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EU CSR: TALK THE TALK OR WALK THE WALK?

A case study of the Inditex Group

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Abstract

This study examines the various institutional pressures -including the ones proceeding from the supranational level of the EU - and how they impact and shape the Corporate Social Responsibility (CSR) plan of an EU-based multinational company. By filling this gap, we also pursue to steer the empirical focus on the organizational translation of the current European Commission (EC) approach on CSR. The research is therefore of a qualitative nature in which the Spanish multinational garment company The Inditex Group is employed as case for an in-depth study. Semi-structured and open-ended interviews with CSR corporate officers alongside text analysis of official EC documents are the principal research methods, while the theoretical lenses are provided by neo-institutionalist theories of organizational change. An special focus is placed on the concepts of institutional pressures (Di Maggio & Powell, 1983) and translation to analyze the impact of the various institutional forces - EU and non-EU - and how principles and ideas are materialized into the organizational level of the company (Czarniawska and Joerges, 1996). The results show how the CSR public policy activity developed by the EC plays a shaping role in two ways; firstly, through a soft type of coercive pressure, and secondly, through a role of fashion-setter. Inditex's case shows that the firm is ahead most of its competitors when it comes to the adoption of EU CSR. In particular, the impact of the EC's CSR policies on Inditex CSR plan, does not affect all components equally but it has been demonstrated to be higher in documents of a transversal and global reach.

"Some people think they're always right

Others are quiet and uptight

Others they seem so very nice nice nice nice, oh

Inside they might feel sad and wrong, oh no"

- Julian Casablancas

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Keywords: European Union, Corporate Social Responsibility, European Commission, Inditex, impact, institutional pressures, translation.

Abbreviations

CSR	Corporate Social Responsibility
EU	European Union
EC	European Commission
GFA	Global Framework Agreement
GRI	The Global Reporting Initiative
HR Policy	Human Rights Policy
IGCCMS	The Inditex Group Code of Conduct for Manufacturers and Suppliers
IGCCRP	The Inditex Group Code of Conduct and Responsible Practices
ILO	International Labour Organization
ISO	International Organization for Standardization
NGO	Non-governmental Organizations
OECD	Organization for Economic Cooperation and Development
SCM	Supply Chain Management Scheme
SDGs	Sustainable Development Goals
UN	United Nations
UNGP	United Nations Guiding Principles on Business and Human Rights

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1- Introduction

How corporate strategies and policies in the field of CSR are shaped by the policymaking work of the European Commission (EC) is a subject worth to be explored and analyzed, especially if we look closely and consider how the EC's current CSR (Corporate Social Responsibility) approach is implemented and adopted by European Multinational companies in their everyday operations.

Since its inception as concept and methodology in the 1990's, Corporate Social Responsibility (CSR) has been regarded as a quite contingent, multidimensional, "contested and fuzzy" concept (Fairbrass, 2011). In this sense, international organizations such as the United Nations (UN), the Organization for Economic Co-operation and Development (OECD), the International Labour Organization (ILO), the European Union (EU) and various national governments started to be actively involved in the global policy debate on CSR since the late 1990s (Fairbrass, 2011). Simultaneously, with the birth and development of CSR implementation frameworks, several policies commenced to be adopted in private companies.

The EU has been a decisive contributor to the international CSR debate since the beginning of the 21st century. Thus, its appearance at the EU-level started in line with the turn of century and the decisions taken within the context of the Lisbon Strategy of 2000. The EU settled in the Lisbon Summit its objectives for the next decade, which wanted to make the EU "the most competitive and dynamic knowledge-based economy in the world, able to maintain a sustainable economic growth, providing more and better jobs and maintaining a greater social cohesion" (European Commission, 2001). With this statement, the European Council together with the European Commission launched a series of communications and guidelines aiming to promote the notion and the development of corporate responsibility within European companies. More specifically, the main EU institutions regarded private companies as fundamental parts to achieve the objectives settled in the Lisbon Summit and they called on companies to improve continuously their social responsibility in terms of effective organization

of work, equal opportunities, social inclusion and sustainable development (Moon, Anastasiadis & Viganó, 2009).

According to the European Commission's Green paper, when we talk about Corporate Social Responsibility we do not only mean companies' integration of social and environmental concerns in their business operations, but also it should be taken into account that "being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and the relations with the stakeholders" (ibid., 2001).

On the other hand, this policy development process at the supranational level has been marked over time by the coexistence of voluntary and compulsory approaches on CSR. It is therefore paradoxical how in the EU a high level of important environmental CSR regulation exists side by side with the soft policy nature and voluntary elements of the social aspects of CSR (De Schutter, 2008). As some scholars pointed out, this has led to ambiguity at the heart of CSR policies in Europe where strict and legally-binding environmental CSR regulations and fully voluntary initiatives in the social field live together (Widner, 2010) giving a rather indistinct and undefined image of EU CSR strategies today.

Amongst the many economic sectors in which CSR strategies and practices have been implemented in the past decade, the garment sector has frequently been in the limelight since then (Książak, 2017). With a global workforce that exceeds 26.5 million employees, 75% of its exports coming from developing countries, and overall representing 3% of the world's GDP, the garment industry is amongst the world's most closely coordinated and globally integrated (Książak, 2017). The increasingly global scenario in which garment companies manufacture and distribute their products, is linked with certain important social, environmental and ethical consequences, which in turn, increases the potential for the implementation of CSR frameworks and practices (Gardetti & Torres, 2013). The global garment sector has been characterised by being a high-profile consumer industry, with important global manufacturing and production operations being held in developing countries, in which global sourcing

networks and supply chains are the norm (Bruce & Marciniak, 2004; Masson *et. al.* 2007). In spite of the increasing introduction of concepts and methodologies amongst the leading global retailers in the industry, such as “Ethical fashion”, “ethical supply chains” or “fashion with conscience” during the past decade (Joergens, 2006), the garment sector has been a focal point due to its negative socioeconomic impacts and poor CSR practices in its production facilities in lower-labour cost developing countries (Maitland 1997; Perry 2013).

While multinational companies based in developing countries lead the industry worldwide, the sector has received severe criticisms for their poor - and many times non-existent procedures - in the field of workers' rights protection (Howard-Hassmann, 2005; Robertson and Fadil, 1999). Some scholars have referred to this issue by indicating the grave problems experienced in the global supply chains of the fashion sector in terms of child labour, worker exploitation and sweatshops (Patsy *et. al.* 2015).

As previous research on the field has noted, various CSR frameworks and initiatives have been promoted and implemented by international institutions and international organizations such as the UN, ILO and the OECD in Multi-National Companies with the aim of providing voluntary initiatives – and thus, different in nature and scope of application from the traditional state-based regulations – to foster their compliance with current standards of Human Rights and labour rights in their transnational and global business operations (Buhmann, 2016). Nevertheless, many of those initiatives have so far shown considerable implementation problems in relation with its enforcement, accountability and monitoring (Weissbrodt, *et. al.*, 2004; Vormedal 2008).

Many academic papers have been published on the field of EU's CSR public policy development, most of them have focused on the intrinsic policymaking process over time and on the different actors and discourses laid out at the supranational level (Kindermann, 2013), but little empirical evidence has been introduced about the contribution of the EU CSR policies to the promotion of CSR at the company-level.

The few available studies in this field are rather generic, or focus ostensibly on the scarce consistency of the concept of CSR and its evolution in its etymological and operational forms, that is practical and business-oriented (Dahlsrud 2008; Moon, Anastasidis & Viganó 2009), therefore do not examine the impact that EU CSR overall has on the strategy and business operations of companies from different sectors, industries or with an important level of maturity in its CSR policies and procedures.

At the same time, other analyses revolve around the aforementioned different internationally-recognised CSR frameworks and its implementation at the company level, but taking place in companies which do not belong to the garment sector (Runhaar & Lafferty, 2009). Thus, some studies have dealt from the impact that international voluntary frameworks and initiatives have in the CSR and Corporate Citizenship fields, such as the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises have had on Multinational Companies from very different sectors and industries, such as the telecommunications, finance or food and drink sectors (Runhaar & Lafferty, 2009; and Baumann-Pauly & Scherer, 2012) but little academic and research attention has been placed in reviewing the public policy work of the EU in the field of CSR, and in particular, its contribution to their everyday CSR components and the various pressures and drivers that businesses in the sector might have to adopt EU CSR policies.

The absence of many empirical and academic evaluations of the contribution and organizational implications that the EU policy-making activity in the field of CSR has had at the company level, is the point of departure for this thesis to cover the following research gaps. As we have observed, while previous research has highlighted the divergences between the business sector and the rest of stakeholders involved in EU CSR policy-making - as well as the difficulties in terms bargaining and dialogue processes of the distinct EU forums on CSR (Delbard, 2011) - it did not go further in analyzing the real impact that those policies really have in companies' everyday operations. In particular, how institutional pressures from the

supranational level of the EU may affect and shape the development of CSR policies, strategies and components of a multinational company of the garment sector.

1.1. Relevance of the study

Consequently, the aim of this study is to examine the various institutional pressures that come from the supranational level of the EU and how they impact and shape the CSR responses, policies and strategies of a multinational company based in the EU. By contributing to fill this knowledge gap, we also pursue to steer the empirical focus on the implementation and translation of the current European Commission approach on CSR. The research is therefore of a qualitative nature in which the Spanish multinational garment company Inditex Group will be employed as case for an in-depth study. Semi-structured and open-ended interviews alongside text analysis of official documents will be the principal research methods, while the theoretical lenses will be provided by the neo-institutionalist theory of organizational change. Thus, a special focus will be placed on the concepts of institutional pressures (DiMaggio & Powell, 1983) and translation to analyze the impact of institutional forces and how ideas and principles are materialized into the organizational level of the company (Czarniawska and Joerges, 1996).

In general terms, the study could be valuable and significant both academically and professionally by providing empirical insights into how the EC's CSR policies are translated and shaped into the CSR policies and strategies of a leading global garment firm. Therefore EU decision-makers, top-level civil servants working in the CSR domain, CSR managers working at the company-level, CSR practitioners, trade unions, social and environmental non-governmental organizations (NGO's), international organizations involved in the field of CSR and sustainability and scholars could be the beneficiaries from the deeper academic knowledge and the potential policy insights provided by this research.

1.2. Research aim and questions:

The purpose of this research is to analyze how the policy-making activity of the EU, and more precisely, the EC, has impacted and shaped the CSR policies and components of a leading European multinational fashion Company. The third largest multinational company in the fashion sector, The Inditex Group (Forbes, 2017) will inform the research through an in-depth case study.

The research questions are introduced in the following form:

How has the European Union CSR policy-making activity impacted on the CSR policies and strategies of an EU-based multinational company?

- 1- What institutional pressures and mechanisms - including pressures and mechanisms of the EU - have shaped CSR policies and strategies?
- 2- How has the EC CSR policy-making activity been translated at the operational level?

2. Previous research

This chapter is intended to provide an overview of the previous scholar research on the related subjects and academic and theoretical debates related to the field of CSR. Firstly, it commences with a section on previous research related with the overarching field of CSR and of EU CSR and its theoretical and policy development over time. After that, the focus of this section is then delimited to the main drivers which influence multinational corporations to adopt and modify their CSR plans and strategies. The chapter concludes with an outline of the several knowledge and research gaps that this study aims to fill.

2.1 Corporate Social Responsibility

2.1.1 Definitions and general perspectives on CSR

Over the past two decades the concept of Corporate Social Responsibility has taken important momentum in the business narratives and corporate agendas of Multinational Corporations (Hopkins, 2006). Due to the process of globalization and the substantial increase of worldwide commerce, the contexts and economic situations in which businesses operate has changed considerably. Consequently, new stakeholders are emerging and national governments and legislations are placing new expectations and pressures on corporations, changing in this way how the economic, environmental and social aspects are taken into consideration and balanced in the corporate decision-making process (Campopiano, 2012). In such a context, CSR tools and methodologies have increasingly been developed and progressively implemented into big firms' business strategies and operations (Klonoski, 1991).

Accordingly, many definitions and conceptualizations of the idea of CSR started to be sketched by relevant international organizations and national government institutions. Some of them stressed the critical link between CSR and the field of sustainable development. Thus, one of the world's leading organizations in the field, the World Business Council on Sustainable Development (WBCSD, 1999), defined in 2001 CSR as follows: *“The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”* (WBCSD, 1999).

Conversely, other more comprehensive but less-frequent definitions of CSR were issued, such as the one released by the UK Government namely: *“Corporate Social Responsibility recognizes that the private sector's wider commercial interests require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be them employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations,*

involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectoral and local factors” (Dahlsrud, 2008). At the same time, in the realm of the EU, the EC provided an alternate and concise definition of CSR, namely that: *“Corporate Social Responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment (European Commission, 2001).”*

Some scholars have indicated that the various definitions available in the literature show that CSR is a rather multidimensional and ambiguous concept in its meaning (Abbott, 1997), which can make reference to *“different things to different people in different countries (Fairbrass, 2011)”*. In this conceptual level, CSR would not signify a novelty due to businesses have always been concerned to some extent on the effects that their economic, social and environmental impacts had on their various stakeholders (Dahlsrud, 2008). Thus, that very fuzziness and ambiguity of the concept of CSR would have hindered its implementation at the company-level, with some authors outlining the contrasting uses of the CSR concept at an operational level; while some groups use CSR to justify the social dimension of the organization, other groups use it to support a more economic and business-oriented one (Kindermann, 2013). Nevertheless, the emphasis placed by these groups of scholars on the multidimensional nature of the concept is not accompanied by an in-depth case study of its adoption and translation at the business-level – and more specifically, for EU-based Corporations - and this is exactly one of the research gaps that this thesis aims to fill.

2.1.2 CSR in the European Union

Since its inception in the mid 1990s, the EU CSR policy-making field has been marked by an ongoing clash of interests between two main forces; social actors, proponents of a voluntary and business-oriented CSR, and those that defend an active government intervention to foster and implement legally-binding and mandatory CSR strategies and policies (Marks & Steenbergen, 2002). This debate has been parallel to the notable degree of

divergence amongst the different EU Member States in the development of their CSR agendas and national strategies, as a result of a supranational policy development process in which contrasting and conflicting policy positions about the promotion and implementation (at the business level) of CSR take place (De La Cuesta & Valor, 2004). This issue has led to the current absence of a common mandatory CSR framework at the EU-level (Gildiz & Ozerim, 2014).

Scholars have focused on studying the evolution of the EU's CSR policy process over time and the problematique associated with it. Thus, one of the main issues identified has been the constant process of transformation that the concept of CSR suffered in policymaking and its utilization by the main EU-level policy actors (De Shutter, 2008). Authors noted that with the release of the 2001 Lisbon Strategy, the European Commission took the institutional and legislative initiative, aiming to promote CSR as a long-term goal through the provision of several incentives for private companies (Nobuo, 2010). The discussion was placed on how the EC could encourage private businesses to act in a socially and environmentally responsible way, acting voluntarily beyond what their legal obligations said (Streeck & Thelen, 2005).

According to some scholars, with the celebration of the 2002 European Multi-Stakeholder Forum on CSR the EU's CSR policy began to undergo a process of "regulatory capture" in which the civil society organizations representing European businesses at the supranational level, - such as the EBNSC or the European Alliance of CSR - commenced to lead the way in the policymaking developments. The result being a re-orientation of the EU CSR public policy work towards the market, as certain European multinational companies expressed contrarian views towards the introduction of legally-binding elements and frameworks (De Schutter, 2008), and generally speaking, elements that could reduce creativity (Streeck & Thelen, 2005: 27).

Researchers have also pointed to the progressive weakening of the 'social case' for CSR at the EU-level, and similarly, the reinforcement of the 'business case' for CSR (Mahoney and Thelen, 2010). Therefore, the absence of a common regulatory framework has been the norm in the field of EU CSR; many EU Member States have opted for a voluntary and market-

oriented legislation (Marks and Steenbergen, 2002). As a consequence, important differences and divergences have been identified amongst EU members; on the one hand, those Member States such as the Nordic countries, Germany, France and Portugal where CSR is present as legally-binding, and thus, part of governmental policy (Mcintosh et al., 2003); on the other hand, EU members of the likes of the UK, Ireland, the Netherlands and Greece in which CSR is observed as voluntary for private companies (Gildiz & Ozerim, 2014). Hence, the EU CSR strategies and policies continue to be regulation of a fundamentally “soft” nature (De la Cuesta & Valor, 2004), and this issue precisely touches upon the knowledge gap that this study aims to cover, which is the real impact and influence that the “soft”, and therefore voluntary, regulations and policies of the field of EU CSR have at the level of European multinational firms.

2.1.3 CSR in the global garment sector

There have been many research samples in the field of CSR in the garment and global fashion sector, especially since the 1990s. Nevertheless, specific research on the issue of CSR impact and implementation of global CSR frameworks at the company-level is still very scarce. Existing studies in the field of CSR within the global garment sector can be divided in three branches.

The first branch is more extensive and focuses on the issue of how Western companies develop and manage their offshore supply chains in developing countries (Andersen & Skøtt-Larsen, 2009; Lancioni et al., 2001) and the linked benefits of implementing supply chain management schemes (SCM) and responsible offshore management facilities (Sethi & Bhandari, 2003).

The second branch has gravitated around the social and labour issues that the industry has faced in the last decades. Thus, various authors have examined the areas of working hours, wages and working conditions (Sethi & Bhandari, 2003; Awaysheh & Klassen, 2010), areas in which the sector has been on the spotlight due to accusations of using cheap labour,

detrimental pay and working conditions, use of child labour and even failing to enforce fundamental labour standards at the workplace (Mcintosh et al., 2003).

Lastly, other scholars have placed research emphasis on more operational and firm-level categories, such as traditional CSR tools and mechanisms. In this sense, the effectiveness and results of traditional monitoring methods employed by global fashion retailers such as codes of conduct and supplier audits, have previously been analyzed (Welford & Frost, 2006; Reynolds & Bowie, 2004). Other authors have examined the scandals which took place within those global fashion corporations and questioned the lack of effective compliance mechanisms beyond first-tier suppliers in global supply chains and outsourced business models taking place in the fashion industry (Chamberlain, 2010). Hence, the focus has been placed on how global multinational garment companies manage their manufacturing operations abroad and the subsequent social, labour and operational issues they face during that outsourcing process. Little or no research focus has been assigned to how global - and more concretely, EU-based - garment companies translate international CSR frameworks and policies, such as EU CSR, into their CSR agendas, and, more importantly, what drives them to do so and what pressures could they face, which is in essence the object of this research.

2.2 Drivers and Determinants of CSR Strategies and Policies

Analyzing the determinants and drivers of corporations to adopt CSR strategies and processes in their daily business operations is of paramount relevance if we strive to get deeper academic knowledge on what motivates companies to implement supranational CSR policies and strategies and how are strategies and policies interpreted and translated at the operational level. Although previous literature exists on the garment and fashion sectors (Patsy, 2013), very limited academic studies have been written on the drivers of companies to implement supranational CSR frameworks and agendas. In this chapter, previous research from relevant studies will be merged with specific research on the garment sector. The chapter

is structured in different sections according to what drivers and factors scholars focused on in their literature.

2.2.1. Financial and instrumental drivers

Literature on business economy and corporate social responsibility has analyzed theoretically and empirically the various financial and business benefits, and its linked drivers, of CSR strategies and approaches in multinational corporations (Campbell, 2007). Scholars of these research branches have argued that the company interests in pursuing value and profit lie at the core of modern business organizations, taking in this manner a more prominent role over the CSR-related interests, in what has been called the contractarian view of the firm (Morrissey, 2013; Jensen & Meckling, 1976). Proponents of this traditional view of the firm, would imply that corporations which have fewer resources and are less valuable in the market, dedicate less money to CSR than corporations which are more valuable and profitable (Campbell, 2007). Nevertheless, current CSR and sustainability research has identified various CSR areas and drivers bringing business and financial benefits to companies in their outcomes (Weber, 2008). According to several scholars, CSR strategies and procedures would bring positive effects on corporations' reputation and image, increased motivation on employees and better recruitment of candidates, improved time and cost savings, access to capital, positive risk management and the optimization of customer and stakeholder relations (Gray & Balmer, 1998; Weber, 2008).

More recently, certain studies within the academic branches of business management and corporate governance have explored the importance of managerial styles of leadership in enabling and constraining CSR actions within corporations (Campbell, 2007; Chapter 3). In this line of research, scholars have stressed the critical role played by cognitive frames in the ways in which managers run corporations - and particularly, CSR departments (Aguilera & Jackson, 2003) - , as well as the learning of behaviours and attitudes from other managers and industry peers in their environment (Campbell, 2007). In this sense, the managers' awareness and

knowledge of the field of CSR would facilitate the implementation and development of CSR agendas and procedures within a corporation, which in turn is influenced by the normative business environment and its business peers (Ayuso, 2006).

Previous literature places an emphasis on how the adoption of sector-led self-regulation and governmental regulation, may be influenced by various pressures coming from a variety of company stakeholders. Several scholars of business management and corporate social responsibility have highlighted the critical role played by the monitoring activity of stakeholders in increasing the probability of CSR support (Aguilera & Jackson, 2003; Driver & Thompson, 2002). Thus, Institutional theorists have remarked the importance acquired by CSR monitoring instruments promoted by stakeholders such as codes of conduct. Precisely, as economic activity becomes more and more global and corporations develop their business operations across national borders, a plethora of non-governmental organizations have surfaced in an effort to monitor the business activity of companies, and at the same time, urge corporations to act and behave according to CSR global frameworks (Campbell, 2007). Research in this area has stressed the prominent political and institutional role that NGOs have at the EU-level and at the Member States' level, enjoying a degree of influence in the policy-making process and challenging company operations beyond national governments' scope of action (Fung, O'Rourke, & Sabel, 2001).

Furthermore, the links between corporate reputation and image, and similarly, the role of customers as one of the key external stakeholders of a given company have been explored (Walsh et al., 2009). Thus, with CSR practices being in the corporate limelight in recent years, these might have therefore played a critical role over the consumption behaviours displayed by customers, and in their loyalty towards specific brands, products or services (Yusof et al., 2015). Previous research has also examined the relevance of the media in monitoring corporate behaviour by exposing multinational companies' socially irresponsible behaviours and operations to public scrutiny. Consequently, keeping society and public authorities duly informed about company activity and potential scandals (Campbell, 2007).

2.2.2. Sector-specific drivers

Placing an emphasis in the fact that the garment manufacturing industry is characterised by a very dynamic and labour-intensive nature, scholars referred to the critical importance that human resources procedures have within the CSR strategies of multinational companies in the sector (Patsy, 2013). In this way, larger garment companies would consider employees as a one of the most valued and decisive resources, as part of a wider 'win-win' scenario in the CSR field, in which good CSR practices could improve employee productivity, and consequently, an increased company-wide competitiveness and sustainability (ibid., 2013).

According to other researchers, the aforementioned critical role of the implementation of human resources procedures, would be linked according to a more strategic and comprehensive view of CSR within the company (Carter and Rogers, 2015), that would be able to grant substantial benefits in a wide range of significant corporate areas such as employee recruitment, operational efficiency, reputation management and risk management (Carter, 2011; Porter and Kramer, 2002; Burke and Logsdon, 1996). In general terms, the studies referred to and are focused on drivers and factors of an strategic and instrumental nature, but they lack a more in-depth research focus on the institutional drivers and pressures that companies may have to shape their CSR approaches.

2.2.3. Institutional Drivers and Determinants

Researchers in the fields of Institutional theory and management have stressed the role that institutional and regulatory pressures have played in multinational companies' involvement in CSR approaches and policies (Campbell, 2007). In view of this, corporations

would be more prone to implement CSR strategies and policies when strong and obligatory state and governmental regulations are taking force in the country. In this way, scholars differ between state regulations and industry-led regulatory mechanisms. The latter would be the result of a process of bargaining and consensus building amongst various actors in which peer pressure would have a decisive role in shaping industry practices to which corporations must adhere (Ibid., 2007; Schulz, 2003).

In addition, a developing body of academic research has pointed to the influence that a myriad of well-embedded institutional arrangements and conditions observed in States have had on CSR implementation in private firms (Halkos & Skouloudis, 2016). These studies would back up the various relations and interactions between State policies and regulations, private sector initiatives and civil society mobilization in influencing introduction of CSR strategies and practices in national scenarios (Jamali et al., 2009). Scholars in this line of academic thought realize the decisive role that institutions play in defining and driving important and currently well-known CSR tools and aspects, such as environmental management systems or non-financial reporting mechanisms (Jamali & Neville, 2011). Certain scholars also stress the operative relevance that can have for CSR managers of big multinational firms the previous awareness and identification of national, sub-national and local specific institutional arrangements, for a positive development of their CSR agendas and frameworks (Ibid., 2016).

Lastly, corporate governance research has pointed to the facilitating function of legal institutions in encouraging and granting the systematization of the dialogue between multinational companies and stakeholders. In this line of research, cross-national variations related to the institutions and the decision-making processes that provide workers and employees with a voice in said fora have been previously highlighted (Aguilera & Jackson, 2003). Namely, some scholars have explored certain relevant regulatory developments at the supranational level of the EU, such as the directives compelling Member States to legally guarantee the voice of workers in consultation and corporate processes of decision-making, in

which trade unions and their employee representatives participate in institutionalized deliberations (Armour et al., 2003).

In general terms, scholars coming from various walks of social science outlined in quantitative and in in-depth qualitative studies the critical role played by national, regional and local institutions in the implementation and adoption of CSR approaches and policies. Nevertheless, those empirical studies are fundamentally focused on governmental CSR public policies and regulations, and the supranational level of the EU has been considerably left out.

3. Theoretical framework

This research study commences with the outline of the theoretical lenses provided by organizational and institutional theories, and more precisely, neo-institutional theory, which looks closely at the global diffusion of practices and how these are adopted and interpreted by companies. This section provides an overview of this research branch and highlights relevant concepts found in the neo-institutional theory which constitute our analytical tool.

3.1 Neo-institutionalism

Since the late 1970s, Neo-institutionalism has been applied as a theoretical line of thought to various scientific disciplines, such as the subject areas of sociology, political science, management, business or psychology (Powell & DiMaggio, 1991). The common theoretical principle of neo-institutionalists is that organizations of different types act and function in accordance to, and thus influenced by, the distinct norms and values present in their institutional environments and contexts (Meyer & Rowan, 1977).

The key tenet is that organizations do not always follow rationality principles in their decision-making and organizational implementation processes, but rather they are incited to be guided by beliefs and values present in their institutional settings, because otherwise they could risk their legitimacy in the view of their peers (Sudabby et al., 2007). Organizations

therefore reflect, in their processes and actions, the current reality of the external settings and environments of which the organization is part (Ibid., 1991).

This line of research thought is consequently very valuable for examining how organizations are shaped and influenced by their external settings, how strategies and processes are translated and implemented, and to analyze which forces, pressures and actors can modify organizational activities (Ibid., 1991).

3.1.1 Organizational fields

Although the concept of organizational field was not analyzed in a greater detail during the early stages of institutional theory, this theoretical construct became central to neo-institutionalism (Wooten & Hoffmann, 2008). In strict sense, the concept means: “*A community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field*” (Scott, 1995: 137). It can include governmental organizations, industry-specific and business partners, business and various interest groups, the general public and a plethora of stakeholders. It would encompass any of the aforementioned organizations which exerts coercive, normative or mimetic types of interest over a particular organization (DiMaggio and Powell, 1991).

However, as research on organizations evolved and became more complex over the last decades, neo-institutional scholars were able to identify a broad number of constituents within the concept of organizational field (Ibid., 2008). In this sense, the concept was increasingly broadened with the introduction of organizations which were not related by geography or proximity, but which belonged to similar economic sectors or industries and manufactured similar products (Ibid. 1995: 138). It is here that this concept is very valuable for the object of this study, for it provides and structures the institutional environment of the Inditex Group within which the firm operates and implements its CSR work.

3.1.2 Institutional entrepreneurship

The construct of Institutional entrepreneurship alludes to specific responsible actors and their related actions, which are characterised by proactivity and a capacity to mobilize resources in order to transform current institutions or give birth to new ones (Hardy & Maguire, 2008). These key institutional transformations would take place when pivotal actors would be able to mobilize their wide range of resources available to materialize their interests, resulting in important organizational changes and in the emergence of new institutions (DiMaggio, 1988). In this sense, scholars have identified various actors which could have the capacity to act proactively and initiate institutional changes and transformations, such as organizations, networks, associations and individuals (Ibid., 2008).

3.1.3 Institutional legitimacy

Organizational theorists, and more specifically, neo-institutional scholars have remarked the idea of organizations as subjects of legitimation. Thus, the latter concept would encompass those social actors, structures and actions whose social justification and suitability are examined (Deephouse & Suchman, 2008). Previous neo-institutional studies stress the familiarity of the term when applied to the study of organizations, underlining that the term: *“reflects the idea that legitimacy is socially constructed and emerges out of the subject's relation to other rules, laws, norms, values and cognitive frameworks in a larger social system”* (Ibid., 2008: 56). Under institutional scenarios of external opposition or criticism, organizational legitimacy would be at times a quite individual and subjective construct (Suchman, 1995).

On the other hand, some researchers have pointed to the myriad of subjects of legitimation previously identified in the organizational theory amongst them: organizations,

teams, authority structures, procedures, routines, practices, programs, and more recently, management teams and company founders (Ibid., 2008: 57). More specifically, for this study it would be represented by the Inditex Group, and more precisely, by its CSR strategies and policies.

3.1.4 Isomorphism, institutional pressures and institutional elements

The theoretical construct of institutional isomorphism has been emphasized in neo-institutional theories for it affirms that organizations belonging to a certain given organizational field and environment, become increasingly alike because of their process of adaptation to that socially constructed landscape (Scott, 2001). In this sense, the aforementioned similarity would be determined by three types of organizational pressures or mechanisms according to DiMaggio and Powell (1983), which are: coercive, mimetic and normative forces. Both scholars argued that institutionalized ideas force and influence corporations and firms to become more similar over time in their structures, forms, strategies, policies and activities (this model is further analyzed and explained in section 3.4.1).

At the same time, institutions themselves are composed of various elements which act and work simultaneously in constraining, allowing or in facilitating organizational changes, and its subsequent connected processes (Scott, 1995). Thus according to Scott's Institutional pillar Model, three types have been identified; *regulative elements* consider change as a consequence of legal systems, policies and rules promoted through coercive actions – and sometimes, fear – by formal public institutions and market forces. Secondly, *normative elements* would be characterized by its presence within social, moral and ethical systems and its frequent diffusion and focus through informal structures, which in practice are driven by moral obligations. In third place, the *cultural-cognitive elements* would stress the relevance that mindsets, mental frames, cognitive models beliefs and the attitude of managers in supporting a specific organizational culture have in making certain organizational changes possible (Scott, 2001).

More specifically, the previously introduced constructs are very functional for the object of study of this thesis, for identifying the types of institutional pressures and elements which may influence and drive the adoption and implementation of CSR principles - and in particular, EU CSR policies - (and thus, a previous process of organizational changes) and principles at the organizational level of a big European multinational firm as the Inditex Group.

3.1.5 Translation and travel of ideas

The concept of translation in neo-institutional theory emphasizes movement, circulation, change and transformation of management ideas over time and space (Sahlin-Andersson & Wedlin, 2008). Scholars pointed to the myriad of actors involved and settings in which translations are done, and equally, to the various forms management ideas can take when translated from one context to another. In essence, the process of translation and circulation of ideas would in practice involve the transfer of certain narratives and materializations of those ideas, but not the transfer of the idea *per se*, resulting in different versions depending on the context or setting (Czarniawska and Joerges 1996). It is important to underline that ideas tend to travel and circulate when they have reached a specific level of introduction and fashion. Accordingly, firms would adopt and implement specific models, practices and management systems depending on those certain given ideas became popular at a specific time and place (Czarniawska & Sevón, 2006).

It is relevant to notice that previous studies about the concept of translation, remark that management and organizational actors many times could translate ideas in order to fit their own particular needs or wishes and the consequential changing scenarios and circumstances under which they operate (Ibid., 2008). This transfer of management ideas and practices would be implemented through the utilization of certain editing rules, which in synthesis could be grouped under three categories. A first type of rules would refer to the context; when practices are implemented and incorporated in distinct contexts from that of the original model, characteristics related to local settings and time become disregarded or

ignored (Sahlin-Andersson, 1996). A second kind of rules would concern logic; the logic of the initial prototype of a certain practice or idea is frequently reconstructed and often in a more rational and pragmatic form. In this manner the models which are often followed or imitated are taken from those which implementation and materialization results more feasible (Ibid., 2008). Finally, a third category of rules would be related with how circulating ideas are formulated and narrated into certain formats, structures or labels, which over time become valuable and frequently utilized on a managerial level (Ibid., 2008).

In general previous studies related with the concepts of translation and travel of ideas provide relevant theoretical constructs to analyze the empirical materials, and thus, respond the second research question of this thesis which aims to examine how is the EU's CSR policy making activity being translated at the organizational level of the company.

3.4 Analytical tool

An array of concepts selected from organizational and neo-institutional theory have been translated into an analytical framework which will constitute the analytical tool of this study. The identified concepts are divided in two main groups linked with the research questions of this thesis. On the one hand, the Macro-level dimension of this analytical tool, which is represented by the concepts of institutional pressures and institutional forces, seeks to give an answer to the first research question of this thesis. In second place, the micro-level dimension will be constituted by the construct of translation which is aimed at feeding an answer to our second research question. Both analytical dimensions are linked by the concept of fashion-setting. At the same time, the chapter proceeds at a later stage to explain how are they operationalized.

3.4.1 Institutional forces and pressures (Macro-level)

With the purpose of examining what institutional pressures have shaped the adoption of certain CSR strategies and policies by our case of study, the theoretical concept of institutional isomorphism developed by DiMaggio and Powell has been connected with Scott's Model of Institutional Pillars (Scott, 2001) - which has been previously explained in section 3.1.4 - .

In the former analytical construct, the authors have identified three different types of institutional pressures which have an impact on how organizations behave, and consequently, guides them to progressively become more similar (DiMaggio and Powell, 1983). The typology is outlined in the following way;

- a) Coercive pressures, which are the result of demands coming from states or larger organizations after various political and power dynamics. They frequently prompt firms to implement certain practices and adopt specific behaviours, or otherwise they could face sanctions.
- b) Mimetic pressures fundamentally emerge from conditions and situations of insecurity and uncertainty, thus inducing firms to look for solutions and practices implemented by their contemporary peers.
- c) Normative pressures arise from similar education and cognitive backgrounds shared in a certain given profession and/or industrial sector. They therefore set a common moral understanding of what is correct or not in specific professional scenarios.

3.4.2 Travel of ideas and translation (Micro-level)

The metaphors of travel of ideas and translation provided by Czarniawska and Joerges (1996), introduce very valuable analytical contributions to examine the empirical material, and thus, give a response on how EU CSR principles are translated and change form and/or content, if that is the case. In this sense, several theoretical concepts and translation

mechanisms contained in the Scandinavian branch of neo-institutional theory, will duly be used in order to analyze how these micro-level organizational processes shape and turn EU CSR principles into at the company level. In this way, concepts such as ideas into objects, broadcasting of ideas and packaging and de-packaging will be employed to codify the empirical documents.

Travel of Ideas: Fashion and fashion-setting communities

Outside the macro-level and micro-level dichotomy, - which represents the core of our analytical tool – but linking both analytical levels are placed the concepts of fashion and fashion-setting communities. The theoretical construct of fashion is strictly related with the travel of ideas metaphor and represents the idea that the adoption of specific management models, methodologies, practices, labels and ideas by firms comes in temporal waves and according with an overall pursue of rationality and progress (Abrahamson, 1996).

In order for organizations to adopt certain sectorial or management fashions, two types of actors must be involved in the process; fashion-setters and fashion followers. The former are those actors who promote the distinct discourses which make fashions more socially appealing and legitimate, and the later, those actors which are in charge of translating at the organizational level the aforementioned fashionable models, practices and techniques after they have become legitimized by the fashion-setters' various discourses (Ibid., 1996). Both actors constitute fashion-setting communities, which tend to conduct the procuring, the fashioning and the marketing of management ideas (Ibid., 1996).

4. Research design and methods

This chapter provides detailed information about the methodology, the data collection methods applied to this study and the various methods employed to analyze the data obtained. The section is finalized by a discussion of the power and limitations of the methodological approach used.

4.1 Methodology

This study seeks to make an empirical and academic contribution about how the EU CSR policy-making activity may impact and influence the CSR strategies and procedures of European multinational fashion companies. In this manner, it is a case study characterized as exploratory, as it aims to see the real impact and effects of EU CSR guidelines and policies at the company level, but it is also descriptive because it aims to obtain particular relevant information about the phenomenon studied which is the EU general CSR approach and policies (Thies & Volland, 2010). The study does not employ quantitative methods, since that would not allow to examine with sufficient depth the latent institutional forces dynamics, opinions, values, judgements and subjective interpretations of actors involved directly with the phenomena under study (Marshall & Rossman, 2011).

Therefore a qualitative case study of one specific Spanish fashion brand, Inditex, was carried out in order to achieve more depth and greater detail in the analysis (Kerrigan & Silverman, 2013). The company chosen for this case study was selected according to various criteria in order to match with a criterion sampling strategy, this means that the choices materialized in the research design of this study are the result of the interrelation of a myriad of criteria (Ibid., 2011). Since the aim of this study is to analyze how has the EU CSR policy-making activity impacted on EU-based fashion multinational corporations, the choice of Inditex as a case of study is due to its leading and frontrunner position in terms of CSR promotion, implementation and integration within its business model, not only amongst its fashion industry competitors but also compared to other European multinational companies. Its strong economic and financial position it also taken into account for its selection (Centre for Reputation Leadership, 2011). In addition, due to the multinational and expanding nature of the corporation's supply chain, it is exposed to a plethora of political, legislative and

institutional settings which may have come into play. At the same time, as a result of its broad CSR approach and strategy a wide range of documents and materials suitable to be examined for this study were available.

In essence, given the object of study and the qualitative nature of this thesis an abductive research perspective was deemed to be the most appropriate. Contrary to the deductive and inductive approaches in qualitative research, an abductive approach gives the researcher the possibility to modify and to expound on the theoretical framework while conducting the research process and after its completion (Dubois & Gadde, 2002). These facts allowed the research process of the study to take place between inductive and deductive research settings and to grasp the systemic character of the empirical world analyzed by building descriptions and analytical remarks that are based in the daily experiences and activities alongside with the perspectives and meanings conveyed by corporate actors (ibid., 2002). It was important for the researcher during this stage of the research process to bear in mind that abductive reasoning does not consist of a research approach that is aimed at providing new knowledge and neither it seeks to come up with new grand theories. Rather, it intends to find out a theoretical order which provides answers to the research questions (ibid. 2002).

The selected theoretical lenses of neo-institutionalism informed the design of the interview guides and the subsequent analysis of the data collected. Thus, the qualitative research approach commenced the research from the previous theory and knowledge in the topic and research area. Once the empirical information was obtained, the main purpose of this approach was to utilize the previously constructed analytical tool as theoretical and analytical lenses to dissect and examine the information and data gathered (Hesse-Biber & Leavy, 2011).

Specifically, CSR company-level documents and interviews were used to answer the first sub-question of the research related to the institutional pressures and mechanisms that have shaped policies and strategies, which constitute the macro-level of the analytical tool. On

the other hand, EU-related official CSR documents, interviews and also CSR company-level documents were employed to answer the second research sub-question linked with the translation of the EU CSR policy-making activity at the operational level of the company, which seeks to study the processes taking place at the micro-level of this study. In this sense, information from different sources of evidence was collected in order to support the phenomenon of our case study, giving room to a process of triangulation aimed at obtaining more convincing and robust findings (Yin, 2009).

As most company-level documents were proven to be very scarce and of a descriptive nature the conduction of interviews was decided to be an appropriate method to grasp subjective perspectives and knowledge. This technique was considered to be a suitable complement to the mentioned official corporate documents as it produced weighty knowledge for the analytical part of this study, consequently completing the aforementioned triangulation process (ibid., 2009).

4.2. Data collection methods

The data collection methods of this study are centered around previous research and literature in the fields of CSR in the fashion sector and CSR policy-making activity at the supranational level of the EU, and simultaneously, document analysis and interviews with key informants involved with the case. Thus, primary and secondary data samples have been utilized.

4.2.1. Previous research

After proceeding to define the research problem and its linked research design, previous and existing research sources were revised with a critical eye. In this manner, only reliable and

peer-reviewed sources were examined, principally academic periodicals, electronic publications and articles.

4.2.2. Official documents and websites

The data collection process of this study commenced with an examination of official documents and websites related with the field of CSR and specifically linked with two levels: 1) The supranational level of the EU and 2) The company-level, that is the Inditex Group.

Firstly, from the EU-level, official and institutional documents published by the EU on its electronic websites, and specifically, the European Commission were selected as basic materials in this study. Specifically, four CSR-related documents; the European Commission's Green Paper, the official Communications (2002 and 2006) on CSR and the current CSR strategy for the period 2011-2014. In second place, from the corporation side, the research has been focused on three electronic documents published by Inditex and therefore strictly linked to the core of its CSR plan and operations, namely; *The Inditex Group CSR Strategy*, *The Code of Conduct for Responsible Practices*, *The Code of Conduct for Manufacturers and Suppliers*, *The Policy on Human Rights*, *The Global Framework Agreement with IndustriAll* and its latest *Annual Report 2016*. Various reviews have also been carried out of an electronic website platform called "A Sustainable Model", in which the company explains more in detail its current CSR and sustainability efforts and commitments, in addition to the websites of some of its closer CSR partners and stakeholders.

4.2.3 Qualitative interviews

As the objects of study in this case study research are not actually individuals, but rather processes and dynamics, a key informant sample with semi-structured and in-depth interviews was chosen as a data-gathering technique (Martin & Marshall, 1996; 523). This approach is more valuable for it carries out interviews with those individuals or subjects with special expertise, perspectives and involvement with the CSR field, thus highlighting in this way the importance of the quality of the interviews over the number of them, and at the same time, as a pivotal source of primary research information (Ibid., 1996; 523). This method was hence regarded as a very appropriate one because of the quality of the subjective knowledge provided and for it guarantees the possibility to triangulate the primary data gathered with the findings obtained from the reviews of official documents and websites.

Consequently, due to the exploratory character of this research, open-ended interviews were designed with a clear balance between the structure present in the interview guide and a clear and open space given for informants to respond the questions in a conversational and spontaneous way. Neo-institutional theories of organizational change inform the elaboration of the interview guide with questions that are based on the analytical and theoretical concepts included in our analytical tool, which in turn seek to answer the research questions of this study. Relevant examples of questions included in the elaboration of the interview guide include; *Could you tell me more about your Annual Report 2016?, What were you influenced by? Other garment firms? Sector-wide organizations? Your main stakeholders? Other actors?* All the interview materials were transcribed straight after its recording in order to guarantee the overall validity of the study.

In particular, 3 interviews (see appendices 1, 2 and 3) with CSR-related experts were conducted. The first interview was carried over a phone conference on 12-07-2015 with a senior member of the international trade union federation IndustriAll (which has been present in Inditex's works councils as a key stakeholder). The interview session lasted for about 70 minutes and the issues addressed were linked with how the company works with CSR in

practice, how its CSR efforts and policies have evolved during the years and its approach to EU CSR. The second interview was conducted through Skype on 22-08-2015 with a CSR official working at Inditex's headquarters, it lasted approximately 80 minutes and it shed light on the driving forces and reasoning behind the adoption of CSR components and strategies, as well as the influential factors behind CSR-related decisions. The third interview was held with a CSR manager at Inditex CSR Department in its offices based in A Coruña on 15-05-2018 and it lasted for about 90 minutes. It offered valuable insights regarding CSR translation and implementation, how decisions in the department are taken and the relations between different organizational bodies and its linked mechanisms of coordination.

It is of importance for the study to mention that the researcher reached a point after the conduction of the third interview where the emergence of new elements of relevance for the research were absent in the empirical material. Specifically, since the descriptive and informative nature of most corporate documents regarding organizational forces and translation mechanisms was complemented with deeper analytical insights and data collected from the carried interviews. At that point in the research process, a combination of repeating quotes and tendencies of saturation identified in the empirical materials, the established scope of this thesis project, alongside with the impossibility of having further access to good interviewees at managerial levels of the company influenced the decision to not analyze additional corporate documents and to not conduct further interviews (Fuchs & Ness, 2015).

On the one hand, the sample of the aforementioned interviews and interviewees accounts for the need to verify by a third CSR-related party and stakeholder - in this case the interview conducted with the trade union leader - the responses and opinions formulated by corporate officials working for the company that constitutes our case study. These responses tend to offer a good and smooth image of the company, for this reason an interview with a key stakeholder was realized to increase the credibility of this research.

On the other hand, the mentioned interviews with corporate informants from the firm were pivotal with regards to the gathering of relevant data and information. They suitably

complemented the findings drawn from the analysis of corporate documents and helped to answer the research questions of this study. Hence, the responses given by the CSR staff of the firm provided hands-on and operational information linked with internal CSR-related processes and mechanisms, as well as yielding critical insights on the mentality of the firm regarding EU CSR and its translation.

4.3. Methods of analysis

Text analysis

Content analysis is one of the most established and frequently utilized empirical methods of text analysis in qualitative research. It therefore constitutes a suitable method of analysis for the data collected, as it seeks to interpret and search the meanings and the underlying themes present in the documents and textual materials, with the ultimate purpose to provide answers for the formulated research questions (Bryman, 2004). This method concentrates on concepts and words, and more precisely, on their frequency and meanings in and throughout texts. To examine texts is a demanding process in which the basis is to identify the concepts present in the texts selected to be coded (Carley, 1993). After that, the concepts are normally delimited into previously identified categories which seek to make the analytical process more comprehensible and inferable (Rennstam and Wästerfors, 2011). All the evidence collected from reviews of the several documents and electronic websites explained previously, as well as the interviews, was analyzed with a focus placed on the identification of events and phenomena that could give answers to the posed research questions.

With regards to the interviews, they were conducted in Spanish and were totally transcribed by identifying pauses, doubts, extensive words or sentences in order to

understand and analyze the answers in a more accurate way (Tracy, 2013). The fact that all the interviews included in this study were conducted in Spanish, required the researcher to carry out very precise translations and to leave the room open for potential clarifications from the interviewees.

Interviews and documents were analyzed by coding the data into categories, and consequently themes based on the defined theoretical framework and in accordance with thematic coding techniques. In this sense, it is important to specify that the coding process digs deeper than the precise remarks made by CSR and trade union officers and provides analytic examinations of those (Tracy, 2010). The themes were constituted by the theoretical concepts of institutional pressures (DiMaggio & Powell, 1983), institutional forces (Scott, 2001) and translation (Czarniawska & Joerges, 1996), which were subsequently categorized after the selected empirical data was coded in accordance with the various aspects present in said themes. Citations and selected statements are provided in this thesis in order to depict the findings proceeding from the analysis (Charmaz, 2006).

4.3.1. Methodological limitations of the study

The methodological limitations of this research involve in first place its methods. Initially, more interviews were scheduled with Inditex CSR-related technical personnel with the purpose of capturing more in-depth and rich responses, but unfortunately due to the impossibility and difficulties of contacting more experts due to the firm's strict confidentiality and external communication procedures, eventually 3 interviews were conducted, as described under section 4.2.3. Nevertheless, the utilization of a variety of corporate CSR-related documents, diverse electronic sources and in-depth and rich interviews with experts seeks to contribute to a more accurate use of the triangulation techniques used, while at the same time aims to act as a counterbalance of the lack of any additional interview.

Secondly, the research focus of the present study has been placed on the capture of profound, thick and rich findings that strive to pursue quality over quantity. Therefore, the present project does not intend to examine all the CSR-related policies, regulations and Directives approved at the EU-level, because that would entail a much more extensive and far-reaching research type – perhaps with a potential employment of quantitative research methods as well -, but rather, it is focused on analyzing the public policy work of a non-legally binding nature, and thus, it is focused on the study of the social dimension of CSR. Likewise, the study does not pretend to examine all the documents that structure Inditex's CSR plan, but rather it seeks to concentrate solely on the social components of its CSR plan. This choice accounts for the need to examine those CSR components which are not subjected to legally-binding EU legislation, unlike most environmental corporate CSR components and management systems which have to be obligatorily enforced according to EU law.

4.3.2. Quality, credibility, transferability and ethics

Firstly, this study has a clear focus in increasing the quality and credibility of the research carried out. Thus It is not centered around achieving a high degree of generalizability or coming up with new theories that could be transferable to the whole fashion sector (Thies & Volland, 2010), instead of that, quality and deeper knowledge about the issue of EU CSR policies and its translation and shape at the company-level of an EU-based garment multinationals are the main driving forces of this research.

When it comes to the conduction of interviews, questions were carefully elaborated in advance having into consideration the object of study as well as the position and involvement of the informant with the phenomena to be analyzed (Kvale, 1995). Pilot interviews were carried out beforehand and the real interview and interviewees were duly informed about the object of study and treated with the highest degree of confidentiality.

The search for rich rigour, repetitive questioning, thick explanations about the subject, the methodology and its analytical tools accounted for the search of high quality data and

transparency in this research. Hence, credibility is achieved through the distinct data sources obtained from key experts in the field of CSR belonging to different organizations, and comparisons will be carried out between information and data collected from different sources. This alongside the use of triangulation techniques and the combination of distinct methods aims to supply the study with a higher degree of credibility and quality (Tracy, 2010).

5. Corporate Social Responsibility at Inditex

This section is intended to introduce relevant information about the case under study and its Corporate Social Responsibility policies. Firstly, a description of the general background and structure of the company is presented. The last part of the chapter is focused on providing an outline of the current configuration and principal components present in Inditex's CSR plan.

5.1 Description of the case: Inditex Group

With sales of 25.7 billion dollars, business operations conducted in 94 different markets, over 7200 stores and a workforce consisting of more than 162,000 employees worldwide, the Compañía de Diseño Textil (Inditex), was in 2017 the third biggest apparel company in the world and the first in Spain (Inditex, 2018a). Founded in 1963 when its current owner, Amancio Ortega commenced his business venture opening a small apparel workshop specialized in manufacturing women's garment, this family business soon started to expand internationally (Inditex, 2018a). With the commercial success of its first (and currently flagship) brand, Zara, since the decade of the 1980s allowed Inditex to reach foreign markets through the opening of new physical flagship stores and logistics hubs. In 1985 the Inditex Group is constituted as a holding which encompasses its various commercial chains and formats, which have been launched over the past two decades, such as Zara, Zara Home, Pull & Bear, Bershka, Massimo Dutti, Stradivarius, Oysho and Uterqüe (Inditex, 2018a).

Nowadays Inditex is led by Pablo Isla in the role of President and CEO of the holding. The company designs, manufactures and offers in the stores of its eight commercial formats a

wide palette of garments, ranging from men's and women's clothing, children's clothing, home textiles, personal tailoring clothes, “stage” textiles aimed at youth customers, casual and urban-style clothing, home-wear, undergarments and fashion accessories (Inditex, 2018a). Inditex has demonstrated over the years a unique business model and marketing strategy, in which small percentages and batches of garments are manufactured from one season to the other, thus relying mostly in customer feedback and in its very advanced production and distribution network to place new garments in its stores almost on a weekly basis. Thus, the company is not involved in traditional advertising campaigns, for its present marketing strategy relies fundamentally on exploiting its worldwide presence and word-of-mouth (Ramiro, 2010).

Its supply chain is formed principally – with 59% of its factories - around its headquarters in the town of Arteixo (A Coruña, Spain), but the corporation currently works as well with 1805 suppliers and nearly 7000 factories and workshops from all over the world. At present, the firm has stronger business relationships with suppliers based in countries such as Bangladesh, China, India, Morocco, Brazil and Turkey (Inditex, 2018b).

5.1.1 CSR at the Inditex Group

Since the endorsement of its internal code of conduct in the year 2001, efforts, practices and strategies have taken place in the field of Corporate Social Responsibility at the Inditex Group. Hence, the creation of a full working CSR Department in the firm occurred when the corporation was listed for the first time in the stock market and simultaneously with the disclosure of its first annual report of its financial, social and environmental activities. Nowadays, Inditex has increased the size and the scope of action of its CSR Department; more than a thousand staffers (40 of them working at the management level) working in offices laid out in Europe, Asia, Africa and America, and structured in 4 different areas; Inditex Compliance, Inditex Health and Safety, Inditex Social Investment and Inditex Integration

(Inditex, 2018c). It is a section of the firm which has acquired a pivotal role in the last years because of the relevance that the sustainability component has acquired in the decision-making processes, and therefore, in the DNA of the Inditex Group (Inditex, Interview 2).

The Inditex Group Corporate Social Responsibility Policy is approved by the Board of Directors every three years after the positive report of the Audit and Control Committee, - which is a purely consultative and administrative body -, it represents the document that gives shape to the firm's general CSR principles and specifies its relations with its various stakeholders. Inditex's CSR Department having into consideration the CSR Policy of the company designs the Sustainable Strategy, which represents the group's strategic roadmap in terms of sustainability work and stakeholder relations (Inditex 2018c). In accordance with its Sustainable Strategy and business model Inditex sets out a materiality analysis – that is, a tool within which the firm establishes the specific CSR initiatives and practices that are worth investing in - from which seven core priorities are sketched. Currently these are; Our People (employees), Sustainable Management of the Supply Chain, Our Customers, Commitment to the Excellence of Our Products, Recycling and Efficient Use of Resources, Improvement of Community welfare and Corporate Governance (Inditex 2018d).

The firm's relations with its stakeholders are regularly reviewed based on a type of institutionalized and frequent dialogue with the support of the materiality analysis. After that, the firm's CSR Department sets out a series of priorities, a relation strategy and a specific dialogue tool for each group of stakeholders. Thus, some of the main internal stakeholders of the firm are its employees at various levels and the firm's shareholders. On the other hand, Inditex considers as its main external stakeholders its clients community organizations (such as various NGOs, public administrations and civil society) its suppliers (whether direct or indirect) and environmental organizations (Inditex, 2018d). The Sustainable Strategy is built on a series of internal CSR-related documents and lines of action. All the CSR-related documents are in line with internationally-recognized frameworks on sustainability and CSR; the ten Principles of the United Nations Global Compact, the Sustainable Development Goals (SDGs) and the United

Nations Guiding Principles on Business and Human Rights (UNGP) (Inditex, 2018d). In the next section the structure of Inditex's CSR plan and its components will be introduced.

5.2 The Structure of Inditex' s CSR Plan

As mentioned earlier in this chapter, the current Sustainable Strategy of the Inditex Group is divided according to the materiality analysis conducted by the firm in the mentioned seven core priorities (Inditex, 2018d). As the object of this study is focused on the social dimension of CSR, the work carried out by the firm in relation with the priorities of Our People, Sustainable Management of the Supply Chain and Improving Community Welfare have been selected for the analytical part of this research. For this purpose, six fundamental company materials have been identified and presented with a short description below.

The Inditex Group 2016 Annual Report

It is the yearly integrated report approved by the firm's board of directors which aims to communicate to all its stakeholders in which ways the company creates value. This is done through the disclosure of relevant economic, environmental, Human Rights and social information and its associated impacts and issues which serves as a significant decision-making tool for the firm's stakeholders. Inditex drafts its Annual Report following the materiality process with the involvement of Inditex's main stakeholders and in accordance with the leading international reporting initiatives such as the Global Reporting Initiative or the Global Compact (Inditex, 2018c).

Inditex Corporate Social Responsibility Policy

The Inditex Group Corporate Social Responsibility Policy (CSR Policy) was approved by the firm's Board of Directors on 9 December 2015. The document defines a series of principles of action that govern the relations with the stakeholders, which are obligatory and globally

enforced for all the brands that form the Inditex Group, and equally binding for all of the firm's employees (Inditex, 2018d).

Inditex Group Code of Conduct and Responsible Practices (IGCCRP).

The IGCCRP was approved in 2012 by the firm's Board of Directors after merging the two previous codes: the 2001 Internal Code of Conduct and the 2006 Internal Guidelines for Responsible Practices. The purpose of the Code is to demand an ethical and professional conduct from Inditex and its overall workforce, as a core idea of its corporate culture. The Committee of Ethics is the organizational body in charge of ensuring the compliance with the code (Inditex, 2018f).

Inditex Group Code of Conduct for Manufacturers and Suppliers

Approved in 2012, the Code of Conduct for Manufacturers and Suppliers (IGCCMS) sets out fourteen minimum standards of ethical and responsible behaviour, which must be met by all the manufacturers and suppliers of the products commercialized by Inditex. It is therefore the corporate document which most closely supports the firm's compromise with the respect to Human and Labour Rights throughout its supply chain (Inditex, 2018g).

Policy on Human Rights

The policy on Human Rights (HR Policy) is one of the latest additions amongst the corporation's CSR social components. Approved in 2012, it is a manuscript with a global scope that lays down the Inditex Group's position the internationally recognized frameworks and agreements in the field of Human Rights, and in practice functions as the implementation of the firm's Code of Conduct for Manufacturers and Suppliers (Inditex, 2018h).

The Global Framework Agreement (GFA) with IndustriAll Global Union

IndustriAll Global Union is an international federation of trade unions which gives voice to the interests of more than 50 million workers across 140 countries (IndustriAll, 2018). The pioneering GFA was commenced in 2007 and its main function is to promote decent working conditions throughout Inditex's production chain, which as of today consists of more than 1800 suppliers and 7000 factories. The GFA complements in practice the Code of Conduct for Manufacturers and Suppliers (Inditex, 2018c).

6. Institutional Forces and Inditex's CSR Work

This section seeks to respond the first sub-question of this study; that is, linked with the type of institutional pressures and forces that have driven the Inditex Group social elements of its CSR policies and strategies. The analytical tool inspired in neo-institutional theory is employed to examine the empirical material and identify the various institutional pressures and elements present at the macro-level. The structure of the section, accounts for the need to analyze the social aspects of the firm's CSR plan by going from general to specific. That is, the order of the section is determined by the structure of the CSR plan, and goes from the general structure to the specific components and policies (Backlund, 2015). First commencing by looking at the structure of the CSR plan and the institutional pressures and forces that influence it, in second place, examining the adoption of CSR policies and components and the pressures that drive them, after that with the influence of the organizational field, and lastly, with the exploration of the pressures brought about by international CSR frameworks and sector standards.

6.1 Normative pressures and regulative forces structure the CSR plan

Inditex's current Sustainable Strategy has been marked since its inception by the decisive influence exerted by the various normative forces that the firm has been subjected to, in particular, during the design and drafting stages of the process. A Social Sustainability Manager at Inditex declares in relation with the reasons behind the naming of current

sustainability plan “A Sustainable Strategy”; *“it reflects and it has been proven to go in line with the latest trends in the sector”* (Inditex, interview 2). This statement connects with the prominent organizational role that for the firm develops the Social Advisory Board in the design of the Sustainable Strategy, and generally speaking, the CSR plan of the firm, in fact, the same manager states that (...) *“that is of primary importance to us, that is, to address the demands of information of our wide range of stakeholders and society as a whole, (...) consultative organizational bodies play an important role in advising the Board of Directors, and here I must mention the Social Advisory Board”* (ibid.).

Consequently, the previous remarks expose the sensitivity of the company towards societal ideas and norms, mainly formulated by the firm's stakeholders through an intra-organizational consultative body as the the Social Advisory Board. This body plays a function of transmission of socially-acceptable values and courses of organizational action, which in essence are deemed as correct by the organizational environment of the Inditex Group, which ultimately exert a form of normative institutional pressure over the shape of Inditex's Sustainable Strategy (DiMaggio & Powell, 1983).

Nevertheless, although the normative pressure mechanisms to which the firm is exposed to play an important role in the structure of the current Sustainable Strategy, a primal decision-making body as the Board of Directors has the final word in the approval of the majority of the CSR components that integrate the social dimension of the CSR plan (Inditex, interview 2). The previous section of this study provided that Inditex's CSR plan is built up on six key materials and policies: The firm's Annual Report 2016, the CSR Policy, the IGCCRP, the IGCCMS, the HR Policy and the GFA with IndustriAll Global Union (Inditex, 2018d). This is exemplified by the processes of formulation and adoption of the component which represents the roadmap of the firm in its relationships with its stakeholders, and more widely, in the CSR domain, namely the Inditex CSR Policy. Hence, a CSR-officer at Inditex specified that *“in the end the role of the Board of Directors is decisive in its final approval”* (Inditex, Interview 2). In essence, this affirmation reflects the critical role realized by the Board of Directors in

overseeing and, ultimately, in granting its approval to the CSR components and overall CSR plan of the firm, and thus, develops the role of a regulative force that allows or constraints changes in the CSR structure (Scott, 2001).

More precisely, the demands formulated by the firm's stakeholders through a formal procedure at the intra-organizational level in the Social Advisory Board, and at a later stage, are taken into consideration - after being reported by the CSR Team - by the Board of Directors which delivers the final decision (Inditex, Interview 1). Hence, this represents a process of interaction between normative institutional pressures from the social environment of the firm and intra-organizational regulative forces, with the result being its impact on Inditex's CSR structure (DiMaggio & Powell, 1983; Scott, 2001).

6.2. Cultural-cognitive pressures drive the adoption of policies and components

The motivations behind the adoption of two of the components belonging to the Community Welfare core priority of the CSR plan, more specifically, the Annual Report 2016 and the HR Policy, stem from the mentality present within the firm regarding the CSR field. As one Social Sustainability Manager of the firm corroborated, the CSR Department of the firm has been placing since 2001 a big emphasis on the reporting and disclosure of non-financial aspects linked with the environmental and social performance of Inditex arguing that: *“the firm believes that the raison d'être of a firm that strives to be a leading company in the CSR field is to facilitate and disclose enough relevant non-financial information”* (Inditex, Interview 2). This statement coming from a middle-manager of the unit of the firm in charge of its CSR work and efforts, stresses the critical role that mindsets and the attitude of managers have in supporting specific changes in the organizational culture within the company, which constitutes another representation in practice of the cultural-cognitive forces of organizational change at play within Inditex (Scott, 2001).

In second place, the HR Policy has been the latest component of the CSR plan of the company to be issued. Approved by the Board of Directors in 2016, the firm adopted this policy as a proactive measure to complete one of the missing components of their CSR efforts carried out in the community involvement domain (Inditex, Interview 1). The following statement captures that: *“we always felt the need to keep being at the forefront of sustainability and Human Rights protection here in Europe by issuing a document of this type”*. The introduction of this new policy stems from the view that the firm has of its organizational identity, more concretely in their own organizational field, which views themselves as pioneers and a leading force in the CSR realm within their organizational field. Similarly, the need felt by the firm managers of keep being a central organization - using the words of DiMaggio and Powell - brings about the importance played by normative forces, such as the firm's stakeholders in pressuring the firm through expectations and demands that invite Inditex to act according to its role of CSR frontrunner (Scott, 2001; DiMaggio & Powell 1983).

Similarly, intraorganizational cultural-cognitive elements also drove importantly the adoption of the firm's CSR roadmap, that is, the CSR Policy. The following statement encapsulates the presence of the mentioned forces in that process: *“what we want is to make sure that sustainability is present in all our relations, and in essence, in our DNA”*. The various references to the identity and corporate culture as a driving force of the adoption of CSR policies are also present in one of the 3 core CSR priorities, the sustainable management of the supply chain. In this sense, the firm claims that it bases its purchasing decisions to suppliers and subcontractors always having into consideration CSR criteria, fostering in that manner a corporate culture that has sustainability and CSR at the core of all its external and internal activities (Inditex, 2018d).

6.3. Inditex's organizational field shapes the focus of the CSR plan

By examining the pressures and forces which have had an impact on the firm's CSR plan and its components, it is possible to discern a community of distinct actors and organizations that have in common values and beliefs and which are involved in the field of

CSR and the garment industry. Those actors interact and exchange information on a regular basis and more intensively than those outside the field (DiMaggio and Powell, 1983). Significant actors and organizations that have been detected in this research and with which the firm engages are a wide range of NGO's (such as Cáritas Spain, Spanish Red Cross, Water.org or Medicus Mundi) international trade unions (mainly IndustriAll Global Union), industry peers and competitors (amongst many others Nike, Mango and Adolfo Domínguez) research centres and universities (principally University of A Coruña and University of Santiago de Compostela), various International organizations (such as the ILO and the Spanish Committee of UNHCR), foundations (such as Fundación Seres or Entreculturas), sector-led associations (namely Cointega) and consumer groups (Inditex, 2018c).

The previously described organizations lay out the structuration process of the organizational field in which Inditex partakes, for which various indicators have been identified. In light of this, in the first section of this analysis it was studied the function applied by the Inditex Social Advisory Board in shaping the structure of the firm's CSR plan in the form of normative pressures. This consultative body of the company represents a platform in which an organizational community is constructed by several constituents – who impose coercive, mimetic or normative pressures on the organization - which are bound by regular interactions and a build a well-known are of organizational life, in this case the fashion and garment sector. This unit provides advice to the Group in CSR-related issues and policies, in its latest Annual Report Inditex points that: *“Advisory Board's members are external individuals or institutions independent from the Group. It has a key role in Inditex's relations with stakeholders as the Advisory Board is responsible of formalizing and institutionalizing dialogue with key players across communities in which we operate”* (Inditex, 2018c). A trade union officer confirmed that Members of the Advisory Board speak on behalf of a wide range of key civil society organizations and close stakeholders, who are not bound with the company in terms of geography and industry, but share the need to address common CSR-related issues and problems, and for that purpose, meet at least twice a year (IndustriAll, interview 1). The

organizational role that this body develops has been proven to have a normative impact over the focus and scope of the CSR plan, not only in terms of representation of the various stakeholders and communities in which the Group works with, but more precisely, through the set up and definition of the material issues and the Core Priorities that the firm includes yearly on its Sustainable Strategy (Inditex, 2018c).

Moreover, another relevant indicator of the process of formation of an organizational field, but this time in the international environment, are the frequent dialogue processes that the company maintains with other multinational garment firms. One of the most renowned in the international context, has been its participation as a signatory and member of the Monitoring Panel of the Bangladesh Accord, in which they are part of a platform integrated also by the mentioned garment firms, international trade unions and local Bangladeshi trade unions (Inditex, interview 2). In this forum the Group participates a minimum of two times a year in discussions, exchanges of opinions and practices about CSR-related issues of sustainable management of the supply chain, and more precisely, safety conditions in factories and workshops. This could be regarded as an indicator of the company resorting to direct participants in the field-structuration process, this time to industry peers and competitors from the garment sector, with the purpose of forming platforms for stakeholder dialogues and at the same time, to seek exchanges of qualified opinions, good practices and common solutions in times of organizational uncertainty and important changes in the sustainable management of the supply chain within the sector (DiMaggio & Powell, 1983).

More specifically, these significant CSR-related changes within the garment sector took place as societal and stakeholder demands commenced to be formulated after the Rana Plaza building collapse catastrophe occurred in 2013 (Inditex, interview 2). At that time, multinational firms conducting manufacturing operations in Bangladesh went through critical times of uncertainty in the sector and were required to take action due to societal pressures. In Inditex's case, this triggered normative, and ultimately mimetic institutional pressures over the firm (DiMaggio & Powell, 1983), as one CSR-manager stated: *"in the end Inditex is a social*

actor, of course with a business and a social role, and we cannot turn our back to society's expectations and demands in those situations"(Inditex, interview 2).

To sum up, all the mentioned indicators and actors depict concrete examples of organizations that act as participants in the field structuration process to which Inditex partakes. As a result, frequent collaboration platforms - such as the aforementioned ones - were created, which simultaneously trigger institutional normative and mimetic pressures over the company. These pressures, in turn, have an impact in the focus and direction of the Inditex's overall CSR plan (DiMaggio & Powell, 1983).

The next passage will focus on the impact caused by mimetic institutional pressures over Inditex's CSR components and policies.

6.4. Adopted CSR frameworks and sector standards create mimetic pressures

As examined in the previous fragment, Inditex's answer to societal expectations related with the Rana Plaza Catastrophe and with the improvement of the sustainable management of the supply chain, brought about its engagement with an industry-led initiative such as the Rana Plaza Accord. That action involved the collaboration with various local and international stakeholders such as industry competitors of the likes of Nike, the Bangladeshi government and relevant local and international trade unions (Inditex, interview 2), with the aim of coming up with common CSR-related solutions in times of organizational uncertainty and changes within the garment sector, and thus, supporting the understanding of mimetic institutional pressures expressed by DiMaggio and Powell (DiMaggio & Powell, 1983).

In addition, Inditex bases its core CSR reporting component - that is, the Annual Report 2016 – on the principles and guidelines of two of the most renowned international corporate standards in the reporting of non-financial information; the Global Reporting Initiative principles and the ISO standard (Inditex, 2018c; Inditex, interview 1). The next sentence expressed by a CSR-official at Inditex confirms that: *"then, apart from the ISO standards there*

are 15 GRI reporting principles which are relevant in accordance with the materiality analysis that we conduct". The decision to adhere to such international CSR standards for the elaboration of the Annual Report was motivated by the demands formulated by customers and stakeholders through formal channels and organizational bodies such as the Advisory Board (Inditex, interview 2), which represents the ongoing presence of normative pressures (Scott, 2001). But primarily, due to the involvement of mimetic institutional pressures (DiMaggio & Powell, 1983).

As the same CSR-officer pointed out in relation with the GRI standard "*Its structure and the areas it covers reflect strictly the latest trends in the field of sustainability and CSR reporting*" (ibid.). This statement, lays out the sensitivity that Inditex demonstrates towards the CSR efforts of other firms and industry peers, this time in terms of the reporting and disclosure of non-financial aspects. At the same time, it shows the way in which the company decides to act and to what type of actors it turns to in times of organizational change and insecurity on CSR-related issues, which as a result, represents a clear example on how the organizational field of Inditex is structured (DiMaggio & Powell, 1983).

Other relevant indicator of the structuration of the organizational field and the associated mimetic pressures that brought about is revealed with the participation of Inditex as a member of the GRI Standards Pioneer Programme and the Corporate Action Group for Reporting on the United Nations' Sustainable Development Goals. In said fora they "*participate annually in several working meetings and with important international firms, coming from different economic sectors, but also from the garment sector to exchange opinions and best practices on sustainability reporting (...)*" (Inditex, interview 1). This fact in turn represents the *modus operandi* of the firm under pressing circumstances of industry change, which play a role in the drafting of the current Annual Report (DiMaggio & Powell, 1983).

On the other hand, a CSR Manager at Inditex (Inditex, interview 2) recognizes that the adoption and adherence to international CSR frameworks does have an impact and influence

the shape of the main CSR components of the firm when he explains that: *“Globally speaking we get inspiration to base our CSR agenda and our policies from several frameworks, amongst others I can name you the United Nations Guiding Principles and the ILO Conventions”*. In accordance with this remark, a trade union official at IndustriAll states that *“the International Labour Organization Conventions have a particular expression in the Code of Conduct of the company and are also included in the 2007 Framework Agreement with IndustriAll Global Union”* (IndustriAll, interview 1). These examples demonstrate that internationally-recognized CSR frameworks are a driving force behind the main CSR components of the firm, this time the IGCCMS and the GFA with the international trade union federation IndustriAll. Moreover, Inditex's previously described identity and role as a central actor and CSR frontrunner within the organizational field (DiMaggio & Powell, 1983), explains the firm's sensitivity towards the various international CSR frameworks and standards, not only on the international context, but also more specifically, at the European-level. In this sense the CSR-officer acknowledges that *“we comply with every regulation that exists in the EU and we try to follow every good practice or every good advice that appears at the EU-level”* (ibid.), additionally, they recognize that the unit of the company in charge of its CSR work is aware and works to identify and apply the last EU CSR developments in their CSR components (Inditex, Interview 2).

In essence, the indicators provided shed light on the various mimetic pressures resulting from the interactions carried out – both at the international and European contexts - in the organizational field by a plethora of actors to which Inditex relates and collaborates with in times of uncertainty. The consequence of it being the participation in discussions and adherence of the firm to internationally-renowned CSR frameworks and standards, which ultimately have a mimetic impact on the adoption and foundation of its main CSR components (ibid.) The next fragment continues discussing the impact of one of the shaping factors identified above; the EU CSR policy-making activity.

6.5. EU CSR as a shaping factor of Inditex's CSR Plan.

In the previous piece it was possible to discern amongst the several institutional pressures exercised by international CSR standards and frameworks over the social components of Inditex's CSR plan, the role played by the EU's CSR policy-making activity. In light of this, a CSR-officer at Inditex declares that *"we are aware of the latest policy work that arises from the EU (...), there's an important and interesting tendency coming from European institutions towards the creation of recommendations and institutional frameworks in the CSR field"* (Inditex, interview 1). His remarks link with the views and opinions employed by one of his colleagues at the CSR Department of Inditex (Inditex, interview 2) regarding the Communications and policies of the EU in the CSR field, and, at the same time, the compliance of the firm with those. This fact demonstrates that amongst the several distinct institutional pressures that drive Inditex's CSR plan, the policymaking activity derived from the EU-level plays a shaping role over it.

Nevertheless, from the CSR Department of the firm the same CSR-manager remarks that *"a great deal of the policy work generated by the European Commission, takes different nuances when it gets to the business reality of companies"*. Hence, these comments stress the complexity and difficulties experienced at the CSR Department of the firm in the editing and the operationalization of the ideas and principles included in the CSR Communications and strategies of the EU (ibid.) However, the practice and procedure of Inditex when it comes to the adoption and caught up of EU CSR effectively takes place, and even more importantly, is way ahead of most of its garment sector competitors (IndustriAll, interview 1).

In view of the previous facts, it has been proven that the EU develops a shaping role through a moderate type of coercive institutional pressure, this pressure is not based on potential direct sanctions or penalties of any kind, but on the potential perils that not following the rules would have on the firm before society and its industry peers. This institutional pressure is related with the concepts of fashion and travel of ideas (DiMaggio & Powell, 1983;

Czarniawska & Joerges, 1996). Thus, ideas and values contained in CSR policy-making materials travel from the supranational level of the EU and are adopted at the organizational level of the company, and, at a later stage caught up and translated into Inditex's CSR components which structure its overall CSR plan. For this process to take place, two actors must be involved; fashion-setters and fashion-followers. The first participant is embodied in the EU which acts as an actor that contributes to the promotion of CSR frameworks, tools and principles through its CSR policymaking activity and its related discourses, with the ultimate purpose of making an specific fashion – in this case EU CSR – more socially appealing and followed up within the European corporate environments (Abrahamson, 1996). In second place, Inditex acts in the role of fashion-follower, and thus, as an actor in charge of adopting and translating at the organizational level the fashionable CSR policies promoted and previously legitimized at the EU-level (ibid.).

Having verified that the EU's CSR policy activity contributes as a shaping factor of Inditex's CSR plan, the following section will be focused on identifying how the EU CSR policy-making work has been translated at the operational level of the firm.

7. Inditex's Translation of EU CSR

This chapter seeks to give an answer to the second sub-question of the research; it seeks to identify Inditex's translation mechanisms of the European Commission CSR policymaking activity at the organizational level of the firm; that is, it pursues to give the study a more thorough view of the operational level of the firm, capturing the micro-level processes of the company. The analytical lenses inspired in neo-institutional theory are also employed to examine the social components of Inditex's CSR and identify how those policies are translated within the firm.

7.1. The Annual Report 2016

Various of the ideas that have inspired the principal reporting tool of financial and non-financial aspects of the firm stem from the non-binding body of CSR policy work issued by the

European Commission. As we have seen earlier, the travel of ideas-metaphor (Czarniawska & Joerges, 1996) alongside the theoretical construct of fashion serve to explain how ideas related with the principles incorporated within EU CSR move from one place to another and how are translated by Inditex.

In light of this, Inditex's Annual Report is drafted following the principles set up by the Global Reporting Initiative (GRI), its structure and thematic areas reflect the latest trends of the leading organization in corporate reporting standards (Inditex, Interview 1). Concretely, the GRI reporting framework is referred to in the EU Green Paper on CSR and the EU CSR 2011-14 Strategy as one of the recommended non-financial reporting tools for European companies (EC, 2001; EC, 2011). Hence, ideas resulting from the aforementioned policies and the linked CSR-related discourses promoted at the EU-level – in its role of fashion-setter (Abrahamson, 1996) – were caught up by the firm, which, at a later stage selected specific ideas and norms, and ultimately, translated then into an objectified form and organizational reporting tool represented by the Annual Report 2016 (Czarniawska & Joerges, 1996).

Likewise, other fragments of the Report illustrate how ideas and values from EC CSR policies are also traced in the content of this CSR component. This is particularly visible on page 28 of the Report in which there is an explanatory table and graph titled *“Main tools for dialogue with Stakeholders”*, in which the company lays out the types of stakeholder dialogues, the tools employed and its frequency and concrete goals (Inditex, 2018c; 28). Thus, principles contained in the EC 2006 Communication on CSR and in the 2011-14 Strategy which are related with the promotion of more intensive and frequent interactions with the firm's stakeholders (EC, 2006; EC, 2011) can also be found in this section of the Report. Moreover, Inditex outlines in its reporting material the career progression schemes and learning opportunities at the workplace that they offer to their employees which match the principles and ideas derived from the EU Green Paper on CSR, particularly, in relation to life-long learning and the design of training programmes for businesses (EC, 2001; p. 10). The firm currently develops employee training programmes in a wide range of areas, some of the most relevant being the Talent Development Plan or the Mentorship Programme, specifically oriented to sales staff the latter and to managerial staff the former (Inditex, 2018e; p. 48).

In sum, the mentioned specific sections of the Annual Report follow similar translation mechanisms of EU CSR principles and ideas into organizational-level objects. Hence, general and broad ideas deriving from EU CSR policies and its related promoted discourses at the supranational level, are selected, translated, and therefore operationalized, into frequently used tools, labels, schemes and programmes at Inditex's operational level. That is, ideas turn into objects (Czarniawska & Joerges, 1996).

7.2.The IGCCMS, the HR Policy and the GFA.

Amongst the many ideas and principles that inspired the drafting and implementation of the Code of Conduct for Manufacturers and Suppliers (IGCCMS) at Inditex, traces of the EC's CSR policies have been identified on it. More specifically, at the operational level the firm uses the ISO Guidelines as their CSR management system of reference – as it was examined in chapter 6, fundamentally due to the impact of mimetic institutional pressures (DiMaggio and Powell, 1983) – and supports the creation and operationalization of the said standard amongst its suppliers (Inditex, interview 1). The ISO Guidelines and standards figure in the EC's Green Paper on CSR (EC, 2001), as well as in the EC's 2011-14 Strategy as internationally recognised principles and CSR standards, which “*represents an evolving and recently strengthened global framework for CSR*” (EC, 2011; p.6). The fact that Inditex decided to include ISO standards as part of the content of their IGCCMS is a consequence of various normative and societal pressures, and most importantly, mimetic pressures amongst garment industry peers (DiMaggio & Powell, 1983).

Generally speaking, the translation process of the IGCCMS as a whole, connects with the construction of a fashion-setting community, in which the EC in its role of promoter of EU CSR policies and strategies sends away ideas and discourses and EU-based multinational companies follow the EU CSR fashion, and ultimately translate it at the operational level (Czarniawska & Joerges, 1996). In other words, ideas were selected from the garment multinational companies' and various stakeholders' debates, subsequently picked by Inditex, and finally were given an objectified form at the organizational level (Sahlin-Andersson, 1996) in the shape of standards and CSR management systems which are utilized by employees and specific groups of suppliers (Inditex, Interview 1).

The firm's implementation of the GFA with the international trade union federation IndustriAll, also derives from the sensitivity of the firm towards normative and cognitive pressures generated from industry peers and various stakeholders, as a result of the discourses promoted and generated by the EC in the realm of EU CSR (Inditex, interview 2). Specifically, the GFA is one of the first of its kind in the garment sector and it seeks to ensure the implementation of internationally-recognised labour standards within Inditex's vast supply chain (IndustriAll, interview 1; Inditex, 2018c). Once again, Inditex's role as central organization and frontrunner in the CSR arena within the organizational field is revealed, this time in the adoption of an innovative monitoring agreement for the protection of labour rights throughout the supply chain.

In light of this, the EC's Green Paper stresses the importance of the development of social dialogue platforms between workers and the trade union movement, and at the same time, the very document highlights that firms' CSR policies should be based and supported according to existing international labour standards and agreements, citing the ILO Conventions and the OECD Guidelines for Multinational Enterprises, amongst other frameworks (EC, 2001; p. 17). Thus, notions of this principles can be found in the IGCCMS and the GFA, for it has been made explicit in their content that both CSR components stem from said International Labour Standards (Inditex, 2018g; IndustriAll, 2018; p. 3).

On the other hand, the newest CSR component at Inditex , the HR Policy, represents an up-to-date version of relevant values and principles included in the IGCCRP and the IGCCMS (Inditex, 2018h). The adoption and approval of this policy by Inditex originated from societal and stakeholder-related debates linked with the EC 2011-14 CSR Strategy, and in particular, the ideas about the responsibility of European companies to respect and protect Human Rights as it is stated in the UN Guiding Principles (IndustriAll, interview 1; EC, 2011). Consequently, Inditex picked those ideas and translated them into a fundamental CSR component - and thus, into an objectified form - as the HR Policy, and subsequently, de-packaged them at the operational level of the firm in pillars and processes which assist in developing the Policy in practice (Czarniawska & Joerges, 1996) such as a Whistle Blowing Channel and the Committee Ethics (Inditex, 2018h).

To summarize, the translation processes of EU CSR into the three CSR components involved the travel of ideas and norms from the EU-setting to the organizational-level of

Inditex (ibid.). Furthermore, the three CSR components mentioned earlier stand out for their transversal nature and are consequently transmitted and translated to other CSR components, company departments, and in specific cases – such as the IGCCMS and the GFA – to Inditex's various suppliers. Since those components contain standardized and objectified EU CSR ideas, they can be spread to other firm departments, and therefore, to other contexts, stimulating in this way a process in which ideas continue to travel at the intra-firm level once they have been translated from the EU-level (Sahlin-Anderson, 1996).

7.3. The IGCCRP and the CSR Policy

As was examined in chapter 6 of this study, the several mimetic and normative institutional pressures exerted by international CSR frameworks and sector standards over Inditex's CSR plan were behind the adoption and shaping of various of its CSR components. Amongst them, the EC's policy documents played a role in the micro-level of the firm, and thus, in the translation and content of key CSR materials such as the Code of Conduct and Responsible Practices (IGCCRP).

According to the EC's 2002 Communication on CSR; *“Codes of Conduct should include appropriate mechanisms for the evaluation and verification of their implementation as well as a system of compliance”* (EC, 2002; p. 14). Inditex has laid out in its IGCCRP the set-up of a Committee of Ethics that acts as an internal organizational body that ensures the effective implementation and compliance of this CSR component (Inditex, 2018f; p.17). These facts illustrate once again the translation process of EC's CSR ideas and principles, which involved the travel of ideas and the objectification of those ideas into intra-firm level mechanisms and tools, in this case with the introduction of a Committee of Ethics (Czarniawska & Joerges, 1996). Moreover, a similar translation process occurs, when fragments and ideas related with the EC's Green Paper on CSR can be identified in the IGCCRP. In particular, with the principle that sets the recommendation for providing training about codes of conduct to management, workers and employees (EC, 2001: p.17); in turn, in Inditex's CSR component it is stated that the Code *“shall be subject to the appropriate disclosure, training and awareness-raising actions to be properly understood and implemented within the whole organization”* (Inditex, 2018f; p.18). Hence, the company develops training sessions and awareness-raising workshops in the factories which form part of its vast supply chain in countries such as Portugal, India,

China or Germany, those sessions are conducted by specialized personnel of its CSR Department, more specifically, by the Compliance Team (Inditex, 2018c; p. 48).

Lastly, this project has not identified significant traces of the translation of EC's CSR principles and ideas within the company's CSR Policy. However, it is important to emphasize the correspondence between some of the ideas contained in the IGCCMS and the CSR Policy, specifically, in relation with the principles that govern the firm's relations with its manufacturers and suppliers (Inditex, 2018g; Inditex, 2018e; p.4). This fact may support the previously highlighted process of how ideas contained in EU's CSR policies can also continue to travel at the intra-firm level, and thus, be incorporated in different corporate components and policies (Sahlin-Andersson, 1996).

8. Discussion of results and Conclusions

In order to bring back to mind the research questions of this study posed in the introduction, they are put forth again:

- The main research question: How has the European Union CSR policy-making activity impacted on the CSR policies and components of an EU-based multinational company?
- The first research sub-question: What institutional pressures and mechanisms - including pressures and mechanisms of the EU - have shaped CSR policies and strategies?
- The second research sub-question: How has the EC CSR policy-making activity been translated at the operational level?

This study has sought to explore the impact and influence that the policies and strategies of the European Union – and, more precisely, the European Commission – have had on the CSR plan and components of a leading multinational garment firm. In practice, this was carried out through an analysis of the Spanish garment multinational company Inditex's present CSR plan, examining its current social components, the institutional pressures and

forces that have driven them, and ultimately, how EC's CSR have been translated – if so – at the operational level of the firm. Through the examination of chosen relevant CSR company documents and EC's CSR policies, empirical information was gathered to develop the research process. Furthermore, with the purpose of contrasting the empirical materials contained in the documents, three interviews were conducted to provide deeper insights and material, from a firm perspective as well as from a stakeholder's point of view. In synthesis, the responses of the two sub-questions are presented:

Sub-question 1: Normative Institutional pressures from the social environment of Inditex and intra-organizational regulative forces have had an impact on the firm's CSR plan. The former pressures are fundamentally exerted through the Group's main stakeholders and the function of the Social Advisory Board, the latter, through the regulative role carried out by the Board of Directors of the firm. In addition, cultural-cognitive elements related with the firm's identity as CSR pioneer and its corporate culture drove the adoption of CSR policies and components. Consequently, this prompted Inditex to act as an institutional entrepreneur within the scope of its organizational field.

On the other hand, the organizational field exerts normative and mimetic pressures over the company, this in turn, drive the focus of Inditex's overall CSR plan. More specifically, Inditex's participation in international CSR platforms and initiatives with industry competitors and stakeholders in times of organizational uncertainty and CSR-related change influenced the focus of the firm's CSR plan. As a consequence, the process of adoption of International CSR frameworks and sector standards has also acted as a driving force behind Inditex's CSR components. Amongst them it is possible to identify the EC's CSR policies, which have had a shaping role through a moderate type of coercive institutional pressure, but mainly through its function of fashion-setter.

Sub-question 2: The EC is perceived by the CSR personnel of the firm as a fashion-setter and promoter of CSR-related discourses. As a result of normative, mimetic and coercive pressures, ideas related with the EC's principles and policies travel from the supranational level of the EU

to the organizational level of Inditex. The content of key CSR components, in particular, the Annual CSR Report 2016, the Code of Conduct for Manufacturers and Suppliers (IGCCMS), the HR Policy and the GFA reflect ideas and principles proceeding from EC CSR policies. The most frequent translation process of those involves the travel of ideas, the firm's picking of certain ideas and the objectification of those ideas into firm-level CSR policies, mechanisms, programmes or tools. In specific cases, such in the case of the GFA and the Code for Manufacturers standardized and objectified EU CSR ideas are broadcasted and spread to other firm documents and departments at the intra-firm level.

General research question: Amongst the plethora of institutional impacts and forces that drive the CSR plan of a leading fashion and garment multinational team like the Inditex Group, the CSR public policy activity developed by the EU – and fostered by the European Commission – has been demonstrated to play a shaping role in two ways; firstly, through a soft type of coercive pressure which is not carried out through economic sanctions or penalties, but through documents of an awareness-raising and informative nature that help to spread the discussion of CSR frameworks, management systems and standards, and therefore, contribute to the furtherance of CSR in the EU by making its adoption at the firm-level more socially-appealing and legitimate. Secondly, because of its position within the fashion-setting community, the European Commission is perceived to be as the institution that promotes CSR discourses, and then, as a consequence of the travel of ideas metaphor, Inditex catches up ideas which are ultimately, translated and operationalized at the operational level of the company.

Although the operationalization of EU CSR takes very different shapes and forms when it is translated at business-level - and thus, it brings about a complex process - Inditex's case shows that the firm is ahead most of its competitors when it comes to the adoption of EU CSR. In particular, the impact of the EC's CSR policies on Inditex CSR plan, does not affect all components equally but it has been demonstrated to be higher in documents of a transversal

and global reach. In those components translation and materialization of EU CSR principles and ideas is more observable.

Various theoretical implications can be set out regarding this study on the impact of the EU's CSR policy making activity. This research has confirmed the perspectives of previous studies in the CSR field, regarding that EU CSR strategies and policies continue to be regulations of a legally-binding and voluntary nature for private companies (Gildiz & Ozerim, 2014; De la Cuesta & Valor, 2004). At the same time, Inditex's case has shown the ongoing gaps and grievances between the EU's public policy activity in the field and the business and social realities, that is, the so-called "social case" and "business case" for CSR (Marks and Steenbergen, 2002). Moreover, the importance of the EC in its role of fashion-setter, shaping Inditex's social CSR plan through coercive pressure, alongside the travel of ideas from the EU-setting to the firm's setting account for the prevailing theoretical importance of neo-institutional theories of organizational change in the study of CSR-related processes of change in multinational companies. Specifically, the theoretical lenses used have shed light on the materialization of EU CSR at the firm-level as well as the different nuances it takes. In sum, the study provides relevant empirical insights in the fields of EU CSR and organizational management, especially with regards to the degree of CSR impact over an EU-based multinational company belonging to the fashion and garment sector, which is practically non-existent at present.

Future studies in this field could be more extensive in length, with a focus on multiple cases from the same sector or even from distinct sectors, which could result in more generalizable findings and results. Likewise, they could concentrate on the examination of CSR policies and legislation including normative or legally-binding elements. Also, future research could tackle and empirically test clearer academic distinctions between normative pressures and mimetic institutional pressures. In particular, this study has identified the role played by the process of adoption and adherence to international CSR frameworks and standards as a result of mimetic pressures, but it could also be a question of initial normative pressures

prompted by the demands of change carried out by various stakeholders and societal actors which actually were behind the process of adoption of those standards.

Moreover, since the qualitative nature of this study, places its focus on the opinions and perspectives offered by actors involved in the CSR Department of the company, one of this findings has been the CSR personnel's perception of the EU as a fashion-setter. Future research could deal with the possibility of the EU being a fashion-follower that grasps CSR-related ideas present in the social and business environments – same as the Inditex Group - with a considerable degree of institutional power to set standards and which multinational companies adapt to. For that purpose, a lengthier, more empirically-comprehensive study (perhaps with interviewees with links to the CSR public policy issued at the EU-level) could be required to be conducted in the future.

Finally, the findings of this study can provide EU decision-makers, top-level EC civil servants, business organizations, social NGO's – and generally speaking, international CSR-related actors - with valuable empirical knowledge on the follow-up and operationalization of the EU's current public policy approach on CSR, and thus, on the shortcomings that the present Communications on CSR and strategies have when applied to the business reality of an European multinational firm. In this sense, the remarks and observations made in this research by business-level CSR managers and officials, can foster future collaborations and renewed multi-stakeholder forums on CSR, not only sector-specific but also in the European and international contexts, with the prospect of designing updated and enhanced frameworks and policies in the field with a clearer connection with the business and social realities.

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Interviews

Interview 1: CSR Social Sustainability Middle Manager. 15-05-2018.

Interview 2: CSR Social Sustainability Official at Inditex. 22-08-2015.

Interview 3: Isidor Boix Lluch, union leader at IndustriAll Global Union. 12-07-2015.

Appendix I

Interview Guide 1 - Inditex CSR Department Middle Manager.

Introductory questions/Ethical considerations

Information about the thesis

Is it ok if I record the interview?

If I quote you, is it ok to use your name, position and organization?

Do you have any questions before we start?

For how long have you been working at the Inditex Group?

Structure of the Inditex Sustainability Strategy

Why did you call your current CSR strategy “A Sustainable strategy” ? What drove you to do that?

Can you confirm that the social dimension aspect of your Sustainable Strategy is integrated by the following components?

The Inditex Group Annual Report (2016)

The Inditex Group Corporate Social Responsibility Policy (2015)

Inditex Group Code of Conduct and Responsible Practices (2012)

Code of Conduct for Manufacturers and Suppliers (2012)

Policy on Human Rights (2012)

The Global Framework Agreement with IndustriAll Global Union (2014)

- Why have they been identified? And what do they seek to address?

General questions on CSR Strategy and its components

Can you describe the process of designing and drafting your Sustainable Strategy?

In general terms, how would you describe the way in which the Inditex Group integrates CSR within the whole firm? How do you give weight to the 7 key priorities present in your “Sustainable Strategy”? Which factors do you take into account for that matter?

Could you tell me more about your Annual Report 2016?

- How was its process of drafting and implementation? What drive you to structure it like that?
- What were you influenced by? Other garment firms? Sector-wide organizations? Your main stakeholders? Other actors?

In your website and in your Annual Report 2016 there is a section named “Sustainable Strategy”, could you explain why is it divided in 7 key priorities?

- Which are the reasons for having included in it 5 CSR-related core lines of action in that section?

Does Inditex decide individually (after the Materiality Analysis is conducted) which CSR lines of action to take or does this process involve the consultation with other external actors?

- And if so, what where you influenced by?
- Other companies, stakeholders, the EU?

In the page 28 of your Annual Report, there is a section with a table called “Main tools for dialogue with Stakeholders”, why is it structured like that (6 different stakeholder categories, tools used and its frequency and specific goals)? What were you influenced by in its elaboration?

Why do you have stakeholder dialogue tools and agreements? How do you carry them out in practice?

- How do you identify your key stakeholders?
- How do you give them a key influential role?
- Where do they come from?

Do you normally have dialogue processes with other firms from the garment sector in CSR-related issues?

- If so, in what ways?
- How important are these for the company?

The section of your 2016 Annual Report titled “Our People” is divided into various sub-headings, such as “Diversity”, “Inclusion” or “attracting, promoting and developing talent”. What influenced you to structure that section in that way?

International CSR Frameworks and EU CSR

Which are the international CSR frameworks that have an impact on Inditex's behaviour in the CSR domain?

- International frameworks (such as UN, Global Compact, GRI, ILO) /the European Commission/fashion or garment sector-specific frameworks, national frameworks?

How is the mindset of the firm regarding the policy activity coming from the EU-level in the field of CSR?

- Are there any issues in its implementation?
- Do you think that the EU policy-making activity has changed over the years? And if so, how has it evolved since then in your view?
- How is the mentality of the CSR Department Manager regarding EU and EC CSR policies?

Could you tell me more about your Code of Conduct for Manufacturers and Suppliers?

- How was its process of elaboration and implementation?
- What were you influenced by? Other European firms? Sector-specific organizations? The European Commission legislative initiative?

Why was the Inditex Human Rights Policy adopted as a new CSR Component? What changes has it brought about in your Sustainable Strategy so far?

When did you decide that the Global Framework Agreement with IndustriAll Global Union should be part of your sustainable management of the supply chain policy?

- Which CSR issues it is designed to address? For which purposes was it agreed and signed?

Translation questions

How is each of those elements which is a Reporting tool materialized at the operational level? Could you describe how was their process of operationalization since the decision-making is finished?

- How are they conveyed to your employees, suppliers and customers? In which specific processes standards, tools, or labels are they translated?
- From which sources did you get inspiration and ideas to operationalize them in that way? Were they business sources, institutional sources, academic sources? Did you use some previous graphs or some types of visual materials to translate them?
- How are they enforced? Are those standards, tools, labels modified? And if so, with which frequency? Which criteria do you take into account to modify them?
- Have they brought about important structural changes on the Inditex's Group CSR work included in its “Sustainable Strategy”? And if so, in which ways? What type of changes?

Appendix II

Interview Guide 2 - Inditex CSR Department Officer:

Introductory questions/Ethical considerations

Information about the thesis

Is it ok if I record the interview?

If I quote you, is it ok to use your name, position and organization?

Do you have any questions before we start?

For how long have you been working at the Inditex Group?

Closed questions:

-Does the Inditex Group apply in their daily business operations and procedures some type of management standard systems and/or instruments promoted from the EU (such as Total Quality Management or the Eco-Management and Audit Scheme) in order to improve their CSR performance?

-Are all the commercial activities and transactions of your company, which may have an economic impact, made available to the internal and external auditors? And if yes, please elaborate on in what ways.

-Are all of your current suppliers and subcontractors selected based on core labour rights principles and standards of health and security in the workplace? Are all the subcontractors' employees aware and informed about the content of The Inditex's Group Code of Conduct for Responsible Practices? Do they receive training related with Inditex's CSR policies and procedures?

-Are subcontractors' employees educated about the CSR policies and their fundamental rights according to Inditex's Code of Conduct for Manufacturers and Suppliers?

-Does Inditex provide lifelong learning to its employees in order to guarantee possible circumstances of adaptation change of its workforce? And if so, what kind of ways and programmes does Inditex develop in this area?

-How is the procedure to evaluate and solve possible grievances that may arise from the implementation and enforcement of the code (work of the Committee of Ethics and its functions)?

-Does the Inditex Group have a coordinated and systematic process to interact and to meet regularly with its main stakeholders? And if so, what kind of stakeholder dialogue approaches has your company adopted?

Open-ended questions:

-The distinct EC communications on CSR stress the importance that multinational companies' codes of conduct should involve social partners, suppliers and generally companies' relevant stakeholders which are affected by them in the elaboration, implementation and monitoring of the code. After reviewing Inditex's Group Codes of Conduct I could not see any reference to

the involvement of your employees in the already mentioned matter, what is your opinion on that?

- Are your non-financial reports drawn up in consultation and collaboration with trade unions and employee's representatives and contain information about practices and policies related to employment and working conditions?

- Is Inditex currently applying a diversity policy throughout all the levels of its organizational structure? And if so, what type of diversity criteria is following?

- Do you consider that the EU's CSR strategy for the period 2011-2014, is having an impact on Inditex's current CSR strategies and policies? Overall since 2001 the EU has been trying to promote CSR and to create a EU-wide CSR framework, have you perceived that this policymaking activity has had any impact in your department?

Concluding questions/remarks:

Is there anything you like to add or elaborate on?

Is it ok to contact you if I have any follow-up questions?

Do you want me to send quotes for approval before using them?

Appendix III

Interview Guide 3 – Isidor Boix Lluch, Union Leader at IndustriAll Global Union

- Information/Ethical considerations

Information about the thesis

Is it ok if I record the interview?

If I quote you, is it ok to use your name, position and organization?

Do you have any questions before we start?

-Do you consider that The Inditex Group really employs any kind of management standard measures in its production chain in order to improve its CSR performance, such as Total Quality Management or the Eco-Management and Audit Scheme?

-Do you think that Inditex actively protects and defends the Human Rights in developing countries where the company has its factories and workshops based? If so, are these Human Rights strategies and commitments defined in line with internationally-recognized CSR frameworks such as *the United Nations Guiding Principles on Business and Human Rights*?

-Do you think that Inditex's CSR activities are sufficiently made available on a regular basis to be reviewed by its internal and external auditors? And what about with regards to its main stakeholders and the public?

-Do you think that the procedures that Inditex uses to scrutinize if its suppliers and subcontractors live up to CSR standards for core labour rights and for health and security in the workplace are being effective? Do you think that subcontractor's employees are normally made aware and properly informed by Inditex CSR teams about the content of its codes of conduct? According to your opinion, do they receive suitable and sufficient training related with Inditex CSR policies and procedures?

-How would you evaluate Inditex's lifelong learning programmes?

-How would you consider the work of Inditex's Committee of Ethics in the verification and enforcement of its codes of conduct? Do you think it works as an effective mechanism for the evaluation and verification of Inditex's codes of conduct?

-Do you consider that Inditex has built reliable and systematic platforms for dialogue with its social stakeholders and pursues frequent interactions with them?

- What do you consider is the real degree of involvement from Inditex's social partners, suppliers, - and generally the company's relevant stakeholders - in the elaboration, implementation and monitoring of its codes of Conduct? What is your opinion on Inditex's procedures for information and consultation with trade unions?

-In what degree do you consider that Inditex drafts its current CSR strategies and policies in relation with the EU's CSR strategy for 2011-2014? Ever since 2001, the EU has tried to promote CSR and to create a union-wide CSR framework. To what extent do you think has Inditex followed in its CSR policies and procedures the EU's policymaking activity in this field?

-Do you think that Inditex makes its non-financial performance understandable for its main stakeholders?

-Do you think that Inditex's CSR policies effectively bring gender equality effectively spread throughout the distinct organizational levels of the company?

Concluding questions/remarks:

Is there anything you would like to add or elaborate on?

Is it ok to contact you if I have any follow-up questions?

Do you want me to send quotes for approval before using them?

Appendix IV

Interview Request Letter (English version)

2018-04-27 Dnr



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

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Grupo Inditex
 Department of Corporate Social
 Responsibility
 Edificio Inditex
 Av. Diputación s/n
 15143 - Arteixo, A Coruña (Spain)

Gothenburg, 27 April, 2018

Dear Mr. Antonio Álvarez, Director of the Corporate Social Responsibility Department at Grupo Inditex;

I am writing to you on behalf of Mr. Jon Fernández de la Iglesia, born 01/06/1987, who is currently taking part in the Masters Programme in European Studies at the University of Gothenburg, a leading university in the area of Social Sciences in Sweden. I am his supervisor for the MA thesis, a thesis that may benefit immensely from some contact with your company.

This Masters programme deals with key European challenges and dilemmas, such as economic and political integration, environmental management and conflicts, the rights, obligations and access to a European citizenship, and so on. The programme is hosted by the Centre for European Studies (CES) at the University of Gothenburg, which has a unique and long held competence in interdisciplinary European Studies. CES is cooperating closely with the Centre for European Research at Gothenburg University, CERGU, which is an awarded Centre of Excellence for European research. This connection ensures that the content of the Masters programme connects with the latest research developments in the field of European Studies.

The working title of Jon Fernández's MA thesis is "*EU CSR: talk the talk or walk the walk? A case study of the Inditex Group*". Since the passing of the policy principles and guidelines in the Lisbon Summit in 2000, the European Union has, through the European Commission and the European Council, stressed the implementation of Corporate Social Responsibility (CSR) strategies and practices in EU-based private companies. Documents such as the *Green Paper* or the different CSR strategies launched by the European Commission have been used as basic tools for its promotion at the European level. Analyzing the real impact and importance that those policies really have in the companies' everyday business operations, and at the same time, how institutional pressures from the supranational level of the EU affect and shape the development of CSR policies and agendas in the MNCs of the garment sector, is the object of study of this thesis.

I would very much appreciate the collaboration of your company as unit of analysis in Jon's project. Hence, if Jon might be allowed to conduct an interview with a Social Sustainability Manager of your CSR Department. He is currently based in Galicia, and willing to travel to your offices in Arteixo to conduct the interview, but if you find it more convenient, an Skype or phone

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interview is also an option. The interview and its results will be treated according to standards of confidentiality, norms and policies, and the interviewee will get the opportunity to read a draft of the interview before it is published.

If you have any further queries, please do not hesitate to contact me or Jon Fernández.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Erik L', followed by a long horizontal flourish.

Erik Lundberg, PhD.