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Recent decades of the deindustrialization of the north have resulted in the offshoring of production to developing countries, with companies in, for example, the textile and clothing industry not always disclosing where their products are made. There is extensive news coverage and a considerable body of scholarly literature pointing to the risk of neglecting the social and environmental aspects of production and the risk of losing legitimacy. Such concerns prompt responses and strategies from companies offshoring their production.

Reporting on a study of Swedish-based denim company Nudie Jeans Co., *Behind the scenes of transparency* demonstrates how management enacted the transparency of products and production, in order to better inform customers and the wider public about the conditions under which clothes are produced. To explain the outcome, the term balanced transparency is introduced, whereby the work of introducing transparency was both influenced by and has challenged the current norms of the industry. More widely, the thesis contributes to the scholarly research literature examining how production can generate economic returns while still honoring industries' social and ethical responsibilities.

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Behind the Scenes of Transparency | Gabriella Wulff



Behind the Scenes of Transparency

A Study of a Swedish Denim Company

Gabriella Wulff



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

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To Nuno, Joanna and Vincent

ABSTRACT

During recent decades, a call for increased transparency has been a reaction to the increasing complexity and opaqueness of contemporary society, where information about simple items, e.g. the origin of our everyday products, is difficult to obtain. One of the industries struggling with the complexities of long supply chains is textile and clothing. To explain organisational transparency, previous research has mainly emphasised the outcomes of the organisation's transparency attempt, in terms of degrees, with the underlying assumption that transparency can be measured and verified. Recent streams of research have problematized this understanding of transparency, by focusing on the dynamic aspects of transparency.

This study explores the phenomenon of organisational transparency by examining how it can be understood from an institutional perspective, with the aim of providing insights into the making of transparency in practice. Nudie Jeans Co, serves as an example illustrating how transparency work is carried out within an organisation. By combining an institutional perspective with a longitudinal study, this study examines how transparency work is the result of a translation process within the organization; how, by combining different rationales, it serves to address legitimacy, as well as the different intended and unintended consequences of transparency work.

The findings show how the organisation embraces transparency, entailing that the company has engaged whole-heartedly in actively translating and transforming transparency. Three rationales underlying transparency are outlined: i.e. *to conform*, *to differentiate* and *to influence*. These rationales reflect different strategic responses to institutional pressure, ranging between complying with and challenging existing norms. Based on the study's findings as regards the consequences of transparency for the organisation and the organisational field, it is argued that transparency comes with a potential for change. The study concludes with the concept of *balanced transparency*, in order to explain how transparency work is a balancing act between translations, rationales and consequences. Balanced transparency thus assists in explaining what happens behind the scenes of organisational transparency.

Keywords: organisational transparency, translation, legitimacy, textile and clothing industry, sustainability, balanced transparency

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CHAPTER 1

THE AGE OF TRANSPARENCY

Transparency is an increasingly popular ideal for organisations to aspire for. The word nowadays forms part of everyday communications in the mass media, for both public and private organisations. For example, the CEO of a Swedish bank has stated that there is a need for increased transparency, after recently being accused of money laundering (Asplid, 2019); during a recent political summit, 33 countries signed an agreement regarding increased transparency in order to fight widespread corruption in these countries (Collin, 2018). Similarly, in 2013, when fraud regarding the labelling of meat was discovered in the food industry, the response of one of the companies involved was to say that it now needed to “show that we’re honest and transparent” (Olofsson, Boo, & Ciorniciuc, 2013). Organisational transparency has thus been presented as a solution to issues of trust in the aftermath of scandals, where it has been shown that things have been covered up. Besides, transparency is also promoted as a way for companies to work day-to-day, e.g. “10 Things Transparency Can Do For Your Company” (Craig, 2018), “Why these CEOs think transparency is crucial for workplace success” (Purbasari Horton, 2018), “5 Examples of Companies Succeeding Through Transparency” (Richman, 2016). The call for more transparency is thus widespread, and the concept has become part of the vocabulary of many organisations in today’s society.

Nevertheless, there is still no unified explanation as to what transparency actually means, or how customers and the public can make sense of it. Dictionaries give us some clues, when explaining the word in relation to business: “(of an organization or its activities) open to public scrutiny” (“Transparent,” 2019). Transparency is also said to relate to business being done in “an open way without secrets, so that people can trust that they are fair and honest” (“Transparency,” 2019a). The underlying assumption is that transparency should be “characterized by visibility or accessibility of information especially concerning business practices” (“Transparency,” 2019c). A more elaborate explanation of “transparency” is offered in a business-oriented dictionary: “[the] lack of hidden agendas and conditions, accompanied by the availability of full information required for collaboration, cooperation, and collective decision making” and “[the] minimum degree of disclosure to which agreements, dealings, practices, and

transactions are open to all for verification” (“Transparency,” 2019b). Hence, in organisational transparency, “public scrutiny”, “fair and honest” and “visibility and accessibility” are all said to be key. Furthermore, transparency is also expected to come without any hidden agendas, to provide full information, and to be open to verification. An organisation stating that it is “transparent”, or aspiring to “transparency”, is thus accompanied by several expectations, when transparency is understood in its dictionary definition.

Previous research on organizational transparency also reflects the multiple dimensions of the concept, and thus also a lack of a unified definition. Two approaches to transparency have been outlined — a verifiability approach and a performativity approach (Albu & Flyverbom, 2016). The verifiability approaches “focuses on how information is disclosed to verify a particular state of affairs” (Albu & Flyverbom, 2016, p. 14). This is the most common approach, whereby organisational transparency has been discussed in terms of information disclosure, and defined in terms of publishing “firm-specific information to those outside publicly traded firms” (Bushman, Piotroski, & Smith, 2004, p. 207). Others expand the concept beyond information disclosure, including “clarity, and accuracy” (Schnackenberg & Tomlinson, 2016, p. 1802). The verifiability approach to the study of organizational transparency has, however, been questioned. For example, Garsten and Lindh de Montoya (2008) argue that “transparency is not only to make visible, but also to determine what we desire to be made visible, when and to whom” (p. 91). Similarly, other studies have argued for a more dynamic view of transparency (Christensen & Cheney, 2015; Vaccaro & Madsen, 2009a), where, for example, Albu and Flyverbom (2016) argue that the performativity approaches “emphasize the complexity of communication and interpretation processes and focus on the complications and paradoxes generated by transparency projects” (p. 14). In conclusion, transparency has been understood in terms of sharing information, deciding on what, when, and to whom it is made visible, and in terms of communication and interpretation processes.

This study takes its starting point in the latter approaches to transparency, whereby the focus is on understanding the work underpinning transparency in practice. Transparency will, in this case, be discussed in terms of translation (Czarniawska & Sevón, 1996; Røvik, 2008; Sahlin & Wedlin, 2008), rationales in relation to legitimization (Meyer & Rowan, 1977; Suchman, 1995; Suddaby, Bitektine, & Haack, 2017), and consequences (Albu & Flyverbom, 2016; Czarniawska-Joerges & Sevón, 2005; Garsten & De Montoya, 2008). Hence, this study explores the work of transparency in practice, where the setting is the textile and clothing industry.

1.1 Complexities of the textile and clothing industry

The trend towards increasing transparency is becoming a norm that organisations need to relate to for legitimacy reasons (see, for example, Florini, 2007; Garsten & De Montoya, 2008), whereby transparency has been closely connected to other norms, e.g. sustainability (Philippe & Durand, 2011), democracy (Florini, 2007), and accountability (Garsten & De Montoya, 2008; Gunningham & Rees, 1997). The call for increased transparency can be seen as a reaction to the way modern, industrial society has been characterised in terms of complexity and the lack of oversight, and thus opaqueness (Polanyi, 1957/2001). As the deindustrialisation of the North took place in the 1980s, the amount of subcontracted production in many industrial sectors increased, e.g. electronics, toys, textiles and clothing. As a consequence, most textile and clothing production is done today either in developing or in the least-developed countries, where low wages are combined “with high-quality textile equipment and know-how imported from more industrialised countries.” (Stengg, 2001, p. 1). The textile and clothing industry (henceforth referred to as the T&C industry) encompasses the processing of raw materials, the production of fabrics, the finishing of fabrics, e.g. bleaching, dyeing and coating, and the transformation of these fabrics into products such as garments, carpets, and home textiles (Stengg, 2001).

As the entry barriers for textile factories are relatively low, the industry has become a common first step in the industrialisation of countries wanting to engage in export-oriented trade. For example, the industry has played an important role in East Asia’s early export growth (Gereffi, 1999). In figures, approximately 45 % of clothing production takes place in Asia (Stengg, 2001). Furthermore, the industry has changed the employment landscape in countries such as Bangladesh, with its enormous growth since the 1980s, where nearly 2 million workers are now employed (Wills & Hale, 2005). In addition, the industry continues to be an important part of European manufacturing, employing around 2 million workers (Stengg, 2001). Worldwide, the clothing industry employs around 40 million workers, most of whom are women (Wills & Hale, 2005). Along with the outsourcing strategies, intermediates such as sourcing agents and trading houses became increasingly common (Vedel & Ellegaard, 2013). Hence, outsourcing strategies have made the T&C industry one of the largest export industries in the world, where most products are made for the international market (Gereffi, 1999; Stengg, 2001).

However, as a consequence of complex production patterns, modern industries such as the T&C industry, are being challenged by issues of opaqueness and secrecy (Gereffi, 1999; Levy, 2008). Furthermore, outsourcing strategies entailed

challenges, e.g. ensuring labour, social and environmental standards. It was argued that globalisation would have trickle-down effects for the poor and simultaneously lead to greater flexibility and profitability (Stiglitz, 2001). However, the positive effects were limited, and the industry is still being characterised by poor working conditions, e.g. low pay, forced overtime and insecure working hours (Wills & Hale, 2005). Moreover, although the minimum wage might be regulated by local legislation, this wage is often on a very low level (Hoang & Jones, 2012). Additionally, even though women's employment in the export-oriented garment industry in Bangladesh has narrowed the gender gap, there are still gender differences in work environments and conditions of employment (Paul-Majumder & Begum, 2000). Also, if production costs increase, there will be a risk of workers losing their jobs, due to production potentially being moved to other sites (Wills & Hale, 2005).

Retailers have been criticised for their lack of insight into, and their responsibility for, how and where production takes place. In the 1990s, coordinated opposition on the international level gained support. This opposition organised street protests against neo-liberal capitalism in, for example, Seattle, Genoa, and Cancun. The idea behind the protests was to exert pressure to bring about change in terms of social and environmental responsibility (Klein, 2001; Wills & Hale, 2005; Zadek, 2004). Such initiatives, on the part of consumer groups in developed countries, are considered one of the main reasons for buying companies in order to bring ethical concerns into the decision-making matrix (Adhikari & Yamamoto, 2007). Furthermore, NGOs and the media have reported on poor working conditions and negative environmental impact (Deegan & Islam, 2014; Islam & Deegan, 2010). These reports have assisted in raising the awareness of customers and the public about how the production of clothes takes place. As a response, several companies in the industry have publicly recognised the responsibilities of those employed along the supply chain, and have developed responses such as Codes of Conduct (CoCs), which are set as minimum standards along the supply chain and considered to be the foundation of companies' endeavours in Corporate Social Responsibility (CSR) (Bartley, 2007; Wills & Hale, 2005). These codes were mainly inspired by guidelines from the International Labour Organization (ILO) and in the United Nations (UN) conventions, being adopted by the buyer companies to address questions of working conditions, e.g. child labour, the minimum wage, and freedom of association (Jenkins, 2005; Kolk & Van Tulder, 2002). Hence, companies started to acknowledge their responsibilities beyond the traditional boundaries of the firm.

The codes have been verified through audits, serving to check the supplier's compliance with the code, which can be either announced or unannounced (UNCTAD, 2012; Wheeler & Elkington, 2001; Zadek, 2004). Along with the

codes, the industry thus became part of an audit culture, which was also noted in other parts of society (Cohen, Krishnamoorthy, & Wright, 2002; Power, 1997). There was a notion that the social and environmental aspects of production could be monitored through audits and verifying the codes formulated by the brands (Rodríguez-Garavito, 2005). However, the initiative of the codes of conduct often fell short of its aims. One study points to the varying results between factories, showing that some suppliers comply with the company's CoCs, while others report non-compliance, e.g. due to low wages, excessive working hours, and harassment (Locke, Kochan, Romis, & Qin, 2007). Another problem, specific to announced audits, is that suppliers might find ways of deceiving the auditor, in order to pass the audits and satisfy the certification organisations (Harney, 2008; Åhlström, 2010). For example, workers reported leaving work early when auditors were present, while being forced to stay late on other days (Hoang & Jones, 2012). Others reported that, although CoCs led to improvements in health and safety policies, wages and working conditions, few improvements had been noted in workers' rights (Barrientos & Smith, 2007). Moreover, critiques have argued that, while setting out to solve the problems experienced along the supply chains, auditing instead leads to increased monitoring and control, thus assisting in reproducing powerful actors along the supply chain (De Neve, 2009).

In conclusion, the impact of the CoCs and auditing on the social and environmental standards of production has been limited, with the problems in the industry remaining. The collapse of the Rana Plaza building in Bangladesh in 2013, where 1,134 people were killed, despite the factory having been audited, is an example of this. The lack of effect of CoCs and auditing has been explained in terms of a misconception regarding the relationship between buyer and supplier in terms of being a "principle-agent" relationship while, in practice, it is legally independent but economically dependent. This misconception has led to an over-belief in the influence of multinational corporations (MNCs) on working conditions, which is said to be one of the explanations why the CoCs result in poor outcomes (Hoang & Jones, 2012). Nevertheless, as the problems in the industry remain, companies are still subject to critique from stakeholders such as customers, shareholders and NGOs.

1.2 Transparency as a solution to the perceived problems of the textile and clothing industry

In responding to criticism, as well as coming to terms with the perceived problems of the industry, increased transparency has also been presented as a solution in the T&C industry. More specifically, initiatives have involved publishing lists of the suppliers used (e.g. H&M, Nike and Levi Strauss), of the working conditions (e.g. Patagonia), and of the pricing of the products (e.g. Honest By). All these

initiatives reflect a move towards organisational transparency, which is a controversial strategy when you consider how, within this industry, the names and addresses of suppliers have been thought of as “property rights” and business secrets (Doorey, 2011; Egels-Zandén, Hulthén, & Wulff, 2015). Besides, companies working actively with the social and environmental aspects have previously been reserved about communicating such initiatives externally, particularly notable in European companies (Matten & Moon, 2008; Solér, Baeza, & Svärd, 2015). This has been described in terms of companies being ‘muted’, whereby sustainability work was seen as a hygiene factor and the communication thereof was mainly to avoid being criticised, rather than a way to position the company sustainably (Crane, 2000). Nevertheless, the industry is changing, and it has been argued that “the idea of a completely secret supply chain is already a myth” (Doorey, 2011, p. 601); if companies hide behind such a myth, they will appear dishonest, regardless of whether or not they are actually working towards improving supply chain labour practices. To sum up, the T&C industry is changing, and companies ignoring the call for greater transparency along the supply chain are facing the risk of being perceived as dishonest. In general, transparency in the T&C industry has been understood as increased transparency along the supply chain, which has also been the focus of previous research (see for example Doorey, 2011; Egels-Zandén et al., 2015; Goworek, 2011). While previous research on supply chain transparency has primarily focused on transparency *between* partners (see e.g. Holland, 1995; Lamming, Caldwell, Harrison, & Phillips, 2001), few studies have looked at sharing this information externally (for exceptions, see, for example, Doorey, 2011; Egels-Zandén et al., 2015). Building on a discussion initiated in the article by Egels-Zandén et al. (2015), this study extends the conversation on organisational transparency beyond the dimension of transparency as a supply chain project. While previous studies have argued that transparency outcomes are “uncertain” (Mol, 2010), this study brings clarity to the various consequences of transparency work. Furthermore, this study adds to the scholarly conversation by shifting the attention away from the reactions of the customers (see, for example, Bhaduri & Ha-Brookshire, 2011; Egels-Zandén & Hansson, 2016) towards the consequences for the organisation and the organisational field.

1.3 An institutional perspective on Nudie Jeans Co.’s transparency work

From an institutional perspective, organisational transparency can be understood as a management idea that is currently in fashion (Czarniawska-Joerges & Sevón, 2005; Czarniawska & Sevón, 1996). The dissemination of such management ideas has been referred to as circulation and imitation, which should be understood as an active endeavour that organisations engage in (Sahlin-Andersson, 1996; Sahlin

& Wedlin, 2008). Judging from the impact and dissemination of transparency in today's society, transparency is becoming a norm that many organisations are striving towards (Florini, 2007; Garsten & De Montoya, 2008; Sahlin & Wedlin, 2008). As transparency is becoming a norm, working actively with transparency is considered desirable from a legitimacy perspective too, in order to sustain the survival of the firm (Meyer & Rowan, 1977). Furthermore, the translation of management ideas is said to change "the translator and what is translated" (Czarniawska-Joerges & Sevón, 2005, p. 8), indicating that translation has both intended and unintended consequences, not only for the organisation, but also for the management idea (Czarniawska & Joerges, 1996; Merton, 1936). This study takes its starting point in such ideas, whereby transparency is discussed from an institutional perspective, with a particular focus on the relationship between transparency and translation, rationales in relation to legitimization, and consequences.

The focus of research on organisational transparency, from an institutional perspective, has ranged between governmental transparency (Meijer, 2013) and industry self-regulation (Gunningham & Rees, 1997). On a more critical note, organisational transparency has been studied and explained by Christensen and Cornelissen (2015) as a myth and a metaphor; they argue that transparency has "achieved a mythical status in society" (p. 132). Yet, few previous researchers have looked behind the scenes of transparency as an institutional myth in order to understand how it is locally translated, and with what consequences. Besides, there are few, if any, examples of an institutional perspective on organisational transparency in the T&C industry. Inspired by Goffman's ideas (1959) of a backstage, where performance is prepared and a front, where performance is presented, this study takes a closer look at the work underpinning transparency in practice, with Nudie Jeans Co. serving as an illustrative case. This company is interesting from a research perspective when studying organisational transparency, since it was one of the first Swedish clothing companies to introduce transparency work, which it has been carrying out since 2012. The choice of company is further justified by its aspiration to become a leader in terms of both transparency and sustainability. By combining an institutional perspective with a longitudinal study, of a company aspiring to become increasingly transparent, insights into the translations, rationales and consequences of organisational transparency are discussed in relation to previous research.

1.4 Purpose and research question

The study adopts an institutional perspective and is informed by a longitudinal study of Nudie Jeans Co. The purpose of this study is to provide insights into organisational transparency, and to empirically illustrate the work underpinning

transparency in practice. In order to study the phenomenon, the following research question is posed:

How does a Swedish denim company work with organisational transparency in practice, for what reasons and with what consequences?

Examination of the research question is threefold. First, transparency work is unfolded as a process of translation. The focus is on Nudie's work of setting an agenda for transparency, on actively engaging in translation, and on what was lost in translation. The company's actions illustrate how this organisation purposively relates to a management idea by inventing its own version of that idea, actively constructing a new way of working that is in line with the idea. Secondly, the rationales underlying transparency are discussed. Three underlying rationales are outlined, whereby the discussion revolves around how such rationales connect with the legitimacy of the company. Besides economic and strategic rationales, a political agenda is also unveiled in order to explain part of the company's purpose in conducting transparency work. Thirdly, the consequences of transparency work are uncovered, beyond the notion that transparency can be measured and verified. Instead, the attention is on the intended and unintended consequences for the organisation and its organisational field. In particular, the change potential of transparency work is dealt with. Altogether, the study contributes to a discussion on organisational transparency by introducing *balanced transparency*, a concept explaining the balancing act between translations, rationales and consequences. This study thus extends a scholarly conversation on organisational transparency by unfolding the work behind the scenes of transparency.

1.5 Disposition

In the next chapter, the theoretical underpinnings of the study will be presented and discussed (Chapter 2). The methodological chapter then discusses how data was collected, and how the material was coded and analysed (Chapter 3). In the three following chapters, the findings from the study are presented; Chapter 4 provides the reader with a background to the company and the early ideas regarding transparency. Chapter 5 focuses on how the idea of transparency was translated into practice. In Chapter 6, the consequences of transparency work are presented, e.g. the media portrayal of transparency work, and the changes in the organisation and organisational field, which accompanied transparency work. The findings are then analysed from an institutional perspective, in terms of translation, rationales and consequences (Chapter 7). The analysis is followed by a concluding discussion on *balanced transparency* and how the study contributes to research on institutional theory and organisational transparency, as well as managerial implications (Chapter 8).

CHAPTER 2

THEORETICAL PERSPECTIVES ON TRANSPARENCY

2.1 Institutional perspectives on organisations and organising

Early writings in institutional theory suggest that organizations should be understood as social systems which form part of society (Parsons, 1956). By applying a sociological approach to the theory of organizations, Parsons (1956) argues that: “an organization is analyzed in terms of an institutionalized value system, above all defining and legitimizing its goal, and of the mechanisms by which it is articulated with the rest of the society in which it operates” (Parsons, 1956, p. 63). In a similar vein, DiMaggio and Powell (1983) argue that competitive forces are not enough to explain the modern world of organizations, since organisations: “compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness” (p. 150). Similarly, other institutional scholars have argued that organizations not only need to seek efficiency, but also legitimacy (Meyer & Rowan, 1977; Røvik, 2000). Legitimacy is thus one of the core concepts of institutional theory.

In the 1970s, Meyer and Rowan (1977) offered some critical perspectives on the notion that the organization searches for legitimacy from its surroundings. They argue that “many formal organizational structures arise as reflections of rationalized institutional rules” and that “institutional rules function as myths which organizations incorporate, gaining legitimacy, resources, stability, and enhanced survival prospects” (Meyer & Rowan, 1977, p. 340). In order to maintain legitimacy, they argue, organizations adopt the myths of the institutional environment, and thus decrease their internal coordination and control. As a result, structures are decoupled both from each other and from ongoing activities. Hence, the study raises concerns that organizations, in their search for legitimacy, adopt a formal organization that reflects the myths of the current institutional environment, while informally retaining old practices.

A few years later, DiMaggio and Powell (1983) argue that companies' pursuit of adapting to the current institutional environment leads to organizations becoming more similar. They refer to this process as isomorphism, which is further explained as: "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell, 1983, p. 149). Three different kinds of institutional isomorphism are described: i.e. coercive, mimetic, and normative. The first type, coercive isomorphism, derives from political influence, which can be the formal and informal pressure exerted on organisations by other organisations; cultural expectations that are prevalent in the society in which the organisation functions; or a result of legal changes. The second type, mimetic isomorphism, is explained as the result of standard responses to uncertainty. Such processes are connected to "modelling", which entails copying a model solution, where the model for copying can be either aware or unaware of the process. The third kind of institutional isomorphism, normative pressure, is explained as the result of professionalization, of which two key aspects are formal education and the growth of professional networks (DiMaggio & Powell, 1983). DiMaggio and Powell (1983) thus argue that organizations benefit from becoming increasingly similar by adapting to current norms, values, and beliefs in society. More recent studies have illustrated how there can also be a re-coupling (see, for example, Egels-Zandén, 2014; Hendry & Seidl, 2003), meaning that institutional myths become tightly linked with organisational practices (Hallett, 2010).

During more recent decades, there has been an intensified academic discussion about organisational legitimacy; how to define it, how to understand different types of legitimacy, and which strategies to use for achieving legitimacy (Deephouse, Bundy, Tost, & Suchman, 2017). Within that discussion, one of the most widespread definitions is that legitimacy: "is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). In a similar vein, Dowling and Pfeffer (1975) explain legitimacy as congruence between organisational activities and the larger social system to which the organisation belongs. In the case of discrepancy between the two different value systems, it is not only possible for the organisational legitimacy be threatened but also the survival of the firm, something which has been explained in terms of "legitimacy gaps" (Sethi, 1979), or "incongruence" (O'Donovan, 2002). In short, legitimacy has been described as complying with prevailing institutional rules; if this is achieved, the organisation will gain legitimacy for its actions and its chances of survival will increase (Meyer & Rowan, 1977; Weick, 1976). Hence, the concept of legitimacy is used to explain how an organisation relates to its surroundings, and how this influences the way the organisation functions and defines its organisational goals.

2.2 Agency in institutional theory

One of the most dominant critiques of the traditional institutional perspectives is that the theory has focused on explaining similarities while lacking any discussion on the differences between organizations (see, for example, Deephouse, 1999; Oliver, 1991; Pedersen & Dobbin, 2006). Such scholars have raised the question of the agency of the actors and the organisation in relation to institutional processes, by complementing the theory with other perspectives, e.g. the resource dependency view (Oliver, 1991), strategic balance (Deephouse, 1999), and organizational culture (Pedersen & Dobbin, 2006).

First, the resource dependency view is argued to enrich institutional theory in order to: “accommodate interest-seeking, active organizational behavior when organizations’ responses to institutional pressures and expectations are not assumed to be invariably passive and conforming across all institutional conditions” (Oliver, 1991, p. 146). In line with this argument, five different approaches to institutional processes are outlined: i.e. acquiescence, compromise, avoidance, defiance, and manipulation. Each response is divided into three different tactics. At the passive end of the scale is “acquiescence”, which comprises three tactics: i.e. “habit”, which means following invisible and taken-for-granted norms; “imitate” which is explained in terms of mimicking institutional models; and “comply” as in obeying rules and accepting norms. At the other and more pro-active end is “manipulate”, where three types are further described: i.e. “co-opt” in terms of importing influential constituents; “influence” meaning the shaping of values and criteria; and “control” which refers to dominating institutional constituents and processes (Oliver, 1991).

The typology has later been complemented by new types of responses. For example, in a study of strategic responses to CSR pressures, Pedersen and Gwozdz (2014) outline a scale of three types of strategic responses: i.e. resistance, conformance, and opportunity-seeking. In contrast to Oliver’s (1991) categorisation of tactics, the authors conceptualise types of organisations within each strategy whereby organisations with opportunity-seeking behaviour are described as “definers” or “anticipators”, conformance behaviour as “conformists”, and resistance behaviour as “negotiators” or “rejecters” (Pedersen & Gwozdz, 2014). More specifically, they conclude that increased pressure regarding CSR stimulates a more proactive response towards sustainability, beyond what is required by stakeholders (Pedersen & Gwozdz, 2014). Hence, the mere existence of stakeholder pressure is said to enhance the tendency to act more in line with “opportunity-seeking”, whereby the organisation designs its CSR efforts to go beyond what is expected of it. On a similar note, the public’s interest in suppliers’ environmental management practices and performance has been advanced as an explanatory factor when it comes to influencing management

decisions (Delmas & Toffel, 2008). The notion of a more pro-active response is also discussed by Sulkowski, Edwards, and Freeman (2017), who argue that organisations can lead engagement in order to co-create sustainable value by “shaking” stakeholders. Other studies advocate a development where companies take on a political role, described as the politicization of the corporation (Palazzo & Scherer, 2008; Scherer, Palazzo, & Matten, 2014). These studies thus pave the way for a more nuanced discussion about more active responses to institutional processes.

Second, a theory of strategic balance is suggested in order to explain why organisations tend to be both similar and different at the same time. From this perspective, Deephouse (1999) argues that, besides pressure to conform in order to demonstrate the legitimacy of the firm, organisations also face pressures to differentiate in order to reduce competition. The study concludes that “firms should be as different as legitimately possible” (p. 147). To deal with this pressures, they develop a theory of strategic balance (Deephouse, 1999). Third, in a similar vein, and by combining institutional perspectives with cultural theory, Pedersen and Dobbin (2006) argue that the construction of an organisation’s identity through uniqueness, and of its legitimacy through similarity, “are two sides of the same coin” (p. 897). Furthermore, four different processes are outlined, during which organizational identity is created both through uniqueness and legitimacy: i.e. imitation, hybridization, transmutation, and immunization. Hence, by combining institutional theory with other perspectives, the organisation is described in terms of having more “agency”, which challenges the static view of organisations as passive receivers.

Similarly, more recent studies in institutional theory have problematized the assumption that organizations are the passive recipients of institutional pressure and discussed the role of the organization’s agency. For example, studies have looked at how organizations can be an active force in shaping and changing institutions, in streams of research such as institutional entrepreneurship (see, for example, Battilana, Leca, & Boxenbaum, 2009; Greenwood & Suddaby, 2006; Maguire, Hardy, & Lawrence, 2004), and institutional work (see, for example, Lawrence, Leca, & Zilber, 2013; Lawrence, Suddaby, & Leca, 2009; Zietsma & Lawrence, 2010). Others studies have pointed to agency in terms of the different motivations underpinning ecological responsiveness, where legitimacy, competitiveness and social responsibility are outlined (Bansal & Roth, 2000). Another stream of research, which has studied agency, is Scandinavian institutionalism.

2.3 Scandinavian institutionalism, translation and editing

Scandinavian institutionalism, argues that organizations consist of actors that are interpreting, editing and translating institutional ideas (see, for example, Czarniawska-Joerges & Sevón, 2005; Czarniawska & Sevón, 1996; Sahlin-Andersson, 1996). The lack of agency in previous studies is described as follows: “the mechanical explanations leave unanswered most of the questions about why organisations adopt new trends” (Sahlin-Andersson, 1996, p. 69). Scandinavian institutionalism thus aims to address the notion of the agency of organisations in order to better explain and understand how organisations engage in new management trends. This stream of research is influenced by Michel Serres and by French sociologists such as Michel Callon and Bruno Latour (Czarniawska-Joerges & Sevón, 2005). A key concept is translation, where Latour’s definition is commonly used:

[...] the spread in time and space of anything – claims, orders, artefacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it. (Latour, 1986, p. 267)

The transformative power of translation is further explained thus: “Each act of translation changes the translator and what is translated” (Czarniawska-Joerges & Sevón, 2005, p. 8). Hence, the actors are influenced by the actions of translation, in turn leading to new translations. Translation has also been described as an act of imitation, understood as “an active process”, in contrast to diffusion, and differing from diffusion “whereby a certain model, idea or practice, once created, spreads next to a number of passive recipients or trend followers” (Sahlin & Wedlin, 2008, p. 8). Instead, imitation is said to be performative, reflecting “a process in which something is created and transformed by chains of translators” (Sevón, 1996, p. 51). One implication of the transformative nature of imitation is the fact that imitation may result in “transformed organizational identities” (Sahlin-Andersson, 1996, p. 71). Based on Berger (1966), Sahlin-Andersson (1996) further argues that such identities become internalized and are used to structure one’s own consciousness, but are not necessarily communicated externally. This imitation may result in a change of identity, as well as a change in mentality on whom and what the organization imitate (Sahlin-Andersson, 1996).

How an idea becomes translated is difficult to anticipate. Sahlin-Andersson (1996) argues that imitation is a form of translation, and is triggered by actors when comparing their organizations with other similar organizations, but also with organizations that are consistent with an organization’s expectations for the

future. The problems articulated by organizations are thus argued to be defined by such a comparison, whereby it is further claimed that “in order to understand how organizations define situations and problems, we then need to find out with whom they compare themselves and with whom they are compared” (Sahlin-Andersson, 1996, p. 72). Other studies have examined how the inclusion of actors influences the translation, where engagement and dialogue are raised as key themes (Doolin, Grant, & Thomas, 2013; Ford, 1999; Ford, Ford, & D’Amelio, 2008). This is exemplified by studies of how the inclusion of actors leads to a higher degree of learning (Becker-Ritterspach, Saka-Helmhout, & Hotho, 2010), negotiations being part of the translation process (Bergström, 2007; Boxenbaum, 2006; Cassell & Lee, 2017; Mueller & Whittle, 2011). Hence, the outcome of the translation is expected to be influenced by a process of negotiations and the inclusion of various actors.

The impact and spread of an idea is argued to depend on whether the idea has “allies in other ideas”, meaning “ideas that are well-anchored in an institutional thought structure” (Czarniawska-Joerges & Sevón, 2005, p. 9). During certain periods of time, different ideas become attractive to varying degrees, indicating that there is fashion in management ideas. There is also a backlash against popular management ideas, since the more imitated an idea is, the less attractive it becomes. This leaves room for new fashions to emerge and, subsequently, new translations to be made (Czarniawska-Joerges & Sevón, 2005). An alternative perspective on the popularity of different management ideas over time is offered by Røvik (2000, 2011), who advocates management trends being understood using the virus as a metaphor. This approach has been used in several empirical studies, for topics such as strategic communication (Kjeldsen, 2013), process management (Quist & Hellström, 2012), and balanced scorecards (D. Madsen & Slåtten, 2015). The virus metaphor is argued to push analysis beyond the adoption-rejection dichotomy and to assist in making sense of empirical observations which would otherwise have been regarded as inconsistent (Røvik, 2011). The degree to which a management idea is spread is explained in terms of its infectiousness, whereby some ‘infections’ only infect a few, while others become pandemics. Furthermore, the importance of “an active host” in the absorption of the virus is pointed out as a key aspect, similar to the concept of translation as an active process (Czarniawska & Sevón, 1996). Another important concept is incubation, which “refers to the time period starting from when the host is exposed to a virus to when symptoms first appear” (Røvik, 2011, p. 641). Two mechanisms influencing the incubation period are outlined: i.e. “consistency rules for discourse and practice” and “intensity”. Hence, the virus metaphor can assist in advancing a discussion on how and when management ideas are translated, having been used in empirical studies too.

To further explain the differences regarding how ideas are translated in different contexts and by different actors, Sahlin-Andersson (1996) has suggested that translation can be understood as a process of editing, which restricts and directs a process of translation. Editing has been argued to “be characterized by social control, conformism and traditionalism – thus following rule-like pattern” (Sahlin & Wedlin, 2008, p. 9). The assumption is that, when an idea is encountered that has a specific situation or context, the translation will be re-contextualised, possibly changing the initial idea. The three editing rules pointed out concern context, logic, and formulation. The first set of rules relates to the *context* in which the idea is translated, guided by what is considered: “interesting to others, disregarding aspects that seem unique and too time- or location-specific and emphasizing those that seem to be general and generalizable” (Sahlin & Wedlin, 2008, p. 10). Hence, in specific contexts, certain aspects are considered interesting to varying degrees, something which has an influence on how the idea is translated. The second set of rules relates to *logic*, meaning that stories are often reconstructed, containing a rationalistic flavour and following a problem-solving logic. Such editing rules imply that “accidental or coincidental circumstances are removed, as are aspects that cannot be explained and accounted for in simple terms” (Sahlin & Wedlin, 2008, p. 10). As a result, the outcome of the translation can be understood as simplified versions of the process. The third type of editing rule concerns *formulation*, meaning how the ideas and their effects are presented and represented. Such editing entails that ideas may be dramatized and told in a specific language, in order to draw attention to a certain development. The idea is that, by using selected concepts, categories, and examples, one can package and repackage specific management ideas, something which is exemplified by BPR, MBO and TQM (Sahlin & Wedlin, 2008). Taken together, the three sets of editing rules are argued to have consequences for the translation of the idea – what is emphasised, deemphasised, or even omitted. On a similar note, Røvik (2000) argues that there are four rules of translation, whereby each rule represents different degrees of what is intended to be transferred. The rules have been studied and discussed in an article by Wæraas and Sataøen (2014), who have given these rules the following English labels: copying, addition, omission, and alteration. While *copying* entails as few changes as possible, *addition* is about making the idea more explicit, while *omission* is to leave out or tone down some aspects of an idea and *alteration* is to modify the idea extensively. The study concludes that translations are carried out “in a strikingly similar way” (Wæraas & Sataøen, 2014, p. 1).

2.4 The centrality of legitimacy in institutional theory

The concept of legitimacy was discussed as early as the 18th and 19th centuries by intellectuals such as Jean-Jacques Rousseau and Max Weber (Merquior, 1980). In more recent years, legitimacy has been studied from several different perspectives, e.g. institutional theory (see, for example, Aldrich & Fiol, 1994; Dacin, Oliver, & Roy, 2007; Kostova & Zaheer, 1999), a social constructivist perspective (Clegg, Rhodes, & Kornberger, 2007), a communicative approach (Palazzo & Scherer, 2006), and critical discourse analysis (Barros, 2014; Joutsenvirta & Vaara, 2015). Furthermore, legitimacy has also been studied in a variety of combinations between institutional theory and different perspectives, e.g. impression management (Elsbach, 1994), organisational analysis (Dowling & Pfeffer, 1975), and strategy (Massey, 2001; Suchman, 1995), where the latter has been called the most common approach (Suchman, 1995). In the different perspectives, several ideas regarding how to understand and make sense of legitimacy have been presented. The table below provides a brief overview of the different conceptualisations of legitimacy.

Table 2.1 Conceptualisations of legitimacy

Conceptualisations	Legitimacy types	Study/ Authors
Based on logics and purposes	Cognitive/ Socio-political	Aldrich and Fiol (1994)
	Pragmatic/Moral/ Cognitive	Suchman (1995); Brown and Toyoki (2013)
Based on organisational boundaries and/or levels	Internal/ External	Kostova and Zaheer (1999); Drori and Honig (2013)
	Organisational level/ Subunit level	Kostova and Zaheer (1999)
	Firm level/ Organisational field/ Industry level	Lawrence, Wickins, and Phillips (1997)
As different configurations	Property/Process/Perception	Suddaby et al. (2017)

Note: Author's summary

A common way to conceptualise legitimacy is to address the logics and purposes underlying legitimacy. For example, Aldrich and Fiol (1994) advocate two different logics underlying legitimacy: cognitive and socio-political. Their definition of cognitive legitimation refers to the spread of knowledge of a new idea, while socio-political legitimation connects with the process of acceptance among stakeholders of new ideas as: “appropriate and right, given existing norms and laws” (Aldrich & Fiol, 1994, p. 648). Similarly, Suchman (1995) argues that there are three types of legitimacy, each depending on different behavioural dynamics: i.e. pragmatic, moral, and cognitive. The first, pragmatic legitimacy is described in terms of “self-interested calculations of an organization’s most immediate audience” (Suchman, 1995, p. 578). The second, moral legitimacy,

reflects: “a positive normative evaluation of the organization and its activities” (Suchman, 1995, p. 579). However, moral legitimacy comes with risks, e.g. “moral claims can be undercut by even an appearance of cynicism, and managers charged with enunciating such claims frequently find it difficult to avoid buying into their own initially strategic pronouncements” (Suchman, 1995, p. 579). The third type, cognitive legitimacy, relates to comprehensibility and “taken-for-grantedness” (Suchman, 1995, p. 582). Another way of distinguishing and discussing legitimacy is based on organisational boundaries or ‘levels’. For example, Kostova and Zaheer (1999) make a distinction between internal and external legitimacy when arguing that both are equally important for the survival of a firm. A more recent study combines this distinction with a process approach to legitimacy (Drori & Honig, 2013). In Kostova and Zaheer (1999), one can also find the idea of legitimacy at different ‘levels’; i.e. organizational legitimacy (as regards the organization as a whole) and subunit legitimacy (as regards a specific institutional environment). In a similar vein, Lawrence et al. (1997) advocate different levels of legitimacy, developing a theoretical framework for understanding legitimacy and legitimacy management at three different levels: i.e. of the firm, of the organisational field, and of the industry.

In recent years, legitimacy has been criticized for being a vague concept that is difficult to understand and measure. In an attempt to bring clarity to the concept, a recent article distinguishes between legitimacy as property, legitimacy as process, and legitimacy as perception (Suddaby et al., 2017). When legitimacy is regarded as a process, the discussion focuses on “legitimation” and “legitimizing” rather than on something that an organisation can “own” or “possess” (as in legitimacy as a property), or as something that is individually or collectively perceived (as in legitimacy as perception). Legitimacy is, then, regarded to be a socially-constructed phenomenon that takes place during interaction between an organisation and various actors (Suddaby et al., 2017). A process approach to legitimation has been used in several study contexts, e.g. new ventures (Fisher, Kuratko, Bloodgood, & Hornsby, 2017), small-firm multilateral networks (Human & Provan, 2000), and transnational multi-stakeholder standardization (Tamm Hallström & Boström, 2010). From this perspective, “*agency* or the purposive role of actors becomes a prominent variable in explaining how legitimacy is socially constructed” (Suddaby et al., 2017, p. 452, italics in original). Furthermore, legitimacy is also considered to be “something fluid that *must be repeatedly created, recreated and conquered*” (Tamm Hallström & Boström, 2010, p. 160, italics in original). A process perspective on legitimacy thus aims to move the focus from the outcome of the process to the process itself (Suddaby et al., 2017). In conclusion, previous research has conceptualised legitimacy on the basis, for example, of logics, organisational boundaries, and levels, and as different configurations.

2.5 Managing legitimacy over time

Although a point has been made for understanding legitimacy as a matter of process, rather than property, the latter school of thought, too, includes a time aspect in managing legitimacy. More specifically, managing legitimacy has been portrayed as a dynamic process during which potential legitimacy gaps are continuously being addressed, either due to certain business activities or society's changing expectations (Sethi, 1979). Put simply, managing legitimacy has been described as communicating with different audiences (Suchman, 1995). Several ideas regarding how to manage legitimacy over time have been put forward in previous research (see Table 2.2 below).

Table 2.2 Strategies proposed for managing legitimacy

Managing legitimacy	Strategies/tactics/responses			Authors	
Legitimacy challenge faced	Gaining	Maintaining		Suchman (1995); Dacin et al. (2007)	
As general legitimacy strategies	(c) changing performance to match society's expectations	(b) changing symbols used to describe business performance		Sethi (1979)	
	a) avoiding	b) attempting to alter social values	c) attempting to shape perceptions of the organisation	d) conforming to public's values	O'Donovan (2002)
	a) avoiding responsibility	b) delegating and shifting responsibility		c) taking responsibility	Helfen, Schußler, and Botzem (2015)

Note: Author's summary.

First of all, Suchman (1995) suggests that different strategies are needed for gaining, maintaining and repairing legitimacy. Three different strategies for gaining legitimacy are outlined: (a) efforts to conform to existing environments, (b) efforts to choose between multiple environments, and (c) efforts to manipulate environmental structures. For maintaining legitimacy, two strategies are proposed: (a) perceiving future changes and (b) protecting past accomplishments. Another three strategies are proposed for repairing legitimacy: (a) offering normalizing accounts, (b) restructuring, and (c) not panicking. O'Donovan (2002) refines this typology by making a distinction between two

different degrees of maintaining legitimacy (low or high), depending on how the company is perceived from the start or aims to be perceived. If an organisation has a low degree of legitimacy from the start, the less it will need to maintain, and vice versa. Second, another study proposes taking on one of the following strategies: (a) educating and informing, (b) changing symbols used to describe business performance, and (c) used only if (a) and (b) do not work, changing performance to match society's expectations (Sethi, 1979). A third idea regarding how to manage legitimacy is presented by O'Donovan (2002), who argues that, regardless of whether it is a matter of gaining, maintaining, or regaining legitimacy, there are four ways of addressing legitimacy challenges: a) avoiding, b) attempting to alter social values, c) attempting to shape perceptions of the organisation, or d) conforming to conferring the public's values (O'Donovan, 2002). Furthermore, the similarities between gaining and regaining legitimacy are also pointed out, where the main difference is that gaining involves a proactive mind-set while regaining can only be done 'ex ante' (O'Donovan, 2002).

Fourth, Helfen et al. (2015) argue for three different legitimisation strategies, especially connected with managers being held responsible for problems in the supply chain: a) avoiding responsibility, b) delegating and shifting responsibility, and c) taking responsibility. To complement the discussion, Lawrence et al. (1997) argue that the company is not only engaged in managing legitimacy but also in managing illegitimacy and discussing strategies for managing legitimacy problems, in line with suggestions presented by Sethi (1979). There can be both positive spill-overs, which contribute to legitimacy, and negative spill-overs, which hurt legitimacy (Kostova & Zaheer, 1999). An alternative way of understanding how to address legitimacy challenges is offered by Seidl, Sanderson, and Roberts (2013), who argue that there are two kinds of discursive legitimacy tactics which are often of key importance in cases where moral legitimacy needs to be upheld: i.e. the "comply-or-explain" principle. The study specifically looks at how companies relate to codes of corporate governance, which is how firms respond to normative ideas (codes) by either adopting the code (complying) or deviating from it (explaining).

Finally, legitimacy is not a constant condition that a company either has or does not have; rather, it is a dynamic feature which can change over time. Legitimacy has been referred to as a "boundedly rational process", which involves the continuous testing and redefinition of organisational legitimacy by means of ongoing interaction with the environment (Kostova & Zaheer, 1999, p. 67). Organisational legitimacy is not, thus, something that an organisation can construct by itself, instead being dependent on the views of outsiders and created during interaction with the larger social system of which the organisation is part.

2.6 Complexities of managing legitimacy

Increased complexity leads to increased difficulties when it comes to establishing and maintaining legitimacy (Clegg et al., 2007; Kostova & Zaheer, 1999). For example, increased complexities can be noted in the legitimating environment, in the organisation, and in the process of legitimation (Kostova & Zaheer, 1999). Similarly, Lawrence et al. (1997) argue for the importance of taking the legitimacy challenges of the firm, the organisational field, and the industry into account when managing legitimacy: “At different times, different levels will take prominence, but all three levels must always be considered if one is to have a complete understanding of the processes that support or undermine the legitimacy of particular activities” (Lawrence et al., 1997, p. 312). This can be exemplified by the company’s dependency on the level of development within the organizational field in which it operates. Another way of distinguishing the complexities of legitimation is to look at the overall importance of the spatio-temporal context, where it is argued that a certain set of distinctions make sense in certain cultures and at certain times, while similar activities might lack legitimacy in other contexts (Clegg et al., 2007). The study argues that “...particular orders are taken as ‘rational’ because they have been naturalized in particular spatio-temporal contexts” (Clegg et al., 2007, p. 495).

Similarly, it has also been argued that managing legitimacy in a complex environment is managing various stakeholder expectations, where “...each of these groups brings to the industry its own set of interests, capabilities, strategies, and traditions that may, and often do, conflict” (Lawrence et al., 1997, p. 315). On the other hand, despite differences, this kind of engagement of the stakeholders reflects a shared interest in the question, which can form the basis for future cooperation. Based on the different understandings of legitimacy challenges, different strategies and responses are proposed in the literature, whereby the organisational response is dependent on the purpose of the response (O’Donovan, 2002). Furthermore, the degree to which a company needs to manage legitimacy has been said to depend on the level of legitimacy that the company aims to achieve. For example, if the company makes strong environmental claims, then maintaining legitimacy will also involve anticipating new legitimacy pressures in this area (O’Donovan, 2002).

2.7 Transparency as a question of legitimacy

During recent decades, a trend has been noted towards a society where increased transparency is considered desirable (see e.g. Florini, 2007; Garsten & De Montoya, 2008; Power, 1997), and where “transparency is being embraced and institutionalized” (Gupta, 2010, p. 4). In line with this argument, several studies argue that external pressure is part of the explanation of why organisations aspire

to increase their transparency (see e.g. Doorey, 2011; Fassin, 2009). Transparency has been portrayed as a norm to strive for in various contexts, e.g. international security (Florini, 1996), financial markets (Durnev, Errunza, & Molchanov, 2009), and environmental politics (Philippe & Durand, 2011). By complying with a transparency norm, organisations can increase the legitimacy of the firm, and thus increase their chances of survival. Furthermore, Florini (2007) has argued that the legitimacy and acceptance of a norm “depends crucially on such coherence [with other existing norms]” (p. 376). In terms of transparency as a norm, coherence can be found together with other norms, e.g. democracy and openness (see e.g. Florini, 2007; Garsten & De Montoya, 2008) and sustainability (see e.g. Auld & Gulbrandsen, 2010; Dando & Swift, 2003; Philippe & Durand, 2011). Coherence with other norms can thus assist in explaining why transparency has become widespread.

In the literature on organisational transparency, the link between legitimacy and transparency is described in terms of “trust” and “trustworthiness”. In a rigorous study of previous literature on organisational transparency, Schnackenberg and Tomlinson (2014) found that the role of transparency in organisation-stakeholder relationships relates to “creating, maintaining, or repairing trust” (Schnackenberg & Tomlinson, 2014, p. 1784). The importance of stakeholder relationships has received a lot of attention in previous research, something which can be noted, for example, in studies of stakeholder theory (see, for example, Donaldson & Preston, 1995; Freeman, 1994; Mitchell, Agle, & Wood, 1997). In the transparency literature, one of the most cited articles on trust between an organisation and its stakeholders argues that the trustworthiness of the organisation relates to its ability, benevolence, and integrity (Mayer, Davis, & Schoorman, 1995). Schnackenberg and Tomlinson (2014) build upon these findings in developing propositions regarding the role of transparency in managing trust in organisation-stakeholder relationships, whereby they are critical of previous studies on transparency and trust, which have identified transparency as one of several dimensions used in achieving trust. Instead, they argue, transparency is “an antecedent (rather than a dimension) of trustworthiness” (Schnackenberg & Tomlinson, 2014, p. 1796). Hence, in arguing that an organisation needs transparency in order to achieve trustworthiness, they give more weight to transparency than previous studies do.

Another study of trust in business networks argues that transparency can both harm and build trust, depending on how it is designed (Hofstede, 2007). For example, transparency relating to information about tracing and tracking can harm trust in relations, as it “may signify to actors that they are being checked on, and therefore not trusted” (Hofstede, 2007, p. 12). On the other hand, this kind of transparency can assist in building up a team of collaborating organisations, where “the act of showing the intention to share information builds trust itself”

(Hofstede, 2007, p. 12). The study thus presents converging views on whether transparency will lead to more trust or less, where the outcome is dependent on how transparency is managed. Another study has looked at how increased transparency, through the use of the Internet, can enhance legitimacy (Curtin & Meijer, 2006). However, this study warns against too simplistic a view of the link between transparency and legitimacy, by arguing that enhancing legitimacy requires moving beyond “fancy websites” (Curtin & Meijer, 2006).

2.8 Perspectives on transparency

The roots of transparency can be traced back to the Age of Enlightenment, and to philosophers such as Jean-Jacques Rousseau, Jeremy Bentham, and Immanuel Kant (see e.g. Hood, 2006, 2007; Marks, 2001; Starobinski, 1988). Bentham (1791/2008), for example, wrote a book called “Panopticon; or, The Inspection-House”, in which his ideas about designing a prison, where everything could be seen, are explained thoroughly. Use of the term “Inspection Principle” is also commented upon in other settings, e.g. manufactories, mad-houses, and hospitals (Bentham, 1791/2008). Later on, Bentham’s ideas are discussed as a type of discipline, in the book “Discipline and Punish” by Foucault (1977/1991).

However, it is only recently that the topic of transparency has gained an increased level of academic interest once again, with a special focus on organisational transparency. This increased interest in organisational transparency is acknowledged by Schnackenberg and Tomlinson (2014) when showing that the number of articles on the topic has increased from less than 50 in 1990-1993 to more than 300 in 2006-2009. This increase is partly explained by recent corporate scandals, e.g. Enron in 2001, WorldCom in 2002, and the Lehman Brothers in 2008 (Schnackenberg & Tomlinson, 2014). In financial markets, the importance of transparency is described as follows: “transparency has been widely recognized by both academics and market regulators, resulting in numerous rules and regulations being introduced over time to ensure timely and reliable disclosure of financial information, creating standards to which firms must adhere” (Durnev et al., 2009, p. 1533). Hence, transparency in the financial market has been linked to the implementation of “rules and regulations”, and “standards”, indicating a legislative perspective on normative behaviour.

Other studies have stressed other aspects of a transparency norm, by defining it as “standards of behavior and not just behavioral regularities” (Florini, 1996, p. 364). Yet another perspective of transparency has been stressed in environmental politics, where it is argued that a “socially approved goal underlying the transparency norm specifies that firms must disclose information that demonstrates their environmental friendliness, such as their efforts to reduce their ecological footprint” (Philippe & Durand, 2011, p. 972). The latter understanding

of the transparency norm thus connects transparency to legitimacy and to sustainability. Following a trend of transparency can also come with benefits for the firm, in terms of increasing its competitive advantage. Along this reasoning, Granados and Gupta (2013) advocate for firms to make transparency a strategy of the firm. Another stream of research has referred to a trend of increased openness in strategy-making as “opening strategy” (Whittington, Caillaud, & Yakis-Douglas, 2011). Hence, as transparency is becoming an ideal to strive for, this opens up also for strategic benefits in engaging increased openness.

However, critical voices have been raised regarding transparency, for example by Glissant, who argues that transparency is “at the heart of Western thinking” (de Schutter, 2007, p. 133) and comes with a risk to create “tyranny” (Strathern, 2000). Glissant’s ideas are further developed and explained as follows: “In order to understand (comprendre) and, consequently, to accept you, I need to be able to relate your density to this ideal scale of measurement that allows for comparisons and judgments. That is, I have to reduce you, to a clear essence” (de Schutter, 2007, pp. 133-134). Transparency is said to be a privilege of former colonial powers, used as a way of understanding and categorising “the other”. It is argued that the more resistance there is to transparency, the more difficult it will be to reduce the other. Opacity is then seen as a moral right and a way of protecting oneself both from transparency and from being reduced: “opacity enables authentic, non-hierarchical and nonreductive intersubjective and intercultural relationships; it therefore founds the Relation” (de Schutter, 2007, p. 134). On a similar note, the negative connotations, by which secrecy is connected has been questioned. A discourse that favours transparency and condemns opacity, comes with the risk of misinterpreting public and political life. Instead, arguments have been put forward that transparency and opaqueness are interrelated – where there is transparency there is also secrecy (Birchall, 2011). For example, a study on CSR concludes that companies are able to decide which information to make public, and thus might avoid being transparent of some of its “hot spots” (Toppinen & Korhonen-Kurki, 2013, p. 209). Similarly, it has been argued that language “can be used to expose, but it may simultaneously conceal and protect” (Flyverbom, Christensen, & Hansen, 2015, p. 393). Another critical voice is raised by Han (2015, p. viii), who argues that transparency “is an ideology. Like all ideologies, it has a positive core that has been mystified and made absolute. The danger of transparency lies in such ideologization. If totalized, it yields terror.” In a similar vein, Glissant (1989, p. 256) concludes that: “transparency encouraged by misleading imitativeness must be shed at once”. Hence, while transparency has a lot of positive connotations, critical voices have raised the risks associated with transparency.

Based on institutional perspectives on transparency, Christensen and Cornelissen (2015) raise similar concerns about the increased interest in transparency, which

they argue does not mean per se that organisations are in fact becoming increasingly transparent, rather that it is “*a growing concern* for organizations and institutions of all sorts” (Christensen & Cornelissen, 2015, p. 133, italics in original). A problem associated with understanding transparency, they argue, is that transparency activities are understood as “*direct* manifestations of organizational transparency” rather than as “what they stand for or mean *indirectly*, as representations” (p. 144, italics in original). Consequently, transparency carries the risk of becoming: “a play of surfaces” (p. 146). The authors further question the future of transparency and whether the original ideal can be “recaptured and reinvigorated” (p. 146). Hence, they warn about the risk of being deceived by an illusion of transparency whereby transparency, in recent years, has taken on the status of a myth, explained as a vicious circle whereby transparency might, in fact, superficially represent a deeper level of opacity. Nevertheless, they argue, there are still calls for even more disclosures and more reporting (Christensen & Cornelissen, 2015).

2.9 Conceptualisations of transparency

Recent definitions of transparency differ widely, indicating the ambiguity of the concept. A common understanding is that transparency relates to information disclosure (see e.g. Fenster, 2005; Gupta, 2008), the availability of information (see e.g. Thøger Christensen, 2002), empowerment (see e.g. Dingwerth & Eichinger, 2010) and management of visibilities (Flyverbom, Leonardi, Stohl, & Stohl, 2016). An example of a definition that captures all these aspects is proposed by Florini (2007, p. 5), who argues that transparency “refers to the degree to which information is available to outsiders that enables them to have informed voice in decisions and/or to assess the decisions made by insiders”. Hence, there is an idea that transparency is more about the availability of information to others than to those involved in decision-making, with an expectation for them to have a say in either decision-making or public debate.

In terms of organisational transparency in particular, several definitions have been proposed, in which it has been argued that “researchers have thus far made little progress toward a unified definition of the construct” (Schnackenberg & Tomlinson, 2014, p. 18). In general, there are two schools of thought on transparency, with one focusing on transparency as information disclosure (see e.g. Bushman et al., 2004; Doorey, 2011; Schnackenberg & Tomlinson, 2014; Tang & Demeritt, 2017) and the other adding to the debate by offering alternative conceptualisations of transparency as a dynamic process over time (see e.g. Albu & Flyverbom, 2016; P. Madsen, 2009; Vaccaro & Madsen, 2009a). The different conceptualisations are outlined in the table on the next page (see Table 2.3).

The school of thought engaged in transparency as information disclosure has stressed definitions such as publishing “firm-specific information to those outside publicly traded firms” (Bushman et al., 2004, p. 207). This definition is extended by Schnackenberg and Tomlinson (2014, p. 19), who conclude that “transparency can be meaningfully conceptualized as the degree of information disclosure, clarity, and accuracy”. The idea is, thus, that the degree of transparency can be measured and evaluated. In a similar vein, Vishwanath and Kaufmann (2001), in their study of the transparency of financial markets, argue that transparency can be understood and measured on the basis of access, timeliness, relevance and quality. In contrast, Eijffinger and Geraats (2006) argue that “transparency is a qualitative concept that is hard to measure”. Nevertheless, in addressing this difficulty, the authors discuss the transparency of central banks and propose an index for measuring this transparency, comprising the political, economic, procedural, policy-based and operational aspects of the banks. The analysis focuses on “actual information disclosure and reveals a rich variety in the degree and dynamics of central bank transparency” (Eijffinger & Geraats, 2006, p. 1). The index is, then, an attempt to frame transparency, something which would help when measuring and evaluating the performance of different banks in terms of their transparency. Another study, which builds on the work of Vorauer and Claude (1998), discusses actual transparency as “measured by the extent to which observers can actually detect the internal states of another” (Garcia, 2002, p. 138). Furthermore, Garcia (2002) refers to the difference between perceived and actual transparency as “the illusion of transparency”, something which is explained as “the tendency for individuals to overestimate the extent to which their internal states and intentions are apparent to an outside observer” (Garcia, 2002, p. 133). Both perceived and actual transparency are, thus, considered tangible and able to be captured, even though they are somewhat vague. Hence, when understood as information disclosure, transparency can vary in terms of both its degree and dynamics, also being something that can be evaluated and measured.

Table 2.3 Conceptualisations of transparency

Conceptualisations of transparency	Transparency types			Authors
	Disclosure	Clarity	Accuracy	
As degrees of transparency –notion of measurable transparency	Access	Timeliness	Relevance	Schnackenberg and Tomlinson (2014)
	Political	Economic	Operational	Vishwanath and Kaufmann (2001)
	History transparency	Procedural	Policy-based	Eijffinger and Geraats (2006)
As degrees of transparency –vague notion of transparency	Perceived transparency	Operations transparency	Strategic transparency	Hofstede (2007)
	Static transparency	Actual transparency	Dynamic transparency	Garcia (2002); Vorauer and Claude (1998)
Based on characteristics	Verifiability	Dynamic transparency	Performativity	Vaccaro and Madsen (2009a)
	Principles of openness and accessibility	Various disclosure practices		Albu and Flyverbom (2016)
As a myth, upheld by				Christensen and Cornelissen (2015)

Note: Author's summary.

Within a verifiability school of thought, there are also those who advocate different degrees of transparency, without discussing how these degrees can be measured. For example, the notion of different degrees of transparency can be found in the classification made by Hofstede (2007), between history transparency, operations transparency and strategic transparency. Another study argues that there is a difference between perceived and actual transparency (Vorauer & Claude, 1998). The idea behind “perceptions of transparency” is that the degree of perceived transparency is subjective, and can only be estimated by the actors themselves (Vorauer & Ross, 1999, p. 415). These type of studies put less of a focus on how to measure transparency.

The latter school of thought introduces transparency as a dynamic process, and thus opposes previous notions of transparency as merely information disclosure. For example, Vaccaro and Madsen (2009a) argue that previous studies have had too static a view, focusing only on one-way communication. As an alternative, they introduce the term “dynamic transparency”, characterized by engagement and dialogue. Similar ideas are proposed by Albu and Flyverbom (2016), who make a distinction between two aspects of transparency: i.e. verifiability and performativity. They propose that research should pay more attention to the dynamics, paradoxes, and performative characteristics of transparency. The strength that lies in understanding transparency, not only in terms of verifiability but also in terms of performativity, is further explained thus: “In this respect, transparency projects do not simply reveal and illuminate (verify) through information; they also involve complex communication processes that produce new organizational realities; that is, they are performative” (Albu & Flyverbom, 2016, p. 17). The idea here is that understanding transparency as a social process enables the researcher to also understand the consequences of transparency:

From more process-oriented perspectives, transparency has potentially negative consequences, as it involves active processes of translation, mediation, and mutation in which subjects (people) along with objects and settings (technologies, indexes, etc.) become entangled and produce particular configurations of visibilities and decisions about what should and should not be seen. (Albu & Flyverbom, 2016, p. 13)

A performative understanding of transparency is, then, argued to help explain a more complex picture of how transparency is managed, and the consequences thereof. Nevertheless, research that also defines transparency in terms of information disclosure looks at how this is managed in practice and over time. This is the starting point of the next section, before moving on to more dynamic and performative views of transparency.

2.10 From a verifiability to a performative approach to transparency

Using a verifiability approach, transparency is something that can be understood in terms of information disclosure, and the quality thereof. Schnackenberg and Tomlinson (2014) argue that there are three different mechanisms for managing transparency; i.e. mechanisms for managing disclosure, clarity, and accuracy. Table 2.4 summarizes the different mechanisms for managing transparency.

Table 2.4 Mechanisms for managing transparency

Mechanisms of	Aimed at less transparency	Aimed at more transparency
Disclosure	Reducing disclosure through sanctioned or unsanctioned secrets	Increasing transparency through, for example, open information systems
Clarity	Frames for bringing coherence and understanding to stakeholders	Frames for stimulating tactical confusion and ambiguity.
Accuracy	Decrease by means of faking or decoupling	Increase by means of honesty during interactions with stakeholders

Note: Based on Schnackenberg and Tomlinson (2014)

The first mechanism for managing transparency, the management of disclosure, is achieved by means of reducing (e.g. keeping secrets) or increasing disclosure (e.g. the use of open information systems). Schnackenberg and Tomlinson (2014) discuss two types of secrets: sanctioned and non-sanctioned, whereby the former relates to intentionally maintaining secrets for the purpose of competitive advantage and the latter refers to illegitimate practices, in the eyes of the stakeholders, which are concealing. The use of these different types of secrets is said to reduce transparency by means of non-disclosure. The second mechanism for managing transparency relates to the management of clarity. In terms of clarity, two different strategies are proposed: i.e. frames for bringing coherence and understanding to stakeholders and frames for stimulating tactical confusion and ambiguity. Furthermore, the authors also argue that:

To increase clarity, one alternative is for organizations to compose “outsider” frames that reflect the interests and information requirements of specific stakeholder groups. Similar to managing disclosure, having an understanding of the information requirements of stakeholders is important to build frames that unambiguously transfer knowledge. (Schnackenberg & Tomlinson, 2014, p. 1800)

Hence, there is a perception that the “frames” can be designed differently, to fit different stakeholder groups – whether the purpose is to bring clarity to the stakeholders or to distort the information given to the different stakeholders. In the case of the third mechanism in managing transparency, managing accuracy, two opposites are described: i.e. either decreasing accuracy by means of faking or decoupling or increasing it by means of honesty during interactions with stakeholders. Decreasing accuracy is connected with manipulation and falsification. At the other end, there are strategies for increasing accuracy by means of open and honest interactions with stakeholders (Schnackenberg & Tomlinson, 2014). However, these authors argue that “these mechanisms are by no means an exhaustive list of alternatives available to organizations to manage transparency perceptions, nor are they meant to operate in complete isolation” (Schnackenberg & Tomlinson, 2014, p. 1801). Furthermore, they also argue that there can be inconsistencies between the different mechanisms, whereby increasing disclosure, for example, might decrease clarity. They conclude by stating that “managing transparency is a complicated endeavor requiring organizations to balance internally defined objectives against the interests of divergent stakeholder groups” (Schnackenberg & Tomlinson, 2014, p. 1801).

A performative perspective on transparency, on the other hand, emphasises the transformative power of transparency. Albu and Flyverbom (2016, p. 17) argue that performativity should not be understood in terms of efficiency, but as “the dynamic, extensive, and often paradoxical ways in which transparency projects come to shape organizations and their members” (p. 18). By means of understanding transparency as performative, the authors want to challenge how transparency, using verifiability approaches, has taken for granted the fact that “the objects being described and verified remain the same” (Albu & Flyverbom, 2016, p. 19). Albu and Flyverbom (2016) argue that studying transparency using a performative perspective is about moving beyond a discussion about information transmission efficiency, modes of information disclosure, and transparency in terms of quality, quantity, and relevance. Instead, the focus is on process, negotiations, and complications, whereby transparency is understood as a social process, including extensive communication, interpretation, and negotiation processes. Furthermore, they also argue that consequences cannot, then, be assessed in terms of effectiveness, but should instead be understood as surprising complications (Albu & Flyverbom, 2016). As part of understanding transparency from a performative approach, objects are an important aspect to signal one’s commitment (Albu & Flyverbom, 2016). Other researchers have referred to material expressions as inscriptions (Corvellec, Ek, Zapata, & Campos, 2016) or ‘symptoms’ of a management idea (Røvik, 2011).

CHAPTER 3

APPROACHING THE RESEARCH PROJECT

In order to answer the research question, a narrative approach, that is based on fieldwork, has been chosen. The use of fieldwork as a method enables the researcher “to study the actual *production* of narratives” (Czarniawska, 1998, p. 20, italics in original). The choice of a narrative approach is motivated by wanting to unfold the “actual work” underlying transparency. More specifically, material from a qualitative study on a mid-sized Swedish clothing retailer’s (Nudie Jeans Co.), attempt to become the “most transparent company in the world” has been used. The case company is used as a way to study the production of narratives and to illustrate, later on, the work behind transparency. Siggelkow (2007) argues that a single case can be a very powerful example, as long as the choice of case is accurate. As research on organisational transparency has mainly been done in conceptual papers (see, for example, Albu & Flyverbom, 2016; Schnackenberg & Tomlinson, 2014), the research topic has limited empirical foundations, whereby “an inductive research strategy that lets theory emerge from the data can be a valuable starting point” (Siggelkow, 2007, p. 21). Hence, a case study can also be used when drawing more generalizable conclusions (Flyvbjerg, 2006). The aim of a case study method is to be able to enhance knowledge of organisational transparency, whereby the case study approach is a way to offer the “rich, real-world context in which the phenomena occur” (Eisenhardt & Graebner, 2007, p. 25).

The selection of Nudie Jeans Co. as a case company is justified by its pursuit of becoming a leader in transparency and sustainability. This is interesting since both transparency and sustainability are part of a societal discourse on how today’s companies should act in order to be considered legitimate actors, and thus something that companies somehow need to address. Moreover, the choice of a single over a multiple case study can be justified by the unique research access that was granted, in line with Eisenhardt & Graebner’s argument that “single-case research typically exploits opportunities to explore a significant phenomenon under rare or extreme circumstances” (2007, p. 27). As the case company had the vision of becoming “the most transparent company in the world”, this can be

regarded as a way to explore a phenomenon (transparency) under favourable circumstances. Although the company's aspirations are not unique in the clothing industry (see, for example, Patagonia and HonestBy for similar ideas), they are still rare and likely to have a strong influence on the strategy the company is pursuing.

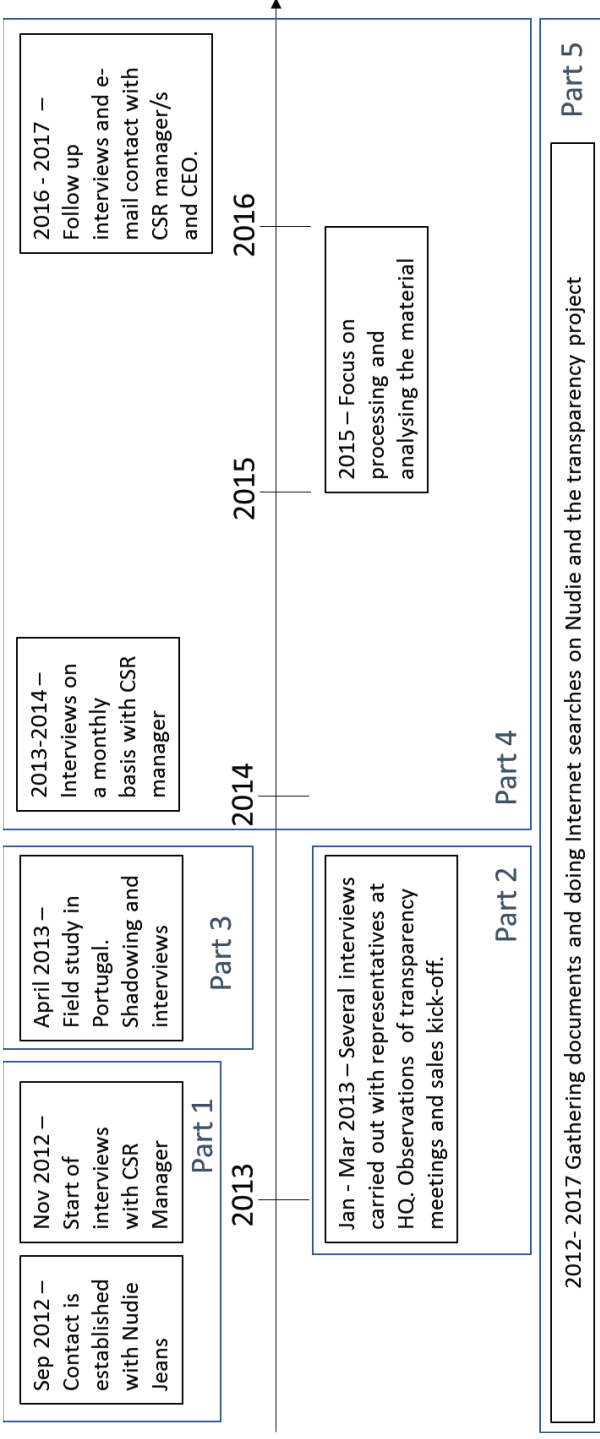
3.1 Data collection

Data collection was carried out between 2012 and 2017. Different methods were used to collect material for the study, e.g. interviews, observations, and shadowing. Written documentation (e.g. strategy documents, emails, PowerPoint presentations, Excel spreadsheets, and audit reports) was used to complement the information provided during the interviews. Furthermore, the Internet was also used as a source of information. Data was initially collected as part of a larger research project on Nudie Jeans' business model and sustainability commitment.¹ During the final years of data collection, the interviews were carried out with a more specific focus on the PhD project. The data collection process consisted of four main parts (see illustration 3.1 on the next page).

This combination of methods assisted in constructing rich data on the company, studied over time, allowing several different methods of coding and analysing the material. By interviewing several people at the company (Part 2), and outside it (Part 3), the researcher was able to follow the production of narratives backwards in time, as this provided information on the background to current work. The current work was followed as an ongoing process via interviews, mainly with the CSR Manager (Part 4). Moreover, future work and plans for current work were also discussed during all types of interviews. Hence, the timeframe of the study is not limited to the timeframe of the research project, but contained information on what had happened before and what future plans were. Collecting data in multiple ways, and longitudinally in real-time, has been argued to improve the credibility of studies (Eisenhardt & Graebner, 2007). The purposes and activities connected to the different parts of data collection are summarized in table 3.1.

¹ This project was carried out in collaboration with Professor Niklas Egels-Zandén, whose support I gratefully acknowledge in collecting part of the empirical data.

Illustration 3.1 The four parts of data collection



Note: Author's own illustration

Table 3.1 The data collection process

Part of process	Purpose	Type of activity
Part 1	Identifying topic and key respondents	Initial meetings and interviews with CSR Manager. Key respondents identified.
Part 2	Capturing present and retrospective perspectives on the transparency work.	Negotiating access, interviewing key respondents and making observations.
Part 3	Broadening the perspective by interviewing actors outside the organisation.	Interviews with and shadowing of external actors through a field study in Portugal.
Part 4	Following the ongoing process connected to the transparency work.	Regular meetings with the CSR Manager, at times on a monthly basis.
Part 5	Following other aspects of the transparency work through documentation	Complementing the interviews, observations and shadowing by gathering documents and doing Internet searches.

The activities carried out during data collection reflect the fact that different techniques were used during different parts of the study. In total, 55 interviews, 4 observations, and 4 days of shadowing were conducted (For a list of interviews and observations, see appendix 1). The field study techniques were complemented by textually analysing documents and online articles and blogposts. The table below shows an overview of the different techniques used during the different phases. The techniques are described in more detail in the coming pages, focusing on the five parts of the data collection process.

Table 3.2 Data collection over time broken down by technique

Data collection	Part 1 (2012)	Part 2 (2013)	Part 3 (2013)	Part 4 (2014-2017)	Part 5 (2012-2017)	Total
Interviews	7	27	10	11		55
Observations		3		1		4
Shadowing			4 days			4
Documents					9 types	9
Internet search					21 articles	21

3.1.1 Part 1 – Identifying topic and key respondents

In Part 1, initial contact was made with the CSR Manager and the manager of the product development department. During the early meetings and interviews (autumn 2012), several themes were identified as relevant and of interest to the overall study, e.g. transparency, living wages, and the eco-cycle. Due to the diverging interests of the research group, different themes were followed up by the actors involved. For this PhD project, “transparency” was regarded to be of the highest interest. Nudie was about to initiate its work, which allowed the researcher to follow the project from the start and over the coming years. During this part, key respondents were identified, either due to their overall knowledge and experience of the organisation or due to their involvement in more specific questions relating to the key themes.

3.1.2 Part 2 - Capturing present and retrospective perspectives

Part 2 consisted of negotiating access and interviewing key respondents at the company, and of making observations at internal meetings. During this phase, a non-disclosure agreement (NDA) was drawn up and signed between the researchers and one of the owners of Nudie². This agreement was used to ensure access to key respondents and sensitive information and to prevent potential complications as regards how to use the material. Besides the NDA, a short presentation of the researchers involved in the project was written and sent to the CSR Manager, who later informed the organisation about the study at an internal meeting. First of all, the NDA and the presentation were used when contacting key respondents by email to book a meeting. Second, the respondents were informed about the NDA at the beginning of each interview; they were also asked to indicate which issues were considered more sensitive in order to be able to handle this information with extra care. In general, few restrictions on how to use the material were made.

This was the most intense part of data collection, when most of the material was collected via interviews and observations. Most of the interviews during this part were carried out by the two researchers tied to the project.³ The interviews lasted

² An NDA which had been used during previous research projects was modified to match the current study and then sent to the owners.

³ During different periods of the project, Bachelor’s and Master’s students were also tied to the research, each with a more specific focus on the company’s sustainability work. The students were given access in order to participate in their chosen interviews and to access the material already collected. This slightly influenced the content of the interviews, since more specific questions, from other perspectives, were asked by the students. As their projects were in line with the overall study, the impact of their participation was, however, limited.

an average of 2 hours and were semi-structured, audio recorded, and transcribed. The focus of these interviews was to cover both retrospective aspects and various perspectives regarding what and how the company had been working with the key themes up until the time of the interviews. In cases where a single interview was considered insufficient in terms of information saturation, another interview was requested and booked, allowing the researcher to follow up an ongoing process or to fill in gaps arising from the first interview. In other cases, interviews were complemented by documents shared by the respondents via email or by additional questions answered via email. The interviews conducted at a later stage (Part 4) were guided by diary notes on the CSR Manager’s work. This allowed the researcher to gather detailed information on the themes and events that had occurred, and to decide on the relevance of the information provided to the study. During data collection, access was never denied.

Table 3.3 Specification of the interviews conducted

Type of interview	Number of interviews	Length (approx./interview)
Head office	45	
<i>CSR Manager/s⁴</i>	27	2 hrs
<i>Owners (CEO and founders)⁵</i>	6	1.5 hrs
<i>Management</i>	7	1 hr
<i>Other employees</i>	5	1 hr
Portugal	10	
<i>Production Agent</i>	4	1 hr
<i>Suppliers</i>	6	0.5 - 1 hr
Total	55	Approx. 84 hrs

The table above gives an overview of the interviews carried out within the project. Besides interviews, and in order to obtain complementary information,

⁴ The post of CSR Manager was held by different people throughout the period prior to and during the study. The first CSR Manager was active between Nov. 2010 and Apr. 2011. The Second CSR Manager was active from Oct. 2011 and onwards. For two periods of time, the second CSR Manager was covered by the third CSR Manager (Apr. 2014 –May 2015) and the fourth CSR Manager (May 2016 – May 2017, this post was changed to Environmental Manager after May 2017).

⁵ The post of CEO was held by two different people before and during the study. At the start of the company, one of the founders/owners held the post. In 2007, the company underwent some internal changes whereby the CEO took on a more strategic role and the previous Sales Manager and partner was made CEO. In 2016, the post of CEO was once again held by the former CEO and founder/owner. The other founder/owner has been Head of Design ever since the start of the company and throughout the period of the study.

observations were also made during internal meetings. A total of four observations, two during meetings with the “transparency group” (each 1 hr), one observation during a kick-off for sales agents and distributors (2hrs) and one during a seminar (2 hrs) were made. Awareness of meetings and events was raised during the interviews, when access to participate was also negotiated. In general, questions about the possibilities of participating in meetings were asked during interviews with the CSR Manager, who in turn asked one of the owners whether it would be possible to join the meetings. Observations were documented by means of note-taking and subsequently being written down electronically, with comments and reflections on other aspects too, e.g. the atmosphere and visual observations. Permission to record was asked for during one of the events (but not meetings), but this was rejected by one of the founders. Instead, the event was documented by means of note-taking as well, in a procedure similar to that of the meetings.

3.1.3 Part 3 - Broadening the perspective by interviewing actors outside the organisation

As a third part of data collection, the interviewee base was broadened by means of interviews with external actors via a field study conducted in Portugal. This field study was spread over 5 days and included interviews with the production agent on site and managers at Nudie’s supplier factories. The interviews were complemented by shadowing the production agent in Portugal, for four days. Shadowing was chosen as a technique due to specific conditions in the field setting, where the suppliers were located in a wide geographic area with several customers to attend to. The study thus required both mobility and the presence of the researcher when a supplier was to be visited. Shadowing is, by definition, a nonparticipant observation, although it might at times require the researcher getting involved (Czarniawska, 2007). Shadowing is characterized by mobility, which distinguishes the technique from other, non-participatory observations, e.g. stationary observation (Czarniawska, 2007). Furthermore, shadowing has also been described as:

[...] a way of studying the work and life of people who move often and quickly from place to place; traditional ethnography, on the other hand, assumed that people would stay in one place, and that their ways of living would remain unchanged. (Czarniawska, 2014b, p. 92)

During initial contact with the production agent (through the CSR Manager), a plan was drawn up for the field study, in which it was decided that the best way to get access to the suppliers was through the Production Agent. Once contact had been established, the terms of shadowing were negotiated. As described by

Czarniawska (2007), access in order to shadow had to be re-negotiated continuously, whereby each day of shadowing was negotiated the day before. The Production Agent also acted as an initial point of contact with the suppliers, offering assistance during the interviews with, for example, language difficulties.

The setup of the study allowed the researcher to observe the Production Agent and her assistant in their day-to-day work with the suppliers, in a similar way to shadowing. Shadowing took place at the Production Agent's office, and during car trips to the suppliers and supplier visits. As a part of shadowing, there were observations of how the Production Agent and her assistant worked, e.g. of production samples and product quality checks. In cases where the workload had increased, the researcher offered to assist, something which also allowed participatory observations. Both shadowing (as non-participatory observation) and participatory observations can be expected to enhance understanding of the study setting and can be seen as complements to more traditional qualitative research methods, e.g. interviews and observations (Czarniawska, 2007).

3.1.4 Part 4 - Following the ongoing process connected to transparency

The fourth part of the interviewing was characterised by regular meetings with the CSR Manager/s, sometimes on a monthly basis, in order to follow the ongoing process connected to the different themes. The interviews with the second CSR Manager differed from the others as these were guided by the CSR Manager's diary notes, which were sent to the researchers the day before the interviews. The use of diary notes as a method was inspired by Carlson (1951), and has been suggested as a way to solve the problem of being at many different places at the same time (Czarniawska, 2008). Furthermore, diary notes, together with complementary interviews, have been described as a form of "participant observation" (Zimmerman & Wieder, 1977). In total, 16 updates containing diary notes from the second CSR Manager were sent during a time period spanning approximately 3.5 years (sent between 17th December 2012 and 6th April 2016). This allowed the researchers to identify, even beforehand, key topics for the upcoming interviews, and to monitor the interviews in order to cover the events regarded to be of most relevance and interest to the study. It also aided the second CSR Manager in remembering what had happened since the last time, and in providing a more detailed account of the events. On the occasions when the second CSR Manager had been on business trips (e.g. supplier visits), notes were complemented by photographs, which were also received prior to interviews being held (see Part 5 for a discussion on the photographs). The interviews ended with more general questions about what was going on at the company, and with open-ended questions about whether or not there had been any other updates than those covered during the interviews.

3.1.5 Part 5 - Following other aspects of the transparency work through documentation

Another technique of complementing the interviews, observations, and shadowing was the use of documents and online research. Access to internal documents was given via email. The general procedure was that an awareness of the document was provided during the interviews, and that the researcher asked the respondent if he/she was willing to share that document. In general, few restrictions on how to use the material were made. One exception to this was access to an internal strategy document, with agreement being reached to handle it carefully. Nine main types of documents were used during the research project: i.e. the transparency agreement, a strategy document, a supplier register, sourcing policy documents, PowerPoint presentations, internal emails, photographs, audit reports, and audit summaries. The different types of documents were changed and shared over time, allowing the researcher to see and compare developments over time, e.g. changes in the supplier register and audit reports. The usage of each type of document is listed in the table below.

Table 3.4 Overview of the documents used

Type of document	How the document was used
Transparency agreement	Provided insight into how transparency was communicated throughout Nudie's network, and an understanding of the responses that the agreement created in the supply chain.
Strategy document	Gave more in-depth information about the company's strategy. Shared by the strategist and owner via email. Used during the ensuing interviews, as a basis for more in-depth questions.
Supplier register	Assisted in understanding the structure of the supplier base. Gave an idea of the relative importance of each supplier in terms of order volumes. Used to put more informed questions to each supplier, and as preparation ahead of supplier visits in Portugal.
Sourcing policy documents	Shared at several different time points, allowing researcher to follow changes in document over time, and along with the discussions held at the company.
PowerPoint slides	Showed how the company communicated its vision both internally and externally. Referred to during interviews and shared via email.
Internal emails	Detailed information on email conversations, shared by second CSR Manager. Gave a more in-depth picture of the discussions between the company and its stakeholders
Photographs	Taken by the second CSR Manager during supplier visits. Complementated interviews. Used for asking additional questions based on the photographs, e.g. "Who's that?" and "What were you discussing here?"
Audit reports	Used to complement the interviews with written text on the audit results. Used to compare changes over time and with audit summaries.
Audit summaries	Used to see how the findings from the audit reports were communicated to the public. Used to compare how changes were made over time.

Besides internal documents, the Internet was used as a source of data collection. Online searching allowed the researcher to see how the company and the transparency work had been portrayed in the media. Moreover, the information found online was also used during interviews to ask in-depth questions on topics that had not previously been mentioned. By looking at external information sources, a comparison could be made between how the company talked about the project during the interviews and the company's voice in the media, as well as more specific portrayals of the project. In total, 21 articles and blogposts were used, of which 16 focused on the transparency work (see below).

Table 3.5 Selection of online articles used

Source	Name of article/website	Author/Year
BetterThread	Company: Nudie Jeans.	BetterThread (2017a)
DenimHunters	Nudie Jeans Production Guide: Next Level Business Transparency.	Bojer (2013)
The Guardian	A Swedish denim label wants to change the way we wear our jeans.	Borromeo (2014)
The Business of Fashion	Stripped Bare: Brands Move Toward Transparency and Traceability.	Young (2013)
StyleBlazer	StyleBlazer Man: Nudie Jeans Sets Sights On 100 Percent Transparency.	Childs (2014)
Good on You	Nudie Jeans Co: towards an ethical philosophy.	S. Kennedy (2015)
GS1 Sweden	Nudie Jeans wants to increase traceability ⁶	GS1 Sweden (2014)
Ethical Fashion Blog	10 Amazing Ethical Jeans Brands.	Heathcote (2014)
WWD	Nudie Jeans in Push for Transparency.	Karr and Marfil (2013)
Slow Fashion	Nudie Jeans – Sustainable jeans nerds ⁷	Nilsson (2015)
Superette	Nudie Jeans Pushes for Transparency.	Superette (2013)
Project Just	Brands: Nudie Jeans	Project Just (2016)
Ecouterre	Interview: Nudie Jeans is Changing the Culture of Denim Ownership.	Stewart (2014)
Clean Clothes Campaign	Nudie Jeans' work with transparency and sustainability ⁸	Severinsen (2017)
Aktuell hållbarhet	New CSR Manager: "Fairness costs – and in that margin companies make a lot of money" ⁹	Röhne (2010)
Contra TV	Create + Influence: Episode 1 - Backbone by Nudie Jeans.	Vimeo (2012)

⁶ Original title in Swedish: Nudie Jeans vill öka spårbarheten.

⁷ Original title in Swedish: Nudie Jeans - Hållbart jeansnörderi.

⁸ Original title in Danish: Nudie Jeans' arbejde med transparens og bæredygtighed.

⁹ Original title in Swedish: Ny CSR-chef: Schyssthet kostar – och i den marginalen tjänar företag stora pengar.

In conclusion, data collection was carried out between 2012 and 2017 and consisted of five main parts, each of which served the purpose of highlighting the different aspects of the transparency work. Data was collected using different techniques, e.g. interviews, observations, shadowing, documentation, and online research. The data collected was then processed and analysed, as described in the next section.

3.2 Data analysis

As described in the data collection section, the data and key topics of the study were constructed on the basis of what was happening in the field, and on the themes which had been signalled as important to the case company in its current work. Several memos were written during the process, whereby important events and statements, for example, were put in chronological order. The idea to build the story around critical events, and to account for these events in a systematic way (e.g. chronologically), has been advocated by, for example, Czarniawska (1999, 2014a), who refers to this as one way to achieve ‘emplotment’. Besides descriptive memos about what had happened, analytical memos were also continuously written, and used, for example, in developing interview questions and arguments. Memo writing can be considered a transitional step between collecting data and writing drafts of papers (Charmaz, 2014). During the analytical work, the field material was contrasted with existing research on organisational transparency, which meant that the collected material was reflected upon and analysed throughout the field work. Moving between field work and theories has been described in terms of abduction (Charmaz, 2008; Czarniawska, 1999). This allowed the study to be connected to ongoing academic discussions on transparency, legitimacy, and translation.

To approach the empirical material, initial coding was carried out in Nvivo, a software program for qualitative data analysis. The practice of coding has been explained as “naming segments of data with a label that simultaneously categorizes, summarizes, and accounts for each piece of data” (Charmaz, 2014, p. 111). Initial coding is thus about making analytical sense of the statements, by maintaining an interpretative approach to the material. Besides pointing to the centrality of the “transparency” of the company’s and the CSR Manager’s day-to-day working life, initial coding, by means of line-by-line coding, assisted in the making of descriptive categories, e.g. “company background”, “supplier relations” and “name and position”, as well as topic categories, e.g. “projects”, “arguments for transparency” and “audits”. In addition, more analytical codes also emerged, e.g. “transparency to conform”, “transparency to differentiate” and “transparency to influence”. The development of initial codes into analytical categories is similar to what has been described by previous scholars as focused

coding (Charmaz, 2014), axial coding (Corley & Gioia, 2004; Strauss & Corbin, 1998), or selective coding (Pandit, 1996). Even at this point, the researcher had engaged in defining what were considered to be the important aspects, more or less, of the study. The codes should thus be considered to be constructed, with the intention of: “understand[ing] participant’s views and actions from their perspectives” (Charmaz, 2014, p. 115). Analysis of the data has thus also influenced the way in which the empirical material is presented, and which themes are either included or excluded.

Once the empirically-grounded categories had been constructed, the codes were then compared with previous research and findings, in a manner similar to what Charmaz (2014, p. 150) calls “theoretical coding”. This way, the analytical codes were connected with theoretical concepts, e.g. legitimacy (see, for example, Suchman, 1995), strategic responses to institutional processes (see, for example, Oliver, 1991), and translation (see, for example, Czarniawska & Sevón, 1996). Relating focused codes to theoretical concepts has been called into question as merely being the application of preconceived ideas, rather than an emergent process. However, others have advocated theoretical codes as useful in theorizing based on data and focused codes, and in order “to move your analytic story in a theoretical direction” (Charmaz, 2014, p. 150). The intention behind the theoretical coding in my study has been to use the concepts as integrative, to bring coherence, and to “create new modes of thinking rather than reproducing the old”, as suggested by Charmaz (2014, p. 150). In the analysis chapter, the different codes and categories are discussed in more detail.

3.3 Presenting the material

In order to present the data, several decisions were taken with regard to anonymization. Early on in the project, the company agreed as regards including the name of the company in the study. This means that contextual information, e.g. organization and industry characteristics, is accounted for and made part of a larger discussion. In agreement with Nudie’s second CSR Manager, a decision was taken to anonymize the names of the suppliers, to keep a focus on the complexities and problems of the industry, rather than to pinpoint specific suppliers. The names of the suppliers were anonymised using an alphabetical coding system, whereby the first supplier accounted for is called Supplier A, the second Supplier B, and so forth. Additional information on the country the supplier is located in was added to provide the reader with more contextual information. Similar coding was carried out for the Sourcing Agents. The names of the respondents have been anonymised by the researcher since the position rather than the person was considered to be key when accounting for different views and developments within the company.

CHAPTER 4

NUDIE PUTS TRANSPARENCY ON THE AGENDA

4.1 Company Background

The Nudie Jeans Co. (henceforth referred to as Nudie) was founded in 2001 by Maria Erixon, together with Joakim Levin. The company is owned by Maria Erixon, Joakim Levin, and Palle Stenberg. Although privately owned, the company structure reflects that of a group, wherein the mother company, Svenska Jeans AB, includes 13 enterprises, e.g. Nudie Jeans Marketing, Nudie Jeans INC (the US company), and Nudie Jeans PTY (Australia).

At the time of the study, the head office of Svenska Jeans was in Gothenburg, employing around 130 in 2016. In 2016, Svenska Jeans' turnover was estimated at EUR 46 million, with a profit of EUR 2.8 million. Since 2011, turnover had fluctuated between EUR 40 and 50 million, with an average profit of EUR 2.6 million (Allabolag.se, 2017; Nudie Jeans Co, 2016). After initially being based on wholesale, e.g. multi-brand stores and distributors, Nudie was, in 2017, moving towards becoming a retailer, entailing that the company would increasingly be selling its products via concept stores, outlets, and its web shop. In 2018, the company expected around 50 % of its total turnover to come from retail, in comparison with only around 5 % in 2010.¹⁰

In 2016, products were being retailed in 40 countries, both via the company's 25 concept stores (5 in Sweden, 1 in Norway, 1 in Switzerland, 1 in Spain, 2 in the UK, 2 in Germany, 6 in Australia, 5 in Japan, and 2 in the US) and via the 1,600 multi-brand stores where Nudie was represented globally. Nudie also has a web shop that ships worldwide. In 2016, the company sold around 800,000 pairs of jeans, its core product (Nudie Jeans Co, 2016). The company also sells jackets, shirts, T-shirts, underwear, and accessories (Nudie Jeans Co, 2017). Additionally,

¹⁰ Interview, CEO (former strategist) and founder, 2017-10-04

in 2016, Nudie also sold 804 pairs of jeans second hand, as well as reusing 5,099 and repairing 44,021 pairs of jeans (Nudie Jeans Co, 2016).

Production was mainly in Europe (63%) (Nudie Jeans Co, 2016). The company sourced its products via direct contact with its suppliers, via sourcing agents, which act as intermediaries between Nudie and some of its suppliers, and via a production agent. In some cases, Nudie was also in direct contact with the subcontractors of its suppliers. Most of Nudie's suppliers, sourcing agents, and subcontractors, at the time of the study, were in Italy and Portugal, as a result of the initial idea of having all of the company's production in Europe. However, in recent years, Nudie has outsourced some of its production to countries such as India and Tunisia. In 2017, Nudie had 25 direct suppliers, worked closely with four sourcing agents, and made use of about 30 subcontractors (e.g. laundry and packaging units)¹¹.

Nudie's start-up philosophy was simple: "we love jeans"¹². Besides this commitment to jeans and craftsmanship, another dimension was also described, in terms of social and environmental claims, e.g. "taking responsibility for our product," and "sleeping at night, knowing that those who work and produce things for us are doing well"¹³. The aim was to build a company based on a cohesive strategy regarding its products, brand image, core values, and communication¹⁴. At that point, the CEO described the launch of Nudie jeans as follows:

There were five big jeans brands around the world, Lee, Levi's Wrangler, G-star and Replay... And during this period there was a light, a medium and a dark [model] And these brands knew exactly what the others were doing, so that in the end there was almost no product development because there was no demand for washed jeans for example. And that's when Nudie came into the picture, a company with a clear philosophy, really nice fits and fantastic washes. This meant that it spread like wildfire around the world. Finally, a new jeans brand! That hasn't happened in the last 150 years or so. Not only did they look great, they also had a really good fit!¹⁵

Hence, the company was said to have been an immediate success, and the positive reputation it had earned meant that Nudie did not have to put a lot of effort into marketing its brand. Indeed, the CEO reported that, when starting up the

¹¹ E-mail, Second CSR Manager, 2017-09-29

¹² Interview, CEO and owner, 2013-03-18

¹³ Interview, Strategist and founder/owner, 2013-03-05

¹⁴ Interview, Head of Design and founder/owner, 2013-03-25

¹⁵ Interview, CEO and owner, 2013-03-18

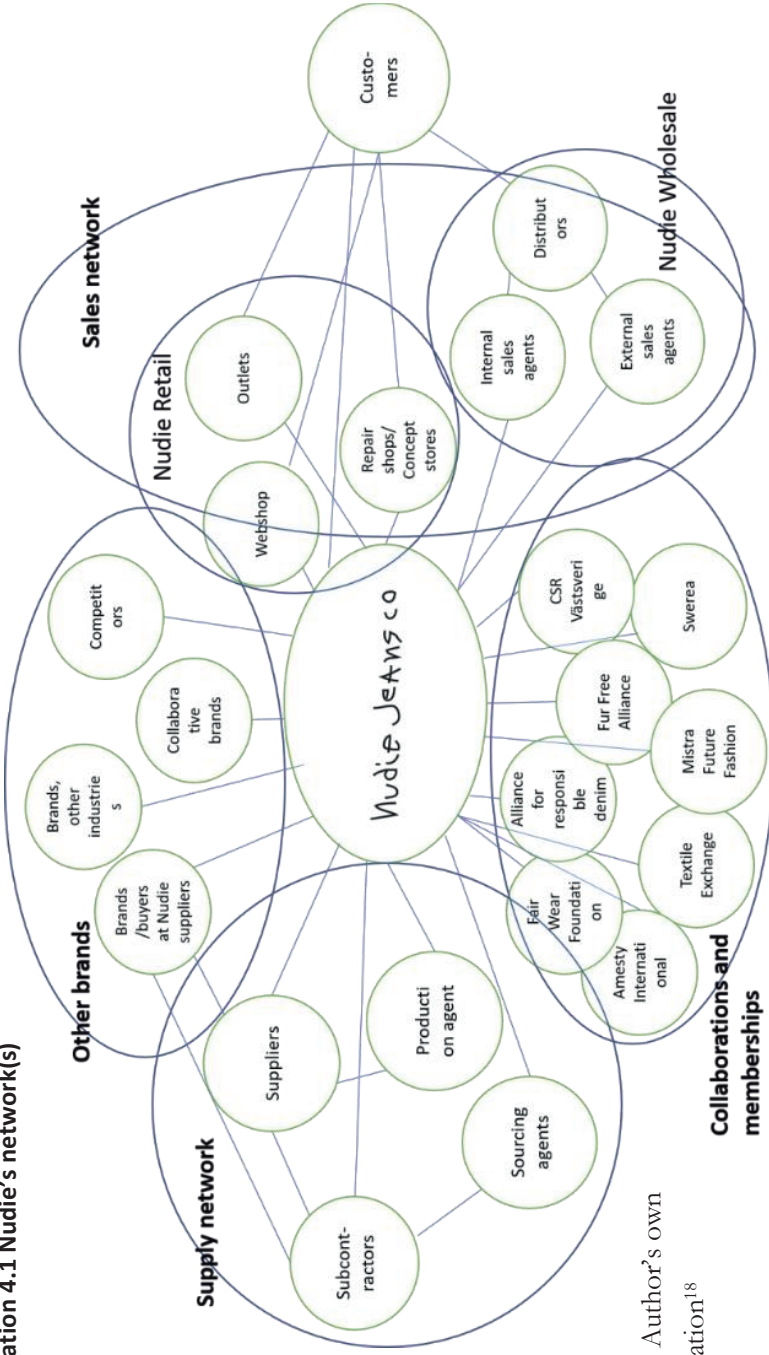
company, he “didn’t have the time to contact people, since the phone kept ringing all the time from different places”.¹⁶ At this point, Nudie was comparing itself with other jeans brands, and basing its identity on being a jeans brand. The CEO further described having a “clear philosophy”, whereby one of the ideas of key importance to the company was only using suppliers who were based in Europe, with the aim of ensuring better working conditions and higher environmental standards, as well as shortening transportation distances to market. The brand received publicity right from the start, being mentioned, for example, by one of the country’s largest newspapers, on the front page of the arts section.¹⁷ Nudie was referred to as a “fashion miracle, export success and success story” (Tuvhag, 2012), and as one of many success stories in the Swedish fashion industry (Hovmöller, 2015).

Nudie is part of a larger network of actors, e.g. suppliers, sales organisation, and competitors. Its sales organisation consists of both internal sales agents, who are employed by Nudie, and external sales agents, who work for several different brands. Nudie has several collaborations ongoing with different actors, e.g. the Fair Wear Foundation, CSR Västsverige, and Amnesty International. Other actors forming part of Nudie’s network are its competitors, which the company needs to relate to, as well as the other buying companies at the suppliers. Another important actor is the customer, with whom Nudie is in direct contact via its internal sales organisation, concept stores, and web shop, as well as in indirect contact with via its external sales organisation.

¹⁶ Interview, CEO and owner, 2013-03 -18

¹⁷ Interview, Social Media Manager, 2013-02-22

Illustration 4.1 Nudie's network(s)



Note: Author's own illustration¹⁸

¹⁸ The circles aim to illustrate which actors are included in Nudie's network. The sizes of the circles might therefore be slightly misleading as the role and/or importance of each actor differs. For example, the Fair Wear Foundation is an important collaborative partner to Nudie, while there is less contact with the Fur Free Alliance (Email, Second CSR Manager, 2018-01-10).

4.2 Commitment to responsible business

Nudie reported being committed to responsible business right from the start. This was reflected in its strategic choice of initially producing all its goods in Europe, as mentioned above, with the aim of ensuring better working conditions and higher environmental standards, as well as shortening transportation distances to market. There was also a thought that production in Europe would allow a greater degree of control over and contact with suppliers, and thus assist the company in building close contacts and collaborations with its suppliers. During the first decade, the jeans were produced in Italy, while the t-shirts and underwear were produced in Portugal. The production agent in Portugal reported that “Nudie has always been a very faithful client to its suppliers”. This was further elaborated upon thus:

In 12 years, I don't remember Nudie ever asking for discounts [...]
And this is very important for suppliers, because they know that, on the other hand, they have someone who understands the problems and who always, always wants to help. As far as possible, Nudie, always tries to help.¹⁹

From the production agent's perspective, it was thus regarded to be important to have someone who understands the problems that the suppliers face, working in a responsible manner with the suppliers. Another example of commitment to responsible business practices was the different projects that Nudie undertook over the years. For example, design students used the company's leftover products for a student project that resulted in a fashion show using recycled garments. A second initiative was “post-recycle dry”, an effort to create a clothing line based entirely on recycled jeans, where the material from leftover jeans was used to produce new fabrics. A third project recycled leftover jeans into carpets, which were later sold in stores.

In 2007, the first attempts were made to formalise commitment to responsible business through the formulation of a code of conduct in 2008. Since the company did not have a CSR Manager at this time, the task was given to the Social Media Manager, who had a background in journalism, reporting that he was expected to have the ability to “put the questions into a larger context”.²⁰ When reflecting upon the task, he remembered the criticality of tailoring the code of conduct to the company: “[...] it was very clear, especially from the perspective of [one of the founders], that we did not want to just take a standard code of conduct and make it our own”. While a standard code of conduct was understood

¹⁹ Interview, Production Agent Portugal, 2013-04-08

²⁰ Interview, Social Media Manager, 2013-02-22

in terms of the “number of fire exits” and workers’ “rights to their own beds”, the reason for wanting to avoid such a code of conduct was explained in terms of: “It was a bad fit, she [one of the founders] didn’t want to put a code of conduct like this into the hands of our Italian supplier, with whom she had a very personal relationship”.²¹ A standard code of conduct was also refused for reasons such as the fact that it was written to fit with working conditions “in all parts of the world”, which included countries the company had already rejected as regards production. Hence, the discussions resulted in a code of conduct specific to the company, whilst still aiming to cover the most important issues in regards to social and environmental aspects.

To strengthen the company’s internal efforts and external communications regarding responsible commitment, the company recruited several high-profile executives from the Swedish CSR community during the coming years. In 2009, the company recruited a PR Manager with a background in the Swedish Clean Clothes Campaign (SCCC), an organisation known for its engagement in workers’ rights in the clothing industry. This PR Manager was made responsible for the company’s communications, including CSR-related issues, while the Social Media Manager retained the principal responsibility for Nudie’s CSR work. In 2011, the company appointed a formal CSR Manager for the first time. This CSR Manager had made a name for herself in the Swedish CSR community, as she had previously founded a fair-trade clothing company. However, as the first CSR Manager was recruited for another job, a new CSR Manager was recruited six months later, in October 2011. The CSR Manager became part of the product development department.

In parallel, there was a discussion between the two founders on the need for more visually communicating Nudie’s ideas about its commitment to sustainability, which intensified in 2010. Nudie had previously distributed free repair kits for customers interested in repairing their jeans, and now wanted to extend this service by offering customers a repair service at its concept stores. As mentioned previously, the commitment to sustainability had also been enacted through different projects, e.g. denim maniacs, post-recycle dry, and the recycling of jeans into carpets. One of the founders recalls the discussion behind the development of a visual image of the ideas: “I was very involved in the question of having a kind of infographic in our shops”, where the idea was to have something “very informative” and “scaled down”.²² In 2010, the founders, together with the Art Director, had a meeting about how to visualise Nudie’s ideas about repairing, re-using, and recycling their products. The graph was said to have been created during an intense meeting between the founders: “It was just before a kick-off,

²¹ Interview, Social Media Manager, 2013-02-22

²² Interview, Strategist and founder/owner, 2013-03-05

two or three years ago. That’s when it [the eco-cycle] appeared for the first time, in the middle of the meeting. And then we started to refine it, illustrating and communicating it”.²³ The cycle was used when Nudie communicated the brand at fashion fairs, and later on also in shops. In 2012, a photograph from one of the shops, showing the cycle, was published on Nudie’s blog on its website. Two years later, a refined version was published on the blog with the heading “Our credo: The sustainable jean” (see left picture in illustration 4.2, below).

Illustration 4.2 Two examples of the Eco-cycle



Left: From a shop window, published on April 25th 2012 on Nudie’s blog (Nudie Jeans Co, 2012). Right: A refined picture of the cycle published on March 26th 2014 on Nudie’s blog (Nudie Jeans Co, 2014b).

The need to more visually communicate Nudie, and to communicate directly with its customers, was further explained in terms of “breaking new ground”, and seen as a part of the move from a wholesaler to a retailer. However, in recent years, there has been some discussion about the shortcomings of the cycle, which the Sales Manager describes thus: “Now, in retrospect, we’ve realised that it isn’t complete. All of sudden, a pair of dry jeans appears, from an arrow. Yeah, sure, but how did they get there?”²⁴ He is referring to the idea that there is a cycle, but that there is no clear starting point or explanation as to where the product comes from. Furthermore, he also connects this with an idea that had been present at the company for some time, but was not fully developed yet:

²³ Interview, Head of Design and founder/owner, 2013-03-25

²⁴ Interview, Sales Manager, 2013-02-14

We need to develop that. And that's what the transparency project is about. The fact that we, via the project, can make the model complete. So that people really understand how those dry jeans ended up in that circle.²⁵

The Eco-cycle was thus regarded to be somewhat misleading as it offered few explanations of where the jeans came from, reflecting another discussion at the company about increased transparency. Later on the circle was refined and published on the website again (see right picture in illustration 4.2, above).

4.3 The ideas of transparency

The idea behind increasing transparency was described by one of the founders as follows:

The essential idea behind our efforts [regarding transparency] is not doing everything correctly. The essential part is showing what we do. And even showing things that aren't good and saying how we think we can solve them.²⁶

This reflects a sense of not being able to achieve the kind of perfection, in terms of responsible business, that the company had set out to achieve when starting up the company. Indeed, transparency was seen as a way of shifting the focus from “doing everything correctly” to highlighting the problems within the industry as challenges that the company faced, and accounting for the plans about how to address them. The creation of a formal post for a CSR Manager in 2009 was seen as the start of a more intense effort in CSR-related issues and also as the start of more intense discussions about transparency. However, the vision of “becoming the most transparent company in the world” was reportedly traceable right back to the start-up of the company, remembered thus by one of the founders:

And we'd talked a lot about it even before, me and [name of the other founder]. [...] In general, she has the ideas while my job lately has been to try to structure her ideas into what they will mean in practice. For instance, how would we do this?²⁷

Hence, the idea was said to derive from one of the founders, being developed during discussions between the founders over the years. One of the founders describes this as something like “a game of table tennis”, where ideas were

²⁵ Ibid.

²⁶ Interview, Strategist and founder/owner, 2013-03-05

²⁷ Ibid.

discussed back and forth between them.²⁸ The CEO confirmed that this view of transparency had been present ever since the start-up of the company:

It wasn't like we piled different ideas on top of each other, now we're going to have a project called transparency, and then one called sewing machines... It's always been there, but it's only now that it's starting to take shape.²⁹

One way in which transparency started to take shape was via the discussions about what transparency was and how to achieve it. The founder reports that the inspiration for this came from other industries, e.g. package delivery systems, which were able to offer clients the service “track your package”³⁰, the idea being to enable the customer to track each garment. The idea here was that transparency would be an initial step in achieving ‘traceability’. While ‘transparency’ was talked about in terms of information about the product and its production on the product group level (e.g. jeans, shirts and underwear), traceability was understood in terms of specific information about the products on the product level. This information was expected to both facilitate internal operations (e.g. detecting and withdrawing faulty products) and to be of external interest to the customer (e.g. a service to the customer as regards tracking the product). This aim was expressed thus by one of the founders:

The idea is to reach a situation where we can track each garment, to see how its journey has been. Whether it's about measuring climate impact... you could measure what you find relevant to measure.³¹

However, at this point, this was considered less likely to be achieved, with the CSR Manager reasoning thus:

What we talked about first was some kind of traceability, that we would have this code in a pair of pants, so that you can see their journey behind. But we soon realised that it will be difficult before we have a proper [business] system for it. Maybe then it'll be easier to be open about how it looks first, to have a general picture of how it looks, or a specific one. But not on every garment, that will need to come later.³²

²⁸ Interview, Strategist and founder/owner, 2013-03-05

²⁹ Interview, CEO and owner, 2013-02-28

³⁰ Interview, Strategist and founder/owner, 2013-03-05

³¹ Ibid.

³² Interview, Second CSR Manager, 2012-11-01

Hence, although the initial ideas were connected with traceability, and making all information about garments public, the current goal came to be transparency, and making more general information available to the customer.

Moreover, there were also differing views about the purpose and focus of increased transparency between the senior managers at Nudie. The founder was positively-inclined towards Nudie's aim and work, concluding that "in relation to other companies, we're already quite transparent" and that the change would be made "gradually" with "the important thing being not to 'go live', but to have the insight".³³ This was further described by the founder in the following terms: "What matters is that we have the information and that we can answer the questions. It's just at the next stage that we want to make it public to everyone". Although the founder was interested in 'going live' at a later stage, he expressed some doubts about doing that: "It's much easier to do things right than to show that you're doing things right".³⁴ This reasoning was said to have restricting Nudie from wanting to communicate more before: "That's why we've been quite reluctant as regards talking about it".³⁵ Hence, the founder emphasised internal control, and being able to answer questions, as the core of their work at that point. In contrast, the CEO had a different perspective on the idea of transparency:

It's very easy for a company to have a lot of internal ideas, dreams and visions, but I always say that it hasn't been done until the customer can share in it. That's when we can make a difference. ³⁶

Hence, the CEO's view of transparency was as a way "of making a difference", whereby the focus was on making the information public. Furthermore, the CEO also talked about how the main challenge was "how to put ideas into practice", when he mentioned the need for both a technical solution and having full insight into the products and production as key elements of realising the vision. Over the years, different incidents came to advance the vision towards transparency.

³³ Interview, Strategist and founder/owner, 2013-03-05

³⁴ Ibid.

³⁵ Ibid.

³⁶ Interview, CEO and owner, 2013-02-28

4.4 Triggers of transparency

Since the company was started up, and the initial ideas regarding transparency, there have been several triggers that have advanced more intensive transparency efforts. First of all, the transparency efforts were triggered by bad publicity in 2009.³⁷ In September 2009, Nudie's image as a caring and responsible company was challenged for the first time in the media. A popular Swedish consumer affairs programme, *Plus*, performed a test of the six most common jeans styles sold on the Swedish market, when a pair of Nudie jeans was among the six companies subjected to the test. During the test, three pairs of jeans were revealed to contain the anti-moulding agent Dimethyl fumarate (DMF), a chemical which had been banned from the European consumer market a couple of months earlier. The test showed a higher level of DMF than allowed in Europe, and which was said to be "above the allowed level, but still completely safe".³⁸ At this point, Nudie had recruited a new PR Manager who had earlier worked for the Swedish Clean Clothes Campaign (SCCC) and who was considered to be well-informed on the subject. He was appointed to defend the discovery of the chemical in the jeans during the programme. But few answers were provided since the company lacked information about how the chemical had appeared in the jeans, with this discovery being incomprehensible to the company. The discovery received attention in the national newspapers, with headlines such as "Popular jeans contain toxin" (TT, 2009), "Nudie withdraws toxic jeans" (Efendić, 2009), and "Illegal anti-moulding toxin found in jeans" (M. Kennedy, 2009).

The discovery caught the company off-guard. The Sales Manager said: "We were accused of having DMF in our pants. Which was totally absurd as DMF is banned in Europe".³⁹ One of the founders recalls the frustrations surrounding the discovery: "They [the media] are not interested in listening at all. There was an article, I think it was in *Svenskan* [National Swedish broadsheet *Svenska dagbladet*], that everyone cited. Nobody called us. At all. Nobody is interested in a comment from us whatsoever".⁴⁰ In the following months, Nudie performed several tests on the jeans, tests which showed lower levels of DMF than those discovered during the first test. During this time, Nudie found out that DMF is a very contagious chemical which had probably been transmitted to Nudie's products while being transported along with other goods. The founder further explained the discovery thus: "It's extremely contagious... If you put a pair of jeans that have been treated with it [DMF] alongside another pair, then the second pair will also have it". Furthermore, he also said that "after the programme, it turned out

³⁷ Interview, Sales manager, 2013-02-14

³⁸ Interview, Strategist and founder/owner, 2013-03-05

³⁹ Interview, Sales Manager, 2014-02-14

⁴⁰ Interview, Strategist and founder/owner, 2013-03-05

that they'd made a rounding-off error, and that the levels were just 0.1 [below what was allowed]. So that was kind of disappointing".⁴¹ The founder concluded that "this CSR discussion is completely uninteresting to the media. [...] There's no time to do any research into it, and there's no room for a more in-depth discussion about it". As the company had no answers at the time the test was made public, and had reported a lack of interest in the aftermath of the test, Nudie felt that its reputation had been damaged.

The incident, and how to deal with the aftermath, put the focus on two questions in particular. First of all, that of internal control, as the CSR Manager reported: "if we'd been able to trace the product to a certain batch, we'd have been able to find faulty batches more easily and, instead of withdrawing all products, we'd only have needed to withdraw that particular batch".⁴² Second, regarding how to deal with similar incidents in public or, as one of the founders put it "not being taken by surprise all the time".⁴³ A similar line of reasoning was taken by the Sales Manager, who argued:

And at that point, we felt ... let's put it out there. Let's reveal everything, so that we don't have to be in this kind of situation again, where we're portrayed as the bad guys, when we feel that we're not. So, I think we got hold of some fighting spirit there, to reveal everything.⁴⁴

Transparency, then, was seen both as a way of working towards better internal control along the supply chain and as a way of protecting the company from future bad publicity.

Second, the transparency discussion was also spurred by membership of the Fair Wear Foundation (FWF), an organization that works towards improving working conditions in the clothing industry. The Social Media Manager remembered this as follows: "I think it was around the time when we informed ourselves about the Fair Wear Foundation's work that the transparency discussion was brought up".⁴⁵ The CEO describes the situation before joining the FWF thus: "We felt that we needed some kind of agency that could somehow monitor us and help us with issues".⁴⁶ The Social Media Manager connects this with the time of formulating a code of conduct for Nudie: "At that time, we started looking for an umbrella organisation to join". He recalls a situation in around 2009 when he and the

⁴¹ Interview, Strategist and founder/owner, 2013-03-05

⁴² Interview, Second CSR Manager, 2012-11-28

⁴³ Interview, Strategist and founder/owner, 2013-03-05

⁴⁴ Interview, Sales Manager, 2013-02-14

⁴⁵ Interview, Social Media Manager, 2013-02-22

⁴⁶ Interview, CEO and owner, 2013-03-18

manager of the product development department evaluated different organisations to join, and when the FWF was chosen due to its “advocacy of transparency and openness in terms of which suppliers to use”. More specifically, the Social Media Manager reports that membership of the FWF spurred the following discussion:

It was about being open regarding the supplier lists, more or less. And the threats and opportunities of doing that, for example ‘does it make sense to publish a list of all the suppliers?’, ‘what are the effects?’ and ‘what do the suppliers think?’ That kind of discussion.⁴⁷

Hence, the FWF was chosen due to the explicit agenda of working towards making supplier lists available, first of all to the organisation but at a later stage publicly, too. Joining the FWF was thus about improving the company’s CSR work and working more actively towards increased transparency.

Third, and as mentioned previously, the transparency discussion was advanced by the recruitment of a CSR Manager. One of the founders recalls: “The first time we talked about it more seriously was when [name of the first CSR Manager] started working here”.⁴⁸ To have someone working fulltime with CSR-related issues was then considered essential for putting transparency on the agenda: “Someone has to own the question on a daily basis, and process it, and to think about and develop the idea. And she brought lots of energy with her when she started here”. In fact, the newly-appointed first CSR Manager had made statements about a vision of transparency for Nudie in a press release: “The purpose of my work is for Nudie Jeans to become a transparent company, where ethics and sustainability are incorporated into each and every decision, from raw materials to customer support” (Röhne, 2010). The recruitment of the CSR Manager was thus seen as the starting point for working more actively towards transparency. However, in the following year, transparency efforts came to a standstill, as the CSR Manager was recruited by another company. Six months later, Nudie managers found a replacement and started working more actively with the vision again.⁴⁹ In January 2012, a meeting was held between the founders and the new CSR Manager, at which transparency was discussed on a more detailed level. The purpose of the meeting was to clarify the planning of the company’s future CSR work, and the role of the CSR Manager in that work. The meeting resulted in an agenda for how to work towards “100 % transparency” and to “become the most transparent company in the world”. The priorities for the CSR Manager, in her position, were; 1) audits, 2) audit follow-ups, 3)

⁴⁷ Interview, Social Media Manager, 2013-02-22

⁴⁸ Interview, Strategist and founder/owner, 2013-03-05

⁴⁹ Ibid.

transparency, and 4) traceability (with the priority being in numerical order).⁵⁰ At this point, Nudie had only conducted one supplier audit, making audits a priority. Hence, the plan for 2012 was to start with a round of audits at all the supplier factories.

4.5 Stakeholder interest in Nudie

Even before the production guide had been launched, the CSR Manager had noticed that there was some interest in the company and its products. The types of questions that the CSR Manager was receiving on a regular basis included: “Where do you produce your jeans?”, “What kind of materials do you use?”, “What type of transportation do you use?”, “Why should we buy your jeans in particular?”⁵¹ Another common question was about sand-blasting.⁵² In general, most questions were about where the products were made and how to guarantee that production was carried out in a good way. Such questions were referred to as “the usual questions” in interviews with the CSR Manager over the years⁵³ (see also textbox ‘Overview, customer and student questions, Nov 2012 – March 2014’).

In late 2012, the CSR Manager noticed an increased number of questions, which she thought was connected with the launch of 100% organic cotton. The questions then became more specific in terms of asking about chemicals and working conditions at factories. At this point, she was receiving around 10 emails per week.⁵⁴ Throughout 2013, questions regarding organic cotton persisted, where the focus was not only on where it came from, but also on certifications, which certifications the products had, and whether or not all the products were certified. There was some expectancy on the part of the CSR Manager that these types of questions could be answered later on within the framework of the production guide.⁵⁵

There was also a great deal of interest in the products from the customer’s perspective, whereby many customers were asking about the chemicals used in the jeans.⁵⁶ Such questions were characterized by a concern for personal health and regarding the risk of allergic reactions.⁵⁷ In 2016, the questions being asked

⁵⁰ Interview, Second CSR Manager, 2012-11-01

⁵¹ Interview, Second CSR Manager, 2012-12-19

⁵² Interview, Second CSR Manager, 2014-01-17

⁵³ Interview, Second CSR Manager, 2013-12-17; 2014-01-17

⁵⁴ Interview, Second CSR Manager, 2012-11-28

⁵⁵ Interview, Second CSR Manager, 2013-01-21; 2013-10-07

⁵⁶ Interview, Second CSR Manager, 2013-04-29; 2014-06-26; 2016-03-03

⁵⁷ Interview, Second CSR Manager, 2013-04-29

were still more or less the same in nature as before, regarding topics such as washes and chemicals. The CSR Manager described this as follows:

“Some people write that they’re extremely sensitive to chemicals. Even though I can give them specific laundry recipe, and specify what each product is used for, and that they’re approved under EU legislation etc., that person probably won’t be satisfied anyway, as he or she is extremely allergic to all kinds of chemicals”.⁵⁸

She further explained that “all products have chemicals, but it’s a question of whether or not they’re dangerous”, and that “if you wash the jeans, there will be chemicals in your laundry. If they remain unwashed, there will be chemicals in the dyeing process”.⁵⁹ Although the CSR Manager was able to provide the customers with answers, the problem that the jeans contained some types of chemicals could not be resolved. Other common customer-oriented questions concerned the repair and return service that Nudie was offering at its concept stores. However, as this service was only available in areas where Nudie had wholly-owned shops, the answer provided was to either repair them (a repair-kit could be dispatched free of charge), to try to re-use them for other purposes, or to give them to charity.⁶⁰

Other common questions concerned the leather used in Nudie’s products.⁶¹ Such questions were predominantly about the leather tags on the jeans, and whether these were made in a vegetable-based way or not.⁶² Others were more concerned about having leather in the products at all: “There were a couple of vegans asking why we have leather tags on our jeans, when we’re supposed to be 100% organic and so good from other aspects”.⁶³ She further describes a discussion on Twitter, which she and the Social Media Manager had tried to respond to, and how one of the vegans later wrote a blogpost regarding her criticism of Nudie’s use of leather tags on its jeans. The answer that she and the Social Media Manager formulated was described as follows:

“The answer is that we use the leather from animals that have already been slaughtered for meat, so we don’t slaughter animals just for our products. But frequently vegans don’t think that answer is enough. It’s an old tradition to have a leather tag on jeans, so we’ve

⁵⁸ Interview, Second CSR Manager, 2016-03-03

⁵⁹ Ibid.

⁶⁰ Interview, Second CSR Manager, 2013-01-21

⁶¹ Interview, Second CSR Manager, 2012-11-28; 2013-03-21; 2013-04-29; 2013-09-09; 2013-10-07

⁶² Interview, Second CSR Manager, 2012-11-28

⁶³ Interview, Second CSR Manager, 2013-03-21

chosen to keep it. Otherwise, we could choose to remove it, or change it, but for now that's not up for discussion".⁶⁴

Although customer questions concerning the use of leather were posed directly to the CSR Manager in e-mails and via public forums, the company had no plans to remove the tags at this point. A summary of the questions received by the second CSR Manager, prior to the launch of the production guide, is presented in Table 4.1 below.

Table 4.1 Customer and student questions (Nov 2012 – May 2013)

Year	Date and type of question	
2012	29/11 Interview with students of marketing	11/12 Student questions
	3/12 Questions from customers	14/12 Phone interview with students
	10/12 Questions from students, interview via email	17/12 Questions from customers
		19/12 Customer questions, recycled cotton U.S.A.
2013	7/1 Questions from customers, organic cotton	13/3 Questions from customers
	10/1 Questions from customers, organic cotton	18/3 Questions from customers/student questions/visits
	22/1 Questions from customers, chemicals	3/4 Questions from customers/student questions
	28/1 Customer questions on the production and recycling of jeans	4/4 Questions regarding working environment of transportation companies
	30/1 Interview with student from Stockholm University on sustainability	11/4 Interview with student
	20/2 Interview with student, University of Skövde	23/4 Student questions via email
	7/3 Student interview request, Mid Sweden University	25/4 Customer questions
	11/3 Questions about leather tags	2/5 Student interview (Master's student, Austria)
	12/3 Student survey, CSR; student questions	3/5 Student interview (Jönköping University)
		6/5 Student interview (Swedish School of Textiles, Borås)
		13/5 Student questions/customer questions
		17/5 Student questions

Note: Excerpts from Second CSR Manager's diary notes.

As shown in the table, besides consumer interest, a lot of the questions came from students doing projects on different educational levels (e.g. elementary school, upper secondary school, and university).⁶⁵ Some of the students asked broad questions, e.g. "How do you work with sustainability" and "What do you think is important?", or for Nudie's social report.⁶⁶ For questions of a more general

⁶⁴ Interview, Second CSR Manager, 2013-03-21

⁶⁵ Interview, Second CSR Manager, 2012-12-19; 2014-03-06; 2014-03-26

⁶⁶ Interview, Second CSR Manager, 2013-04-29; 2014-03-06

nature, e.g. from students attending elementary school, the CSR Manager first referred to the webpage and then encouraged them to come back with more specific question.⁶⁷

4.6 Defining transparency

The CFO mentioned production problems as especially problematic in the clothing industry; thus, these problems guided the transparency vision's focus on products and production.⁶⁸ Moreover, the company had also noted how other companies, e.g. H&M and Lindex, had published lists of suppliers on their websites. However, Nudie was critical towards this limited understanding of transparency in terms of giving information about suppliers' names and addresses. The CSR Manager reports that the aim in Nudie's case was different:

It's one thing to publish an Excel sheet with a supplier register on your webpage; you can call that transparency as well. But I think that we're more interested in showing how we work, and how things happen... the complete process. That's what I believe to be the most interesting thing when it comes to transparency. Not just publishing information, that doesn't tell you anything, that's kind of empty information.⁶⁹

Hence, for Nudie, it was important to show not only where the products were being made, but also the work behind them. Transparency thus came to be about where and how production was carried out. In terms of where production was carried out, this was covered by publishing the names and addresses of the suppliers. Transparency relating to how production is carried out was more complicated, as at this point Nudie was lacking formal auditing practices regarding its suppliers. The CSR Manager reported on the discussions underlying the lack of formal auditing thus:

So, what are we going to be transparent about? And then we realised that, before we start on this auditing work that we've been carrying out over the past year, we don't have so many things to be transparent about. Well, I mean, we could write the addresses of our suppliers, but we don't have much more to say... because we didn't visit all our suppliers, we didn't audit them, and we don't know what

⁶⁷ Interview, Second CSR Manager, 2012-12-19

⁶⁸ Interview, CFO/Financial manager, 2013-02-18

⁶⁹ Interview, Second CSR manager, 2012-11-28

problems there are. That's kind of how it looked before we started on this work.⁷⁰

Going from idea to practice was, consequently, hindered by the lack of information available. Indeed, one of the owners stated that “work stopped immediately, because we realised that we didn't have that information, in a publishable form”.⁷¹ Transparency thus required the company to start working differently, e.g. doing formal audits of its suppliers. Given that the company started on more structured auditing work, its audits were understood as the basis for understanding and communicating how production was carried out. Expectancy that the audit reports would show structures over a long period of time was explained by the CSR Manager thus:

Of course, we can have pictures from the factory and a short movie where someone says something funny, [...] but that wouldn't say anything about how day-to-day work looks. It's a snapshot..., which of course an audit report is as well, [...] but at the same time, if an audit is correctly carried out, it will show structures over a longer time period. I mean... you check pay lists, overtime hours... normally over a period of three months.⁷²

As the CSR Manager pointed out, Nudie was expecting to capture structural problems in its audits, in a way that pictures and videos cannot capture. Publishing audit reports would then enable Nudie to show how production is carried out, as a part of offering the customer information about the product and production.

Defining transparency in terms of being connected to where and how production was carried out also meant that some factors were excluded from the notion of the transparent company. For example, product margins were regarded as more sensitive information. The CSR Manager explained this in terms of it being “interesting for the customer to know” and “not irrelevant to the transparency conversation”, but that it was sensitive in terms of “revealing our financial status and how much we add to each product”.⁷³ The Sales Manager supported this view of margins as too sensitive to make public: “We still consider this information to be a trade secret”.⁷⁴ Furthermore, the CFO also raised another perspective on this issue:

If we'd been in control of the entire supply chain, and if the only distribution we had was our own... then we could have been

⁷⁰ Interview, Second CSR manager, 2012-11-01

⁷¹ Interview, Strategist and founder/owner, 2013-03-05

⁷² Interview, Second CSR manager, 2012-11-01

⁷³ Interview, Second CSR Manager, 2012-11-28

⁷⁴ Interview, Sales Manager, 2013-02-14

transparent about this [the price margins]. But we have customers, and shops that sell, and we have distributors... and then they also need to agree on whether or not we want to be completely transparent”.⁷⁵

The CFO further explained that Nudie distributed recommendations regarding price setting, but that shops, wholesalers, and distributors were free to individually decide on their price margins. As a result, prices differed depending on where the product was being sold, making margins difficult to account for. Instead, there was a plan to train the sales organisation in the costs associated with the product, in order to better defend product prices. Discussions about whether or not to include such information at a later stage were postponed until later. Moreover, other factors, e.g. water consumption, CO² emissions, and transportation-related issues, were excluded from the current transparency definition. Hence, although considered of interest and relevance, some aspects were excluded from the initial versions of the transparency definition; transparency then came to be about where and how production was carried out.

4.7 Arguments for increased transparency

There were three main arguments supporting why transparency was considered attractive to the company. First of all, one of the arguments for increased transparency was increasing the trustworthiness of the company and its products. This is reflected in statements such as “it feels as if we have credibility in what we do even now, but I think we can increase that even more”⁷⁶, and in the transparency agreement, where it was stated that “the transparency of the product, together with the efforts you make towards improving working conditions will assure our customers that we’re genuinely working towards improving all areas of our products and production”.⁷⁷ Increasing the trustworthiness of the firm was also about acknowledging a trend in the clothing industry towards increased transparency, whereby several respondents had mentioned other transparency initiatives by brands such as H&M, Patagonia, and Honest By during interviews.⁷⁸ Besides, the strategist had also been inspired by developments in other sectors, e.g. UPS (traceability) and the pharmaceutical industry (lists of contents).⁷⁹

Besides, the case demonstrated various pressures regarding increased transparency, e.g. through different stakeholders’ interests in the brand and its

⁷⁵ Interview, CFO/Financial Manager, 2013-02-18

⁷⁶ Interview, Second CSR Manager, 2012-11-28

⁷⁷ Nudie Jeans Co., Supplier Transparency Agreement, 2013-03-26

⁷⁸ Interview, Art Director, 2013-02-14; Interview, Social Media Manager, 2013-02-22;

Interview, Second CSR Manager, 2013-01-21; Interview, Second CSR Manager, 2013-09-09

⁷⁹ Interview, Strategist and founder/owner, 2013-03-05

activities. For example, interest was shown in the company by customers and students, whereby the CSR Manager was receiving questions from customers and students on a weekly basis, mainly concerning products and production (see previous section ‘Stakeholder interest in Nudie’). A project manager in sales also noted that, when the company wrote about CSR initiatives, this generated increased interest in it.⁸⁰ Furthermore, this stakeholder interest could also be noted via the CSR Manager often being invited to hold inspirational speeches and to participate in different events on sustainability.⁸¹ Another example of outside pressure was the company receiving a lot of media attention over the years, whereby the company was generally portrayed in positive terms. However, in 2009, when the company’s core product had tested positive for toxic chemicals, the company was portrayed in negative terms for the first time (see previous section ‘Triggers of transparency’). The media not only reported on problems at Nudie in particular, but also on problems in the industry in general. Another aspect of how transparency was able to increase the trustworthiness of the company regarded FWF, the member organisation that Nudie was part of. In 2013, there were plans for FWF to rank its members based on how many percentage of the suppliers that the company had audited.⁸² By auditing the supply chain and increasing transparency, Nudie was able to achieve a better ranking, in turn making it possible to increase the trustworthiness of the company’s commitment to responsible business practices. The company also acknowledged the time aspect of the transparency work as being important, which the CSR Manager explained thus: “I think the customers will begin to ask for this more and more”.⁸³ There was a sense that the timing was right to increase transparency; how there was more interest on the part of the public and how it was no longer considered “nerdy” to talk about commitment to responsible business.⁸⁴ Hence, while the company had previously been reluctant to communicate its commitment to responsible business practices, there was now a sense that this was becoming increasingly important and that the customers would start asking for it to a greater extent in the near future.

Second, transparency was seen as a way of positioning the company in relation to competitors. The company had noted a trend towards increased transparency among other buyer companies, whereby other Swedish and international clothing companies, e.g. H&M, Patagonia and HonestBy, were proactively working towards increased transparency by publishing, for example, lists of suppliers, audit

⁸⁰ Interview, Project Manager (sales), 2013-02-05

⁸¹ Interview, Second CSR Manager, 2012-12-19; 2013-01-21; 2013-10-07

⁸² Interview, Second CSR Manager, 2012-12-19

⁸³ Interview, Second CSR Manager, 2012-11-01

⁸⁴ Interview, Project Manager (sales), 2013-02-05; Observation, Fourth CSR Manager, 2017-10-11

reports, and the calculations underlying product pricing. However, none of these companies had connected supplier names with audit reports in the way that Nudie wanted to do that. Also, there was a sense of being mistaken for other Swedish brands, and for the other members of FWF, the workers' rights organisation in the clothing industry that Nudie was a member of. This was explained by the CSR Manager thus:

We often get mixed up with other companies that have production, both in other ways and in other countries, and we feel we don't want to be a part of that. We don't want to be associated with sand-blasting in Bangladesh, low wages in Cambodia, or whatever it might be.⁸⁵

Customers mixing Nudie up with other companies was considered problematic, as Nudie founders and employees perceived the company to be different to other brands due to its strong commitment to responsible business, which had been there from start. Being a part of FWF had originally been regarded as a way of demonstrating the company's commitment to responsible business practices. However, positioning the company as responsible was not deemed sufficient as there were few requirements regarding membership. Moreover, Nudie had scored poorly on the FWF rankings, which was supposed to be an indicator of the member companies' commitment to responsible business. This was explained in terms of a conflicting principle held by FWF, which required the member companies to only audit suppliers that FWF had ranked as being in high-risk countries, simultaneous to 95% of all the suppliers having to be audited. Since most of Nudie's suppliers were located in Europe, and in countries considered low-risk by FWF, few audits had been performed, resulting in poor scores in the FWF rankings. By auditing the suppliers in Europe, the company would perform better in the rankings, making its commitment more visible and tangible. Hence, auditing as a part of the transparency initiative was one way of positioning the company within the member organisation in terms of being committed to responsible business practices. Moreover, by communicating transparency in a way that was different to what other companies had done, by combining where as well as how production was carried out, the company was aspiring to position Nudie as a sustainable leader in the industry.

Third, transparency was regarded as a tool for changing the industry. The founder recognised how increased transparency related to a larger discussion on responsible business: "transparency is such a key concept in all types of the CSR literature".⁸⁶ By showing the problems facing the company during the production

⁸⁵ Interview, Second CSR Manager, 2012-11-28

⁸⁶ Interview, Strategist and founder/owner, 2013-03-05

of goods, Nudie wanted to educate its customers into making more conscious choices; or, as the CSR Manager, put it: “people have to understand that it isn’t so easy”.⁸⁷ On the one hand, transparency was then all about informing the public about how the industry looked, as well as the difficulties facing the buyer companies when working with CSR-related issues. The idea was for the company to take the lead in describing the industry from a corporate perspective, which the CSR Manager put thus:

If we want to be this actor in the media and other forums... if we want to talk about things that we find important, such as sand-blasting [...] living wages and other things. Then I think we’ll need to do some other things first.⁸⁸

Such discussions were spurred by frustration over the lack of interest in the issues, both in the media and among the public. There was a sense that only the niche organisations and magazines were taking an interest in shedding light on the problems of the industry. This is further explained by one of the founders thus:

The only way to reach out with this is to have this information available, always present in our product, where the product is, and where the customers are. And to gradually drill this into people’s minds as something that can be gradually understood. I think it’s the only way to go.⁸⁹

Transparency was then used as a tool for the company to shed light on problems within the industry, without involving the media or any other actors. On the other hand, transparency in relation to CSR was interpreted as a way of also putting pressure on the suppliers to improve; as the CSR Manager put it: “it will put even more pressure [on the suppliers] to deal with the problems”.⁹⁰ Nudie had previously been in close contact with its suppliers, in order to follow-up on potential problems. However, there was a lack of a formal procedure regarding how to address the social and environmental problems connected with the production of goods. In fact, before transparency was put on the agenda, only one audit had been carried out, in connection with starting up production in India. This dramatically changed with transparency, when auditing the suppliers was put on the agenda. Audits allowed the company to access its suppliers using an auditor, who made an assessment of the respective supplier, focusing on the social and environmental aspects. The information resulting from the audits was then used as the starting point for addressing problems related to production. The CSR

⁸⁷ Interview, Second CSR Manager, 2012-11-01

⁸⁸ Interview, Strategist and founder/owner, 2013-03-05

⁸⁹ Ibid.

⁹⁰ Interview, Second CSR Manager, 2012-11-01

Manager explained this as follows: “When we start doing these audits at the factories, we see some good things and other things which aren’t so good. But then we also have plans regarding how to address this”.⁹¹ Having an action plan for addressing problems was also reported to strengthen the company in its efforts to also be transparent with regard to the problems it faced, or as the CSR Manager reported it: “Knowing that we can take action regarding certain parts, and that we dare to stand behind this, is the reason why we dare to take the step of being transparent about everything”.⁹² Hence, the audits provided the company with information that had not been available before, and which was used in order to formulate actions regarding how to work with suppliers. Taking action on the problems reported was seen as an essential part of becoming increasingly transparent. Another aspect of the relationship between transparency and CSR was the expectancy as regards changing the way the industry is organised by putting pressure on competitors and by enabling increased collaboration between buyer companies. The CSR Manager reports that there were difficulties in talking to other buyer companies about where production is located. One example of this occurs during a round-table discussion about living wages, with representatives from other Swedish buyer companies who were all members of FWF, but when nobody wanted to share information about where these companies’ production was located:

Other companies were producing at the same units, and they knew they were producing at those same units, but they didn’t want to talk openly about it... it’s as if every one of them was banging its own drum, with nobody wanting to collaborate, even though they knew that some things were being made by the same suppliers.⁹³

The fear of sharing supplier information with other buying companies was further explained by the CSR Manager thus: “There’s a fear that, if a competitor places more orders with a supplier, then your own share will be smaller”.⁹⁴ While few buyer companies wanted to reveal where their production was located, the supplier companies were, in contrast, open about the names of their buyer companies. Where production was located was not, thus, regarded to be an industry secret by Nudie, making it less afraid to publish this information. The expectancy was that increased transparency would put pressure on competitors, reported thus by the CSR Manager: “If we show our supply chain, then there will be no reason for others not to do the same”.⁹⁵ The effect of the initiative was expected to be limited due to the size of the company, whereby potential

⁹¹ Interview, Second CSR Manager, 2012-11-01

⁹² Ibid.

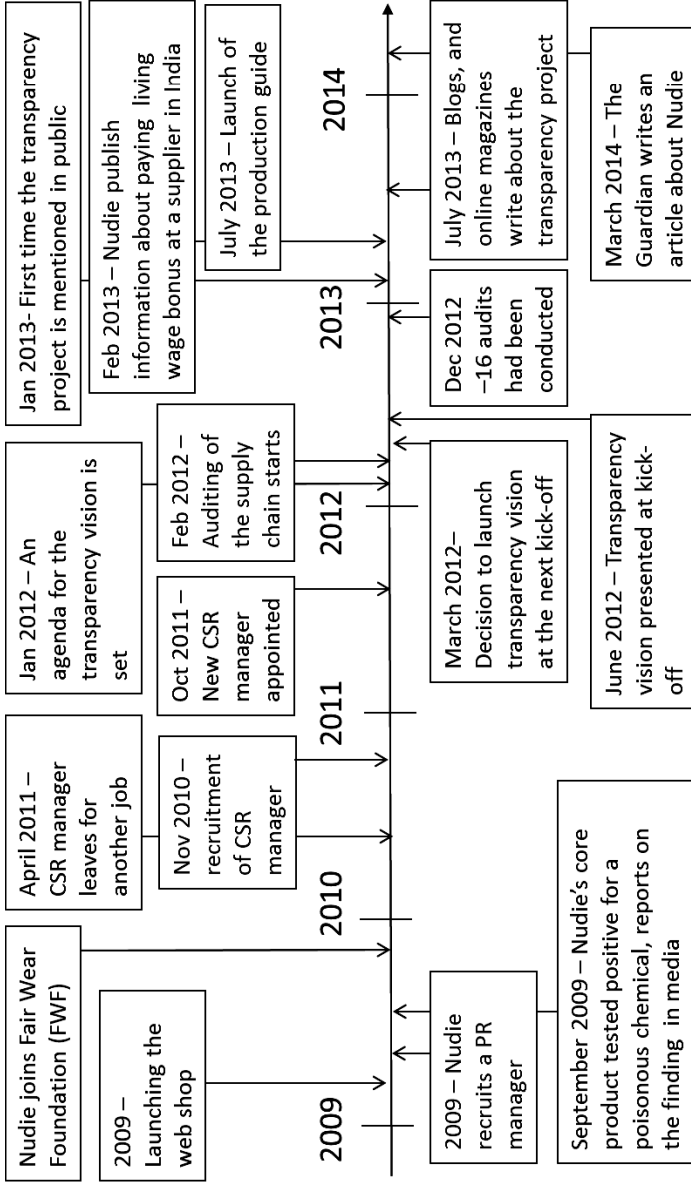
⁹³ Interview, Second CSR Manager, 2012-11-28

⁹⁴ Ibid.

⁹⁵ Ibid.

initiatives undertaken by larger companies would be expected to have a greater impact on the industry. Nevertheless, the idea was that Nudie could have an impact on its competitors. Hence, becoming increasingly transparent was seen as a way of putting pressure on competitors to do the same, and to change a culture of secrecy within the industry, which had been identified as an obstacle to collaboration. In conclusion, three main arguments were emphasised as regards becoming increasingly transparent; i.e. increasing the trustworthiness of the firm, using transparency as a tool for changing the industry, and strengthening the company's position in relation to other brands.

Illustration 4.3 Timeline, Nudie's road to transparency



Note: Author's own illustration.

CHAPTER 5

NUDIE TRANSLATES ITS TRANSPARENCY IDEAS

5.1 The production guide

Once Nudie had decided on a definition of transparency, comprising information about products and production, the next step was to create a channel for communicating this to its customers. The company's aim of publishing rich information about each supplier required other technical solutions than just uploading supplier lists to the company's website. Instead, Nudie was aiming to create a user-friendly tool in which the production sites would be visualised using an interactive map called "the production guide". The idea was to build up the production guide gradually, whereby the first step would be for customers to be able to find information about the origins of the products, in addition to basic information about the suppliers. At a later stage, the interactive map was also supposed to include audit reports about the suppliers, whereby the first-tier supplier audit reports would be published first and subsequently also the audit reports about the subcontractors. The notion of the production guide as a flexible website, whereby information could be added and removed over time and whereby Nudie could gradually build up a full picture of how the supply chain looked, was further explained by the CSR Manager thus:

The idea is that what we publish next week [in the production guide] will not necessarily need to provide a full picture of our [production], but that this is a first step that we can build upon whenever we're ready.⁹⁶

Later on, the company also planned to publish information about where the cotton originated from, as well as where all the additional material, e.g. buttons and threads, came from. The idea was to initially provide the customer with the information on the product group level, later on also making it available on a

⁹⁶ Interview, Second CSR Manager, 2013-06-13

product by product basis. The starting point for the discussions about how to design and find technical solutions for the production guide was a dummy, which was created by the Art Director. While the Art Director was working on the design, the technical solutions were being outsourced to one of Nudie's IT consultants. One challenge raised regarding the technical solutions for the platform was whether the customer should be able to access the information by country, by product group, or both. While the preferred solution was to access the information both ways, the technical solution regarding this was difficult to realise. The limitation of the technical solution resulted in the company deciding that information would only be accessed primarily by product group, e.g. "jeans", "shirts" and "underwear". Based on this decision, Nudie developed the platform where all the information about the products and production would be gathered. Another issue was how to make transparency a natural part of the company's website. As the product was considered to be key to the company and the project, it was decided that the customer should be able to access the information via each product in the company's web shop:

It should be on a per product basis. If you click on the product, it shouldn't just be able to show you the 'fit guide' but also its origin, where it has been produced. [...] We think that this way, it'll be more credible and integrated into the product [...] It's supposed to be just as obvious as the 'fit guide' for the jeans, to have the product information for each model of jeans.⁹⁷

The aim was then for the origin of the product to become part of the information given to the customer on the product level, which was just as natural as giving information about the 'fit' of the product. The solution was to create a link to the production guide for each product in the web shop. There were also discussions within the company, on the initial plan for publishing full audit reports for each supplier. The Social Media Manager described the discussions as follows:

Should we publish all the documents we have, and be totally transparent, and completely drown people in information... or should we publish an edited and readable, summarized version of the pros and cons for each supplier? And should they [the audit reports] be available to everyone to download, or should we make those interested in reading the report send an email to our CSR Manager, in order for her to distribute? Because then we can also contact those who were interested once again to get some feedback, things like: 'Did you have any questions about what you read?'⁹⁸

⁹⁷ Interview, Second CSR Manager, 2013-01-21

⁹⁸ Interview, Social media Manager, 2013-02-22

The discussions raise two questions of importance to Nudie. Firstly, whether or not more information means more transparency, and secondly, what happens to the information once it has been shared. The CSR Manager describes the fear of how the information could be read and used in terms of: “If you haven’t read an audit report before, it will generate an enormous number of questions”.⁹⁹ Bearing these two questions in mind, Nudie decided to only publish summaries of the audit reports, and to only provide full audit reports upon request.

5.2 Communicating transparency to the sales organisation

The first time transparency was formally communicated both to Nudie employees and to the sales organisation was at the kick-off in June 2012. Kick-offs were recurring events arranged by Nudie headquarters twice a year with the aim of launching the new clothing line for the sales agents and distributors working for the company. All Nudie’s internal sales agents and external distributors were invited to the kick-off, with the CSR Manager reporting that “people come from all over the world – Korea, Australia, Japan and the U.S.”.¹⁰⁰ The kick-offs were thus seen as an important forum for communicating the latest news about both the clothing lines and the company.

The decision to use the kick-off as the first forum for communicating the vision was taken shortly before. The CSR Manager recalls how discussions with the manager of the product development department and one of the founders intensified during the spring of 2012. At about the same time, the CEO was setting the agenda for the next kick-off. The CSR Manager describes the situation as follows:

The manager of the product development department and myself, and then the founder, had been talking about initiating this [transparency] work... and then the CEO came, and he was just about to set the agenda for the kick-off, and all of a sudden, it was like ‘transparency – let’s go for that!’¹⁰¹

Once the decision had been taken by the CEO, the CSR Manager, together with the manager of the product development department, was tasked with preparing a presentation of transparency. At the next kick-off, the CSR Manager and the manager of the product development department presented Nudie’s vision “of becoming the most transparent company in the world” as an educational part of

⁹⁹ Interview, Second CSR Manager, 2013-01-21

¹⁰⁰ Interview, Second CSR Manager, 2012-11-28

¹⁰¹ Interview, Second CSR Manager, 2012-11-01

the company's CSR work. She describes how they had to work backwards to make it possible: "It wasn't like a discussion about what to present at the next kick-off, and whether it would be feasible to present anything. It was more like 'let's just do it!'" This was further described as a typical example of how decisions were taken at the firm: "That's kind of how it works around here". On the downside, she confessed "well, we haven't really thought it through very carefully yet".¹⁰² For example, the communication was done shortly after the audit work had just started, whereby the auditing process, and more structured audits, started to take shape at the beginning of 2012 (in total, 16 audits were conducted during 2012, in comparison to 1 in 2011). At this point, it was also the case that there were few technical solutions to hand. For example, the Art Director, who later came to develop the webpage, had not yet become involved. He recalls: "I only heard about it [transparency] at the kick-off last summer".¹⁰³ The CSR Manager explained the logic of communicating the vision before having everything to hand:

The CEO said that they [the sales organisation] only need to know that it's a goal. We don't have to be very clear about what it means exactly. So, we still have time [...] and even for this [the next] kick-off, we don't have to give them any more information than the map and the overview, at this point. And then we'll already have been much more transparent than we ever were before.¹⁰⁴

Hence, at the kick-off in June 2012, the CSR Manager, together with the manager of the product development department, presented the transparency vision. Four main questions were raised during the presentation: 1) What will this mean for Nudie Jeans? 2) How can we achieve this vision? 3) Why are we working with CSR and transparency? 4) What will we gain from this?¹⁰⁵ The questions were followed by a map showing the countries of production, which can be said to be an early version of the production guide (see below).

¹⁰² Interview, Second CSR Manager, 2012-11-01

¹⁰³ Interview, Art Director, 2013-02-14

¹⁰⁴ Interview, Second CSR Manager, 2012-11-01

¹⁰⁵ PowerPoint presentation, kick-off, June 2012

Illustration 5.1 Early graphic of Nudie's production guide



Note: Taken from PowerPoint presentation made by CSR manager, used at the kick-off for the sales organisation in June 2012.

After presenting the map, the CSR Manager explained the use of subcontractors, exemplified by the two sourcing agents in Italy, and the subcontractors that the agents use for stitching, laundry, and press/packaging. Membership of FWF was then communicated, as were the eight principles set up by FWF. During the next step, an 'audit' was explained, as were the procedures for audits and follow-up audits. The information was supplemented by an example of a corrective action plan, and two examples of audit summaries. In total, the information about "Transparency – CSR" accounted for 13 of the 75 slides, which is about a sixth of the full presentation.

The various internal and external actors were formally informed about the transparency vision at about the same time. Head office employees were informed at a rehearsal the night before the kick-off. However, the CSR Manager explained that "most of the people here know about these things, since we talk about them on a daily basis. It won't come as a surprise [to them], what we're working on". Furthermore, she also said: "And maybe it wasn't a surprise to the sales people either, I guess they already had some idea about it".¹⁰⁶ The sales organisation, on the other hand, was informed about the vision on the day of the kick-off. The

¹⁰⁶ Interview, Second CSR manager, 2012-11-01

vision was then communicated to both the internal and external sales organisations at the same time. This was explained in terms of the work being organised according to the standards of the clothing industry, whereby products and clothing lines determine the workflow. In the case of Nudie, the sales organisation is expected to sell the product to the shop before it is distributed to the company's own shops, thus needing to be informed about the new clothing lines in advance. As a result, both the internal and external sales organisations were informed about the news simultaneously.¹⁰⁷

In fact, the reason for launching the vision at the kick-off was explained as being important from a sales perspective. It was seen as a way of differentiating Nudie from its competitors, whom many of the external distributors worked with: "They [the sales organisation] have to be able to communicate Nudie, what we do... the emotion behind it. Not just the product, but also our other values".¹⁰⁸ Hence, the focus when communicating the vision was on informing the sales organisation about a general awareness of the supply chain, rather than details regarding transparency work. After launching the vision at the kick-off in June 2012, Nudie focused on its transparency work of gathering information via auditing, finding technical solutions for the website, and signing the "transparency agreement" with suppliers.

5.3 Keeping the sales organisation informed

In December 2012, the next kick-off was held at one of the suppliers in Italy. This time, the suppliers were also included in the kick-off: "All our suppliers, agents and distributors will be there". The CSR Manager further explains the status of communication at that point:

At the last kick-off in June, we only presented the fact that we were going to become transparent, at some point. In the near future, kind of, still very undefined, but this was our new goal. So now we have to show something next time, such as 'what our thoughts are on the matter'.¹⁰⁹

Hence, the idea was to provide more details about the transparency goal at this point, as the CSR Manager further explains: "They need to know more about the vision, and how we're going to achieve it". The CSR Manager did feel, however, that there was not so much information to present as yet. What she was able to present was this: "At least, we've started working on a solution for the website,

¹⁰⁷ Interview, Second CSR Manager, 2016-03-03

¹⁰⁸ Interview, Second CSR Manager, 2012-11-01

¹⁰⁹ Interview, Second CSR Manager, 2012-11-28

how it's going to look during the first stage".¹¹⁰ At this point, the Art Director had prepared a mock-up of the website, but the technical solutions had not been fully implemented yet and the information was still "flat", meaning that it had not been linked up and that it was not possible to click on information to reach another webpage. The Social Media Manager reported "telling the sales organisation that we would start making transparency available to the public during the first six months of 2013".¹¹¹ Hence, there was now a more specific plan for the forthcoming transparency efforts and the launch of the production guide.

5.4 Auditing the supply chain

The need for structured audits, to complement existing documentation, was commented upon by one of the founders thus: "It's not that we haven't visited factories before, we have always made lots of visits. But what we lack is documentation, to be able to show this in a structured way".¹¹² The difference between previous informal visits to suppliers and formal audits was explained by the CSR Manager thus:

Of course, some things we can always check while walking around the factory. And we try to do that, but then it's just not as formal and maybe not perceived in the same way, when there are documents saying that this is what you should do.¹¹³

Formal audits were further explained in terms of having a third party involved in the auditing process, having documentation stating expectations regarding corrective actions explicitly, and having a follow-up plan with deadlines. Previously, the CSR Manager experienced difficulty remembering what had been decided upon with the supplier.¹¹⁴ Auditing, and having the documents in place, were thus felt to simplify following up the supplier, while formal audits were seen as an essential part of transparency work.

The audits were carried out by an auditor during announced visits, initiated and paid for by Nudie. Audits in countries considered high-risk by FWF (e.g. India), were conducted through FWF, which offered services such as a standardised audit procedure and contacts with authorized auditors. However, in countries considered low-risk by FWF (e.g. Italy and Portugal), there were no similar services. Since most of Nudie's production was being carried out in low-risk

¹¹⁰ Ibid.

¹¹¹ Interview, Social Media Manager, 2013-02-22

¹¹² Interview, Strategist and founder/owner, 2013-03-05

¹¹³ Interview, Second CSR manager, 2013-06-04

¹¹⁴ Ibid.

countries, the company planned the audits without involving the services of FWF. This was further explained by the CSR Manager thus: “We don’t want to make such a distinction, between high-risk and low-risk [countries]. All of our suppliers are part of our supplier base and thus we also need to check all of them”.¹¹⁵ For those audits, the company had contacted a CSR auditor, who performed the audits according to FWF standards. Besides the auditor, the CSR Manager also attended most of the audits.

FWF’s standards meant that the focus was on the collaboration between the buyer and supplier, further explained by the CSR manager thus: “That’s how FWF works. We could have made unannounced visits as well, but they want us to focus on the collaboration between us and the supplier”.¹¹⁶ Hence, as a part of focusing on the collaboration, the audits were announced, meaning that the CSR Manager had planned a visit jointly with the supplier and the auditor. The advantages of having announced visits, instead of unannounced ones, was explained by the CSR Manager as follows:

If you arrive at a factory without having announced your visit beforehand... First of all, the owner will probably not be there. Because you can’t be sure if he’s there on a daily basis. Second, it’s difficult to access the documents that he [the owner] has, because these might be with a consultancy firm somewhere outside the factory. Thirdly, this [unannounced visits] can create a bad atmosphere. They might be very busy with something else, and all of sudden we’re there. And then it feels like we’re not there under the same circumstances, that we’re there to try and catch them off guard and to double-check if they’re doing their job.¹¹⁷

Hence, announced visits were preferred, as a part of ensuring the quality of the audits and maintaining good relationships with the supplier. The results of the audits were summarized in an auditor’s report, which contained information about the audited company, the audit process, various detailed findings, and a corrective action plan (CAP). The CAP contains suggestions for improvements, improvements which should be addressed within a certain timeframe (1, 3 or 6 months), agreed upon by the CSR Manager and the point of contact at the supplier. During the coming years, audit planning and attendance became two of the main tasks of the CSR Manager, as transparency work intensified. While only one audit had been done prior to the transparency initiative, auditing became a part of Nudie’s regular work with its suppliers from 2012 and onwards. In practice, this meant that 17 audits were carried out in 2012, 23 in 2013 (of which

¹¹⁵ Interview, Second CSR manager, 2012-11-01

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

four were re-audits), 14 in 2014, 8 in 2015, 21 in 2016, and 14 by September 2017.¹¹⁸ Auditing high-volume suppliers (e.g. jeans suppliers in Italy, which were sourcing agents that used subcontractors) was prioritised, and also high-risk suppliers. One of Nudie’s founders reported that most production was at four big suppliers and sourcing agents: “Ninety-five percent of all products are made by these four. If we can ensure these are safe, then we’ll be able to do the others step by step”.¹¹⁹ When auditing the high-volume sourcing agents’ supply chain, Nudie became aware of subcontractors that it had previously been unaware of, which the CSR Manager described thus: “When we visited the laundries, we found out that there were subcontractors”.¹²⁰ The decision then was to audit the subcontractors, too. Secondly, audits were made of suppliers considered high-risk, located in, for example, Tunisia, Turkey, and Romania. But for Nudie, suppliers in Southern Europe were also to some extent considered high-risk. The CSR Manager said that: “Not so many [buyer companies] have done audits in Europe before”, also saying that, by sharing some of Nudie’s audits with other FWF members, “it seems like they’ll be starting to re-think Italy, for example, as a high-risk country from now on”.¹²¹ This was further explained in terms of “the financial crisis” and “doing whatever it takes to keep hold of the workforce and orders”. Thus, having production in Southern Europe was no longer considered a safe strategy for responsible business, something which swayed auditing decisions towards high-risk suppliers instead of high-risk countries.

Thirdly, and once those audits had been made, the idea was to cover as many suppliers as possible, with a particular focus on those that Nudie had a long-term relationship with. This meant that, in 2013, the focus shifted to Portugal, where many long-term suppliers were. One question arising in Portugal was how to prioritise the different production units, which the CSR Manager reported thus: “In Portugal, it feels better to make an audit at all the main suppliers first, before auditing the subcontractors”.¹²² Hence, the more established suppliers and the suppliers with which Nudie was in direct contact were prioritised, making subcontractors a secondary priority. Another aim was to audit suppliers prior to production starting up; however, as the CSR Manager explained: “There’s often a fairly short space of time between product development and the placing of the order, and then there will be no time to stop the order”, and that this was “a matter of priority”.¹²³ As a result, few suppliers were prior to production starting

¹¹⁸ Email, CSR Manager 2013-12-17; Nudie Jeans Social Report 2014; Nudie Jeans Sustainability Report 2015; Email, CSR Manager 2017-04-20; Email, CSR Manager 2017-09-15

¹¹⁹ Interview, Strategist and founder/owner, 2013-03-05

¹²⁰ Interview, Second CSR Manager, 2013-06-04

¹²¹ Interview, Second CSR Manager, 2012-11-01

¹²² Interview, Second CSR Manager, 2013-06-04

¹²³ Interview, Second CSR Manager, 2013-06-04

up. This reinforced the focus on suppliers that Nudie had been working with on a more long-term basis.

In conclusion, one way of working more actively towards the transparency vision was by establishing auditing practices for the supply chain. A distinction was made between previous factory visits, in terms of being informal, and new auditing practices, in terms of being formal. The audits were guided by FWF's principles, although some were applied in countries where FWF lacked auditing services. The announced visits were expected to be more representative than the unannounced ones. Besides, it was a part of the culture of focusing on collaboration with the supplier that FWF was promoting. The number of audits increased when transparency became a vision, and thus high-volume, high-risk and long-term suppliers were prioritised.

5.5 The transparency agreement

Parallel to working with auditing, and the channel for communicating transparency, discussions were held with suppliers regarding what information to publish and when. To ensure that the suppliers and sourcing agents agreed with Nudie about publishing supplier information on the website, Nudie distributed a document called "the Supplier Transparency Agreement" to its suppliers. This agreement contained a short introductory text stating that Nudie had "total transparency" as a new goal, and how this had been mentioned during the supplier visits and was now also being communicated to the sales organisation. The agreement also contained bullet-points as regards what should be published, e.g. names and addresses of suppliers as well as short audit summaries of the factories. Lastly, the reasoning behind transparency was stated, e.g. "not all information was entirely positive", "honesty", "appreciated by the customer". The contract ended with a few lines on having understood the aims of Nudie's transparency goal and agreeing to the content of the contract, which the suppliers had to sign (see below).¹²⁴

¹²⁴ Nudie Jeans Co., Supplier Transparency Agreement, 2013-03-26

Textbox 5.1 The Supplier Transparency Agreement

Supplier Transparency Agreement

Nudie JEANS CO

In 2012 we set a new goal; we want to have total transparency with how and where our products are made. You as our supplier have a great part in this. We have earlier mentioned it in emails and visits and on the latest kick-off we also communicated this future goal to our sales organization.

The goal is divided into transparency and traceability of the products. The first step will focus on being transparent with as much information as possible.

We plan to launch the first step on transparency on our website together with the other product information during the spring of 2013. The information will be visually displayed in our website where you can click on the products (for example jeans) and receive information about the production localities.

The information that will be published is

- The type of supplier and starting year of our collaboration
- The location of our suppliers
- What kind of products are produced
- Number of workers
- A brief summary of the audits made and how we have been working to improve the situation and similar information. The full audit report should be available upon request and not given until we had the chance to improve the non-compliances found.
- We will also have general information on how the fabric, threads, zippers etc. arrives to the assembly from other suppliers

This is the kind of information we want to provide to our customers because we believe that this transparency of the product together with the efforts you make to improve the working conditions will assure our customers that we are genuinely working to improve all parts of our products and production. We know that not all information is entirely positive, but we do think that honesty about our production chain and working condition is more valuable and will be appreciated by our customers.

Note: From March 26th 2013

Despite the initiative's supplier focus, it was thus not until after having pitched the idea to the sales organisation that the suppliers were formally asked to join. Once the Supplier Transparency Agreement had been distributed, Nudie received different reactions. The CSR Manager said the following:

Either they were just happy to sign it, without asking any questions, which most [suppliers] have done [...] but then there are a few, for

instance [name of supplier], that haven't signed it yet, but they say it's on the way and that there's 'no problem'.¹²⁵

Many suppliers were thus positively-inclined towards the agreement, while others were hesitant about signing. A positive attitude towards the agreement was reported by the production agent in Portugal, who recalled when the agreement was first introduced to the suppliers: "She [the CSR manager] brought the agreement and explained, more or less, what would happen and they immediately said yes, some of the them even signed the document the same day".¹²⁶ A similar statement was made by a supplier: "Yes, they explained the procedure and we will sign it, of course".¹²⁷ The same supplier even called the agreement "free advertising",¹²⁸ referring to having its name published on Nudie's website.

By the suppliers hesitant to sign the agreement, different reasons were presented. First of all, there was some uncertainty on the part of the supplier as regards what Nudie actually meant by being transparent. This was apparent in one of the responses received from a sourcing agent in Italy (Sourcing Agent A): "We'd like to ask you for some explanation", "we have to consider PRIVACY in Italian law" [emphasis in original], and "Do you think it will be correct to publish the full report?" (See below).¹²⁹

Textbox 5.2 Email response to the transparency agreement

Dear [name of CSR manager]
Before sending the document back we would like to ask you some explanation.
In fact we have to consider the PRIVACY Italian law and to avoid the risk to edit some private information.
Considering the two last information you listed in your letter, what exactly would like to publish concerning the audit? Do you think it will be correct to publish the full report? Does it contains very private data? We need supplier authorization of course.
And it could not be always clear to read them because laws are different in our countries.
And for what concern the information on how fabric and accessories arrives, what do you exactly mean?
Thank you very much for your help
Br
[name of supplier representative]
[company name]

¹²⁵ Interview, Second CSR Manager, 2013-04-29

¹²⁶ Interview, Production Agent Portugal, 2013-04-08

¹²⁷ Interview, Manager and Commercial Agent at Supplier A, 2013-03-08, Portugal

¹²⁸ Ibid.

¹²⁹ Email, Sourcing Agent A, 2013-03-20

The response reflects a lack of insight into what was being expected of the supplier, as well as a reluctance to share certain information, e.g. audit reports.

In one way, Nudie was not expecting its transparency aim to come as a surprise, as discussions had dated back years. On the other hand, the CSR Manager had admitted that the suppliers were poorly-informed about the meaning of the new vision: “I don’t think they [the suppliers] are especially well-informed. Because now we’ve only asked them an initial question; we’re planning to do things like this – do you want to join in? Or do you at least support the idea?”¹³⁰ This lack of insight among the suppliers was considered problematic, as the CSR Manager further explained:

So, I think they might not be aware of the fact that audit reports can be published on the Internet. And that’s something we want to do, but we still haven’t decided on when, how, or in which way, this will happen [...] but of course, we’ll have to have this discussion with the suppliers again before we publish anything.¹³¹

Hence, even after having sent out the transparency agreement, the CSR Manager at Nudie felt that the suppliers might not have fully understood the purpose and the idea behind the initiative, given as one explanatory factor for not wanting to sign directly.

Second, there was some resistance among the sourcing agents as regards sharing information publicly. This was due to the agents’ business model, which was based on being the facilitator of contacts between buyer and supplier. The risks to the sourcing agents were acknowledged by the CSR Manager thus: “Of course, because their entire business idea is being the provider of contacts with suppliers. [...] one can understand that they don’t want to let go of that information”.¹³² The fear of sharing information – both with Nudie and publicly – was further explained by the CSR Manager thus: “That’s what they’re afraid of, the fact that now, in principle, we could establish direct contact with the factory and sidestep them”. Publishing this information not only entailed the risk of Nudie, but also of other brands, being able to source directly from the suppliers used by the sourcing agents. For Sourcing Agent B, a Danish agent facilitating contacts for Nudie’s labels, the fear of sharing this information led to a special clause in the Transparency Agreement, which ensured that Nudie would not buy from the suppliers used by Sourcing Agent B within one year of terminating the contract. This protected the agent from at least being sidestepped by Nudie.

¹³⁰ Interview, Second CSR Manager, 2012-11-01

¹³¹ Ibid.

¹³² Interview, Second CSR Manager, 2012-11-28

Sourcing Agent C, a Swedish company working both as a brand and as the facilitator of contacts between brands and suppliers, was hesitant as regards sharing information about its suppliers with Nudie, and even more hesitant as regards making this information public. In November 2012, Nudie promised this sourcing agent that it would not publish any information about them at this point. As a result of the agent's resistance, Nudie threatened to cancel its orders from 2014 and onwards, if the sourcing agent did not agree to publish factory names and audits. The agent later shared its supplier information with Nudie and carried out audits, which revealed several breaches of Nudie's code of conduct. While the forthcoming clothing line was still being produced via the agent, the company found alternative suppliers for its future clothing lines, thus ending this collaboration. At that point, Sourcing Agent C had still not agreed to publish any information on the website.

A third reason for not wanting to sign the Transparency Agreement was that the notion of publishing audit summaries and making audit reports available upon request was seen as controversial by some of the actors. For example, the CSR Manager reported that one supplier, Supplier B, was reluctant to share audit reports due to its non-compliance: "According to Portuguese law, you have to list overtime paid on payslips, just like any other place, but now they pay cash-in-hand instead".¹³³ If such information had become public, there would be a risk of the supplier being fined for misconduct. The supplier subsequently signed, following a visit by the CSR Manager, who reported that: "We talked about it with them when we were there, but then they signed the contract and said that it was 'ok'. So, I think they thought 'well, who's going to read this anyway?'"¹³⁴ Hence, the supplier agreed to sign after having discussed the topic again with the CSR Manager.

At another supplier in Portugal, overtime was systematically being remunerated with hours instead of being registered on payslips. This was explained in terms of being outside national legislation, but seen as a way of being more flexible, something which in turn was regarded as beneficial both to the employer and to the employee. This system was described as widespread by the supplier: "Everybody does it like this. The government knows that. And the government makes so many problems for the companies. And sometimes, they close their eyes".¹³⁵ However, if such information were to be made public on Nudie's website, the same supplier (Supplier A, Portugal) would argue that "this is very dangerous". The supplier signed the contract expecting Nudie to leave such information out: "I don't think that this will be mentioned by Nudie on its

¹³³ Interview, Second CSR Manager, 2013-04-29

¹³⁴ Interview, Second CSR Manager, 2013-06-13

¹³⁵ Interview, Manager and Commercial Agent at Supplier A, Portugal, 2013-04-08

webpage”.¹³⁶ Hence, for some suppliers, information considered especially sensitive was not expected to be shared with the public, even after having signed the agreement.

In conclusion, most suppliers were positively-inclined towards publishing their names and addresses as they saw this as an opportunity to attract new customers. However, the suppliers were generally more sceptical about publishing audit reports potentially containing sensitive information. In terms of the sourcing agents, there was some resistance as regards sharing the names and addresses of the suppliers used, driven by the fear of being side-stepped. There was also a reluctance to allow Nudie to audit the suppliers and to make such results public.

5.6 Audit results

The audits revealed several problems in the supply chain. While Nudie had previously relied on production in Europe, awareness had now also been raised regarding the problems at these production sites. Besides, in moving parts of its production to India and Tunisia, Nudie had encountered other problems. Some of these problems were on the country level, e.g. the use of illegal workers in Italy, overtime payments not included in payslips in Portugal, child labour in India, and short-term employment contracts in Tunisia. However, most problems were considered to be supplier-specific, something which was further explained by one of the founders thus:

There are certain complexities there too [in Portugal]. And we need to discuss that with them [the suppliers]. Besides, there’s no one-size-fits-all solution for each country. There’s a solution for each factory. That’s how pragmatic we have to be.¹³⁷

Hence, each supplier that was audited was deemed to require a tailor-made solution. In the next section, some examples of problems encountered by different suppliers are accounted for.

5.6.1 Supplier C, Italy

One example of problems that became apparent after auditing the suppliers was at the subcontractors of the high-volume sourcing agent (Sourcing Agent D) that Nudie used. A union representative, with ten years’ experience of working at the factory, reported that “the building [had] always been very unsafe and employees [had] always been working in “unclear conditions”.¹³⁸ More specifically, the

¹³⁶ Ibid.

¹³⁷ Interview, Strategist and founder/owner, 2013-03-05

¹³⁸ Audit report, Supplier C, 2012-10-16

factory had previously been shut down for “hiring an illegal workforce and avoiding the payment of social security charges, taxes and pension funds”. The factory was later re-opened under another name by another owner, while retaining the former factory owner as an informal manager. The problems of illegal workers and the lack of social security payments remained at the re-established company. For example, the union representative reported that the building was “not legally operational”; as the building was not supposed to be used, no rent was being paid for the building, and no bills were being paid either. This resulted, for example, in the energy companies disconnecting the electricity supply, while the factory manager was looking for a new electricity supplier, which carried on until the non-payment of bills made them disconnect the electricity supply again. Another issue raised was how overtime hours were paid ‘off the payslip’, and the fact that overtime hours paid less than normal ones. Furthermore, the union representative also reported that: “The workers interviewed, who reported receiving illegal overtime remunerations and working under unsafe conditions, were verbally abused by [name of owner]”. The interviews with the workers reflected the problems raised by the union representative. For example, the workers reported that:

Overtime is remunerated ‘off the payslip’ in cash and is not registered. Overtime has been reported as being remunerated with an hourly wage below the regular hourly rate (average 6 Euros per hour). Only one employee reported having demanded that overtime be registered ‘on the payslip’, management agreeing to her request.¹³⁹

Besides overtime payments systematically being made ‘off the payslip’, all workers reported their salaries being paid with delays: “For instance, our wages for August were paid 7th October”; “Delayed payment is regular (normally 40-45 days late) at the factory”. Furthermore, the workers also had a unified impression on the building as insufficient:

Everyone reported working under unsafe working conditions due to rain leaking through the roof and the wind blowing through the broken windows. In addition, the canteen roof is also very unstable, with a piece falling down a few weeks prior to the audit.¹⁴⁰

Due to the unsafe working conditions at the factory, the workers reported “preferring to change site and to move to a newer and safer site; however, they’re happy to work full time and, for that reason, they’re available to accept the unsafe working conditions”. The union representative supported this view: “Employees

¹³⁹ Ibid.

¹⁴⁰ Ibid.

need to accept these conditions as there are no job opportunities in the area”. The workers thus felt forced to stay, to varying degrees, due to their dependency on the income from a full-time job. All in all, the suggestion of the union representative was to close the factory down, as stated in the audit report:

The unions, the trade associations, and the Labour Provincial Committee are all aware of the working conditions at the factory, but have not reported this to the police yet because this will lead to closure and, consequently, unemployment for 40 workers. The majority of the workers are the only people in their respective families with a job, so it’s a critical decision to take. On the other hand, the union cannot accept these conditions any longer because safety and security standards are very low and serious injuries can easily occur. [Name of union representative] reported that, last year, it was snowing directly into the building and onto the machines, causing an electrical hazard.¹⁴¹

However, there was some hesitation about taking this step due to the vulnerable situation of the workers. After Nudie had found out about the situation at the supplier’s premises, the CSR Manager urged the supplier to change location: “We simply asked them to find a new location”.¹⁴² The CSR Manager further explained that “next week, we have a meeting in Italy with a supplier [Supplier C], when we’re going to see a new production site”. The former location was explained in terms of: “not okay”, “below standard” and “the building not being licenced for business operations”. During the coming months, there were regular visits to the location of the new factory.

In March 2013, the CSR Manager reported that “it look[ed] good” and that “so far, we’ve only had positive reactions”.¹⁴³ A month later, the positive results were continuing: “It looks very good, which is nice to see”¹⁴⁴. However, the new location was not free from problems. This time, there was a report of a high noise level, which was explained by a high ceiling in a rather empty room. This was seen as a minor problem as the workers were reported to be wearing ear protectors. Nevertheless, Nudie was looking into alternatives as regards how to reduce the noise level. Hence, the supplier has been retained (latest update 2017) and the new location, in use since 2013, has been reported to have solved most, but not all, of its problems.

¹⁴¹ Ibid.

¹⁴² Interview, Second CSR Manager, 2012-11-28

¹⁴³ Interview, Second CSR Manager, 2013-03-21

¹⁴⁴ Interview, Second CSR Manager, 2013-04-29

5.6.2 Supplier D, India

Placing production in India brought problems that Nudie had not previously encountered in its supply chain. Prior to moving production, a team of Nudie representatives, including the First CSR Manager, the purchaser and the Production Agent in Portugal, went to visit Supplier D. The purchaser commented both on the visit and on how the former CSR Manager had carried out a “mini-audit” to verify CSR aspects: “She walked around, did some interviews, and was quite tough in her manner – very direct – not in the way that she wanted to catch them off guard, but she asked very frank questions”.¹⁴⁵ While the role of the purchaser and the Production Agent in Portugal was to discuss prices, sewing and quality, he also became aware of problems in the garment industry in India, problems which were less common in Europe:

When we were there in 2011, they [the government] closed down more or less 800 dyeing units and laundries in Tirupur. The government closed them down because so much effluent was being released into the small stream, which used to be a large river. So, you need to be aware of what you’re doing if you go into that business.¹⁴⁶

The purchaser was thus sceptical about producing some of the T-shirt styles, styles which required a more complex dyeing and washing procedure at the factory. This view was supported by the Design Manager, which resulted in only part of production being moved to India, e.g. basic T-shirts and underwear.¹⁴⁷

In 2011, around the time when production was moved, Nudie decided, together with Supplier D, to take part in a pilot study with the aim of assessing whether it would be possible to extend a Fairtrade certificate to include not just the cotton farmers, but also the other production units, e.g. spinning, dyeing and sewing. The project was initiated by Fairtrade International (FLO) and FWF, and also included two other brands and suppliers. As part of the project, an audit was carried out at Supplier D, between June 29th and July 2nd 2011. The audit report mentioned several alarming points regarding production at Supplier D. The first point was a general concern throughout the region and showed that, although minimum wages were reportedly being paid to workers, these were not enough to live on, as calculated by local NGOs. The recommendation made in the pilot study was, thus, to engage in initiatives aimed at raising these wages. The second point was more specifically related to one of the units at Supplier D, the spinning unit, where the age of the workers was difficult to verify. In addition, the young workers were also reported to be doing more hours than was legally allowed. Third, also at the

¹⁴⁵ Interview, Purchaser, 2013-03-25

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

spinning mill, workers reportedly lacked freedom of movement outside working hours. This was explained by management to be for “personal security reasons”, leading to FWF concluding that it would “give this issue the scope for further discussion”.¹⁴⁸ In the coming sections, the three main points raised will be discussed in more detail.

Low wages

The first issue, regarding low wages, was raised as a question even during Nudie’s first visit to the supplier. The purchaser recalls his role being to negotiate the price of the product: “We have a target and need to reach it. [...] and we solved it, without a problem”. However, the CSR Manager was more concerned about the wages:

The CSR Manager kept asking: ‘What are the wages?’ [...] and my understanding of the conversation was that the wages were low, but still okay, given the area where they [the clothes] were produced. That it was a normal wage. But from that point on, I don’t know any more.¹⁴⁹

The pilot study by FLO and FWF showed some indications of the wage levels of workers in the industry in the Tirupur region, showing a discrepancy between what was considered a living wage in the area and what the workers were paid in that region on average. More specifically, details were given about the living wage as recommended by FWF (8,610 INR), as recommended by Asia Floor Wages (local stakeholder) (7,967 INR), two different types of minimum wages as stipulated by local laws in Tamil Nadu (4,439 INR and 2,828 INR), and an average wage for spinning mills in the Tirupur area (3,120 INR). These calculations indicate that workers were only being paid about a third of what is considered a living wage in that area.¹⁵⁰ This means that, while the recommendation was for a monthly wage of around 110 EUR, the average monthly wage of the workers in the spinning mills was around 40 EUR.

Exactly how to deal with these low wages in the region, given Nudie’s commitment to responsible business, spurred an internal discussion at Nudie, whereby the payment of a “living wage” was proposed as a solution. Until then, wages had been considered a “non-issue” by Nudie, as most production had been in Europe. The Social Media Manager reported that Nudie: “Still hadn’t discussed how to practically work with this [the living wage]”.¹⁵¹ The CSR Manager reported on a complicated process carried out by FWF and FLO. Instead, Nudie had

¹⁴⁸ Pilot study, FLO and FWF, 2011

¹⁴⁹ Interview, Purchaser, 2013-03-25

¹⁵⁰ Pilot study, FLO and FWF, 2011

¹⁵¹ Interview, Social Media Manager, 2013-02-22

decided to talk directly to the supplier and, on a visit to the factory in December 2011, the CSR Manager had asked management to make a separate calculation for the factory.¹⁵² This calculation was later used as the basis for paying Nudie's share of the living wage, which was then distributed to the workers engaged in the production of Nudie's products. Thus, Nudie addressed this question immediately, continuing to work actively in collaboration with Supplier D in refining the wage payment system. However, the impact of these payments is considered limited since Nudie only accounts for a small part of Supplier D's overall production. In order for the initiative to have a more profound impact on wages, the company is, thus, dependent on other brands to follow its example. In 2017, two other brands followed Nudie's example and started paying their share of a living wage.¹⁵³

Young workers

The second issue, concerning the ages of workers, was reported by the CSR Manager to be more difficult to address. According to Indian law, people are allowed to work from the age of 15, but then with some restrictions as regards their working hours. However, verifying the ages of workers was difficult since many lacked a birth certificate.¹⁵⁴ The issue was raised in the FLO and FWF pilot study in 2011. At the spinning mill, documents providing proof of age for a number of workers were not to be found in their personal files. Juvenile workers on the shop floor are doing more working hours than they are legally allowed.¹⁵⁵ Similar audit results were also found at the other factories audited within the framework of the project, indicating that this was a recurring problem in the Indian clothing industry.¹⁵⁶ The age issue was also raised in the separate audit report made by Nudie and FWF, attached as an appendix to the pilot study made by FLO and FWF.

¹⁵² Interview, Second CSR Manager, 2013-02-22

¹⁵³ Email, Second CSR Manager, 2017-09-15

¹⁵⁴ Interview, Second CSR Manager, 2013-05-17

¹⁵⁵ Pilot study, FLO and FWF, 2011

¹⁵⁶ Pilot study, FLO and FWF, 2011

Textbox 5.3 Different perspectives on workers' ages

Interviews with management

- The management agrees that a large number of workers in this factory are of the juvenile age group. However, they have procured the permission of the Inspector of Factories to employ young workers.
- The age of the workers is determined by a doctor from the St. John's Ambulance Association – since many of the workers do not have any certification of their age.

Interviews with workers

- Many workers especially the ones from Orissa did not know their age. Some said that they were sixteen years old. (It would be hard to guess the age of these workers).
- Several teenage workers said that they did the “half night shift” from 2pm- 10pm.

Consultation of local stakeholders

- Local NGO said that child labour is not common in spinning mills, since the work requires high skills and are not able to be delivered by children.

Document inspection

- A number of records did not have the age-proof certificate of the workers.
- Though there is no exploitation of child labour, the adolescent workers were found to be working between 2pm and 10pm – as per Section 70 of the Factories Act, they may [not] be allowed to work only between 7pm and 6am at night.

Inspection of the work place

- There was no evidence of children under the age of 15 working in the factory.

Note: Bullet points on workers' ages taken from audit report, Supplier D, 2011.

The conclusion of the pilot study by FLO and FWF was that there was no exploitation of child labour at the factory. Although admitting that the workers were young, management ensured that they were over 15. The local stakeholder argued that the work performed in the spinning mills “requires high skills and are not able to be delivered by children”, supporting the view of management. To complicate the question even further, the workers themselves were also unsure of their ages, as they lacked formal documentation, but reported being over 15, which also supported the claims being made by management. However, when the audit team inspected the documentation, they found that “a number of records did not have a certificate proving the age of the worker”. In addition, they also found that juvenile workers were doing shifts which, according to them, were in excess of the working hours allowed for this age group.¹⁵⁷ Hence, although the conclusion was that there were no children working in the factory, the exact ages of the workers were difficult, if not impossible, to verify. Besides, there were still a lot of question marks about whether the juvenile workers, aged between 15 and

¹⁵⁷ Pilot study, FLO and FWF, 2011

18, were exceeding their working hours, given their age. The pilot study also included an account of how the audit results were to be followed up. The audit results were sent to Nudie on August 26th 2011 and were reported to have been “discussed in detail by FWF and the Purchasing Manager of Nudie Jeans on 13th September”. One of the improvements noted after re-visiting the factory was as follows: “Documentation on juvenile workers has been developed. The factory has cut back on the amount of nightshifts for juvenile workers and has chosen to recruit less of them”.¹⁵⁸ To ensure that the changes would be implemented, FWF planned to do an additional follow-up audit: “The above-mentioned improvements could be verified by FWF during the limited timeframe of the pilot project. A factory audit to verify improvements will be carried out in 2013”.¹⁵⁹

In 2013, the issue of juvenile workers was raised again. The CSR Manager described this as follows: “And then there’s one thing that’s also been raised regarding Supplier D, which doesn’t quite have to do with this, but which I think influences the Fair Wear Foundation’s attitude towards Supplier D”.¹⁶⁰ The CSR Manager further describes how the representative of FWF confided in her: “There’s one thing I need to tell you. It’s about Supplier D using child labour.” This statement was based on observations made during a visit to the spinning unit at Supplier D, where the FWF representative had concluded that “there were a lot of young people” on the factory floor. The CSR Manager was critical about this information, partly because she found the statement “arbitrary” and partly because the audit report in 2011 had already shown that the unit employed mainly young workers, but not children, something which had been discussed and addressed already. She commented on the observation as follows:

And then it’s at the spinning unit where they have workers aged between 15 and 18, and they [FWF] think this is child labour. But according to the law, this is totally ok. The problem is, rather, that they can’t verify what hours they work.¹⁶¹

The CSR Manager thus found the presence of young workers less problematic, as long as they were over the age of 15, which was the minimum legal age limit for workers in India. For her, the issue was instead about verifying the ages of the workers, and ensuring their rights:

What’s important, then, is that they have the rights they’re entitled to, like not working overtime, at night etc. And the difficulty is verifying this. But we don’t see any problems with them having

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Interview, Second CSR Manager, 2013-05-17

¹⁶¹ Ibid.

younger workers as long as it's within the law and dealt with properly.¹⁶² However, this conversation had left the CSR Manager in doubt: "So there's at least a possibility of there actually being workers who are younger [than 15] now". However, until actual evidence had been found, and audits had only been planned in September of the same year, this finding could not be verified.

Until the next audit was carried out, FWF proposed that the CSR Manager avoid talking to Supplier D about the problem as FWF was afraid that this would damage relations with the supplier. The CSR Manager reported the following:

Because she said 'you can't talk about this. You can't go to Supplier D with this now, because the Fair Wear Foundation has built up a trustful relationship with Supplier D when it comes to this training, the worker's education programme, and we don't want to ruin that. What we want [she said] is a coherent picture or a text, signed by all the companies producing there [at Supplier D], stating that child labour is not accepted'.¹⁶³

The CSR Manager was confused by the instructions given by the representative of FWF: "So what are we going to do about this now?" Nevertheless, the CSR Manager found it difficult to avoid the topic with Supplier D: "I mean, I'll go there in a few weeks' time, and then it'll be difficult not to talk about it, or not to see it." Furthermore, she also speculated on the potential risks of having child labour at Supplier D:

If it turns out that they have younger workers there, then pretty much will be at stake – both for us and for Supplier D. Especially Supplier D, I would say, because they're the ones promoting the company as a sustainable alternative.¹⁶⁴

In other words, one of the issues of having young workers is that this could be perceived as child labour, which fitted poorly with the image of Supplier D as a sustainable alternative. The CSR Manager was well aware of the practice of employing young workers at the spinning unit as a part of the system in India:

Of course, they may very well have young workers at the spinning unit. And that's kind of what the textile industry looks like. It's very difficult to recruit workers for that part of production. The sewing part attracts older [workers], but not the spinning unit. And that's

¹⁶² Ibid.

¹⁶³ Ibid.

¹⁶⁴ Ibid.

something we've also discussed. The fact that maybe we'll have to accept young workers being there [at the spinning unit].¹⁶⁵

The CSR Manager further commented on the topic thus: "It's a question of how you refer to it, as child labour or as young... that is, juvenile workers, as they're called... and whether there's a difference between the two or not". The issue was further discussed in terms of it being "difficult to verify age just going by looks", and the potential risk of doctor's certificates being faked. Another theme discussed was: "Maybe there's no point in firing them [young workers], but we must at least make sure that no further recruitment of young workers occurs".¹⁶⁶

Due to the sensitivity of the issue, the CSR Manager said: "I haven't even talked about it internally. Because I don't really have anything to show, only that someone thinks something, or believes that he/she has seen something." Furthermore, she also said: "What's important is that we talk to Supplier D, to find out what they think about this".¹⁶⁷ On the next visit to Supplier D, the CSR Manager took the opportunity to raise the issue of young workers. She described how the discussion initially revolved around living wages, before moving on to other topics. During lunch with the management of Supplier D, the issue was raised: "Then there was this thing at the spinning unit". The CSR Manager, together with a representative of a local stakeholder, had visited the factory and gained their impression of how young the workers were, but "when you talk to them, you understand that they're a bit older, like 20, 21". The CSR Manager further described this discussion thus:

So, we talked about it. We talked about the fact that the young workers shouldn't work a full day, and should be limited to working certain hours. But then he disputed this, e showing Indian legislation, the law book and the text. And then there's a 'fitness certificate' which means that, and here it's the doctor who guarantees it, that the workers are allowed to work as adults. So, if you have the certificate, you can work as an adult. This means that you don't need to comply with the restrictions regarding shorter working hours, for example. It means, more or less, that they [the workers] become adults when they turn 15.¹⁶⁸

This also meant that workers aged between 15 and 18 were eligible to work longer days according to Indian law. The CSR Manager got the impression from management that, as long as it is within Indian law "it's not an issue". This new

¹⁶⁵ Interview, Second CSR Manager, 2013-05-17

¹⁶⁶ Ibid.

¹⁶⁷ Ibid.

¹⁶⁸ Interview, Second CSR Manager, 2013-06-13

information left the CSR Manager perplexed: “And then I was like... OK. Does that mean, then, that we can’t do anything about it? Because, what can we say about it, if it’s in accordance with the law and they comply with it?” The CSR Manager made an effort to confront management with the “moral aspects of having 15-year-old girls at the factory”. Her impression was: “Supplier D is very aware of this. That it’s not the best solution, but that this is how the industry looks and they can’t manage to attract other workers”. The difficulty of attracting other workers to spinning units was explained in the following terms: “few people want to live in dormitories in this way”, “the dormitories are normally very isolated”, and “it serves a societal function, as it’s a place where parents send their daughters”.¹⁶⁹ The girls are then expected to send money back to their parents. As this was considered a legitimate practice in the Indian context, the CSR Manager felt limited as to what they, as a company, could do:

We can have very good relations with Supplier D, but there still won’t be any possibility of us saying ‘now you can only employ people aged 18 or higher. Even if we were to make that a requirement, it wouldn’t be achievable. So, there’s really no point in doing that.’¹⁷⁰

When the FWF representative raised the issue in 2013, she indicated that “this [would] explode as a scandal soon, the fact that Supplier D had child labour”. However, the CSR Manager was more doubtful: “I don’t think that will happen”. FWF was generally very concerned about the issue of young workers. When the CSR Manager reported on her visit to the factory to FWF, the FWF representative’s response was that it wanted Supplier D to “make a list of all the workers”, “when they had started working there”, “how old they are”, and “which units they work at”. All this was reported by the CSR Manager as already being in place. Besides, FWF wanted the representative of the local stakeholder to visit the factory on a monthly basis. This was also, however, a non-issue according to the CSR Manager: “She comes and goes as she pleases”. Besides, the age issue was difficult to solve, for the local representative too. The CSR Manager had asked the representative if she could identify whether or not any workers were below the age of 15, and the response she got was: “No, I can’t. But I can’t see who’s over 15 either”.¹⁷¹ The issue of whether or not any of the workers were younger than 15 thus remained unsolved.

Important to note here is the fact that the problem of under-aged workers was reported as being specific to the spinning unit. At other units of the factory, another situation was reported. For example, at the dyeing unit, the workers could

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

more easily be confirmed to be of the right age, where, for example, inspection of the documentation showed: “No evidence of children or young workers being employed” and “All proof-of-age documents are in good order”. At other units, the CMT (cutting, manufacturing, and trimming) units, the workers interviewed reported “being over the age of eighteen”, with “none of the workers reporting seeing young adolescents or children working at the factory”. Inspection of the documents confirmed this view: “The proof-of-age certificates were found in all the test-checked personal files of the workers and there was no sign of any child labour”. The same also applied to an inspection of the workplace: “There was no evidence of young workers anywhere on the shop floor”. The local stakeholders who were consulted explained this in terms of: “Child labour can be found at CMT factories. But recently, export-oriented units have rarely been hiring children due to the social compliance movement.” Hence, there was a notion that the “social compliance movement” had put pressure on the industry to change – at least as regards export-oriented factories.¹⁷²

Restrictions to movement

The third alarming issue raised concerned restrictions to the workers’ movements. Similar to the age issue, the issue of restrictions to movement was reported as being specific to the spinning unit, where most workers were young. The results of the audits, in this regard, were stated in the pilot report as follows:

At the spinning mill those workers living in hostels were not permitted to leave the factory premises unless accompanied by the warden. Both workers and management believe that it is because of personal security reasons. FWF commented that the factory should give full permission to workers to leave the factory and the hostel after working hour. The factory manager has responded to the issue. Due to cultural differences, FWF and the member company have decided to give this issue room for further discussion.¹⁷³

The issue of freedom of movement was twofold. First of all, it raised further questions, i.e. whether the workers had voluntarily searched for a job at the factory or if they had been forced to come and work there. Second, it raised the issue of the workers’ freedom of movement when employed at the factory. The first issue was further addressed in the separate audit report by Nudie and FWF, which was attached as an appendix to the pilot study by FLO and FWF. This document contained more details of the interviews with management and workers. For example, the report stated that:

¹⁷² Pilot study, FLO and FWF, 2011

¹⁷³ Pilot study, FLO and FWF, 2011

The management affirmed that there was no compulsion for a worker to come to this factory. It was repeatedly mentioned that the parents of the young workers had no issues in sending them to work here. Similarly, it was also mentioned that there was not compulsion for the girls to continue working in the factory.¹⁷⁴

These audit results reflect a discussion connected with the employment of young girls as workers, whereby there was a fear regarding the prevalence of a tradition of forcing workers to be sent to factories to work, called “Sumangali Practices”. The local stakeholders reported on how such practices were common in the area where Supplier D was located: “The Sumangali Scheme, a form of forced labour in India, is prevalent in the garment and textile industries in South India, especially the areas of Tirupur and Coimbatore.” Moreover, the local stakeholders also made the connection between Sumangali Practices and restrictions to movement: “Common forms of forced labour in the area include restrictions to movement (especially for workers living in hostels), forced overtime, financial or debt bondage.” However, in this specific case, they concluded that:

While there are questions about the system, some local experts contend that the restriction of movement of the workers outside the premises of the factory cannot always be construed as a lack of freedom of movement. Some of them said that parents preferred sending their daughters, who showed no inclination to study, to factories that provided them with a secure environment.¹⁷⁵

This meant that, even though these daughters had been sent to the factory by their parents, this was not necessarily seen as Sumangali Practice. From this point of view, the factory was described in terms of being a “secure environment”. This was supported by other statements made by the workers, e.g.:

Almost all the workers were young women. Many young women said that they were sent by their parents through a person known to them in their villages. They said they did not have to pay any money to this person nor were they in any way financially obliged to this person. They all reported to be directly employed by the factory. None of the workers reported the presence of a contractor.¹⁷⁶

The management of Supplier D also explained this divergence from how the factory worked in relation to Sumangali Practices thus: “The workers were not forced to continue working here, any worker could go home once every six

¹⁷⁴ Audit report, Supplier D, India, 2011

¹⁷⁵ Ibid.

¹⁷⁶ Ibid.

months and, at the end of 480 days of work, the workers are made permanent employees”. Interviews with the workers confirmed such statements:

Workers reported that they were allowed to go to their home town once in six months. If they had an illness however, they were allowed to go home. Some workers reported that there were girls who quit their jobs after the initial 2-3 months as they got homesick.¹⁷⁷

From the reports filed by the workers, it seems that the main principle was that the workers had to stay for at least six months, and then complete the full period of six months’ work, with some workers reporting that exceptions had been made to this rule thereby indicating a flexible position on the part of management. Even though management and some of the workers had reported on the non-existence of Sumangali Practices, statements made by some workers indicated differently. This was, however, considered less likely as it was in contrast to statements made by other, more senior workers, guaranteeing the non-existence of a “scheme” and of lump sums being paid out (see below).

Textbox 5.4 Workers’ views of Sumangali Practices

- A few workers said that there was a „scheme“ in the factory where they would be paid between Rs.30,000 and Rs.45,000 at the end of 3 years. These workers were not sure of the amount they earned. They said that the money would be given directly to their parents.
- Two workers said that all the girls in the factory belonged to the „scheme“. However a few workers volunteered that there was no „scheme“ in the factory.
- Several senior workers (who had worked more than 1 year) said that there was no payment of a lump sum at the end of three years.

Note: Excerpt from Supplier D, Audit report, 2011.

Furthermore, some of the workers had reported “not being allowed to go home until they had completed 6 months of service”. Although some workers reported differently, the overall conclusion of the audit report was that, even though many of the workers were young girls, there was no application of Sumangali Practice.

Regarding the second aspect, the issue of the freedom of movement of workers, this was commented on by management as follows:

The management stated that the workers were given a day off every week (Friday) when they were permitted to go to the temple and for some shopping but always under the supervision of an older lady.

¹⁷⁷ Audit report, Supplier D, India, 2011

They said the parents of the girls will not be happy to let them go out by themselves.¹⁷⁸

Hence, the restrictions to freedom of movement were referred to in terms of “supervision” and the parents “not being happy to let them go out by themselves”. During the interviews with the workers, they confirmed the situation regarding restrictions:

The factory provided accommodation for almost all the women workers. Workers are not allowed to leave the premises without the company of the warden. They were not allowed to go out shopping but the items required like soaps and bags were brought within the hostel campus for sale.¹⁷⁹

In the audit report, the FWF team had also raised the issue of freedom of movement for the workers at the spinning unit, living in the dormitories. The CSR Manager reported that: “FWF [had] set up a plan regarding what they [Supplier D] have to do. Step one is... step two, three... and step five is that they should be able to go out whenever they want, at whatever time”.¹⁸⁰ To support this plan, FWF had planned an online discussion with the other brands being produced by the supplier and the members of FWF. The CSR Manager was surprised that FWF had designated her and her new colleague, the third CSR Manager, as the hosts of the meeting: “apparently we’re hosting it”. She was, however, critical as regards whether the plan was achievable or not:

It won’t work in practice. It’s so much more about cultural things and we can’t really put pressure on Supplier D to set up a plan just to satisfy FWF, when it’s not realistic in an Indian context.¹⁸¹

The CSR Manager further reasoned: “Of course these girls should have as much freedom as possible, but what is freedom in that case?”; also raising the workers’ perspective: “What about the workers, do they want to be able to come and go as they like?” The cultural aspect of the issue was further explained thus:

They [the management] can’t take responsibility for the workers if they leave the area of their own accord. And the parents who sent their youngsters there, they trust that the factory is taking care of the girls. In an Indian context, the girls can’t be left alone like that, and the suggestion was for them to leave without asking the supervisor.

¹⁷⁸ Ibid.

¹⁷⁹ Audit report, Supplier D, India, 2011

¹⁸⁰ Interview, Second CSR Manager, 2014-03-06

¹⁸¹ Ibid.

But if you're 16, maybe you want someone to know where you are.
So, I think views on how this would work in practice differ.¹⁸²

There was also a practical difficulty associated with freedom of movement: "There isn't really anything around these spinning units. It's just fields. So, it's not that you can go anywhere from there. I don't even think that there are any buses from there". The geographical location of the spinning units thus limited the freedom of movement of the workers per se. With this in mind, the CSR Manager was hesitant about whether this situation could be resolved or not and whether or not "we want to solve it". The CSR Manager was also concerned about the supplier's situation:

Of course, they want to satisfy us and all the other FWF members, but for them it will never work. What FWF says is that if they [Supplier D] have a very open-minded and European perspective, then they'll be able to attract more customers and get more orders. But I think they risk losing workers instead, as people wouldn't want to send anyone there once they'd heard about the conditions at Supplier D. It will then be an example of what happens when, as an Indian supplier, you don't take responsibility for your workers. So, I think we have differing views on this one.¹⁸³

Hence, taking action in this issue was understood by the CSR Manager, given the local context, as actually making the situation worse for the workers and reducing the responsibility of the supplier. Another issue connected with restrictions on workers, which had been raised in the last audit report, was the lack of communication channels. Workers were reported to have limited access to both mobile phones (however, according to the CSR Manager, the workers had them) and payphones: "But there should be a payphone in the area, and this is something they [the management] could sort out, so that the workers could communicate more easily".¹⁸⁴ This was thus seen as a corrective action that could easily be carried out by management at the supplier.

At the end of March 2014, an online meeting with FWF and the other FWF members was held. This meeting was described by the third CSR Manager (who was then covering for the Second CSR Manager) as "a really big phone conference" with the purpose "of discussing the follow-up".¹⁸⁵ The discussions were based on the audit made in December 2013 and revolved around the situation at Supplier D, with a focus on the dormitories and the restricted

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ Interview, Second CSR Manager, 2014-03-06

¹⁸⁵ Interview, Third CSR Manager (covering for second CSR Manager), 2014-05-15

movements of the workers. The third CSR Manager, who had a background in FWF and thus had experience of the garment industry, from a stakeholder organisation perspective, referred to the issues “as quite a big thing” and understood the situation thus: “Those living there are locked in. And in this part of India, many women are held very strict, meaning that their freedom of movement is restricted”.¹⁸⁶ Hence, the third CSR Manager was very critical of the situation of the young workers at the factory: “Saying that it’s for the sake of their safety is extremely simplistic”. Instead, he clarified his point of view by raising the issue of women’s restricted movements in the region generally as problematic: “It’s not socially acceptable for women in this region to move without restrictions. And therefore, it’s not advisable either for many [girls] to move around without restrictions”. Hence, the issue was still being considered as problematic. There was consensus during the meeting, as reported by the third CSR Manager, that nobody “opposed FWF’s description of this as a problem that needs to be taken care of”. However, the outcome of the meeting was somewhat disappointing. This is how the third CSR Manager described the situation:

No, we didn’t reach a solution. What we agreed on was that [name of one of the brands] should raise two problems when visiting them at the end of April and that we should follow this up when we visit them.¹⁸⁷

The third CSR Manager further explained how he had visited Supplier D the week before, when he discussed the issue. During his visit, the corrective action plan was discussed with management, and some improvements were reported, e.g. the installation of payphones in the dormitories and the arrangement of a dinner for the workers on the national holiday. The third CSR Manager considered these changes to be small, but important.

The webinar had spurred collaboration between the different brands connected to FWF and the supplier. In June 2016, the third CSR Manager reported that one of the brands had visited Supplier D, discussed the issues, and then emailed the follow-up to him. On the next visit to Supplier D, the CSR Manager then discussed these issues with the management once again, later informing the other brands involved in the discussions. He also reported finding some local guidelines that had specifically been designed for the spinning industry of the region, which he wanted Supplier D to sign. Before sending this to the supplier, he awaited the response from the other brands, to see if they were also supporting this suggestion.¹⁸⁸

¹⁸⁶ Ibid.

¹⁸⁷ Ibid.

¹⁸⁸ Interview, Third CSR Manager, 2014-06-26

In March 2016, when the second CSR Manager had returned from leave, she took note of developments regarding the spinning unit at Supplier D. She confirmed that the third CSR Manager had been very active during the implementation of a five-stage plan to improve the situation in the dormitories connected with the spinning unit. The requirements set out in the plan were seen as “things that needed to be done in order for us to stay”.¹⁸⁹ Nudie had thus adopted a stricter attitude towards Supplier D, an attitude which seemed to have paid off. The CSR Manager reported the following: “In November, when we were there, they had actually implemented a lot of the changes. They still haven’t completed everything, but enough for us to see that they’re on the right track”. One example given was that the workers were now being allowed to use mobile phones. Also, discussions with the other brands were continuing. The CSR Manager had, however, taken note of how she and her colleague were often hosting the discussions, while the other brands were more like followers: “They express their support in emails”.¹⁹⁰ However, when it came to the issue of financing the changes, the CSR Manager reported that most of the brands were more hesitant. The third CSR Manager had, for example, designed a programme which was to be implemented, a programme which required financial support in terms of training etc. He suggested that it be jointly financed by the brands and the supplier. However, few were interested in contributing, which resulted in the programme never being implemented.

In February 2017, the company’s fourth CSR Manager (who was then covering for the second CSR Manager) visited Supplier D. She reported that the results “looked good... very good actually” and how “we were all a bit surprised about that”.¹⁹¹ She exemplifies the changes using a training programme for the girls living in the dormitories regarding health and rights. Supplier D had then initiated a training programme that the factory was financing. Furthermore, she also said: “It seems good, we got to see the training material and it seems very informative”. In her latest report, she also got to follow up on the issue of freedom of movement, and the suspicion that the factory was applying Sumangali Practices:

But they get paid and they can go home whenever they want – or at least with their parents’ permission – So, it’s not a Sumangali Practice. But they still live there; they can’t come and go as they want without permission from their parents, or from management.¹⁹²

She further explains this as a “certain degree of freedom”, albeit limited. Furthermore, from this visit, it also became clear that it was only the women on

¹⁸⁹ Interview, Second CSR Manager, 2016-03-03

¹⁹⁰ Ibid.

¹⁹¹ Interview, Fourth CSR Manager (covering for second CSR Manager), 2017-02-03

¹⁹² Ibid.

the worker's committee who were allowed to have mobile phones "because they're regarded as more responsible", while the other workers were directed to the payphones that had been installed. Other changes made included dancing classes and more frequent, arranged tours to the city.¹⁹³ At the other units of the factory, such as the CMT units, the conclusion drawn from the interviews with the workers was that: "All workers come from their own homes – no accommodation is provided by the factory. The factory does provide transport to and from the villages where the workers come from." These workers reported that "it was a good factory to work at".¹⁹⁴ This showed the differing situations faced by the workers, which could be found at different units all belonging to the same supplier.

5.7 Communicating transparency externally

The company has identified external communication as one of the weakest points in its strategic efforts. One of the founders describes this as follows:

Plus it's a minor joke that's been around all these years, that what we do at work is among the world's best kept secrets, ha-ha, communication has never been our strong point, there's a lot of 'wow', but then you put it in the drawer as you move on to the next thing. Telling anyone has never really been part of the plan, perhaps the odd small announcement on our website.¹⁹⁵

Hence, the company had little experience of communicating initiatives externally. For example, Nudie lacked a formal marketing department and was reluctant to use traditional marketing strategies. Instead, Nudie owners relied on "site and social media as the main communication channels" (Rinstad, 2014). However, the transparency vision partly changed this mind-set and it became more important to report, not only on the finished result, but also on ongoing activities. For example, a few months after the transparency vision had been presented, at a kick-off in June 2012, this vision was also communicated externally, when the CSR Manager held a presentation for a local stakeholder in October 2012.¹⁹⁶ At this point, the CSR Manager had raised three main issues during the presentation: 1) Why is transparency important? 2) In which way are we going to be transparent?, and 3) The difficulties of being transparent?¹⁹⁷ The map that had been presented at the kick-off was used to illustrate the production of different items. The CSR

¹⁹³ Ibid.

¹⁹⁴ Audit report, Supplier D, India, 2011

¹⁹⁵ Interview, Strategist and founder/owner, 2013-03-05

¹⁹⁶ Interview, Second CSR Manager, 2012-11-01

¹⁹⁷ PowerPoint presentation by Second CSR Manager, visit by CSR Västsverige, 2012-10-26

Manager was thus working at communicating the vision, not only internally and to the sales organisation, but also externally to other stakeholders.

Also, a few months before the launch of the production guide, in February 2013, Nudie had published information about its Indian supplier in relation to another CSR project. The information published related to the payment of a living wage at Supplier D in India. The information was published on the website and an interview was conducted with a local newspaper in Sweden at the time of publishing the information. The information was met with concerns by a representative from another Swedish brand, who contacted the CSR manager and asked her to remove the information from the website. The information was temporarily removed, but was planned to be included in the next step, which was to launch the production guide.

5.8 Launching the production guide and subsequent reactions

On the July 1st 2013, the first version of the production guide was published on Nudie's website. This platform contained an interactive map, showing where production was carried out in terms of countries, the share of production in percentage, and the product groups. The suppliers and FWF had been given access to the website a week beforehand and had approved it. The CSR Manager wrote: "Now it'll be exciting to see what the consumers say".¹⁹⁸ Few days later, the CSR Manager commented on the reactions to the production guide thus: "some feedback – almost purely positive – but not a lot".¹⁹⁹ The interest shown was mainly noted on blogs and on Facebook.²⁰⁰ The production guide had also garnered some interest in online magazines (see also: 'Nudie's voice on transparency in the media' and 'The media's portrayal of Nudie's transparency initiative'). One of the articles was acknowledged internally; on July 25th 2013, the Social Media Manager informed the CEO, the two founders, the CSR Manager, the Sales Manager, and the manager of the product development department about a "good article on our production guide in the business of fashion".²⁰¹

In general, the second CSR Manager experienced a lack of interest in the production guide, especially in the Swedish media.²⁰² One explanation for this was that the launch of the website coincided with one of the largest political events in Sweden, *Almedalsveckan*, which had garnered a lot of media attention. Another

¹⁹⁸ Email, Second CSR Manager 2013-07-01

¹⁹⁹ Email, Second CSR Manager, 2013-07-05

²⁰⁰ Interview, Second CSR Manager, 2013-09-09

²⁰¹ Email, Social Media Manager, 2013-07-25

²⁰² Interview, Second CSR Manager, 2013-09-09

explanation for this was the absence of a press release in conjunction with the launch; as the CSR Manager put it: “We haven’t promoted it very much, that’s for sure”.²⁰³ The CSR Manager recalls: “I think the founder talked about it, but he thought we didn’t really need it”.²⁰⁴ The limited level of interest did not, however, seem to bother the company too much; as the CSR Manager reported: “We would have done it regardless [of the interest]. It’s not as if we do it to find out whether or not we’ll have a lot of publicity”.²⁰⁵ Hence, there was a feeling that the initiative had predominantly been undertaken because of interest and reasons of an internal nature.

After the launch of the production guide, the second CSR Manager noticed that she had received few emails with questions from customers. By September 2013, she had received around 25 emails in total, connected with production. Her reaction to this was: “Only a few questions were asked, bearing in mind that there would be a lot to ask about, if you were interested”.²⁰⁶ While the CSR Manager was surprised by the limited level of interest shown by customers, she reports on a different view of the founder: “I don’t think he’s very surprised by the limited level of interest, it’s as if he previously thought that it would be ‘a vacuum’”.²⁰⁷ The third CSR Manager also reported that there had been few questions about the production guide in particular. However, he also found that the guide was useful for answering some of the common questions he regularly received, e.g. about certificates (“Why are your jeans not Fair Trade certified when your underwear is?”), or as below, about chemicals:

I was asked some questions about chemicals in our jeans. Then I told them that, here [in the production guide], they can find information about where our jeans are produced, that they’re produced in Italy. That means they follow European law. Besides, the fabric is also certified by GOTS.²⁰⁸

The third CSR Manager thus used the production guide to support his answers, and to provide more information about the products and production. Other customers asked more specific questions. For example, the CSR Manager received questions about a specific range of leather shoes that Nudie was retailing in 2013. In order to answer these questions, the CSR Manager needed to double-check the information with the supplier.²⁰⁹ A second example involved a question, received

²⁰³ Interview, Second CSR Manager, 2013-10-07

²⁰⁴ Interview, Second CSR Manager, 2013-09-09

²⁰⁵ Ibid.

²⁰⁶ Ibid.

²⁰⁷ Ibid.

²⁰⁸ Interview, Third CSR Manager, 2014-05-15

²⁰⁹ Interview, Second CSR Manager, 2013-09-09

by the third CSR Manager, about whether or not Nudie bought cotton from Eastern Turkey, as there are water conflicts ongoing in this region. The CSR Manager responded by saying that he only knew that the cotton was certified, but that he was uncertain about where in Turkey the cotton came from. He also encouraged the inquirer to contact him again if he wanted more in-depth research to be done on this issue. In general, the CSR Manager's attitude was to always try to answer, even when he did not know the exact answer, in such cases, offering to find out more. His experience was, however, that most people were satisfied with the first answer.²¹⁰ Another example involved a customer asking for information about whether Nudie used oil or sugar-based elastane. The CSR Manager describes her immediate reaction thus: "I had no idea that there was something called sugar-based elastane!"²¹¹ After having done some research, she found out that sugar-based elastane had not yet been developed commercially, and could not, thus, be considered an option for Nudie.

The company had also received some positive feedback from its customers and students. The third CSR Manager describes how, when answering a person who was interested in knowing more about a certain clothing line (the Empowerment clothing line, in collaboration with Amnesty), had ended the email with: "Thank you for your time to the environment and human rights cause in the 20's century".²¹² In another case, a website visitor was positively surprised to find out that a specific jeans style was being produced in Tunisia, with the CSR Manager recalling the positive feedback given thus: "That's great, because if I want to support Tunisia, now I can do that".²¹³ This reflects how the information could also be used to influence the buyer during the purchasing decision in ways that Nudie had not thought of beforehand. Furthermore, Nudie was still receiving a lot of interest from students. Generally, the CSR Manager turned down student interviews, instead responding by email. An exception to this was a student who asked more advanced questions and later persuaded the CSR Manager to give a personal interview.²¹⁴ At one point, around ten students from the same school sent questions on the same topic. The CSR Manager responded by email to all of them in a similar way, but with one slight difference.²¹⁵ Table 5.1 summarizes the questions from customers and students received by the Second CSR Manager after the launch of the production guide.

²¹⁰ Interview, Third CSR Manager, 2014-06-26

²¹¹ Interview, Second CSR Manager, 2014-01-17

²¹² Interview, Third CSR Manager, 2014-06-26

²¹³ Ibid.

²¹⁴ Interview, Second CSR Manager, 2014-03-06

²¹⁵ Ibid.

Table 5.1 Customer and student questions (July 2013 – March 2014)

Year	Date and type of question	
2013	<p>18/7-8/9 Questions from customers (mainly from Sweden, but also Germany, the Netherlands, Belgium, Switzerland, the US and the UK)²¹⁶</p> <p>30/9 Student interview (University of Gothenburg)</p> <p>2/10 Questions from customers</p> <p>4/10 Student interview (Swedish School of Textiles, Borås)</p> <p>7 /10 Questions from customers about indigo dye, leather tags, organic etc.</p> <p>10/10 Journalism students, filmed interview</p> <p>11/10 Questions from customers about chlorine (smell)</p> <p>14/10 Questions from customers about chlorine (follow-up), Question from customer (Germany)</p> <p>23/10 Questions from customers about production, leather</p> <p>31/10 Questions from customers about chemicals (Canada), prices (Indonesia)</p>	<p>4/11 Questions from customers about odours (Germany)</p> <p>6/11 Questions from customers about leather (Germany)</p> <p>7/ 11 Question about leather from customer (Germany)</p> <p>11/11 Question from customer about GOTS (US)</p> <p>12/11 Question from customer about tanning (US)</p> <p>18/11 Request for student interview</p> <p>20/11 Question from student about jeans and cotton</p> <p>26/11 Questions from customers (Spain)</p> <p>3/12 Student interview (Department of Media Studies, Stockholm)</p> <p>4/12 Student interview</p> <p>19/12 Student interview, (University of Gothenburg)</p>
2014	<p>7/1 Questions from customers</p> <p>7/2 Questions from students (Swedish School of Textiles, Borås)</p> <p>13/1 Questions from customers about elastane, sand blasting etc.</p> <p>23/1 Questions from customers about production</p> <p>29/1 Questions from customers (upper secondary school)</p> <p>30/1 Questions from customers (upper secondary school)</p> <p>24/2 Questions from customers, sustainability, questions from a student regarding thesis work</p>	<p>25/2 Meeting with students, studying Nudie in Italy</p> <p>4/3 Answering questions from customers</p> <p>5/3 Student interview, customer</p> <p>18/3 Questions from customers by email</p> <p>20/3 Questions from customers /questions from students,</p> <p>21/3 Student interview (Stockholm School of Economics)</p>

²¹⁶ Email, Second CSR Manager, 2013-09-10. Between 2013-07-18 and 2013-09-08, no daily notes were sent. Part of this period was instead covered by photos from supplier visits.

5.9 Finding practical solutions to the production guide

Concerning the previous technical discussions, some solutions had been found as regards realising the vision of the production guide as an integrated part of the web shop. The CSR Manager explained how information about the production of jeans could be found for each jeans style: “If you choose a pair of jeans in the web shop, you’ll be able to see both the fit guide and the production guide. And if you click on the production guide, you’ll be directed to the specific supplier”.²¹⁷ However, as regards the other product groups, the web shop was still suffering from some technical shortcomings at this point: “It doesn’t work for all the products yet”.²¹⁸ One example given here was the jackets, which were linked neither to the Swedish sourcing agent nor to the Indian supplier. Online visitors were then directed to the general website for jackets instead. Hence, the idea of integrating this information with other information about the product was only partly being realised at this point.

Another shortcoming of the initial production guide was its lack of consistent and updated information. In June 2013, audit summaries had been written for the factories which had been audited, i.e. most of the first-tier suppliers (sewing units), packaging units, and laundries. However, not all the suppliers had been audited at this point, leaving an information gap regarding some of the suppliers. For example, some of the suppliers in Portugal had not yet been audited. Different reasons were given for not having audited these suppliers yet, e.g. the supplier was new (Supplier E), that volumes were low (Supplier F), or that the factory already looked good and was actively working with improvements internally (Supplier A). As a result, some of the sewing units in the production guide were lacking an audit summary in the first version of the production guide. Instead, visitors to the webpage were able to find information saying that “an audit is planned for next year” on the audit summaries missing. Furthermore, not all the suppliers had signed the Transparency Agreement yet, hindering Nudie from publishing the names and addresses of these suppliers. For example, two of the sourcing agents (Sourcing Agents B and C) had initially refused to sign, as did one of the suppliers in Portugal (Supplier G). In these cases, different sets of problems were behind signing the contract, and agreeing to an audit.²¹⁹

The consistency of the production guide was further complicated by differences in the various types of supply chain. While the initial idea was to have an audit summary for each unit (e.g. laundry, packaging and sewing), the first production

²¹⁷ Interview, Second CSR Manager, 2013-09-09

²¹⁸ Ibid.

²¹⁹ Interview, Second CSR Manager 2013-06-13

guide contained degrees of information which differed with the country. For example, in Tunisia and India, the laundries were in the same building as the sewing unit. As a joint audit had been carried out for the sewing and laundry units, there were no separate audit reports to publish for the laundry units. In Portugal, only the sewing units were included. This was explained by the fact that not all the products required laundering at all (e.g. knitwear), while some products required laundering for particular seasons (e.g. T-shirts). As a result, none of the laundry units in Portugal were included in the initial production guide. In Italy, on the other hand, there was a “regular flow of orders”, whereby “jeans go to the laundry all the time”,²²⁰ creating consistency over time when working with the laundry units, which were then also mentioned in the production guide, with separate names, addresses and audit summaries. Consistency in terms of having the same detailed level of information for each supplier was thus not achieved in the initial version of the production guide.

A few months after the launch of the website, when working with updates, the CSR Manager discovered another shortcoming of the current technical solution. The problem arose when she was updating the production guide with a new supplier, thus altering the total percentage of production: “If they have 5 % in total now, it would be misleading to add it. Then the numbers wouldn’t add up... well, this wouldn’t be true at all”.²²¹ The technical issues forced Nudie to make a decision about which suppliers to include in the production guide and which to exclude from it. This was further explained by the CSR Manager thus: “Since the production guide is still very straightforward, we can’t show different levels, or several seasons, in parallel”.²²² Following discussions with the Social Media Manager, the manager of the product development department, and one of the Art Directors, a decision was made to show only the products from the current seasons being sold in shops. Hence, what was being produced at present would not be shown in the guide, justified by the guide’s consumer focus: “The production guide is for the end-customer. And he/she has no interest in what is being produced now. What he/she wants to know is what’s in the shop already – where do these products come from”.²²³ The consequence of this was that information about some of the products still on the market was unavailable to the customer, as explained by the CSR Manager thus:

Some things are still available in the web shop for example. And then there was a question about including this supplier or not. But then we decided to go for ‘clean cuts’ and to keep only the products

²²⁰ Ibid.

²²¹ Interview, Second CSR Manager, 2013-12-17

²²² Ibid.

²²³ Ibid.

that are for this clothing line. In practice, this means that some things in the web shop, in physical shops, and at the outlet etc. are being produced by other suppliers.²²⁴

The production guide, thus, did not show products from former clothing lines, although these might still be available on the market. This was being justified in terms of being a more “simple” and “practical” solution, since it would otherwise have meant a lot of additional work for the CSR Manager keeping herself informed about which products were still on sale or not.²²⁵

Another issue was how to keep the information given about each supplier balanced. Nudie was, for example, collaborating with an NGO at Supplier D in India, where a special T-shirt clothing line was being produced. However, including the initiative as part of the description of Supplier D ran the risk of making the production guide “imbalanced”. The CSR Manager further explained this as follows: “It was because we didn’t write that much about other suppliers in the same way.” One solution was to make a separate point on the website called “responsible production”.²²⁶ In this way, the aim of providing the same level of information for each supplier could be maintained.

5.10 Nudie's portrayal of the audit results in the production guide

Nudie management perceived the production guide as a work-in-progress, with the initial version being subject to change over time. This required the CSR Manager to continuously be updating the website with more information. Also, there was a perception that the production guide should be kept up-to-date. However, when working with the production guide, the CSR Manager found this difficult. After having done a follow-up audit at a supplier in Romania, the information could, technically speaking, have been updated, but the CSR Manager was reluctant:

I could update it now and write that we’ve now taken action on these matters, but not all the aspects have been verified yet, so I’m a bit reluctant about updating it before everything has been done.²²⁷

Hence, in order for the CSR Manager to publish new information, she first wanted to confirm that the changes had been verified. This created a delay in the system, from the supplier having been (re-)audited to the changes in the

²²⁴ Interview, Second CSR Manager, 2014-01-17

²²⁵ Ibid.

²²⁶ Ibid.

²²⁷ Interview, Second CSR Manager, 2013-09-09

production guide having been published. The main principle, nevertheless, was to update the website as soon as the information had been verified. The CSR Manager reflected on how this could be done more practically:

So far, I've only updated two things since the launch of the website. There hasn't really been that much since then. [...] In Portugal, a lot of things are 'pending', so to speak, because they haven't gotten back to me with anything at all since the audit in April-May. So, I hope that, when we get the update, I'll be able to do them all at the same time so it won't take up all of my time over a long period. Maybe we should do one update in the middle of the season, and one at the end? In that way, we could gather more at the same time.²²⁸

The issues that were 'pending' concerned security doors and emergency signs, which were expected to be resolved in the near future, but had not been verified yet. Moreover, the CSR Manager saw the benefits of doing several updates simultaneously, in order to be more efficient in her work. Hence, a plan for how and when to do updates had not yet been figured out, but was being invented along the way. This also shows how the updating of the website was time-consuming, in terms of the time spent on both updates and decision-making as regards what new information to publish and when.

5.10.1 Supplier C, Italy

In June 2013, the CSR Manager prepared an audit summary for Supplier C, to be published in the production guide, which she then showed to one of the owners. The report contained detailed information about the problems at the first location site, as the CSR Manager was reported to have written in her audit summary: "this was bad and that was bad, and so on and so forth... there weren't that many things that were good. Then we took action, we changed the factory and now it looks like this". Furthermore, the CSR Manager also recalled the reaction of the owner:

He thought that maybe we shouldn't reveal how bad it looked before. Maybe we should just state 'now we have this factory and the reason that we don't have an audit for it yet is that we changed location, as the previous factory wasn't good'. This is a way for us to twist it. It's not that we're withholding information. At the same time, we're not being entirely open about how it looked before.²²⁹

²²⁸ Ibid.

²²⁹ Interview, Second CSR Manager, 2013-06-13

On the website, this resulted in a shortened version of what had happened. In the production guide, the supplier's story was as follows:

In 2012, we moved to a new building due to the non-compliances found in the audit of the previous site. The follow-up was done during autumn 2012/ spring 2013, and a new audit was done in the new building in July 2013. They changed their name from [name of supplier] to [new name of supplier] in 2014. The most recent audit was done in October 2016. A few points were raised in the corrective action plan and some of these have already been corrected.²³⁰

The audit summary contained more detailed information about the supplier:

Textbox 5.5 Bullet points from Audit Summary, Supplier C

POSITIVE:

- 100% of interviewees are familiar with Nudie Jeans standards and with the audit process.
- Employees feel free to consult Unions and currently there are two unions representatives between the workers
- Interviewees confirmed being trained regularly on general H&S procedures and that a specific training on first aid and fire fighting was delivered to the designated teams

AMONG THE THINGS TO IMPROVE WE COULD FIND:

- Employees are compensated with one month delay
- The National Collective Agreement is not maintained onsite.
- Evacuation drills were not conducted in 2015

Since 2013 we have regular visits and follow up at this supplier, we have seen major improvements during the years. The above points to correct was partly remediated during our visit in May 2017.

Note: Excerpt from Audit Summary, Supplier C, May 2017

Hence, the problems at the supplier, and the process behind changing location, were only explained briefly on the website. Moreover, some of the problems, e.g. late wage payments, still existed.

5.10.2 Supplier D, India

As mentioned previously, Supplier D's audit summary was the one generating the most interest among the public. This section takes a closer look at what was published – and what was not – to give the reader an idea of how transparency

²³⁰ Nudie Jeans' Production Guide, Accessed 2017-06-19

was translated in the case of Supplier D. All the information about the supplier was published in the production guide. First of all, there was a general description of the supplier on the website (see below).

Textbox 5.6 Description of Supplier D on website

A Nudie Jeans supplier since 2011.

Supplier D is our first and only Indian supplier for jersey items, they produce the basic items such as t-shirts and underwear. Supplier D is a vertically integrated company where spinning, knitting, dyeing and stitching is made within the same company located in different units. All items produced at this supplier are made of fairtrade organic cotton which we are buying from [name of cotton supplier]. Nudie Jeans production counts for 2-3% of Supplier D's total production.

Nudie jeans and Supplier D has participated in a FLO pilot project in 2011 aiming toward an extension of Fairtrade standards along the production chain. An audit was made in July 2011 at the spinning/knitting unit, dyeing unit and two of the stitching units and the follow up during several visits during 2011- 2013. An audit was made by FWF in December 2013. In December 2014 FWF also conducted interviews with workers to verify improvements and developed a remediation plan with the most crucial points, During the visits in 2015 we could conclude that improvements has been made at all points. The latest audit was made by FWF in April 2016. The audit team observed some considerable improvements since the previous audits and during the follow up we have received good response on the points in the Corrective Action Plan.

Note: Excerpt from Nudie's production guide

This general information provides more information about the relationship with the supplier, the type of supplier, and Nudie's share of the supplier's overall production. This information is then complemented by a description of the specific audit process connected to Supplier D (see above). The text briefly describes the journey that Nudie and Supplier D have been making during recent years. For example, the pilot study is mentioned, as are the different audits carried out and the fact that improvements had been made.

The audit results were published continuously over the years in order to keep the information up-to-date. An example of an audit summary from March 2015 is shown below:

Textbox 5.7 Bullet points from Audit Summary, Supplier D

POSITIVE:

- GOTS certified
- Implemented system to pay living wage bonus for Nudie Jeans production
- There are several committees active in the factories
- The spinning mill is participating in a training program for workers to organize the work in their anti-harassment committee
- Improvements efforts regarding health and safety

AMONG THE THINGS TO IMPROVE WE COULD FIND:

- Wages paid are at or above minimum wage levels, but are not considered as living wage
- Conditions and rights for workers staying in dormitories need improvement
- Improvements needed regarding documentation of working hours and wages needed

During the follow-up of audits since Nudie Jeans started production in 2011 many of the issues mentioned in the Corrective Action Plan have been improved. Nudie Jeans has also started to pay an extra amount to the workers to raise the salary level to reach living wage standard in the future. For all the employees to reach a living wage, it requires collaboration of the other brands producing at this supplier to pay their share. Improvements are still needed regarding the situation for the workers staying in dormitories.

Note: Excerpt from Audit summary, Supplier D, March 2015

The positive points raised included the GOTS certificate for the cotton used in the production, a training programme at the spinning unit, and improvements in health and safety issues. The negative aspects mentioned included low wages, the conditions and rights of workers in dormitories, and improvements in terms of the documentation of working hours and wages.²³¹ The CSR Manager explained the brief information given about Supplier D's audit summary as follows:

The audit [report] of Supplier D involves four units, so there were a lot of matters to raise, of course. But we tried to 'boil it down' to one page. It doesn't matter that all four are in the same summary; otherwise, it would be too much. But, of course, the information given in the summary is quite reduced.²³²

²³¹ Audit summary, Supplier D, March 2015

²³² Interview, Second CSR Manager, 2013-06-13

The company had thus decided to compile the audit report from Supplier D into one audit summary instead of doing one for each unit, since this would be considered “too much” otherwise.

The first point mentioned “among the things needing to be improved concerned the discussion about wages, where it is concluded that: “The wages paid are at or above minimum wage levels, but they are not considered to be a living wage”.²³³ Below the listed bullet-points, the living wage initiative is mentioned, as well as the need for further collaboration with other brands (see textbox above). The living-wage initiative was further elaborated on in the next audit summary, from November 2015:

We also have a project of paying our share of living wages at this supplier, the program has been implemented since 2013. For all the employees to reach a living wage, it requires collaboration of the other brands producing at this supplier to pay their share. Today there are two additional brands who has join our initiative to pay our share of living wages at this supplier.²³⁴

Hence, by this point, Nudie had not only managed to make several payments to the workers, but had also enrolled two other brands in the initiative. In a later audit summary, from May 2017, this was mentioned as one of the positive bullet-points for Supplier D thus: “Implemented system to pay our share of living wage at all units at Supplier D”. This was balanced by another bullet-point on the need for an improvement list: “Wages paid are either at or above minimum wage levels, but they are still low”. By this time, the initiative had also expanded to include not only workers at the sewing unit, but also workers at other units at the factory: “During 2016, we decided to pay our share of the living wage to the employees at the spinning and stitching units”.²³⁵ The CSR Manager was thus able to report on positive developments regarding wages at Supplier D, whilst also confessing that wages were still considered low, with more room for improvement.

The second point discussed in relation to Supplier D was the prevalence of young workers. This problem was not explicitly stated in the audit summary, but supposedly covered by the third improvement point: “Improvements needed regarding the documentation of working hours and wages”.²³⁶ This point reflects an internal discussion on the lack of documentation, especially in regard to workers’ ages, working hours, and the remuneration of working hours. However, the short version of these complicated issues omits the issue of age. The CSR

²³³ Audit summary, Supplier D, May 2015

²³⁴ Audit summary, Supplier D, November 2015

²³⁵ Audit summary, Supplier D, May 2017

²³⁶ Audit summary, Supplier D, March 2015

Manager, who was asked about whether the information about juvenile workers had been included in the summary, responded thus:

No, I don't think that we've mentioned it. However, I do think I wrote that it was at the spinning unit where we found the most serious issues. But I didn't mention that the workers are aged between 15 and 18.²³⁷

The information about workers' ages was thus omitted from the audit summary at this stage. This is further explained by the CSR Manager thus: "I think it's one of those things, which if you don't know anything about the situation, and if you don't know Indian law... then it can be... well, you can be rather surprised by it".²³⁸ One issue that arose in connection with discussing workers' ages was the FWF representative indicating that she wanted to see the audit summary before the CSR Manager published it in the production guide. This upset the CSR Manager: "I don't think so!"²³⁹ The audit summaries were considered to be Nudie's way of communicating the information chosen by it, which FWF was not considered to have anything to do with. However, one thing that did influence the CSR Manager in omitting the information was that one of the founders had given the CSR Manager instructions to avoid giving too much away in the audit summaries.²⁴⁰ Hence, there was an inclination to keep it short, but there were also instructions from Nudie's management to avoid the most controversial issues in the audit summaries.

The third discussion about the audit results concerned working and living conditions at the spinning unit, with a focus on the restriction of movement. In the audit summary from March 2015, there is mention of "the situation for workers staying in dormitories", but not that this is especially connected with the spinning units. Moreover, the audit summary contained information about problems related to dormitories, but few details were given about what kind of a situation the workers were facing. In the next audit summary (November 2015), the question was raised more specifically, mentioning both Sumangali Practices and the spinning unit, but as a positive bullet-point thus: "No evidence of a Sumangali Scheme at the spinning unit".²⁴¹ Hence, the first time the spinning unit was mentioned was in positive terms, underscoring the fact that the workers were being given their rights. This did not, however, capture the discussions about freedom and restrictions to movement, which had been ongoing, in relation to Supplier D, for the last couple of years. In the supplementary text, one can sense

²³⁷ Interview, Second CSR Manager, 2013-06-13

²³⁸ Ibid.

²³⁹ Interview, Second CSR Manager, 2014-03-06

²⁴⁰ Interview, Second CSR Manager, 2013-06-13

²⁴¹ Audit summary, Supplier D, November 2015

that there had been problems at Supplier D, problems which needed to be taken care of; however, both the problems and the specific unit connected with the problems were not stated explicitly:

During the follow up visits we have discussed all the improvement in the different units. In 2014- 2015 we have had close collaboration with other brands to improve the situation at the factory. Together with FWF we made a specific remediation plan to target special issues at the factory and during 2015 we have been working with improvements of that plan. At the latest visit in November 2015 we could see that improvements have been made at all points we requested.²⁴²

Hence, the work of improving the conditions, and how this was achieved in collaboration with FWF and other brands, was described briefly, but by means of excluding sensitive discussions concerning the spinning unit. Rather, the focus was on Nudie's action, which was also described in vague terms. Nevertheless, another controversy at the spinning unit was mentioned in the audit summary. From the audit results, the CSR Manager had found out that the workers were lacking bank accounts and that their wages were thus being paid directly to their parents. In the audit summary, she reported the following: "At the spinning mill, all payments were made in cash, mostly to workers' parents". The bullet points were later supplemented with an additional text on the changes that had been made since the audit was carried out:

During the follow-up (December 2011 and onwards) all units were visited. We could see that many of the issues mentioned in the cap [corrective action plan] were improved. The payments to the workers at the spinning mills were now going directly to the workers' bank account [...].²⁴³

The controversial issue had thus been raised and supplemented with the actions taken to improve the situations of the workers. The reasoning behind including this information in the audit summary was explained thus by the CSR Manager: "Sometimes, we show this and then we show the follow-up [audit], that it's been taken care of".²⁴⁴ This is in line with the initial idea of telling about the problems in the industry, but also what Nudie and the suppliers are doing to address these. The CSR Manager was still, however, critical towards the solution found by the management of Supplier D, as she further explains:

²⁴² Ibid.

²⁴³ Ibid.

²⁴⁴ Interview, Second CSR Manager, 2013-06-13

Now they [the management of Supplier D] have opened a bank account so that they [the workers] can get paid. But in practice, it's still the parents who have access to the accounts; it's just that they [the accounts] are registered in the names of the workers.²⁴⁵

Hence, although the issue had been addressed and reported on, she was still questioning the way in which it had been taken care of, and whether or not this was the best solution. Such information was not included in the audit summaries, reflecting how these had become very simplified versions of the audit results and follow-ups.

In the audit summary from May 2017, the spinning unit was mentioned more specifically once again: “The latest audit showed major improvements at all units, and especially at the spinning unit, where we’ve had major challenges during recent years”.²⁴⁶ The improvements made at the spinning unit were specified and mentioned as a positive bullet-point: “The spinning mill has been participating in a training programme in order for workers and managers to organize the work they do on their anti-harassment committees, as well as other health and safety training courses with a local NGO”.²⁴⁷ This was supplemented by the information that Nudie had also started paying its share of the living wage to workers at the spinning mill and that FWF had carried out several ‘Worker Education Programme’ training courses at the spinning and stitching units with good results. On the negative side, conditions in the dormitories were mentioned: “The freedom of movement for the workers in the dormitories still needs to increase”. This was the first time “freedom of movement” had been mentioned more explicitly. The positive point about Sumangali Practices had been removed from this audit report.

In conclusion, the audit summaries contained information about both the positive and the negative aspects. The structure of the audit summary facilitated this reporting as it contained bullet-points for both aspects. Also, the supplementary text below allowed Nudie to comment on developments since the issues had been found. This way, the CSR Manager could report on the actions taken by the supplier, by Nudie, or by other actors to demonstrate the commitment of Nudie towards improving the industry. However, and as exemplified above, the audit summaries were only brief descriptions of the supplier, and there was a tendency for controversial issues to be described in rather vague terms. In some cases, such as the issue of workers’ ages, and how to verify them, this information was even omitted.

²⁴⁵ Ibid.

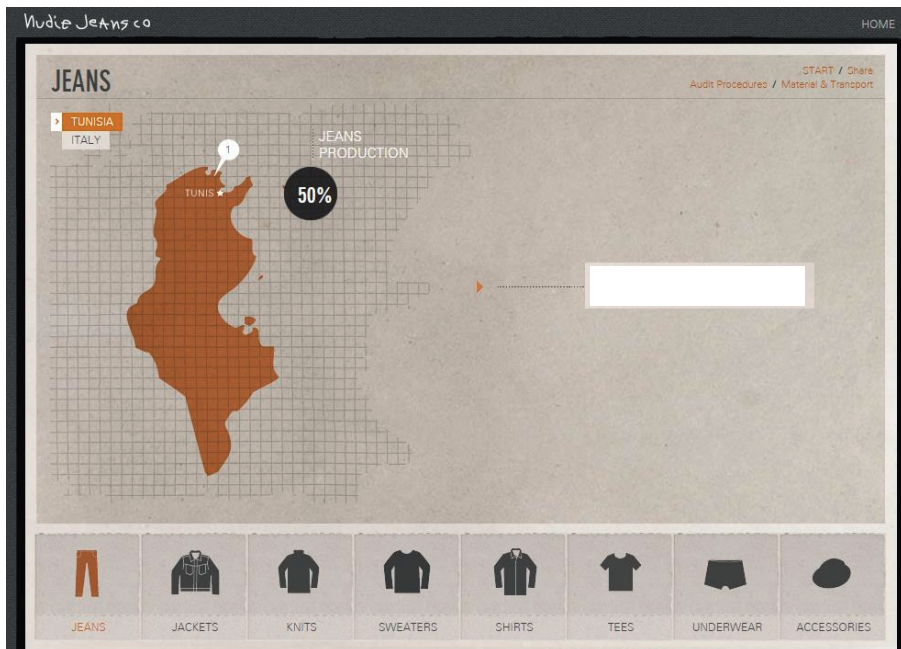
²⁴⁶ Audit summary, Supplier D, May 2017

²⁴⁷ Ibid.

5.11 Later versions of the production guide

Ever since being launched in 2013, the production guide has been supplemented with information about, for example, subcontractors and audit summaries. The website was also supplemented with a short text informing about audit procedures, materials, and transportation used. As a result, in 2017, the production guide contained information and audit summaries regarding both suppliers and subcontractors, in cases where subcontractors had been used. The 2017 version of the production guide reflects the discussions held at Nudie as regards designing and finding technical solutions for the website (see Figure 1 below). Information was accessible by product group, showing the countries where that specific product group was being produced, as well as the share of production which the country accounted for. When clicking on each country, information was made available about the names and locations of the suppliers used. Furthermore, when clicking on the supplier's name, a new website was shown containing basic information about that supplier (e.g. address, product group, number of employees, and a link to the supplier's website), that supplier's history with Nudie, and a PDF-file of the audit summary.

Illustration 5.2 Nudie's production guide, jeans



Note: From Nudie's production guide, retrieved 2017-05-31

5.12 Nudie's voice on transparency in the media

Ever since the start of the company, and in particular since the launch of the production guide, Nudie representatives had been appearing in the media and communicating the transparency vision in various ways. The first time transparency was mentioned publicly was when the First CSR Manager was interviewed for *Miljöaktuell*, a Swedish industry magazine devoted to sustainability and CSR (now renamed *Aktuellt Hållbarhet*). The CSR Manager said that there was a clear vision for the company to become transparent and sustainable “from cotton field to customer service” (Röhne, 2010). However, as reported previously, Nudie was not, at this point, working actively with the vision.

The next time transparency was mentioned by a Nudie representative was during an interview with its Head of Sales in the US, produced by an online TV company. The movie was published on the Internet shortly after the vision had been communicated during the kick-off for the sales organisation in June 2012. The CSR Manager was unaware of the video when asked about it; however, it later turned out to be the case that the video had been approved by the Sales Manager.²⁴⁸ In the video clip (Vimeo, 2012), on the topic of “What it means to be transparent and how this all translates creatively into the newest member of the collection”, the US sales agent stated that:

Moving into Spring 2013, our kind of idea is to become transparent as a company. It's you know, it's one thing saying that you're organic and that you are sustainable, but how does the consumer and the end-consumer ultimately know that? [...] We're looking at really exposing our reports and just kind of being transparent, you know, 'the good, bad and the ugly' and really kind of looking at ways that we can improve that, and move forward, and learn and correct things as we go along.

The transparency vision was then explained in connection with “organic cotton” and “sustainability”, in line with the previous statement by the CSR Manager in *Miljöaktuell*. However, this time, transparency was explained more explicitly, with the US Sales Agent, for example, mentioning that “reports” should be made public (referring to the audit summaries), that transparency should involve positive and negative accounts, and that the vision was about gradually changing the way things were done with regard to production. While traceability was the focus of the interview with the CSR Manager, this had now transformed into a clearer picture of what Nudie wanted to achieve in terms of transparency.

²⁴⁸ Interview, Second CSR Manager, 2012-11-28; 2012-12-19

Even more details of the vision were given in an interview with Nudie's CSR Manager in an article in 'The Business of Fashion', an online magazine reporting on the fashion business. In this interview, the limits of transparency, for example, and, more specifically, where Nudie draws the line as regards what is transparent, were discussed:

We've decided to be transparent about our product locations and conditions at the suppliers because we believe that it will help to improve the conditions in the long run — through both internal and external pressure by us and the suppliers. But we'll not be transparent [about] laundry recipes for our washed jeans, the price discussions between us and the suppliers or designer development work that is taking place in the Nudie Jeans headquarters for example. (Quote from CSR manager in Young, 2013)

Hence, the CSR Manager is open to the media, with information about Nudie publishing a limited version of transparency in the production guide, by providing examples of information that will not be published, e.g. laundry recipes, price discussions, or news about designs. Furthermore, in the article, the CSR Manager also stressed that the initiative was not considered a "CSR campaign" (Quote from CSR manager in Young, 2013):

This is the way we work and we have just decided to share it online since we believe that our customers should have access to this information – if they want it. As you can see there are not only positive issues that are reported [on the map] but also less positive points. That is, unfortunately, the reality in this industry and you could find the same, similar or worse problems in any factory in any country for any brand. If we weren't sincere about the reality and willing to improve it, we may as well hide our supply chain the best we can. So yes, we hope that customers will see our efforts to try to be sincere, transparent and improving the conditions in our supply chain.

The CSR Manager was thus open to talking about the will to publish not only the positive points, but also the negative aspects of making Nudie's products, and Nudie's willingness to improve the industry. Another aspect discussed by Nudie's CSR Manager are the risks with being increasingly transparent:

For any young designer who might find it easy to contact any of our suppliers now, they are most welcome. We've worked in many cases with our suppliers for a very long time, so there's mutual confidence and trust between us, so we don't feel threatened by more competition. It may even make us work harder. And in addition, I

guess we'll get positive feedback from our suppliers if they know we could generate even more business for them. (Quote from CSR manager in Young, 2013)

The CSR Manager thus confirms Nudie's awareness of the fact that transparency might have consequences for the company's business strategy, in terms of increased competition at the suppliers. At the same time, she discounts this as a "threat" by referring to Nudie's "mutual trust" with its suppliers. Besides Nudie's CSR Manager, the voices of other companies engaged in transparency are also heard. For example, the former Art Director of Hugo Boss talked about transparency in terms of: "If you don't do it now, you'll have to adapt when complete transparency becomes mandatory" (Young, 2013). Essentially, the Hugo Boss representative expresses an expectation that transparency will become mandatory and that the sooner you adapt to the new norm the better. However, Young (2013), the author of the article, stresses the importance of timing, and the risks of being the first: "Only a few years ago, someone like Bruno Pieters [owner of Honest By] would have been called a stargazing idealist or a charismatic fanatic" (Young, 2013). As the companies in the article are portrayed as successful examples of brands at the forefront of transparency, the timing can be considered appropriate.

Around a year later, March 2014, The Guardian wrote an article on Nudie Jeans, as previously mentioned, which included an interview. This time with the CEO of the company, who reported that:

We became 100% organic a few years ago, our next step is to be 100% transparent - to show everybody everything. We're just working out the way to do it. (Quote from interview with CEO in Borromeo, 2014)

Here, transparency was connected with the company's previous vision of 100% organic cotton, and referred to as the natural continuation of that work. Although the interview was made after the production guide had been published, the CEO admitted that Nudie is still working on how to "be 100% transparent". This reflects the notion, held within the firm, that the launch of the production guide was just seen as a step towards increased transparency, rather than as the ultimate goal. A few weeks later, the CSR Manager was interviewed again, this time by Ecouterre, when she reported that:

The production guide which is our basic online supply chain transparency tool shows all active suppliers for the current collection in the shop (for example, now is FALL 2015 showing) organized by style categories – jeans, shirts etc.) (Quote from CSR manager in Stewart, 2014).

The production guide, then, is talked about in terms of being a “tool” for supply chain transparency. The description “active suppliers” reflects an internal discussion revolving around which suppliers to include in the production guide, and to exclude from it. From a technical point of view, it turned out to be difficult to include both former and current suppliers as this changed the share of production of each supplier. The decision taken was to exclude suppliers from former ranges, even though the products might still be on the market, and to only include suppliers connected with the latest range, called “active suppliers”. The CSR Manager also provided some additional information when asked about the process of auditing the existing suppliers:

We also visit the supplier in person – sometimes several times – before starting production. Previous audit reports are also considered and we of course make audits ourselves at an early stage to know exactly what we have to work on from the outset. (Quote from CSR manager in Stewart, 2014)

The CSR Manager thus emphasises aspects such as the aim of auditing suppliers at an early stage. However, in a private interview, the CSR Manager confessed that this aim of auditing suppliers at an early stage was difficult to uphold due to the tight time schedule between product development and production.²⁴⁹ In another interview, as a part of the blogpost on Nudie (S. Kennedy, 2015), Nudie’s Product Development Manager reports on the key steps towards full supply chain transparency:

On our website you will be able to find more information about the transparency of our supply chain by looking at the production guide. You will get a clear idea of how our garments are produced and there is even a brief of our audit report. In the coming year we are looking at working on full traceability with the supply chain which is very technical. (Quote from manager of the product development department S. Kennedy, 2015).

This confirmed the picture of the gradual process towards increased transparency given by the CEO. Moreover, the Product Development Manager was keen on stressing that Nudie seldom looks to other companies for inspiration. When asked about the origins of the ideas about reducing the negative environmental and social impact of the brand, this manager responded thus:

I would say that we do not look at any other brands. The motivation to set a standard for ethical and sustainable fashion is embedded in the company’s values and has formed the basis of our philosophy

²⁴⁹ Interview, Second CSR Manager, 2013-06-04

from the start. (Quote from manager of the product development department S. Kennedy, 2015)

Hence, the Product Development Manager was underlining internal motivation for Nudie committing to sustainability, rather than looking at how other companies conduct their business. In 2017, the third CSR Manager was interviewed by Clean Clothes Campaign Denmark, about both transparency and the living wage. The Third CSR Manager explained the website in more detail:

On our website, we show all factories that produce for us. Not only the sewing factories, the last factories, but we also show more of the supply chain, such as subcontractors to the sewing factories. We explain where the material, such as the cotton comes from, and where our 'trimms' come from. (Severinsen, 2017)

Hence, the Third CSR Manager first describes the content of the website by focusing in particular on what's different compared with other companies, in terms of publishing not only first-tier suppliers but also information about second- and third-tier suppliers. The production guide is further described thus:

So, if you go to our website, there is a production guide, and for each product group we have, such as jeans, shirts, and T-shirts ... you can see exactly which factory it comes from. And it's not just the name and address of the factory... If we have checked the working conditions, we have also written down, what was good at the factory and what was bad at the factory. Because, at all our factories, where we produce clothes, we see that there are still things we need to improve. And we try to be completely open with it. (Severinsen, 2017)

In this section, the Third CSR Manager makes a point of saying that the website not only contains information about where production is carried out, but also how, which is demonstrated in the audit summaries. Moreover, he also adds that Nudie feels there are things that need to be improved at all the factories. He continues by giving his views on the motivation underlying the transparency initiative:

The reason why we are completely open with this is because we want to allow others to evaluate us. Since Nudie Jeans started in 2001, we have worked very hard for a good working conditions and that production should be environmentally friendly. And one way we can show that we are credible in that work, is to try to be as open as we can. (Severinsen, 2017)

The Third CSR Manager thus emphasises the fact that transparency allows others to gain insight into and monitor Nudie. He also mentions the aspect of being able to show that Nudie is “credible” in its work and its commitment to good working conditions and environmentally-friendly production. Transparency is then seen as a way of demonstrating this to the public, in turn expected to lead to credibility. As regards the risk of making the addresses of the factories public, the Third CSR Manager says the following:

We don't see any disadvantages for us to publish the address where our factories are. We do not think that's what it's all about. If we publish the address where our factories are, then we rather see it as a competitive advantage, by being open with where and how production takes place. I think many of our competitors are not able to be as open as us, because they have not worked as much to ensure good production. So, I think that it's even a competitive advantage for us. (Severinsen, 2017)

Hence, the Third CSR Manager discounts the existence of any risks when making such information public, instead advocating the initiative as a competitive advantage. No potential risk is mentioned arising from publishing sensitive information about suppliers in the audit summaries.

In conclusion, various Nudie representatives have commented on the transparency initiative over the years – and in various ways. In general, comments on the transparency initiative have mainly focused on the production guide – e.g. what kind of information it contains and how it can be used by the customer. Over the years, this information has become more detailed, along with the notion of transparency and the technical solutions underlying it becoming clearer within the firm. This gradual, step-by-step approach used by the project has also been emphasised during the interviews, as a way of protecting the company from criticism for not demonstrating “full transparency” straight away. Also, different understandings have been communicated by different actors, with the ultimate goal of traceability (First CSR Manager, 2010; Product Development Manager, 2015) as a way of exposing the company to criticism and improving the supply chain (US Sales Manager, 2012; Second CSR Manager, 2013; Third CSR Manager, 2017), as a continuation of 100% organic cotton (CEO and owner, 2014), and as a “tool” for showing where and how production is carried out (Second CSR Manager, 2014). While there are similarities in the notion of transparency, the variances reflect the fact that there were slightly different understandings of the reason for the transparency initiative among Nudie representatives. However, when compared with the interviews conducted at head office, the statements in the media correspond to a high degree.

CHAPTER 6

CONSEQUENCES OF TRANSPARENCY WORK

6.1 The media's portrayal of Nudie's transparency initiative

Nudie's transparency initiative garnered interest in both social and traditional media. One of the first to report on the production guide – even before it was launched – was WWD, an online magazine featuring news about fashion, beauty and business, with an article entitled: “Nudie Jeans in Push for ‘Transparency’”. This article further reported that: “[The] company will list all [its] suppliers in a new production guide, with total traceability scheduled for 2015.” (Karr & Marfil, 2013). A few weeks later, a blog, *Superette*, located in New Zealand, and connected with an online shop in Australia, reported that: “The countdown is on. In a few days, one of our beloved retailers, Nudie Jeans, will be entirely transparent – their supply chain, that is” (Superette, 2013). Hence, the production guide had attracted interest in social media even before it had been launched.

After the launch of the production guide, the CSR Manager was contacted by a UK online magazine for an interview about the guide.²⁵⁰ The initiative was also acknowledged in an article by ‘The Business of Fashion’, an online magazine which aims to be “an informed, analytical and opinionated point of view on the fashion business” (Amed, 2017). Nudie was mentioned as one of few companies characterized as: “Stripped Bare: Brands Move Toward Transparency and Traceability”, and compared with other companies, such as Honest By, Nike and Hugo Boss (Young, 2013). In the article, the production guide is described as follows:

Nudie Jeans' interactive production guide digitally maps out the Swedish firm's global suppliers, subcontractors and transportation

²⁵⁰ Email, Second CSR Manager, 2013-07-05

information between them while providing an audit summary and a portfolio of photographs of people at work and the facilities inside each factory. (Young, 2013)

“The Business of Fashion” thus focuses on the technical and informative aspects of the production guide. Nudie’s production guide is also compared with other initiatives, e.g. Nike’s, where it is concluded that: “Nike’s global manufacturing map covers similar ground and in some instances goes into even further detail” (Young, 2013). Hence, when Nudie’s initiative is benchmarked against Nike’s, Nudie’s is said to offer a lower degree of transparency. Another website gives a different view of the initiative in terms of being “unparalleled” by other denim and clothing brands. The website, Denimhunters, is “an education platform for retailers, designers, marketers and other professionals in the business of denim and fashion” (Bojer, 2017) and was among the first to comment on the production guide:

With the Nudie Jeans Production Guide, the eco-friendly and caring Scandinavians have taken business transparency in the world of denim to the next level. Unparalleled by any other jeans producer, maybe any clothing brand for that matter, the guide thoroughly explains every production aspect the company conducts. (Bojer, 2013)

Hence, while ‘The Business of Fashion’ compared Nudie with other brands, the text written by Denimhunters highlights Nudie not only as being at the forefront of transparency, but also as being a company that takes transparency to the next level.

Besides social media reporting on the launch of the production guide, traditional media also raised the topic. In 2014, The Guardian, one of the UK’s most popular newspapers, and an international site (Guardian.com) reaching out daily to almost 8 million unique visitors worldwide (Statista, 2017), published an article entitled: “A Swedish denim label wants to change the way we wear our jeans” (Borromeo, 2014), wherein Nudie’s commitment to transparency was noted:

Nudie wants to be a fully transparent company. “Caring capitalism” may be an oxymoron but Nudie appears to be shifting the public gaze towards something akin to responsible consumerism. (Borromeo, 2014)

The article garnered interest and spurred further discussions in social media. A website referring back to the Guardian article was Styleblazer, a blog focusing on fashion and beauty. Nudie’s transparency work is portrayed thus: “Nudie Jeans Sets Sights On 100 Percent Transparency”. Later in the article, it is concluded that

the company is about to achieve that goal with its production guide. The website further referred to Nudie in terms of being: “one of the most promising clothing companies—at least ethically speaking—that we’ve come across in some time.” (Childs, 2014). Furthermore, the website also wrote the following:

Nudie seems like the kind of company that’s pulling all the right strings to ensure a successful future. Young consumers today are concerned with the environment and sustainability and safety; they don’t just want to look good, they want to feel good about what they’re wearing. A hip company that is up front about their business practices and makes a fantastic-looking product, to boot? Yeah, they’re gonna be just fine. (Childs, 2014)

Nudie was thus being portrayed in positive terms in both traditional and social media, with the production guide seeming to have spurred a “buzz” around the company.

The reactions kept coming. A few months later, Nudie was once again mentioned by a fashion blog focusing on ethical aspects, the Ethical Fashion Blog: “Their website features a production guide so that you can find out more about the philosophy, ethical and social policies of the brand.” (Heathcote, 2014). The production guide was thus being understood as a consumer tool for learning more about the ethical aspects underpinning the brand. Another website focusing on the ethical aspects of fashion, *Ecouterre*, reports on the initiative thus:

Nudie Jeans is changing the ownership model for denim jeans and providing best in class stewardship for transparency. The company is at the top of its class for providing information on supply chain, self-reporting their social responsibility report card, using organic materials and fair labor. (Stewart, 2014)

Yet again, Nudie was being distinguished as “best in class” in terms of transparency, connected in particular with the social aspects of the products and production. An Australian website, “Good on You”, whose aim is “making it easier for consumers to act on their values” (Good on You, 2017), gives a more balanced picture of the initiative. While the author is positively-inclined towards Nudie’s “attempting to set the standard for conscious fashion worldwide through increasing their supply chain transparency and their use of organic materials” (S. Kennedy, 2015), she does mention some shortcomings of the production guide, e.g. the lack of information on the source of leather and wool. Nevertheless, the article sums things up thus:

Despite not disclosing the source of the leather and wool used in their products, Nudie Jeans Co. gets a big thumbs up from us here

at Good On You for taking steps to improve their environmental and labour standards! (S. Kennedy, 2015)

Regardless of the shortcomings, the initiative is perceived as a step in the right direction. Another attempt to evaluate the initiative is made by Project Just (Project Just, 2016), a website that lists different brands showing a commitment to change in the direction of responsible and ethical fashion. In total, the website lists 102 brands, ranging from exclusive to budget brands, as well as the pros and cons of each brand (Project Just, 2017). One of the brands on the list is Nudie Jeans. When listing the pros of Nudie Jeans, the production guide is mentioned as one of the main points, and commented on as follows: “Nudie Jeans states it wants to be fully transparent, from cotton field to ready-made garment”(Project Just, 2017). The cons listed include a lack of information about renewable energy, greenhouse gas emissions, and water use. Additionally, Project Just mentions that Nudie lacks information about “how the brand monitors the environmental practices of its supply chain” (Project Just, 2016). Moreover, the website also expresses scepticism towards the company’s ability to achieve traceability: “It is unclear if the brand can trace its entire supply chain.” (Project Just, 2016). Another feature of the website is its ability to download documents connected with Nudie, e.g. audit summaries, Project Just’s research on Nudie, and external reports wherein Nudie is included.

A more recent report on Nudie’s transparency initiative was made by Better Thread (BetterThread, 2017a), which is a website for ethical shopping and one which pays attention to Nudie’s transparency work:

Its online production guide is, in our opinion, the gold standard of transparency when it comes to knowing where exactly your clothing is made, and what human rights guidelines are in place for the workers. Safety audits for each individual factory are available as downloadable PDF files. (BetterThread, 2017b)

In relation to the previous statements about the production guide, this description contains more details of how Nudie has structured its information and highlighted its audit summaries as an important feature of its website, stating that: “Several audit reports for factories provided on the company’s web site show the need for improvement in many areas, including proper fire safety training” (BetterThread, 2017b). Hence, this website takes a closer look at the information provided than has previously been the case in the media.

On a national level, few reports have been made about the initiative. One exception to this is a Swedish blog on sustainable fashion, where the production guide is mentioned as a “brilliant” part of the company’s business model (Nilsson, 2015). Another example is GS1 Sweden, a consultancy firm offering services for

information systems along the supply chain (e.g. barcodes and RFID) (GS1 Sweden, 2017), whereby Nudie's aspirations to achieve traceability are mentioned in an interview with the manager of the product development department (GS1 Sweden, 2014). The article was more of a commercial text about collaboration between Nudie and GS1 Sweden.

In conclusion, the initiative garnered interest both in social and traditional media. However, besides the article in *The Guardian*, this interest was mainly limited to blogs and niche magazines, thus limiting the spread of the initiative. This limited spread of the initiative can be traced back to a lack of communication on the part of the company, whereby, for example, there was no press release in connection with the launch of the production guide. Nevertheless, several websites reported on the initiative and were generally very positively-inclined, especially those that published texts before and after the launch of the production guide. Also, with time, the positive accounts kept coming in, but then of a more evaluative nature, focusing on both the pros and cons of the production guide. For example, the shortcomings, in terms of the environmental aspects, were mentioned together with doubts about the likelihood to achieving traceability. The more recent website had also taken a closer look at the audit summaries, which had previously only been mentioned briefly. In 2017, the production guide was still being reported on as world class in terms of transparency: "Of the companies we evaluated, Nudie Jeans offers the most informative and transparent web site for customers to evaluate factory locations and safety audits" (BetterThread, 2017b). Hence, despite the fact the Nudie is a relatively small company, and despite its lack of communication on the transparency initiative, it created a buzz in the media, where it was once again portrayed in positive terms.

6.2 Nudie evaluates its production guide

A month after the launch of the production guide, the Sales Manager was intrigued to know what kind of interest the guide had generated and whether or not anyone had asked for full audit reports. On August 19th he sent a request to the Social Media Manager.²⁵¹ Two hours later, he found out that the CSR Manager had not been asked about full audit reports,²⁵² instead being given some statistics on the number of visitors to the production guide over the past month by the Social Media Manager: "Just under 500 unique visitors per day who, on average, look at 3 pages for an average of 27 seconds".²⁵³ Furthermore, the Social Media Manager compared this to the 6,500 unique visitors to Nudie's website who, on average, looked at 7 pages for 39 seconds each, concluding that "around 7 percent

²⁵¹ Email, Sales Manager, 2013-08-19

²⁵² Email, Second CSR Manager, 2013-08-19

²⁵³ Email, Social Media Manager, 2013-08-19

of the website's unique visitors [had] accessed the production guide".²⁵⁴ Hence, there was internal interest to see whether or not the production guide had been well received by the customers and whether or not it had created any interest in learning more about production via the audit reports. In early 2014, Nudie looked more specifically at whether or not and how the production guide had changed customer behaviour. The CSR Manager reported: "What we could see is that the ones looking at the production guide buy things more often and in larger amounts than the ones not looking at it".²⁵⁵ However, while a positive relationship between having seen the production guide and buying the product was being reported at this point, more recent statistics were pointing in another direction, where there was little proof of such a correlation.²⁵⁶

Another way of estimating the interest and educational impact of the initiative was looking at how many people had requested the full audit report after having seen the audit summary. The lack of inquiries regarding the full audit reports in 2013 was not regarded as very surprising. The CSR Manager provided some explanations as to why the audit reports were still not being requested:

Well, I haven't written it in terms of 'if you want the audit report, please email me', but in terms of 'if you have any more questions about the content, please email me. So maybe we haven't encouraged people to get an audit report either. On the other hand, if you look at the statistics, and how few downloads there have been [of audit summaries], it doesn't feel like anyone has been especially interested, if we exclude students doing student work.²⁵⁷

Hence, although the idea was for the audit reports to be available upon request, the way this was communicated on the website was unclear and not so explicit. There had, however, been some interest in the audit summaries, with the summary concerning the Indian Supplier (Supplier D) generating the greatest interest. The CSR Manager commented on this as "not so surprising". She continues by explaining:

I think Nudie's long-term customers might be hesitant about us moving production to, for example, India. So, I think they're interested in what kind of factory it is that we have chosen. And in how we can guarantee that the conditions there are good.²⁵⁸

²⁵⁴ Ibid.

²⁵⁵ Interview, Second CSR Manager, 2014-03-16

²⁵⁶ Interview, Second CSR Manager, 2016-03-03

²⁵⁷ Interview, Second CSR Manager, 2013-09-09

²⁵⁸ Ibid.

The availability of an audit summary regarding the Indian supplier was thus seen as a way for Nudie to counter potential criticism about moving its production to a low-cost country, by providing the customer with more information about the specific supplier and how Nudie worked towards ensuring good working conditions onsite. By March 2016 (2½ years after the launch), the full audit report had been requested only once by a couple of students. The CSR Manager further describes this thus:

“I think it was in January or December [2016/2015]. Then, there were a couple of students who wanted it [the full audit report]. And they wanted several reports from the same factory so they could monitor the improvements. But we didn’t have a lot to choose from as few suppliers had undergone several audits.”²⁵⁹

However, she did find an audit report where she had been doing continuous audits. After having sent the audit reports, she did not hear from the students again. Her reflection on the lack of interest in full audit reports was as follows: “For many people, it might be enough to see the audit summaries and that we’re as open as we are. And then they might not feel the need to read such a report”. When she speculates about who would be interested, she thinks in terms of “journalists, students and certain types of customers”.²⁶⁰ In 2017, another request was made for full audit reports by a couple of students. The fourth CSR Manager describes the situation as follows:

“And then I was actually unsure about what I could share or not. Because, in the reports by the Fair Wear Foundation, it’s stated that they can be shared but only after permission has been given by us and the supplier... as regards some of the reports, but not all”.²⁶¹

In the end, she chose to share three audit reports wherein it was stated that Nudie was allowed to share these reports without restrictions (one from India, one from Poland, and one from Italy²⁶²).

6.3 Keeping the production guide updated

Since the launch of the production guide, the CSR Manager has been working continuously at preparing and keeping the website updated. In late 2013, the CSR Manager reported the following:

²⁵⁹ Interview, Second CSR Manager, 2016-03-03

²⁶⁰ Ibid.

²⁶¹ Interview, Fourth CSR Manager, 2017-02-03

²⁶² Email, Fourth CSR Manager, 2017-04-20

I think that's still going to be 'the big thing' for me ahead. Of course, we need to improve our production guide. And then, as a long-term goal, we still have traceability, so that's what we need to achieve.²⁶³

The agenda was thus also set for the years ahead, to focus on transparency, including the auditing of the supply chain, the updating of the website, and working towards traceability. The continuous work of updating the production guide is reflected in the diary of the CSR Manager (below).

Textbox 6.1 Work relating to the production guide

2013

May 20th, Updating the transparency text

June 3rd, Transparency info, meeting with [manager of product development department], meeting with [one of founders] and [social media employee] about the texts

June 4th, Transparency info with [name of social media employee]

June 14th, Diagram for the production guide

July 3rd, Production guide- updating the photos

October 28th, Updating the production guide, products that were not right

November 11th, Template for the production guide

November 8th, Updating the production guide, email to suppliers about statement facts

2014

January 1st, Updating the production guide

January 10th, Updating the production guide – the suppliers

January 30th, Updating the production guide

Note: Excerpt from the CSR Manager's diary, selected points with a focus on the production guide (Emails 2013-2014) Translated from Swedish to English by the author.

The above notes show how the time around the launch of the guide (July 1st 2013) involved extra work in terms of meetings and the updating of texts, diagrams and photos. In October 2013, the first updates were made and a month later a template for the production guide was made. The next updates were in early 2014, with a focus on updating, for example, suppliers. A month before, a decision had been made to update the production guide twice a year, which followed work on the ranges. Having a routine regarding updates was considered important by the CSR Manager:

Because we have to find a way, a kind of routine, that works.
Because maybe it's not always me doing the updates, and then there

²⁶³ Interview, CSR Manager, 2013-10-07

has to be someone else who can do them, and then I think there has to be a clear way of doing them so that each time it won't be different. I think it's better if we follow the same template for updates, regardless of whether it's a bad way or a good one.²⁶⁴

The CSR Manager was thus emphasising the need for a routinized procedure, which other people could follow, too. The idea was, then, for updates to be made in early January and July. The CSR Manager had the main responsibility for keeping the website updated. She further explained how she could log into the production guide to “post suppliers and subcontractors and to enter the text and the number of employees etc.”²⁶⁵ The continuous work of updating the website thus became part of the CSR Manager's responsibility. In the interviews that followed, updating the production guide was mentioned as a part of the day-to-day tasks, indicating that this had now become an integrated part of the role of the CSR Manager.²⁶⁶

Besides updating the production guide, FWF also introduced a new system of reporting on the suppliers in late 2013. This new system was, as opposed to the previously used Excel files, based on an online reporting system.²⁶⁷ However, the work of updating the supplier list in FWF's new online system was considered complicated. The second CSR Manager reported how FWF had uploaded a version of Nudie's supplier list to use as a starting point, but how “it didn't match my Excel file”.²⁶⁸ Another problem was that the new system did not differentiate between suppliers and subcontractors. This created confusion as Nudie's CSR Manager was requested to send additional information on the subcontractor, which at FWF was only needed for first-tier suppliers. Moreover, the system only allowed audits made through FWF to be registered. As most of Nudie's suppliers were still located in Europe, and audited through an external consultant, these could not be registered. All in all, the CSR Manager considered the new system inadequate, requiring her to keep a separate Excel file for updates to the production guide. Moreover, Nudie management had also procured a new business system, which would integrate the order system with the sales system.²⁶⁹ This meant that some information about suppliers, e.g. names and addresses, needed to be reported to three different systems; i.e. the production guide, FWF's supplier lists, and the new business system at Nudie.

²⁶⁴ Interview, Second CSR Manager, 2013-12-17

²⁶⁵ Ibid.

²⁶⁶ Interview, Second CSR Manager, 2014-01-17; Third CSR Manager, 2014-06-26; and 2015-05-16; Fourth CSR Manager, 2017-02-03

²⁶⁷ Interview, Second CSR Manager, 2013-12-17

²⁶⁸ Interview, Second CSR Manager, 2014-01-17

²⁶⁹ Interview, Second CSR Manager, 2013-12-17

In 2017, the fourth CSR Manager signalled that parts of the updates had been down-prioritized due to a lack of time. At this point, the production guide was expected to be updated not only twice a year but four times a year, as the CSR Manager explains:

The figures are updated for every new season, which is four times a year, and this ‘wheel’ [indicating percentage of production by country] is also updated, including where we produce. But the audit summaries haven’t been updated yet.²⁷⁰

The CSR Manager felt that time was limited in terms of what she could do within her post. The third CSR Manager had also experienced a lack of time in terms of his post. For example, he had been asked to give talks about Nudie’s work at several different events, and had found it difficult to prioritize.²⁷¹ In parallel with the increasing workload of the CSR Managers, there were discussions at Nudie about creating a separate marketing department to take some of the load off the post, and about creating an additional post for CSR issues.

6.4 Changes in the structure of the organisation

Since the transparency vision was launched, there have been some changes in organisational structure. For example, Nudie management had decided to form a marketing department, which started in late 2016. The marketing department was based on the previous art department, and also included the Social Media Manager, parts of product design, e.g. prints and the visual merchandiser.²⁷²

The idea is that the marketing department would also take more responsibility for communication via the website, including the production guide. The fourth CSR Manager reported that: “Previously, someone from CSR has been doing all this work, but there wasn’t enough time to focus on the website and communication. And then nobody does it”. Her expectation was for the marketing department to take more responsibility for communication:

It’s part of the strategy [of the marketing department] to also include the communication of CSR. But then we haven’t decided on how to do that ... having a meeting with them is also on my to-do list, and talking things through in terms of what we want to communicate.²⁷³

²⁷⁰ Interview, Fourth CSR Manager, 2017-02-03

²⁷¹ Interview, Third CSR Manager, 2014-06-26

²⁷² Interview, Fourth CSR Manager, 2017-04-20

²⁷³ Ibid.

Another change is the existence of a discussion about the possibilities of making the CSR Manager part of the management team. As Nudie management had recently decided to also employ one of the persons, who replaced the permanent CSR Manager during her leave of absent, this would mean that there were two CSR Managers forming a CSR department. This would also entail the CSR department reporting back directly to the founder, instead of the manager of the product development department. Given that there would be a CSR department, the CSR Manager deemed it a natural step for a representative of that department to also be part of the management team. She describes a conversation she had with one of the founders when she was asked for her opinion: “Then I said that I thought that we [the CSR department] should be part of the management team”, which the founder agreed with.²⁷⁴ Hence, there are some ideas as regards making the CSR Manager part of the board in the near future.

6.5 Keeping the sales organisation informed

In March 2014, Nudie offered an additional CSR presentation to its internal markets (meaning Sweden, Norway, the UK, and Germany). This presentation is a normal part of the kick-offs arranged by the company, but now being held as separate training. The focus was on the production guide, the living wage, FWF, and auditing. During this training, the CSR Manager explained “how the audits are carried out, what can be found, and the difference between findings made in Portugal and India”.²⁷⁵ The presentation turned into a discussion, when a lot of questions were asked about the living wage and chemicals. The extra CSR presentation was initiated by the Sales Manager, who proclaimed that there was a need for extra training in these issues as they could otherwise easily be forgotten by the sales organisation. This is further explained by the CSR Manager thus: “They [the sales people] want something simple to say [...] some kind of ‘pitch’ [...] But it’s seldom simple, it is rarely the case that you can say it in just one sentence”.²⁷⁶ The internal sales organisation is expected to know the company better than the external sales organisation, and almost as well as the employees at head office. Shortly after, the Sales Manager offered a similar presentation to the external sales organisation at a kick-off in Istanbul, and another one in Seoul.²⁷⁷

One of the aims of the transparency initiative was to educate the customer about the products and production. The main difference, from an educational perspective, is said to affect the customer indirectly, depending on how current and new employees are informed and trained in CSR issues. For Sales Agents and

²⁷⁴ Ibid.

²⁷⁵ Interview, Second CSR Manager, 2014-03-26

²⁷⁶ Ibid.

²⁷⁷ Ibid.

distributors, the main communication channel for news within the company has been the kick-off, with these being arranged twice a year. This idea has changed over the years, something which can be noted in, for example, the arranging of separate training courses in CSR.

In 2015, the kick-off was split into two for the first time – one for the internal Sales Agents and another for the external distributors. The explanation for this was that, during the summer kick-off, the company had noted a large difference in the knowledge and commitment of the two sales organizations. While the internal sales people were more committed, the knowledge of the distributors was more superficial. This was also noted during the last kick-off, after the split had been implemented, when two different cases were being discussed and the internal sales people came up with more and better suggestions than the external people:

At the quiz this summer, our own sales organisation performed best. They [the internal sales people] are always in the front seats, and they're always very eager. But the others [the external sales people] probably enjoy it too... but not in the same way.²⁷⁸

Hence, there was now a division as regards when the internal and the external sales organization were receiving their information, in contrast to before, when the two had been informed at the same stage. The company generally follows another logic when deciding 'what' and 'when' to communicate the various parts inside and outside the organization. This is due to the fact that their work is organized around the products and ranges, which arrive at the sales organization six months prior to arriving in the shops. As a result, the sales organization is informed about new items around 6 months before the employees in the shop.²⁷⁹ Hence, there was generally less focus on who is internal and/or external when it comes to informing the stakeholders about their work.

Another change was that the company had introduced two new elements into the CSR part of the kick-off. At the first kick-off, a quiz was arranged about questions regarding production (i.e. water usage for conventional versus organic cotton). The quiz, and in some cases only some of the facts and figures, were later used by the Sales Agents and distributors when presenting Nudie to its customers. At the second kick-off, two cases were presented, relating to problems that Nudie had experienced in its relations with suppliers. The cases were discussed in terms of "how to handle" different situations and the Sales Agents and distributors were encouraged to provide ideas and solutions for the situation. This was the first time that Nudie had expressed an interest in how other actors than those traditionally

²⁷⁸ Interview, Second CSR Manager, 2016-03-03

²⁷⁹ Ibid.

involved in CSR issues could contribute to the discussion. However, although there was an interest in listening to the ideas, a strategy regarding how to handle the situation had already been sketched out. Although use of the input into this situation was very limited, it was said to have strengthened conceptions regarding how to handle the situation and gain an idea of the commitment to and understanding of the problems facing the sales organization:

We'd already thought about most of the answers that came up. But it was still fun to hear them coming up with suggestions. Because this shows that they've understood the complexity of the problems.²⁸⁰

The quiz and workshop were thus seen as positive changes in Nudie's communication with its sales organisation.

6.6 Changes in the sourcing patterns

One of the aims of the transparency initiative was to improve the company's sourcing practices. The number of suppliers fell from 28 to 25 during 2017, while the number of Sourcing Agents fell from 7 to 4. The number of subcontractors increased from 26 in 2013 to 30 in 2017 (see Table 6.1 below for details).

Table 6.1 Sourcing actors (2013-2017)

Type of actor/year	2013	2014	2015	2016	2017
Sourcing Agents	7	5	4	4	4
Suppliers	28	28	28	26	25
Subcontractors	26	19	18	31	30
Total	61	52	50	61	59

Note: From Email, Second CSR Manager, 2017-09-29

Between 2015 and 2016, there was a large increase in subcontractors. This is explained by the CSR Manager as resulting from the auditing work, which raised awareness of which subcontractors the company has, some of whom they were previously unaware of. Besides the direct suppliers and subcontractors regarding garments, there were also additional fabric suppliers. In terms of improving the company's sourcing practices, the CSR Manager explains that this impact can mainly be noted in contacts with new suppliers:

²⁸⁰ Interview, Second CSR Manager, 2016-03-03

In the case of all new suppliers, we haven't had any problems with this [CSR]. And I think it depends on our efforts to better source new suppliers. More of a CSR perspective from the start.²⁸¹

The CSR Manager thus emphasised that Nudie had been even more careful lately about which suppliers to use. Furthermore, early in 2014, the CSR Manager started formulating a sourcing policy in order to guide employees in their decision-making as regards which countries to source from.

6.7 Changes in contacts with other brands

The CSR Manager described how other companies had contacted Nudie over the years, to learn more about its work on responsible production on a more general level. For example, the CSR Manager was contacted by a representative of another FWF member, a German company, who wanted to know more about Nudie's living wage initiative.²⁸² Early in 2016, the CSR Manager reported on more specific reactions to the production guide by other brands, which were said to be two-fold. On the one hand, the CSR Manager had encountered a lot of positive responses from other brands, such as FWF members: "And she said to me 'I really like what you are doing'". On the other hand, there was still a reluctance to share information on the part of the other brands: "She told me that they'd found a really good supplier in Portugal for socks. So, I asked her if it was Supplier H [Nudie's supplier of socks]. And she was like 'Yes it is. But I'm not allowed to tell you that'".²⁸³ Hence, although this factory was already known to the CSR Manager, and used as a supplier by Nudie, the brand representative had still been instructed to keep the information secret. The CSR Manager found this absurd, saying: "When you're in the business, you see other brands when visiting factories. So it wouldn't have been difficult for us to find out anyway". The reluctance to share information with other brands producing at the same unit created a sense of frustration in the CSR Manager: "If they're not open with the supplier, then we can't cooperate". The lack of sharing was thus said to hinder cooperation between brands. In conclusion, the CSR Manager was experiencing that, although they were positively-inclined towards Nudie's initiative to share information about its supplier base, other brands were still reluctant to follow the same path.

An exception to this was a representative of a large Irish-based retailer who contacted the CSR Manager to learn more about the production guide. This representative was positively-inclined towards the initiative and wanted to copy Nudie's production guide. However, the CSR Manager at Nudie questioned the

²⁸¹ Ibid.

²⁸² Interview, Second CSR Manager, 2013-03-16

²⁸³ Interview, Second CSR Manager, 2016-03-03

other company's ability to follow Nudie's example: "It's more or less impossible for them to do so, since they have a lot of suppliers and don't work the way we do at all. Well, at least she was very determined and had a lot of ambition".²⁸⁴ Even though there was some interest in the production guide from another brand, the fear of that brand copying the concept was considered low, as long as the underlying practices were not in place. This way, Nudie also had an advantage in terms of working with few suppliers, with whom the company had close relations.

There were also exceptions to the general lack of collaboration within the industry, which increased over the years. Collaboration between brands had first developed at Supplier D in India. This was spurred by an initial collaboration between Nudie and this supplier. As mentioned previously (see 'Audit results, Supplier D, India'), Nudie had worked out a plan, in collaboration with Supplier D, for paying workers an extra living wage bonus. Over the years, more brands were reported to have joined the initiative.²⁸⁵ Another unifying factor was FWF, which had gathered the brands together to discuss the working conditions at Supplier D. The CSR Manager reported having been tasked by FWF with taking a lead in the discussions.²⁸⁶ However, even this collaboration had its limits. For example, the CSR Manager described how the third CSR Manager had put forward a proposal for training at Supplier D, but most of the other brands were reluctant to share the cost of this training.²⁸⁷

Second, its membership of FWF also allowed Nudie to take part in other collaborative initiatives. For example, FWF arranged stakeholder meetings for member companies sourcing from specific countries. In January 2014, the CSR Manager reported on such an event to be held in Portugal sometime during that year. She recalled a similar event held in Italy not long before, and how interest in that had been rather limited: "Well, it was well visited – on our part".²⁸⁸ Besides Nudie representatives, and several representatives of Nudie's suppliers (e.g. 3 people from Sourcing Agent A, Italy, 2 from Sourcing Agent D, Italy, and 2 from Laundry A, Italy), there were also 2 representatives of another brand, representatives of an NGO working with workers' rights (Clean Clothes Campaign), and union representatives.²⁸⁹ In general, she finds the level of commitment to this kind of event quite low: "When a request is sent out, everyone

²⁸⁴ Ibid.

²⁸⁵ Audit summary, Supplier D, November 2015

²⁸⁶ Interview, Second CSR Manager, 2014-03-06

²⁸⁷ Interview, Second CSR Manager, 2016-03-03, see also 'Audit results, Supplier D, India'

²⁸⁸ Interview, Second CSR Manager, 2014-01-17

²⁸⁹ Ibid.; Email, Second CSR Manager, 2017-09-15

thinks ‘wow, that’s really good, it sounds very interesting’, but when the event comes around, few people turn up”.²⁹⁰

Third, in 2017, FWF talked about creating a working group for its member brands producing in Italy, about shared supplier problems. However, the initiative fell through, and no updates were given by the FWF representative in charge. Instead, a UK-based brand picked up on the idea and initiated a collaboration with other brands producing in Italy. This brand was not a member of FWF but had the same point of contact for auditing in Italy as Nudie, and this point of contact brought the two brands together due to their joint interest in sharing information. The FWF representative then coordinated the list of suppliers between the three brands interested in collaborating in order to find out which suppliers the brands shared. This collaboration started off by sharing audit reports made at the joint suppliers; since then, one of the brands has been taking the lead in finding joint solutions. Nudie’s CSR Manager supported the idea of collaborating on problems relating to production in Italy: “It feels really important and makes a lot of sense to focus on Italy, when we all know that there are a lot of problems there”.²⁹¹ The initiative-taker has also expanded this collaboration to include other Swedish- and European-based brands, which shared a commitment to the Ethical Trading Initiative (ETI), another organisation working for workers’ rights in the clothing industry. On January 25th 2017, the initiative-taker sent an email to the other brands, in which she explained both her intentions and the agenda (see textbox below).

Textbox 6.2 Email about collaboration between brands in Italy

[...] I would like to initiate an Italy working group to focus on migrant workers, modern slavery and better subcontracting management. How I see this working is developing an action plan / framework for our suppliers that would improve the standard of working conditions in Italy in let’s say 3 years. So the group of brands would decide together what practices must be eliminated as a priority and step by step influence our suppliers to improve. There are already good examples where brands managed to do this, I would like to collect the methodologies and come up with a draft. We could all agree on the plan and catch up regularly, but would all be working with our own supply chains. This means there is no concern about conflict of interest but whenever we share a supplier, they will hear the same message from all of us and the requirements will be consistent.

Note: Excerpt from an email sent by the initiative-taker. Source: Email to CSR Manager at Nudie, sent 2017-01-25.

Within two hours, the email had already received two positive responses. One from another brand and one from the CSR Consultant, connected with FWF,

²⁹⁰ Interview, Second CSR Manager, 2014-01-17

²⁹¹ Interview, Fourth CSR Manager, 2017-04-20

who had had suggestions about how to coordinate the group: “I’d be really happy to help out in coordinating the workgroup and in eventually hosting events at my office in Italy. We can also consider creating a newsletter to keep the brands up-to-date”.²⁹² Furthermore, as the problem of migrant workers mainly concerned Chinese subcontractors, the consultant reported working on finding “best practices” in order to understand what can be improved and how and then shared with all suppliers”.²⁹³

A few months later, in April 2017, a concept note called “Italy Working Group” was sent by the initiative-taker to several brands. This time, the email thread included eight brands and the CSR Consultant in Italy. The proposal was to “to create a collaborative multi-stakeholder Italy Working Group, focusing on better subcontractor management, migrant workers, and modern slavery”. Four main preconditions were listed in the document; 1) that the focus should be on improving the Italian supply chain, 2) that this required the sharing of information in order to create a common framework, 3) that each brand was responsible for implementation along that company’s supply chain, but with the support of the other brands, and 4) that there would be a need for meetings between the brands every other month. This was followed by a short description of the background to the initiatives, as well as the expression of three needs in particular; i.e. moving beyond audits, peer learning, and a joint approach. The concept note was supplemented by a list of all the interested parties, an action plan, and two appendices firstly mapping “the risks and challenges in Italy” and second “Good practice & lessons learnt”.²⁹⁴ Nudie’s fourth CSR Manager commented on her understanding of the initiative as follows:

This collaboration should be based on sharing the information that we want to share, albeit working separately with our suppliers. [...] It’s not a precondition of the working group that we have to share everything. Rather, it’s a discussion between the different brands, regarding what we want to be open about.²⁹⁵

The CSR Manager was very positively-inclined towards both the initiative itself and how another brand was taking the lead in the discussion.

A fourth example of collaboration between Nudie and other brands concerns a German brand that is also a member of FWF. The CSR Manager describes a situation whereby Nudie was looking for a new supplier of accessories, and how she thought of contacting this brand:

²⁹² Email, CSR Consultant, 2017-01-25, the name of the office has been anonymised

²⁹³ Email, CSR Consultant, 2017-01-25

²⁹⁴ Word document, “Italy Working Group”, distributed to brands on April 13th, 2017

²⁹⁵ Interview, Fourth CSR Manager, 2017-04-20

They have more experience of working with sustainable materials, and then I remembered that they work in Turkey and have a lot of GOTS-certified products. So, I contacted her and she suggested some of the suppliers they use, and then asked us about denim suppliers as well. So, there have been some exchanges between us.²⁹⁶

The brand was thus used as input when finding new suppliers. Previously, Nudie had few similar exchanges with other brands. Taking the first step in asking another brand about its suppliers was further explained thus: “I think it’s silly not to share, so I asked and she answered”. Since Nudie had already published the name of its suppliers on its website, this was not considered a big loss either: “We don’t consider it a secret”.²⁹⁷

A fifth example of increased cooperation in connection with increased transparency concerned contact with one Swedish and one German clothing brand at a supplier in Turkey. The CSR Manager had previously collaborated with the Swedish brand at Supplier D in India, and had also shared information about other suppliers in India. This time, the different brands had an audit report in common, showing problems with overtime payments. The poor results during the follow-up audit led to the German brand deciding to leave that supplier, due to the little progress that had been made. The Swedish brands, including Nudie, decided to follow-up on progress before making a decision. The CSR Manager consulted one of Nudie’s buyers on the issue and talked about alternative solutions: “Let’s see how it goes. Another option would be to localize production to Portugal, if we don’t see any progress”.²⁹⁸ Nevertheless, the sharing of audit reports had provided Nudie with a collaborative partner in addressing the problems at the supplier.

²⁹⁶ Ibid.

²⁹⁷ Ibid.

²⁹⁸ Ibid.

6.8 The following has happened – mapping the activity

Year	Activity
2001	Nudie is founded
2001-	The media give Nudie positive publicity.
2007	The Social Media Manager formulates Nudie’s code of conduct
2009	The former Sales Manager is appointed CEO and made a co-owner. Nudie opens a web shop. Nudie recruits a PR Manager with a background in the Swedish Clean Clothes Campaign. Nudie Jeans tests positive for a toxic chemical, something which is then broadcast by a popular Swedish programme. Several newspapers write about this finding. Nudie joins Fair Wear Foundation (FWF).
2010	In October, Nudie recruits its first CSR Manager, who only stays for a few months. The first CSR Manager participates in an interview, stating that her vision is to make Nudie “transparent and sustainable”.
2011	In June/July 2011, a pilot study is carried out at Supplier D in India, including an audit, showing problems with low wages, young workers, and restrictions to movements. In October 2011, a new CSR Manager is recruited (second CSR Manager)
2012	In February, Nudie starts auditing its supply chain. In March, a decision is taken to communicate the transparency vision at the next kick-off for the sales organisation. At the kick-off for the sales organisation, in June, the second CSR Manager and the manager of the product development department communicated transparency as the next vision of the company. At the kick-off in December, the suppliers were also invited. In November 2012, Nudie’s Sales Agent in the US participated in an interview during which he mentioned the transparency vision. In December, a total of 17 audits were carried out.
2013	In February, Nudie published information about the payment of a living wage bonus in India. The second CSR Manager distributed the “Supplier Transparency Agreement” to the suppliers. In spring 2013, the second CSR Manager prepared the texts for the production guide, including names, addresses, and audit summaries. In spring 2013, FWF raised the question of young workers at Supplier D again. The second CSR Manager initiated discussions with Supplier D. In June 2013, WWD and Superette reported on the upcoming launch of the production guide. On July 1, Nudie launched the first version of the production guide. On July 23, “The Business of Fashion” wrote an article about the production guide. Otherwise, few reactions to the production guide, except from a handful of blogs and online magazines. The same day, the Social Media Manager informed Nudie’s management about an article on the production guide. On August 19, the Sales Manager asked about reactions on the website and received statistics from the Social Media Manager. In 2013, a total of 23 audits were carried out.

2014	<p>In early 2014, statistics show that visitors to the production guide were more likely to buy products, than those who hadn't seen it.</p> <p>On March 17, The Guardian wrote about Nudie's transparency vision. During the year, several blogs wrote about Nudie's production guide (e.g. Ecouterre and Good on You)</p> <p>In March 2014, a meeting was held with other FWF brands producing at Supplier D, to discuss working conditions.</p> <p>In March 2014, the second CSR Manager provided additional CSR training to the internal markets. Shortly afterwards, the Sales Manager offered similar training to the external sales organisation.</p> <p>In 2014, a total of 14 audits were carried out.</p>
2015	<p>In 2015, the kick-off became separate as regards the internal and external sales organisations.</p> <p>In 2015, a total of 8 audits were carried out.</p>
2016	<p>Little evidence that production guide visits led to more purchases. In March 2016, only one person requested a full audit report.</p> <p>In 2016, the number of suppliers and production units was higher than in 2013.</p> <p>In late 2016, a marketing department was initiated.</p> <p>In 2016, a total of 21 audits were carried out.</p>
2017	<p>In January 2017, the third CSR Manager was interviewed about transparency and the living wage by the Clean Clothes Campaign Denmark.</p> <p>In February 2017, the fourth CSR Manager reported that improvements had been made at Supplier D, e.g. training and more freedom of movement.</p> <p>In 2017, a UK-based brand initiated a working group in order to address problems in the Italian garment industry, which Nudie was invited to join.</p> <p>In 2017, Nudie shared an audit with two other brands. One of these brands left the supplier, but Nudie, together with the other brand, chose to stay and monitor developments.</p> <p>In 2017, the fourth CSR Manager reported lacking the time to update the production guide. The idea was for the new marketing department to take on more of the work relating to the production guide. There were also discussions about making the CSR Manager a part of the management team.</p>

CHAPTER 7

ORGANISATIONAL TRANSPARENCY FROM AN INSTITUTIONAL PERSPECTIVE

The research question posed at the beginning of this thesis was how a Swedish denim company work with organisational transparency in practice, and for what reasons and with what consequences. An institutional perspective helps to explain the translation of transparency, as well as the rationales underlying, and the consequences regarding, the way in which transparency was constructed within the organisation. In the first section, transparency will be discussed in terms of translation, building on Scandinavian institutionalism, by taking a closer look at how Nudie translated transparency in order to construct that organisation's own version of the idea. Work corresponded to what was happening within the industry, but additionally, the aim was not to take on a ready-made solution. The findings are summarized in a discussion on how translation was carried out by means of embracing transparency. In the second section, transparency is linked to legitimacy, whereby three rationales underpinning transparency are outlined: transparency to conform, to differentiate and to influence. Similar to many clothing firms' adoption of a Code of Conduct, formulating sustainability reports and starting to audit their suppliers, Nudie was now following the example of other brands in addressing criticism via increased transparency. However, this company was also concerned with pushing the limits of how transparency had been defined within the industry. This paved the way for two more rationales underpinning transparency. In the third section, the consequences of transparency will be further discussed by looking at the consequences for both the organisation and the organisational field. In this section, transparency is described as a catalyst for change, meaning that transparency had a speeding effect in terms of making the industry increasingly sustainable, e.g. resolving social problems within the industry in collaboration with other brands.

7.1 Transparency translated

The transparency work done at Nudie was characterized by a genuine interest in making that company increasingly transparent and – compared with many other clothing firms – an ambitious aim as regards what was meant by transparency. While the rest of the industry was predominantly defining transparency as the publishing of supplier lists, Nudie was intending to also publish audit results. Adding new aspects to a general understanding of an idea, within a context, has previously been referred to as “addition” (Røvik, 2008, 2011; Wæraas & Sataøen, 2014). For a company that had not previously audited its suppliers, in a formal sense, this meant a lot of work. Besides, adding new aspects to the notion of transparency within the industry meant challenging the norms of the industry, both in terms of publishing such specific information connected with specific suppliers and auditing suppliers in Europe, something which had been considered low-risk by the FWF. Hence, the company was working actively to make Nudie’s version of transparency. This is in line with a Scandinavian institutional perspective, where it has been argued that organisations consist of actors who interpret, edit and translate institutional ideas and that these translations have transformative implications (Czarniawska-Joerges & Sevón, 2005; Røvik, 2008; Sahlin & Wedlin, 2008). An active translation of management ideas parallel a discussion also in the transparency literature, which points to the importance of moving beyond a verifiability approach to transparency in favour of a performative perspective (Albu & Flyverbom, 2016). Engaging in an idea wholeheartedly is argued to be one of two ways of dealing with ideas that “linger at the discourse level” for a long time (Røvik, 2011, p. 641). From that the point that the idea lingered on the discourse level, there were several discussions on how to define transparency at Nudie.

Transparency is different from other management ideas circulating within the T&C industry in the sense that it is only vaguely defined, leaving a lot of room for manoeuvre in translation. The Nudie case illustrates how an organisation makes use of this room for manoeuvre in actively shaping the notion of transparency. In doing so, managers were inspired by other industries. Ideas being circulated, and picked up and absorbed, by organisations has been a key element of the translation literature (Sahlin & Wedlin, 2008). For example, one ideal regarding transparency at Nudie was to achieve the traceability of all products and materials, whereby the delivery companies, by offering tracing services to customers, inspired the company. Another example was how a “list of contents”, as used by the pharmaceutical industry, inspired the notion of being able to tell which “ingredients” each finished product consisted of, e.g. buttons, zippers, and threads. In this way, the company engaged in what has been called de-contextualization and contextualization (Kjeldsen, 2013; Røvik, 2008; Wæraas & Sataøen, 2014), or disembedded and reembedded (Czarniawska-Joerges & Sevón,

2005), meaning that an idea is adopted from one context and translated in order to fit another. Consequently, the transparency work at Nudie can be considered to have resulted in a “mutation”, meaning that there was some more or less deliberate transformation of the idea (Røvik, 2011). By looking at how transparency had been defined in other industries, as well as by transparency leaders in the T&C industry, Nudie thus wanted to be part in challenging the definition of transparency within the T&C industry.

7.1.1 From idea to action

The Nudie case illustrates how time elapsed between the original ideas and their realisation. Previous research has referred to the time between the company being “infected” and the time when “symptoms” become visible as the “incubation time” (Røvik, 2011). The company can thus be said to have been “infected” even before starting up as a company, as it was started up with the aim of being different and doing things differently to conventional clothing companies. However, at that time, Nudie managers were referring to a lack of interest among their customers in transparency, rather than an immediate pressure. Røvik (2011) refers to this pressure as “intensity”, which is an explanatory factor as regards whether or not an idea materializes. Hence, a lack of intensity can help to explain why the transparency idea was not realised immediately. Another explanation, similar to the one given by Kjeldsen (2013), is that several complications on route made the process slower than first anticipated. For example, the company did not have a formal post for its CSR work until 2010, which was later complicated by the resignation and appointment of a new CSR Manager. Furthermore, Røvik (2011) has argued that there is only a limited timeframe during which managers can cope with a decoupling between talk and action, before being criticised for inconsistency. As Nudie was concerned with being perceived as a responsible actor within the industry, there was thus a critical need for a CSR Manager, and for ongoing transparency work, in line with what was happening within the industry. Although Røvik (2011) engages in explaining why there is a transition period from idea to action, there is also a lack of discussion on what eventually triggers the enactment of the ideas. In the case of Nudie, this has been explained in terms of ‘triggering events’, indicating that there are – besides more long-term plans on the implementing of ideas – more immediate events influencing the enactment of the ideas. Being *the* subject of criticism during the DMF scandal (and not just part of *a* critique of the industry), membership of the FWF, and the appointment of a new CSR manager have all been argued to constitute factors explaining why transparency was realised at this point in time (this is further discussed in the section “Transparency to conform”). As illustrated by the intensification of Nudie’s transparency work in 2012, the transition from incubation time to enactment then reflects a shift in how the organisation was working with transparency.

Once transparency had been put on the agenda, transparency work intensified and more actors became involved. For example, a “transparency group” was appointed to work on finding solutions for how to present information to the customers and the wider public. This transparency work was thus initially carried out by a few actors at Nudie. This contradicts previous research on translation, whereby several studies have argued for the centrality of engagement and dialogue in translation (Doolin et al., 2013; Ford, 1999; Ford et al., 2008). However, while the focus was initially on informing rather than engaging, for example, employees and the sales organisation, transparency work was later supported by separate CSR trainings and workshops. The latter approach is more in line with previous research, which points to the benefits of including various actors, e.g. to achieve a higher degree of learning (Becker-Ritterspach et al., 2010), and for translation work to be supported by education and training and for the ideas to be “entrenched and prescribed effects reproduced” (Røvik, 2011, p. 640). Hence, the involvement of employees and the sales organisation changed from informing to engaging, with this inclusion being seen as unproblematic by management.

The main negotiations were held with the suppliers and sourcing agents, something which also caused most of the complications. This is not surprising as the fact negotiations form part of the translation process is something that has also been noted in previous studies (Bergström, 2007; Boxenbaum, 2006; Cassell & Lee, 2017). Nevertheless, as Nudie management already had a clear idea about what to achieve, there was sometimes disappointment as regards needing to compromise. Negotiations consisted of gaining access in order to audit the suppliers, auditing them, and then getting permission to publish the information on the website. The underlying assumption was that information could be verified through audits and reported to the public, indicating that transparency was understood to be measurable (see, for example, Schnackenberg & Tomlinson, 2014). By embarking on more formal auditing work, Nudie also became part of an auditing culture, something which has been noted in many sectors in today’s society (Power, 1997). For the suppliers, the change was generally minor as they were used to informal visits and close contact with Nudie representatives. However, for the sourcing agents, the change was major as their business idea is built upon being the owner of information, information which is treated as a trade secret. Negotiations with the sourcing agents reflect the complexity of the translation work, and how this sometimes clashes with a previous culture of secrecy within the industry (Doorey, 2011). While previous studies have pointed to the benefits of having intermediaries in supply chains, as the bearers of risk (Vedel & Ellegaard, 2013), their role can be seen as problematic for the company in a culture where transparency is an ideal.

The negotiations illustrated in the Nudie case reflect how transparency work is more than merely “managing visibilities” (Flyverbom et al., 2016), it also includes

the management of relationships. For example, previous research has discussed the fact that, depending on how transparency is designed, it can either harm or help trust between business partners (Hofstede, 2007). When trust was called into doubt by Nudie (“is this right from start”), this later led to the termination of the contract with the sourcing agent. When trust was called into doubt by the supplier (e.g. forbidding the consultant from auditing one of the factories), this supplier was treated with more care. This also reflects Nudie’s dependency on certain suppliers, the relationships with whom were at times considered more important than the transparency agenda (for an extended discussion, see Egels-Zandén et al., 2015). Hence, the translation with regard to Nudie’s network reflects what previous research has referred to as a process of negotiation (Czarniawska & Joerges, 1996; Mueller & Whittle, 2011; Zilber, 2006). This is also in line with arguments put forward by Albu and Flyverbom (2016), who have emphasised the need for regarding transparency as a social process, with negotiations being a part of such a process. However, while previous studies have discussed translation in terms of negotiations, the Nudie case illustrates that it has sometimes resulted in the termination of relationships and the cancelling of orders. This has been discussed as the cooperative versus compliant approach, meaning that managers can either focus on involving suppliers in becoming a part of the vision or focus on a standardised solution for all suppliers, with the risk of jeopardising relationships with suppliers (Egels-Zandén et al., 2015). The Nudie case illustrates how the idea of transparency was sometimes modified, while at other times it was the relationship. Translation is not, thus, merely about negotiations aimed at finding the best solutions, it can also include termination, moving forward with one’s own idea. Hence, although Nudie management had a clear picture of what that company wanted to achieve, these ideas were sometimes modified and, for different reasons, lost in this translation.

7.1.2 Lost in translation

Although the aim was initially to achieve full transparency, including traceability, the company had to make choices as regards what to include and exclude in the translation of transparency. As transparency had been defined by most actors in the industry as the transparency of supply chains, all other information could be considered redundant. This opened up for Nudie to both define their idea of transparency, but also decide which information they for various reasons wanted to exclude. Transparency was thus subject to an intense editing process (Sahlin-Andersson, 1996; Sahlin & Wedlin, 2008), whereby some aspects were omitted (Røvik, 2008; Wæraas & Sataøen, 2014). This section specifically focuses on the aspects that were lost in translation due to this editing. Based on the Nudie findings, I introduce three types of editing to explain why some aspects were excluded: i.e. pragmatic editing, protective editing and contextual editing.

Pragmatic editing

Pragmatic editing relates to what was possible as regards the technical, resource and time aspects. In pragmatic editing, the more detailed information on the supply chain never became part of the production guide, e.g. the exclusion of laundries in Portugal and the exclusion of current supplier production (as these had not yet reached the market), including past suppliers (although markets were still for sale). Another example of pragmatic editing relates to the decision not to publish full audit reports, as it was not believed that these reports would lead to more transparency. Instead, Nudie management saw a risk in “drowning people in information”, arguing that this would be “weighty information for the customers to grasp”. This follows a reasoning that more disclosure not necessarily lead to more clarity (Schnackenberg & Tomlinson, 2016), and how certain aspects, which cannot be explained in simple terms are removed (Sahlin & Wedlin, 2008). The choice of audit summaries was then considered more accessible to both the customers and the public. This reflects the fact that, although there was a commitment to staying accurate during transparency work, there was also a feeling of keeping it short and simple, at times leading to decisions to exclude certain information. This editing parallels a verifiability approach in the transparency literature, whereby transparency is understood as disclosure, clarity and accuracy (Schnackenberg & Tomlinson, 2016). Pragmatic editing was then guided by clarity, sometimes at the expense of disclosure and accuracy. Hence, pragmatic editing meant that the company made decisions on how to present information to the customers in an understandable and clear way. This exclusion of information came at the cost of the production guide not exactly mirroring how the supply chain looked in practice, in line with previous findings to the effect that transparency should instead be understood as representations rather than direct manifestations (Christensen & Cornelissen, 2015). Moreover, in studying Nudie, other reasons for excluding certain information became apparent. For example, the choice of publishing audit summaries instead of audit reports paved the way for the possibility to remove certain aspects of the audits that were considered sensitive, and thus these were removed to protect the company and its network.

Protective editing

The second type of editing was characterized by cautiousness, which will be discussed in terms of *protective editing*, meaning that the editing had the purpose of protecting different actors, such as Nudie, suppliers, other brands, or workers. The reasoning parallels a discussion on “defensive practices” or “protective practices”, which are strategies that individuals can employ to protect one’s own projections (Goffman, 1959). This is exemplified by the ruling out of the price margins, as this would have been sensitive information for the organisation to publish to its customers and the wider public. Parallels can be drawn with a study

of inconsistencies in NGOs' requests regarding ethical behaviour (Fassin, 2009). While Nudie requested its suppliers to be transparent, it was reluctant to share – at least some of – its own information. Transparency can then be regarded as a way to exert power and to reduce the other, while using opacity to protect oneself both from transparency and being reduced (de Schutter, 2007). Another example of protective editing, was how suppliers used by one of the sourcing agents were omitted; this was to protect both Nudie and the sourcing agent, as Nudie had found out that production was taking place elsewhere. Publishing this information was then considered misleading, but it could also have harmed the reputation of Nudie, the sourcing agent, and the suppliers used. Instead, Nudie decided to cancel upcoming orders from the sourcing agent. In addition, along with the audit reports being summarized in bullet points, certain information on the social aspect of production was left out, e.g. the ages of the workers at the Indian supplier and the building problems faced by a supplier in Italy. This way, Nudie protected the supplier and the worker's from being subject to critique based on what is considered acceptable in a European context, and thus allowed for opaqueness, avoiding so called reduction of the other (de Schutter, 2007). Instead, Nudie choose to tone down the findings by stating for example that improvements were needed regarding documentation of working hours and wages. This way, Nudie could maintain a certain level of accuracy (Schnackenberg & Tomlinson, 2016), whilst still protecting the company and its network.

While the first two examples of protective editing indicate a more radical form of 'omission' by means of 'leaving out', the third is an example of information being 'toned down', something which has been described as a lighter form of omission (Wæraas & Sataøen, 2014). Previous studies have advocated using relevance and accessibility as a guideline (Schnackenberg & Tomlinson, 2016); however, the aspects lost in protective editing were potentially of interest and relevant to the customer. Instead, this information was ruled out due to its sensitive nature, as regards some actors. This evoked questions regarding how such things would be received by the customer and the public, and how it might harm the company's and the supplier's reputation. This parallels the discussion that language "can be used to expose, but it may simultaneously conceal and protect" (Flyverbom et al., 2015, p. 393). Hence, transparency and opaqueness can be said to be interrelated – where there is transparency there is also secrecy, as argued by Birchall (2011). In this way, through *protective editing*, a part of the transparency work came to be about protecting actors – both Nudie but also its suppliers. Keeping certain parts secret was thus an important component of this work (in line with de Schutter, 2007). This complements a discussion on management ideas being dramatized (Sahlin & Wedlin, 2008), by providing an example of how certain aspects were toned down. Moreover, while previous studies have advocated companies being selective regarding disclosure on the basis of audiences (Granados & Gupta,

2013), and organisations taking private interests into account (Mol, 2010), protective editing extends this discussion by advocating that the interests of the many actors, whose information is being published, be taken into account when deciding which information to include or exclude.

Contextual editing

Besides taking pragmatic and protective aspects into account, Nudie also looked at how other actors in the industry had defined transparency. *Contextual editing* refers to the aspects that were edited in relation to the context in which Nudie was operating. During the translation of transparency at Nudie, certain aspects were removed, aspects which could have been interesting from a sustainability point of view. First, the sustainability aspects of the head office were removed, with the explanation that they were not “interesting”, indicating that the relevance of this information was being questioned. Second, the environmental aspects of production were excluded, favouring a focus on the social aspects. Third, the notion of traceability was currently being set aside. Some aspects, which were considered to be part of the traceability notion, were thus also excluded from the transparency work, e.g. water consumption, CO₂ emissions, and transportation. Fourth, positive aspects were also excluded throughout the process, e.g. how the company was actively working at changing the industry at each supplier, in collaboration with other brands, and through involvement in the FWF. The four examples above serve to illustrate how context was a guiding rule when deciding what to publish or not.

As argued before, previous research has focused on ‘relevance’ as an important aspect of deciding which information to include or exclude (Vishwanath & Kaufmann, 2001). However, an institutional perspective problematizes such a standpoint, arguing that context guides decisions, through implicit rules, about what is relevant and what is not (Sahlin & Wedlin, 2008). The reason for considering the sustainability aspects to be less interesting can thus be explained in terms of isomorphism, meaning institutional pressure on organisations to become increasingly similar (see e.g. DiMaggio & Powell, 1983). Similarly, the removal of the environmental aspects can be explained in terms of the company following the FWF’s auditing guidelines, which had a strong focus on the social aspects. The FWF’s influence on Nudie can then be regarded as a type of social pressure on that firm, which has been put forward as an explanatory factor as regards what firms disclose (Campbell, 2007; Tang & Demeritt, 2017).

Moreover, while previous research on transparency has mainly discussed leaving out certain aspects, as a way of hiding/concealing things, the fourth example concerns leaving out aspects which could have been regarded as positive by management. Matten and Moon (2008) provide an explanation for this by arguing that companies in Europe have traditionally been more “implicit” in

communicating their CSR commitment than U.S. companies have. Hence, making CSR claims has been rare in a European context. This reasoning is supported by a study on the communication of CSR in the Swedish fashion industry, where it is argued that many Swedish companies have not actively communicated CSR-related issues (Solér et al., 2015). Hence, leaving the positive aspects out was one way for Nudie to comply with the implicit editing rules (Sahlin & Wedlin, 2008), and to ensure further legitimacy. Whenever these implicit rules were breached (for example, when Nudie published information on the payment of a living wage by the supplier in India), there were reactions from other brands, indicating that this was not acceptable to the industry (for more details on the reactions, see Egels-Zandén, 2017). Hence, *contextual editing* entails transparency being aligned with the notion of how transparency was defined within the clothing industry.

7.1.3 Embracing transparency

In this section, transparency has been discussed and understood in terms of translation, building on Scandinavian institutionalism. Previous research has referred to such translation in terms of transformation (Czarniawska & Joerges, 1996) and imitation (Sahlin & Wedlin, 2008; Sevón, 1996). While Oliver (1991) and Pedersen and Gwozdz (2014) draw on connotations to mimetic isomorphism (DiMaggio & Powell, 1983), to describe the concept of “imitation” as a passive endeavour, more recent studies in institutional theory have highlighted imitation as an active process of translation (Czarniawska & Sevón, 1996; Sahlin & Wedlin, 2008). This study has illustrated such a process, whereby an organisation takes an active decision to translate a management idea and construct its own version of that idea. Nevertheless, imitation has passive connotations; it may lead the reader to – consciously or unconsciously – think about copying a predetermined solution to a problem. Hence, since “imitation as an active process” (Sahlin & Wedlin, 2008, p. 8) conjoins two contradictory terms, it is an oxymoron, which can, and has been, misleading. What was illustrated in the Nudie case is, then, better described in terms of an idea being *embraced*, in a similar manner that has been described is happening in a broader political context (Gupta, 2010). Embracing transparency, thus, refers to an organisation that consciously relates to a management idea by inventing its own version of that idea, appropriating it, and actively constructing a new way of working in line with it.

Previous research has discussed conformity with norms as a form of strategic response to institutional processes, known as “acquiescence” (Oliver, 1991) and “conformance” (Pedersen & Gwozdz, 2014). Based on Oliver’s (1991) typology, the Nudie case has most similarities with a “compliance” response, which is more active, but this concept, too, is limited in its meaning and does not fully describe the case. As such, embracing transparency is a cross-sectional strategy of

responding to institutional pressure, encompassing a range of tactics, from what Oliver (1991) refers to as “acquiescence” to “manipulation”, and to what Pedersen and Gwozdz (2014) have labelled “opportunity-seeking” (the different strategic responses will be discussed further in the next section). Hence, embracing is something that is done, regardless of the outcome, while acting on opinion rather than rationality (Merton, 1936), thus forming a unique response to institutional pressures signalling that the idea has been made sense of by the company and is part of that company’s core values. Through embracing transparency, the different strategic responses and translations needed to be balanced throughout the process. The next sections will take a closer look at the rationales underpinning Nudie’s transparency vision.

7.2 Rationales underpinning transparency

The second aspect of the research question concerns the rationales underpinning the work of organizational transparency. In a similar vein that Goffman (1959) advocate that there are several motives for an individual in wanting to control the impression one makes of a situation, there are several rationales underpinning Nudie's decisions to aspire for increased transparency. In order to discuss these rationales, in this section, transparency will be discussed in relation to different processes of legitimization (see e.g. Suddaby et al., 2017). Three different types of rationales underpinning the company's transparency work will be presented and discussed: *transparency to conform*, *to differentiate* and *to influence*.

7.2.1 Transparency to conform

Although there was a rhetoric in the firm as regards 'doing their own thing', as argued before, the company did not operate in a vacuum. For example, Nudie representatives referred to other company's transparency initiatives – both inside and outside the T&C industry – when talking about the company's vision of becoming the most transparent company in the world. Such statements reflect how the company has inspired a trend in society towards increased organisational transparency. This is in line with what institutional theorists refer to as isomorphism, when explaining similarities between organisations (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Sahlin & Wedlin, 2008). Transparency was, then, a way of conforming to existing norms, values and beliefs within the industry, which in turn was expected to increase the trustworthiness of the firm. This resonates with the institutional understanding of organisations, whereby organisational legitimacy represents the correspondence between organisational activities and the larger social system (Dowling & Pfeffer, 1975; Suchman, 1995).

Another example of how outside pressure has shaped the transparency work is how stakeholder interest has influenced the company's pursuit of increased transparency, e.g. customers, students, media and the FWF. Although customers did not explicitly request a 'production guide', the company saw benefits in having the information at hand when answering questions regarding the products and production. The influence of stakeholders on companies' actions has been noted, especially by a stream of research focusing on "stakeholder theory" (see e.g. Donaldson & Preston, 1995; Freeman, 1994; Mitchell et al., 1997). Similarly, public's interest in sustainability, has been argued as an explanatory factor in influencing management decisions (Delmas & Toffel, 2008). Also, portrayal of the company in the media has changed over time, from being portrayed mainly in positive terms to being subject to negative publicity in 2009. The discovery of a poisonous chemical in Nudie's products was thus considered an illegitimate action on the part of the firm. Not only was the chemical banned in Europe, making its presence illegal, it was also portrayed as socially unacceptable in the media. This

bad publicity spurred a discussion internally about how to respond to this kind of critique in the future. The sales manager reported on transparency as a way to avoid being portrayed as “the bad guys” and the CEO pushed for the need to communicate this work to the customers. Transparency was thus seen as a way to re-establish trust and to in the brand after the bad publicity. The media’s role in shaping the way organisations work has also been emphasised in other studies, with one study showing that companies in the clothing industry, which have been subject to negative media attention, have a tendency to react by providing positive social and environmental disclosures (Islam & Deegan, 2010).

This is in line with an institutional perspective on the firm, which highlights the different legitimacy challenges that a company faces (Suchman, 1995). A scandal like the one Nudie was subject to would then involve a need to repair (Suchman, 1995), regain (Dacin et al., 2007) or recreate legitimacy (Tamm Hallström & Boström, 2010). Moreover, the FWF’s new ranking system, based on how many percentage the member companies had audited, put further pressure on the company to work more actively with the mapping and auditing of its suppliers, indicating that normative pressures were being put on the company (DiMaggio & Powell, 1983; Suchman, 1995). Membership of a trade organisation has previously been discussed in terms of influencing the way the company acts (Campbell, 2007). The idea of ranking the member organisations and requesting the verification of results through audits is part of a larger trend towards evaluations, assessments and rankings (Sahlin & Wedlin, 2008), and a general audit culture in society (Power, 1997). Hence, the outside pressure being put on Nudie played its part in why transparency was being embraced at this point, and in how it was being interpreted.

From an institutional perspective, transparency could thus be regarded as a tool for decreasing de-coupling at the firm (Meyer & Rowan, 1977), in the sense that the idea was for the organisation to aim to work more actively in enhancing the responsibility, but also the transparency, of the firm. This put further pressure on the organisation to achieve consistency between the formal organisation and what the company was doing in practice. In other words, in order for the vaccine to achieve full effect, there needed to be an “active host” (Røvik, 2011), which also changed the organisation. As such, transparency held the promise of recoupling (Egels-Zandén, 2014), making the image of the organisation more honest and sincere, and not accepting transparency merely as a myth, as argued by (Christensen & Cornelissen, 2015). Besides the discussion on recoupling, this is also in line with the translation of management ideas as something that can change both the one’s translating and what is being translated (Czarniawska-Joerges & Sevón, 2005, p. 8), and a discussion in the organisational transparency literature,

where researchers have suggested a performative approach to transparency, as opposed to a verifiability approach (Albu & Flyverbom, 2016).

Based on the findings of the study, the metaphor of ‘vaccination’ helps to further explain the relationship between transparency and legitimacy. Vaccination is described as “treatment with a vaccine to produce immunity against a disease; inoculation” (“Vaccination,” 2019). “Treating” the organisation with transparency was thus accompanied by expectations as regards producing “immunity” against current and future criticism, thus creating an acquired immunity (Røvik, 2011). Vaccinating implies that Nudie was injecting a “virus” of transparency, to open things up and protect against future criticism. By implementing a higher degree of transparency, Nudie was following the current norms in the industry towards the increased openness in the organisation and taking responsibility for its actions. In this way, Nudie’s transparency helped to prove that Nudie’s managers were acting in a legitimate way, in accordance with current expectations on the firm. Conforming with existing norms, values and beliefs can be seen as a way to close “legitimacy gaps” (Sethi, 1979) or to reduce “incongruence” (O’Donovan, 2002), thus increasing the chances of survival of the firm. By showing how ‘good’ the company was after having been subject to negative publicity, there was an idea that the reputation of the firm would be more resistant to bad publicity in the future. Hence, while previously having the feeling of lacking a strong “immune system”, as regards how to respond to criticism, Nudie’s expectations were that transparency would work as a “vaccine” against current and future “disease”.

This finding extends the scholarly discussion on management ideas as viruses (Røvik, 2008), by further developing ideas regarding acquired immunity. Hence, in a way similar to vaccine being injected to create immunity from future disease, transparency measures were taken to reduce the risk of being subject to severe legitimacy damage, which could have threatened the company’s chances of survival. This parallels a discussion about “explaining” rather than “complying”, as put forward by Seidl et al. (2013). Through transparency, Nudie was able to maintain its legitimacy despite the strategic choices accompanying the risk of threatening its legitimacy. For example, moving to India, whilst still being aware of the inferior working conditions there, can be regarded as deviating from normative ideas on how a responsible firm acts. Also, finding out about misconduct in the European supply chain, while still sourcing from the very same supplier, is a way of deviating from the normative idea of the firm as a responsible actor. Nevertheless, as Nudie management had found few alternatives to complying with the existing norms, the company instead made use of the principle of explaining through increased transparency. As such, the Nudie case exemplifies how the principle of “complying or explaining”, besides being used in the study

by Seidl et al. (2013) as a discursive tactic in responding to a code, can be used to clarify legitimization strategies in relation to societal norms.

7.2.2 Transparency to differentiate

Transparency was also regarded as a way to differentiate the company from its competitors. There was a notion that the initiative should not only reflect what the other companies in the industry were doing (e.g. publishing supplier lists), but also to go beyond such prior definitions of what was expected of the firm (e.g. publishing audit summaries). Hence, publishing suppliers' names and addresses, as well as audit summaries, was a way to proactively use disclosure practices and to adopt transparency as a conscious strategy (Christensen & Cornelissen, 2015; Granados & Gupta, 2013). The Nudie case thus demonstrates how transparency was identified as a business strategy, which the company could use to gain competitive advantage over other brands. For example, one of the founders had recognised transparency as a "competitive advantage", as few other brands would be able to demonstrate the same level of information about its products and production. This was based on the company's strong commitment to sustainability from the start (with, for example, few suppliers, most of whom were located in Europe), paving the way for the possibility of the company quickly becoming a leader in transparency. Other examples included transparency being talked about in terms of "being a service to the customer", and as way to "justify the higher prices by showing that production takes place fairly". The use of increased transparency and openness, as a way to compete and differentiate the company from its competitors, has also been noted in other research (Granados & Gupta, 2013; Whittington et al., 2011). Besides, Nudie representatives were acknowledging the need for correct timing when engaging in transparency, with the company representatives experiencing that it had previously been considered "nerdy" to talk about commitment to responsible business. Previous research has stressed the need to take the spatio-temporal aspects into account when managing legitimacy (Clegg et al., 2007). Hence, timing and context meant that transparency could be used as a way to differentiate and find competitive advantage.

In addition, there was also a shift in Nudie's identity, which was connected to the gradual development of the firm, whereby its identity as a leader in sustainability was becoming a more prominent part of Nudie's external image and communication. First, while initially positioning the company as a denim brand, and by comparing Nudie with other denim brands, the interviews demonstrated a shift in rhetoric over time, whereby the aspect of sustainability was becoming a more explicit part of the firm's communication and more comparisons were made with sustainability leaders in the T&C industry. This reflected a change in mentality regarding the identity of the firm. Second, the move from wholesaler to retailer put further pressure on Nudie to communicate its brand through its own

channels. Transparency was then used to provide the company with an identity as a leader in sustainability. This kind of development connects with ideas regarding the gaining of legitimacy, as proposed by Suchman (1995). Although the company was not a newcomer on the market, its new identity was. Furthermore, and as discussed in the previous section, studies have proposed that legitimacy is managed to varying degrees (O'Donovan, 2002). Having an identity as a denim company puts less pressure on a company to comply with existing norms (a lower degree of legitimacy to manage) than having an identity as a sustainable denim company, with statements such as “becoming the most transparent company in the world” (a high degree of legitimacy to manage). Hence, while the shift from wholesaler to retailer did not necessarily require a higher degree of legitimacy to manage, the identity shift to a sustainability leader did.

Transparency to differentiate can then be understood as a proactive way to respond to institutional pressure. While Oliver (1991) focuses on strategic responses as conformance *or* resistance, Pedersen and Gwozdz (2014) extend the typology by adding a form of strategic response that they refer to as “opportunity-seeking” behaviour. Nudie’s attempt to differentiate using transparency has similarities with both types of opportunity-seeking behaviour, described as ‘definers’ and ‘anticipators’ (Pedersen & Gwozdz, 2014). Besides, although the customers, students and media were not explicitly asking for a “production guide”, there was an interest in the company on the part of different stakeholders regarding sustainability issues, spurring the transparency work. This is supported by the argument that the mere existence of a stakeholder interest in an organisation’s CSR work enhances the tendency to act in an “opportunity-seeking” way, whereby organisations design CSR work that goes beyond what is expected of them (Pedersen & Gwozdz, 2014). However, in contrast to the arguments made by Pedersen and Gwozdz (2014), i.e. that there are three categories of firms which rely on resistance, conformity *or* opportunity-seeking, other scholars have argued that searching for a unique identity and searching for legitimacy are “two sides of the same coin” (Pedersen & Dobbin, 2006, p. 897). While differentiation mainly has been described as a response to market pressures, which can be used to reduce competition, conformance has been regarded as a way to respond to institutional pressures (Deephouse, 1999). The same article advocates for a strategic balance between conformity and differentiation, suggesting that a balance point can be found, when the firm is as “differentiated as legitimacy possible” (Deephouse, 1999, p. 162). Similarly, Pedersen and Dobbin (2006) argue that organisations claim uniqueness, but they also claim the same kind of uniqueness.

In the Nudie case, one can see that while being unique in the denim industry with its ambitious transparency work, other companies in the clothing industry had a

similar agenda (such as Patagonia, HonestBy, and H&M). In this way, conformity with norms can be said to be a pre-condition for enabling the company to find competitive advantage through transparency. Hence, differentiation and conformity are not each other's opposites, but are entangled with each other (Pedersen & Dobbin, 2006). Transparency to differentiate can then be understood as one type of compliance tactic, as described by Oliver (1991), a search for identity (Pedersen & Dobbin, 2006) as well as a form of imitation, when understood as an active process of translation (Sahlin & Wedlin, 2008; Sevón, 1996). Given how the European context has been characterized by "implicit" CSR (Matten & Moon, 2008), transparency was a way to become increasingly "explicit", while reducing the risk of being criticised for greenwashing or for committing to sustainability merely for marketing reasons. Transparency, then, served to amplify the communicating of the company's commitment to CSR, in a way that was supposed to reflect the actual practices carried out. In conclusion, transparency to differentiate was about making strategic use of an improved communicating of the company's CSR work, which was enabled by the positive connotations of transparency at the time of the initiative. By increasing the transparency of the products and production, the company could demonstrate its commitment to responsible business, considered rare in the T&C industry, and this could thus be used to gain competitive advantage over other brands. Transparency was, then, a way to demonstrate that the company not only talked but also acted in accordance with high standards in terms of sustainability, thus aiming to position the company as a leader in sustainability.

7.2.3 Transparency to influence

Another rationale underpinning increased transparency was the potential the company saw in making use of transparency as a way to put pressure on actors in and around its network, and to act as a force for change within the industry. Previous research has referred to active responses to institutional processes as "manipulation" (Oliver, 1991). In the case of Nudie, transparency, as a way to influence, was noted in several different ways. First of all, the idea was for transparency to assist the company in staying true to its ideals and its commitment to responsible business. Transparency requires the company to enhance its knowledge of its suppliers and to also audit these, which would then be used as a form of self-evaluation or self-control. This connects with what Suchman (1995) refers to in terms of moral legitimacy, and in terms of "being the right thing to do", similar to how sustainability has been argued to be morally right (Bansal & Roth, 2000). It was important for Nudie to maintain normative approval, both internally and externally. Furthermore, communicating enhanced knowledge of products and production was seen by some Nudie representatives purely as a bonus to the customers, while others emphasised the importance of making the

information public. The idea behind the latter argument was that the firm would then be able to 'lead by example', whereby it was argued that, in order to be an influential actor in public, there was a need not only for the communication of the company's work, but also for genuine engagement, by 'walking the talk'. These ideas parallel a discussion on "influence tactics", as a form of manipulating belief systems (Oliver, 1991). Moreover, moving beyond existing and anticipated CSR requirements has previously been conceptualized in terms of aspiring to be a definer (Pedersen & Gwozdz, 2014). The second aspect of using transparency was the idea that transparency would put pressure on suppliers to make improvements. Transparency was, then, a way to exert influence and control over the supply chain. Oliver (1991) has described "controlling tactics" as "specific efforts to establish power and dominance over the external constituents that are applying pressure on the organization" (p. 158). However, in the case of Nudie, the control that the company was trying to establish was not over the actors putting pressure on Nudie but over the actors that Nudie was dependent on, and that in their turn were dependent on Nudie. Exercising control was thus a way of not *responding* to outside pressure, but of *exerting* pressure.

A third type of influence was transparency exerting pressure on competitors to follow. This is exemplified by how Nudie expected its transparency work put to exert pressure on competitors indirectly, through customers and the wider public. The idea was that, by educating the customers and the public on the conditions within the industry, more people would start to request the same from Nudie's competitors. Besides, by making the work with producing clothes visible, consumers would better be able to see the value added to the product, and thus handle the product with more respect, e.g. by having second thoughts about throwing clothes away. This parallels a discussion on companies taking on a more political role (Palazzo & Scherer, 2008; Scherer et al., 2014). Another study describe similar ideas as "shaking" the organisation's stakeholders in order to achieve sustainability goals and to catalyse change within society (Sulkowski et al., 2017). In line with this reasoning, there was also the idea that the transparency work could have direct implications for the industry, whereby increased transparency would facilitate more collaboration between brands on issues that were perceived to be problematic. This draws on what Oliver (1991) refers to as "co-opt tactics". However, while Oliver (1991) mainly focuses on how an organisation invites *institutional constituents* to become a part of that organisation's decision-making, the Nudie case was about initiating collaboration *between brands*, and thus influencing through collaboration. Furthermore, while a "co-option tactic" has the intention of neutralizing institutional opposition and enhancing the legitimacy of the organisation (Oliver, 1991), the Nudie case was about gaining the support of other actors in enhancing the legitimacy of the organisational field as well as the industry. This is in line with previous studies, where collaboration

is pointed out as the key factor in building legitimacy in the organisational field (Lawrence et al., 1997). In this way, Nudie wished for transparency to have an impact on the organisational field in which it is embedded.

7.2.4 Transparency to conform, differentiate and influence

In conclusion, there are three rationales underpinning transparency, in the case of Nudie. I have argued that there is a connection between the rationales and what is considered appropriate actions for organisations. Transparency to differentiate is possible, given that transparency is valued by today's society. In other words, making transparency a competitive advantage was enabled through a transparency ideal in society. Also, transparency to influence was enabled by means of the firm being aligned with the norm of transparency. Nevertheless, transparency to differentiate and transparency to influence pave the way for a discussion on how norms and values can simultaneously be followed and challenged, as the norm is translated within the firm. For example, transparency to influence pushes the limits of what is considered not only transparent, but also legitimate. And when motives such as competitiveness and responsibility guide the decision-making of the firm, this is accompanied by the potential risk of creating legitimacy gaps (Sethi, 1979). In addition, while transparency to conform and to differentiate mainly aimed at serving self-interests of the firm, transparency to influence also aimed at addressing legitimacy building of the organisational field and the industry. By balancing transparency rationales, companies can challenge existing norms, while retaining the legitimacy of the firm and its work. The notion of legitimization as "an interactive process of social construction" (Suddaby et al., 2017, p. 453) has been discussed in several previous studies (see e.g. Fisher et al., 2017; Human & Provan, 2000; Tamm Hallström & Boström, 2010). These findings further this academic discussion on legitimization as a process by means of discussing the different rationales underpinning transparency in connection with legitimacy, by means of establishing a connection between the various rationales and strategic responses to institutional processes. The findings add to another study, which has reached similar conclusions, pointing at legitimization, competitiveness and social responsibility as motives for engaging in ecological responsiveness (Bansal & Roth, 2000). However, this study challenges the idea that a connection with legitimacy is limited to the 'legitimation' rationale, by connecting the empirically-grounded concepts with theoretical concepts (see Charmaz, 2014) and by arguing that conforming and differentiating are two sides of the same coin (Pedersen & Dobbin, 2006). Furthermore, understanding transparency as a process of legitimization, rather than a property that can be "owned" or "possessed" (Suddaby et al., 2017), puts the focus on how transparency helps to construct the legitimization of the organisation, organisational field and industry, throughout the translation of transparency.

7.3 Consequences of transparency

The third aspect of the research question is the consequences of Nudie's transparency work. In the first two analytical sections, the translations and rationales of Nudie's transparency work have been discussed. In this section, the focus is on these changes; the consequences of the translation and rationales of transparency for the organisation and organisational field. On the surface, the transparency work done at Nudie resulted in a webpage called the "production guide". As illustrated in the empirical chapters, this work started long before; once started, it came to change the way the company was working internally and in the organisational field. The work underpinning transparency at Nudie produced several consequences, some of which had previously been accounted for, and some which were unintended and unexpected. The different consequences are outlined below.

7.3.1 Organisational consequences

As demonstrated in the empirical chapter, transparency was accompanied by changes in the way the organisation worked and was organised. First, transparency constructed new ways of working within the organisation, e.g. auditing, editing and publishing information, ways which required time and resources. Second, the company initiated more focused CSR trainings, in order to "train its sales staff" and in order for the sales organisation to convey the message. As the company went from wholesale to retail, the knowledge in-store was also considered to be even more important. This reflects the notion of establishing a relationship and more direct contact with the customer. Third, the transparency work also contributed towards the restructuring of the firm, e.g. appointing an additional CSR Manager, establishing a marketing department, and potentially making the CSR Manager part of the management team. Hence, the transparency work not only changed a part of the organisation but also organised the whole organisation.

On a similar note, previous research on the translation of management ideas has argued that translation has implications for both the organisation and the management idea (Czarniawska-Joerges & Sevón, 2005); this is in addition to transparency being performative and creating new organisational realities (Albu & Flyverbom, 2016). The Nudie case has shown how transparency changed the way the company was working in terms of new practices and changes in its internal structure, in its network and in perceptions of it. Moreover, the transparency work had implications for the notion of transparency, by means of the editing being carried out within the firm. Hence, what was originally a notion of being 100 % transparent turned out to be an edited version of transparency, whereby a lot of information was lost in translation. This editing also had consequences for the potential implications of transparency in the organisational field (further discussed in the section on organisational field consequences).

The transparency work also changed the way the company sourced its products, whereby generally fewer suppliers and sourcing agents were used than prior to the initiation of the transparency work. Regarding suppliers, the effect was marginal as the number of suppliers was only slightly reduced. However, as the company was growing at the same time, it is interesting to note that there was no simultaneous growth in the number of suppliers. In terms of subcontractors, the numbers radically increased between 2015 and 2016, which was explained as an effect of the auditing work, which resulted in the finding of subcontractors that Nudie had previously been unaware of. Another structural problem that became visible via transparency was connected with the use of sourcing agents. As the agent's business idea is based on suppliers being trade secrets, this clashed with the ideal of transparency. For example, Nudie became sceptical about using sourcing agents, consequently reducing its sourcing from agents, which went from seven down to four in less than four years. Based on the findings of the study, this implies that the sourcing agents were losing ground to Nudie as collaborative partners. Scaled up, the increased level of organisational transparency thus threatens the existence of sourcing agents and creates pressure to change the business idea in order to ensure the survival of such firms. This potentially shifts the landscape of the industry, where fewer sourcing agents can be noted.

Besides having a formal organisation based on transparency, the vision was also accompanied by more formalised documentation. This included the transparency agreement, a sourcing policy, and the audit reports. This documentation can be said to consist of the 'objects' of transparency (Albu & Flyverbom, 2016), the 'symptoms' of a management idea (Røvik, 2011), or the 'inscriptions' (Corvellec et al., 2016) of the same. The documentation that Nudie used thus had an important signalling effect as representations of transparency. For example, having the audit reports in place, and available to those requesting them, sends a strong message of Nudie's commitment to openness (in line with arguments posed by Christensen & Cornelissen, 2015). However, previous research raises concerns, i.e. that an interest in transparency will not necessarily lead to organisations getting more transparent (Christensen & Cornelissen, 2015); Garcia (2002) refers to the difference between perceived and actual transparency as "the illusion of transparency". On a similar note, Albu and Flyverbom (2016) warn of a naivety in taking for granted that the objects described and verified remain the same. Christensen and Cornelissen (2015) argue that transparency activities should be understood as representations rather than direct manifestations. From this perspective, the commitment to principles of openness and the disclosure practices can be interpreted as merely upholding a myth of transparency. Nevertheless, the transparency work also came to change the way the organisation worked, in line with what Albu and Flyverbom (2016) talk about as "paradoxical ways in which transparency come to shape organisations and their members" (p.

18). For example, the company started extensive auditing work in order to gain more insight into how the supply chain looked. Through this audit work, Nudie became aware of having suppliers that they were previously unaware of. Moreover, they became aware of the problem in both the European and international production units. If these audit reports had been made public in their raw format, Nudie could have been closer to achieving what Christensen and Cornelissen (2015) refer to as the recapturing of the original idea of transparency.

As now, the decision to publish audit summaries instead of audit reports paved the way for the possibility of editing the information before making it public. This resulted in some of the controversies of the time being left out and/or only mentioned briefly, in line with previous findings on transparency (Toppinen & Korhonen-Kurki, 2013). While the immediate reaction to the website and the initiative was positive, few commented on the content of the information and/or requested full audit reports. One explanation for this could be that, despite the topic of transparency and the initiative taken by Nudie to increase it, the website in its edited form left little room for controversies. Editing thus contributed towards making a “hot topic” cold, which limited the effects of the initiative as a force for change within the industry and organisational field. Furthermore, and as shown in the previous analysis section on editing, the more the company actively works with transparency, the more edited this transparency gets, with more details being omitted and toned-down and a higher risk of the company falling short of its initial aims and transparency turning into more of a façade. The management of Nudie showed an awareness of this risk, thus acknowledging over time that there needed to be a certain degree of humility in respect of transparency; it was important not to try to maintain an image of being perfect, but to at least aim to stay as honest and open as possible, also given the negative sides of the industry.

The perception of the firm relates to a discussion on the link between transparency and legitimacy. If legitimacy is understood as something that an organisation can “possess” or “own” (described as the most common way to understand legitimacy in Suddaby et al., 2017), the question of whether transparency has led to increased legitimacy is problematic. Nudie’s launch of the production guide created a “buzz” around the company which was noted in newspapers, online magazines and blogs (see the empirical chapter on the media’s portrayal of Nudie Jeans). The production guide meant that Nudie was mentioned together with other brands that had adopted a sustainability profile, e.g. Patagonia and HonestBy. Furthermore, the work underpinning transparency, with auditing and increased openness, led to Nudie now being evaluated as a “leader” by the FWF, indicating that transparency changed the way the company was being perceived by the member organisation. This positive portrayal of the firm, in terms of transparency, can be understood in terms of it having increased legitimacy. However, few actors requested the actual reports from the audits;

when looking at how the production guide was being portrayed in the media, few articles and blogposts wrote about the content of the information being published, e.g. the findings presented in the audit summaries.

This implies that the production guide *per se* had a strong signalling effect, which was enough to gain positive publicity. This portrayal in the media thus confirms the risk of transparency work being treated merely as a manifestation rather than an indirect representation (Christensen & Cornelissen, 2015). Transparency should not, thus, be understood as a way to “declare the truth” (P. Madsen, 2009), but in terms of declaring a particular perspective, serving certain actors (Egels-Zandén et al., 2015). As Christensen (2002) argues, transparency in practice always involves a certain amount of “staging”, meaning that, although the company might publish important information, it rarely breaks down the boundaries with its surrounding environment. Balanced transparency can then be understood as a type of impression management (Goffman, 1959). Managing legitimacy using arguments of increased transparency can then be considered a risky strategy. However, if legitimacy is instead understood as legitimization, transparency will be a way of continuously constructing legitimacy, in line with what has previously been discussed as the need for organisations to continuously “create, recreate and conquer” legitimacy (Tamm Hallström & Boström, 2010). This was done during an ongoing process whereby transparency served to vaccinate the company against criticism as well as amplify its commitment to sustainability issues.

Moreover, the study of Nudie illustrates how different legitimacy strategies co-exist. For example, Nudie’s vision of increased transparency was justified by arguments such as its increased commitment to CSR. Transparency was thus thought of by the company, as a way of *taking* responsibility. But once the negotiations had started with the suppliers, the dependency on the suppliers and the support of the suppliers both became apparent. Transparency never came to be about making Nudie transparent, but about making the products and production transparent, implying that it was actually information about the supplier that would be made available to the public. This increased the vulnerability of the suppliers, who were sometimes reluctant to share information. By making the information public, Nudie was able to distinguish between the problems at the suppliers and Nudie’s work of improving them. In this sense, transparency also came to be about *shifting* responsibility. Another study, which has focused on managers’ responses to stakeholder demands in relation to sustainability issues, advocates three different legitimacy strategies: i.e. avoiding responsibility, delegating and shifting it, and/or taking it (Helfen et al., 2015). The study has similarities with the Nudie case, as the article focuses on questions of responsibility along global supply chains. However, while Helfen et al. (2015) categorise each case as representing a specific legitimization strategy, the Nudie case shows a more complex picture, wherein the different strategies co-exist. While

the intended consequence was to take responsibility, transparency was thus accompanied by the unintended consequence of also shifting it.

7.3.2 Organisational field consequences

As illustrated by this case, transparency not only constructed a new organisational reality, but also new ways of working within the organisational field. However, the anticipated changes were not quite fulfilled, while other, unanticipated (but not undesirable) consequences could be noted (a line of reasoning raised by Merton, 1936). For example, Nudie's intention was that, by pushing the limit of what is expected for a company to be transparent about, Nudie management thought customers would request the same information from other brands, and thus put pressure on the industry to change. Besides, the suppliers were under greater pressure to address misconduct as they would otherwise face the risk of having their bad record published on the Internet for everyone to see. In making such information visible, there was also a belief that increased transparency would lead to an increasing awareness of production and a more nuanced picture of the industry. As such, transparency was expected to change the industry. However, what happened in practice, was that these promises never were quite fulfilled.

Instead, the consequences of this transparency initiative for the organisational field can be noted especially in the increased collaboration with other actors. There were several indicators of how Nudie took part in changing the previous norms of secrecy that had characterised the clothing industry over recent decades. By increasing transparency, the brands and their suppliers became more visible to each other, facilitating collaboration between different actors. This can be exemplified by Nudie's participation in the "Italy working group" with the intention of improving working conditions at the factories in Italy. The transparency initiative helped to make Nudie's work more visible to other brands, and Nudie to be regarded as an equal collaboration partner. This parallels a discussion saying that institutional change can be described in terms of an anthill, where several actors make small contributions to a larger change (Czarniawska, 2009). The aim of the collaborative initiatives was generally to improve the industry and to do it together. As a single actor, Nudie had experienced difficulties addressing the problem, but in coming together, the potential to make more of a difference was created. Nudie's transparency work thus contributed to a more open landscape characterised by increased collaboration between brands in, for example, auditing and the addressing of structural problems within the industry.

Transparency, and auditing, also helped to make visible the structural problems within the industry, also nuancing the picture of, for example, the FWF's ranking of *countries* as "high" or "low" risk, by showing that each supplier should be treated separately and that there should instead be a more nuanced discussion of "high"

and “low” risk *suppliers*. For example, by auditing European suppliers, the company and some other brands jointly challenged the current norm within the industry, i.e. that European countries were considered ‘safe’ places for production. This is in line arguments put forward in the literature on institutional entrepreneurship (see, for example, Battilana et al., 2009; Greenwood & Suddaby, 2006; Maguire et al., 2004), and institutional work (see, for example, Lawrence et al., 2013; Lawrence et al., 2009; Zietsma & Lawrence, 2010). It wasn’t until Nudie started auditing its suppliers that it became more aware of the problems at hand; its subcontractors used and came into contact with other brands with similar experiences. In this way, Nudie was more easily able to detect suppliers proving to be more successful in terms of taking social and environmental aspects into account, in a “high risk environment” too, and thus to learn from these suppliers.

Other changes due to transparency work include its potential to create new ways to think about organisations and organisational fields. First, looking at the verifiability aspect of transparency, connected with increased information disclosure, claims of increased transparency have the potential to create the expectation that firms will be able to show all their data (and to also have that data close at hand, which has not always been the case before). Secondly, increased transparency creates the expectation that the consumer will be able to make use of the data and act accordingly. As such, transparency can be regarded as a step towards changing the way organisational fields are constructed, towards more openness and cooperation.

To describe the potential for change, that transparency comes with, I introduce “catalyst” as a metaphor. A catalyst has been defined as a “substance that increases the rate of a chemical reaction without itself undergoing any permanent chemical change” (“Catalyst,” 2019). In the case of Nudie, transparency has acted as such a substance, spurring change in the organisational field, through collaboration with other brands (in line with Lawrence et al., 1997). The “chemical reaction”, in the case of Nudie, thus refers to a spurring of the collaboration between brands, and a breaking of the silence in an industry characterised by secrecy. For example, while secrecy on where production took place previously caused deadlock in discussions with other FWF members, on how to improve the industry, transparency paved the way for different collaborations and consequently new actions. The choice of ‘catalyst’ as a metaphor can be criticised for being contradictory, as I have previously argued for transparency to be transformative. A catalyst should thus be understood in a broad sense, and transparency as – although changing - keeping its core essence. Transparency contributes, then, towards speeding up processes that normally take a long time to change. In other words, transparency is accompanied by a promise to change the organisational field; to reduce the complexity of supply chains, to increase collaborations with other brands, and to pave the way for a more honest dialogue with the consumers.

7.3.3 Transparency and potential for change

The third aspect of the research question concerns the consequences of transparency. The study illustrates how transparency has had an impact on the way the organisation worked. To look at the changes made in the organisation and organisational field is in line with what previous research has argued – that organisations actively translate and transform management ideas (Czarniawska-Joerges & Sevón, 2005). This parallels a discussion in the organisational transparency literature, where researchers have suggested a performative approach to transparency, as opposed to a verifiability approach (Albu & Flyverbom, 2016). In this perspective, transparency is argued to produce new organisational realities (Albu & Flyverbom, 2016). The Nudie case illustrates how this took place in practice, and how transparency was accompanied by both intended and unintended consequences. However, to say that transparency has led to a more transparent organisation is too simplistic. Instead, the transparency work has led to a more nuanced, but also more complex, picture of Nudie and the industry, a picture which – if interpreted as a direct manifestation – can be misleading (Christensen & Cornelissen, 2015). Neither did it prove to be merely a myth, as there were consequences of the work done in both the organisation and the organisational field.

In conclusion, the Nudie case illustrates how transparency has implications for the organisation and organisational field, thus being accompanied by a potential for change. This potential for change is firstly dependent on both the company and the way the transparency is translated and edited, and secondly on changes in its surrounding – e.g. if transparency gains further interest from other brands, the media and the customers. However, the potential for change is complex and needs to be understood over and above more/less editing of a certain kind. Transparency's potential for change thus paves the way for avenues of future research.

CHAPTER 8

CONCLUDING DISCUSSION

As the title of this book signals, this text has taken the reader behind the scenes of transparency, by outlining an organisation's work in seeking to increase transparency. This longitudinal study of Nudie assisted in providing insights, which can be of value for academia and practitioners when it comes to explaining and understanding organisational transparency from an institutional perspective. The key lessons learned from the analysis concern how an organisation engages in embracing transparency, and that there were three rationales underpinning transparency. This way, the study has shown that transparency has the potential not only to be superficial, but also to come with changes regarding how organisations and organisational fields are organised. However, transparency as an ideal – understood in terms of making everything visible to everyone – is too simplistic an explanation of the concept, an explanation which does not reflect the depth of the concept. Based on the findings of the study, I argue that organisations are more likely to make a show of *balanced transparency*.

8.1 Balanced transparency

In this section, I introduce balanced transparency, meaning that the outcome of transparency work, can be understood as the result of balancing translations, rationales and consequences, as illustrated by the study. By advocating balanced transparency, this dissertation has put the organisation, and the actions taking place within the organisation, at the centre. The perspective has been to see the organisation as an “active host” (Røvik, 2008, 2011), which does not merely respond to outside pressure, but also co-constructs the organisational field and, at times, also *exerts* pressure. Balanced transparency is thus accompanied by the assumption that the organisation has a lot of agency, but in an embedded environment. At the same time, decisions cannot easily be grouped into conscious/unconscious, as argued by Røvik (2008), instead being an outcome of acting on opinion, resulting in intended and unintended consequences (Merton, 1936). Balanced transparency is thus about making decisions as challenges occur, which allows inconsistencies to coexist. It is about taking different aspects into account while constructing an organisation's idea of transparency, which is bound to be influenced by the context, but not necessarily constrained to predetermined

definitions of transparency. This connects with an academic discussion on change/stability, which discusses how research can allow paradoxes, without having the urge to find solutions to them (Czarniawska & Joerges, 1996). It is about encompassing different aspects and allowing them to co-exist. By using the term balanced transparency, one acknowledges that organisations face legitimacy challenges, but also that organisations decide the extent to which these challenges are constraining. Hence, balanced transparency is about taking different rationales into account throughout the translation process, e.g. transparency used to conform, differentiate and influence.

The study complements a view, that organisations face both pressures to be the same, and to be different (Deephouse, 1999; Pedersen & Dobbin, 2006), by arguing that the companies of today also take on a more political role. In other words, organisations are expected to take a stand in the political debate and to express core values as well as an interest in “doing good” (Palazzo & Scherer, 2008; Scherer et al., 2014). This is reflected in the third rationale, transparency to influence. We now expect companies to make a difference, to show us how they are taking responsibility. By looking at the different rationales underpinning transparency, one can more easily “decode” an organisation’s transparency initiative, whether the transparency is used to conform, differentiate and/or influence.

Balanced transparency helps to reduce the concern of the sceptics, i.e. that transparency will “yield terror” (Han, 2015), create “tyranny” (Strathern, 2000) and “reduce” the other (de Schutter, 2007). Although the transparency work did contain such elements, whereby suppliers and sourcing agents were the ones whose information became public, accompanied by the risk of publishing sensitive information, transparency was subject to different kinds of editing, whereby sensitive information was omitted or toned down in order to protect actors in the network. Hence, organisations will most probably not take transparency to its extremes, as it will then be able to create absurd results, with the organisation facing the risk of being perceived as illegitimate.²⁹⁹ Instead, organisations can be expected to actively translate and edit transparency, resulting in a balanced transparency, in order not to jeopardize their legitimacy-building

²⁹⁹ Inspired by another field of research, gestalt psychology, which has discussed balanced transparency, and where Metelli and colleagues (1985) conclude that “If transparency occurs outside the aforesaid limits, then the transparency is unbalanced” (p. 355). Although a different field, one can still draw parallels with this study, i.e. that when transparency occurs outside the predetermined limits of legitimacy, transparency is unbalanced. Furthermore, Metelli et al. (1985) also argue that, when limits are surpassed, “results of this type are absurd” (p. 355). Although using a mathematical language in their article, similarities can be found with this study, where, for example, only making information about misconduct visible, can be considered absurd by the public and thus illegitimate.

process. This means that, in the end, transparency is merely a fraction of what exists behind the scenes. Transparency will not, in that sense, break down the boundaries of the organisation, but build up another scene. This reasoning parallels a discussion holding that transparency, through reporting, can help to protect organisational identities and create spaces where organisations can (re)produce organisational boundaries (Flyverbom et al., 2015). Christensen and Cornelissen (2015) have already warned about misunderstanding transparency as a direct manifestation rather than what it is – indirect representation. Treating transparency as a direct manifestation is exemplified by how the media reported on the initiative, praising the company for making information public and benchmarking it against other brands, while bemoaning the lack of a discussion on what had actually been made public, or had not. Hence, transparency helped to build up an image of the company, and was a way for the company to take control over how it was portrayed in public.

This study shifts the attention towards the consequences within the organisation and organisational field, while previous research has looked at the “success” or “failure” of transparency, in terms of what information becomes available to the public, and how this information is dealt with (see, for example, Bhaduri & Ha-Brookshire, 2011; Egels-Zandén & Hansson, 2016). By looking at changes in the organisation and organisational field, instead of vis-à-vis the consumer, other consequences of transparency have been highlighted. Making the information available to the public can then be considered purely as a side-effect. The study has illustrated, that transparency can be a catalyst for change, meaning that the less secrecy about where production takes place, the more easily the actors of the industry will be able to collaborate in making improvements to the social and environmental aspects. Transparency, then, has the potential to change the industry more profoundly, as it creates an open climate which paves the way for dialogue in a way that not even member organisations, such as the FWF, did. The potential losers when it comes to transparency are those whose business idea builds on secrecy, e.g. the sourcing agents. Their current survival is dependent on how they can sustain their businesses, and on finding other ways to compete than merely being the provider of suppliers’ addresses.

In conclusion, transparency is a highly-valued norm in today’s society and one that is becoming increasingly popular to address among organisations – private as well as public. While previous studies of transparency have focused on explaining it in a mainly instrumental way, whereby degrees and types of transparency have been discussed (Eijffinger & Geraats, 2006; Garcia, 2002; Hofstede, 2007; Schnackenberg & Tomlinson, 2014; Vishwanath & Kaufmann, 2001; Vorauer & Claude, 1998), this text has put the spotlight on what goes on behind the scenes of transparency, thus positioning this study among a stream of research, focusing on the dynamic aspects of transparency (Albu & Flyverbom, 2016; Vaccaro &

Madsen, 2009a), as well as the institutional perspective on transparency (Christensen & Cheney, 2015; Christensen & Cornelissen, 2015; Fenster, 2005). In the next section, more specific contributions are outlined.

8.2 Contributions

First, using a Scandinavian institutional theory lens (see, for example, Czarniawska-Joerges & Sevón, 2005; Czarniawska & Sevón, 1996; Sahlin-Andersson, 1996; Sahlin & Wedlin, 2008), this study makes a contribution by giving an example of how an active process of imitation can take place within a firm, which has been described as embracing transparency. By demonstrating how the company embraced a management idea, the study also contributes to what has previously been conceptualized as different strategic responses to institutional pressure (see, for example, Oliver, 1991; Pedersen & Gwozdz, 2014), showing how several strategic responses coexist, thus illustrating the complexity of strategic responses in practice. Moreover, a conceptual language, for addressing the process of editing, was developed and described in terms of pragmatic editing, protective editing, and contextual editing. By outlining different types of editing, this study nuances previous findings in an institutional perspective, which has mainly looked at the influence of context, logic and formation on translation (Sahlin & Wedlin, 2008), and what translation results in (Wæraas & Sataøen, 2014). Building on this work, the different types of editing outlined help to move the discussion beyond what happens, to a discussion on why it happens.

Second, the empirical findings were discussed in terms of different rationales. The study demonstrated how the company not only aspired to conform to existing values, norms and beliefs, but also engaged in an active translation of the idea, paving the way for opportunities to differentiate the company from its competitors, as well as exert an influence on the organisational field. More specifically, the study outlined three rationales underpinning transparency: *transparency used to conform, to differentiate and to influence*. By applying a process-oriented view of legitimacy, the focus has been on how legitimization was an ongoing process that the company engaged in through its transparency work, rather than a property that the company either possesses or does not (in line with the conceptualisation by Suddaby et al., 2017). This case has demonstrated how legitimization has not been explicitly “managed” or “sought”, as discussed by previous scholars (Clegg et al., 2007; Suchman, 1995), but still addressed through the actions carried out within the transparency work. The different types of transparency reflected three different ways in which transparency corresponded to legitimacy. This finding thus also contributes to research on legitimacy, via an empirical study of how transparency can be understood in terms of responding to different challenges of legitimization, as well as furthering research on

legitimization as a process. In this way, the study contributes to a body of knowledge on the link between organizational transparency and legitimacy (see, for example, Auld & Gulbrandsen, 2010; Curtin & Meijer, 2006). This finding is also in contrast to previous studies of policy organisations, where corporations were discussed as actors trying to “tame” transparency (Dingwerth & Eichinger, 2010). Although transparency was subject to editing, the main idea was never to reduce transparency but to increase it.

Finally, the study contributes to recent studies of transparency, which have suggested moving beyond a verifiability approach towards a performative approach to transparency (Albu & Flyverbom, 2016), by discussing the consequences of transparency. The study shows that, by embracing transparency, Nudie’s work was accompanied by consequences for both the organisation and the organisational field. In this way, the findings help to move the academic discussion on organizational transparency beyond the notion of transparency merely being information disclosure (in line with the aim of Albu & Flyverbom, 2016), with the study having demonstrated that transparency work is not only about managing visibilities (Flyverbom et al., 2016), or different degrees of transparency (Schnackenberg & Tomlinson, 2014). In this way, the study contributes to the research field of organizational transparency (see, for example, Albu & Flyverbom, 2016; Christensen & Cornelissen, 2015; Vaccaro & Madsen, 2009b) using the concept of *balanced transparency*, an institutional perspective helping to explain the rationales, translations and consequences of organizational transparency. Using the institutional perspective lens, the company’s commitment to transparency was discussed as part of a larger trend in society, with the company experiencing pressure to conform to this trend in order to gain the trust of its customers.

The managerial contributions made are threefold. First of all, managers can learn from the case study of Nudie as it gives an example of how to address a trend of increased organisational transparency. The case description is detailed and could give insights into which pitfalls to avoid and how to balance transparency as challenges occur. Second, the study can provide managers with more in-depth knowledge of transparency, by linking it to a discussion on rationales. In this way, managers can discuss the rationales underpinning the implementation of management ideas from a perspective other than wanting to see immediate results. By keeping the need for the legitimacy of the firm at the back of one’s mind, one can more easily see what makes sense for the company to invest in and avoid. Third, the case can give managers guidance in how to work with management trends in general. Thus, one lesson can be that, if you think that a management idea makes sense, then embrace it; make it your own and note the impact it has on your organisation and surroundings.

8.3 Avenues for future research

Future research within the framework of Scandinavian Institutionalism could further investigate other forms of translation and imitation, whether these are considered active or passive ways of translating management ideas. In order to understand the complexity that exists between acting within a certain legitimacy framework and challenging current norms to achieve change, the framework developed by Oliver (1991) can be further discussed and developed.

Second, further concepts by which to understand and explain organisational transparency could be developed and refined. This study has introduced numerous concepts, e.g. vaccination, and catalyst, to explain the case company's rationales underpinning its transparency work; however, it would be interesting to look at how other firms work with transparency and whether the same or other rationales are dominant in those cases.

Third, it would be interesting to follow, over time, the potential for change of transparency: Will it be a paradigm shift in the same way organisations and organisational fields are organised, or is it just a management fad that people will soon lose interest in? If so, will there be other ways of working with the legitimization of the firm and the industry in the future? Several questions are left unanswered, leaving a lot of room for future research.

POSTSCRIPT

In a competitive market, where small and medium sized actors in particular face the risk of being outcompeted by larger ones, as well as online retailers, the need to find a niche market and to position the company as unique is important. In the spring of 2019, in its latest sustainability report, Nudie launched a new vision “to become the most sustainable denim company” (Nudie Jeans Co, 2019), a vision which was made possible by its transparency work. Prior to its transparency work, a company that had not up until that point audited any more than one of its suppliers formally would most probably be criticised for greenwashing due to this vision. However, as part of its transparency work, the company had gained insights into its supply chains, and was able to take action. For example, in 2019, and as a result of the Italy working group initiative, Nudie decided to end its contracts with all its Chinese subcontractors in Italy, as few improvements had been made on the part of the suppliers. Moreover, through its transparency work, Nudie managers had found competitive advantage, which they could use to compete and to ensure the company’s continued survival. While previously relying on their own passion for jeans (as late as 2017, Nudie’s vision was “We Love Jeans, a passion we share with anyone who mourns a worn-out pair like the passing of a close friend.”)(Nudie Jeans Co, 2018), Nudie managers were now setting off to find their niche as a sustainable denim company. By adding the word “sustainable” to the company vision, Nudie found a way not only of working but also of easily communicating its message to its customers.

The strategy of engaging in the sustainability aspects has proven successful, from a business point of view. The transparency trend is still being noted in the clothing industry, where large actors are adopting a similar agenda and rhetoric. For example, in April 2019, the Communications Manager of H&M Sweden presented the company in terms of “being the first fashion company in the world to launch product transparency on all garments” (Dahl, 2019). This statement was immediately commented upon by other LinkedIn members: “Filippa K and Nudie Jeans are definitely a front runner in transparency regarding the suppliers behind their clothes. Good that H&M is following their example”, indicating that Nudie had made itself a name in terms of transparency work. Other LinkedIn contacts commented on the fact that H&M was only showing a fragment of transparency, as its focus was on first-tier suppliers. This indicates that there is also a raised awareness among customers of what transparency entails. At the same time, smaller actors, engaging in fair trade and other ethical aspects lying at the core of their business idea, often face difficulties as regards profitability. Nudie has managed to keep its profitability intact, but has also been growing in terms of employees during recent decades. In figures, Nudie’s turnover has been approximately EUR 45 M since 2014 (compared with approx. EUR 35 M prior

to 2012), with a profit growing to around EUR 3 M in 2017 (compared to EUR 2.5 M in 2015). Moreover, the number of employees at Nudie grew by almost 50 % over two years (from 107 in 2015 to 151 in 2017) (Allabolag.se, 2019). This should be set in relation to the industry as a whole, where there is an increase in turnover among Swedish fashion brands. The growth is particularly noted in the export market, with an increase in turnover of 86 % (2011-2018). However, the Swedish market has also increased in turnover, by 28 % between 2011 and 2017 (in figures, from a total turnover of EUR 20 Bn in 2011 to EUR 33 Bn in 2017). Since 2011, the fashion industry has increased by 60%, and exports by nearly 90% (Sternö & Nielsén, 2018). Hence, the Swedish fashion industry is growing, with Nudie's owners and managers having made the company part of this trend.

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APPENDIX

No	Date	Position	Interviewer/s ³⁰⁰	Length
1	2012-09-28	Second CSR Manager	1, 2	Meeting notes, not recorded
2	2012-10-12	Second CSR Manager	1, 2, 3	Meeting notes, not recorded
3	2012-11-01	Second CSR Manager	1, 2, 3	1 h, 26 min
4	2012-11-01	Manager of the product development department	1, 2, 3	1 h, 25 min
5	2012-11-15	Second CSR Manager	1, 2, 3	Meeting notes, not recorded
6	2012-11-28	Second CSR Manager	1, 2, 3	2 h, 35 min
7	2012-12-19	Second CSR Manager	1, 2	2 h, 21 min
8	2013-01-21	Second CSR Manager	1, 2, 3	2 h, 3 min
9	2013-02-05	Project Manager (sales)	1	1 h, 24 min
10	2013-02-11	Customer Service	2, 3	1 h, 10 min
11	2013-02-14	Sales Manager	1, 2, 3	1 h, 11 min
12	2013-02-14	Art Director	1, 2, 3	47 min
13	2013-02-14	Manager of the product development department	2, 3	1 h, 43 min
14	2013-02-18	CFO/ Financial Manager	2	48 min
15	2013-02-22	Social Media Manager	1, 2, 3	1 h, 16 min
16	2013-02-22	Second CSR Manager	1, 2, 3	2 h, 31 min
17	2013-02-25	Retail Manager	1, 2, 3	1 h, 4 min
18	2013-02-25	Design Consultant	1, 2, 3	1 h, 4 min
19	2013-02-28	CEO and owner	1, 3	43 min

³⁰⁰ List of interviewers and observers

1. PhD student Gabriella Wulff
2. Professor Niklas Egels-Zandén
3. Thesis student(s) supervised by Professor Niklas Egels-Zandén

In summary, out of the 55 interviews in total, 19 were collected by PhD student Gabriella Wulff individually; 16 by Gabriella Wulff, Professor Niklas Egels-Zandén and thesis students; 11 by Gabriella Wulff and Niklas Egels-Zandén; 5 by Niklas Egels-Zandén and thesis students; 3 by Gabriella Wulff and thesis students; 1 by Niklas Egels-Zandén. In addition, four observations were carried out by Gabriella Wulff.

a	2013-03-01	Transparency meeting	1	Approx. 1 h
20	2013-03-05	Strategist and founder/owner	1, 3	2 h, 44 min
21	2013-03-18	CEO and owner	2, 3	42 min
22	2013-03-21	Second CSR Manager	1	2 h, 7 min
b	2013-03-25	Transparency meeting	1	Approx. 1 h
23	2013-03-25	Purchaser	1, 2, 3	1 h, 8 min
24	2013-03-25	Designer	1, 3	17 min
25	2013-03-25	Strategist and founder/owner	1, 2, 3	2 h
26	2013-03-25	Head of Design and founder/owner	1, 2, 3	1 h, 18 min
27	2013-04-05	Second CSR Manager	2, 3	1 h, 53 min
28	2013-04-08	Production Agent, Portugal	1	44 min
29	2013-04-08	Manager and owner, Supplier B, Portugal	1	12 min
30	2013-04-08	Production Agent, Portugal	1	36 min
31	2013-04-08	Manager and commercial Agent at Supplier A, Portugal	1	29 min
32	2013-04-09	Commercial Manager, Supplier I, Portugal	1	19 min
33	2013-04-09	Commercial Manager, Supplier J, Portugal	1	29 min
34	2013-04-10	Production Agent, Portugal	1	59 min
35	2013-04-10	Manager and owner, Supplier K, Portugal	1	1 h 9 min
36	2013-04-10	Commercial Manager, Supplier E, Portugal	1	23 min
37	2013-04-12	Production Manager, Portugal	1	Meeting notes
38	2013-04-29	Second CSR Manager	1, 2, 3	2 h, 18 min
39	2013-05-17	Second CSR Manager	2, 3	44 min
40	2013-06-04	Second CSR Manager	1	49 min
c	2013-06-11	Kick-off for sales organisation	1	Approx. 2 h
41	2013-06-13	Second CSR Manager	1, 2	1 h, 41 min
42	2013-09-09	Second CSR Manager	1, 2	1 h, 35 min
43	2013-10-07	Second CSR Manager	1, 2	2 h, 49 min
44	2013-12-17	Second CSR Manager	1, 2	1 h, 43 min
45	2014-01-17	Second CSR Manager	1, 2	1 h, 35 min

46	2014-03-06	Second CSR Manager	1	1 h, 26 min
47	2014-03-26	Second CSR Manager (including third CSR Manager)	1, 2	1 h
48	2014-05-15	Third CSR Manager	1, 2	1 h, 28 min
49	2014-06-26	Third CSR Manager	1, 2	1 h, 37 min
50	2014-10-07	Third CSR Manager	1, 2	1 h, 20 min
51	2016-03-03	Second CSR Manager	1	1 h, 43 min
52	2016-04-08	Second CSR Manager	1	55 min
53	2017-02-03	Fourth CSR Manager	1	1 h 42 min
54	2017-04-20	Fourth CSR Manager	1	1 h, 20 min
55	2017-10-02	Former Strategist, now CEO and founder/owner	1	2 h, 6 min
d	2017-10-11	Presentation by fourth CSR manager at a seminar for Master students at School of Business, Economics and Law, Gothenburg.	1	2 h

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