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Stakeholders' Influence on a Company's CSR Initiatives

A Case Study of Swedish Textile Companies

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Abstract

Title: Stakeholders' Influence on a Company's CSR Initiatives: A Case Study of Swedish Textile Companies

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Keywords: CSR, stakeholders, stakeholder theory, textile industry, Sweden,

Aim: The aim of this study is to develop a wider understanding of CSR and the role of stakeholders when it comes to issues concerning CSR within companies in the textile industry in Sweden.

Conceptual Framework: The thesis is based on the concept of CSR and why one engages in it and stakeholders and their importance in developing a CSR strategy.

Research Questions: The two research questions in the thesis are:

1. How are Swedish multinational companies (MNCs) in the textile industry influenced in their CSR policies by different stakeholders?
2. To what degree in their daily work do these companies work with a stakeholder management approach in their CSR policies?

Methodology: This study is a multiple-case study of three Swedish companies within the textile industry. The study has a deductive research approach and the authors have used qualitative research methods and mainly used semi-structured interviews to collect the data.

Empirical Data: Primary data was based on interviews with the CSR managers at three Swedish textile companies engaged in CSR. Other secondary data was gathered from the respective companies' reports and homepages.

Conclusions: All of the studied companies engage in CSR to a varying degree and not only for profit and they find it to be an increasingly important topic. The companies studied in this case have proven to have a managerial view of the firm. They have a rather narrow view of its stakeholders and can because of that not work with stakeholder management to a full extent. However all companies show intentions on integrating stakeholders and CSR into its day-to-day business. Stakeholders' influence in the CSR work of the companies differ, however in most cases the stakeholders which are the closest to the core business have the highest influence on the long-term CSR strategies.

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1. Introduction

In this chapter, we intend to introduce a background to Corporate Social Responsibility (CSR) and its relation to stakeholder management, which will lead into a definition of the problem area of the dissertation. Later, the aim of the study and the research questions will be presented as well as some delimitations of the study. The chapter will end with an explanation of the structure of the study to increase the understanding for the reader.

1.1 Background

CSR is today more discussed than ever. A larger and larger share of companies in Sweden and other Western countries currently have well developed CSR policies and programs. The impact of CSR in the business world grows larger all the time even though its existence has been relatively short. During all these years, CSR has been a heavily discussed topic by many researchers and businessmen who have both criticized and given it praise.

The roots of corporate social responsibility extends long before the concept of CSR was developed. However, the CSR concept as we know it today has its origins in the post World War II era (Carroll & Shabana 2010). For over half a century CSR has been heavily criticized and there is still a high degree of ambiguity surrounding the concept. During these years CSR has received a great deal of criticism and many researchers have argued about the weakness of the CSR concept and how CSR can mislead companies. One of the first and most critical voices against CSR was Theodore Levitt (1958) who in his article “The Dangers of Social Responsibility” highly criticized the movements among companies in the USA who were engaged in activities outside their core business.

One of the strongest voices against CSR in the 20th century, and still often cited, is Milton Friedman. He used classic economic arguments when he argued against CSR and compared it to taxes. In a New York Times Magazine article from 1970 Friedman (2007: 178) wrote:

“there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud.”

This definition of social responsibility is; however, not far from Carroll’s (1979, 1991) (who is one of the most cited researchers when it comes to CSR) definition, which will be further elaborated on in chapter three, where he argues that a company has four responsibilities: the economic, the legal, the ethical and the philanthropic. The economic responsibility is the profit, the legal is to stay within the rules and the ethical is to engage in business without deception and fraud. The only difference is the philanthropic responsibility of which Friedman was being critical.

In an extensive review of the literature on the relationship between CSR and profitability made during the 1980s, Aupperle, Carroll & Hatfield (1985) found mixed results, where they could only conclude that it was impossible to support any relationship between CSR and

profitability. More contemporary research has also had problems in finding relationships between financial performance and CSR (Blowfield 2007).

However, no matter how much CSR has been criticized and no matter how many published articles which have proven that CSR and profitability are not related, the popularity of CSR is still increasing and today there are often articles about the subject in newspapers, journals and magazines concerning business.

Even though CSR historically has been subjected to much criticism, more and more evidence has appeared which supports CSR. More theories have been developed which support a correlation between CSR and positive outcomes for the firm (Carroll & Shabana 2010). One of those articles supporting this correlation, which has gained the most attention during the last few years has been Porter and Kramer's (2002) "The competitive advantage of corporate philanthropy" in which the authors argue for the integration of CSR in the company's strategies, with the intention to improve the business context in which the company is active. Barnett (2007) has also argued on the basis of stakeholder theory; that the outcome of CSR depends upon what kind of CSR investments are made and the timing of these investments. He argues that CSR does not have a direct influence on financial performance but an indirect influence through the relationship with a company's stakeholders. Also, Carroll & Shabana (2010) emphasize a higher involvement from the stakeholders, as well as argue that CSR is not always profitable but needs to be contextualized just as Barnett (2007) have done.

However, even though there is much evidence today for a correlation between CSR and positive outcomes for the company, almost all of this research has been made from a company perspective. Both Barnett (2007) and Blowfield (2007) have identified that there is very little research studying whether those who seemingly benefit from CSR really gain anything from it. Blowfield (2007) argues that this is especially significant when looking at it in a developing country context.

The stakeholder approach to CSR has during the last years turned out to be one of the most popular perspectives on this issue in the academic world. However, there is still a large gap between the researchers in the academic world and the managers in the companies when it comes to stakeholder management and CSR. Researchers support a wide definition of stakeholders while the managers have a narrower focus and definition of stakeholders. Thus, as an outcome of this, a company's motives for engaging in CSR are influenced by only a few stakeholders. (Gjerdrum Pedersen 2011)

1.2 Problematization

As already stated above, CSR is more popular than ever. However, there is still much ambiguity in concern to CSR. One of the most popular approaches to CSR is stakeholder management; however, some research has questioned the legitimacy of a stakeholder model. Most companies in earlier research have to a high degree focused on the stakeholders who are closest to the core business, which creates a situation where the opinions of those who ought to benefit from the CSR activities are often neglected. (Gjerdrum Pedersen 2011)

More and more attention is directed towards CSR among companies in Sweden, especially companies within the retail sector and most of all within the textile industry.

These last years, there has been a large trend among these companies within the textile industry to appoint specific CSR managers as well as in developing well functioning CSR programs, code of conducts and, in addition, wide cooperation within the industry to decrease its negative impact on society and the environment. The question is why the firms are conducting these activities. There is a gap in today's research, the ambiguity of the CSR concept has created a situation where researchers, CSR managers and stakeholders misinterpret each other and there are few theories who accurately explain the outcome of different CSR activities. This dissertation will not try to bridge the current gap in the research or develop any new theories, which explain the reasons why companies conduct CSR and how stakeholders influence these motives. Instead we will interview a few companies within the textile industry and try to develop an understanding of the role of stakeholders for companies with the help of some current theories within stakeholder management and CSR.

The stakeholder model which Donaldson & Preston (1995) developed has so far received little appreciation among real-life managers, however, most firms have gone beyond what Donaldson & Preston (1995) call the input-output model which mainly focuses on maximizing the output. Reality lies somewhere in between these two extremes and during the data collection we have tried to understand how different stakeholders influence a firm's CSR policies, the firms' point of view on this issue, and how they interpret their relationship with different stakeholders.

More research is needed on the relationship between companies and its stakeholders. These actors often have the same goals; however, because of the ambiguity of CSR and shortcomings in the relationships between these two, they often oppose each other. To increase the effectiveness of the CSR activities a higher understanding between companies and stakeholders is needed; this study intends to describe how companies view their own CSR activities and how they view their relationship with their stakeholders.

1.3 Aim of the Study and Research Questions

The aim of this study is to develop a wider understanding of CSR and the role of stakeholders when it comes to issues concerning CSR within companies in the textile industry in Sweden. CSR has become more and more important for many companies and especially within the textile industry. One of the most popular approaches to CSR in theory during the last years has been through a stakeholder management approach. The question is whether these theories are legitimate when it comes to reality and how theories can help in trying to explain this phenomenon.

To fulfill the aim of this study two questions have been developed; these two questions will be answered in the dissertation to create a better understanding of CSR and how stakeholders affect companies in their CSR activities.

1. How are multinational companies (MNCs) in the textile industry in Sweden influenced in their CSR policies by different kinds of stakeholders?

2. To what degree in their daily work do these companies work with a stakeholder management approach in their CSR policies?

1.4 Delimitations

Currently, CSR is a very wide area, and because CSR only recently have received a lot of attention it has become somewhat ambiguous. Many researchers have tried to create a framework; however, the very nature of the subject has created problems in the efforts of trying to define CSR, especially since the meaning of CSR is different for different actors.

In this dissertation, the focus of CSR will be on using a stakeholder perspective from a company's point of view. We have chosen not to focus on the stakeholders' point of view but instead the companies' interpretation of how the stakeholders affect their CSR policies.

The popularity of CSR activities has also created a situation where today, CSR is practiced on many levels and in different parts of a company. This makes CSR something which is included into many workers' everyday work even though their main task lies within other fields. This creates a situation within a company where there are many different point of views when it comes to CSR. In this study, we have decided to focus only on the CSR managers within each company, since they are the people who have the highest overall knowledge of the firm's CSR activities.

1.5 Structure of the Dissertation

The structure of this dissertation follows what Yin (2009: 176) calls a "linear-analytic structure". The dissertation is divided into six chapters which will be introduced below.

Chapter 1: The first chapter is an introduction to this dissertation, the subject and the problem which have been studied. The chapter starts with a background where we present current issues connected with CSR and stakeholder management and a short introduction to the current knowledge of these areas. In the problematization we will discuss why this area is of interest and why it is worth studying. We will then present the aim of the study and the research questions. To delimit the study and increase the understanding for the reader some delimitations will also be introduced.

Chapter 2: In the second chapter the conceptual framework will be introduced. We have divided the chapter into four parts, where the first part presents a deeper understanding of the CSR concept. The second part in the chapter introduces the theories behind the motives for CSR. In part three, a popular view of CSR will be introduced, which is stakeholder theory, and the final part of the chapter will be a discussion of how traditional CSR and stakeholder theory complement each other.

Chapter 3: Here, we will specify the methodology used to conduct the research. The research approach and the research strategies are introduced to explain the research process where we present the reasons behind making a case study and the use of mainly primary data. To finish this chapter, we will discuss the quality and credibility of the dissertation.

Chapter 4: In this chapter, the three cases will be presented. A summary of the data collected in the semi-structured interviews will describe how each company works with CSR and how

the companies are influenced by their stakeholders, as well as how motives for CSR affect the companies' CSR activities.

Chapter 5: In the fifth chapter, we will analyze the empirical data collected in chapter four. We will take the conceptual framework into consideration when comparing the empirical data in order to increase the understanding of CSR and stakeholder management.

Chapter 6: From the discussion in the analysis some conclusions will be drawn and we will also present suggestions and recommendations for further research.

2. Conceptual Framework

In the conceptual framework, a sample of theories divided in four parts will be presented to create a line of thought throughout this dissertation. In part one, we will present the CSR concept, the second part will introduce different kinds of motives a company faces when committing to CSR. In part three, a stakeholder theory will be introduced and in part four, we will explain how stakeholder management and CSR are integrated.

2.1 What is CSR?

CSR, as we see it today was not developed until the 1960s and has during this latter half of the century increased in importance. However, during all these years, a mutual concept or definition of CSR has not evolved. Because of the popularity of the field today, there are many different concepts that are competing for prominence. These are concepts such as business ethics, corporate citizenship and stakeholder management; however, all of these are interpreted in a similar fashion and CSR is the concept which is used mostly throughout the academic and business community. Just as the concept is heavily debated so is the definition of CSR, where several different organizations and researchers use different definitions to explain CSR. There are also differences between countries as well as within countries and because of an uneven development in the world, different questions have been raised during different periods, which has ultimately made it difficult to develop one mutual definition and concept. Even organizations have changed their interpretations of CSR over time, as in the case of the World Business Council for Sustainable Development (WBCSD). (Carroll 1999, Blowfield & Frynas 2005, Matten & Moon 2008, Carroll & Shabana 2010)

Below, some of today's most popular CSR definitions, which have been developed by researchers and organizations during the last few decades, will be explained as well as a couple of new definitions, which criticize the traditional approach towards CSR. These are also the concepts, and especially Carroll's (1979, 1991) early articles, which have had the highest influence on how we interpret CSR today (Carroll 1999).

2.1.1 Carroll's Pyramid of Corporate Social Responsibility

The most influential theories about what CSR is have been developed by Archie B. Carroll (1979, 1991). In his often cited article "A Three-Dimensional Conceptual Model of Corporate Performance", Carroll (1979: 500) defined CSR as follows:

“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.”

Carroll (1991) also developed the pyramid of CSR, which explains what CSR is and why companies are involved in CSR. This pyramid has also been useful in explaining the motives for CSR, which we will develop further below where we explain a company’s reasons to engage in CSR. These texts have also become the basis for many different fields within CSR research, from where for example, stakeholder management has developed, which also will be explained further down.

The pyramid of CSR is based upon four parts where a company’s different responsibilities are explained. These four responsibilities are economic, legal, ethical and philanthropic, and all together they make up the concept of a company’s CSR efforts (Carroll 1991).

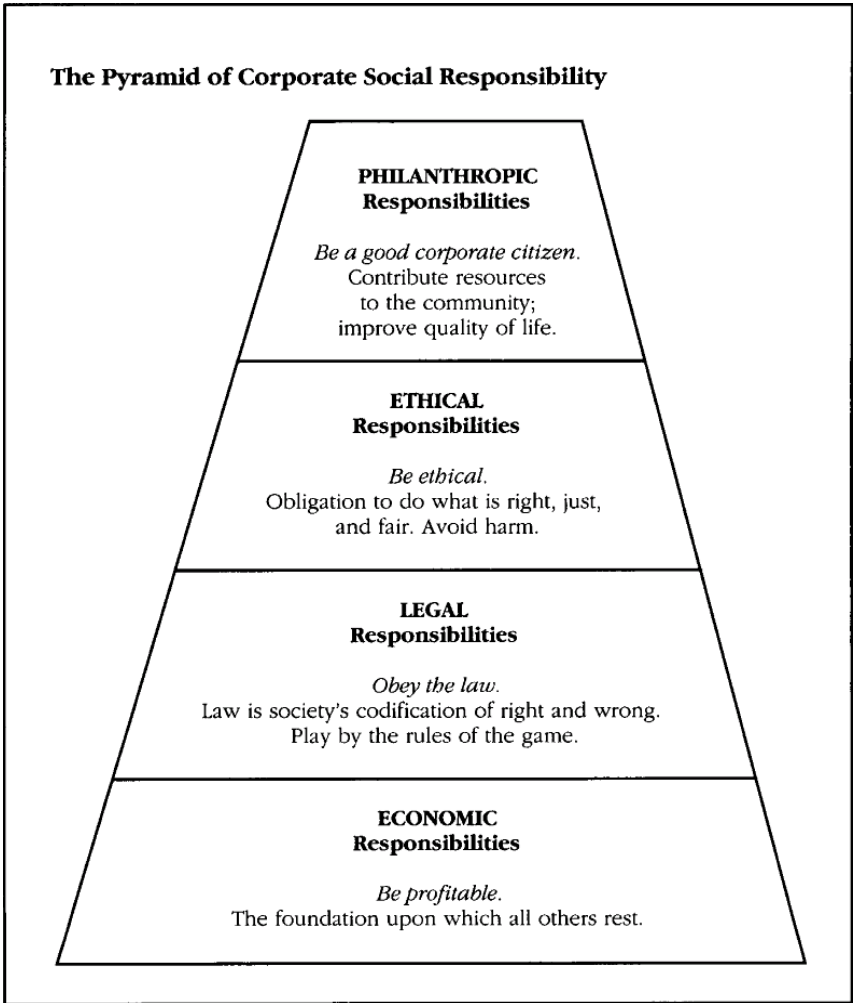


Figure 1. The Pyramid of Corporate Social Responsibility (Carroll 1991)

As can be seen in the pyramid, all the other responsibilities are based on the economic responsibilities of the firm. This originates from the traditional role of business in society, which is to create goods and services which the customers demand and in turn, turn a profit. The three other responsibilities depend upon the fact that the company is profitable because, otherwise, the business will not be relevant for society. (Carroll 1991)

The second level in the pyramid is the legal responsibility. This level of responsibility is connected to the economic responsibility in a way that the business is expected to be conducted within the framework of the laws. Every business is expected to stay within the law and be profitable at the same time. (Carroll 1991)

Ethical responsibilities are those which are not included within the laws. These responsibilities include values, norms and expectations which are developed to respect the stakeholders. These responsibilities are often vague and create difficulties for the firms whether if and how they should account for these issues. There are, however, no clear boundaries between how these responsibilities, legal or ethical, are defined. They influence each other and ethical responsibilities do for example put pressure on a higher level of legal responsibilities, which in itself creates a higher demand on ethical responsibilities. (Carroll 1991)

The highest level of responsibilities is the philanthropic responsibilities. Philanthropic responsibilities are not expected by society to the same degree and are to a high extent voluntary, which means that philanthropic responsibilities are part of CSR, but being of much less real importance. (Carroll 1991)

However, just as has been explained above, these different responsibilities are not independent, they do affect each other and the success of the firm depends upon how well all these components are handled. A firm should not only focus on one separate part but on the pyramid as a whole and how every decision affects the whole pyramid, that is, how CSR policies are successfully developed. (Carroll 1991)

2.1.2 An International Framework for Corporate Social Responsibility

During the last few decades other efforts have been made, trying to unify the definition of CSR. For example, the Commission of the European Communities (2001: 6) has defined CSR as:

“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

This definition has been widely used and gained a lot of popularity from when it was developed in 2001 (Prieto-Carrón, Lund-Thomsen, Chan, Muro & Bhushan 2006). Another popular definition which helps organizations and firms to develop their CSR policies is the United Nations (UN) Global Compact (2010) which on their website is defined as:

“a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the area of human rights, labour, environment and anti-corruption.”

The UN Global Compact consists of 10 principles that work as a framework for companies, wanting to develop sustainable business models. Global Compact is also today considered to be the world’s largest voluntary corporate responsibility initiative with almost 9000 participants and it has grown immensely during the last few years in terms of the number of members. (United Nations Global Compact 2010)

Human Rights

Principle 1: *‘Businesses should support and respect the protection of internationally proclaimed human rights; and’*

Principle 2: *‘make sure that they are not complicit in human rights abuses.’*

Labour

Principle 3: *‘Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;’*

Principle 4: *‘the elimination of all forms of forced and compulsory labour;’*

Principle 5: *‘the effective abolition of child labour; and’*

Principle 6: *‘the elimination of discrimination in respect of employment and occupation.’*

Environment

Principle 7: *‘Businesses should support a precautionary approach to environmental challenges;’*

Principle 8: *‘undertake initiatives to promote greater environmental responsibility; and’*

Principle 9: *‘encourage the development and diffusion of environmentally friendly technologies.’*

Anti-Corruption

Principle 10: *‘Businesses should work against corruption in all its forms, including extortion and bribery.’*

Table 1. The UN Global Compact’s ten principles (United Nations Global Compact 2011)

Another tool companies often use in developing their CSR policies and Code of Conducts when it comes to worker’ rights are ILO (International Labour Organization) conventions. These eight conventions are considered as fundamental principles which cover issues such as (ILO 2011):

“freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.”

There is also the BSCI (Business Social Compliance Initiative), which is an important initiative with more than 700 companies, trying to harmonize their CSR efforts in the global

supply chain. The reason is, so that for example, the Codes of Conducts are similar across the board for the suppliers and the buyers, which in turn makes them easier to implement and follow (BSCI 2011).

An additional aspect companies need to keep in mind when purchasing textile products abroad is the chemical legislation of REACH (Registration, Evaluation, Authorisation and Restriction of CHEmical substances). It is a European regulation on chemicals developed by the EU (European Commission 2011):

“to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. At the same time, REACH aims to enhance innovation and competitiveness of the EU chemicals industry.”

2.1.3 A Critique of the Traditional Perspectives of CSR

CSR has its origins in an Anglo-Saxon perspective, and it has been criticized for as long as the concept has existed, most of this critique has its origin in Milton Friedman's very influential research during the 20th century. However, during the last few years another critical perspective on CSR has developed, where researchers criticize the traditional approaches toward CSR. This critique has its origin in the lack of a Southern perspective (the perspective originating from less developed economies) in how CSR is approached as well as lack of evidence of positive outcomes for those towards whom the CSR is directed. Blowfield and Frynas (2005) have tried to develop a new definition of CSR which includes the most common features of the different CSR concepts. They have also tried to highlight the absence of a Southern perspective in their research and have tried to integrate CSR in an international development context and they criticize the traditional view of mutual benefits for both South and North (In the perspective of developed countries). In their critique of the widely used CSR concept Blowfield and Frynas (2005: 503) defined CSR:

“as an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society.”

Prieto-Carrón et al. (2006) do agree with the definition mentioned above but they also emphasize the need of a new definition of CSR and they ask for a definition which goes beyond “one size fits all” where CSR is contextualized and where an understanding of what CSR really means to the people and the environment, is taken into consideration. They also highlight the possibilities that CSR might do more harm than good if it is not contextualized and adapted to local needs.

Blowfield and Frynas (2005) also criticize the stakeholder engagement which, so far, has been an important part of the development within the field of CSR. They agree on the importance of a stakeholder dialogue but emphasize the development of a new approach where more

stakeholders are taken into consideration and especially those with lower power and legitimacy, often representing the Southern part of the world.

CSR has indeed had a big impact on development, both positive and negative. Blowfield (2005) argues that there are still many weaknesses in how we today interpret CSR but he also praises how CSR has stimulated a new kind of thinking within the business-society relationship.

Most researchers agree on the fact that it is trade and investment that are crucial for the development within a country or region. Because of this, it is essential to think about how CSR affects foreign direct investments (FDI). And it is also a fact that companies establish themselves in certain areas because of commercial reasons and not for the sake of the development of that area. A possible threat of CSR is also that CSR policies are overtaking the role of governments in less developed countries, where there are possibilities that issues not included in CSR will become neglected. Even though CSR has good intentions there is often a gap between the business case in the CSR policies and the development of the region or country. This creates a situation where business and development can be contradictory. (Blowfield 2005)

An example where CSR has had negative outcomes is in Pakistan. The soccer ball industry in Silakot, Pakistan, has been highly affected by different kinds of CSR initiatives taken by Western companies during the mid 1990s. In this area, the CSR activities initiated by these firms were considered to be Western imperialism. The producers did not approve of it, as it was they, who were forced to pay for the CSR programs to improve on the working conditions, which were considered to be important by the Western companies. Firms such as Nike and Adidas did little to increase the earnings for the producers and the local producers saw these programs as a CSR tax where they had no influence over the tax-spending. Local conditions were rarely taken into consideration and the local stakeholders' needs from their point of view were neglected. (Khan & Lund-Thomsen 2011)

2.2 Reasons to Engage in CSR

As established by Bansal and Roth (2000), in a highly cited article and other researchers as well, there are four main motives to adopt CSR: Legislation, Stakeholder pressures, economic opportunities and ethical motives. Although, they later go into focusing on three aspects deriving from this initial framework, we, as well as other researchers, (Egels-Zandén 2009) will focus on these four initial factors as they provide an easier framework to explain the different motivators as they to a large degree are connected to each other.

2.2.1 Legislation and Legitimacy

There are often legal obligations that require a corporation to conduct CSR; if one does not follow this suit one's license to operate might be withdrawn and one might face legal fines. A firm, which engages in CSR can gain a greater legitimacy than others, their brand will be thought of as something positive and their reputation can improve. This can translate itself into higher sales and it is often so when other competing firms are not adopting a CSR strategy, although you will of course also incur greater expenses, so one needs to balance these factors to get the greatest gain. Another motive is that one will be a more attractive

employer by having a good image, as people rather like to work for a socially responsible company and thereby you will be able to attract and retain more talent and possibly also pay lower wages. By engaging in CSR, a corporation may be able to avoid interference from governments, since they see the company as something beneficial to society and one might become favored compared to other companies. There is no strong need to enforce existing laws or stipulate new laws if corporations already are socially responsible. (Egels-Zandén 2009)

2.2.2 Stakeholder Pressure

As stakeholder pressure derives from many different actors and presents itself in many different manners, the motives to adapt and accompany them vastly differ. If these areas are not attended to it will affect a company's image negatively. Stakeholders have an interest in the operations of a company for a variety of reasons and these are often intertwined. They can range from areas such as environmental aspects, like the release of toxins into the local environment which might hurt the local population, to social aspects of how suppliers treat their workers abroad in the developing world. The pressure by itself will affect the company in one way or another and the impact of it will depend on where it is originating from. For example, non-governmental organizations (NGOs) that have an interest in the environment want to change the way a company works with its pollution and if the company does not comply they will release information about the company's (mal)practices to the media. Other pressure might come from locals who are directly affected by the pollution or working standards in the facilities or even from owners who want to have a clear conscience. In turn, this will not only affect its customers but also its partners' will to cooperate, also the employees are more eager to work for them and so on. For this reason the owners and board of directors have to put this area into consideration since if one's efforts are lacking there is always a risk. Thus, a company's CSR efforts have to be well managed and implemented into the organization. In addition, it is important to point out that if one's efforts are done well enough it will be seen as something positive, something to distinguish one' self from other competitors and instead gain support from one's stakeholders such as customers and investors. (Bansal & Roth 2000, Smith 2009)

2.2.3 Economic Opportunities

Another aspect is that you will gain a competitive advantage versus your competitors. By being on the forefront with one's CSR, one can differentiate one's products from the competitors; one might gain a higher perceived quality, reduce insurance costs and keep high standards throughout the supply chain (Egels-Zanden 2009). For example, in terms of environmental CSR, you might be able to improve routines and reduce costs, e.g., by using processes which reduce energy consumption and release less pollution, and with rising prices on fuel and tougher regulation; being on the forefront in these areas, one can turn it into a competitive advantage (Bansal & Roth 2000).

2.2.4 Ethical Motives

Then there is the concept of ethical motives. One has to remember the individual motives and values of leaders, employees and strong stakeholders in an organization, having their own impressions and thinking seeping into the decision-making process by selflessly helping out.

For this reason, the motive is not to maximize profits, but one could say, to clear or satisfy their own consciousness. Although one can argue that there are benefits resulting from this, by having more motivated people in the organization, generally one has to think of this area as something where the costs outweigh the benefits from a profit making perspective. (Bansal & Roth 2000)

2.2.5 Correlation between CSR and Profit

Although some research have found that there is some correlation between conducting CSR and profit, the result is at best inconclusive and has come under heavy critique for being insufficient in the methods and mathematical models used. Instead, there is thorough and largely quoted research as that of Aupperle, Carrol and Georgia (1985) which points out that those corporations who think of themselves as being socially responsible do not foster larger profits than those who do not engage in it. Thus there is no clear advantage to be gained if one's motives clearly do not prove you will gain an advantage by utilizing them. For this reason, to just thoughtlessly engage in CSR will not result in an advantage versus your competitors, instead it has to be carefully calculated if it is to be beneficial.

2.2.6 Philosophy and Social Responsiveness

There are many models which categorize social responsiveness although here the model Ian Wilson created will be explained. He did assert that there are four philosophic ways by which CSR might present itself in a company. It can be proactive where the organization is on the forefront of CSR by trying to innovate and forego its competitors and if possible gain an advantage by doing so. Then, it can be accommodative, which means a company adopt more CSR responsibility than required after receiving pressure. Also, it can be defensive where the organization resists responsibility by e.g. lobbying. Lastly, it can be reactionary where the organization denies responsibility and tries to resist any changes. (Carroll & Buchholtz 2000)

2.3 Stakeholder Theory

During the last three decades stakeholder management has developed to become one of the largest areas within CSR. Even though the stakeholder approach is only one of several different perspectives on CSR and notwithstanding the fact that basic stakeholder research has had little to do with CSR, this area has developed to become one of the most important and popular perspectives on CSR. (Gjerdrum Pedersen 2011)

Gjerdrum Pedersen (2011) explains the stakeholder approach to CSR through three points where number one (1) is to recognize that the firm has multiple relationships with different stakeholders and that the firm is part of a network of stakeholders. Second (2), the firm also has societal responsibilities toward all these stakeholders as can be seen below in the “stakeholder model”. As a final point (3), Gjerdrum Pedersen (2011) also argues that a stakeholder approach to CSR includes a high level of interaction between the firm and the different stakeholders, where all players participate and gain advantages out of a good relationship, which can also be seen in the “stakeholder model” with arrows going in both directions.

Here below, we will further develop the stakeholder approach to CSR by first defining what a stakeholder is and then continue by explaining how a firm identifies its stakeholders. We will also explain how the companies select what stakeholders are of most importance.

2.3.1 What is a Stakeholder?

Before we write too much about a stakeholder approach we must know what a stakeholder is. Carroll and Bushholtz (2000: 65-6) define a stakeholder as:

“an individual or a group that has one or more of the various kinds of stakes in a business. Just as stakeholders may be affected by the actions, decisions, policies, or practices of the business firm, these stakeholders also may affect the organization’s actions, decisions, policies, or practices. With stakeholders, therefore, there is a potential two-way interaction or exchange of influence.”

They also use a wide definition of “stake” and interpret it as anything which could be an interest or share in a commitment or undertaking. A claim or a right can also be included in the definition of stake. (Carroll & Bushholtz 2000)

In one of the most influential articles about stakeholder theory, Donaldson and Preston (1995) made a distinction between the traditional “input-output model” (figure 2) and a “stakeholder model” (figure 3). With these two models, it is easy to see the differences in value creation. In the input-output model, input enters into the firm and the output is then delivered to the customer. In traditional economics competition creates the lowest possible price and the customer will be the biggest winner. However, in the stakeholder perspective every player with a stake takes part and do so to benefit from the business; the arrows pointing in both directions indicate a mutual gain in the relationship.

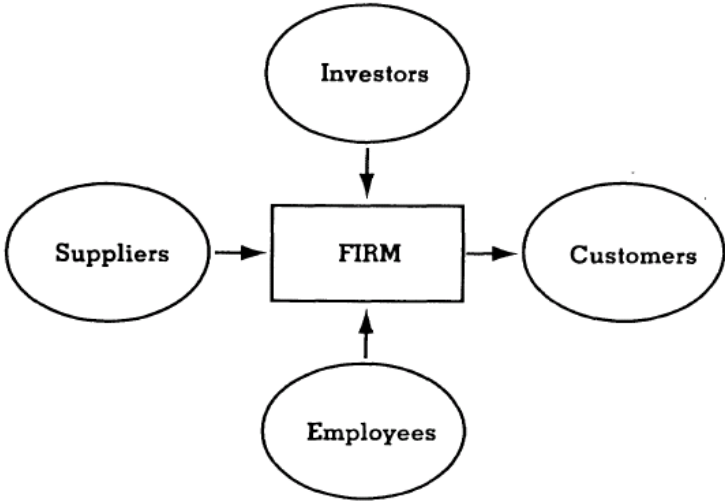


Figure 2. *Input-Output Model* (Donaldson & Preston 1995)

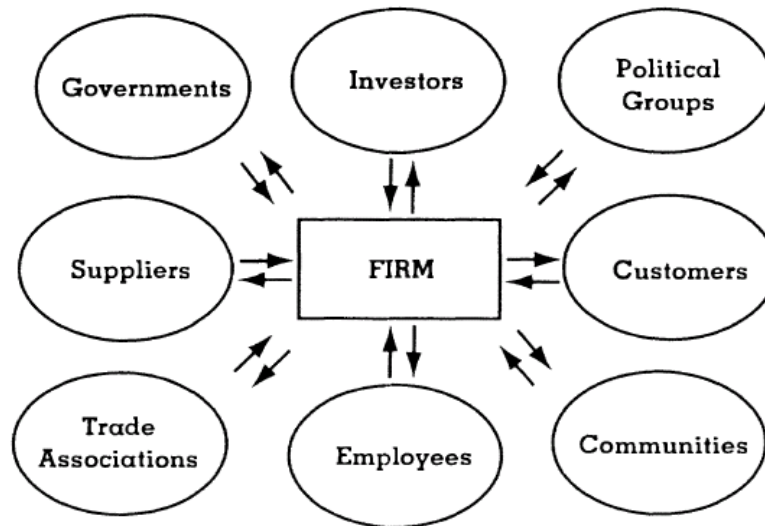


Figure 3. *The Stakeholder Model* (Donaldson & Preston 1995)

However, studies have proven that both the input-output model, as well as the stakeholder model have their weaknesses (Gjerdrum Pedersen 2011). Instead another older model, developed by R. Edward Freeman, which is called the managerial view of the firm, proved to explain this phenomenon to a higher degree. This model looks like a mixture of these two models explained above, but in this model the company's stakeholders will have an important role throughout the activities within the company although, in addition, the company has a rather narrow view of those it considers to be important stakeholders. (Carroll & Buchholtz 2000)

2.3.2 Who Really Counts? – Stakeholder Classes

Mitchell, Agle and Wood (1997) did, in their often cited article, try to go beyond just identifying the stakeholders. They tried to compose a model which could explain how companies prioritize among different stakeholders, which consisted of several different classes, whom could be divided by determining three attributes which the stakeholders possess. These three attributes were power, legitimacy and urgency and with the help of these attributes a firm could identify to which stakeholders the firm should pay its attention. The model is shown below and it identifies how different combinations of attributes create different focal points for stakeholder management, in order to find out which ones are most important.

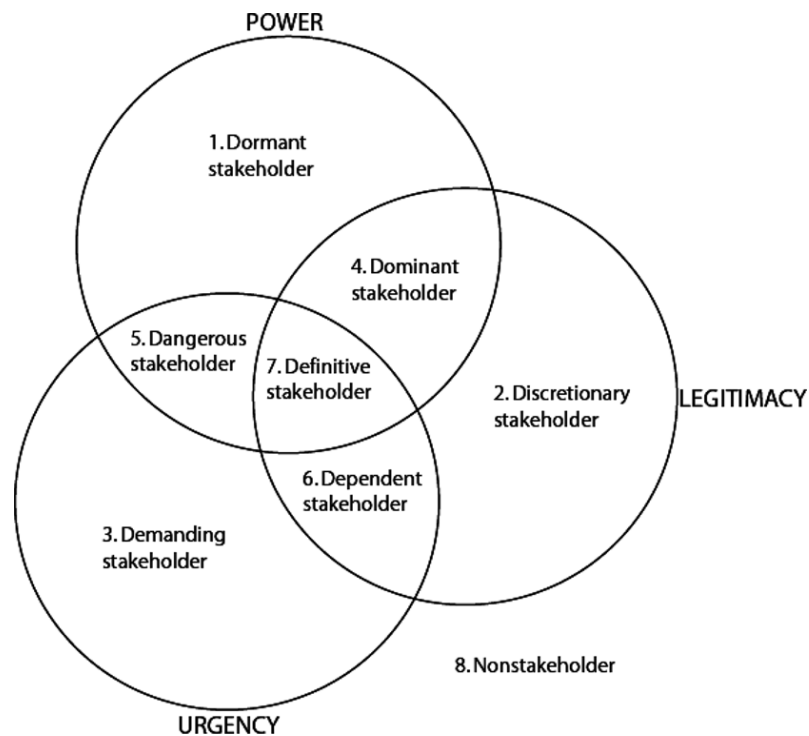


Figure 4. Stakeholder Typology: One, Two or Three Attributes Present (Mitchell et al. 1997)

Every circle includes different stakeholders and depending on their attributes they have either a stronger or a weaker position. These attributes also shift, which create changes among the stakeholders depending on how their attributes change and it is also important to recognize that these different attributes affect each other. The conceptions of attributes are also objective, which creates a situation where the stakeholder and the firm can have different opinions on the importance of a stakeholder. To begin with, a stakeholder could have a lot of power but it will not be considered to be an important stakeholder unless they combine it with legitimacy, which creates authority and urgency, which creates action. E.g. a union or a social activist group usually have a lot of power but unless they can combine it with urgency and legitimacy the firm will recognize them as an unimportant stakeholder. The attribute of legitimacy refers to a stakeholder's right to a stake, e.g. employees. In addition, owners have a high degree of legitimacy because of their close relationship to the business, while media, for example, has a much lower degree of legitimacy. The last attribute is urgency, which refers to the importance to be quick to respond to some kind of issue. But just as in the above examples, urgency will not create a stronger position by itself for the stakeholder. E.g., a boycott of some kind of product or some kind of natural disaster could create a higher level of urgency, where certain types of stakeholders develop stronger positions. (Mitchell et al. 1997)

As can be seen in the figure, there are different numbers between 1 and 8, which refer to different areas within the circles. The stakeholders who are positioned in area 4 to 7 are those with a high level of importance, where area 7 refers to the most important stakeholders, where all of the three attributes are present. (Mitchell et al. 1997)

In earlier research, empirical findings have suggested that those stakeholders who can be seen as being essential for the CSR initiatives are those who are close to the company's core business, e.g., customers, employees and shareholders. Less important are social pressure groups, such as NGOs and so forth. (Gjerdrum Pedersen 2011)

2.4 CSR and Stakeholder Theory

Even though there have been a wide variety of different concepts which try to explain CSR, they all have in common that they try to increase the responsibilities of the firm to include more than just financial responsibility. To integrate CSR and stakeholder theory Freeman, Harrison, Wicks, Parmar and de Colle (2010) have argued that a new concept should be used which is "Company Stakeholder Responsibility".

Freeman et al. (2010) criticize the traditional CSR concepts in how they separate different responsibilities. They use the latest global financial crisis as an argument, where all the large banks had developed both well functioning CSR policies and programs, although, since they did not see the ethical aspects connected to their daily business they were unable to fulfill their responsibilities toward their stakeholders. This destroyed much of the value, both monetary and non-monetary, as can be explained by the stakeholder model described above, where banks worked with the intention to maximize shareholders interest and maximize the output and not to increase the value for all of the stakeholders. Stakeholder management is a way of operationalizing CSR, where value creation is in focus, not only for the shareholders but for all the stakeholders.

Freeman et al. (2010) also criticize the traditional approach to CSR and the one size fits all strategy. For example, they bring up the irrationality for every company to be engaged in CSR and they argue that companies are a tool to perform some of the goals and that CSR often can be an obstacle in reaching these goals. Instead Freedman et al. (2010: 248) explain the advantages of stakeholder theory with this quote:

"Stakeholder theory is a more nuanced view of how firms create both social and financial value and the inseparable role of ethics and morality in this process"

The role of stakeholder theory within CSR is not only to get the managers to think about the best general outcome for society but to think about how the interest of the company's stakeholders can be satisfied. And as already mentioned above, Freeman et al. (2010) are also critical toward how CSR divides a company's social and financial performance. The companies should emphasize on creating the highest possible value for its stakeholders. Just as in the example above with the American banks, CSR is not a good measurement for the moral and ethical considerations within a company.

2.5 Summary

In chapter two, we have explained a selection of theories within the field of CSR and stakeholder theory. These theories are currently some of the most distinguished explanations within this area of study and will help us create a framework when we analyze our empirical findings from chapter four. This part will be a resume of the theories described above, before we introduce the methodology used during this dissertation.

We started the chapter with an introduction to the most fundamental research within CSR, which is Carroll's (1979, 1991) pyramid. This model describes a company's responsibilities toward society; economic, legal, ethical and philanthropic. How a company works with these responsibilities define the company's CSR efforts. Carroll's research has been the basis of many other theories, which have been developed within the area of CSR and additionally some theories which explain a company's motives to engage in CSR activities. These motives can mainly be divided into four parts; which are legislative, stakeholder pressure, economic opportunities and ethical motives (Bansal & Roth 2000).

We can also conclude that, the increase in popularity of CSR has been important to highlight these kinds of questions. However, there is also evidence, which shows that CSR is not always beneficial for everyone and especially not the parties who are located in less developed economies. It can also be concluded that, CSR is ambiguous and there is a need of a definition and concept which goes beyond one size fits all. (Blowfield 2005, Blowfield & Fyrnas 2005, Prieto-Carrón et al. 2006 & Khan & Lund-Thomsen 2011)

To create an understanding of how stakeholders influence a company and what stakeholders who really matter we elaborated on a number of theories. The first theory explained how value is created within a company and in its relationship with its stakeholders. In the input-output model, value is created by providing a low price for the customer, while in the stakeholder model, value is created in every connection between the company and its stakeholders (Donaldson & Preston 1995). The managerial view of the firm is, however, a more accurate theory which is somewhere in between the other two models (Carroll & Buchholtz 2000). We have also explained a theory, which describes what stakeholders who influence a company's CSR activities the most. A stakeholder can have three different attributes, depending on how strong these attributes are, the stakeholder influence will change (Mitchell et al. 1997).

We would also like to make a distinction between CSR and sustainability. These two definitions are often mixed up and describe the same thing, however, we would like to state that this is not the case. The example above with the American banks is a proof of this statement. A company can have many well developed CSR programs and policies, however, this does not mean that a company's activities are sustainable. CSR works as a tool to make a company sustainable and to highlight different issues, however, CSR as it is perceived today is suitable for every company and therefore we emphasize the expression developed by Freeman et al. (2010), corporate stakeholder responsibility, where ethical aspects are taken into consideration in every connection with a stakeholder.

3 Methodology

In this chapter, we will describe the process of the research as well as the scientific approach to the dissertation. The different choices made during the research will be explained and motivated as well as the credibility of the research discussed.

3.1 Research Approach

The two most common research approaches are inductive and deductive research. Of these two, the deductive research approach is the most common within social sciences, with this approach the researchers use already established research and use the theories to decide what kind of data needs to be collected, to later be able to test different hypotheses. Inductive research is to a large extent the opposite of deductive research, here the theories are the result of the research. (Bryman 2011)

3.1.1 Deductive Research

We have chosen to use a deductive research approach during this report, which will be apparent in the layout of this paper. During the process of this report we have gone through several different theories which have changed our need for data. However, as our understanding of the field of CSR and stakeholder management increased, we considered this to be the best way to cope with the aim of the study and in answering our research question. We started with evaluating relevant literature in the field of CSR and stakeholder management which has been presented in chapter two, these theories were used to elaborate on what kind of data we had to collect. We analyzed the data and connected the results of our research with the theories and developed a conclusion as well as recommendations for further research.

3.2 Research Method

According to Bryman (2011), a deductive research approach should require quantitative research methods. However, he also mentions that a deductive research approach should not disqualify the possibility of using qualitative research methods. Quantitative and qualitative research methods are two different strategies when it comes to data collection and research and they both have advantages and disadvantages in different situations. Bryman (2011) acknowledges that there are no clear boundaries between when to use qualitative or quantitative research methods. He also mentions, as an example, that qualitative research is connected with an “interpreting view” where the researchers, for example, emphasize a single person's interpretation of his or her social reality, while in quantitative research the researchers will use a more traditional scientific approach, where much of the research is built upon a quantization of the collection and analysis of the data.

3.2.1 Qualitative Research

We have chosen to emphasize qualitative research methods even though we have a deductive research approach. Qualitative research is especially appropriate for testing a specific theory or developing an understanding of a current issue. In this report, we have evaluated three different companies who are active within the textile industry and their CSR policies. We discussed and compared the result we received from the evaluation with the theories which are presented in chapter two. We selected three companies to interview and we will present our findings in three case studies.

3.3 Case Study

Yin (2009) argues that case studies are especially useful in research where the research question starts with “how” or “why”, the researcher has little or no control over events and when the focus is on current issues within a real-life context. The reason for us to use a case

study comes from our intention to describe and create an understanding of how and why companies are involved and work in certain ways with CSR. We believe that the best possible way of creating an understanding of this contemporary issue would be through analyzing a company and by interviewing those people who are directly involved in the events concerning CSR.

Case studies are often criticized for their inability to generalize; however, the goal of case studies is not to make a statistical generalization but to expand and generalize theories, which is called analytic generalization (Yin 2009). Multiple-case studies are likely to be stronger in regard to analysis. Thus, to increase the validity of the research, we chose to make a multiple-case study where we analyzed three different companies.

3.3.1 Multiple-Case Study

The three different companies were selected with the intention for us to be able to get the same kind of analytical prediction possibilities in concern to all three cases. In chapter two, we have developed a theoretical framework which describes how CSR policies are affected by a company's stakeholders. This theoretical framework will then be used to describe how different stakeholders affect the companies' CSR activities as well as with the intention to be able to criticize the theories. Each case was at first presented one by one and then after this process we made an analysis of the results of the multiple-case study. The multiple-case studies made it possible for us to replicate to a large degree every new case and we were able to receive strong evidence which supported the findings in each case.

To choose our respondents we used a "purposive sampling" which made it possible for us to interview those people who are responsible for CSR within companies from an industry which has been highly influenced by the development of CSR during the latest decades. We carefully selected companies which we believed would represent the wide variety of companies in the textile industry. The selection of respondents was developed through mainly two levels where we first chose MNCs who are active within the textile industry. The textile industry was chosen because this industry, together with the footwear and the toy industry, are those that have been identified as the first to develop CSR strategies and policies, as well as it is within these industries that the companies to the highest degree have adapted different kinds of CSR policies (Egels-Zandén 2007). The reason for this is because of the way that the textile industry works; in the search of low cost production the manufacturers try to locate their production facilities in less developed countries with lower wages, as wages play a big part on the finalized priced of a textile product (Abernathy, Dunlop, Hammond & Weil 2004, Stutz & Warf 2005). Because of the geography, we have also selected companies who are established in the western parts of Sweden. The three companies chosen Hemtex, Gekås and MQ, represent a wide variety of companies within the textile industry and we believe they give us a fair picture of the CSR activities within the textile industry. On the second level we did make a sampling of people who were responsible for the CSR within each company. Those who were interviewed were well informed in concern to CSR issues and we consider them to be highly competent when it comes to CSR questions and they do have a deep insight into the companies' overall CSR policies.

The popularity of CSR also became evident in our process of selecting respondents. We contacted a large share of the multinational textile companies in western Sweden, however, in many cases these companies were not able to participate in an interview. The reason for them, to not participate were that they had too many enquiries, and that during the latest years it had become impossible to participate in all CSR related enquiries from students. However, in the end we were able to receive three interviews with three firms who represent a wide variety of the companies within the textile industry.

We have throughout this study discovered that those who work with CSR are often very open with their work. There are many well developed co-operations within the textile industry, where, among others, the companies evaluated in this paper participate. This openness made it relatively easy for us to receive a lot of information during the interviews, as long as it did not have anything to do with company secrets e.g. specific suppliers. One reason for this openness can be the companies' will to reach out with their CSR efforts; however, we have during this study discovered that these companies work with a wide variety of CSR issues, although that in the end this work receives little attention outside the companies and that they do little or nothing to make this work more visible.

3.4 Data Collection

We have in this research used both primary and secondary data. However, the focus has been on the collection of primary data, which we have done through qualitative interviews. As has been described above, this is a multiple-case study where we both wanted to develop a deeper understanding of the CSR approaches in different firms as well as receive data which could make it possible to compare these firms with each other.

3.4.1 Primary Data

Qualitative research interviews are one of the most useful tools for data collection and it is especially the flexibility of the interviews which is useful in this kind of data collection (Bryman 2011). We have in this study used semi-structured interviews where we first conducted an interview which lasted on average 45 minutes, we then transcribed the interviews and sent it back to the respondent for a control-check to find any mistakes or misunderstandings. Because of the differences between the spoken and written language we have changed some of the words and also corrected the grammar when we have transcribed the interviews, however, we have tried to stay as close as possible to what was said during the interview to avoid any misinterpretations. During this process minor changes have been made before we started to analyze the outcome of the interviews.

Both of us were attending all the interviews, where one of us conducted the interview while the other person took notes. All interviews were also recorded so that we could concentrate on the interview and to be able to go back to analyze the interview multiple times.

We have chosen to use a semi-structured interview to be able to analyze and interpret a company's relationship with different stakeholders and their approach to CSR. Because of the ambiguity of the CSR concept, we chose to use semi-structured interviews, where we gave the respondent much freedom in their response to the questions which also gave us an opportunity to direct the interview in the direction which we intended. To our interview we used an

interview guide which can be found in the appendix. The interview guide is in English, however, all the interviews were conducted in Swedish. It has also been necessary to have some kind of structure in the interview to be able to compare the different cases. (Bryman 2011)

The layout of the interview guide has been concentrated mainly around our two main areas, CSR and stakeholder management. All the respondents have been in charge of the CSR policies and strategies in their respective company. We have tried to avoid leading questions and pose open questions, which can reflect the respondent's point of view on the matter at hand, to the highest possible degree.

3.4.2 Secondary Data

Before we started any of the collection of company specific information, we made an extensive review of the literature which can be found within the field of CSR and stakeholder management. We have mainly used peer-reviewed articles, which were found through databases such as Business Source Premier, Emerald Management Xtra Plus and Google Scholar, and most of these articles have been published in journals such as Academy of Management Journal, Academy of Management Review, International Affairs and Journal of Business Ethics. Other sources for our theoretical framework have been books which we have found through GUNDA.

The secondary data collected for this research has not been used as a main source of information when it comes to the empirical research, instead it has been a supplement to our research and the interviews. This kind of data which consists of mainly company reports and information we mainly found on the companies' webpages or via the databases Retriever Bolagsinfo and Datamonitor 360. The purpose of collecting this data has mainly been to introduce us to the companies and help us to develop the interviews in a way most suitable to our research approach and to be able to present each company's background and CSR activities in the report, in order to provide a deeper and wider understanding for the reader.

3.5 Research Credibility

Validity and reliability have been criticized as inappropriate tools to measure the credibility of qualitative research, instead other expressions have been used such as "trustworthiness" and "authenticity". However, validity and reliability have also been redefined to be able to fit a qualitative research approach (Bryman 2011). Also Yin (2009) has identified validity and reliability as appropriate criteria for judging the quality of a case study. He has divided it into four tests that are named construct validity, internal validity, external validity and reliability.

3.5.1 Validity and Reliability

One of the most challenging parts of making a case study according to Yin (2009), is to find relevant data and to develop an appropriate way of collecting the data. These are the main difficulties which have to be covered to increase the construct validity. We have in our study defined our cases as three companies; however, we have at each company only interviewed one person, the CSR manager. The connection between stakeholders and a company takes place on many different levels and the CSR manager cannot control all the communication.

However, the CSR manager has the overall responsibility for the CSR policies and they are well informed on the issues concerning CSR in their companies. To validate and to control the data we received during the interviews, we tried to some extent use multiple sources such as company reports and company websites.

The internal validity of the study can be criticized because of our indirect relationship with the companies' CSR policies. The data was collected mainly through interviews and we were not able observe directly how the companies work with CSR, this creates a situation where we cannot develop any explanations on our own, but leaving us to trust the respondents.

To increase the external validity we used a multiple-case study where we were able to make an analytic generalization. By replicating the same case multiple times we were able to provide strong support for our result and increase the external validity. The study could also be criticized on the variety of the selected companies. All companies are large MNC within the retailing industry, where especially textiles such as clothes and home textiles have a significant role in the business activities. However, there are significant differences between the companies in factors such as the structure of the business, target customer and turnover.

The final test which Yin (2009) calls reliability concerns things such as the transparency of the study. By making the same study all over again another researcher should be able to come up with the same findings. To increase the reliability of the study we have documented most steps of the process, which are described earlier in this chapter, and in the appendix the interview guide can be found, which were used during our collection of the data.

4 Empirical Data

In this chapter, we will introduce the three cases. Each case is divided into five parts where we first introduce the company and the industry. In part three and four, we will introduce how these companies work with CSR and their connections with their stakeholders before we make a summary of each case.

4.1 Case 1 - Hemtex

Respondent: Paula Stoppert, CSR Manager

Date of Interview: 28th of April 2011

Industry: Home Textile Industry

Number of Employees: 719 (2010)

Turnover: 1131 Million SEK (2010)

4.1.1 Introduction

Hemtex is a company which has its headquarters located in Borås and was founded in 1973 by combining 17 separately owned home textile stores. The company is currently owned by Hakon Invest AB which is a Swedish investment company based in the Swedish town of Solna and this company in turn is owned by the ICA group. It has a total of 159 stores under

its umbrella and, in addition to this, another 20 stores are owned by franchisees. In total, including the franchisees, the turnover of Hemtex is 1131 Million SEK and in 2010 they reported a net loss of 252 million SEK. Currently, it has the great majority of its stores located in Sweden and Finland. (Hemtex 2011b)

The business idea of Hemtex is to design, brand and sell home textiles with inspiration, quality and service to a surprisingly low price. It focuses on home interior furnishing, much of which is textiles, where its product segments are that of Sleep, Bath, Eat and Socialize. (Hemtex 2011b) Its main competitors are IKEA, JYSK, mail order companies and supermarkets such as ICA maxi.

Hemtex's vision is:

“Inspiration and renewal for all homes”

The goal of the company is to keep its position as the leading interior decoration business in Sweden and be one of the bigger ones in Finland and, in addition to this, show steady growth and profit. All of its production is outsourced to 15 different countries, where most of it is located in China and Bangladesh where the cost of production is lower. Also, they have local offices in these two countries to easier handle partner relationships and purchasing. (Hemtex 2011b)

4.1.2 The Home Textile Retailing Sector

The industry is characterized by having a high focus on fashion and trends. The same trend can be observed in the CSR policies adopted and pressures by stakeholders on companies operating in this sector. With these factors being highlighted there is also a great risk for companies, if they cannot cope with the demands that are set by consumers and stakeholders. The home textile retailing sector is like other businesses in the retailing sector sensitive to changes in the business cycle. There is also a need to differentiate one'self from your competitors, if one wants to be successful. In addition, weather is also a factor which affects sales. A large part of the products come from other countries where the costs and wages are lower than that in Sweden. Switching costs are low, if one wants to change one's suppliers as there are many fragmented competitors, e.g. in China. In addition, the power of the buyer is moderate where retailers have to provide what the customers want up to certain a point, whereas the customers to a certain degree have to meet their own individual needs. (Datamonitor360 2011)

4.1.3 CSR within Hemtex

Hemtex uses a wide range of CSR activities, ranging from the field of conditions in supplier factories abroad to environmental ones regarding the production of cotton. Their CSR efforts can be described as being progressive and being somewhere in the middle in terms of effort but not leading the field whereas H&M and IKEA are maybe not the leaders but among the top. Also, from the year 2011 and onward they release a sustainability report which includes many of the topics mentioned below.

Their policy includes a Code of Conduct which envelops working conditions in the developing world. It consists of many different parts which have to be met for them to continuously work with a supplier. The rules included in this regulatory code is made by Hemtex and mainly by the ones involved in CSR decisions, but there is also help from specialists. Stakeholders are not part of this process, although sometimes specifics are brought up to the directory board to be discussed. To improve trust, much of the efforts brought forth are also based on ILO conventions and rules.

They have two offices abroad whose role is to find suppliers, purchase from them and then supervise their activities. One is located in Dhaka, Bangladesh, and the other in Shanghai, China, as most of their suppliers are in either of these two countries. The process of locating a new supplier can be described as follows; to first find a supplier who offers a good enough price and quality, then, in addition, it has to be inspected and meet at least a certain level of compliance with Hemtex's Code of Conduct. Even if they do not meet the level stipulated they will start working from that point on to improve their standards to reach that level. From that point on they will monitor and visit their suppliers to see that they are complying with the code and if they have improved on issues which were earlier brought up by Hemtex, they are also rated on a scale from 1 to 5 to see how good they are. There have been cases where bribes have been offered to the people visiting the suppliers to try to pass the inspection by circumventing the code, although measures have of course been taken when such cases have presented themselves. From 2008 and onward there have also been more environmental regulations included in the code, as it has become an enlightened issue in media recently, by the owners and so on.

Another project they are working on is the Better Cotton Initiative, which involves many of the largest actors such as H&M, IKEA and other non Swedish brands. In addition, they are part of a new project called STWI (Sweden Textile Water Initiative), which handles the water issue, where they try to reduce the water usage and improve water treatment. Most Swedish companies in this sector have now joined this initiative. Also, the question about environmental cotton and alternative materials is more frequently discussed these days. When one takes a look at what initiatives they engaged in the last few years one can see that issues regarding the environment indeed have a stronger presence on the company's agenda.

During the last few years, they have improved their efforts to see the results of their CSR efforts, trying to measure what can be measured, how well the suppliers behave according to the scale mentioned earlier, co-worker satisfaction, to what degree they use paper, electricity, how much carbon dioxide is released from transports and chemical usage. In addition, they also measure to what degree they use lorries, aircraft and boats in their supply chain, while goals are set up for them to try to decrease the overall carbon dioxide released from these means of transport.

Paula Stoppert also agrees that while some rules and efforts might actually ultimately be hurting more than helping, as in the case of child labor where the effort to defend such a position is just not worth it. She adds, that if one wants to get into a position where people working at the suppliers factory have to be 18 and over and not 16 and thus holding a stronger

position than competitors, might be very difficult by acting alone, since to acquire a supplier who is willing to take such a deal is not an easy thing. Although she then continues on; that if one is a very large actor or if one joins a group of other companies it is possible to set higher standards.

There are also some good things that come out of the CSR efforts economically for Hemtex, as when one finds a supplier who really knows what they are doing with their efforts and CSR. Then one can generally expect that the supplier is functioning well as a company, meaning, it is good at keeping schedules and having high quality products and even though their price might be a bit higher, it is often economically justified to cooperate with them.

4.1.4 Stakeholder Relationships

There are many stakeholders which influence the CSR policies of Hemtex, where mainly the employees but also the main shareholder Hakon Invest AB identifies the importance of engaging in CSR. Stoppert points out that most contact is with those who are closest, workers, owners and so on, so media has less of an influence. The owner, Hakon Invest AB also has a CSR group helping to manage the different companies in its portfolio, they come up with ideas, mail information and also conduct meetings from time to time and key figures from Hemtex and others are also sent back to them. In addition, the interest from the management in the company has gradually increased as the years have passed.

From the sound of it, it is the employees that are those whom influence the CSR policies of Hemtex. In regard to motives, according to Stoppert “First and foremost our motives with CSR are to not hurt anything, for example, in regard to the environment or anyone with our operations, either directly and indirectly”. Also, she adds that “If one looks one step further, that if anything were to happen it would hurt our company and our brand, so there is also a risk”. So the efforts of engaging in CSR is also a way for them to manage risk and she provides an example, with a case in India; where a whole town had to close down its coloring factories due to the harm they had caused the environment, because the government intervened. In turn, this heavily affected the production output and companies which had their suppliers in this town. Thus, in some cases also the government can be seen as a stakeholder but generally not one of the stronger ones.

In addition, there has also been an increase in the interest from Hemtex workers both at the headquarters and out in the stores and there seems to be higher interest from the customers as well, although not too much. E.g. in the case of pressure from coworkers and customers for more ecological alternatives, there is an increased interest whereas there is not too much of a higher interest from the board of directors from a profit point of view.

For some customers, it is very important that there are efforts behind the products while for the majority it seems as if they do not consider factors as these and instead care about the pricing. Also, she points out that it is very difficult to really measure if a product sells better if it has a higher price which is justified by being more environmentally friendly and being produced with CSR kept in mind, so there is really no measuring being made to see the differences between two products who seem very similar yet are very different.

Stoppert provides an example from the past, where other companies had a corporation with the labor union including also NGOs and media but this cooperation in regard to CSR was unsuccessful. Those who tried to be open with their efforts were in turn those who were blamed and hung out in the media. Thus, today there is no big interest from Hemtex to participate in co-operations on such a scale even if it can be successful.

In regard to cooperating with local actors abroad there is not too much happening on a regular basis but in the case of an issue popping up there is more frequent contact and cooperation, as was the case in Bangladesh, which had an issue with unions.

From time to time, there is pressure from for example NGOs from a western point of view, but sometimes, as in the case of adapting one's efforts to local conditions it might be impossible as many countries do not allow labor unions. In those cases, Hemtex has to adapt to the local conditions to try to help them out in those ways possible, e.g., have local co-worker talks. Stoppert also points out that when western stakeholders demand them to for example, have higher than e.g. minimum wages, if it were to be the other way around, with them trying to change our policies it would feel very strange and that is something they at least think about when they try to change their way of operating.

Now there is a pure philanthropic partnership with SOS Barnbyar, a charity organization, to help Hemtex provide financial aid for poor families by providing education, medicine, food and so on, thus helping the community where there are suppliers by giving something back. There is a stronger focus on specific charities these days, with less money being spent all over the places. In China, with the increasing standards of living, at least in the more developed areas, companies now need to be proactive when operating in terms of CSR, since the population has achieved a living standard, which will not allow them ethically speaking, to work for a company with too low standards in the workplace.

There is much happening and there are always new demands that are being brought forth as time passes, but Stoppert thinks that demand for environmentally friendly products, materials and so on will become more apparent than it has been till now. Other events happening is that possible government pressure from the EU side, as in the case with the furthering of the chemical legislation REACH will affect the business. Additionally, abroad there is also new legislation being set on matters such as those in terms of stakeholders such as governments and Hemtex tries to help suppliers to be one step ahead of the legislation which helps Hemtex, the suppliers and additionally the environment.

4.1.5 Summary

One can conclude that there is a wide range of projects going on for Hemtex, which involves CSR. In some the effort is more from a profit making view or risk management, while others are leaning toward the philanthropic side of things. Overall the discussion seems to have moved to a more environmental view on the daily agenda. Stakeholders are important to different degrees when making these decisions and the closer ones seem to be the most influential, while the media and NGOs are wild-cards that sometimes matter more and sometimes less depending on the issues being discussed and what topics are hot at the moment. Other stakeholders, such as governments seem to have an overall increasing say on

things with their importance increasing, while workers in the factories still have little power overall but are very much considered when one makes decisions, although from a western point of view.

4.2 Case 2 – Gekås

Respondent: Pernilla De Filippo, CSR and Environment Manager

Date of Interview: 12th of May 2011

Industry: Home Retailing and Garment Industry

Number of Employees: 600 normally, above 1200 during high season

Turnover: 3832 Million SEK (2010)

4.2.1 Introduction

Gekås is a company and a huge complex with only one store, although looking at their yearly revenue it can be counted as actually being larger than Hemtex with its almost 200 stores, to give an overview of the scale of its operation. Their turnover in 2010 was 3832 Million SEK and in 2009 they had a profit of 183 Million SEK. The store and the headquarters are located in Ullared quite far from any major city. The company was founded in 1963 and is today owned solely by two people who bought the shares from the founder in 1991 together with 4 others and then later went on to buy the remaining shares in 2004. (Gekås 2011)

Gekås business idea is to be a department store and tourist spot, which offers a wide assortment of the right merchandise to justified prices. Its customers often travel far to get there and spend relatively much on their purchases in the store. The store has many different sections which focus on different products such as, clothing, home decoration, sports equipment and groceries. Much of Gekås revenue comes from the clothing and garment sections and this is also, to a large part, what it is famous for, thus CSR has become part of its business. (Gekås 2011).

There is a slogan from Gekås which describes the company rather well:

"I came, I saw, I got a bargain"

Their vision is to be the leading enterprise in their segment in the Nordic countries, by adding value by developing their assortment, by creating new offerings in conventions, recreation and entertainment. They are to contribute actively to a better environment and to minimize their negative impact on it on a daily basis. (Gekås 2011)

4.2.2 The Textile Industry in Regard to Gekås

Gekås is not a fully fledged clothing store although this report has that as its focus so the explanations of the industry will focus on these factors. The apparel industry is very similar to that of the home textile retailing sector mentioned above in Case 1 with Hemtex. It is characterized by having a focus on fashion and trends and is sensitive to changes in the business cycle and also the weather makes a difference in sales. Although a difference in the case of Gekås is that it caters to the lower segments, with an overall cheaper price of its

products in comparison to most of its competitors. There is also less of a trend factor to be considered as the price pay a higher role when it comes to a purchase. This makes it more of a mass consumption segment with the overall time of the merchandise in the store lowered. The industry has for a long time been involved in CSR efforts, since they were among the first companies to move their production abroad, since, clothing for the most part is being used by everyone, every day. (Datamonitor360 2011)

4.2.3 CSR within Gekås

As the position of CSR manager at Gekås is a newly filled position, this does of course affect how far they have come in their efforts. For this reason, their efforts still have not progressed very far, although there is an underlying aspiration and will to improve and to strengthen their overall efforts but there are still many parts which have to first be attended to before furthering and deepening them. A large part of their products is not purchased directly from the manufacturers but instead from importers and wholesalers and this of course affects how effective they can be in their contact with the manufacturers. The intentions are of course to try minimizing the negative impact one has and because just one department in the store sells more than a small chain of stores, one has to act as it is and take responsibility, not just for it to look good but to somewhat gain a better conscience. There is of course also an economic aspect behind the efforts but Pernilla De Filippo says that they are not too good at telling people what they are doing, so it is mostly occurring behind the scenes.

Their CSR efforts started long before they appointed a CSR manager, but much of the focus has been placed on a local level. They are the co-owner of a bio-fuel facility in the city of Falkenberg. They have also for a long time been working hard to reduce recycle materials and to make their logistics more effective. So the general thinking has been there, although to a large extent, the social aspects have not been affiliated with the products and these efforts have just now been put into focus. There are, of course, some inspections of their suppliers and it is done by hiring third party inspectors. They have developed an extensive Code of Conduct based on the BSCI. It is applied to the inspections and it is very clearly written, so that the suppliers know exactly what the rules imply, thus it is not just a piece of paper which sounds good. In addition, it is there for those who are interested so they can thoroughly see the efforts that go into their operations.

Gekås have a co-operation with SOS barnbyar in Bangladesh, and had this before the implementation of a CSR manager; where they provide what one could call philanthropic funding to a local school with no expected monetary return. De Filippo put the reason for it as “It is a way to possibly give something back... by investing in something that really give results and there have been people from Gekås visiting to really see how things are progressing”

De Filippo says that it is very difficult to start off with being proactive in their efforts, although Gekås has joined two CSR networks where other companies in this industry are involved such as MQ, Kappahl and Lindex and then continues on by saying, that they really are trying their best to be a part of it all and not just do it because it looks good. Gekås is of course affected by these partners in the network but also by other actors and their efforts and

if they prove to be effective they take a look at them and see what they can do themselves. They have also joined the STWI project which works with water issues as mentioned earlier and they are working with the Borås University College on a project named Återvinning av kläder which means Recycling of Apparel.

Yet, there is not much measuring of the results in regard to operations abroad, and it will be a long time before such measuring can be implemented. On the other hand, at the local level they are measuring waste and so on, comparing it to previous years. In addition, there are plans to use a program to measure the carbon dioxide impact, although she points out that it is difficult to decrease overall as Gekås is growing rapidly.

She says that CSR is becoming more important and she adds that she thinks the need of having a CSR manager might actually with time disappear, because the efforts one makes will become wholly integrated in the business and therefore there will not be a need of having one.

The CSR area which is put into focus is highly dependent on what areas the alarms are coming from. For example, if there are many chemical alarms, that area will become what one tries to work with until the matter is solved, after which one can focus on the overall efforts again,. Even though that might not be the way one really should act, by focusing on certain trends. Right now, for Gekås there is a focus on feathers plucked from living geese and such, just because it has recently come into focus.

In the future, De Filippo sees that there will be higher demands upon the company's responsibility towards society and the environment, which in turn will be more difficult to fulfill. Manufacturers abroad are also trying harder in their CSR efforts, although they do not really like to be criticized but instead appreciate input. Additionally, those who do a good job in these areas also more often than not provide high quality products and try to gain a competitive advantage by doing so.

4.2.4 Stakeholder Relationships

In regard to if they need more CSR, De Filippo said that "With the increasing pressure from the TV series and everything, one probably felt that one has been put into focus and needed to be prepared if questions were asked and so on". So with the TV show and the rapid growth of their operations, there has been an increasing risk, as the operations have been put more into the spotlight and this has added the pressure on Gekås, to further develop their CSR strategies.

Right now, much effort goes into trying to integrate their efforts into their operations and there is an interest from the people in the organization for it and not just customers. Yet they have a lot of work ahead of them, but there is a strong interest in the purchase department and also the board of directors is quite enthusiastic, which makes things easier to implement. As of now, there are not really any real plans to develop and widen the definition of stakeholders as the basics have to be handled first.

They are trying to build long term relationships with their stakeholders; although, since only four months have passed since they appointed a CSR manager, it is still difficult, but the networks they have joined is a starting point for them. In those relations, they are working

with actors such as the recycling company Ragn-sells, Human Bridge which provides material aid to people in need and Naturskyddsföreningen which tries to protect the environment. She feels it would also help them if one were able to closely cooperate with organizations such as Naturskyddsföreningen since they like to criticize the business' in areas such as the apparel industry. It does show that one is willing to cooperate and one can focus on the areas they think one really should focus on, which makes things easier for Gekås and the more important issues are the ones which one tries to fix and such a mutual long term relationship is beneficial for both sides. In regard to opening up one's efforts and being fully transparent, there is a certain risk as examples have shown, if one is too open, but there is still a will to be able to cooperate.

Abroad, there are still no real efforts to further develop the stakeholder relationships for Gekås and they are not yet looking for any but once they have progressed in their CSR efforts there will surely be.

Looking at the stakeholders that affect their CSR efforts the most, she thinks that it is those who are working on reports, which can have a large negative impact on them but she also thinks that their methods may not be the best ones, but admits that maybe it is because Gekås is the one at stake. In addition, she would rather see there being more efforts that are handled together than the way it is now.

The owners also have a say in things, especially as they work as purchasers in the same building, so together with the board of directors, they are involved and committed. Concerning the co-workers, there is still not much input coming from them although they are enthusiastic about it and maybe there will be future efforts to further this bond.

Regarding the customers, there is not too much input coming from them, although there are questions about materials used in the products and such. Also, there have been cases where they have called and asked what CSR efforts Gekås are involved in. Although, why there has not been too much interest, might be because they are selling low-cost products.

There is a will to have an increased co-operation with the suppliers abroad, although there are good co-operations to be had if one does need it, yet things are still not too widely developed. Regarding the control of the manufacturers, it is known that there are problems with corruption and sometimes they have to change their third party co-operations to find one which one can work well with. In the end, if one does not go there to inspect the facilities oneself, it is difficult to guarantee that everything is running the way it should and there are plans to soon do so since it is crucial. Also, since Gekås has so many suppliers it is very difficult to inspect all of them and, instead, they try to inspect those they import most from.

There is a general will at Gekås to at least in the future take a step further and step over their boundaries to improve their relationship with politicians, NGOs, and so on, to solve the problems at hand. Since all parts can share their experiences and provide input on what areas one needs to improve on and which areas are difficult to approach because of the way they are now. It is easy to set rules, but one should also be able to follow them, so to speak. There was also the issue of Tiripur, where factories had to close down and it directly affected Gekås. The

problem when factories have to close down is that people will be out of work and then the dirty business will be moved somewhere else instead, so in the end it is difficult to know if such drastic measures are beneficial for anyone.

In regard to their cooperation with SOS Barnbyar, De Filippo says this was probably an internal decision, although they were probably contacted by them and it felt like the right kind of operation for Gekås to support, as they have operations in Bangladesh and children play a big part in their daily operations. They have also visited the school to see the results of their efforts.

4.2.5 Summary

To conclude, Gekås' efforts have come a long way in some areas such as the local ones in Sweden, while in other areas there is still much work ahead of them, as in CSR abroad on a manufacturer level and in building abroad stakeholder relationships. They are trying their best to improve these areas as fast as they can by first covering the basics and focusing on emerging problems and, after finalized they will try to further widen and broaden their efforts. Some of their efforts are intended to lessen the risk coming from the media and NGOs, while much effort is also there because of an increased interest in the company coming from the employees and the owners. Customers still do not play too much of a role, especially as it is low-cost products they are offering but the interest is slowly increasing. Governments play somewhat of a role with stricter legislation and there is a will to further increase this kind of relationship for it to turn into a win-win situation.

4.3 Case 3 – MQ

Respondent: Catarina Olvenmark, CSR & HR Manager

Date of the Interview: 16th of May 2011

Industry: Clothing Industry

Number of Employees: 624 (August 2010)

Turnover: 1435 Million SEK (August 2010)

4.3.1 Introduction

MQ was established over 50 years ago in Stockholm, Sweden. The company has currently just above 100 stores where the majority is located in Sweden while one is in Oslo, Norway. MQ's turnover for the financial year 2009/2010 was about 1.4 Billion SEK, a small increase from the year before (MQ 2011).

MQ's business idea is to supply its customers with clothes with a high degree of fashion, and this by being a clothing store chain which offers a mixture of its own products and external products to younger adults. MQ's vision is to become the leading clothing store chain in Scandinavia, with the company entering Norway during the fall of 2010 and with plans for stores in Finland, MQ is seeing potential for growth in all of Scandinavia. In an effort to continue with this expansion, MQ is jointly investing by making their expansion sustainable (MQ 2011). During the last few years, MQ has invested immensely on changing its activities

throughout the whole company towards being more sustainable, which for example can be seen throughout the company's sustainability report (MQ 2010).

The majority of MQ's suppliers can be found in Asia and mainly in China and Bangladesh. In these countries MQ has also established two production offices in Dhaka and Shanghai, from where they can monitor its suppliers and at the same time develop a closer relationship with these parties (MQ 2011).

4.3.2 The Textile Industry in Regard to MQ

Most of the characteristics of this industry were already mentioned above in the case of Hemtex and Gekås. Although there are some differences in the case of MQ, as it caters to a higher segment with their products. This makes it more sensitive to factors such as trends and individual taste. (Datamonitor360 2011) There is also a stronger focus on being fashionable and responsible as the customers to a big part are not as concerned with the price. Instead, there is a focus on other factors such as uniqueness and design and to a certain degree also CSR factors. Companies operating in this segment also generally have a lower turnover rate than those in lower segments and instead have a larger profit margin on their products.

4.3.3 CSR within MQ

MQ has developed a wide variety of CSR policies and the company has just like most other companies within the textile industry invested immensely during the last few years to keep up with internal as well as external demands. MQ's CSR policies have developed in line with the company's overall strategy to diversify themselves on the Swedish market by creating an image of sustainability and MQ's mission with CSR has been to offer sustainable fashion for an urban lifestyle. To accomplish this, the company has developed several policies where an issue concerning sustainability is confronted. During 2010, MQ also developed and released its first sustainability report where the company presents its CSR efforts. MQ has one person who is responsible for the work with CSR and below her there are two teams who work with these issues.

MQ has chosen a strategy where the company tries to be as transparent as possible with its work concerning CSR, without exposing any of the company's business secrets. This is a strategy which MQ has chosen because the company believes that it is the most sustainable relationship with external players, even though it is acknowledged that companies which are open with its CSR efforts are often subject to harsh criticism. MQ's Code of Conduct is developed within the framework of BSCI to make it easier to apply.

In addition, to MQ's office in Sweden the company has established two offices abroad, one in Shanghai and one in Dhaka. The establishment of these two offices has its origins in MQ's intentions to get a closer relationship with its suppliers, both when it comes to purchasing products as well as when it comes to improving the local conditions. MQ do not consider themselves to be a leader within the industry when it comes to CSR issues. However, they still consider themselves as proactive and innovative, especially by using a unique approach in regard to how the company works with their suppliers' CSR. Catarina Olvenmark also highlighted how MQ works toward integrating CSR within the whole business, where the company, as an example has the intention to educate all the employees in sustainability so that

they in turn can use their knowledge to inform and influence the customers. The company also sees it as an opportunity to cut costs by being more effective. Olvenmark also admits the high level of co-operation between people working with CSR in the business has created a situation where the company to a high degree is influenced by what other companies do. In addition, they as well as the other companies above are members of the STWI project.

MQ uses sustainability as a mean to gain a competitive advantage, Olvenmark believes that because of the changes in society, there will be an imperative for successful companies to be able to deliver a sustainable business idea which attracts different stakeholders, such as, customers, employees and investors.

To increase its transparency, MQ has also chosen to present the company's efforts for sustainability through a number of measurable goals. This is with the intention for parties outside the company to easier understand MQ's CSR efforts.

4.3.4 Stakeholder Relationships

MQ (2010) did in its sustainability report identify the most important stakeholders. The four stakeholders who were presented were suppliers, employees, customers and owners.

As was mentioned above, one of MQ's most important goals during the last years has been to develop closer relationships with its suppliers, as well as to decrease the number of suppliers and Olvenmark puts it like this "We select those suppliers we want to work with, we choose the best ones, we have decreased our suppliers from 200 and we now down to 80 suppliers, the other companies in this business do not work this way, they have a massive amount of suppliers". The reason for this is so that MQ more easily can focus on developing as good relationships as possible with the remaining suppliers. MQ's main goal in its relationship with its suppliers is to develop closer, sustainable and long-term relationships. Out of these 80, 15 to 20 suppliers have been selected as partnership suppliers and together with these suppliers an even deeper co-operation has been developed. Another way of improving these relationships has been the establishment of the two production offices in Shanghai and Dhaka. At these offices native workers are employed to handle the relations with the suppliers. These people have a high knowledge of the local context and Olvenmark identified these people as being very competent. At the Shanghai office, MQ also have two Chinese employees who work with monitoring the suppliers, both in China and Bangladesh. MQ also use external companies to monitor its suppliers, but according to Olvenmark, they prefer the internal inspectors from the Shanghai office who according to her did a particularly good job.

When it comes to employees, MQ is working on developing a long-term relationship with them as well. The company has worked immensely on internal recruitment, and there is a large share of employees who change their occupation within the company. MQ has also established several different goals which measure workers' satisfaction. These goals are used to improve the employees' situation at the company. MQ is also at the moment trying to develop an education program for its employees, where they will educate the shop assistants in sustainability. In MQ's sustainability report, employees are highlighted as one of three commitments to develop a sustainable MQ. And apart from the above, the company does also invest in other kinds of education and development for the employees, as well as equality in

the workplaces. The goal is to introduce a more sustainable way of thinking throughout the company.

The customers have also been identified as one of the main stakeholders. One tool to improve the relationship with its customers has been the education which was mentioned above, which was a tool to increase the employees' knowledge about sustainability. MQ's expectation is that this knowledge will be transferred to its customers. MQ's goal is a long-term relationship with its customers. The company's goal is not to make its current customers buy more, but instead, to increase its market share and through that make the company grow. Olvenmark also highlighted the importance of customer relationships, especially during the years to come when, she believes, the questions concerning sustainability will increase even more amongst the customers. However, she also emphasized the difficulties in changing customers' purchasing patterns. Today, most customers consider sustainability to be important but, when it comes to the buying decision, the customers will rarely take these factors into consideration, instead, factors such as price and so on are considered to be more important.

Owners are also identified as one of the main stakeholders but, according to Olvenmark, the owners and investors so far have had little influence on the company's work with sustainability and there has not yet been too much of a dialogue. However, she emphasized her wish to create many different dialogues among stakeholders and a deeper dialogue with, for example, owners would be desirable.

So far, however, the relationship has, to a high degree only been a one way communication, with MQ trying to reach out to its stakeholders. Olvenmark wishes for better relationships with MQ's stakeholders when it comes to the company's work with CSR and she asks for more dialogues, not only between its closest stakeholders but also others who can come with input on these activities. Her personal view is that more dialogues with these stakeholders would be desirable.

Other stakeholders who have been identified as not as important ones are, for example, the media and NGOs, although, she adds, that the dialogue with the NGOs is important and that she would like to see a more pro-active co-operation between the company and these parties. These stakeholders can be categorized as secondary and their influence is only minor compared to other stakeholders. Media and NGOs usually only have short-term influence over the activities within the company's work with CSR. When these actors highlight a certain issue the company will focus on this issue only during a short period of time. The long-term focus within the company is integrated in the firm's strategies and the strategies are rarely influenced by these events. Olvenmark is missing real dialogues with actors such as the media and NGOs, and, most of the times, it is only when these groups are making a report or reporting the news about a specific issue. During those occasions the company is often not prepared, which creates a situation where the issue discussed is handled urgently but where the issue does not get the long-term attention which it might need. She asks for a closer relationship with the media and NGOs, where they can develop a mutual understanding of each other. She believes that if the company and these kinds of actors could co-operate, it

would be much easier to concentrate on those issues which the media and NGOs consider important.

Another important factor which can be considered as an influence on MQ's CSR efforts is its competitors. Olvenmark describes an environment where the CSR managers at different companies often are very open toward each other in regard to their company's CSR policies and programs are rarely kept secret. This has created a situation where the CSR managers, to a very high degree are influenced by his or her colleagues in other companies. Because of this there are many companies which try each others' ideas and companies receive a lot of inspiration from the dialogues established between the people working with CSR in different companies.

Even if Olvenmark appreciates these dialogues between the firms, she still misses a dialogue which stretches over the traditional borders. She would like to see some kind of forum where people with different backgrounds could discuss these kinds of issues e.g. representatives from companies in several kinds of different industries, politicians, NGOs, the media and so forth. This would be an arena where different parties could cooperate and inspire each other.

For the moment MQ is not working on identifying new stakeholders, the company is satisfied with the collaborations which are already established. According to Olvenmark, MQ will focus on developing those relationships already established. However, MQ is still open for more input and the company would appreciate a deeper dialogue with other stakeholders.

4.3.5 Summary

MQ is currently working with a wide variety of CSR policies and programs. CSR and especially sustainability is something that today is visible throughout the company. Some stakeholders are more important than others and the company has concluded that the owners, suppliers, employees and the customers are the most important. Other stakeholders who have a more secondary role are, for example, the media and NGOs. Dialogues with competitors has also worked as an inspiration for the company's CSR efforts. Overall, the CSR activities are directed towards the company's key stakeholders.

5 Analysis

In chapter five, we will analyze the empirical data which was presented in chapter four with assistance of the conceptual framework which were presented in chapter two. In this chapter, the personal thoughts and our opinions will be presented. This analysis will later be used as a foundation for the conclusion in chapter six.

5.1 Case Conditions

The cases and companies in question we chose to interview all have textiles as the main part of their business and are located in the western parts of Sweden. MQ is mainly for apparel and Hemtex is focused on home textiles while Gekås is somewhere in between those too with both kinds of products, although having apparel as its main focus. Their size varies a bit as well as with Hemtex having a revenue of 1147 Million SEK, MQ 1435 Million SEK and Gekås 3832 Million SEK although one also needs to take into consideration that parts of Gekås revenue

does not originate from textiles and clothing. Also, the companies serve different segments where Gekås is differentiated toward low price, Hemtex being somewhere in the middle while MQ is more targeted to the upper segment.

One also has to take into consideration that, the textile industry in most cases has been working with these kinds of questions for a longer time than other industries. Also, the two companies MQ and Hemtex which we interviewed have worked with these questions for quite a long time while for Gekås, it is a more recently developed topic.

5.2 CSR within Textile Companies

We have found that all the companies in question are working with CSR questions in regard to their suppliers but also other stakeholders. In accordance to Carroll's (1991) theories about CSR, as seen in the Pyramid in Figure 1, all of the companies we interviewed of course have their main focus on making money, as that is a business' ultimate goal and they will not be in the game for long if they do not. As one of the respondents said; "you work in this kind of business because you like clothes and not because you like the environment."

Second, they have to be following the general frame of laws. As they all are companies operating from Sweden they of course have to follow the prerequisite legal framework, which is also shown in the pyramid. This includes following national laws and the REACH regulation. In regard to REACH, they try to work with their suppliers by informing them what kinds of chemicals are banned or about to be banned and they also do chemical sample tests on their products to see that they actually do comply with the requirements. Then there are the ILO standards and the regulations set up by BSCI, although not laws, most, if not all companies follow them or at least the general framework of these regulatory institutions. They implement and follow up on these in somewhat different ways, by setting up a Code of Conduct, having inspections in the suppliers' factories and so on. These regulations are also proof over how the ethical and legal responsibilities affect each other. In the case of MQ, for example, the company has very competent inspectors hired to handle the job while at least until now Gekås have been using third party inspectors, who they do not have a very close relationship with. It is overall problematic to find a way, which is functioning well but they all try to see so that their Code of Conduct is followed by the suppliers. In the cases they are not, they try to fix the problems, since it is the best option for both parties, but if that is not successful they will terminate their relationship. The Code of Conduct which is used is varying but to a large extent they are very similar. In large parts they are based on the objectives set by the BSCI, so that they actually can be implemented and not churned, since the suppliers do not want to follow the ethical standards of only one company. For this reason, the purchasing companies try to a large extent to harmonize their views so that they can get their requirements through. They set a minimum, which has to be met; it is always at least meeting the local law requirement but they most often try to set higher standards than is required legally. The companies try to adapt their Code of Conduct to local conditions, for example, the Code of Conduct generally say that; the people working in the factories have to be allowed to join a union, however, in China labor unions are not allowed, thus, in the case of MQ and Hemtex they go around this problem by trying to get them to have a company based cooperation with local talks. It is, however, very difficult for all these companies to

follow the whole supply chain backwards to smaller local suppliers to see that the requirements really are being met. To conclude, this means they do not only include requirements for them to stick to the laws, instead they also further extend into the area of ethical responsibilities.

All the respondents felt that they to as large an extent as possible do not want to harm their surroundings, at least to the extent that is possible money wise. There is an overall will for this throughout the companies but in some cases more thoroughly than others. In the case of MQ, the whole organization is involved or at least trying to involve the co-workers to a certain degree, by environmentally certifying its stores, while at Gekås, the purchasers are the ones mostly involved. They want to feel that what they are working with is not something bad and, in turn, their will to work for their companies is increased, if there is an underlying consideration of these things.

There are many efforts put into action on behalf of these companies regarding ethical efforts and motives. MQ and Hemtex are both members of the Better Cotton Initiative, which tries to help reduce the impact that growing cotton has on the environment. MQ had a goal in their sustainability report to have 50% of their cotton being from farms following this initiative by 2015, although it has become problematic as the price of cotton has risen quite drastically, so one can see that price is something which factors in when it comes to one's ethical efforts. There are also other initiatives and networks the companies have joined, to try to be more ethically responsible; as is the case with all the companies interviewed having joined the STWI, which is aimed at reducing the water usage in the production of textiles.

Regarding pure philanthropic efforts, which were discussed in the theory chapter with Carroll's (1991) pyramid, both Hemtex and Gekås give charity to SOS Barnbyar in Bangladesh as they see this as the right thing to do. Overall, this engagement will not pay off but they still engage in it.

In their country of origin, Sweden, they try to measure and reduce their environmental impact. Gekås, for example, is doing this by measuring the amount of waste they are releasing and they will soon also measure how much carbon dioxide they release. Hemtex and MQ are measuring their co-worker satisfaction, electricity consumption and so on. They also measure the share of transports done by lorries, aircraft and so on, while trying to decrease those which release the most carbon dioxide by setting up future goals. MQ has to a certain degree taken these factors one step further, trying their best to reduce their overall use of air transport, as this is the most harmful and costly one. In addition, they also measure coworker satisfaction and try to raise it by once again setting goals, by trying to hire internally and by expanding their sense of loyalty, with an increasing environmental awareness within the company.

All of the companies interviewed also think that they are not too good at showing what they actually do in terms of CSR, in regard to the customers visiting their stores. It seems as something they do behind the scenes and the reason for this might be because it is generally thought of as some sort of risk management. Another reason might be, because it just is very difficult to display one's efforts in an effective manner or possibly, it is a combination of both factors in combination with what is discussed below.

Why they engage in CSR can also be connected to the topic of legitimacy introduced in the theory chapter, where the company has to engage in this kind of activities to gain greater legitimacy than their competitors. For this reason, their brand will be thought of as something positive, which in turn will result in more customers. As was mentioned before, they are not too good at showing off their efforts and they are not too conscious about the issues. Instead, the factor with the most impact might be the one of making the workplace more attractive for the employees, as they will like what the company does which in turn will increase their productivity. Hence, a side effect of it all will be that the company lives up to or one could say even to some extent often extends itself past one's ethical responsibilities. A reason for why the ethical responsibilities do matter so much today for employees can to a large extent be explained by the media and the impact it has had in the past on people in the workplace.

There seems to be an agreement among the companies that if a supplier is good at following CSR they also generally have good quality, accurate shipping times and overall control. In addition, they use this as a means to be more competitive and get new contracts. One can say that if a supplier thoroughly has implemented CSR, they will also be a good supplier on other important matters, since if someone is good at what is of lesser importance in a business, they will most certainly be good at the other aspects of it as well.

Too add, the importance of conducting CSR grows as the size of the company grows and also to what extent the company is visible, for example, in media. It seems as that the larger a company is the more they are investing into CSR and also the more easy it gets to implement one's own directives abroad, as size matters when a supplier wants to go through a deal. Since the media and NGOs are always looking for scoops and the reports which have the most impact are of course those which involve famous brands. One could also argue that the costs to integrate CSR should diminish as the size of the company grows and for this reason the cost to implement extensive and leading CSR efforts are not as large as it is for smaller companies.

5.3 The Influence from Stakeholders in a Company's CSR Activities

All the respondents have identified a relatively narrow view of stakeholders who are influencing the companies CSR activities. This view of the firm follows what R. Edward Freeman calls a managerial view of the firm (Carroll & Bushholtz 2000). The firms focus on the key stakeholders, however, depending on the context, a company's attention can change if urgent issues are brought up. All companies have to a high degree identified the same kind of actors as their main stakeholders.

During the interviews the suppliers have been identified as those who receive the most attention in the companies' CSR efforts. The reason for this finding might originate from the fact that the textile industry was one of the first industries who outsourced its production to less developed economies. This created a situation where these kinds of companies at an early stage were subject to monitoring by different kinds of organizations. This development has since then developed to where we are today. New issues are discovered all the time and this part of the production process receives a lot of attention in the media. Another reason for these results is that those production activities which take place in these less developed

regions are essential in the production process and can be considered as vital for the production.

Others who can be considered to be important stakeholders are customers, owners and employees. The businesses are established for its customers and the goal for every company is to be profitable. The interviewed companies have different ways of creating values for its customers. Gekås, for example, uses low prices, while MQ, tries to differentiate its products. The interviewed companies all believe that creating a sustainable image will be an imperative to stay competitive, and sustainability will be a way of creating value for both customers as well as other stakeholders.

The owners role have so far been relatively small, however, just as sustainability has developed to become an important question for customers, it has also developed to be an important issue for the owners when they decide where to invest.

Especially MQ and Hemtex highlighted employees as an important stakeholder and the companies have developed strategies to create a sustainable development for its employees. MQ emphasized especially on internal recruiting, to create sustainable recruitment policies. All companies have also highlighted the importance of improving the knowledge about sustainability within the company. Education and information among the employees have been developed to raise the awareness of these issues throughout all parts of the companies.

The four stakeholders mentioned above can all be considered to be part of these three companies' core businesses. However, the respondents also mentioned other important stakeholders who were not directly connected to the business.

In all three cases NGOs and the media were considered as important stakeholders, however, these actors were in many cases only considered to be important from time to time. Whether these stakeholders would be considered to be important or not, depended upon the urgency of the issues these stakeholders represented. Also competitors were considered a big source of influence in the companies CSR strategies.

The model developed by Mitchell et al. (1997) delivers a rather accurate view over how companies identify important stakeholders. As can be seen above suppliers can be considered to be a key stakeholder with an especially high level of legitimacy and urgency. Employees and owners are also important stakeholders, usually with a higher level of power and legitimacy which give them an important role in the companies. Customers are considered as very important to the companies, which make them very powerful, however, they have a relatively low influence over the companies CSR efforts at the moment. As already mentioned, the media and NGOs have a high influence over the companies CSR efforts, however, this influence is only visible when an urgent issue is highlighted by these stakeholders. These stakeholders' strong power does not give them enough influence over the company to affect their long-term strategies when it comes to CSR.

These finding follow what Gjerdrum Pedersen (2011) presented in his article, that many companies have a rather narrow view of its stakeholders or a managerial view as it were

defined earlier. Those stakeholders who were prioritized were those with the closest connections to the production process. That the respondents considered the companies rivals as being very influential in each company's CSR initiatives can have its reasons in the fact that, at least in Sweden, people who work with CSR are very open with their ideas about these issues. There seems to be a well developed dialogue between people who work with CSR and as long as it does not concern a company's secrets or involving any competitive advantages the companies are very supportive in their relationship towards each other. All the companies are involved in projects initiated by the industry, e.g. the STWI, in turn it creates a common ground from where the companies can work and develop their CSR initiatives.

5.4 Integration of CSR in Business Activities

The companies who have been interviewed during this study have shown that they have different approaches toward stakeholder management. As was mentioned above, all the firms have a managerial view of the firm. This means that firms do not have an input-output approach or stakeholder approach which Donaldson & Preston (1995) developed. However, we believe that the companies are coming from an input-output approach and are developing towards a stakeholder approach. The development within each company has been different and one company has come further than the other two. However, whether this development is favorable or not for the companies is left unsaid.

MQ is probably that company who is closest to a stakeholder approach among the three interviewed companies. We base this conclusion on how the companies have integrated its CSR with the rest of the activities within the company. All companies have come relatively far in their work with CSR, however, MQ has a strategy where the company tries to integrate its CSR policies with the rest of the activities within the company.

MQ has focused on creating a profile where the company differentiates its products with the help of sustainability. In this process MQ has developed long-term sustainable relationships with its main stakeholders. But just as was mentioned above, it is difficult to measure the correlation between CSR and profitability, making this business model not too effective at the very best. And according to Freeman et al. (2010) not all companies are suited to engage in CSR to the same degree; however, MQ is that company, which comes closest to what Freeman et al. calls Corporate Stakeholder Responsibility. Even though MQ just as the other companies have a strategy which reminds of a stakeholder approach, the companies still have a rather narrow view of its stakeholder and a managerial view of the firm.

5.5 The Future of CSR in the Perspective of Stakeholder Theory

As has already been concluded, the companies presented in this dissertation have not yet reached a stakeholder model view of the firm, where CSR is no longer a mission of its own but integrated in the day-to-day business. However, all firms are moving in this direction. It can also be concluded that the relationship between the companies studied and its stakeholders are getting more attention. The companies' will to increase the dialogues with its stakeholders is a step in this direction, where CSR will shape the organization within these companies to a higher degree. More attention is directed toward integrating CSR in areas such

as the production process, strategies, outputs and connections with civil society to just mention a few.

This will be a process where the current meaning of some companies will be questioned. The company might no longer exist to only deliver a product or a service with a profit, but where value creation is a concept, which runs throughout the company in every decision and production processes.

One of the respondents could imagine herself a future where the companies no longer had a CSR manager or CSR teams. These activities would already be integrated in every part of the company and there would be no need for people working with these issues, since every decision would be taken within a sustainable context. This is the contribution of stakeholder theory to CSR and the ultimate goal for those who promote stakeholder theory as a CSR approach. However, whether this will be the reality for companies in the future remains unanswered. One of the other respondents also had a thought concerning this issue but where she believed that this vision only was an illusion and that people working with CSR will be needed in the future as a means to highlight these issues.

Who will be right only the future can tell. However, for the moment all companies are working toward improving their CSR practices and they are open to new input, even though they are not actively seeking to integrate new stakeholders in their activities, in regard to CSR. These companies are no longer having a traditional view where the only stakeholder who mattered was the shareholders. Much of these firms' current CSR work consists of collaborations and dialogues between different stakeholders and this is something which probably will continue and increase in importance in the future. The respondents also ask for more dialogues and initiatives from other actors such as politicians and NGOs, which would broaden the companies' perception of important stakeholders from today's managerial view.

6 Conclusion and Recommendations for Further Research

In this chapter we will present the conclusions derived from the analysis of the dissertation. We will summarize the main findings which have been developed throughout the dissertation. Then present the overall results, as well as what can be learned from this dissertation. We will also present suggestions for further research within CSR and stakeholder management.

6.1 Conclusions

In this report we have studied how stakeholders are integrated in a company's work with CSR. We asked ourselves to what degree do these companies work with a stakeholder approach in their businesses, and how are stakeholders influencing these companies' CSR efforts. This study has been developed on only three cases and because of that will we not generalize any of the findings as a universal truth for the whole industry or any other parameter.

We can conclude that, all the companies are working on CSR and they are all willing and trying to increase their overall efforts. They do want to feel that what they are doing is something which ultimately does not harm the people involved. The efforts differ quite a bit between the companies and some have come further than others, although it seems as if they

are all moving toward the same point and have the same goal in mind. To a very large extent their efforts are not there as a showcase for its customers, as it is rarely and to a large degree not displayed openly in the stores. Instead it is a means to motivate and satisfy the employees and to a large degree also have a safety net to fall back on in the case that an issue is brought up by the media or NGOs. Their efforts can be displayed in the stakeholder pyramid and one can see that they do not just operate to follow the rules of making a profit and following the law. Instead they are to the best of their abilities meeting their ethical responsibilities and they also engage in the upper philanthropic part of Carrol's pyramid, with their efforts, not having any real motives except being there to try and help the people in these countries. One can also generally conclude that manufacturers which are strongly engaged in CSR also often are good partners in other more important aspects such as quality and delivery time. Also, as a company grows and become more exposed with their brand and presence the more important it becomes to act in a responsible manner. This might explain why larger companies in this sector generally are more engaged in CSR efforts.

In this study we can also conclude that, stakeholders have a relatively important role in the day-to-day business of the studied companies CSR initiatives. However, the companies use a rather narrow view of its stakeholders, where in the most cases; suppliers, owners, employees and customers were considered to be the most important stakeholders. These were also the stakeholders, which the companies to the highest degree had long-term relationships with. Also competitors came up as an important stakeholder. There is a wide cooperation between rivals within this industry when it comes to CSR, which in turn creates a result where all of the companies, to a high degree were influenced by their competitors. Media, NGOs and legislative institutions were also considered to have much influence on the CSR work. However, these stakeholders' influence was to a much higher degree short-term. The companies can be considered to have a managerial view of the firm. Good intentions within all three companies suggest that the companies are open toward new relationships with stakeholders and they welcome more initiatives from the stakeholders, to improve the dialogues and heighten cooperation over the traditional borders.

6.2 Recommendations for Further Research

We have throughout this study discovered that CSR today, is an issue which is discussed in all parts of a company. To only get the CSR managers point of view is not enough to develop any deeper conclusions about how stakeholders are integrated in the companies' overall CSR activities and how they influence these activities.

This study has only briefly looked into how a few Swedish companies within the textile industry work with CSR and stakeholder management. By doing a multiple-case study we have received a good introduction to how companies work with stakeholders in their development of CSR policies. To increase this understanding, it would be interesting to make a single-case study where the researcher studies how a company work with CSR and how it approaches its stakeholders from a wide variety of angles. By studying several different parts of a large MNC e.g. SKF, Volvo or H&M it would be possible to see how these companies work with CSR and if they use a stakeholder approach, and to what degree this stakeholder approach is adopted. By doing this, it would be possible to see how a company work with

CSR on an everyday basis and how it is integrated into the company's core business. This kind of study could be made through a mixed method research where the researcher could use focus groups, surveys and interviews to increase the validity of a single-case study.

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Interviews

Paula Stoppert, CSR Manager, Hemtex	April 28, 2011, 10.00
Pernilla De Filippo, CSR & Environment Manager, Gekås	May 11, 2011, 10.00
Catarina Olvenmark, CSR & HR Manager, MQ	May 16, 2011, 14.00

Appendix 1 – Interview Guide

Introduction

Can you describe what you work with and your position within the company?

What is your background in CSR?

Environmental Screening and CSR

Would you say that your CSR policy is “Leading, progressive, just do what is needed or fighting against any changes” and does it differ between different countries?

Why do you consider yourself to be in this position? Do you measure your results deriving from your CSR efforts and if so how do you measure it?

Do you think that other players on the market, for example, competitors are working with the same issues as you are in regard to CSR, are they following you in their efforts or you them and how are you affected by these players?

Do you feel that CSR has developed to become more important with time or does it come and go? How do you notice this in your CSR work?

Is there any area that has grown in importance with time, that you regard as being more important to focus on than others, such as the environment or social issues and how do they affect your CSR strategies in the company?

Motives

What are the motives of your CSR activities? Which of these motives are you focusing the most on?

Stakeholder Management

What stakeholders do you think have the most influence on your CSR activities?

Are the stakeholders who have the most influence on your business also those who you are in most contact with?

How does your cooperation with different stakeholders look? Does the cooperation look different in Sweden and abroad?

How are different stakeholders affecting your CSR motives?

Are there any stakeholders, for example NGOs, whose presence you are missing when you are developing your CSR strategies and activities?

How do you work to involve people and organizations from different kinds of countries into your CSR efforts, and do you think that most of the influence comes from Sweden, the host country or on a transnational level such as Global Compact or ILO?

Are you working on developing and extend the definition of those who you identify as being your stakeholders?

The Future of CSR

Do you see that there will be new requirements from your stakeholders to change your CSR activities?

How will your company's future CSR investments look and do you have any thoughts about changing the way you work with CSR compared to your current ways in different countries and foremost less developed countries?

Other

Is there anything you would like to add that we have not brought up in this interview?

Thank you very much for participating in this interview!