dependent not only on western business but western goodwill as well. From an international relations and economic history viewpoint, this angle on international governance on the corporate level is extra interesting due to the comparison that can be made with colonial- and imperialism. It is also important to remember that if we are to achieve a thorough sustainable development, we need to make sure that MNCs as well as SMEs act on sustainability issues, as SMEs make up for a large part of business worldwide.

Historically, “old-school CSR” has been part of the construction of the Swedish welfare-state. If Swedish CSR-initiatives could help lesser developed countries on their way towards prosperity, this is a good thing. According to Amaeshi et. al. (2008) “The one in a position of power have the deontological duty to use this power responsibly to influence in a positive manner.”, which is the case here if we are hold fast to the belief that our way of looking at sustainability here in the “west” is the best. It is however realistic (and more sustainable) to think that it is important that the people affected by our CSR initiatives are involved in the processes of the projects, so that the dependence on western goodwill as well as business is lessened, and to create shared ownership over the developments.

Finally, cooperation around the sustainability issues at hand seem to be good, and there are many different ways such activities start, around a certain issue, at trade fairs; anywhere you meet, discuss, and realize you face the same problem. However, the existing industry Environmental Management System-standards need to be altered. End consumers know nothing about them, they are expensive and time consuming etc. Here, the respondents see a potential for organizations like ASFB (Association of Swedish Fashion Brands, which gathers many Swedish apparel organizations) to start with some basic guidelines that could be adopted by all Swedish apparel organizations, and then you could go the extra mile and do
more if you want to. If all Swedish (and eventually all international) brands follow the same “Code of Conduct”, the suppliers know what the minimum is and if they fulfill these requirements, this would also simplify for the end consumer to know how the garment has been produced. On the other hand, a system like that could face problems with transparency and a monopoly-like situation since that EMS would be the only one available. And, in fact we already have something similar to this; legal requirements.

Other findings related to governance issues:

- How can a system be developed that eases the hassle of the many different custom regulations throughout the world?
- In what other ways than regulation can government and/or other large financial institutions help spur sustainability in other sectors than their own?

“Organizational”

It can be concluded that sustainability is no easy task. But being small is not an excuse to remain passive. Progress can be done even though your organization lacks resources. Larger organizations obviously have some advantages, even though stakeholder theory clarifies that it is not only beneficial being big. The characteristics of top management and owners are of great importance. Known forerunners all have in common that they had a solid understanding and commitment to these issues from the beginning. It is possibly difficult to implement sustainability top-down in an unwilling organization, and it is at least as difficult for an employee to influence top management and owners if they have no interest at all in sustainability issues. So how can an organization start working with sustainability?

Cultural and language barriers seem like a minor problem to organizations the interviewees represented. The respondents of this study all said they are very keen on having long-lasting business relations that enhances trust and social capital when working with suppliers, and also minimizes cultural and language barriers. Long-lasting business relations is surely one way all organizations can approach working with sustainability issues, as it makes the producer more secure and, hence, their ability to invest in new and more sustainable ways of producing is increased. This could be regarded as fairly un-orthodox, businesswise, but probably not as revolutionary as the many stories that was told of how “we” (as a society, but in this case the brands) actually need to produce and sell less, but with better quality if sustainability is to be
reached within the industry. The respondents are aware that the fashion industry reinvents itself a couple of times each year, and seem determined to do this in a better and better way when it comes to sustainability issues. At the same time they also claim that we, both in the apparel industry as well as in society, need to move towards other business models like circular economy that challenge the traditional business models that build on continuous growth, something some brands are already taking steps towards through i.e. second-hand and repair shops.

Due to the nature of their business, often being in the premium segment, the SMEs in this study claim that they do not interact with the “worst” producers to the same extent as larger corporations who in general operate in cheaper market segments. Rather, as they want premium goods, they interact with what could be described as the premium segment of suppliers who usually already have more developed internal sustainability work because they know that these issues affects the final product. Their producers do not have to “cut corners” to make a minimal profit of each order, like in stories some interviewees told about the suppliers of giant like H&M and Carrefour.

*Other findings related to organizational issues:*

- How does ownership structure factor in when committing to sustainability practices?
- Cooperation between SMEs can be challenging, but is not impossible. It seems to be easier for brands to cooperate and develop best-practice together around a certain topic, rather than with other organizations that source from the same producer. External funding for project specifics, like project management from an NGO, foundation or research group, will expedite the work.
- Sunken or silent CSR exists. Organizations need to acknowledge more what they actually do. Awards and prizes can be a good driver for change, provided only organizations receiving them actually are good role models and/or benchmarks for others. Otherwise they can be contra productive.
- Employees of the studied brands seem to be more interested to connect with the brand “story”, rather than that the organization has a strong CSR commitment.
“Educational”

At last, education is of importance for brands, but for a number of different reasons. To some, it is due to the end consumer knowing increasingly more about the products and how they are produced, whilst for others the importance lies in the difficulty of making sure that the personnel in the many different stores selling their garments know enough about the brands and garments that they sell. Related to all the different reasons for the importance of education is stakeholder theory and the increasing number of different stakeholders an organization has, their relative power, urgency, and legitimacy over the organization. As SMEs in general are understudied due to stakeholders giving more attention to larger corporations, they have so far been able to fly under the radar. But the specific apparel industry conditions, the complex supply chain and the fact that the industry is one of the most polluting industries worldwide make them vulnerable as they have a less developed PR-apparatus that can handle scandals with credibility.

Other findings related to educational issues:

- How can education (at all levels of society) be a part of a continuous growth for the demand of more sustainable products?
- Can brands that are not presently working with sustainability be inspired to start, and in the long run be included in the solutions, or should we “let the tide lift all boats”?
- How can we make consumers think of clothes like they do with bottles or cans – as recyclables?
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Interviews


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Appendix A: Interview Guide

The questions provided here are examples of questions asked during the interviews. As stated above, the different “categories” often go hand in hand, and it is sometimes hard to talk about some issues, without sliding over to another “category”. This interview guide and examples of questions should therefore be seen as mere examples of questions that the interviews took their starting point from, in relation to the specific “category”. Often, some more basic questions have also been asked, like how many suppliers the brand has and in which countries they are located and why this is so. Such questions are not presented here. Furthermore, the interviews were conducted in Swedish and this presentation is thus a translation. Finally, the interviews have always started with a brief talk about the characteristics of the represented firm (turnover, number of employees etc.) and the background of the interviewed person, followed by the “opening” question:

- “Which challenges and opportunities do you perceive to be the most important, when it comes to working with sustainability in your supply chain, for your organization?”

All the interviews have ended with the two questions:

- “What changes would you like to see that would ease/facilitate your work with sustainability?”

And:

- “Is there any aspect of challenges and opportunities when working with sustainability in the supply chain, which we have not talked about?”

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<thead>
<tr>
<th>Main area identified</th>
<th>Examples of questions asked</th>
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<tbody>
<tr>
<td>Cooperation</td>
<td>Do you cooperate regarding these issues with other brands? If so, what challenges and opportunities does that bring along?</td>
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<td>In what kind of environments or settings could or are these kinds of partnerships created?</td>
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<td>Are there any specific questions/issues that are easier to cooperate around then other?</td>
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<td>Have you noticed any positive cluster effects, given that Sweden in general has fairly many designers, apparel brands etc.?</td>
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<td>Owner/top management characteristics</td>
<td>How did the work with sustainability start at your organization? The owners? Employees? Customers?</td>
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<td>How do you perceive your own and the owners own moral/ethical position in relation to their level of education, regarding these issues?</td>
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<td>Given that SMEs often have limited resources – do you always get the resources you need when driving sustainability projects? Has it always been that way and what do you think would happen if times got tougher?</td>
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<td>Legal requirements and demands</td>
<td>Would more/higher legal requirements make you prioritize this issue even more?</td>
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<td>Would you like to see stricter sustainability laws, and if so, should they be “implemented” on a national Swedish level, national levels in the productions countries or at a larger international level?</td>
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<td>Business relationships, auditing and Code of Conduct</td>
<td>Given that you are a SME, do you ever perceive that your suppliers adhere to your demands because of the fairly low value of your orders?</td>
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<td>Have you ever had do change supplier because of problems with them living up to your sustainability standards?</td>
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<td>Given the different cultural contexts you operate in, Sweden (and any given number of production countries), are there any differences in how your code of conduct is implemented?</td>
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<td>Have you ever had problems with differences between you and your suppliers when it comes to cultural- and language barriers? Is there a difference between how you approach European and other suppliers?</td>
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<td>How do you perceive that the suppliers react when you present i.e. you Code of Conduct? In what ways is can the Code of Conduct be problematic?</td>
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<td>Do you audit your factories? If so, who does this, how and when and why have you chosen that approach? If third party; how can this person or organization be trusted?</td>
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<td>Do you control/audit your suppliers’ sub-contractors in any way?</td>
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<td>Trust and “social capital”. What actors do you need to trust? Do you work more with relationships rather than business contracts? Which pros and cons can you identify with the two approaches?</td>
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<td>Staff retention and size</td>
<td>How do you work internally to get everybody, and not only the person(s) responsible (like designers, buyers etc.) to work with these issues?</td>
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<td>What does your staff retention look like? Is your organization one that people in the industry wants to work for? Is knowledge of sustainability issues part of your recruitment process; do you ask for it or does the future employees ask for it?</td>
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<td>Do you think you would work more with these issues if you were a larger organization?</td>
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<td>Public relations</td>
<td>Who are your key stakeholders when it comes to sustainability issues?</td>
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<td>How do you perceive your possibilities to reach out with what and how much you actually work with sustainability? Do you work a lot in the dark with these issues?</td>
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<td>Do you perceive any pressure from i.e. the media regarding sustainability or does your current initiatives stem from more internal processes? Have you ever experienced any “scandals”?</td>
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<td>What is your perception of prizes/awards/nominations as a driver for sustainability?</td>
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<td>Existing industry initiatives and standards</td>
<td>Can you list the existing industry standards and initiatives that you work with? There are many types of standards (Textile Exchange, GOTS, Fair Wear Foundation, OEKO-TEX etc.), and of course also ISO and SA8000 and other more national Swedish initiatives; are these good for you as an SME, given that they often are expensive to join, developed for larger organizations and are time-consuming? Are these standards good arenas for developing cooperation’s with other industry actors?</td>
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<td>Innovation and business case</td>
<td>Can you somehow relate sustainability to development of new ways of working, internally as well as externally? How does sustainability affect your innovativeness? How do you motivate sustainability, financially? Are there any contradictions when it comes to being green and/or being fashionable?</td>
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<td>Corruption and “downstream” CSR</td>
<td>In what ways have you encountered corruption during your time in the apparel industry? How do you perceive that the notion of corruption is handled in the industry? How do you tackle the corruption issue, internally? Do you notice any differences when it comes to corruption, depending on the cultural and national context of the supplier? Many organizations now also work with “downstream” CSR, i.e. collection of discarded/unwanted clothes, repairing/altering their own garments for free etc. Is this something you do? How? How do you think this will affect the industry? What are the challenges and opportunities with this?</td>
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